The MI Hawksmoor Vanbrugh Fund

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Scopic Multi-Manager Portfolio Rating A

Portfolio Structure	Unfettered Fund of Funds / Investment Trusts
Investment Strategy	Long Term Growth
Timeframe to Achieve Strategy	3 - 5 Years
Asset Class Building Blocks	Multi Asset
Asset Allocation Approach	Moderate Tactical Activity
Investment Selection Approach	Thematic / Value Driven
Performance Driver(s)	Blend of Asset Allocation and Fund Selection
Geography	Global / UK
Special Focus	Long Term Structural Themes

Summary

Research Topic	Topic Rating	Page	Summary
Under the Microscope	N/A	2	A multi-asset portfolio aiming to deliver returns in excess of CPI over 3 to 5 year rolling periods via a combination of long term strategic themes and tactical asset allocation. Relative to many peers, the portfolio offers greater exposure to investment trusts.
Organisation	NR	2	A modestly sized, independent fund management business majority owned by its employees. The private client business provides discretionary portfolio management services, whilst 'Hawksmoor Fund Managers', the company's fund management arm, manages model portfolios and two retail global, multi-asset funds of funds and a number of strategic partnerships. As at 30-Sept-2017, assets under management across the business totalled £994 m.
Manager and Team	A	3	A team of five (including three decision makers) operating as investment generalists and led by Daniel Lockyer. The two senior members; experienced investment trust specialists, Lockyer and Richard Scott, can trace their working relationship back to 2005. Together the team's depth and longevity of relevant experience is ideally suited to the approach.
Infrastructure and Support	C	4	Given Lockyer and Scott's influence within the business, internal support for the multi-asset funds team is strong. All fund admin functions are outsourced to Maitland Institutional Services. Research tools are broadly industry standard. Record keeping on trades, together with reporting, valuations and attributions appear well synchronised.
Investment Scope	NR	5	The investment scope is multi-asset with access to equities, bonds, property, commodities, absolute return strategies and cash provided via multiple product structures. Unlike some multi-manager peers, investment trusts can comprise a significant proportion of the portfolio's weight. The emphasis is firmly on exposure to active managers.
Investment Approach	A	6	Asset allocation views lead to interweaving a series of longer term themes to form a strategic top-down core – driven predominantly by market valuations. The strategic core is then overlaid with tactical positions from a bottom up perspective that seek to exploit; shorter term inefficiencies in investment trust pricing and special situations involving corporate activity such as – share buy backs and wind ups. Overall, asset allocation is unconstrained and the perspective is longer term.
Analysing the Past	A☆	7 - 9	Since launch the portfolio has exceeded both its minimum CPI growth target and IA sector over every available 3-year rolling cycle to each month end. In the meantime, it has endured 6 market downturns and 8 market rallies of greater than 10% as measured by a decline or increase in broader equity markets. From the date of every inflection point (from the start of each rally or downturn) up until our review date, the portfolio has outperformed its sector whilst still managing to exhibit lower downside risk – significantly so in some cases.
Current Strategy	NR	10	The team continues to be cautious. Emphasis is being placed on more idiosyncratic, lower beta managers, running flexible mandates. Investment trust exposure is at a historic low and provides access to private equity as well as specialist bond and property. The allocation to property is moderately high. Within bonds, duration risk is low. Absolute return strategies are being used as diversifiers.
Performance Expectation	NR	10	The contrarian approach and search for a 'margin of safety' means that the portfolio is likely to lag during periods when investors fail to recognise underlying fundamentals – for example; in the initial phase of momentum driven markets led by assets viewed by the team as being expensive and, in falling markets when assets viewed by the team as being cheap become cheaper still.
Reporting	B	10	Reporting materials provide intermediaries with a good suite of 'at-a-distance' monitoring materials. Quarterly reports together with audio webcasts - offer excellent transparency covering; key contributors and detractors to returns, a description of recent trading activity, current positioning and strategy and a full list of holdings.
Expenses	C	11	Expenses for the C class are around the sector average, although charges associated with some investment trusts and any performance related fees levied by underlying funds may be omitted from the portfolio's OCF.

The 'Scopic Multi-Manager Portfolio Rating' shown at the top of this report was awarded following extensive due diligence and face to face manager questioning. It was arrived at by combining the ratings awarded for the individual research topics shown in the above table and weighting them according to a formula. All ratings are qualitative based.

Scopic Research does not award ratings for the topics marked Not Rateable - 'NR'.

S/H denotes a portfolio with a short history for which a comment in the Analysing the Past research topic is unsuitable. 'Under the Microscope' acts as a further summary of the report and a rating is therefore not applicable (N/A).

Qualitative Risk

Page	
11	Risk oversight rests with the ACD and the internal compliance function. There is no separate investment risk team and underlying portfolio risk is not formally calibrated. Long term investment themes may take time to play out. Exposure to geared investment trusts, REITs and hedge strategies amplifies investment risk. Liquidity risk is conservatively managed. Product and people risks are low.

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Under the Microscope

This is a global multi-asset portfolio aiming to deliver minimum returns in excess of CPI over 3 to 5 year rolling periods. The perspective is global and longer term, whilst still being conscious of downside risk. There is no benchmark to guide asset allocation decisions and assets can be varied within the parameters set by the IA Mixed Investment 20% - 60% Shares sector limits. The investment style is predominantly long term and strategic - based upon a series of interwoven investment themes – supplemented by tactical asset allocation mainly at the underlying fund and sub asset class levels. Exposure to active managers is strongly emphasised and performance is driven by a combination of both asset allocation and fund selection.

The investment scope is multi-asset with access to equities, bonds, property, commodities, absolute return strategies and cash provided via multiple product structures. Unlike some multi-asset fund of funds peers, investment trusts can comprise a significant proportion of the portfolio's weight.

The five-strong multi-asset funds of funds team comprises three decision makers; including highly experienced investment trust specialists, Daniel Lockyer and Richard Scott, who are able to trace their working relationship back to 2005 when they both worked at iimia. Scott has managed The Vanbrugh Fund since its launch in February 2009 before being joined by co-manager Lockyer in June of the same year. Ben Conway completed the co-manager team in 2014 – having assisted since 2010 – and was subsequently promoted to Senior Fund Manager in February 2016. They are supported by Fund Manager Assistant, Dan Cartridge, and Head of Fund Operations, Hannah Isaac.

Operating as investment generalists affords the team a more holistic overview of the portfolio when compared to some who work as asset class specialists. More especially, we believe the team's depth and longevity of relevant experience is ideally suited to the investment approach taken.

Since launch, the portfolio has exceeded both its minimum CPI growth target and IA sector average return over every available 3-year rolling cycle to each month end. In the meantime, it has endured 6 market downturns and 8 market rallies (as measured by a minimum 10% rise or decline in broader equity markets).[1] From the date of every inflection point (from the start of each rally or downturn) up until our review date of 30-Sept-17, the portfolio has continued to outperform its sector whilst still managing to exhibit lower downside risk – significantly so in some cases.

Analysing individual risk-on and risk off periods we note that performance has been good in both rallying and falling markets – with the portfolio either outperforming or matching its sector in 5 out of 8 market rallies and in 4 out of 6 market downturns [1]. In risk adjusted terms the portfolio has fallen behind its sector in only one rallying market – when markets rebounded from September 2011 until March 2012 following the second Greek bailout and the announcement of LTRO by the ECB. Returns have also exceeded the CPI growth target in all 8 market rallies.

