



# HAWKSMOOR

FUND MANAGERS

## THE HAWKSMOOR FUNDS

*An innovative and differentiated  
approach to multi asset investing  
for Financial Advisers*



“ For all long-term investors there is only one objective:  
***maximum total real return after taxes*** ”

Sir John Templeton

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# MEETING YOUR CLIENTS' NEEDS

For many Financial Advisers, the minimum objective for most of their clients is to increase their wealth in real terms over time. This means achieving a positive return after the impact of inflation, costs and charges.

Mainstream equity and bond markets have dominated multi asset investment approaches for years, with equities delivering growth, and bonds delivering income and diversification benefits. Portfolios constructed using these building blocks have generally delivered positive real returns and met client objectives.

## But times are changing...

Recent experience has highlighted the vulnerability of the equity-bond portfolio when valuations hit extreme lows.

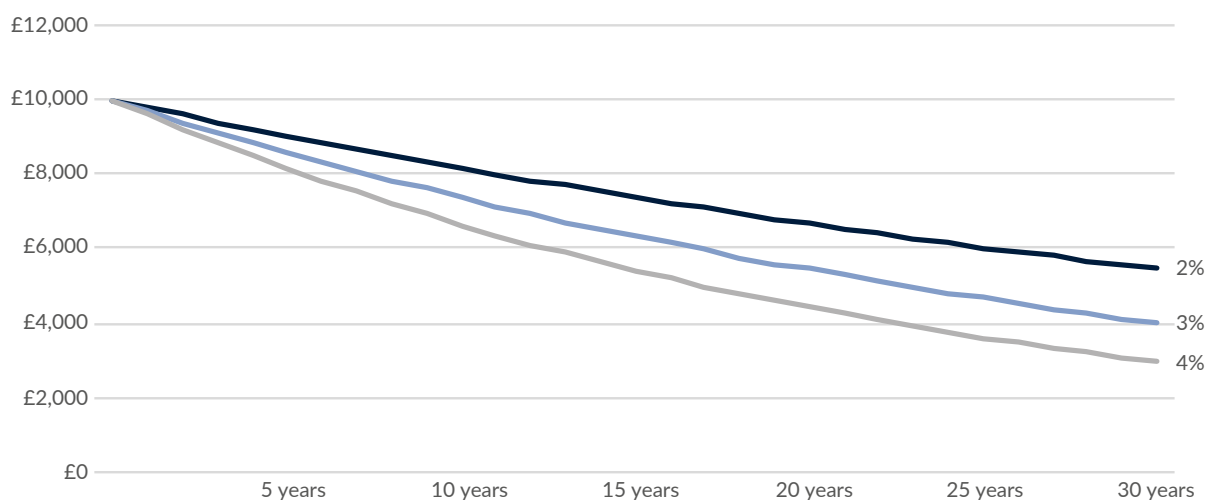
Strong equity market returns over the past decade have resulted in elevated valuations which impact low future returns.

Bond yields remain at historically low levels offering uninspiring returns and undermining the hedging qualities of government bonds.

Expensive equities and low bond yields have resulted in reduced return expectations for investors using a traditional asset allocation framework.

So how can you achieve real returns for your clients, given the threat of higher inflation, and elevated valuations in many traditional asset classes?

**FIGURE 1: HOW DIFFERENT RATES OF INFLATION ERODE PURCHASING POWER**



Source: Internal.

We believe that in the future, a more innovative and sophisticated approach to portfolio construction is needed to achieve positive real returns for clients.

# THE HAWKSMOOR APPROACH

Hawksmoor's multi asset Funds – Vanbrugh, Distribution and Global Opportunities – all share the same award-winning investment process, including:



Having an **unconstrained approach** which evolves dynamically over time, and a willingness to zero-weight expensive assets.



Embracing **non-traditional asset classes** such as song royalties, ships and energy storage, whose risk and return drivers are often entirely independent of the economic cycle and other financial markets.



Taking advantage of a **broad investment universe** including closed-ended funds which provide exposure to specialist assets that can be hard to access via open-ended funds, and which offer trading opportunities around discount volatility.



**Conducting 500+ research meetings a year** to identify the best funds with the most talented fund managers, who typically ensure their investee companies abide by best practice concerning environmental, social and corporate governance (ESG) factors.



