

Investment Objective & Investment Selection

The Total Return Fund (TR) aims to provide investors with positive returns over the long term, and capital preservation over the medium term. This will be achieved through a clear, successful and unconstrained asset allocation model, which is implemented using a combination of traditional investments and derivatives. We believe the fund should provide long-term returns in the region of 4.5% over and above the UK rate of inflation, with approximately half the volatility of global equity markets.

Current Views

The TR fund has got off to a strong start with the NAV up 0.91% at the year end, which compares to -6.0% for global equities in GBP and -0.54% from the IA Targeted Absolute Return sector, since launch on 5th Dec 2018.

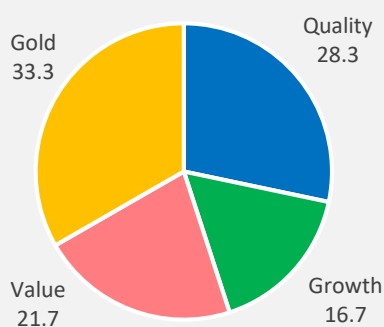
Positive drivers came from the equity index hedge, gold and a short position in the euro yen. Negative drivers came from equities, which fell, but by less than the market. As expected, the quality stocks were resilient. 2019 may turn out to be a tough year for asset prices. They have started from elevated levels while the support from monetary stimulus draws to a close. The economic cycle is also coming under pressure and there will be few places to hide, especially as the pound starts to rise. The TR Fund has been designed with stability and resilience at its core. Please do not hesitate to get in touch if you would like to hear more.

Key facts:

Fund Size	GBP 1,034,294
Fund Managers	Charlie Morris & Fahad Hassan
A-Unit NAV	GBP 1.0091
Launch Date	5 December 2018
Base Currency	GBP
Liquidity	Daily
Share Type	Accumulation
Initial Charge:	A Class: 0%
Annual Management Charge	A Class: capped at 75bps
Total Expense Ratio	A Class: capped at 95bps
Minimum Subscription*	A Class: \$5,000,000*
ISIN	A Class: IE00BDZQTC81
SEDOL	A Class: BDZQTC8
Bloomberg Code	A Class: AHFMATA ID Equity
Pricing	Daily COB
Dealing Deadline	Daily at 10.30am
Dealing Line	+353 1 440 6555
Fax	+353 1 613 0401
Email	Dublin_TA_Customer_Support@rbc.com

*Minimum subscription can be waived on application.

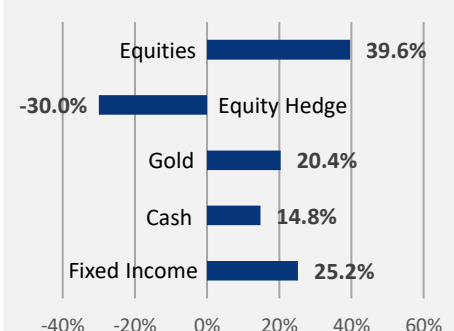
Factor Exposure (ex-bonds)



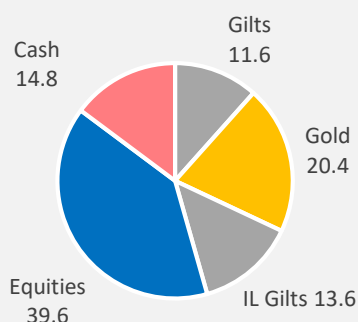
Equity Sector

Health Care	26.5%
Technology	22.0%
Staples	16.1%
Utilities	14.9%
Financials	14.5%
Industrials	4.0%
Discretionary	2.0%

Net Exposure



Asset Allocation



FX

GBP	67.6%
Gold	21.4%
Quanto GBP	16.5%
JPY	10.0%
USD	-6.1%
EUR	-9.4%
Total	100%

Country Exposure

UK	55.1%
Gold	21.4%
US	12.7%
Switzerland	2.5%
Germany	1.5%
Canada	1.4%
Other	5.4%