In terms of how we might expect the portfolio to perform, the contrarian approach and search for a 'margin of safety' means that it is likely to lag during periods when investors fail to recognise underlying fundamentals – for example; in the initial phase of momentum driven markets led by assets viewed by the team as being expensive and, in falling markets when assets viewed by the team as being cheap become cheaper still.

Reporting materials provide intermediaries with a good suite of 'at-a-distance' monitoring materials. Quarterly reports together with audio webcasts - offer excellent transparency and cover; key contributors and detractors to returns, a description of recent trading activity, current positioning and strategy and a full list of holdings.

On balance, expenses appear broadly average. In addition, like others that invest in multiple underlying product structures, the portfolio may offer exposure to some types of investment where underlying expenses are difficult to determine. As a result, expenses from some investment trusts and underlying performance related fees may not be included in the portfolio's own ongoing charge figure. However, this is not unusual.

The portfolio was originally launched in February 2009 using money from the portfolio managers themselves, their family, friends and fellow directors. The Hawksmoor OEIC was launched using NURS guidelines, but subsequently converted to UCITS in 2011. The investment scope remained unaffected by this change.

Overall, we believe this is a good choice for investors who are seeking long term growth, who appreciate the opportunities available from active management and who are prepared to have a periodically large exposure to investment trusts when compared to most peers.

[1] Please note: we believe the correction in asset prices that immediately followed the UK's vote in June 2016 to leave the EU to be too brief for us to include in this analysis.

Performance Benchmark	
>CPI	
Manager's Benchmark	
>CPI	
Growth Target	
>CPI	
Income Target	
N/A	
Volatility Target	
N/A	
Yield	
1.72%	
Distribution Policy	
31-Dec, 30-Jun	
Distribution Type	Dividend

IA Sector
Mixed Investment 20%-60% Shares
SEDOL
C (Inc): BJ4GVR0 / (Acc): BJ4GVQ9
Legal Structure
OEIC / UCITS
Currency
GBP
Launch Date
18-Feb-09
Fund Size
£118.83 m (as at 30-Sept-17)

Authorised Corporate Director
Maitland Institutional Services
Trustee/Depository
National Westminster Bank Plc
Administrator
Maitland Institutional Services
Registrar
Maitland Institutional Services
Custodian
Northern Trust Company

Organisation

Hawksmoor Investment Management has offices in Exeter, London, Bury St Edmunds, Taunton and Dorchester and is a wholly owned subsidiary of Hawksmoor Group Limited, which is majority owned by its employees.

As at 30-Sept-2017, 39 investors (including 6 directors and 9 members of staff) owned approximately 60% of the limited company. In addition, options over approximately 40% of the diluted share capital were in issue to staff members. [2]

The company's discretionary business provides portfolio management services for private clients, which includes trusts and charities, whilst the fund management business, 'Hawksmoor Fund Managers', manages model portfolios, two retail global, multi-asset funds of funds - The MI Hawksmoor Distribution Fund and The MI Vanbrugh Fund – as well as a number of strategic relationships. From an investment perspective, the discretionary and fund management businesses operate independently – managing different investment processes and implementing their own views.

As at 30-Sept-2017 total assets under management across the entire business totalled £994m. [3]

The company gained FSA (now Financial Conduct Authority (FCA)) authorisation in November 2007 and acquired its first private clients in February 2008. Hawksmoor's first multi-asset fund of funds, The Vanbrugh Fund, was launched in February 2009 and the second, The Distribution Fund, in April 2012. In the intervening period, the model portfolio service commenced in April 2010. Finally, the discretionary portfolio service was redesigned and relaunched in 2014.

Sources: [2] [3] Hawksmoor

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Manager and Team

Rated A

The five-strong multi-asset funds of funds team comprises three decision makers; including highly experienced investment trust specialists, Daniel Lockyer and Richard Scott, who are able to trace their working relationship back to 2005 when they both worked at iimia. Scott has managed The Vanbrugh Fund since its launch in February 2009 before being joined by co-manager Lockyer in June of the same year. Ben Conway completed the co-manager team in 2014 – having assisted since 2010 – and was subsequently promoted to Senior Fund Manager in February 2016. They are supported by Fund Manager Assistant, Dan Cartridge and Head of Fund Operations, Hannah Isaac. Cartridge replaced James Clark who moved into the company's private client research team in 2016. Hannah Isaac, worked as team assistant prior to 2017. Lockyer, heads the team and, in his capacity as director, sits on the company's monthly management committee and attends quarterly Board meetings.

Following a short spell at Christows Stockbrokers, Lockyer was previously a founding member of iimia, which was established in 2002 - where he eventually became lead manager of the Income Fund before heading up Investment Services.

Scott's fund of funds management experience dates back to his time at Exeter Investment Group where he ran the Exeter Pacific Growth Fund with effect from October 1995 and later, the Exeter Global Opportunities Fund. Exeter Investment Group subsequently merged with iimia in 2004 and it was here that Scott's and Lockyer's working relationship began. Scott managed the iimia Growth & Income Fund from launch in January 2005 before joining Hawksmoor in December 2008, with Lockyer following in June 2009.

The three decision makers act as investment generalists – taking full and joint ownership of all decision making on asset allocation and fund selection. This affords them a more holistic overview of the portfolio and greater opportunity to cross fertilise thematic ideas across sectors when compared to some who operate as asset class specialists. Unlike in some larger fund groups, interaction between team members is fluid and constant with all individuals operating from the same bank of desks.

The co-managers' interests are closely aligned with investors and a considerable amount of their own money is invested in the portfolio. Manager remuneration is determined by achieving real rates of return, with outperformance of the IA sector over 5 years a secondary consideration. Team members then receive an allocation of Enterprise Management Incentive options with annual bonuses taken as cash and/or further options.

Total Assets Managed by the Team
£414 m (Including segregated mandates)

Total Assets Managed using this Strategy
£118.83 m

Personnel Turnover Rate (Nº in Team)
0% in 2017 (5)
41% in 2016 -1, +1 (5)
23% in 2015 +1 (5)
0% in 2014 (4)
0% in 2013 (4)
0% in 2012 (4)
0% in 2011 (4)
65% in 2010 +2 (4)
0% in 2009 (2)

Support Functions
3 PMs, 1 Analyst, 1 Team Assistant

Personal Investment in own Portfolios
Yes

Name	Responsibility	Held Since	Total Yrs Investment Experience	Specialisation
Daniel Lockyer	Director / Senior Fund Manager	Jun-09	17	Fund selection / Asset allocation / Investment trusts + Open ended funds
Richard Scott	Senior Fund Manager	Dec-08	29	Fund selection / Asset allocation / Investment trusts + Open ended funds
Ben Conway	Senior Fund Manager [4]	Jul-10	13	Fund selection / Asset allocation / Investment trusts + Open ended funds
Dan Cartridge	Fund Manager Assistant	Nov-16	1	Fund Management Support
Hannah Isaac	Head of Fund Operations [5]	Jun-10	7	Fund Operational support (IMC)

(4) Promoted from Fund Manager to Senior Fund Manager in Feb 2016.

