SHINING A LIGHT ON THE……
MI Hawksmoor Distribution Fund

AT A GLANCE

Investment Objective
The investment objective of the Fund is to provide income with the prospect of capital growth. The Fund's portfolio will consist primarily of a diversified range of open and closed ended funds. The portfolio will be actively managed, with the Investment Manager seeking to take advantage of inefficiencies in the pricing of closed ended funds and significant movements in financial markets.

Launch	13th April 2012
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000TF4S

Management	
Manager Name	**Start Date**
Daniel Lockyer	13th April 2012
Ben Conway	1st January 2014

FUND PERFORMANCE

Performance from 1st January 2016 to 28th February 2022:

	2016	2017	2018	2019	2020	2021	2022
MI Hawksmoor Distribution Fund	15.81%	12.79%	-3.62%	10.97%	-1.05%	14.03%	-4.39%
IA Mixed Investment 40-85% Shares	13.28%	10.05%	-6.07%	15.94%	5.50%	11.10%	-6.30%

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

	1 year	3 years	5 years	Since launch
MI Hawksmoor Distribution Fund	7.92%	15.00%	26.16%	115.95%
IA Mixed Investment 40-85% Shares	4.13%	21.49%	27.99%	95.00%

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	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.37	-0.36	-	80.44	95.43	50.00	1.04	-2.95	Mid/Value

Volatility Measurements	
3-Yr Std Dev (volatility)	11.74%
3-Yr Mean Return (average)	4.77%

Investment Style Details	
Giant	5.89%
Large	6.23%
Medium	10.33%
Small	10.50%
Micro	6.09%

Top 5 Holdings		
LF Gresham House UK Mlt Cap Inc ...	-	5.75%
CIM Div Inc Fd J Ordinary Shares...	-	4.96%
Man GLG Income Professional Inc D	-	4.80%
Phoenix Spree Deutschland Ord	-	4.11%
Oakley Capital Investments Ord	-	3.84%

Top 5 Sectors	
Industrials	17.75%
Financial Services	16.94%
Basic Materials	15.16%
Consumer Cyclical	10.39%
Communication Services	7.61%

Top 5 Regions	
United Kingdom	39.05%
Japan	17.47%
China	9.25%
United States	5.68%
Canada	5.43%

UPDATE….

This is a strategy we have largely ignored but it has now come onto our radar. It is a multi-manager strategy. This means that it invests in other funds. This seems similar to what we do but there is a difference, and this is why we are looking and researching this further.

The strategy aims over the long term to deliver a positive outcome after charges and inflation over the long term. They don't aim to beat a benchmark although they have been placed in the IA sector. They are happy to have no exposure to markets which they deem as expensive. The fund currently has exposure to alternatives as well as equities. These alternatives, they feel, can deliver income and returns irrespective of the market conditions.

Some of the areas they have investment in includes energy storage, ships, digital infrastructure and royalties. Since launch the strategy has delivered both income and growth to deliver the overall return. 2019 and 2020 were disappointing periods for the fund. In 2019 there was effectively a bull market, especially in the US, and the fund was not positioned in these areas as they felt they were overpriced.

In 2020, when markets dropped, the discounts on the investment trusts widened such that some of the trusts were down around 30%. The fund has around 40% exposure to this part of the market. So where they would expect the fund to protect in these periods, the reverse happened.

They have reviewed both periods and they feel in both cases they followed the process and although disappointing they didn’t shift style. In 2020, although the investment trusts dropped in value the underlying fundamentals remained strong.

In terms of other assets, they have exposure to Japan, Asia, and UK Small and Mid-Cap Funds. They also have exposure to private equity, although they have started to reduce this exposure.

There are 4 fund managers running 3 multi asset funds. There is no lead role and all are generalists where they contribute and challenge ideas that go into the funds. It is very much a team approach. They carry out around 500 to 600 investment meetings a year. They prefer boutique investment houses which means that they would cap investments at around £1 billion. The strategies are around £400 million.

In summary, although this is a “fund of fund” strategy it does look to offer a point of difference. The exposure to alternatives means that it should behave differently to equity markets. The other area of interest is that although they don’t target low volatility, the style of investment naturally places it in this basket. We see this as an interesting alternative in the global space which could be used alongside more growth orientated funds. If investors understand that this is about compounding steady returns rather than lumpy returns, then they should not be disappointed. We will add this to our watch list to build in more research as to how it performs against other global strategies.

The source of information in this note has been provided by Hawksmoor and is correct as of March 2022. 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.