Portfolio strategy

Equity Portfolio: 60%

Factor	Investment	Rationale	Execution	Exposure
Quality	Staples	Non-cyclical earnings	Put write	4.6%
	Healthcare	Non-cyclical earnings	Put write	4.0%
	Utilities	Regulated earnings	Put write	4.0%
	Reinsurance	Uncorrelated risk	Put write	4.0%
Growth	Global high ROIC	Compound growth	Long	10.0%
Value	Conglomerates	Diversified and undervalued	Put write	4.0%
	Financials	Higher long-term returns	Call spread	4.0%
	Consumer	Discount to book value	Call spread	3.0%
	Natural resources	Inflation protection	Call spread	2.0%
Gold	Physical gold ETF	Zero real return	Physical	20.4%

Fixed Income Portfolio: 40%

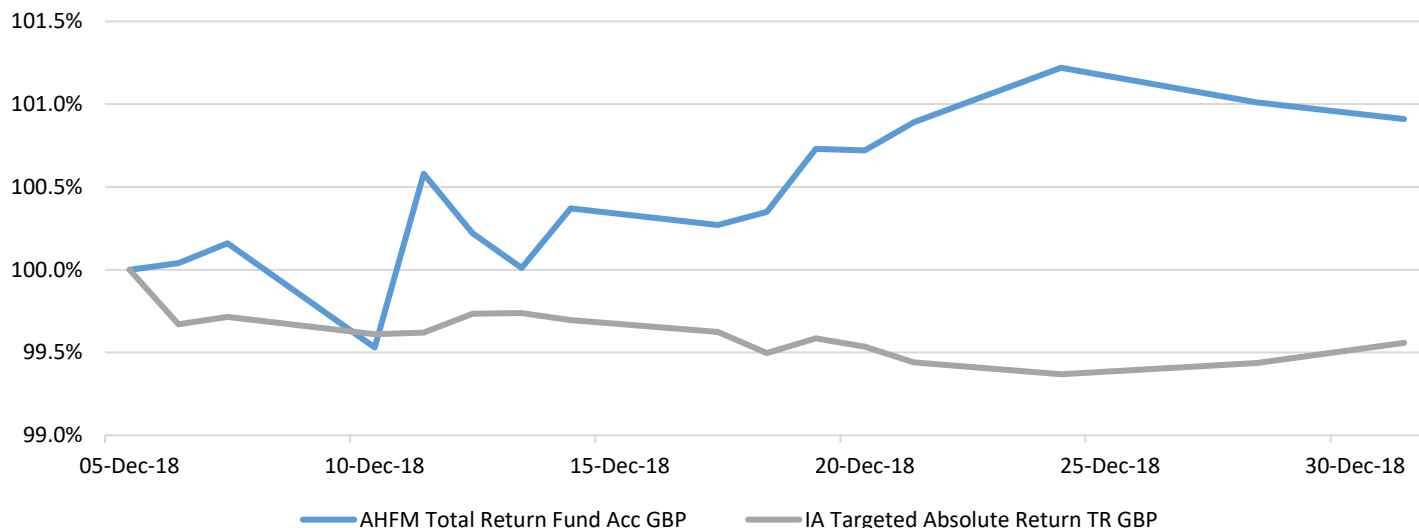
Asset Type	Investment	Rationale	Execution	Exposure
Quality	Short-dated gilts	Capital preservation	Physical	11.6%
Growth	Investment grade debt	Higher return	Index swap	0%
Value	Emerging market debt	Higher return	Index swap	0%
Gold	Short-dated inflation-linked gilts	Real return	Physical	13.6%

Hedging Portfolio: 55%

Asset Type	Investment	Rationale	Execution	Exposure
Ex-Ante Risk	Long JPY short EUR	Flight to quality	Non-deliverable forward	10.0%
	Long GBP short USD	Hedging US dollar exposure	Non-deliverable forward	15.0%
Ex-Post risk	Short MSCI World Index	Capital preservation	Futures	30.0%

Note: The Value equity basket was launched with a FTSE/S&P Defensive Autocall, with the potential to pay 4.875% semi-annually. That was to give The Fund a similar level of equity exposure to the intended value strategy, while The Fund was still small. The full Value strategy will be implemented in January as subscriptions enable that to happen.

Performance since launch



Source: Financial Express

Disclaimer

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Note, Calculations do not consider credit spread movements of the issuers of the securities. The MTM of the securities and therefore the NAV of the Fund will decrease as credit spreads widen and vice versa if spreads narrow.

For more information, please call: 020 7043 0100 or
Email: charles.morris@atlantichousefm.com