

# Adventurous Portfolio Factsheet

This document provides you with information about the Fund.

The City Financial Adventurous Portfolio seeks to achieve capital growth by investing in a diversified range of asset classes. A fixed strategic asset allocation is augmented by the team's established macroeconomic and fund analysis expertise.

## SUITABILITY

- The Fund may be suitable for adventurous investors seeking an investment approach that is biased towards equities, but incorporating diversifying holdings in other asset classes, including alternatives and derivatives. A tolerance for capital loss and a long-term perspective are required.
- The Fund is risk profiled by Distribution Technology, an independent risk-rating body, in order to show the level of expected risk on a scale of one to ten.
- The Fund may be used as a solution on its own or as a core part of a broader investment solution.

## KEY BENEFITS OF INVESTMENT STRATEGY

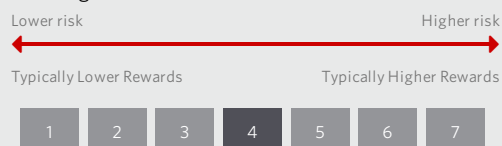
- The comprehensive investment process, encompassing both macro-economic and fund-specific analysis by a well-resourced team, is designed to aim to deliver a repeatable investment outcome.
- This is underpinned by a strategic asset allocation to help the Fund maintain a predictable and adventurous risk profile. The equity-biased allocation incorporates the potential for significant volatility.
- The rigorous analysis incorporates quantitative and qualitative inputs to all stages of the process.
- The manager's ability to use derivatives to undertake hedging activities helps him mitigate downside risk.

## RISK COMMENTARY

The Fund's KIID Synthetic Risk and Reward Indicator (SRRRI) is 4. This is a regulatory measurement that is, where possible, calculated from the volatility of the Fund's weekly performance over a five-year period. A score of 4 means the Fund's historic volatility is between 5% and 10%.

The Fund's risk category is usually a measure of the degree to which its price has historically fluctuated. In this case, the Fund does not yet have a five-year track record and the category has therefore been estimated based partly upon the simulated past performance of its strategic asset allocation.

Mark Harris has managed the Fund since 31 May 2014. Longer-term risk and performance measures incorporate the track record of the previous manager.



## KEY FUND FACTS

Inception date:	01 February 2011
Manager:	Mark Harris
Fund size:	£5.3m
Fund domicile:	Ireland
Share class types:	Acc
XD dates:	31 March and 30 September
Dividend distribution:	30 April and 31 October
Charge details:	see OTHER FUND FACTS table

## FUND DESCRIPTION

### Formal investment objective

The investment objective is to seek to achieve capital growth by investing in a diversified range of asset classes.

### Investment team

City Financial's Multi-Asset Team brings together experts at macro-economic research, fund management and fund analysis. Their range of experience and expertise, we believe, set the team apart from their peers.

Mark Harris, Head of the Multi-Asset team, has managed the Fund since 31 May 2014. He previously managed over £1 billion in assets at New Star Asset Management (subsequently Henderson), gaining recognition through a range of industry awards and ratings.

### Investment philosophy

The manager aims to deliver attractive risk-adjusted returns over the long term while delivering a risk profile that is appropriate for adventurous investors. He has developed an approach that combines the development of top-down asset preferences with a rigorous fund selection process. The Fund is managed with reference to a long-term strategic asset allocation, which is designed to meet the risk requirements of adventurous investors and is categorised by Distribution Technology, a third-party risk profiling consultancy, accordingly.

### Investment process

The approach is based on quantitative and qualitative assessments of the macro-economic environment, market conditions and funds. Quantitative models, investment bank research and independent analysis are key inputs in formulating top-down expectations and identifying where they are not reflected by asset class pricing or positioning. The manager considers multiple scenarios to ensure the resulting preferences have appropriate risk and reward characteristics. The analysis and findings are challenged at monthly team strategy meetings and provide the basis for fund selection.

In assessing funds and derivatives for the portfolio, we use a range of systems to undertake style analysis and attribution. We undertake face-to-face manager interviews to deepen our analysis. These interviews inform us of the manager's understanding of the portfolio risk and construction. A report is produced explaining past returns and forecasting future performance. Fund selection is reviewed at a weekly team research meeting.

### Portfolio construction and risk controls

Risk is monitored continuously for both underlying positions and for the portfolio in aggregate, to ensure that the drivers of performance within the portfolio are appropriately diversified and unintended risks are avoided. The Fund's style exposures are dependent upon the top-down analysis process. The positioning is underpinned by the Fund's strategic asset allocation and the manager continually monitors the portfolio to ensure that any deviations in positioning are controlled and limited.

**MANAGER COMMENTARY**

Global asset markets delivered mixed performance in March 2017. Economic data remained robust but many markets and sectors suffered from pronounced rotations as investors strived to assess the sustainability of the upturn that has been witnessed in equity markets and economic activity since Q2 2016. This was particularly evident in further underperformance from many sectors that had led markets higher in H2 2016, including US banks and Japanese value stocks.