Being managed by an **experienced team with a proven track record** of delivering excellent through-the-cycle returns across the past 13 years.

Actively managed multi asset funds tend to have higher costs compared to passive solutions, yet we can demonstrate the added value that our Funds can offer your clients, in the form of investment opportunities, diversification benefits and potential for better risk-adjusted returns.

# FISHING IN THE SMALLER POOLS

Hawksmoor's size means that when we look to buy funds, we can fish in the smaller pools that **larger competitors cannot access**. Research shows that the larger the fund, the lower the probability of outperformance:

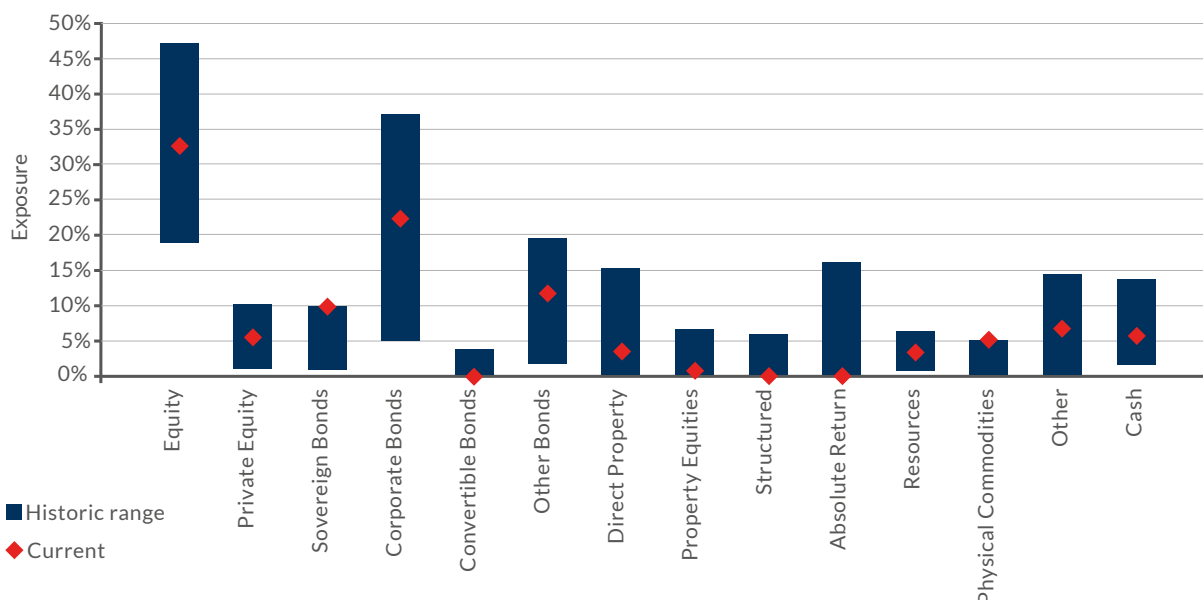
**FIGURE 2: THE LARGER THE FUND, THE LOWER THE PROBABILITY OF OUTPERFORMANCE**



Source: FE fundinfo, 31/12/2022. IA Sector funds (see page 10) excluding Pimco GIS Income, size: £48bn, rel perf: 0%, iShares VII Core S&P 500 UCITS ETF, size: £44bn, rel perf: +1% and iShares Core MSCI World UCITS ETF, size: £38bn, rel perf: +2%.

















Our size not only means that we have **more funds to pick from, compared to our peers** but also allows access to investment trusts which provide exposure to a broad range of alternative asset classes. This combined with **our unconstrained approach to portfolio construction results in dynamically managed Funds** where asset allocation is driven by valuation and return expectations rather than with reference to an arbitrary benchmark.

**FIGURE 3: UNCONSTRAINED, BENCHMARK AGNOSTIC PORTFOLIO CONSTRUCTION**



Source: Internal, Vanbrugh Fund, 31/03/2009 to 30/06/2023.

