

SHINING A LIGHT ON THE.....
Insight Global Absolute Return Fund

AT A GLANCE

Investment Objective	
<p>The objective of the Fund is to deliver positive returns on an annual basis with the prospect of attractive long-term capital growth. The policy of the Fund is to gain exposure through a dynamic allocation to a range of asset classes including: fixed income, cash, near cash and deposits, equities, property, commodities and infrastructure. Exposure to these will be achieved through investment in collective investment schemes, transferable securities, money market instruments, deposits and derivatives. Investment in property, commodities and infrastructure will be indirect. The Fund may also use collective investment schemes to gain exposure to absolute return strategies and may use derivatives to obtain long and short exposures. Derivatives may be used for investment purposes as well as for efficient portfolio management.</p>	

Inception Date	11/2/2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000PIVM

Management	
Manager Name	Start Date
Multi Asset Team	9/2/2013

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	61.66%
Large	27.73%
Medium	9.71%
Small	0.67%
Micro	0.23%

Top 10 Holdings		
Total number of holdings	46	
Assets in Top 10 Holdings	38.74%	
Name	Sector	% of Assets
LONG GILT FUTURE MAR18	-	5.63%
S&P500 Emini Fut Dec17	-	4.56%
Euro Stoxx 50 Dec17	-	4.20%
FTSE 100 TR (Declared Dividend) - Stn...	-	4.08%
iShares \$ Corp Bond ETF USD Dist	-	3.93%
iShares € Corp Bond Lg Cp ETF EUR Dist	-	3.90%
iShares JP Morgan \$ EM Bond ETF USD Dist	-	3.26%
ILF GBP Liquidity 2	-	3.26%
iShares Core £ Corp Bond ETF GBP Dist	-	2.99%
ILF EUR Cash 2	-	2.94%

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	4.58%
3-Yr Mean Return (average)	1.51%

FUND PERFORMANCE

Performance from 11 February 2013 to 28 February 2018.

	2013	2014	2015	2016	2017	2018
Insight Global Absolute Ret Inst W Acc	2.82%	5.09%	-1.71%	4.40%	8.18%	-2.11%
Vanguard Global Bond Index	0.39%	7.97%	1.25%	3.51%	2.00%	-1.03%

Performance over 1 year, 3 years, 5 years and since launch:

	1 year	3 years (p.a.)	5 years (p.a.)	Since launch (p.a.)
Insight Global Absolute Ret Inst W Acc	4.27%	1.51%	3.19%	3.23%
Vanguard Global Bond Index	0.53%	1.41%	2.65%	2.75%

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....

We continue to search for the holy grail; a fund which can delivery positive returns over a 3 to 5-year time frame. This fund aims to deliver cash plus 4% before charges over a five-year period. The figures above are the net returns, the return over 5 years before charges is 4.04% which is spot on the target return. The fund itself came out of a strategy developed for an institutional client in 2004 so has a track record of over 10 years.

The fund is different from macro driven idea funds like those offered by Standard Life, Invesco and Aviva. In their view these don't give you the ability to respond in a negative macro environment. This has been against these funds for about 18 months. Where this fund is different is that it can access a broad opportunity set and can move across this depending on their views. So, for example the fund can have a zero weighting to equities if there is negative sentiment to risk assets.

The opportunity sets they work from are equity, fixed income, real assets and total return strategies. The drivers for return will change, so for example 2016 was driven by duration and spreads and 2017 was driven by equities. Risk management is a key component to the strategy and this looks at whether the portfolio is diversified enough and the scale of the positions in so far as how much potential there is for making and losing money.

Another aspect of the fund is that this is not a macro fund so they don't believe they can look forward 3 years; where they think they can add value is by focusing on the short term i.e. 6 to 12 months. Their belief is that over almost any environment the strategy should work. In 2008 the strategy held almost

LWM Consultants Ltd

no equities and a large weighting to cash. During 2017 the weighting to equities increased but this has dropped back slightly.

The team explained that the idea that you can achieve a smooth 4% return doesn't work but you can deliver across almost all environments. Within this sometimes they will be wrong so in February the markets behaved against expectations and this meant the strategy is negative this year.

We talked about liquidity in terms of the fund adjusting to different events within a small-time frame, and they explained that they currently manage £7.5 billion and they believe they can increase this to £15 billion before a review would be needed.

In terms of the team they have 10 portfolio managers so this is very much about a team approach and one that goes back to 2004, although the retail version didn't come to play until 2013.

In summary, the fund has achieved its target over 5 years and it does feel different to some of the other offerings in the market place. Perhaps the trick with all of these is about being realistic in the returns and accepting that there will be periods where it doesn't seem to be achieving its target. Certainly, I could see this as a blend to a macro focused strategy like Standard Life GARS but is it the holy grail of investments that everyone is searching for? That I am not so sure about!

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