

City Financial Multi Asset Balanced Fund

A balanced multi asset fund

Fund facts

Inception date	1 May 2008
Manager	Mark Harris
Manager since	1 October 2011
Fund size (30/04/2017)	£39.7m
Sector	IA Mixed Investment 20- 60% Shares
Base currency	GBP
Fund type	OEIC/ICVC
Fund domicile	United Kingdom
Dealing and valuation frequency	Daily
Valuation time	12:00pm
Settlement	T+4
Share class types	Acc and Inc
Ex-dividend dates	31 March and 30 September
Accounting year-end	30 September
Administrator	Capita Financial Administrators Limited
Custodian	BNY Mellon Trust & Depositary (UK) Limited

Risk category

Low risk High risk



Typically lower rewards Typically higher rewards



The Fund's risk category shows the Synthetic Risk and Reward Indicator (SRRI). This is a regulatory measurement that is, where possible, calculated from the volatility of the Fund's weekly performance over a five-year period.

Fund objective

The City Financial Multi Asset Balanced Fund (the "Fund") seeks to achieve consistent long-term returns from both capital and income by investing across a balanced global portfolio of assets.

Fund overview

Investment approach: The Fund invests in a balanced and diversified global multi asset portfolio and seeks to achieve above-average returns for a commensurate level of risk.

Investment philosophy: The Manager aims to deliver attractive risk-adjusted returns in different market conditions by identifying market inefficiencies and rotating asset classes and styles to exploit the best sources of future returns for the appropriate level of risk.

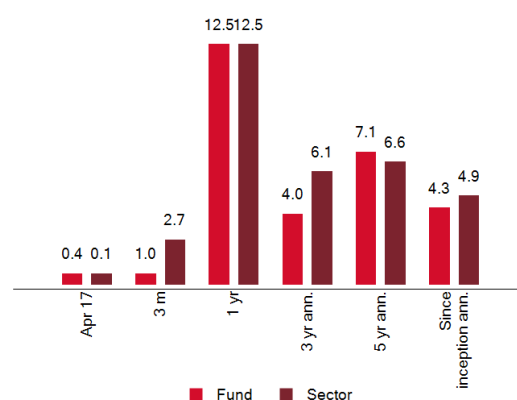
Investment process: Independent quantitative and qualitative research and analysis are key inputs in formulating top-down expectations and identifying investment opportunities. Face-to-face fund manager interviews extend this analysis. The approach incorporates a wide range of expertise across both conventional and non-conventional asset classes. Portfolio positioning and risk are formally reviewed on a weekly basis. Scenario analysis helps ensure that the asset preferences have appropriate risk/reward characteristics.

Key risks

The value of investments may fluctuate, causing fund prices to fall as well as rise, and investors may not get back the original amount invested. Currency exchange rate fluctuations may have an impact on the value of your investment. Investment trusts can borrow money which can then be used to make further investments. In a rising market, this can enhance returns to shareholders, however, if the market falls, losses will be multiplied. The Fund may use derivatives, mainly for efficient portfolio management purposes and to reduce risk. Investing in derivatives may carry the risk of substantial loss and increased volatility in adverse market conditions.

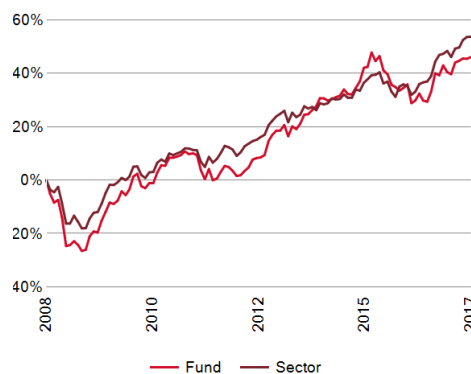
Fund performance (30 April 2017)

% Returns GBP



Note: 3-year, 5-year and since inception performance is annualised.

Cumulative performance (since inception)



Discrete annual performance (% returns GBP)

	01 Apr 16 - 31 Mar 17	01 Apr 15 - 31 Mar 16	01 Apr 14 - 31 Mar 15	01 Apr 13 - 31 Mar 14	01 Apr 12 - 31 Mar 13
Fund	9.9	-10.4	13.2	10.2	13.0
Sector	13.0	-2.4	8.5	3.6	10.3

Past performance is not a reliable indicator of future results.

Source: City Financial, Bloomberg and Morningstar Direct, as at 30 April 2017.

Notes: Fund performance represents the I Acc shares. Sector performance represents the IA Mixed Investment 20-60% Shares sector.

Top three contributors

Name	Asset class
Boost WTI Oil 3x Leverage Daily ETP	Alternative
VPC Specialty Lending Investments	Fixed income
Summit Germany	Property

Bottom three contributors

Name	Asset class
Ranger Direct Lending Fund	Fixed income
Third Point Offshore Investors	Alternative
VT Garraway UK Equity Market Fund	Equity

Performance summary

The Fund was up 0.4% and outperformed the IA OE Mixed Investment 20-60% sector average, which was up 0.1% over the month.

The key positive contributions came from physical holdings in the Boost WTI Oil 3x Leverage Daily ETP, the VPC Specialty Lending Investments and Summit Germany.

The key negative contributions came from physical holdings in the Ranger Direct Lending Fund, Third Point Offshore Investors and the VT Garraway UK Equity Market Fund.