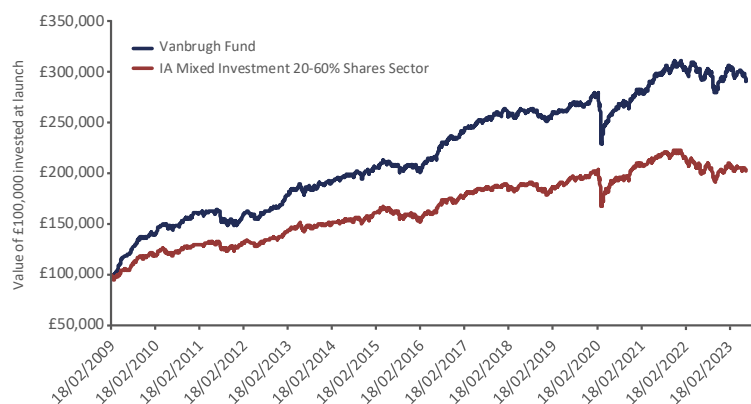
# A SOLUTION FOR EVERY CLIENT

	 <b>VANBRUGH FUND</b>	 <b>DISTRIBUTION FUND</b>	 <b>GLOBAL OPPORTUNITIES FUND</b>
<b>Description</b>	For your clients who are looking to achieve both a positive return on their investments after inflation, and preserve capital over the medium term.	For your clients who are looking to receive an attractive level of income, above that of a composite index of financial assets, whilst achieving capital growth on their investments over the medium to long term.	For your clients who are looking to achieve a high level of capital growth on their investments over the long term.
<b>IA category</b>	IA Mixed Investment 20-60% Shares	IA Mixed Investment 40-85% Shares	IA Flexible Investment
<b>Equity exposure parameters</b>	 20-60%	 40-85%	 60-100%
<b>Investment objective</b>	Cautious Total Return	Balanced Income	Growth
<b>Provides income</b>		 	
<b>Client investment timescale</b>	3+ years	3-5 years	5+ years
<b>Launch date</b>	18/02/2009	13/04/2012	18/09/2018
<b>Defaqto risk rating</b>			
<b>Dynamic Planner risk rating</b>			

# THE VANBRUGH FUND

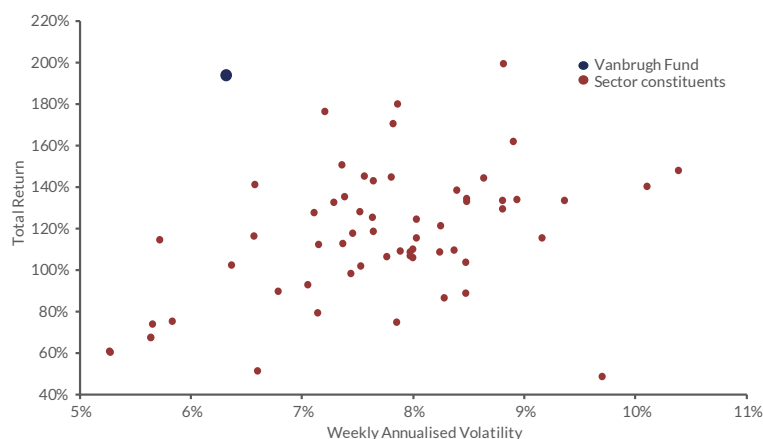
For your clients who are looking to achieve both a positive return on their investments after inflation, and preserve capital over the medium term.

## Strong long term performance



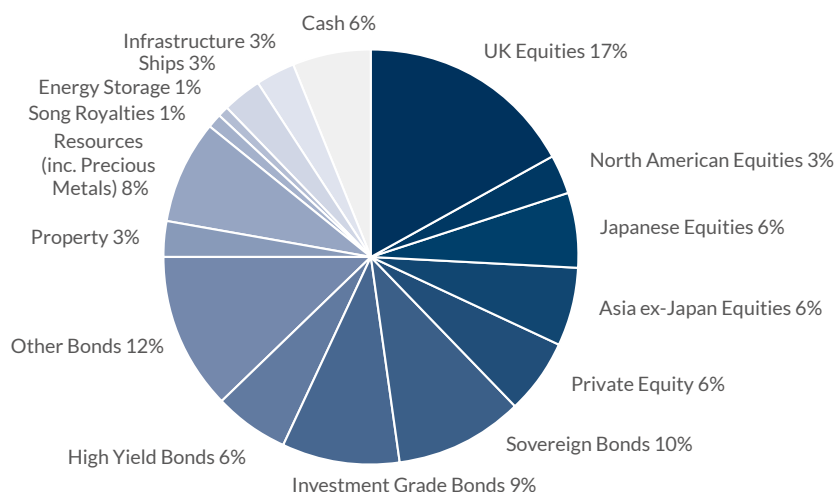
Source: FE fundinfo, 18/02/2009 to 30/06/2023.

