



## RWC US Absolute Alpha Fund

31st July 2019

### Fund Aim

To provide a positive absolute return in a variety of market environments over a 36 month period in excess of the return on short-term instruments, through a long / short equity strategy, using derivative strategies where appropriate, to gain exposure primarily to US equity securities.

**Fund AUM** \$239.2m

**Firm AUM** \$16,742.9m

### Fund Details

Investment Advisor	Mike Corcell
Manager	Alex Robarts
Launch Date	25th September 2009
Structure	UCITS IV Lux SICAV
Domicile	Luxembourg
Share Classes	EUR, GBP, USD
Minimum Investment	
Share Class A	25,000
Share Class B	10,000,000
Share Class R	25,000
Annual Management Charge	
Share Class A	2.00%
Share Class B	1.00%
Share Class R	1.00%
Performance Fee*	
Share Class A	20%
Share Class B	20%
Share Class R	20%
Dealing - Subscriptions	Daily
Dealing - Redemptions	Daily
Dealing Cut Off	13:00 CET
Administrator	Brown Brothers Harriman
Auditor	PricewaterhouseCoopers (LUX)

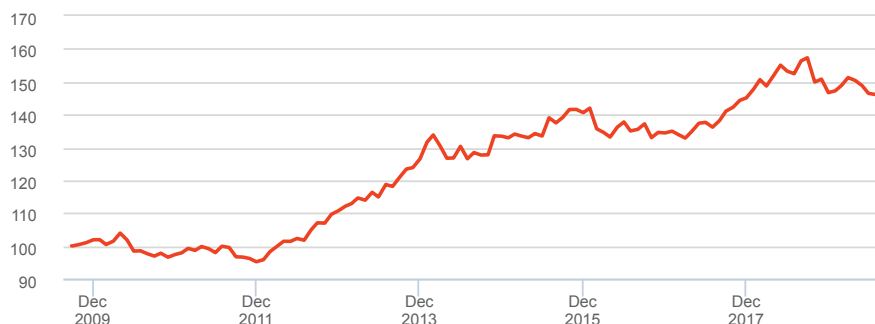
### Fund Codes

Share Class	ISIN	Sedol	Bloomberg
A EUR	LU0453474784	B4R61D8	RWCUAAXE LX
A GBP	LU0453474941	B4NYTG5	RWCUAAG LX
A USD	LU0453474867	B4R69K1	RWCUAUU LX
B EUR	LU0453475088	B4NZBQ2	RWCUABE LX
B GBP	LU0453475245	B4P9XN3	RWCUABG LX
B USD	LU0453475161	B4RGV6	RWCUABU LX
R EUR	LU1319692361	BZ6CVG7	RWUAARE LX
R GBP	LU1017298776	BJBPXG3	RWCUARG LX
R USD	LU1319692288	BZ6CV90	RWUAARU LX

### Additional Share Class NAV & Performance

Share Class	NAV	1 Month (%)	YTD (%)
A EUR	121.97	-0.60	-2.80
A GBP	129.80	-0.49	-2.11
A USD	133.25	-0.34	-1.02
B EUR	133.62	-0.51	-2.18
B GBP	140.85	-0.40	-1.49
B USD	146.07	-0.25	-0.39
R EUR	94.55	-0.50	-2.20
R GBP	133.17	-0.40	-1.51
R USD	102.10	-0.25	-0.42

### Cumulative Performance - Class B USD



### Cumulative Performance (%)

	NAV per Share	1M	3M	YTD	1Y	3Y	5Y	SI
B USD	146.07	-0.25	-2.85	-0.39	-4.16	8.21	15.45	46.07
LIBOR USD 1 Month		0.19	0.58	1.40	2.37	4.98	5.55	6.72
S&P 500 TR	-	1.31	1.17	18.89	5.83	37.12	54.37	185.37

### Discrete Monthly Performance - Class B USD (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	0.39	1.13	1.59	-0.59	-1.05	-1.57	-0.25	-	-	-	-	-	-0.39
2018	1.87	1.92	-1.28	2.14	2.09	-1.16	-0.53	2.57	0.60	-4.69	0.59	-2.74	1.10
2017	0.41	-0.77	-0.80	1.47	1.91	0.19	-1.06	1.46	2.10	0.84	1.47	0.51	7.95

### Historic Annual Returns (%)

2009	2010	2011	2012	2013	2014	2015	2016
1.85	-4.44	-2.24	16.32	14.28	5.45	5.37	-4.40

### Commentary

The S&P 500 rose 1.3% in July as generally better economic data came at the same time that the Fed was expected to cut interest rates. In particular, after a soft May payrolls report, June bounced back strongly allaying concerns of a domestic slowdown. However, the market ended the month on a soft note as the Fed's message was not as dovish as expected. Whilst the Fed cut rates 25bps as expected, they gave the impression that it was an insurance cut rather than a series of lower moves. The fund was down 0.2% for the month.

The largest contributor to performance came from our long position in Fidelity National Information Services (+40bps), the financial services technology company. The stock rose 9% in the month on strong payments data as well as the closing of the Worldpay acquisition which occurred ahead of expectations. We were also helped by our long position in Air Canada (+31bps), the airline. The stock rose 14% in the month driven by stronger industry pricing trends in part helped by the grounding of the Boeing 737 Max. The third largest contributor was our long position in Restaurant Brands International (+22bps), the owner of quick service restaurants. The stock rose 7% in the month on news of early success of plant-based meal items at its Burger King and Tim Hortons and franchises.