(5) Promoted from Team Assistant to Head of Fund Operations in Nov 2016.

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Infrastructure and Support

Rated C

Head of the multi-asset funds team, Daniel Lockyer, is both director and shareholder and the multi-asset team's activities are deeply influential in the wider company – being responsible for managing the company's model portfolio suite, other mandates, and assisting in the fund research for the private client division's buy list. The team's retail multi-asset funds are also offered as potential core holdings in the company's private client discretionary portfolios.

Unlike many larger peers, there is no separate investment risk team. Instead, risk management relies upon oversight by a combination of the ACD, internal compliance and the retail multi-asset funds team's own qualitative analysis of investments owned – primarily based upon price and the margin of safety offered.

Research tools are broadly industry standard, with FE Analytics used for performance data and Alpha Terminal employed for newsfeeds and live alerts on all closed ended portfolio constituents. New sources of external independent economic research have been introduced since our last review, which now provide a more global context – complementing the views gleaned by the multi-asset team when interviewing UK based fund managers. These, include; Absolute Strategy Research, Pantheon Macro-Economics and the Fred Hickey Newsletter.

All fund administrative functions are outsourced to the ACD / registrar, Maitland Institutional Services. Depositary and custodian functions are then subsequently outsourced to Nat West and Northern Trust respectively.

Maitland Institutional Services controls all aspects of fund accounting and valuations - with the co-managers uploading deal sheets to Maitland via a secure online portal.

Records of all trades and valuations are held in 'The HIM Book', a proprietary and internet based records and reporting system that enables the team to conduct reviews and download reports covering portfolio positioning, scenario analysis on potential trades and attribution work.

Unlike some, there is no automated trade order system. For open ended funds orders are placed with external fund groups via phone or fax and for closed ended funds orders are placed directly with market makers – with the three co-managers preferring to talk directly to brokers to set the price and terms before executing trades on listed securities.

Hawksmoor Fund Managers currently leverages support from 3-strong sales and marketing team within the wider business, but at the time of compiling this report, the company was looking to recruit dedicated sales support.

Infrastructure and Support	
Accounting	Outsourced to Maitland Institutional Services
Attribution Analysis	Controlled in-house by the investment team
Compliance	In-house function
Human Resources	In-house function
Legal	
Marketing	Support from a 3-strong sales and marketing team from the wider business.
Operations	All fund administrative functions outsourced to the ACD / registrar, Maitland Institutional Services. Depositary and custodian functions are subsequently outsourced to Nat West and Northern Trust respectively
Pricing	Outsourced to Maitland Institutional Services
Research Tools	inancial Express Analytics, Alpha Terminal
Economic Data	Includes; Absolute Strategy Research, Pantheon Macro-Economics and the Fred Hickey Newsletter.
Risk Management	No independent risk team. Risk management relies upon the ACD, internal compliance oversight and the investment team's qualitative judgement
Sales	Support from a 3-strong sales and marketing team from the wider business.
Systems	Trading information, reporting, valuations and attributions appear well synchronised within the proprietary record keeping system, The HIM Book.
Trading	No automated trade order system. For open ended funds orders are placed with external fund groups via phone and fax and for closed ended funds orders are placed directly with market makers.

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Investment Scope

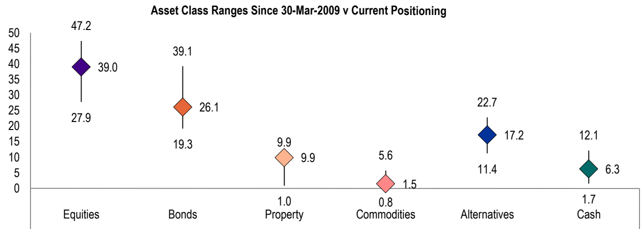
Exposure is multi-asset and accessed via actively managed third party onshore and offshore open ended funds and closed ended funds. Investment trusts are used to a greater extent than by many in the peer group and can include geared trusts. To date, ETFs have been employed solely to access physical gold. Exchange traded futures and options are not permitted – not even for EPM. FX forward contracts are also not employed and expressing strong currency views is rare - with hedged share classes employed where appropriate. Open ended property funds are not permitted via a UCITS structured fund. Structured investments are avoided.

The portfolio provides equity exposure of between 20% and 60% - encompassing; traditional equity market exposure, property related equities, commodity related equities, together with convertibles and private equity (via investment trusts). Equity exposures comprise regional, single country and global funds – including global industry specific funds.

Alternative assets include; absolute return vehicles, property and infrastructure.

A minimum of 30% is invested in a combination of cash and bonds – with bonds comprising all parts of the debt spectrum. Cash is not employed tactically.

Investment Scope	Permitted Exposure	Likely Exposure	Comments and Restrictions
OEICS / Unit Trusts	Yes	Yes	<10% in a single fund. <20% in a single fund group. Ownership of a single fund <10%
Offshore Regulated Funds	Yes	Yes	<10% in a single fund. <20% in a single fund group. Ownership of a single fund <10%
Single Country Funds	Yes	Yes	
Investment Trusts	Yes	Yes	
Individual Equities	Yes	No	
Individual Bonds	Yes	No	
Unregulated Collectives	No	No	
Exchange Traded Funds	Yes	Yes	Used only to access physical gold
Exchange Traded Commodities	Yes	No	
Own House Funds	N/A	N/A	Company does not manage single strategy funds
Explicit use of Derivatives	Yes	No	Not even for EPM
Explicit use of Hedging	Yes	No	
Tactical use of Cash	Yes	No	
Contracts for Difference	Yes	No	
Direct Property Funds	No	No	Open ended property not permitted under UCITS rules
Real Estate Investment Trusts	Yes	Yes	
Single Strategy Hedge Funds	Yes	Yes	Closed ended only
Funds of Hedge Funds	No	No	
Life Settlement Funds	Yes	No	
Private Equity	Yes	Yes	Closed ended only
Structured Products	Yes	No	
Borrowing	Yes	No	



	Equities	Bonds	Property	Commodities	Alternatives	Cash
Minimum (%)	27.9	19.3	1.0	0.8	11.4	1.7
Maximum (%)	47.2	39.1	9.9	5.6	22.7	12.1
Current (%)	39.0	26.1	9.9	1.5	17.2	6.3

Total look through exposure to equities differs from the above and combines; tradtional equities, natural resourses equities, property related securities and private equity

Asset Class Range Since 30-Mar-2009	Min (%)	Max (%)	Current (%)
Equities	27.91	47.23	39.00
UK Equities	8.20	13.40	8.20
US Equities	5.60	6.70	6.70
Europe Equities	4.30	8.00	4.30
Japan equities	5.20	6.50	5.20
Asia Pacific ex-Japan Equities	5.90	7.00	6.80
Global Emerging Market Equities	0.70	3.70	3.70
Global Equities	0.00	0.60	0.00
Global Convertibles	4.10	4.80	4.10
Bonds	19.33	39.15	26.10
Other Bonds	2.00	15.50	9.10
UK Investment Grade Bonds	0.40	3.70	0.40
UK High Yield Bonds	3.80	4.80	4.10
Global Bonds	0.30	37.05	0.30
Global Government Bonds	0.80	8.40	0.00
Global High Yield Bonds	7.60	9.10	7.90
Emerging Market Bonds	1.10	4.30	4.30
Cash	1.72	12.08	6.30
Commodities	0.80	5.60	1.50
Commodity Futures Funds / ETFs	0.00	3.60	0.00
Natural Resources Equities	0.80	4.55	1.50
Property	1.00	9.90	9.90
UK Direct Property	0.00	6.10	6.10
Europe Property	2.50	3.80	3.80
Global Property Related Securities	0.00	6.64	0.00
Alternatives	11.42	22.72	17.20
Absolute Return	2.90	16.07	9.80
Private Equity	1.14	10.40	5.90
Structured Products	0.00	5.81	0.00
Other Alternatives	0.00	3.40	1.50

Total look through exposure to equities differs from the above and combines; tradtional equities, natural resourses equities, property related securities and private equity - all of which are shown separately.

