

**SHINING A LIGHT ON.....**  
**SLI Global Absolute Return Strategies Fund**

**Update....**

In an environment where there appears to be no safe haven in times of market volatility more and more strategies are being developed to respond to this. The SLI Global Absolute Return Strategies Fund is one of those options with a track record going back to 2008. The fund strategy was initially developed for their staff pension fund before being rolled out for retail investors.

Its target return is cash plus 5% gross of charges over a rolling three year period and to date it has achieved this target. It is important to stress that the fund can deliver negative returns especially over shorter periods of time.

The aim of the management team is to make money across different market environments using a combination of strategies. The three main areas are market return (selective equities), directional (interest rates, currencies, volatility) and relative (buying one / selling another).

In the update we covered the last quarter and some of the current strategies.

This is the second negative quarter for the fund this year however it has started Q4 in a positive way and the managers are keen to focus on the three-year performance target. Equally they didn't shy away from the underperformance being caught out by their position in mining which has now been sold. They did add that although mining had damaged performance on the flip side a position on Australian short term interest rates benefited the fund.

Other negative positions included European and Japanese equities, short US duration and Mexican Government Bonds Vs Euro.

On the positive sides US Equity Tech Vs US Equity Small Cap was the strongest position, other positive positions included US Large Cap Vs US Small Cap, Long US Dollar V Korean Won and US Relative Interest Rates.

New positions included US Equity Banks Vs Consumer Staples, Europe Vs UK Interest Rates, US Dollar Vs Singapore Dollar. The managers have increased exposure to high yield and investment grade credit and closed a position on the Brazilian Government Bods.

Although the fund has posted two negative quarters it remains positive for the year (up 3.69%), and over 3 years it has delivered above its target return at 5.81% p.a.

In conclusion although this year has been tricky for the fund, the benefit of what the team is doing is that they are investing over a three-year time horizon across a mix of asset classes and therefore they are not carrying the same risk as a single asset class. Also the position in mining and Australian interest rates reflects a crossover of different strategies. Volatility remains at around 4%.

# LWM Consultants Ltd

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## Fund performance

Performance over the last five years and 2015 is shown below:

	2010	2011	2012	2013	2014	2015	Since Launch
<b>SLI Global Absolute Return Strategies Fund</b>	10.64%	2.88%	7.74%	7.00%	5.69%	3.69%	7.13% p.a.
<b>Money Market Index</b>	0.32%	0.03%	0.49%	0.23%	0.29%	0.19%	0.58% p.a.

\*launch 29 January 2008 to 31 October 2015.

*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.*

*The source of information in this note has been provided by SLI and is correct as at October 2015. 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.*