

**SHINING A LIGHT ON THE.....**  
**Newton Multi-Asset Diversified Return Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
The objective of the Fund is to achieve long-term capital growth from a balanced portfolio diversified across a range of assets. The Fund is managed to seek a return in excess of cash (1 Month GBP LIBOR) +3% p.a. over 5 years before fees. In doing so, it aims to achieve a positive return on a rolling 3-year basis. However, a positive return is not guaranteed, and a capital loss may occur.	

<b>Inception Date</b>	27 <sup>th</sup> November 2006
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0000001MQ">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0000001MQ</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Paul Flood	15 <sup>th</sup> February 2012
Bhavin Shah	31 <sup>st</sup> July 2016

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	24.60%
Large	26.11%
Medium	32.73%
Small	13.97%
Micro	2.60%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	118	
<b>Assets in Top 10 Holdings</b>	38.39%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Us 10 Year Note Future.Dec 2018 Future	-	9.46%
United Kingdom of Great Britain and N	-	5.58%
United Kingdom of Great Britain and N	-	4.88%
United States Treasury Notes 2%	-	4.51%
John Laing Environmental Assets Ord	-	3.05%
GCP Infrastructure Investment Ord	-	2.78%
ETFS Nickel ETC	-	2.26%
Renewables Infrastructure Grp	-	1.96%
International Public Partnerships Ord	-	1.95%
Hipgnosis Songs Ord	-	1.95%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	4.96%
<b>3-Yr Mean Return (average)</b>	5.17%

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## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2013 to 31<sup>st</sup> October 2018:

	2013	2014	2015	2016	2017	2018
<b>Newton Multi-Asset Diversified Return Fund</b>	6.24%	6.72%	0.97%	11.59%	9.46%	-1.57%
<b>Vanguard Global Bond Index Fund</b>	-0.13%	7.97%	1.25%	3.51%	2.00%	-1.50%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
<b>Newton Multi-Asset Diversified Return Fund</b>	-0.89%	19.01%	28.85%	4.15% p.a.
<b>Vanguard Global Bond Index Fund</b>	-1.54%	3.67%	12.96%	-

*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....

This is a multi-asset fund which targets a return of libor (cash) plus 3% p.a. over 5 years before fees. It has an unconstrained approach, investing across a range of assets to smooth returns. These assets can include REITs, Infrastructure, UK and Overseas Equities, UK and Overseas Government Bonds, Corporate Bonds, Emerging Market and Alternatives.

The manager started by explaining that you can't follow the traditional models of multi-asset investing by having a fixed amount in bonds and equities. This is because equities and bonds have moved to positive correlation. Effectively, in the past if equities dropped bond prices went up. Now when equities drop so do bonds. In terms of bonds, although the fund has exposure to this asset class, they also look for non-correlated assets.

This is really where the fund offers a point of difference in the market. The fund uses alternatives such as renewables (where about 50 to 60% is government backed), aviation leasing finance, property (in particular healthcare, those servicing an aging population or those focusing on the world of the future), and infrastructure.

Taking a thematic view helps in selecting asset classes. How they make returns is as much about what they own as to what they don't own. If they don't like it, they won't own it. Price also plays a part as they won't overpay for something because price will determine future returns.

In terms of opportunities, they explained that they will always be there as this is a global fund. The challenge is about when they add something and how this impacts the dynamics of the fund.

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In summary, for those looking for alternatives to bonds, multi-asset seems to be a popular choice. This is different due to its bias towards alternatives. In terms of performance it has delivered on its target return. Looking at negative periods this have happened in 2008 (-20.97%), 2011 (-1.52%), and 2018 (-1.57%). In 2008 there were significant falls but these were less than the market so there was some downside protection, but by the nature of the way the fund invests investors can't be immune to extreme market falls. It is also worth adding that the new manager joined in 2012 and the style of how the investments are managed may have changed since 2008.

*The source of information in this note has been provided by Newton 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.*