## Sector-leading risk-adjusted returns



Source: FE fundinfo, 18/02/2009 to 30/06/2023.

## A high level of diversification



Source: Internal, 30/06/2023.

Past performance is not a guide to future performance. Figures quoted are on a total return basis with income reinvested.



The Fund has delivered strong through-the-cycle returns for clients. Since launch in February 2009, the Fund has outperformed the IA Mixed Investment 20-60% Shares Sector by 89%, providing an annualised return of 7.9%. An investment at launch of £100,000 would now be worth £293,117.

Our responsible, common-sense approach to risk has led to the Fund being the top performer in the IA Mixed Investment 20-60% Shares Sector since launch, with the seventh lowest volatility.

The Fund provides your clients with access to many different asset classes, including equities, bonds, property and alternative investments, such as infrastructure, ships and energy storage. The Fund invests in both open-ended funds and investment trusts, and will have equity exposure of between 20% and 60%.

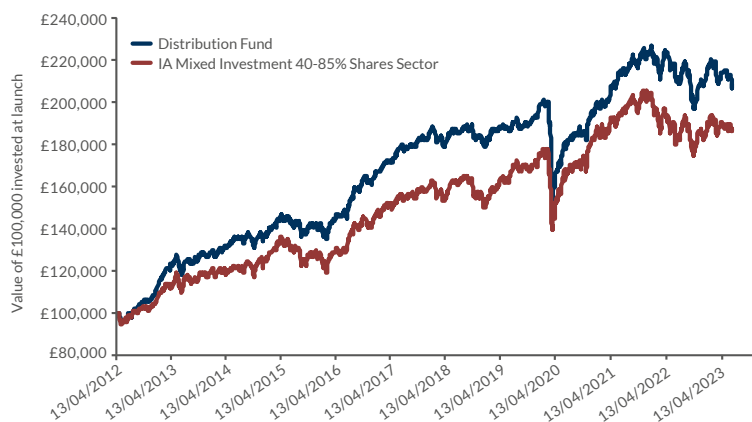




# THE DISTRIBUTION FUND

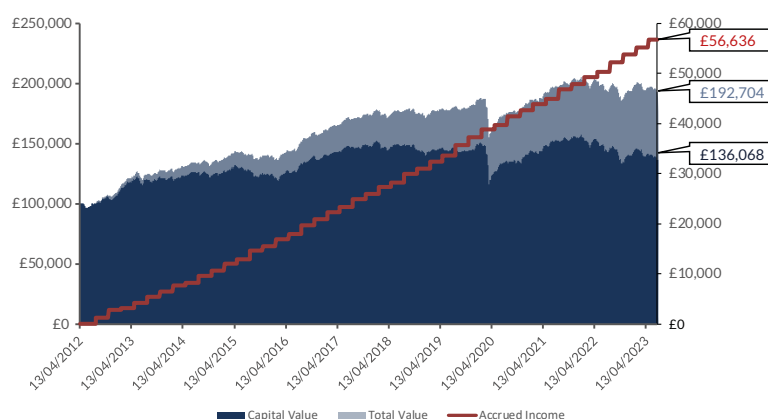
For your clients who are looking to receive an attractive level of income, above that of a composite index of financial assets, whilst achieving capital growth on their investments over the medium to long term.

## Strong long term performance



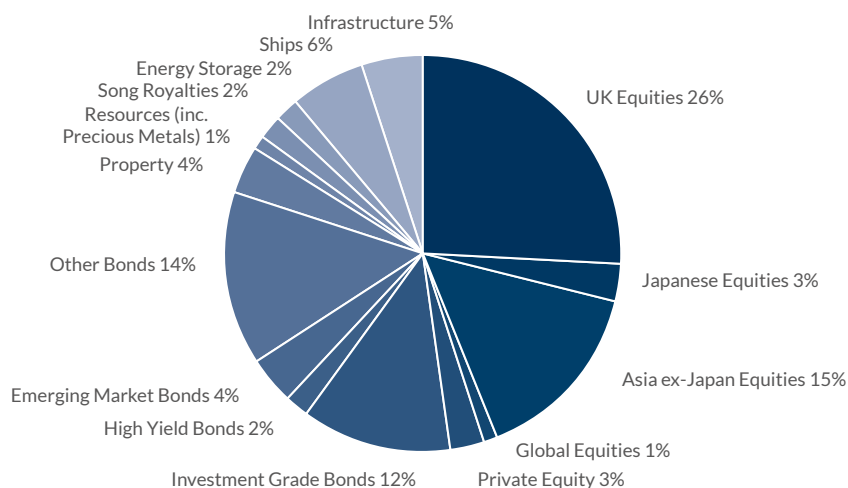
Source: FE fundinfo, 13/04/2012 to 30/06/2023.

