

# Intellectually honest investment management



## Elite Hasley Multi-Strategy Portfolios

31 March 2014

### Investment Aims

The objective of the funds is to achieve long term Capital Growth (within defined volatility targets).

Fund Name	Volatility Range <sup>1</sup>	Typical Investor Profile	IMA Sector	Peer Group (for illustrative comparison only) <sup>2</sup>
Multi-Strategy Portfolio I	0.0 – 4.5	Defensive	Unclassified	Mixed investment 0 – 35% Shares
Multi-Strategy Portfolio II	5.0 – 9.5	Cautious	Unclassified	Mixed Investment 20 – 60% Shares
Multi-Strategy Portfolio III	10.0 – 14.5	Balanced	Unclassified	Mixed Investment 40 – 85% Shares
Multi-Strategy Portfolio IV	15.0 – 19.5	Adventurous	Unclassified	Mixed Investment 40 – 85% Shares

<sup>1</sup>Ranges are measured using the Standard Deviation of the Fund's annualised returns over 1 year periods. <sup>2</sup>The IMA's Mixed Investment sectors have strict guidelines as to how funds within those sectors should be managed. It is your Managers belief that an unconstrained approach may produce superior results, so he does not wish to be bound by those guidelines. Therefore Multi-Strategy I, III and IV currently reside within the Unclassified Sector. Nevertheless, we do believe that the IMA's managed sectors are a useful tool for comparing the performance of your fund to those with similar investment objectives, or its "peers".

### Why Invest?

- Provides a total portfolio management solution.
- A highly experienced management team headed by Richard Philbin.
- A risk controlled portfolio, managed within defined volatility bands.
- Widely diversified portfolio with a broad range of asset classes.
- Selecting only consistently consistent funds and managers.

### Performance (MSP II: Class R; MSP I, III, IV: Class A)

	1 m	3 m	6 m	1 yr	YTD	Since Launch
Multi-Strategy Portfolio I	0.25%	2.12%	4.80%	-	2.12%	3.21%
Multi-Strategy Portfolio II	-0.29%	1.81%	4.12%	3.55%	1.81%	7.65%
Multi-Strategy Portfolio III	-0.54%	0.33%	2.48%	-	0.33%	2.28%
Multi-Strategy Portfolio IV	-0.57%	0.38%	3.43%	-	0.38%	2.78%

Source: Hasley Investment Management to 31.03.14. MSP I, III and IV launched 07.05.13.

### Contact Details

Issued by Hasley Investment Management LLP, which is authorised and regulated by the Financial Conduct Authority ("FCA"). If you have any doubt as to whether the Elite Hasley Investment Funds are suitable for you and you wish to receive advice, you should consult a financial advisor. Further Information can be obtained from:

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### Key Facts

Fund Manager	Richard Philbin
Sedol Number (Class A)	MSP I: B9MC0G2 MSP II: B9J92G0 MSP III: B9L57F0 MSP IV: B9L5BC5
Fund Size	MSP I: £2.82m MSP II: £15.10m MSP III: £4.95m MSP IV: £3.69m
Launch Date/ Price	MSP II: 01.08.07/ 100p MSP I, III, IV: 07.05.13/ 100p
Vehicle Type	UK OEIC
Unit Type	Income
ISA Eligible?	Yes
Management fee	1.5% (Class R) 0.75% (Class A)
Administration fee	0.15%*
Initial charge	up to 1% (Class A) up to 5% (Class R)
NAV	MSP I: 102.88p (Class A) MSP II: 106.29p (Class R) MSP III: 102.22p (Class A) MSP IV: 102.75p (Class A)
Dealing Day and Time	Daily at 1 noon
Year End	30th June
Income Allocation	31st Aug, 28th Feb
Min Investment	£1,000 (Class A)
Base Currency	Sterling
Pricing Basis	Forward/Single Price

\*subject to a minimum charge of £28,000 per annum per sub-fund, as well as £5,000 per annum for daily pricing and £3,000 per annum for each additional share class.