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Investment Approach

Rated A

The aim is to deliver minimum returns in excess of CPI over 3 to 5 year rolling periods. The perspective is global and longer term, whilst still being conscious of downside risk. There is no benchmark to guide asset allocation decisions and assets can be varied within the parameters set by the IA Mixed Investment 20% - 60% Shares sector limits. The investment style is predominantly long term and strategic - based upon a series of interwoven investment themes – supplemented by tactical asset allocation mainly at the underlying fund and sub asset class levels. Exposure to active managers is strongly emphasised and performance is driven by a combination of both asset allocation and fund selection.

The investment scope is multi-asset, with access to equities, bonds, property, commodities, absolute return strategies, private equity, other alternatives such as infrastructure, and cash - using multiple product structures. Unlike many peers, investment trusts can comprise a significant proportion of the portfolio's weight – ranging from 20.5% to 60% since launch, although the 60% exposure in 2009 has so far proved exceptional. In addition, their use is not confined to accessing less liquid strategies.

The portfolio provides equity exposure of between 20% and 60% - encompassing; traditional equity market exposure, property related equities, commodity related equities, together with convertibles and private equity. The combined look-through allocation to equity related assets has so far varied between 39% and 58% since launch.

Themes uncovered during the team's meetings with external fund managers, coupled with reading external sources of economic research such as; Absolute Return Strategy, Pantheon Macro-Economics and the Fred Hickey Newsletter, are used to generate positive and negative view points and, together with analysis of market valuations, help to frame the team's views on; each regional equity market, both government and corporate bonds, property and commodity markets, private equity, currencies and cash. Findings summarised in a quarterly asset allocation document then form the starting point for all strategic asset allocation decisions and leads to interweaving a series of longer term themes to form a strategic top-down core populated mainly by open ended funds, but with closed ended funds used for exposure to less liquid asset classes, including; property, infrastructure and private equity. Regional equity markets can be zero weighted, no single theme tends to dominate, turnover is low and changes to the core implemented incrementally over time.

The strategic core is then overlaid with tactical positions from a bottom up perspective that seek to exploit shorter term inefficiencies in investment trust pricing - where a catalyst for change has been identified – for example; special situations involving corporate activity such as share buy backs and wind ups that might lead to a narrowing in a trust's discount to its net asset value and where returns are less dependent upon broader market conditions.

Primary asset classes are therefore held more strategically and tactical activity is greater at the regional and sub asset class levels, with beta also being adjusted at the underlying fund level to match with the team's market outlook.

As befits the patient, longer term approach within the strategic core, cash is not used tactically, the general tendency is to be near fully invested and derivatives, which might otherwise be used to manage downside risk, are not employed. Consequently, downside protection is more dependent on identifying lowly valued asset classes and themes and exploiting pricing anomalies and corporate activity in investment trusts – to provide a 'margin of safety' - and by incorporating absolute return, less well correlated and lower beta strategies at times of market stress. These tools are applied sensibly and downside risk has been well managed thus far.

Holdings span both regionally specific as well as global and single industry sector funds. Single country emerging market exposure has also been introduced. There is no waterfront coverage of the funds universe and fund selection is overwhelmingly qualitative - based upon manager meetings – with managers tending to be UK based. Quantitative analysis is used largely to understand performance and to conduct scenario modelling by testing a fund's potential contribution to returns in falling market conditions prior to inclusion, rather than as a screening tool. Correlation analysis is also used to identify combinations of less well correlated holdings in order to diversify risk in times of market stress.

Overall, the emphasis is firmly on identifying active managers offering different sources of alpha. Investment styles are then blended - typically with at least two funds employed to articulate a single theme – helping to dilute manager specific risk. The approach is patient – with temporary periods of underperformance tolerated, provided the reasons for it are understood and the rationale for maintaining exposure remains intact. Top slicing is used to lower exposure to more potentially more volatile holdings prior to the next downturn. On balance, we note a preference for smaller, more nimble funds and for avoiding larger, potentially more illiquid ones.

Holdings are subsequently combined in a portfolio of between 40 and 50 positions with a maximum weight each of 10% and up to 20% in a single fund group. Unlike some, there are no specified target weights and holding weights are therefore not rebalanced automatically – with the team preferring to retain control over position sizes and the ability to add positive inflows to preferred themes.

Overall, the approach is less prescriptive and the asset allocation framework more flexible than some. Given this, together with the nature of the underlying exposures, manager expertise is arguably even more important when compared to other strategies. In our view, the team's depth and longevity of directly relevant experience is ideally suited to managing this approach.

No of Holdings	40 - 50
Max Position	10%
Min Position	Not defined
Rebalancing	No automatic rebalancing or target weights
Asset Allocation Reviewed	Daily
Investment Policy Reviewed	Not formally reviewed
Bond Duration	Not monitored currently (not investing in long duration assets)
Hedging Policy	Hedged share classes used to express strong currency views

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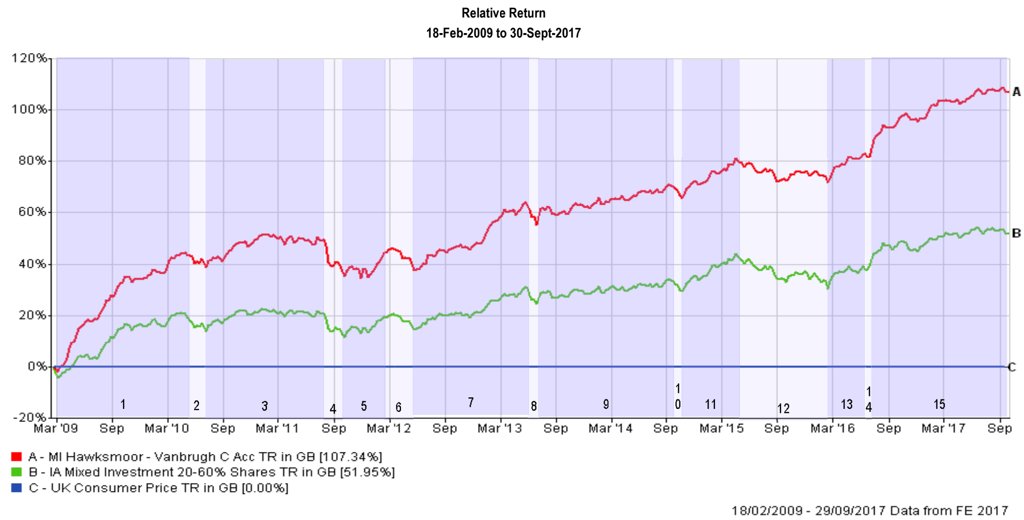
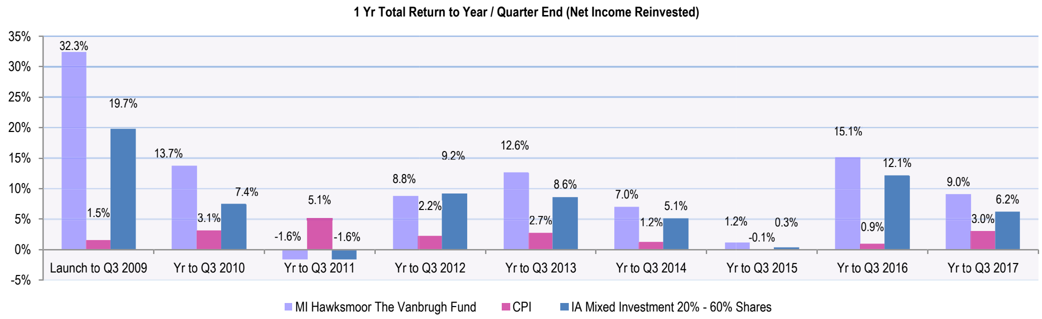
Analysing the Past

