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	1128	
Assets in Top 10 Holdings	85.75%	
Name	**Sector**	**% of Assets**
United Kingdom of Great Britain and N...	-	24.87%
United Kingdom of Great Britain and N...	-	24.40%
United Kingdom of Great Britain and N...	-	11.46%
United Kingdom of Great Britain and N...	-	11.33%
United Kingdom of Great Britain and N...	-	3.60%
United Kingdom of Great Britain and N...	-	2.47%
Investec Bank plc 0%	-	2.21%
United Kingdom of Great Britain and N...	-	2.04%
Citigroup Global Markets Funding Luxe	-	1.72%
Royal Bank of Canada 1.71%	-	1.65%

Volatility Measurements	
3-Yr Std Dev (volatility)	7.75%
3-Yr Mean Return (average)	4.10%

FUND PERFORMANCE

Performance from 1 January 2014 to 29 February 2020:

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
AHFM Defined Returns Fund	3.30%	4.36%	11.80%	10.25%	-1.99%	16.98%	-8.58%
Vanguard Global Bond Index	7.97%	1.25%	3.51%	2.00%	-0.11%	6.63%	3.09%

Performance over 12 months, 3 years and since launch:

	1 year	3 years (p.a.)	Since launch (p.a.)
AHFM Defined Returns Fund	-1.02%	4.09%	5.52%
Vanguard Global Bond Index	8.84%	3.71%	3.74%

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….

These updates have been written at the time of Coronavirus Pandemic in 2020 which has impacted the global financial markets in a way that has never been seen before.

We had an update following the recent collapse in markets from the fund manager. It is worth repeating the following from a previous review:

"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."

With this in mind, at its worst, the fund was down 35% this year, although this has slightly recovered. The fund manager has always said that if there are significant market falls then this will fall with the market. The fund has actually fallen a little more than the market due to the spike in volatility. In terms of risks for investors, if the FTSE 100 stayed at 5,151 then from the lowest, the potential return is 75.58% over a 3.70-year period. Effectively this would regain the loses and pull the fund back to its target return.

If the markets dropped to 4,120.88, then there would be a negative return of around -24.77% over a 3 plus year period. If investors think over the next couple of years that markets will go up, then there is upside within the fund. If not, then there is downside risk if markets fall a further 20%.

It is also worth adding that the first kick out within the investment is not due until 2023 and the barrier is 4365. There is therefore plenty of protection within the fund. In terms of liquidity they have plenty of cash and gilts to cover any potential redemptions. Currently this is not a problem and although the net position is slightly less there are getting new investors coming in which is covering redemptions.

In summary, this fund has never been tested in a period of extreme market fall. It has fallen with the market, however, the volatility spike has compounded some of the paper losses. The fund does not have any immediate kick outs and if the market stays at this level or recovers then the fund should recover.

We have always seen this as an alternative option for investors within a diversified group of assets. The mangers are continuing to do what they do, and it seems that investors have understood the risks and continue to invest in the fund.

The source of information in this note has been provided by Atlantic House and is correct as at March 2020. 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.