

**SHINING A LIGHT ON THE.....  
L&G Multi-Asset Target Return Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
The Fund aims to provide long-term growth to achieve a total return of both income and capital of the Bank of England Base Interest Rate +5%, over rolling three-year periods.	

<b>Inception Date</b>	19th February 2016
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000WUWJ">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000WUWJ</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Multi Asset Team	19 <sup>th</sup> February 2016

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	13.45%
Large	35.90%
Medium	34.48%
Small	14.95%
Micro	1.22%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	478	
<b>Assets in Top 10 Holdings</b>	40.78%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
United Kingdom of Great Britain and N...	-	6.56%
United Kingdom of Great Britain and N...	-	5.99%
United Kingdom of Great Britain and N...	-	5.88%
United Kingdom of Great Britain and N...	-	5.22%
United Kingdom of Great Britain and N...	-	3.99%
iShares JPMorgan EM Lcl Govt Bd ETF\$Dist	-	3.06%
L&G Global Real Estate Div Idx L Dist	-	3.04%
Hong Kong Sukuk 2017 Limited 3.13%	-	2.46%
United Kingdom of Great Britain and N...	-	2.40%
Greece (Republic Of) 4.38%	-	2.18%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	4.96%
<b>3-Yr Mean Return (average)</b>	6.71%

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## FUND PERFORMANCE

Performance from 19<sup>th</sup> February 2016 to 28 February 2019:

	2016	2017	2018	2019
<b>L&amp;G Multi-Asset Target Return Fund</b>	8.96%	5.87%	-0.49%	5.98%
<b>Vanguard Global Bond Index</b>	1.55%	2.00%	-0.11%	1.00%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
<b>L&amp;G Multi-Asset Target Return Fund</b>	5.08%	6.60% p.a.	6.70% p.a.
<b>Vanguard Global Bond Index</b>	1.94%	1.31% p.a.	1.47% 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....

This fund falls into the growing group of target return funds; it was launched in 2016 and has just passed its three-year track record. There is a team of 30 people including economists, strategists and fund managers. Unlike some of the other funds it has been able to achieve its target return over three years. In 2018 it was flat which, compared to its competitors, was good.

The fund targets a return of a return of 5% p.a. above the BoE base rate (gross of fees). It has three risk controls covering volatility, risk and drawdown.

The team believe this approach makes them different to the market and that this is a strategy for investors to consider. The reasons are that they believe we are in a lower growth environment, volatility is rising and to get returns you need to look for tactical opportunities.

The fund looks across four buckets – market, alternative, tactical and risk. In terms of tactical this is broken down into approaching late cycle, new political paradigm, lower for longer, idiosyncratic, risk off hedges and value opportunities.

We discussed other alternative options and the team explained that they feel they are different due to the risk element and the need to avoid big drawdowns. They use different return streams and they are clear on what has worked and what hasn't. Since launch the biggest driver of growth has been tactical decisions and then market returns. Alternatives are flat and risk (which helps to deliver protection on the downside) is negative.

In terms of the team there is a risk should people leave, but at this stage the team have not lost anyone.

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In summary, this is not a complex strategy and it has achieved its target over three years and since launch. The concern with all these funds is that what happens when it doesn't work. Although 2018 tested the fund, we haven't seen a 2008 scenario and for many of these types of strategies that is an unknown. The risk element is important because fundamentally, although they are targeting the return, it has to be controlled within this.

*The source of information in this note has been provided by L&G and is correct as at March 2019. 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.*