## Stable and growing level of income



Source: FE fundinfo, 13/04/2012 to 30/06/2023.

## Contribution to income from a diverse array of assets



Source: Internal, 30/06/2023.

Past performance is not a guide to future performance. Figures quoted are on a total return basis with income reinvested.



Regardless of the need for income, the Fund has delivered strong through-the-cycle returns for clients. Since launch in April 2012, the Fund has outperformed the IA Mixed Investment 40-85% Shares Sector by 20%, providing an annualised return of 6.7%. An investment at launch of £100,000 would now be worth £207,822, with income reinvested.

Clients that chose to receive their income on a £100,000 investment at launch would have received £56,636 in income (red line), and the capital would be worth £136,068 (dark blue area), giving you a total value of £192,704 (light blue area). We aim to grow the annual distribution each year in order to maintain an attractive distribution yield for new and existing investors.

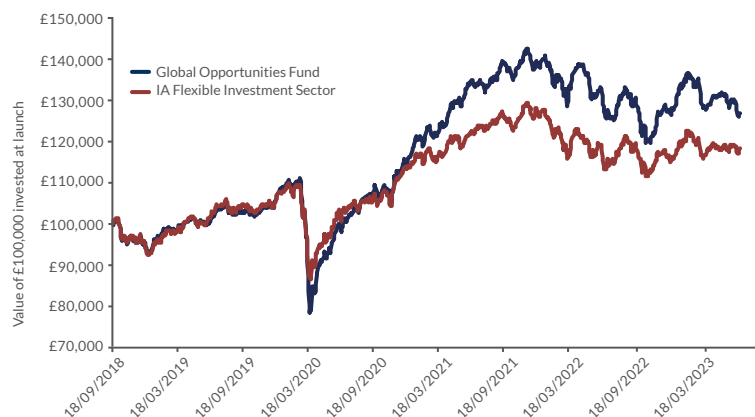
The Fund generates income for your clients from many different asset classes, including equities, bonds, property and alternative investments, such as infrastructure, ships and energy storage. The Fund invests in both open-ended funds and investment trusts, and will have equity exposure of between 40% and 85%.



# THE GLOBAL OPPORTUNITIES FUND

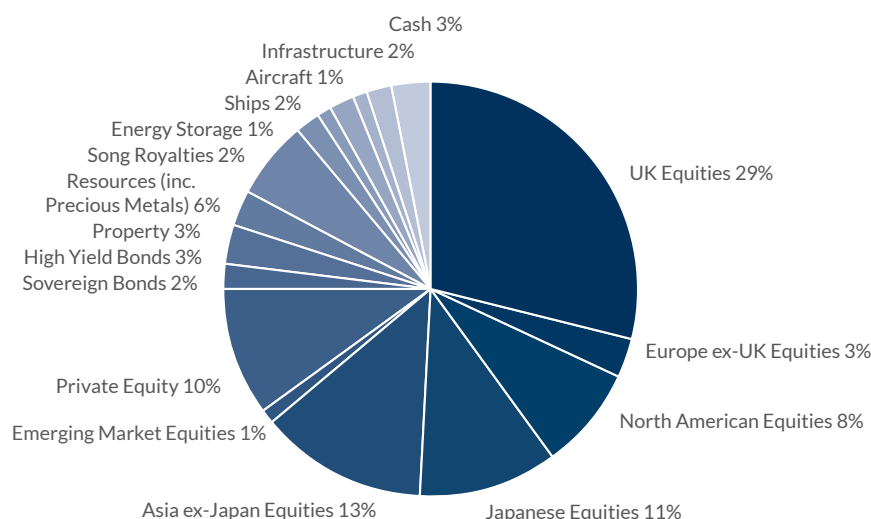
For your clients who are looking to achieve a high level of capital growth on their investments over the long term.