Rated A★



Key		
	(1).	Risk asset rally sparked by QE1 by Bank of England and US Federal Reserve.
	(2).	Eurozone sovereign debt flash crash.
	(3).	Markets rally on anticipation of QE2 by Fed, which continues following its announcement in November.
	(4).	Escalation of euro zone sovereign debt crisis. Problems over the US government debt ceiling. S&P downgrades US government debt.
	(5).	Markets rebound following; Greek bailout number 2 and Long Term Refinancing Operations (LTRO) announced by European Central Bank.
	(6).	Fears that Greece might exit the euro. Spanish banks under stress. Worries over potential for economic slowdown in the US and China.
	(7).	Draghi promises 'to do whatever it takes' to save the euro. Announcement of further open ended purchases and QE3 by Fed. Improving US housing market. Prime Minister Abe commits to reflate the Japanese economy.
	(8).	Benanke suggests that the pace of QE will be tapered (wound down).
	(9).	US Federal Reserve reassures markets that QE tapering is not imminent. Forward guidance on tapering is then made clearer before commencing in December. Global growth outlook continues to improve and inflation stays low.
	(10).	Fears that global growth is slowing (especially in Germany) when market valuations are high and QE is expected to come to an end.
	(11).	Markets rally as QE programs from ECB (new) and BOJ (increased) provide an additional boost to asset prices. US Federal Reserve provides more clarity on its outlook for interest rate rises during a period of very benign inflation caused, in part, by a slump in the oil price. Global growth continues to increase at a steady pace.
	(12).	Chinese growth concerns and increased expectations that the US Federal Reserve will raise interest rates leads to a strong dollar and a sharp fall in equity and commodity markets. After a short respite, markets fall further as: investors react negatively to the ECB's decision to extend but not to add to QE; concern over the risk of policy error increases as the US Federal Reserve eventually raises interest rates just as global economic data weakens whilst weakness in China's economy continues; the price of oil plummets as OPEC maintains supply and Iran returns to market.
	(13).	Further stimulus by the ECB, renewed dovish commentary from the US Federal Reserve and reports of a freeze in the rate of oil production by OPEC countries combine to help settle markets. Commodity prices subsequently rebound and the US dollar weakens - allowing equities, particularly in emerging markets, to recover. Fears that the UK might leave the EU then begin to subside as the UK's referendum on its membership approaches.
	(14).	Sterling GBP and the FTSE 250 Index both fall significantly in the immediate aftermath of the UK's vote to leave the EU.
	(15).	Markets rally. Support from the Bank of England, continued weakness in sterling GBP and a swift UK government handover following the UK's vote to leave the EU all lend initial support to a stock market recovery. Decent global macro data and fiscal stimulus offers further support. The 30-year rally in bond markets begins to falter as investors react to the prospects for increased fiscal spending and higher levels of economic growth following the election of Donald Trump to the US Presidency.



Source: Scopic / FE, 1 Yr Total Return Bid-Bid to year / quarter end performance (ending 30-Sept-2017) - MI Hawksmoor The Vanbrugh Fund, Consumer Prices Index and, for comparison, IA Mixed Investment 20% - 60% Shares sector average Rebased in Pounds Sterling. The value of investments can fall as well as rise. You may not get back the amount originally invested.

Source of past performance information: FE

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Analysing the Past

Rated A*

Since launch, the portfolio has exceeded both its minimum CPI growth target and IA sector average return over every available 3-year rolling cycle to each month end. In the meantime, it has endured 6 market downturns and 8 market rallies (as measured by a minimum 10% rise or decline in broader equity markets)[6]. From the date of every inflection point (from the start of each rally or downturn) up until our review date of 30-Sept-17, the portfolio has continued to outperform its sector whilst still managing to exhibit lower downside risk – significantly so in some cases.

Analysing individual risk-on and risk off periods we note that performance has been good in both rallying and falling markets – with the portfolio either outperforming or matching its sector in 5 out of 8 market rallies and in 4 out of 6 market downturns[7]. In risk adjusted terms the portfolio has fallen behind its sector in only one rallying market – when markets rebounded from September 2011 until March 2012 following the second Greek bailout and the announcement of LTRO by the ECB. Returns have also exceeded the CPI growth target in all 8 market rallies.

06 March 09 – 06 April 10. Risk asset rally sparked by introduction of QE1 by Bank of England and US Federal Reserve.

The significant outperformance of the minimum CPI growth target and IA sector – whilst still managing to deliver low downside risk - was aided by 60% of the portfolio being invested in investment trusts at the start of the period, many of which then saw the significant discounts to net asset values that had widened during the worst of the financial crisis narrow considerably. Very low exposure to cash and government bonds and allocations to private equity, smaller companies and corporate bonds all helped to buoy returns.

06 Apr 2010 to 05 Jul 2010. Markets fall - Euro zone sovereign debt flash crash.

Despite a comparative lack of exposure to government bonds, which rallied as other asset classes fell, and a modest holding in cash, the portfolio's drawdown proved substantially shallower than the peer group. Returns were held up by positive performances from a structured investment, BNP Vol Edge as equity market volatility sparked higher, exposure to gold mining companies via Golden Prospect & Precious Metal and Investec Global Gold and, very low direct exposure to European equities, which were amongst the hardest asset classes hit. Selling some investment trust holdings – thereby capturing gains - during previous rally also proved beneficial as their discounts to net asset values widened.

05 Jul 2010 to 05 Jul 2011. Markets rally on anticipation of QE2 by US Federal Reserve, which continues following its announcement in November.

Investment trust holdings again saw their discounts to net asset values narrow – helping to boost the portfolio's return – in particular, TR Property Sigma, which saw its discount closed before being merged into TR Property. Golden Prospect & Precious Metal also performed well. However, BNP Vol Edge performed poorly as volatility from equity markets fell. Whilst the portfolio comfortably outperformed its CPI growth target and achieved better risk adjusted returns versus the sector, it still lagged the latter in absolute terms.

