



# MS Broadmark Tactical Plus UCITS Fund

A Sub-fund of Fundlogic Alternatives plc, an Irish UCITS Fund

## Fund Objective and Investment Strategy

The MS Broadmark Tactical Plus UCITS Fund provides investors with an opportunity to access positive risk-adjusted returns in any market environment.

The Fund uses a multi-factor process which includes qualitative analysis of a number of factors: valuation, monetary policy, and investor sentiment-and a quantitative momentum model-using volume, breadth and price as the primary variables. The investment strategy is focused on risk management, minimizing draw-downs and creating positive returns from the equity markets by navigating through Bull and Bear market cycles. The portfolio is constructed using a dynamic and active asset allocation and mainly consist of instruments that provide exposure to equity securities: futures and options on securities; securities indices and shares of exchange-traded funds ("ETFs"). The portfolio will mainly seek exposure to U.S. equity markets but may also invest in equity securities of non-U.S. issuers.

## Fund Characteristics

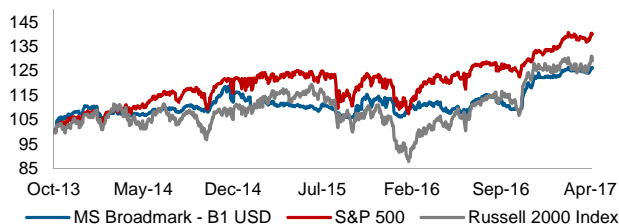
<b>Inception Date</b>	11-Oct-13
<b>Total Assets (USD)</b>	\$28.67m
<b>Base Currency</b>	USD
<b>Domicile</b>	Ireland
<b>Passporting Status (registered in)</b>	UK, Germany, Spain, France, Italy, Switzerland
<b>Legal Structure</b>	An Open-Ended Investment Company (OEIC)
<b>Dealing Day</b>	Every day (except legal public holidays in the United Kingdom or Ireland or days on which the stock markets in London are closed)
<b>Subscription/ Redemption notice</b>	12 midday Irish time 1 Business Days prior to the relevant Dealing Day
<b>Settlement</b>	Subscription: Dealing Day +3 Redemption: Dealing Day +3
<b>Currency Classes Available</b>	EUR / USD / GBP
<b>Investment Manager</b>	Broadmark Asset Management LLC
<b>Promoter &amp; Distributor</b>	Morgan Stanley & Co International plc (Morgan Stanley)
<b>Depository</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Auditor</b>	Ernst & Young

## Investment Manager

The Investment Manager for the Sub-Fund is Broadmark Asset Management LLC. The Investment Manager is registered as a limited liability company in the state of Delaware since 1999, having its registered office at 101 California Street, 16th Floor, San Francisco, CA 94111.

The Investment Manager is regulated by the U.S. Securities and Exchange Commission ("SEC"), Registration No. 801-57807. As of 30-Apr-17, the Investment Manager had \$788 million assets under management and employed 5 investment professionals with an average 32-year experience.

## Performance<sup>(1)</sup>



Source: Morgan Stanley IED Sales & Trading, Northern Trust, Bloomberg. Performance is quoted net of fees and based on unaudited figures.

The above figures refer to the past. Past performance is not a reliable indicator of future results.

## Historical Monthly Returns

Share B1 (USD)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct <sup>(2)</sup>	Nov	Dec	YTD <sup>(2)</sup>
2013	-	-	-	-	-	-	-	-	-	4.97%	3.09%	2.15%	10.54%
2014	-3.59%	1.52%	-0.66%	-0.02%	0.51%	1.08%	-0.87%	2.41%	-1.35%	2.81%	5.13%	-2.18%	4.57%
2015	-5.18%	2.51%	-1.45%	0.01%	-0.42%	-0.83%	0.97%	-2.59%	-1.49%	6.89%	0.30%	-0.23%	-1.95%
2016	-5.72%	2.13%	2.24%	-1.56%	-0.43%	-0.64%	4.56%	0.46%	-2.79%	-1.57%	8.39%	3.18%	7.76%
2017	0.21%	2.49%	-0.44%	0.98%									3.26%

Source: Morgan Stanley IED Sales & Trading. The above figures refer to the past. Past performance is not a reliable indicator of future results. Performance is quoted net of fees and based on unaudited figures.