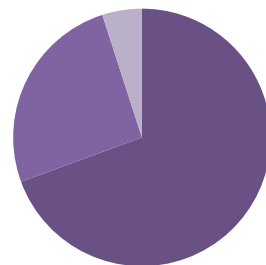
## Top Ten Holdings

## Multi-Strategy Portfolio I

Fund Name	Asset Class	%
Henderson Credit Alpha	Bond Strategies	12.03
Old Mutual Global Equity Abs Return	Equity Funds	10.21
JP Morgan Investment Funds Inc Opps	Bond Strategies	9.92
CF Miton UK Multi Cap	Equity Funds	8.72
M&G Optimal Income	Bond Strategies	8.47
Kames High Yield Bond Fund	Bond Strategies	8.30
TwentyFour Income Fund Ltd	Bond Strategies	6.56
Invesco Perpetual Global Financial Capital	Bond Strategies	5.40
Baillie Gifford Corporate Bond Fund	Bond Strategies	5.06
MGTS Ardevora UK Inc	Equity Funds	4.84

## Asset Allocation

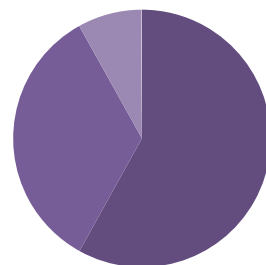
■ Bond Strategies (69.40%)  
 ■ Equity Funds (25.62%)  
 ■ Cash (4.98%)



## Multi-Strategy Portfolio II

Fund Name	Asset Class	%
CF Odey Absolute Return	Equity Funds	12.00
Henderson European Special Situations	Equity Funds	10.33
Jupiter Strategic Bond Fund	Bond Strategies	8.85
M&G Optimal Income	Bond Strategies	8.77
EEA Life Settlements	Specialist	8.00
CF Miton UK Multi Cap Inc	Equity Funds	7.87
Old Mutual Global Equity Abs Return	Equity Funds	7.81
Invesco Perpetual Global Financial Capital	Bond Strategies	7.24
CC Japan Income and Growth Founder	Equity Funds	5.75
Fundsmith Equity	Equity Funds	5.59

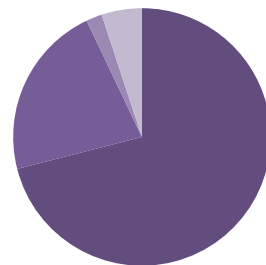
■ Equity Funds (58.20%)  
 ■ Bond Strategies (33.92%)  
 ■ Specialist (8.00%)  
 ■ Cash (-0.12%)



## Multi-Strategy Portfolio III

Fund Name	Asset Class	%
Henderson European Special Situations	Equity Funds	8.27
CF Odey Absolute Return	Equity Funds	8.26
Henderson Credit Alpha	Bond Strategies	7.65
Absolute Insight Credit Fund	Bond Strategies	7.40
Standard Life UK Equity Unconstrained	Equity Funds	6.87
Invesco Perpetual Global Financial Capital	Bond Strategies	6.87
Threadneedle American Extended Alpha	Equity Funds	5.85
Jupiter European	Equity Funds	4.96
Schroder Asian Income Maximiser	Equity Funds	4.58
GLG Japan Core Alpha	Equity Funds	4.54

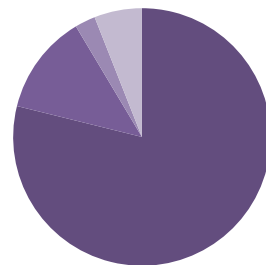
■ Equity Funds (71.01%)  
 ■ Bond Strategies (21.92%)  
 ■ Equities (2.00%)  
 ■ Cash (5.07%)



