SHINING A LIGHT ON THE……
Man GLG Undervalued Assets Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to achieve long-term capital growth.

Inception Date	15th November 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000QU2P

Management	
Manager Name	**Start Date**
Henry Dixon	15th November 2013
Jack Barrat	22nd May 2014

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	28.25%
Large	18.67%
Medium	11.99%
Small	29.18%
Micro	11.91%

Top 10 Holdings		
Total number of holdings	70	
Assets in Top 10 Holdings	28.08%	
Name	**Sector**	**% of Assets**
Royal Dutch Shell PLC B	Energy	3.72%
Chr. Hansen Holding A/S	Basic Materials	6.97%
Ferrari NV	Consumer Cyclical	5.76%
ASML Holding NV	Technology	5.61%
Carnival Corp	Consumer Cyclical	4.64%
Partners Group Holding AG	Financial Services	4.60%
Essilorluxottica	Healthcare	4.56%
Assa Abloy AB B	Industrials	4.27%
Delivery Hero SE	Technology	4.20%
Aena SME SA	Healthcare	2.34%

Volatility Measurements	
3-Yr Std Dev (volatility)	11.10%
3-Yr Mean Return (average)	9.96%

FUND PERFORMANCE

Performance from 15th November 2013 to 31st October 2018:

	2013	2014	2015	2016	2017	2018
Man GLG Undervalued Assets Fund	5.00%	3.88%	10.31%	5.32%	30.29%	-5.60%
Lyxor FTSE All Share ETF	1.75%	0.93%	1.08%	15.44%	11.64%	-3.25%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Man GLG Undervalued Assets Fund	-2.58%	30.63%	55.87%
Lyxor FTSE All Share ETF	-1.76%	24.68%	29.42%

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 fund tends to invest in two types of companies: those where their share price Is below what their assets and liabilities suggest it should be, and those that have had their profit and revenue underestimated. In some respects, this might be considered a value fund, but it does this with a quality bias. Currently the fund is a mix of companies where the market is under valuing the profit stream, or the assets or the returns. It is by investing in these types of companies that Henry and Jack believe they can deliver strong long term returns for investors.

Much of the discussion centred around why now is a time to consider investing and how recent volatility has produced opportunities for the fund. As a general overview Henry explained there has been growth this year but the markets are not reflecting this. Because of this there have been winners and losers. Company specific losers have been the likes of Just Eat, BT, Rolls Royce and SSE.

One of the reasons behind this is rising bond yields are making markets nervous because this is putting pressure on stretched balanced sheets. This year we have seen a significant de-rating in market values, the first part was in January and then from May onwards. The multiples in the market have come down to around 11x producing some significant opportunities. At the same time some companies are cheap compared to international peers, examples would be IAG vs Delta and BAT vs Philip Morris.

In terms of UK Plc Henry remains positive. There are a record number of job vacancies in the UK although he added that this could be due to the fact that low interest rates are forcing people back into the workforce. Within the bank system there are more deposits than lending, and in terms of tax receipts these are at a level seen in early 2000, creating a surplus. Expectations for growth are low and often when this happens the actual returns are much higher.

In summary, Henry feels that the correction might be overdone, and this has opened up opportunities for the fund. If his thesis is correct, then the fund is well positioned to benefit from a positive correct in the market. Although the fund is fairly new with GLG, he ran the same strategy at Matterley, a company he founded and prior to that he ran money at New Star and the Family Charities Ethical Trust. It is worth adding as we do with all UK Funds, this is a crowded space and the performance although ahead of the benchmark might not be at the top. However, it is worth considering the style against other funds and whether the opportunities are there moving forward.

The source of information in this note has been provided by Man GLG and is correct as at October 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.