## Investment Manager Commentary<sup>(3)</sup>

After the strong US stock market rally following the November 2016 US election, the S&P 500 experienced a modest 3% decline during the March to mid-April 2017 period.

The March-April market pullback and decline in investor bullishness set the stage for the market rally spurred by the April 23rd French election. Following the French election, global markets rallied strongly in the last week of April.

The US stock market continues to anticipate measures which would help American business. Lower corporate tax rates, deregulation, and an increase in infrastructure spending are expected to add momentum to a gradually strengthening economic backdrop. We would point out that this optimism is occurring against a backdrop of the highest price-earnings multiples in a decade. Any disappointments to this "Goldilocks scenario" might set the stage for a larger market sell-off once this market advance ends.

One recent negative development has been that we have not seen the type of net positive cumulative volume that usually sustains a meaningful advance. This divergence between volume and price action, coupled with high valuations, rising interest rates, and potential bullish sentiment, could well lead to a more meaningful correction in coming months. Nonetheless, our longer-term momentum model remains positive and we continue to have a net long position in the market.

### THE FOUR PILLARS OF OUR STRATEGY

Our current assessment of the four pillars of our investment process is as follows:

1. Valuation: Valuation remains elevated by any measure. The median price/earnings ratio on the S&P 500 has now reached 24.1, which is its highest level since 2004. Rising U.S. interest rates will exacerbate high valuations for U.S. equities and further rises in interest rates would be negative for valuation levels.

2. Monetary factors and credit conditions: Last month, the Federal Reserve Board raised the Fed Funds rate for the third time in the last two years. However, interest rates moderated in late March and April with the 10-year yield settling around the 2.20% level. Two indicators to watch are credit spreads and the yield curve. Widening credit spreads and a flattening yield curve are usually a precursor to a more significant cyclical market decline.

3. Sentiment: Investor sentiment became far more optimistic early in the 2017 but then moderated during the March-April correction. As a result, we took that opportunity to add to market positions and increased market exposure in late March-late April.

4. Momentum: We noted in our last commentary that there were some signs that the market's momentum is slowing. Significantly, we have not seen the type of net positive cumulative volume that usually sustains a meaningful advance. While our longer-term momentum models remain positive, this most recent divergence, if it continues, could set the stage for a more meaningful market correction.

1. Index information is included for illustration purposes only and is not intended to imply that the portfolio was similar to any index either in composition or element of risk.

2. October and YTD performances for 2013 start on 11-Oct-13.

3. Information sourced from Broadmark Asset Management LLC. Information provided by Broadmark Asset Management LLC and mirrors the opinion and expectations of Broadmark Asset Management LLC only. It is not agreed with Morgan Stanley and may not mirror Morgan Stanley's views.

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# MS Broadmark Tactical Plus UCITS Fund

## Risk Metrics <sup>(4)</sup>

Exposure and Risk Summary	
	% of NAV
Long Exposure	18%
Short Exposure	0%
Gross Exposure	18%
Net Exposure	18%
Annualised Volatility <sup>(5)</sup>	9%
Relative VAR <sup>(6)</sup>	0.17