## Multi-Strategy Portfolio IV

Fund Name	Asset Class	%
Standard Life UK Equity Unconstrained	Equity Funds	9.00
Henderson European Special Situations	Equity Funds	7.69
Invesco Perpetual Global Financial Capital	Bond Strategies	7.23
CF Odey Absolute Return	Equity Funds	7.11
Threadneedle American Extended Alpha	Equity Funds	5.52
TwentyFour Income Fund	Bond Strategies	5.34
GLG Japan Core Alpha	Equity Funds	4.90
Old Mutual Global Equity Absolute Return	Equity Funds	4.90
SVG Capital Plc	Equity Funds	4.63
CC Japan Income and Growth Founder	Equity Funds	4.52

■ Equity Funds (78.86%)  
 ■ Bond Strategies (12.57%)  
 ■ Equities (2.58%)  
 ■ Cash (5.99%)



Source: Hasley Investment Management 31.03.14.

See page 3 for Important Information and Risk Warnings

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## Fund Manager Commentary

March was a month of extremes. At one end, the “high risk” emerging markets of Brazil and India (as referenced by the FTSE Brazil Index and the CNX Nifty indices respectively) registered double digit returns on the month. At the other end of the scale, the “high risk” emerging markets of Ireland, the “high risk” markets of Japan and UK Smaller Companies and the technology laden NASDAQ in the US and TechMARK in the UK, registered losses of up to roughly 5%. Interesting to see that a number of the best indices in the month have been among the worst performers over the last 5 years and vice versa. In the US, the recently appointed Federal Reserve Chair, Janet Yellen continued with the bond buying program put into place by her predecessor, Ben Bernanke and the tapering of Quantitative Easing continues. It now stands at \$55bn with the peak of \$85bn. Given that the previous 3 meetings of the FOMC (Federal Open Market Committee) have cut \$10bn per month, commentators have now seen this as a trend and obviously are extrapolating to suggest that tapering will continue in a straight line fashion and have deduced that tapering will be all over by Christmas. Yellen intimated that interest rates would rise after a pause; the global markets took that to be 6 months and now every economist suggests that by this time next year rates will rise again. This should be taken as a good sign – a sign that the US economy (the largest in the world) has recovered and GDP is growing. Stock markets of the world like to look forward and typically discount the future by about 18 months. Therefore, roughly speaking, the stock market of today is pricing the expected state of the companies and economies three quarters of the way through next year. This is why the stock markets of the world seemed to go up inexplicably last year when underlying earnings and profits of the companies in question didn't. This made earnings multiples (the amount an individual is willing to pay for future earnings) rise in 2013. For stock markets to make headway this year, we need to see profits rise and capital investment by these same companies so that the multiples can contract a little and more value return accordingly. It was relatively easy to make money last year – to quote a saying “all boats rose in the rising tide”, whereas this year I feel opportunities will present themselves on a stock by stock basis and quality, fundamental research will be the best place to add value.

## Multi-Strategy Portfolios I

Your fund returned an impressive 0.25%\* during the month, comfortably beating the peer group (IMA Mixed Investment 0% - 35% shares) whose average lost 0.17%\*. Compared to the average, your fund also outperformed in the first quarter of this year, for the past 6 months and since inception of the fund. Notable funds that added to the returns were TwentyFour Income, Aviva Investors Global High Yield Bond and Jupiter Strategic Bond. All funds have been in the portfolio since launch and have delivered consistent returns – something we cherish when looking for investments. Activity over the month was literally nil, but this obviously hasn't meant the asset allocation of the portfolio has remained the same. Cash has been allowed to rise – it now stands at roughly 5% and this is the highest it has been for almost 6 months. While I am very happy with the holdings and the diversified nature of the portfolio, I think that pausing for a moment and “keeping some powder dry” is a worthwhile pursuit. At the time of writing, the pure equity allocation sits at about 13.50%, fixed income is 43.62% and “other” accounts for 35.99%.