05 Jul 2011 to 22 Sept 2011. Markets fall - Escalation of euro zone sovereign debt crisis. Problems over US government debt ceiling. S&P downgrades US government debt.

Performance declined broadly in line with the sector. Whilst hedge strategies, CF Eclectica Absolute Macro and BH Global, both delivered positive returns, a lack of exposure to government bonds, which although viewed as being expensive, posted positive returns, and steep declines from 3i Investments plc, frontier markets, real estate securities and high yield bonds, all detracted. In the meantime, the team sought to look through the immediate macro picture by maintaining investments believed to offer a margin of safety and adding to European equities on low valuations.

22 Sept 2011 to 16 Mar 2012. Markets rebound following Greek bailout number 2 and announcement of LTRO by ECB.

Whilst returns comfortably exceeded CPI, the portfolio lagged its sector both in risk adjusted and absolute terms over the period as a whole. Returns initially fell behind due to poor returns from bond holdings and from fundamental value in some of its investment trust holdings not being recognised by investors until after the calendar year end. Investec Global Gold and CF Eclectica Absolute Macro both posted negative returns. More positively, the recent introduction of Aberforth Smaller Companies Investment Trust generated strong performance.

16 Mar 2012 to 31 May 2012. Markets fall - Fears that Greece might exit the euro. Spanish banks under stress. Worries over potential slowdown in the US and China.

The portfolio's drawdown proved deeper than the peer group's – weighed down by steep falls from resources and gold related equity funds, smaller company and private equity exposure and local currency emerging market debt. GBP sterling hedged exposure to Japanese equities also detracted when the yen rallied.

31 May 2012 to 21 May 2013. Markets rally - Draghi promises to do whatever it takes to save the euro. Announcement of further open ended purchases and QE3 by US Federal Reserve. US housing market improves. Abe commits to reflate Japan's economy.

Returns comfortably outpaced CPI and the portfolio also beat its sector – both in absolute and risk adjusted terms. Maintaining exposure to some of the investment trust holdings hardest hit in the previous downturn proved rewarding – in particular, private equity and Jupiter Japan Income - where a stronger GBP sterling versus the yen boosted returns still further. A low allocation to government bonds and strong returns from some bond related holdings, including NB Global Floating Rate Income and TwentyFour Income also helped. All helped to outweigh the effects from the negative returns posted by gold and commodity related equity funds, which continued to drag on returns.

21 May 2013 to 25 Jun 2013. Markets fall - Bernanke suggests that QE will be wound down.

Banking gains in private equity and property investment trusts as their respective discounts to net asset values had narrowed during the previous rally proved timely. A small number of holdings, such as GCP Infrastructure, managed to post positive returns – helping to prevent a steeper drawdown and contributing towards the portfolio's outperformance of the sector. Equity exposure was topped up and one of the largest holdings, CF Eclectica Absolute Macro, sold after it failed to provide the diversification benefits the team had hoped for.

25 Jun 2013 to 04 Sept 2014. Markets rally - US Federal Reserve reassures markets that QE tapering is not imminent. Forward guidance on tapering is made clearer before commencing in December. Global growth outlook continues to improve and inflation remains low.

By the end of the period, the portfolio's return comfortably exceeded its minimum target of CPI whilst keeping pace with the sector. However, a significant rise in the price earnings ratios of many markets had prompted the team to continue to de-risk the portfolio by taking profits in higher beta holdings and recycling the proceeds into absolute return strategies. As a result, whilst the portfolio delivered similar total returns to the sector, this was achieved with lower downside risk. In the meantime, investment trusts exposed to UK micro caps, listed infrastructure debt and Asia equity income, all posted strong returns – helping to mitigate against the effects from a rise in the value of GBP sterling, which acted as a headwind for returns from the portfolio's overseas holdings.

04 Sept 2014 to 16 Oct 2014. Markets fall - Fears that global growth is slowing (especially in Germany) when market valuations are high and QE is expected to come to an end.

De-risking the portfolio and lowering beta during the previous year, raising the level of cash to its highest weight since launch, together with positive returns from M&G Global Macro Bond, the long short equity fund, Sanditon Investment Trust, BH Global and TwentyFour Income, all helped towards outweighing persistently poor returns from gold and commodity related equity funds to produce a shallower drawdown versus the sector.

16 Oct 2014 to 28 May 2015. Markets rally, then fall temporarily, before rising again - QE programs from the ECB (new) and BoJ (increased) provide an additional boost to asset prices. US Federal Reserve provides more clarity on its outlook for interest rates during a period of very benign inflation caused, in part, by a slump in the oil price. Global growth continues at a steady pace.

The portfolio fell short of the sector's returns, but lowering exposure to beta and increasing allocations to investments that offered defined return profiles, such as funds exposed to infrastructure as markets

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Analysing the Past

Rated A

climbed higher, led it to exhibit significantly lower downside risk by comparison. Negative returns from Odey Giano, Sanditon Investment Trust as well as gold and commodity related equity trusts – all held back stronger gains. In the meantime, Japan and European equity exposure hedged back to GBP sterling helped to buoy returns.

28 May 15 to 11 Feb 16. Markets fall. Chinese growth concerns and increased expectations that the US Federal Reserve might raise interest rates leads to a strong dollar and a sharp fall in equity and commodity markets. After a short respite, markets fall further as: investors react negatively to the ECB's decision to extend but not to add to QE; concern over the risk of policy error increases as the US Federal Reserve eventually raises interest rates just as global economic data weakens alongside the continued weakening of the Chinese economy; and finally, the price of oil plummets as OPEC maintains supply and Iran returns to market.

Continuing to de-risk the portfolio by lowering exposure to emerging markets and higher beta funds together with positive returns from a number of holdings that included; Jupiter Absolute Return, which had been introduced in July, Old Mutual GEAR, which had been topped up in the same month, specialist property vehicles, Odey Giano, GCP Infrastructure Investments and lower beta equity funds like Miton UK Value Opportunities and R&M UK Micro Cap – all contributed to the portfolio recording a far shallower drawdown when compared to the sector average. Switching from Investec Global Gold to Ruffer Gold in Q4 2015 also proved beneficial. In the meantime, during the downturn exposure to lowly valued equity markets – Japan, Asia and Europe - were re-emphasised and greater focus placed on funds less well correlated to equity markets.

11 Feb 16 to 23 Jun 16. Markets rally. Further stimulus by the ECB, renewed dovish commentary from the US Federal Reserve and reports of a freeze in the rate of oil production by OPEC countries combine to help settle markets. Commodity prices subsequently rebound and the US dollar weakens - allowing equities, particularly in emerging markets, to recover and equity market volatility to fall back towards the longer-term average. Fears that the UK might leave the EU then begin to subside as the UK's referendum on its membership approaches.

After lagging initially, the portfolio climbed marginally ahead of the sector by the end of the period, but having suffered significantly lower downside risk – with lower beta strategies and lack of duration in bond exposures holding back stronger gains. Sovereign debt moving into negative yield territory removed the opportunity cost of holding gold – helping to propel Ruffer Gold's underlying portfolio of gold related equities. Having been the hardest hit during the recent downturn, commodity and emerging market oriented exposure rebounded strongly and the recent introduction of Ashmore Emerging Market Short Duration Debt at a time when its yield to maturity stood at 15% proved timely. Switching to GBP sterling share classes for Japan and European equity holdings also worked well – albeit temporarily. Inflows were increasingly directed towards more idiosyncratic holdings, specialist property vehicles as well as value opportunities in private equity and biotechnology.

