

**SHINING A LIGHT ON THE.....
JOHCM UK Dynamic Fund**

AT A GLANCE

Investment Objective	
<p>The investment objective of the Fund is to achieve long-term capital growth. Investments will primarily be drawn from companies listed on either of the two primary markets of the London Stock Exchange: the main market and AIM. At least 75% of the Fund's assets will at all times be invested in equity securities of companies domiciled or exercising the predominant part of their economic activity in the United Kingdom. The Fund may on occasion utilize this position to invest a proportion of its assets in equities listed on a recognized exchange outside the UK. Investment will be made primarily in equity securities which are readily marketable, but investments will also be made in equity securities of smaller companies which can be more lightly traded. The portfolio is likely to be fairly concentrated with the Fund typically holding equity interests in between 35 and 50 different companies.</p>	

Inception Date	16 th June 2008
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000461H

Management	
Manager Name	Start Date
Alex Savvides	16 th June 2008

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	21.89%
Large	23.03%
Medium	21.12%
Small	20.95%
Micro	13.02%

Top 10 Holdings		
Total number of holdings	46	
Assets in Top 10 Holdings	43.43%	
Name	Sector	% of Assets
GlaxoSmithKline PLC	Healthcare	5.83%
BP PLC	Energy	5.06%
3i Ord	-	4.66%
Morrison (Wm) Supermarkets PLC	Consumer Defensive	4.33%
Vodafone Group PLC	Communication Services	4.22%
Anglo American PLC	Basic Materials	4.13%
Royal Dutch Shell PLC B	Energy	4.04%
Tesco PLC	Consumer Defensive	3.98%
Daily Mail and General Trust PLC Class A	Communication Services	3.71%
Electrocomponents PLC	Industrials	3.48%
Electrocomponents PLC	Industrials	3.32%

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Volatility Measurements	
3-Yr Std Dev (volatility)	18.45%
3-Yr Mean Return (average)	-8.57%

FUND PERFORMANCE

Performance from 1st January 2014 to 31st March 2020:

	2014	2015	2016	2017	2018	2019	2020
JOHCM UK Dynamic Fund	3.02%	-0.06%	21.13%	15.38%	-10.73%	20.25%	-34.96%
FTSE UK All Share Index	1.18%	0.98%	16.75%	13.10%	-9.47%	19.17%	-25.13%

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

	1 year	3 years	5 years	Since Launch
JOHCM UK Dynamic Fund	-27.42%	-23.57%	-7.56%	108.80%
FTSE UK All Share Index	-18.45%	-12.19%	0.57%	62.17%

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

With this fund it is worth repeating what it looks to achieve:

The fund has a “value” bias. This is not the traditional “buy cheap and hope it will go up”. This is about identifying those companies that can turn around and grow in the future. It means that they recognise the need for change and have the potential to deliver on this.

If a company is structurally broken, then it cannot change, and they will not buy it. The view of the manager is that fear can be misplaced and that is where they can make money. A company that has fallen on hard times can be unloved but with the right attitude can be a good long-term investment. They are happy to hold for 10 years plus.

We had an update with the manager a couple of weeks ago and this was really a follow up to that meeting. Alex started by explaining at the start of the year they were talking about soft closing the fund. After what has been the worst performance the fund has ever seen the assets under management have come down significantly. The fund was hit across several themes including leisure, global events, value, leverage and oil prices.

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The fund was not set up for a situation like this and some of the holdings like Hye Group, Hammerson, Restaurant Group and Elementis should have fallen, but he does not feel the scale of the falls were deserved. He also feels that companies like ITV, Barclays and Crest Nicholson did not deserve the negative falls that hit the share price. Companies like Morrisons, DMGT and QINETIQ were the standout performers for the fund.

The fund has always generated an income for investors, but these will be lower moving forward. Many of the companies have deferred dividends and they expect to receive about 49% of the expected dividends in quarter 1. Moving forward they think about 20% of the fund will not be paying dividends this year and therefore they expect income to be down between 30% and 50%.

In terms of how they move forward, they remain focused on the process and have made significant company contact during March and April, providing a good insight into what company management are thinking and doing. They have also focused on maintaining a liquidity buffer within the fund, adding to conviction position sizes, allocating tactically to investments that currently need help and seeking out new ideas that may benefit the portfolio moving forward.

As it stands, where the fund was sitting on an 18% discount to book value, this is now sat at 58%. The fund is very cheap. They accept in the short term the market is not listening to many of these opportunities and therefore they expect volatility to remain in the short term. However, there are factors which the market cannot price, like the pace of which scientists understand the virus and if a vaccine is developed quicker which could change things very quickly.

It is worth adding that although this had a value tilt before the crisis, this fund had outperformed 7 years out of 10. They are working hard to bring that performance back for investors.

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