SHINING A LIGHT ON THE……
IP Global Targeted Returns Funds

AT A GLANCE

Investment Objective
The Fund aims to achieve a positive total return in all market conditions over a rolling 3-year period. The Fund targets a gross return of 5% per annum above UK 3 month LIBOR (or an equivalent reference rate) and aims to achieve this with less than half the volatility of global equities, over the same rolling 3 year period. There is no guarantee that the Fund will achieve a positive return or its target and an investor may not get back the full amount invested. The Fund seeks to achieve its objective by using a range of investment strategies and techniques to invest actively in a broad selection of asset classes across all economic sectors worldwide.

Inception Date	9 September 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000QBVB

Management	
Manager Name	**Start Date**
Richard Batty	9 September 2013
David Jubb	9 September 2013
David Millar	9 September 2013

Volatility Measurements	
3-Yr Std Dev (volatility)	4.16%
3-Yr Mean Return (average)	3.84%

FUND PERFORMANCE

Performance from 9 September 2013 to 28 February 2017.

	2013	2014	2015	2016	2017
IP Global Targeted Returns Fund	4.08%	8.60%	1.66%	3.61%	0.66%

Performance over 1 year, 3 years, and since launch:

	1 year	3 years (p.a.)	5 years (p.a.)	Since launch (p.a.)
IP Global Targeted Returns Fund	3.40%	3.84%	3.45%	5.35%

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 update was primarily to discuss the launch of the income version of this fund. Much of what was said crosses over to this fund as the update will outline.

The income option was launched in 2016 and aims to deliver a target income of LIBOR plus 3.5%, with some capital growth. Its aim is to act as a replacement for income from fixed income products, and at the same time protect capital.

There are now two options for investors – income or growth. The strategies are run together so the same ideas come across to both. Currently there 26 ideas and they are working with 7 asset types. For the income version, it's really important to understand the asset types as only 4 contribute to the income and 3 contribute to protecting and growing capital; these three are volatility, commodities and inflation.

Within the fund, currency provides more of the income. The team running the income fund is slightly different but they are all from one big team. They have one process for both funds. In delivering the income the same risk controls are in place as for capital growth. The driver is not just about how much income can be delivered but what capital risk is in place to deliver that income.

One equity idea is France vs Germany vs Italy which can be both an income generator and capital protector so falls into both portfolios. US High Yield is more about income so falls into the income portfolio. A currency idea (Japan vs Korea) is a capital idea, but is in both portfolios as for the income portfolio it is part of the strategies to protect capital.

Ideas like Russian Currency vs US is a pure income play, as is Australia vs US Interest Rates and therefore these are only in the income version. The income version has about ¾ of the ideas generating income and balance capital preservation.

The big question mark for the growth fund and others is that over 3 years it has failed to reach its target return. We discussed this and they explained that over the last two years the markets have not been normal. With a tightening cycle in the US and a pick-up in volatility this should enable the funds to deliver on their target returns. When we look at the growth fund it had a good start in 2013, and a strong year in 2014 but since then has struggled.

Investors need to decide whether moving towards a more normalised investment world these funds can deliver on their returns. In terms of the income option this is untested, and therefore there is a risk in investing that it cannot achieve what it has set out to do.

In conclusion, we understand where these funds are positioned and that is to deliver low volatility with a target return. They have been able to deliver on the volatility aspect but questions remain marks on the returns. If this is seen as a blend to protect on the downside, and the target return is less important then this would work. However, if the target return and income are important then it may be wise to monitor before investing.

The source of information in this note has been provided by IP and is correct as at March 2017. 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.