

**SHINING A LIGHT ON THE.....
Semper Total Return 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	29 th March 2018
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000010E7Z

Management	
Manager Name	Start Date
-	29 th March 2018

FUND PERFORMANCE

Performance from 29th March 2018 to 30th November 2020:

	2018	2019	2020
Semper Total Return Fund	11.94%	0.90%	-12.54%
Vanguard Global Bond Index	0.39%	6.63%	5.35%

Performance over 12 months, and since launch:

	1 year	Since launch
Semper Total Return Fund	-14.47%	-1.21%
Vanguard Global Bond Index	4.89%	12.77%

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.

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Credit Quality / Interest Rate Sensitivity
-	-	-	-	-	-	-

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

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Credit Quality	
AAA	-
AA	-
A	-
BBB	-
BB	-
B	-
Below B	-
Not Rated	-

Top 5 Holdings – 274 bond holdings		
CONNECTICUT AVENUE SECURITIES TRUST 2019-R04 2.25%	-	1.10%
LSTAR SECURITIES INVESTMENT LTD 2.65%	-	1.05%
CONNECTICUT AVENUE SECURITIES TRUST 2.2%	-	1.05%
Flagstar Mtg Tr 2017-1 4.01%	-	1.04%
COREVEST AMERICAN FINANCE TRUST 4.82%	-	1.03%

Fixed Income	
Effective Maturity	-
Effective Duration	-

UPDATE....

These updates have 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.

The strategy offers investors an alternative investment option which is uncorrelated to equity markets as it invests in US mortgage-backed securities. The fund provides direct exposure to the US real estate eco system. Built over many years they understand which are safe mortgages i.e., those that will be repaid and those that will not. The focus is on the health and quality of the underlying borrower and this involves drilling into the underwriting for these loans.

This was an update on the fund. In terms of the environment, they believe the positive trends are continuing:

- Home price appreciation has remained positive and accelerating
- Home equity is at record levels
- Forbearance programs and foreclosure moratoriums continue to support borrowers in need
- Loan performance trends continue
- Residential mortgage-backed securities (RMBS) supply / demand remains favourable
- New US Federal Administration has a very pro-housing and consumer agenda

The make up of the fund has not changed much in the last few months. 29% of the fund is in legacy plans (pre' Financial Crisis). This increased from 19% to 32% during the market dislocation but is now reducing. Reperforming loans are 7%, non-performing loans 12%, single family rentals 15% and credit risk transfer bonds 18%.

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Credit risk transfer bonds is an area they are excited about. At the start of the crisis forbearance was expected to increase to around 10 to 18%, and is actually around 5.1% providing value. This provides a geographical pool of loans with strong underwriting fundamentals.

Coming into 2021 they believe all the factors are in place to see housing improving and this will be good for the strategy. The management of risk is important and the loan to value within the portfolio is 62.7%, so there is plenty of liquidity.

In summary, this is a very niche product and investors need to be comfortable that they understand mortgage-back securities and the US housing market.

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