23 Jun 16 to 27 Jun 16. Markets fall. Sterling GBP and the FTSE 250 Index both fall significantly in the immediate aftermath of the UK's vote to leave the EU.

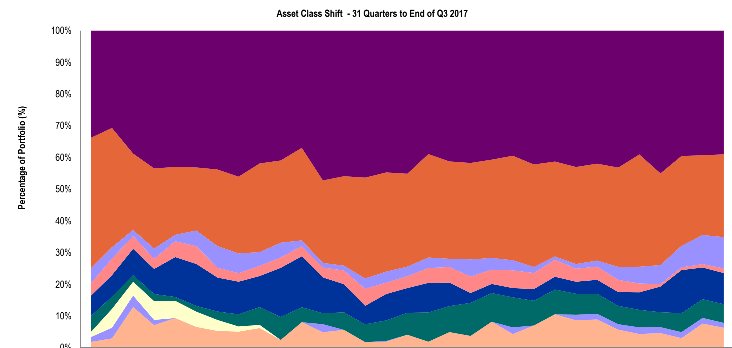
The period is too short to draw any meaningful conclusions from especially since performances from underlying holdings in a fund of funds are reflected in its own share price one day later than its single strategy peers and two days later when compared to stock market indices. The portfolio's holding in Ruffer Gold being priced weekly means that it cannot be included in any analysis. Nevertheless, we note that lack of exposure to both larger companies and sovereign debt hampered returns, as did having 60% exposure to GBP sterling.

27 Jun 2016 to 30 Sept 2017. Markets rally. Support from the Bank of England, continued weakness in sterling GBP and a swift UK government handover following the UK's vote to leave the EU all lend initial support to a stock market recovery. Decent global macro data and fiscal stimulus offers further support. The 30-year rally in bond markets begins to falter as investors react to the prospects for increased fiscal spending and higher levels of economic growth following the election of Donald Trump to the US Presidency.

The portfolio comfortably outperformed its CPI growth target and achieved our best risk adjusted score in the sector by managing to record substantially lower downside risk. Taking advantage of sharply lower valuations and widening discounts in investment trusts as a result of the immediate negative reaction towards UK mid and small caps and some specialist property vehicles following the UK's vote to leave the EU proved timely when their returns rebounded strongly. Within private equity holdings, ICG Enterprise, Pantheon International and HG Capital all boosted returns. Phoenix Spree Deutschland – offering access to the German residential market - provided the single biggest contribution. A weakening in GBP sterling provided a further boost to India Capital Growth, Guinness Asian Income and Ashmore Emerging Markets Total Return.

In the meantime, holdings in strong performers were top sliced, equities gradually lowered, and exposure to absolute return strategies increased. Whilst this helped to control risk, it also held back even stronger returns - with absolute return as well as bond strategies posting more muted returns when compared to equities. Sanditon Investment Trust and Old Mutual Gold & Silver both delivered negative returns, which for the former, continued to worsen after it was sold.

(6) (7) Please note: we believe the correction in asset prices that immediately followed the UK's vote in June 2016 to leave the EU to be too brief for us to include in this analysis.



	Mar-31-2009	Jun-30-2009	Sep-30-2009	Dec-31-2009	Mar-31-2010	Jun-30-2010	Sep-30-2010	Dec-31-2010	Mar-31-2011	Jun-30-2011	Sep-30-2011	Dec-31-2011	Mar-31-2012	Jun-30-2012	Sep-30-2012
Equities	32.1	27.9	36.5	42.6	42.1	41.9	42.3	44.4	41.9	40.9	37.0	47.2	45.9	46.4	44.7
Bonds	39.1	34.2	22.7	24.8	20.9	19.3	23.3	23.3	28.0	26.0	29.2	26.1	28.2	31.8	31.3
Property	4.5	3.3	1.8	3.2	2.0	4.8	6.6	6.0	4.4	4.7	1.8	1.5	1.5	3.3	3.5
Commodities	3.8	4.7	3.8	3.2	4.9	5.5	3.0	2.6	3.2	3.3	3.3	3.1	4.3	5.4	3.6
Absolute Return	6.0	6.1	7.8	7.8	12.3	12.9	10.3	9.9	9.8	15.5	16.1	11.3	8.8	5.8	8.3
Private Equity	4.8	3.5	2.0	2.2	1.1	1.7	2.6	3.6	5.6	7.3	4.7	3.4	5.6	5.6	6.5
Structured Products	1.5	5.4	4.1	5.8	5.3	4.7	3.4	1.6	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Alternatives	1.4	3.0	3.4	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.2
Cash	1.7	2.7	12.1	6.9	9.2	6.4	5.1	4.9	6.2	2.4	8.0	4.9	5.6	1.8	1.9

	Dec-31-2012	Mar-31-2013	Jun-30-2013	Sep-30-2013	Dec-31-2013	Mar-31-2014	Jun-30-2014	Sep-30-2014	Dec-31-2014	Mar-31-2015	Jun-30-2015	Sep-30-2015	Dec-31-2015	Mar-31-2016	Jun-30-2016	Sep-30-2016
Equities	45.2	38.9	41.2	41.7	40.7	39.5	42.3	41.2	43.0	42.0	43.2	39.0	45.1	39.6	39.4	39.0
Bonds	29.4	32.6	30.7	30.4	31.0	33.0	32.4	29.9	30.6	30.6	31.3	35.4	29.0	28.4	25.2	26.1
Property	3.0	3.3	2.6	5.4	3.7	3.2	1.9	1.0	1.5	1.9	4.1	5.3	6.0	6.8	9.2	9.9
Commodities	3.8	4.7	4.9	5.2	4.5	5.6	5.1	5.4	4.1	4.2	3.9	2.8	0.8	0.9	1.1	1.5
Absolute Return	7.8	9.3	7.4	3.1	2.9	2.9	3.7	4.0	3.8	4.4	4.3	5.5	8.1	13.6	10.0	9.8
Private Equity	6.9	9.2	8.2	10.4	9.0	9.5	7.8	7.8	6.6	6.3	5.8	5.5	4.7	6.0	5.9	5.9
Structured Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Alternatives	0.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	1.8	1.8	1.7	2.1	1.9	1.9	1.8	1.5
Cash	4.1	1.9	4.9	3.7	8.2	4.3	7.0	10.5	8.6	8.9	5.7	4.3	4.6	3.0	7.6	6.3

Total look through exposure to equities differs from the above and combines; tradtional equities, natural resourses equities, property related securities and private equity

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Current Strategy

In last year's report we mentioned that in the event that asset markets continued to rally, the team anticipated continuing to de-risk the portfolio by further lowering its beta risk and adding to cash. Whilst the allocation to cash is not high by historic standards, the portfolio is positioned more defensively. Idiosyncratic holdings – those potentially less well correlated to traditional markets – continue to be counterbalanced by holdings driven by the team's more equity sensitive 3 to 5 year views - with the aim of isolating pockets of beta, avoiding assets that appear expensive and maintaining a 'margin of safety' in valuation terms.