Global equities were marginally positive over the month, as the MSCI World Index was up 0.12%, but healthy returns from European and Asian indices were broadly offset by weakness in the US and Japan. The S&P 500 Index was down 0.88% and the MSCI Japan Index was down 1.19%, while the MSCI Europe ex UK Index was up 4.28%, the MSCI Emerging Markets Index was up 1.51% and the MSCI AC Asia Ex. Japan Index was up 2.24%. UK equities were positive but to a lesser degree than continental European markets - the MSCI UK Index was up 0.88%.

The outperformance from emerging markets was supported by weakness in the US dollar. The Dollar Index ended the month at 100.35 (down 0.76%), alleviating concerns about excessive strength despite another rate hike from the Federal Reserve. Sterling was strong even though Article 50 was formally invoked, reflecting excessive negative positioning in the currency. GBPUSD ended the month at 1.255 (up 1.37%).

Despite intra-month volatility, government bonds in the UK and the US were little changed over March. In keeping with the stronger performance from riskier assets in Europe ex UK as election risks appeared to fade, German government bond yields rose more meaningfully. At the end of the month, the UK government 10-year bond yield was down 1bps at 1.14%, the US government 10-year bond yield was unchanged at 2.39% and the Germany government 10-year bond yield was up +12bps at 0.33%.

High yield bonds were marginally negative in local currency terms, with the US market mostly recovering from initial weakness despite renewed oil price weakness - WTI was down 7.04% in US dollar terms.

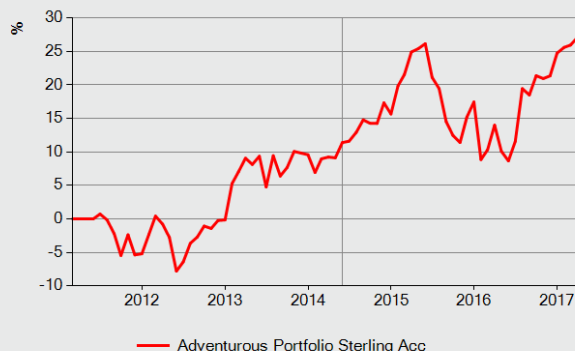
It is our firm belief that we are working through a defining moment of change that started in the summer of 2016. In our opinion, we have moved from a 'vicious' deflationary cycle that centred on extreme US dollar strength and tightening liquidity building on each other, to a 'virtuous' cycle where one good thing will build upon another.

It is very evident that the global growth outlook is improving - a wide range of survey data and some hard data are strengthening. Against the backdrop of continuing improvement in the global economy and a tight labour market, we believe that the Fed will have to raise US rates as shown by their estimates but that markets are underestimating this potential. Should this be correct, government bonds should weaken and it is highly likely that the US dollar will strengthen further against most developed market currencies, as interest rate differentials will widen. In simple terms, rates will be going up in the US at a much faster pace than in other developed markets.

In the immediate future, there is most likely to remain a volatile tug of war between the different constituencies of investors in the first half of 2017, i.e. those who believe in the recovery and those who believe in a continued deflationary environment. Whilst change in policy stance is definitely here, investors have yet to differentiate and price all of these divergences. There has only been a grudging acceptance and 'buy in' to the recovery and equity outperformance amongst US investors.

It will take time for these divergent views to be resolved by economic data but we stand by our longer-term view that equity markets will be higher this year, bonds have ended their 35-year bull market and the US dollar should strengthen in Q2 2017.

**PERFORMANCE SINCE INCEPTION**



1 year to 31/03/2017	1 year to 31/03/2016	1 year to 31/03/2015	1 year to 31/03/2014	1 year to 31/03/2013
11.50	-8.75	14.36	0.16	9.92

Note: The vertical line above represents a change of investment manager on 1 June 2014. Historical performance available upon request.

**CUMULATIVE PERFORMANCE (%)**

	1 year	3 years	5 years
Fund (%)	11.50	16.36	28.10

All data sourced from Morningstar Direct, Bloomberg and City Financial as at 31/03/2017, unless otherwise stated.

The information contained in this document should not be construed as investment advice, it is not an invitation or inducement to any person to purchase shares in our funds. Fund performance excludes the effect of initial charge and assumes any income reinvested net of Irish tax. All information in this factsheet is current at the time of publication and may be changed in the future. Past performance is not a guide to future performance. The value of shares and the income generated from them can fall as well as rise and are not guaranteed and investors may not get back the amount originally or subsequently invested. Values may be affected by fluctuations in exchange rates where assets of our funds are denominated in currencies other than sterling. The Fund is established in Ireland and is authorised by the Central Bank of Ireland as an undertaking for collective investment in transferable securities (UCITS). Issued by City Financial Investment Company Limited. Registered office is 62 Queen Street, London, EC4R 1EB, with FCA registered number 189302. City Financial Investment Company Limited is authorised and regulated by the Financial Conduct Authority and is approved by the Central Bank of Ireland as a Promoter and Investment Manager to Irish authorised collective investment schemes. This Fund is not offered, sold or distributed in the United States or to US persons.