The biggest detractor from performance came from our long position in Nasdaq (-21bps), the exchange and data services provider. The stock declined after reporting underwhelming Q2 earnings which missed consensus expectations for revenues. We were also hurt by our short position in Cinemark (-17bps), the owner and operator of cinemas. The stock rose 11% in the month, rebounding from losses in May and June. The third largest detractor was our short position in Brunswick Corporation (-15bps), the boat manufacturer. The stock rose 7% in the month despite a challenging industry backdrop with the company reporting Q2 earnings that were below consensus expectations.

With the less dovish stance from the Fed as well as the recent escalation of the trade war with China, we have lowered our overall exposure. At the sector level, we have added net long exposure to areas of the market with less economic sensitivity including business services. We have also added to short exposure to retail which is more impacted by the list 4 tariffs which are focused on finished consumer goods.

Please note Firm AUM includes emulation account values from the previous month-end.

\*The performance fee is only applied to performance over the relevant reference index (LIBOR), with a high water mark.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Total Fund returns are calculated on a NAV-NAV basis net income reinvested and are shown net of all fees. Source: RWC

RWC Partners Limited - Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH

t. +44 (0)20 7227 6000 f. +44 (0)20 7227 6003 e. invest@rwcpartners.com

www.rwcpartners.com

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**Attribution (%)**

Long positions	0.60%
Short positions	-0.83%
Residual*	-0.02%

**Exposure Summary (%)^**

Gross	75.1
Gross Long	49.1
Gross Short	-26.0
Net	23.2
Long Exposure via Options	3.5
Short Exposure via Options	0.0
Average Net - Since Inception	27.0
Average Gross - Since Inception	105.3

**Security Breakdown**

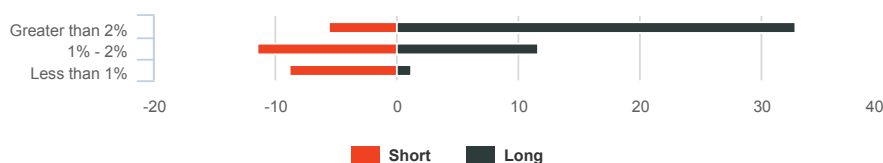
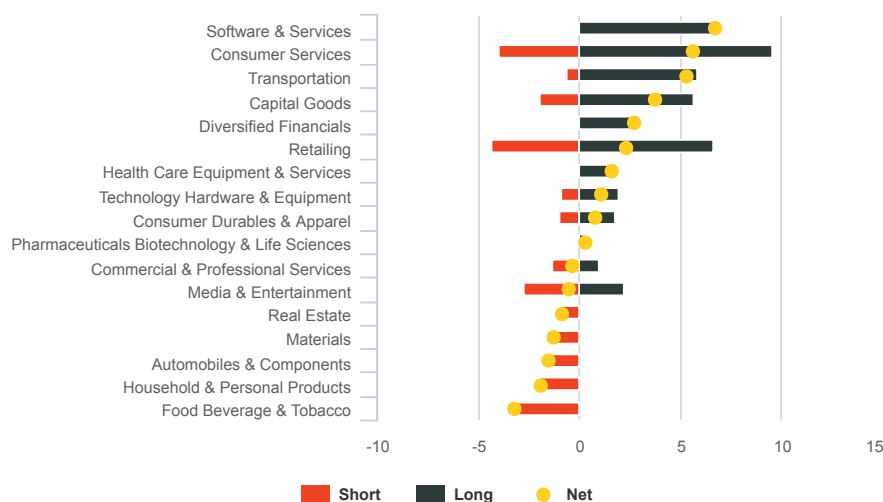
Total No. of Securities Held	44
No. of Securities - Long Side	19
No. of Securities - Short Side	25
Top Ten Long Positions**	34.8

**Market Cap Breakdown (% of gross)**

> \$25bn	29.7
\$5bn - \$25bn	51.7
\$1bn - \$5bn	18.3
< \$1bn	0.3

**Statistical Analysis\*\*\***

	<b>Fund</b>
Volatility	6.5
Sharpe Ratio	0.5
Sortino Ratio	0.8
Total Return since inception (%)	46.07
Annualised Return (%)	3.89
% of Positive months	58
% of Negative months	42
Largest drawdown (%)	-10.21
Best month (%)	4.52
Worst month (%)	-4.69
VaR (1 month 99%)	4.7

**Position Size Breakdown (%)**

**Sector Breakdown (%)**


The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

\*Includes cash and performance fee effect.

^All exposures shown on a delta-adjusted basis.

\*\*Percentage of NAV.

\*\*\*Relating to share class B USD using daily data.

Source: MDO & FactSet (using GICS Sector Classifications via MSCI), Morningstar.

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RWC Partners Limited - Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH

t. +44 (0)20 7227 6000 f. +44 (0)20 7227 6003 e. [invest@rwcpartners.com](mailto:invest@rwcpartners.com)

[www.rwcpartners.com](http://www.rwcpartners.com)

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