Within equities, where the look through allocation stands at 43%, the portfolio is no longer offering exposure to more mainstream western developed equity markets using investment trusts – having progressively lowered investment trust exposure to a historic low of 20% as markets have rallied. Emphasis throughout is being placed on more idiosyncratic, lower beta managers, running flexible mandates. Investment trusts are principally being reserved for private equity, emerging market equities, infrastructure, as well as specialist bond and property vehicles such as German residential property.

At 11%, the property allocation is moderately high by historic standards and includes a 7% allocation to REITs that encompass long lease strategies, warehousing and healthcare.

Within bonds, duration risk is being kept low, with exposure offered via specialist vehicles – including; short duration high yield and emerging market debt and European high yield bonds.

Jupiter Absolute Return is awarded the highest single holding weight, where the manager's contrarian views and positioning for poor markets is being used to provide potential for downside protection. Gold and gold related equities are also being used for their potential lack of correlation versus other asset classes.

Given the portfolio's more cautious positioning, the team believes it might lag others in the peer group should markets continue to rally.

Performance Expectation

In relation to peers more exposed to GBP sterling the bias towards holding overseas assets may prove a tailwind to relative returns when GBP sterling weakens and a headwind when it strengthens.

The contrarian approach and search for a 'margin of safety' in choosing investments means that the portfolio is likely to lag during periods when investors fail to recognise underlying fundamentals – for example; in the initial phase of momentum driven markets led by assets viewed by the team as being expensive and, in falling markets when assets viewed by the team as being cheap become cheaper still.

The portfolio can invest substantially in investment trust shares and investors have a tendency to delay their reaction to sudden market movements when it comes to changing their appetite for investment trust shares. This has the potential to cause the portfolio's performance to lag initially following market inflection points – depending on the extent to which investment trusts are held.

Overall, the approach to allocating assets to primary asset classes is patient and longer term and potentially less tactical when compared to some. Downside protection is therefore more dependent upon; portfolio diversification and the inclusion of less well correlated assets; the embedded 'margin of safety' in assets and holdings (including embedded value in investment trusts - some of which will be trading below net asset value - as well as those involved in corporate activity, such as wind ups and share buy backs) and; the team's management of beta at the underlying fund level.

Exposure to investment themes may take some time to play out and investors may, at times, need to adopt a longer term, more patient view.

Reporting

Rated B

Quarterly reports explain; market and portfolio performance, key contributors and detractors to returns, a description of recent trading activity, current positioning and strategy and a full list of holdings.

The team's quarterly asset allocation view document is available upon request and provides a useful summary of the strategic outlook – covering both positive and negative factors as well as the team's own views on; each regional equity market, both government and corporate bonds, property and commodity markets, private equity, currencies and cash. Overall, we found a clear correlation between the team's views articulated in the document and the longer term themes illustrated in the portfolio's underlying holdings.

Quarterly webcast updates from the team (historic updates are also available from the company's own website) – also offer transparency on the drivers of performance as well as on current strategy and positioning.

We like the way that monthly fact sheets include the team's views on recent market events, rather than simply providing a more generic description of market performance. In addition, like the quarterly reports, they also include the rationale for recent portfolio activity and the holdings purchased and sold.

When compared to some peers, the team appears to be more easily accessible to intermediaries - via their attendance at seminars and events, one to one meetings and at periodic roadshows.

Overall, reporting is transparent and now provides intermediaries with a good suite of 'at-a-distance' monitoring materials.

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The MI Hawksmoor Vanbrugh Fund

Expenses

Rated C

The team does not seek to avoid underlying funds that have higher than average charges and, arguably, in some cases the overall impact of any holdings in higher charging funds may in fact be offset elsewhere by investing in the shares of investment trusts at below net asset value. Currently, at the headline level, expenses broadly mirror the sector average. In the meantime, in response to the implementation of Mifid II in January 2018, the company has stated that it will absorb the extra research costs for its multi-asset portfolios.

As is common with many multi-asset fund of fund peers where underlying exposures are accessed via multiple product structures and are not confined to investing in open ended funds, the portfolio can be exposed to some types of investment where information about their charges is harder to determine or obtain. Charges associated with some investment trusts and any performance related fees levied by underlying funds may therefore be omitted from the portfolio's own ongoing charge calculation.

Charges	
Initial Charge (%)	C Class: 0.00%
Annual Management Charge (%)	C Class: 0.75%
AMC charged to	50% Capital / 50% Income
Performance Fee (In Last Accounting Period)	N/A
Ongoing Charge	C Class: 1.55%
Ongoing Charge as a (%) of Sector Average	C Class: 101%

Qualitative Risk

Unlike many larger peers, there is no separate investment risk team. Instead risk management relies upon oversight by a combination of the ACD, internal compliance oversight – with the head of compliance reporting to a monthly Management Committee and attending quarterly Board meetings - and the retail multi-asset funds team's own qualitative analysis of investments owned – primarily based upon price and the margin of safety offered. Underlying risk is therefore not formally calibrated.

The trade order system appears manually intensive and trades are not systematically pre-complied - leading to the potential for manual error. Nonetheless, placing their own trades affords the investment team full ownership of the process – enabling it to establish good working relationships with market makers.

Exposure to geared investment trusts, REITs and hedge strategies amplifies investment risk.

Long term themes may take time to play out and may disappoint in the interim. The contrarian approach and search for a 'margin of safety' when choosing investments may mean that assets viewed by the team as being cheap become cheaper still.

Liquidity risk is measured conservatively – building in scope for a worse than expected liquidity environment by measuring the past 120 days trading volumes and dividing the result by 3. In the meantime, counterparty risk at the top portfolio level is negligible – since derivatives, swap based ETFs and structured investments are all not employed. However, the portfolio may have exposure to counterparty risk due to underlying funds employing hedge type strategies.

Product risk is low given that the broader business exclusively supports multi-asset portfolios and that asset flows are in positive territory. People risk is also low. The two senior co-managers have a long and stable working relationship; are influential within the wider business, have their own money in their funds and own shares and options in the company.

Risk Factors	
People Risk	Low risk. Two of the three senior co-managers have a long and stable working relationship; are influential within the wider business, have their own money in their funds and own shares and options in the company.
Concentration Risk	40-50 holdings and individual themes generally represented by more than 1 holding helps to dampen risk. Correlations of return between holdings tends to be moderately low.
Investment Strategy Risk	Long term themes may take time to play out and may disappoint in the interim. The contrarian approach and search for a 'margin of safety' when choosing investments may mean that assets viewed by the team as being cheap become cheaper still.
Investment Risk	Exposure to investment trusts and hedge strategies expose the portfolio to the risks associated with gearing.
Counterparty Risk	At the top portfolio level, risk is negligible – since derivatives, swap based ETFs and structured investments are not employed. Risk is therefore largely confined to underlying holdings.
Liquidity Risk	Liquidity risk is measured conservatively and builds in scope for a worse than expected liquidity environment (Last 120 days trading volumes / 3).
Operational Risk	The current trading system is manually intensive and there is scope for human error.
Product Risk	Risk is low. The broader business exclusively supports multi-asset portfolios. Asset flows remain positive.
Expenses Risk	The portfolio offers exposure to some types of investment that deduct charges the size of which may not easily be ascertained and may therefore be omitted from the portfolio's own ongoing charge calculation

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