## Strong initial performance



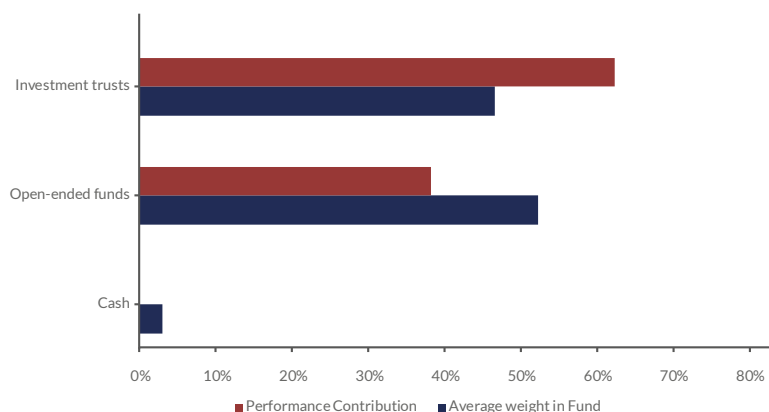
Source: FE fundinfo, 18/09/2018 to 30/06/2023.

## A high level of diversification



Source: Internal 30/06/2023.

## Significant contribution from investment trusts



FE fundinfo and internal, 30/09/2018 to 31/12/2022.

Past performance is not a guide to future performance. Figures quoted are on a total return basis with income reinvested.



Since launch in September 2018, the Fund has outperformed the IA Flexible Investment Sector by 9% and has delivered an annualised return of 5.1%. An investment at launch of £100,000 would now be worth £126,670.

The Fund provides your clients with access to many different asset classes, including equities, bonds, property and alternative investments, such as infrastructure, ships and energy storage. The Fund invests in both open-ended funds and investment trusts, and will have a minimum equity exposure of 60%.

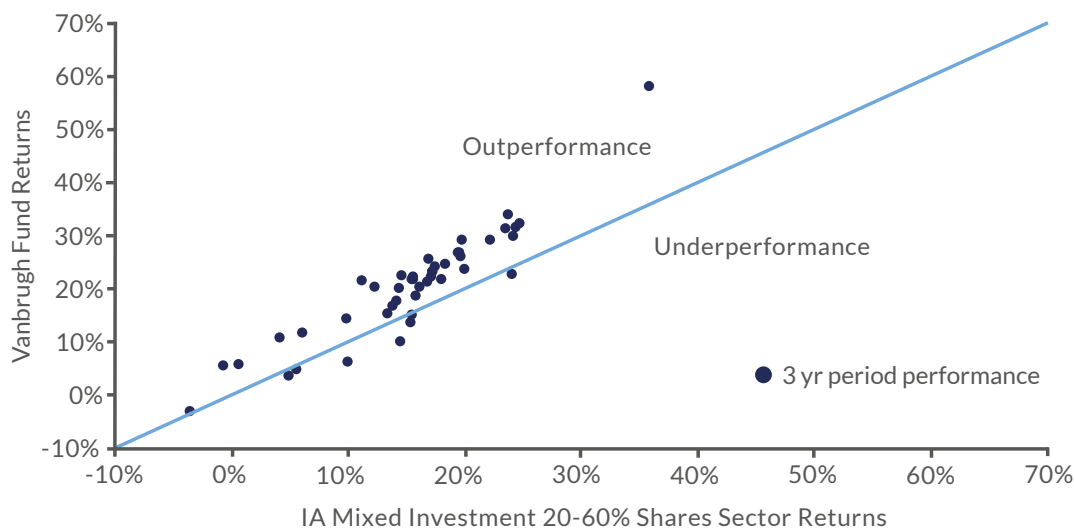
Investment trusts are the best way of accessing these alternative asset classes, whilst also providing opportunities to exploit the inefficiencies of the sector. The Fund's investment trust and open-ended fund exposure has been broadly in line, yet investment trusts have contributed to performance twice as much as the open-ended fund allocation since launch.