Source: Morgan Stanley IED Sales &amp; Trading

## Product Type <sup>(9)</sup>

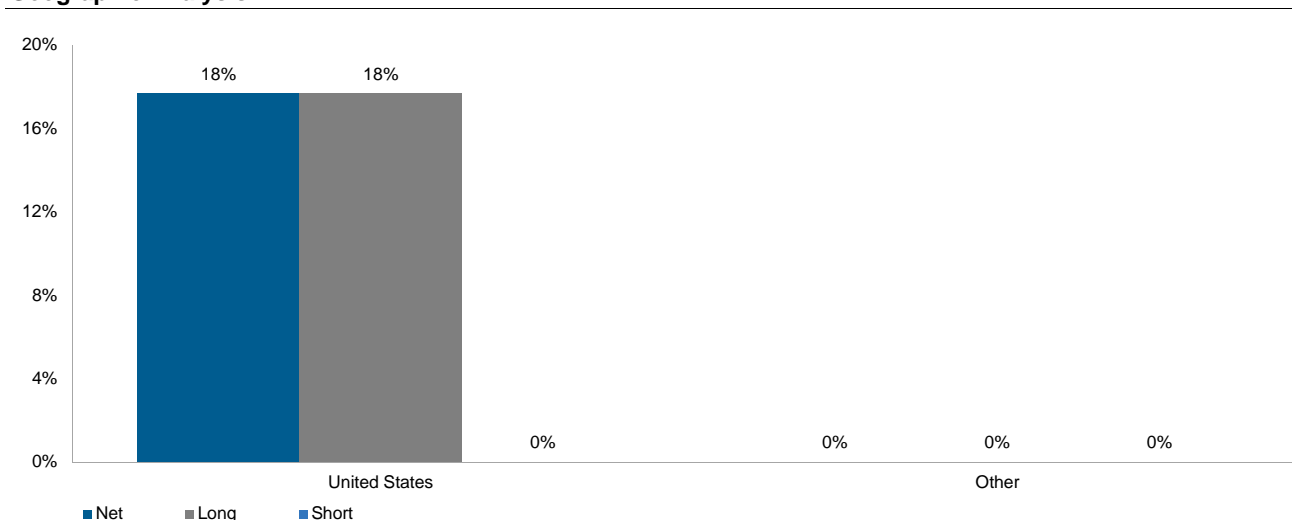
Gross Exposure According to Product Type	
	% of NAV
Equity Index Futs	18%
Cash and Cash Equivalents	97%
ETF's	0%
Options	0%
Other	0%
FX Futs	0%

Source: Morgan Stanley IED Sales &amp; Trading

Number of Positions	
No. of Longs	9
No. of Shorts	0

Source: Morgan Stanley IED Sales &amp; Trading

## Geographic Analysis <sup>(4)</sup>



Source: Morgan Stanley IED Sales &amp; Trading

## Fund Share Class Details

	Share			Performance				Identifiers			Fees <sup>(7)</sup>		
	CCY	Min Inv	Launch Date	Nav	MTD	YTD	LTD	ISIN	BBG	SEDOL	Mgmt	Perf.	TER <sup>(7)</sup>
Class B1 <sup>6</sup>	USD	1,000,000	11/10/2013	1261.12	0.98%	3.26%	26.11%	IE00BC1JD990	FLBTB1U ID	BC1JD99	0.75%	0.00%	1.15%
Class B2 <sup>6</sup>	EUR	1,000,000	21/10/2013	1135.12	0.65%	2.10%	13.51%	IE00BC1JDH74	FLBTB2E ID	BC1JDH7	1.00%	15.00%	1.40%
Class B1 <sup>6</sup>	EUR	1,000,000	25/03/2015	1112.69	0.79%	2.56%	11.27%	IE00BC1JDG67	FLBTB1E ID	BC1JDG6	0.75%	0.00%	1.15%

Source: Morgan Stanley IED Sales &amp; Trading. NAVs are computed by Northern Trust.

4. Month-end data used. Exposure is Delta Adjusted, includes market hedges

5. Indicative values as insufficient data points for statistical calculations. The volatility is computed as the standard deviation of the daily returns.

6. Class B1 and B2 Shares (USD/ EUR/ GBP) are initial investor share classes and therefore it is expected that such Shares will only be available for subscription until such time as the net assets of the sub-fund reach \$100m, or such other amount as may be determined by the Directors from time to time in their absolute discretion.

7. Total Expense Ratio includes Management Fees and Promoter Fees. This figure may vary from year to year. The Fund may impose an anti-dilution levy or adjustment on large subscriptions or redemptions

8. Var 99% - 20days computed against Russell 2000 as benchmark

9. Month-end data used. Gross Delta Adjusted Exposure, except for Cash and Cash Equivalents, for which exposure equals Net Market Value

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# MS Broadmark Tactical Plus UCITS Fund

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Investments may be in a variety of currencies and therefore changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Furthermore, the value of investments may be adversely affected by fluctuations in exchange rates between the investor's reference currency and the base currency of the investments.

Investments in derivative instruments carry certain inherent risks such as the risk of counter party default and before investing you should ensure you fully understand these risks. Use of leverage may also magnify losses as well as gains to the extent that leverage is employed.

These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

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# MS Broadmark Tactical Plus UCITS Fund

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  - (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
- the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:
- (1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or which arises from an offer that is made on terms that such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets (in the case of that trust);
  - (2) where no consideration is or will be given for the transfer; or
  - (3) where the transfer is by operation of law.

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