

**SHINING A LIGHT ON THE.....
First State Diversified Growth Fund**

AT A GLANCE

Investment Objective	
The Fund aims to protect against UK inflation and provide growth by achieving a positive return of 4% in excess of the UK Retail Prices Index over a rolling 5-year period. The Fund will adopt a total return approach and invest in a broad range of traditional and alternative asset classes globally which may include, but are not limited to, inflation linked bonds, developed and emerging market equities, developed and emerging market debt, and exchange traded funds.	

Inception Date	23 rd June 2015
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000VHJA

Management	
Manager Name	Start Date
Andrew Harman	23 rd June 2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	54.08%
Large	37.12%
Medium	8.68%
Small	0.08%
Micro	0.05%

Top 10 Holdings		
Total number of holdings	750	
Assets in Top 10 Holdings	62.27%	
Name	Sector	% of Assets
iShares \$ High Yld Corp Bd ETF USD Dist	-	9.80%
S&P Canada 60 Index Mar20	-	7.84%
United Kingdom of Great Britain and N...	-	6.60%
Korea 10yr Bnd Fu 17/03/2020	-	6.43%
Ftse/Mib Index Mar 20 20-Mar-2020	-	5.79%
United Kingdom of Great Britain and N...	-	5.58%
United Kingdom of Great Britain and N...	-	5.24%
United Kingdom of Great Britain and N...	-	5.22%
United Kingdom (Government Of)	-	5.04%
10 Year Australian Treasury Bond Futu...	-	4.72%

Volatility Measurements	
3-Yr Std Dev (volatility)	6.22%
3-Yr Mean Return (average)	0.08%

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FUND PERFORMANCE

Performance from 23rd June 2015 to 30th April 2020:

	2015	2016	2017	2018	2019	2020
First State Diversified Growth Fund	-4.30%	14.82%	7.08%	-9.74%	15.69%	-5.40%
Vanguard Global Bond Index	1.55%	3.51%	2.00%	-0.11%	6.63%	2.67%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
First State Diversified Growth Fund	1.42%	0.08% p.a.	2.75% p.a.
Vanguard Global Bond Index	6.60%	3.41% p.a.	3.33% p.a.

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

This update was more about the management of the fund. Andrew, who is the face of the product in the UK, has stepped down temporarily. Our discussion was with the team based in Singapore and Australia. They stated that although Andrew is the contact in the UK this is collaborative approach with the centre of gravity and the majority of modelling coming out of Singapore.

The way the strategy is managed and the investment process remain unchanged. This includes weekly team meetings on a Monday to look at investment signals as well as daily discussions. Although they are one voice down at the moment, they have been adding to the team and this is truly a team approach. In terms of the strategy itself this is of strategic importance to the business and one they are totally committed to within this market.

Touching on the strategy, coming into January they were fairly 'risk on' but being based in Singapore they were becoming more concerned about events in China. They were also concerned that the rest of the world seemed to be ignoring this. They therefore started to de-risk in late January to protect the portfolio and were conservatively positioned coming into the crisis. One of the real issues with this event is that it is not something that any model can work with and therefore they have had to move from auto pilot to a manual position.

They have come down from a 50% equity weighting to 30% and they believe now is not a period to take risk. They also believe there is still worst to come. They have reduced weighting to high yield from 10% to 5% and increased weightings to investment grade and government credit.

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Risk for them is about missing the objective and how much they miss this by. Chasing upside above and beyond the objective would be irresponsible and therefore in any relief rally this fund will lag. But they feel there is worse to come as more data comes in and markets could easily go below the lows. It is better for them to play safe in this market and equally they have some equity exposure, so they do not lose out if their assumptions are wrong. They are not hired to speculate, especially in markets like this.

In summary, they would have liked to have protected the portfolio more in the recent downturn, but they had done a lot prior to the events which did provide some protection. They believe there is still risk in the markets which is being ignored and therefore they remain cautious. In terms of the team, although Andrew is the face in the UK, this is a true team-based product and there is no change to strategy.

The source of information in this note has been provided by First State and is correct as at May 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.