# BUILDING CLIENT PORTFOLIOS

Our three Funds cater for different risk tolerances and investment objectives and have all delivered excellent risk-adjusted returns in excess of their respective IA sectors since launch. The dynamic, unconstrained approach to portfolio construction makes them suitable **stand-alone investments** that can be held through the cycle.

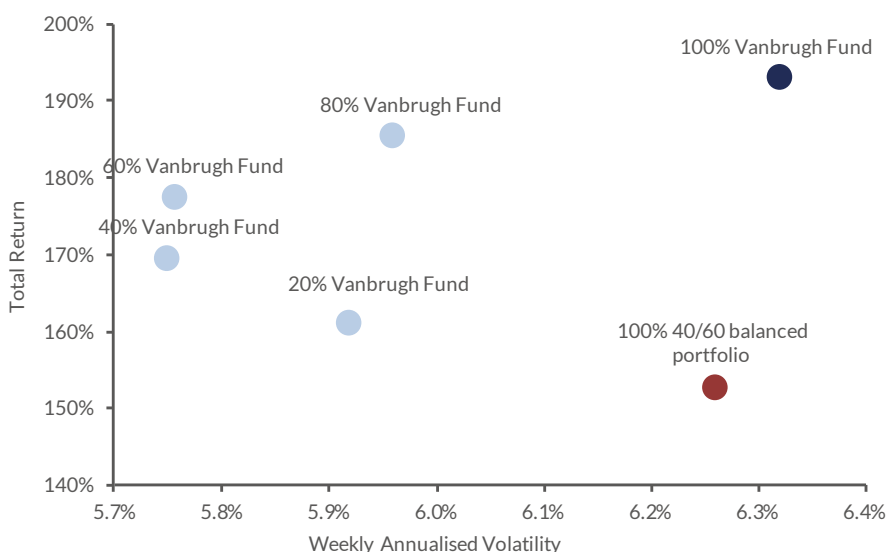
**FIGURE 4: CONSISTENT OUTPERFORMANCE IN DIFFERENT MARKET CONDITIONS**



Source: FE fundinfo, 3 year rolling to quarter end, 31/03/2009 to 30/06/2023.

Our current exposure to mainstream equity and fixed income markets is low owing to elevated valuations in these asset classes. As a result, **our Funds look very different to many other active and passive multi asset solutions** which tend to be dominated by these traditional portfolio building blocks. For those wishing to adopt a blended, more diversified approach **our Funds complement other multi asset strategies** well with benefits for risk-adjusted returns.

**FIGURE 5: INTRODUCING THE HAWKSMOOR FUNDS TO IMPROVE RISK-ADJUSTED RETURNS**



Source: FE fundinfo, 18/02/2009 to 30/06/2023. 40/60 balanced portfolio represented by 40% MSCI World All Cap and 60% ICE BofA Global Broad Market Hedge GBP. See MSCI and ICE disclaimers on page 10.

# CONTACT US



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 Hawksmoor Investment Management



## IMPORTANT INFORMATION

### IA sector funds:

IA Asia Pacific Excluding Japan, IA Asia Pacific Including Japan, IA China/Greater China, IA Commodity/Natural Resources, IA EUR Corporate Bond, IA EUR Government Bond, IA EUR High Yield Bond, IA EUR Mixed Bond, IA Europe Excluding UK, IA Europe Including UK, IA European Smaller Companies, IA Financials and Financial Innovation, IA Global, IA Global Corporate Bond, IA Global EM Bonds Blended, IA Global EM Bonds Hard Currency, IA Global EM Bonds Local Currency, IA Global Emerging Markets, IA Global Equity Income, IA Global Government Bond, IA Global High Yield Bond, IA Global Inflation Linked Bond, IA Global Mixed Bond, IA Healthcare, IA India/Indian Subcontinent, IA Infrastructure, IA Japan, IA Japanese Smaller Companies, IA Latin America, IA North America, IA North American Smaller Companies, IA Property Other, IA Sterling Corporate Bond, IA Sterling High Yield, IA Sterling Strategic Bond, IA Technology and Technology Innovations, IA UK All Companies, IA UK Direct Property, IA UK Equity Income, IA UK Gilts, IA UK Index Linked Gilts, IA UK Smaller Companies, IA USD Corporate Bond, IA USD Government Bond, IA USD High Yield Bond, IA USD Mixed Bond.

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