

SHINING A LIGHT ON THE..... Atlantic House Fund Management Defined Returns Fund

AT A GLANCE

Investment Objective	
The investment objective of the Fund is to generate capital growth over the medium to longer term.	

Inception Date	4 th November 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000T120

Management	
Manager Name	Start Date
Tom May and Dr Russ Bubleby	4 th November 2013

Top 10 Holdings		
Total number of holdings	674	
Assets in Top 10 Holdings	81.14%	
Name	Sector	% of Assets
United Kingdom of Great Britain and N...	-	21.99%
United Kingdom of Great Britain and N...	-	21.99%
United Kingdom of Great Britain and N...	-	13.79%%
United Kingdom of Great Britain and N...	-	6.42%
United Kingdom of Great Britain and N...	-	4.48%
Investec Bank plc 0%	-	3.84%
Natixis 0%	-	2.51%
United Kingdom of Great Britain and N...	-	2.26%
Natixis 0%	-	1.95%
Italy (Republic Of) 2.7United Kingdom of Great Britain and N...	-	1.91%

Volatility Measurements	
3-Yr Std Dev (volatility)	8.43%
3-Yr Mean Return (average)	6.60%

FUND PERFORMANCE

Performance from 4 November 2013 to 30 June 2018:

	2013	2014	2015	2016	2017	2018
AHFM Defined Returns Fund	0.82%	3.30%	4.36%	11.80%	10.25%	2.69%
Vanguard Global Bond Index	-0.52%	7.97%	1.25%	3.51%	2.00%	-0.73%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
AHFM Defined Returns Fund	7.15%	27.47%	37.57%
Vanguard Global Bond Index	0.21%	6.33%	13.99%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.



UPDATE....

The concept behind this is simple. It is a series of structured products which “kick out” (pay out) and this over time delivers the positive return. The managers explained that they do the messy stuff and investors get the return.

In a market where the returns are flat to strong the managers expect to get returns of 7 to 8% with relatively low volatility. If the markets dropped up to 35% they would expect to still return 7 to 8% but with increased volatility. Where markets fall over 35% then they would expect the fund to fall.

So in theory, in most market cycles the fund should deliver a positive return. However, the fund is volatile. Looking at the performance in 2018, at its lowest point the fund was down nearly 5% and at other times down nearly 3%. It has recovered and is showing a return of 2.69% year to date. Investors should therefore be aware that the fund can fall significantly even in a period which has relatively low volatility.

There is very little else to comment on the fund. The nervousness with this is what would happen if we had a 2001 or 2008 scenario. How would the fund respond in this environment? Investors may want this to protect on the downside (when markers are falling) and this may not do this. However, if investors think we are unlikely to have a 2001 or 2008 scenario and just want something that appears to deliver a positive return with some downside protection then this might be something to consider.

In summary, the fund has delivered on its stated target returns but we don't know how it would respond in a falling market scenario. These types of funds are brilliant until they stop working and we would express caution when considering investing in this fund.

The source of information in this note has been provided by Atlantic House and is correct as at July 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.