SHINING A LIGHT ON THE……
Atlantic House Fund Management Defined Returns Fund

AT A GLANCE

Investment Objective
The investment objective of the Fund is to generate capital growth over the medium to longer term.

Inception Date	4th November 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000T120

Management	
Manager Name	**Start Date**
Tom May and Dr Russ Bubley	4th November 2013

Top 10 Holdings		
Total number of holdings	768	
Assets in Top 10 Holdings	80.34%	
Name	**Sector**	**% of Assets**
United Kingdom of Great Britain and N...	-	25.02%
United Kingdom of Great Britain and N...	-	23.42%
United Kingdom of Great Britain and N...	-	11.65%
United Kingdom of Great Britain and N...	-	5.36%
United Kingdom of Great Britain and N...	-	3.69%
Investec Bank plc 0%	-	3.19%
Citigroup Global Markets Funding Luxe	-	2.51%
Natixis 0%	-	2.05%
United Kingdom of Great Britain and N...	-	1.06%
Natixis 0%	-	1.59%

Volatility Measurements	
3-Yr Std Dev (volatility)	6.38%
3-Yr Mean Return (average)	9.76%

FUND PERFORMANCE

Performance from 4 November 2013 to 31 January 2019:

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
AHFM Defined Returns Fund	0.82%	3.30%	4.36%	11.80%	10.25%	-1.99%	5.60%
Vanguard Global Bond Index	-0.52%	7.97%	1.25%	3.51%	2.00%	-0.11%	1.04%

Performance over 12 months, 3 years and since launch:

	1 year	3 years (p.a.)	Since launch (p.a.)
AHFM Defined Returns Fund	3.49%	9.54%	6.44%
Vanguard Global Bond Index	1.58%	1.64%	2.85%

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 was our second meeting with the manager of the fund.

The fund aims to achieve an annualised return of between 7-8% over the medium to long term in anything but the bleakest of markets. We indicated in the last review that the concept of the fund is simple. It is a series of structured products which “kick out” (pay out) and this over time delivers the positive return. The managers explained that they do the messy stuff and investors get the return.

Breaking it down further (and this is where we would recommend anyone considering this seeks financial advice), the managers use a series of autocalls (structured products). They structure their own product by using options directly and holding gilts as collateral. This means they cut the banks out of the loop and achieve the potentially higher return they are targeting.

It is important to stress that the return is not guaranteed, and the fund has not been tested in a 2001 or 2008 scenario. Any potential investors need to consider these factors.

Where this fund potentially sits is in an alternative bucket acting as a diversified investment. By this we mean that traditional investors have split money between bonds and equities. This worked when bonds went up when equities went down and vice versa, but now the two asset classes have merged providing little downside protection.

You can’t avoid negative returns when seeking higher positive returns, but you can spread your risk by diversifying the assets. This is potentially where this fund sits.

What gives us comfort with the fund is the team behind this; Tom May was part of the Structured Equities Derivates Trading team at Citi and Russ Bubley has 14 years’ experience working in complex financial products and mathematical modelling.

In summary, we would suggest anyone looking at this investment seeks financial advice. Fundamentally the aim is simple but the messy stuff around delivering those returns is more complicated. Investors need to be comfortable with that. The team behind this have the experience and track record to support this but it is important to remember this has not been tested in a 2001 or 2008 scenario. In terms of where it sits, this is not a bond replacement fund, but it can act as a diversifying asset as an alternative to bonds and equities.

The source of information in this note has been provided by Atlantic House and is correct as at February 2019. 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.