## Multi-Strategy Portfolios II

During the month, a long held asset – Carador Income – was removed from the portfolio. It has been a great diversifier and has provided a good level of dividend income over the years. But, the position has been reduced over time and in March the final position was removed from the portfolio. For example, 12 months ago the stock accounted for roughly 7% of the assets. Because of this change, the fixed income portion of the portfolio was reduced from 31.24% to 29.77%. During the month, your fund performed in line with the peer group (IMA Mixed Investment 20% to 60% shares) and remains ahead of the average year to date, for the past 6 months and 12 months respectively. Underlying fund performance was generally good across the board, with the exception of the CF Odey Absolute Return, which relative to its peers, lost -1.73%\* and registered a 4th quartile month. We maintain full conviction in the fund managers and have been handsomely rewarded over the longer term – for instance, the fund is in the top 10% in relation to performance over 3, 6, 9 and 12 months. TwentyFour Income, Fundsmith Equity, Schroder Asian Income Maximiser and Henderson European Special Situations performed very well and deserve note this month.

## Multi-Strategy Portfolios III

Your fund performed directly in line with the peer group (IMA Mixed Investment 40% to 85% shares) during the month of March; aided by strong performance from a number of diversified holdings – RIT Capital Partners, Henderson European Special Situations, First State Global Emerging Market Leaders, Fundsmith Equity and Baring MENA all comfortably beating their peers. Your fund witnessed positive cash flow in the month and some of this cash was put to work; with a number of existing equity funds being added to – SVG Capital, CC Japan Income & Growth and Threadneedle American Extended Alpha. Over the month though, the cash position was allowed to rise – it now sits at double the end of February's allocation and accounts for just over 5.00%. While I am very happy with the holdings and the diversified nature of the portfolio, I think that pausing for a moment and “keeping some powder dry” is a worthwhile pursuit. Pure equity funds are now roughly 1% less than last month at 60.56%. Even though risk is being taken off the table, your fund is beating the average on a year to date basis.

## Multi-Strategy Portfolios IV

Compared to the peers (IMA Mixed Investment 40% to 85% shares) your fund performed roughly in line over the month of March, but remains ahead of the peers on a year to date, 6 month and 9 month perspective. The fund witnessed strong cash flow during the month and a number of investment decisions were made. Portfolio activity was centred predominantly on equity investments, and 4 existing holdings were added to – 3i, Threadneedle American Extended Alpha, JP Morgan India and the Invesco Perpetual Global Financial Capital (a fixed income fund) made up the purchases. Even accounting for the deals as mentioned, cash was allowed to rise from 1.46% to 5.99% today. Due to this, the equity allocation actually dropped from 72.76% to 69.43% and “other” investments fell from 12.90% to 12.01%. There were a number of assets that performed very well and from many different sources in March – RIT Capital Partners for example (a global investment trust) rose 4.04% in the month, Baring MENA (a concentrated portfolio focusing investments in the Middle East and Africa) returned 4.53%, Schroder Asian Income Maximiser (Asian equity with a call-option overwriting policy) up 2.58% and TwentyFour Income (UK and European mortgages) up 2.62%. Your manager is presently content with the shape of the portfolio but happy to let the cash stay at elevated levels. Ideally the view is to be 100% invested, 100% of the time, but the stock markets of the world have been incredibly strong and this is being held as a precautionary measure and as a risk reducer should volatility increase in the near term.

\*Source: Financial Express to 31.03.14

### IMPORTANT INFORMATION

This document has been produced for information only and represents the views of Hasley Investment Management at the time of writing. It should not be construed as Investment Advice. No investment decisions should be made without first seeking advice. Full details of the Elite Hasley Investment Funds, including risk warnings, are published in the Elite Hasley Investment Funds Prospectus.

### RISK WARNINGS

The Elite Hasley Investment Funds, are subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money that you have invested. Investments in overseas equities may be effected by changes in exchange rates, which could cause the value of your investment to increase or diminish. Capital appreciation in the early years will be adversely affected by Initial Charges, so you should regard your investment as medium to long term. Past performance is not a guide to future performance. Every effort is taken to ensure the accuracy of this data, but no warranties are given.

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