CityFinancial

31 MARCH 2017

Wealth Fund Factsheet

This document provides you with information about the Fund.

The City Financial Wealth Fund seeks to achieve long-term returns ahead of inflation by investing across a diversified global portfolio of assets. The team's macro views are primarily expressed through funds, investment trusts and options, drawing on a strong fund research capability.

SUITABILITY

- The Fund is suitable for investors who are cautious in their investment approach and are seeking a core long-term holding that blends different asset classes and derivatives to provide diversification.
- They may be looking for their investment to grow ahead of inflation (Consumer Price Index in normal market conditions) with some preservation of their investment. Historic asset class performance suggests this is a likely outcome of the manager's objective of outperforming the median fund in the sector with below-average volatility. However, there will always be exposure to equities and derivatives.
- The Fund may be a solution on its own or as part of an investment solution as a core holding.

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 deliver a repeatable investment outcome.
- The combination of quantitative and qualitative inputs to all stages of the process enhances the rigour of the analysis.
- 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 (SRRI) 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 and may change according to the market volatility environment.

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

Lower risk — Higher risk

Typically Lower Rewards — Typically Higher Rewards

1	2	3	**4**	5	6	7

KEY FUND FACTS

Inception date:	01 September 2008
Manager:	Mark Harris
Fund size:	£117.4m
Fund domicile:	Ireland
Share class types:	Acc and Inc
XD dates:	31 March and 30 Septempber
Dividend distribution:	30 April and 31 October
Charge details:	see OTHER FUND FACTS table

FUND DESCRIPTION

Formal investment objective

The investment objective is to achieve capital growth through a long-term strategic asset allocation framework. The fund invests across a well-diversified range of asset classes, using both active and passive investments, typically Exchange Traded Funds and derivatives, which provide both diversification and liquidity at minimum cost.

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 in all market conditions by rotating the Fund's holdings through asset classes and styles, exploiting market inefficiencies and looking for the best sources of future returns for the appropriate level of risk. He will use derivatives, often options, to protect the portfolio from tail (extreme) or event risk.

Investment process

The approach is based on rigorous 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 research encompasses analysis of global economic growth, central bank policies, debt dynamics and market valuations. The manager also considers more positive and negative scenarios to ensure the resulting asset preferences have appropriate risk and reward characteristics. The analysis and findings are challenged and tested at a monthly team strategy meeting.

In assessing funds for the portfolio, we use a range of systems to undertake style analysis and attribution. We then undertake face-to-face manager interviews to extend our analysis. These interviews also inform us of the manager's understanding of the risks being run and the portfolio construction process. A report is produced explaining past returns, with supporting evidence, and forecasting future performance. Fund selection is reviewed at a formal weekly team research meeting.

Portfolio construction and risk controls

Risk is at the heart of the process, in line with the manager's primary focus on mitigating losses and delivering strong risk-adjusted performance. Risk is monitored continuously for both underlying positions, which are subject to stop losses, and for the portfolio in aggregate, to ensure the avoidance of unintended risks and appropriate diversification within the portfolio. Derivatives are often used to reduce portfolio risk by hedging specific exposures. However, their use is not restricted to hedging, and derivatives that increase the risk profile of the portfolio, resulting in greater performance variability, may also be held.

The Fund's asset allocation and style exposures are dependent upon the top-down analysis process.

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.

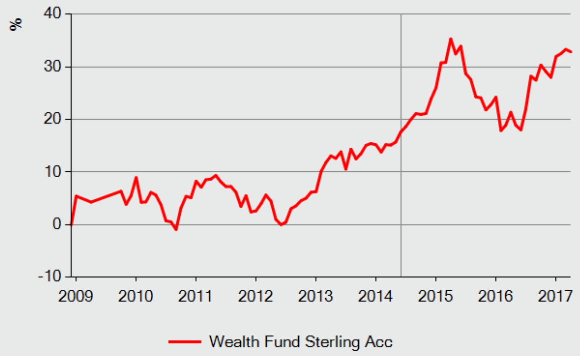
It is our firm belief that we are working through a defining moment of change that started in the summer of 2016. In our opinion, we have made moved from a 'vicious' deflationary cycle that centred on extreme US dollar strength and tightening liquidity building on each other, to a 'virtuous' cycle where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



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
9.47	-10.31	17.52	1.81	8.23

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 (%)	9.47	15.39	27.15

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

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FINANCIAL INFORMATION

Prices	
Class Sterling Acc	126.36p
Class Sterling Inc	124.50p
Class R Sterling Acc	119.32p
Class R Sterling Inc	101.16p
Class X Sterling Acc	137.96p
Class X Sterling Inc	132.75p
Class Y Sterling Acc	125.35p
Class Y Sterling Inc	126.68p
Total net assets	**£117.4m**

OTHER FUND FACTS

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

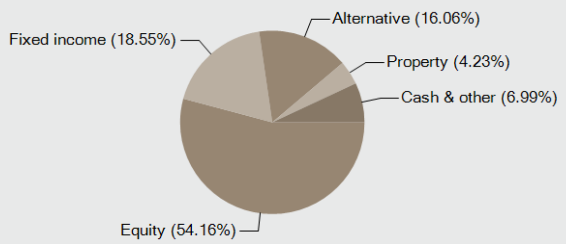
ISIN - Class Sterling Acc	IE00B3CLDS01
ISIN - Class Sterling Inc	IE00B3CLDT18
ISIN - Class R Sterling Acc	IE00B74TPB72
ISIN - Class R Sterling Inc	IE00BWK22X61
ISIN - Class X Sterling Acc	IE00B3K66F56
ISIN - Class X Sterling Inc	IE00B3K66H70
ISIN - Class Y Sterling Acc	IE00B3KLNR18
ISIN - Class Y Sterling Inc	IE00B3KLNV53
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	Income
OCF* (%)	Cl Sterling: 2.25, Cl R Sterling: 1.75, Cl X Sterling: 2.25, Cl Y Sterling Inc: 3.11, Cl Y Sterling Acc: 3.00
AMC** (%)	1.50 (All share classes except 'R'), 1.00 ('R')
CDSC*** (%)	1.00 p.a ('Y' share class only)
Initial charge (%)	Up to 5.00 (excluding 'R','X' and 'Y')
Performance fee	None
Depositary	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 31st March 2016 and expense budgets effective at that date.

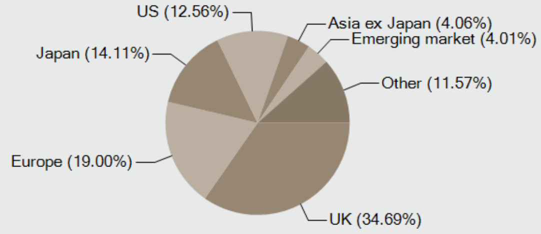
**AMC - The annual fee paid to the fund manager for the service and administration of the fund.

***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
Third Point Offshore Investors	Alternative
Schroder European Alpha Income Fund	Equity
VPC Specialty Lending Investments	Fixed income
VT Garraway UK Equity Market Fund	Equity
Ardevora UK Equity Income Fund	Equity
Summit Germany	Property
CATCo Reinsurance Opportunities Fund	Alternative
Blackrock European Dynamic Fund	Equity
Polar Capital UK Value Opportunities	Equity

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 with a copy to 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.