## FINANCIAL INFORMATION

### Prices

Class Sterling Acc	127.11p
Class R Sterling Acc	130.79p
Class Y Sterling Acc	118.42p
<b>Total net assets</b>	<b>£5.3m</b>

## OTHER FUND FACTS

Sterling share classes only, for information on share classes of other currencies, please go to the website.

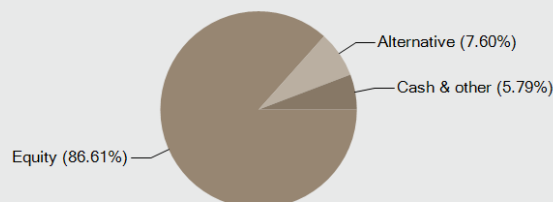
ISIN - Class Sterling Acc	IE00B5NL1J06
ISIN - Class R Sterling Acc	IE00B8CH0L57
ISIN - Class Y Sterling Acc	IE00B6363Y17
Fund type	UCITS
Dealing and valuation frequency	Daily
Valuation time	12:00 pm
Accounting year-end	31 March
Settlement	T + 3
Base currency	GBP (Sterling)
Charges levied against OCF* (%)	Income CI Sterling: 3.69, CI R Sterling: 2.94, CI Y Sterling: 4.79
AMC** (%)	CI Sterling: 1.75, CI R Sterling: 1.00, CI Y Sterling: 1.75
CDSC*** (%)	1.00 p.a ('Y' share class only)
Initial charge (%)	Up to 5.00 (excluding 'R' and 'Y')
Performance fee	None
Depository	Northern Trust Fiduciary Services (Ireland) Ltd
Registrar	Northern Trust International Fund Administration Services (Ireland) Ltd

\*On-going charge figure (OCF) - combines the Annual Management Charge (AMC) with the Fund's other expenses in running the fund, e.g. custodian fees, and also includes the OCF of other funds that the multi-asset fund may invest in, but excludes portfolio transaction costs. OCFs are calculated using assets under management for all share classes as of 31<sup>st</sup> March 2016 and expense budgets effective at that date.

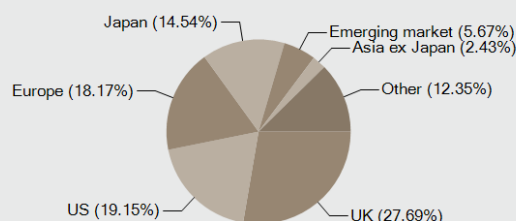
\*\*AMC - The annual fee paid to the fund manager for the service and administration of the fund.

\*\*\*Contingent Deferred Sales Charge (CDSC) - Subscription to this share class requires a charge of 1% to be levied each year across a 5 year period (the Distribution Charge). This annual charge is charged to recoup the 5% initial fee that was paid to the intermediary at the time of the initial investment in the share class. If a shareholder wishes to redeem within 60 months, a CDSC equal to the unpaid amount is applied e.g. Redeeming after 1 year entails a CDSC equal to 4%. At the end of a 5 year period, a shareholder is able to switch to another share class immediately without incurring an exit penalty. A 1% charge is taken each year for 5 years, in order to recoup the 5% that was paid to the adviser at the time of initial investment; this 1% annual charge will continue to be paid by the investor, unless they switch to another share class at the end of the 5 year period.

## ASSET ALLOCATION



## EQUITIES BREAKDOWN



## TOP 10 HOLDINGS

Man GLG Japan CoreAlpha Equity Fund	Equity
Legg Mason Royce US Small Cap Opportunity Fund	Equity
Polar Capital Global Technology Fund	Equity
River & Mercantile UK Equity LT Recovery Fund	Equity
Blackrock European Dynamic Fund	Equity
Fidelity UK Opportunities Fund	Equity
Schroder European Alpha Income Fund	Equity
Edmond de Rothschild US Value & Yield Fund	Equity
VT Garraway UK Equity Market Fund	Equity
CATCo Reinsurance Opportunities Fund	Alternative

Please note figures may not add up to 100% due to rounding. The figures above are rounded to second decimal place.

**All data sourced from Morningstar Direct, Bloomberg and City Financial as at 31/03/2017, unless otherwise stated.**

Should you have a complaint, please contact Ben Ellenbogen at City Financial Investment Company Limited, 62 Queen Street, London, EC4R 1EB, Tel: +44 20 7451 9600 or email [ben.ellenbogen@cityfinancial.co.uk](mailto:ben.ellenbogen@cityfinancial.co.uk) with a copy to [Compliance@cityfinancial.co.uk](mailto:Compliance@cityfinancial.co.uk). Allowable complaints are accepted in the language of the complainant and City Financial will arrange for a prompt professional translation of the complaint.

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