

SHINING A LIGHT ON..... HAWKSMOOR MULTI-ASSET FUNDS

Update....

When reviewing multi-asset funds it can be difficult where to place them. Some may consider them as a means of passing on the investment management to a third party but in doing this it doesn't absolve investors of researching all the different options in the market.

Two things which strike me with the Hawksmoor Multi-Asset Funds are firstly the range of assets they use within the funds (for example, OEICS and Investment Trusts) and secondly the low volatility. The second is important because we would place the performance against a global ETF and on paper it isn't that special. But actually the two are not the same and the volatility is just one measure which might appeal to investors. See the chart below:



Volatility is important particularly in a more normalised world. In this update with the managers we talked about the market and where they are finding opportunities.

Ben Conway and Richard Scott who are the managers on these investments explained that for anyone who had disappeared for the first three months of the year they would have come back to UK equities which have hardly changed. The reality was that the first quarter was very turbulent with moves out of proportion to changing fundamentals. What was also a surprise was the strength of the rally. All of this highlighted the high levels of uncertainty within the market.

In this environment Japan and Europe struggled, the UK and US were flat, government bonds did well and Gold was up over 16% (one of its strongest rallies for several years). The two funds are similar with about 50% commonality and therefore areas that they did well was thematic equity like Asia, specialist property and currency. The Vanbrugh Fund also benefited from holding gold equities. The

key negatives were Japan and discounts on investment trusts again the Vanbrugh had some different negatives which included Europe and UK Small Cap.

Despite this turbulence the funds at the lowest point were only down about 4% whereas the index we use was down near 10% and this reflects a low risk investment style. In a low growth environment this is clearly an attractive feature for investors. Just building on this the Vanbrugh fund outperforms its peer group 82% of the time in negative markets.

Recent changes to the portfolios include an increased sterling exposure as they have taken profits from exposure to the Euro and Yen, reduced equity exposure with valuations challenged, increased credit exposure especially high yield, gold equities, value opportunities (biotech and emerging market debt) and increased German property exposure.

Touching on some holdings some new holdings include Ashmore Emerging Markets Short Duration Fund, ICG Enterprise and NB Global Floating Rate. German property exposure is very focused and a key investment is a Berlin Residential Property Company.

Their view is that caution is needed as the road ahead is bumpy. As they highlighted risk is everywhere and even in mainstream investments. In this environment it is about being focused on where you can find real value, being careful and having a clearly defined targeted approach.

In summary these funds could act as a good blend in a portfolio of assets, or as a stand alone investment. Investors may be concerned that Hawksmoor is not a well known name but the team have a good mix of ages and are focused on delivering good long investment returns. The risk perhaps can be seen in bigger organisations where managers are more likely to move on a regular basis. It is our view that this is a fund that investors may wish to consider against others that are available in the market.

Fund performance

Hawksmoor Vanbrugh – Launched 18 February 2009

Performance since 2011 to 13 April 2016:

	2011	2012	2013	2014	2015	2016
MI Hawksmoor Vanbrugh Fund	-6.43%	12.50%	11.94%	4.89%	2.46%	1.28%
iShares MSCI World Dist ETF	-7.32%	7.46%	21.87%	10.53%	1.85%	4.27%

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

	12 months	3 Years	5 Years	Since Launch
MI Hawksmoor Vanbrugh Fund	-0.79%	12.04%	27.34%	107.31%
iShares MSCI World Dist ETF	-3.45%	24.41%	42.40%	106.29%

Hawksmoor Distribution – Launched 13 April 2012

Performance since 13 April 2012 to 13 April 2016:

	2012	2013	2014	2015	2016
MI Hawksmoor Distribution Fund	10.33%	17.58%	6.64%	3.79%	2.49%
iShares MSCI World Dist ETF	1.93%	21.87%	10.53%	1.85%	4.27%

Performance over 12 months, 3 years and since launch:

	12 months	3 Years	Since Launch
MI Hawksmoor Distribution Fund	0.09%	18.98%	47.16%
iShares MSCI World Dist ETF	-3.45%	24.41%	45.82%

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.

The source of information in this note has been provided by Hawksmoor and is correct as at April 2016. 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.