Investment commentary

In the first part of April 2017, government bonds extended their earlier gains as investors became increasingly fearful about the potential for a crisis in North Korea, the risk of an adverse outcome in French elections and some moderation in US economic data. However, a strong start to the US earnings season and Emmanuel Macron's victory in the first round of the French presidential election triggered a sharp reversal in the final part of the month. Equities rallied, led by Europe, while safer-haven assets declined, including government bonds and the Japanese yen.

Over the entire month, most equity and fixed income markets were able to make solid headway in local currency terms. For UK investors, the returns from overseas assets suffered from significant strength in the pound sterling (up 3.2% versus the US dollar) after the Prime Minister called an early general election.

As a result, the MSCI World Index was down 1.7%, despite the outperformance from Europe where the MSCI Europe ex UK Index was up 1.1%. The S&P 500 Index was down 2.2%, the MSCI Japan Index was down 2.2% and the MSCI UK Index was down 1.7%. Emerging markets fared slightly better but still lost ground in GBP terms, as the MSCI Emerging Markets Index was down 1.0% and the MSCI AC Asia ex Japan Index was down 1.0%.

Government bond returns were positive in April despite their late weakness. Geopolitical and growth concerns were not fully resolved, which helped yields finish below their starting point for the month. The UK government 10-year bond yield was down 5bps at 1.1% and the US government 10-year bond yield was down 11bps at 2.3%. In credit, high yield bonds were modestly positive in local currency terms after rallying with risk assets in the final part of the month.

Commodity markets were mixed over the month. WTI crude oil was down 3.4% in US dollar terms but gold was up 1.5%, maintaining a positive correlation with government bonds.

Portfolio highlights

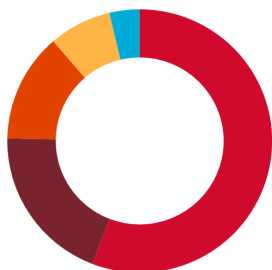
Key buys

Name	Asset class	Action	Description
Boost EURO STOXX Banks 3x Leverage Daily ETP	Equity	Increased	This exchange-traded fund is designed to provide three times the daily performance of the Euro STOXX Bank Index, which offers exposure to European ex UK banks. Our strategic view is that the global reflation dynamic from summer 2016 will morph into a sustainable upturn in global economic growth and inflation. We believe that the banking sector will be a key beneficiary, given relatively cheap starting valuations and the prospect of improved profitability if yield curves steepen as we expect. We increased the position after Macron's victory in the first round of the French election, on the view that it would trigger a rally in European equities.

Key sells

Name	Asset class	Action	Description
Edmond De Rothschild US Value & Yield	Equity	Decreased	The fund focuses on undervalued US equities and has performed very well since the market bottomed in February 2016. Whilst we continue to emphasise the value style within equities, we now believe that regions outside the US will outperform if the recovery is sustained. We trimmed this position to focus on opportunities in Europe and Japan.

Asset allocation



- Equity - 55.8%
- Fixed income - 19.5%
- Alternative - 13.4%
- Property - 7.6%
- Cash & other - 3.7%

Equities breakdown



- UK - 38.0%
- Europe - 20.7%
- Japan - 12.9%
- US - 12.6%
- Asia ex Japan - 3.8%
- Emerging markets - 3.7%
- Other - 8.3%

Top 10 holdings

Security	Asset class
Man GLG Japan CoreAlpha Equity Fund	Equity
Schroder European Alpha Income Fund	Equity
VPC Specialty Lending Investments	Fixed income
Third Point Offshore Investors	Alternative
Ardevora UK Equity Income Fund	Equity
Blackrock European Dynamic Fund	Equity
Polar Capital UK Value Opportunities	Equity
VT Garraway UK Equity Market Fund	Equity
Fidelity UK Opportunities Fund	Equity
CATCo Reinsurance Opportunities Fund	Alternative

Source: City Financial, Bloomberg and Morningstar Direct, as at 30 April 2017.

About City Financial

City Financial is a global independent investment management firm with US\$4 billion in group assets under management.

We currently offer nine differentiated alternative strategies alongside a long-only multi asset range.

We are authorised and regulated by the FCA in the United Kingdom, and registered with the SEC, NFA and CFTC in the United States, the SFC in Hong Kong, the MAS in Singapore, and the FINMA in Switzerland.

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Disclaimer

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Share class details

Share class	ISIN	Bloomberg	Entry charge	Annual Management Charge	Ongoing Charge Figure	Month-end share price
Class A Acc	GB00B28CC613	CFGMSAA	0.00%	1.50%	2.34%	135.20p
Class A Inc	GB00B28CCB60	CFGMSAI	0.00%	1.50%	2.34%	122.55p
Class I Acc	GB00B84XK441	CFMAIAC	0.00%	0.75%	1.43%	139.26p
Class I Inc	GB00B89R1H14	CFMABII	0.00%	0.75%	1.43%	127.85p
Class R Acc	GB00BF2H6830	CFMABRA	0.00%	0.75%	1.59%	120.60p
Class R Inc	GB00BF2H6723	CFMABRI	0.00%	0.75%	1.59%	112.89p

The table above shows a representative selection of investible Share Classes. For full Share Class details please refer to cityfinancial.co.uk.

The Ongoing 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 30 September 2016 and expense budgets effective at that date.

The AMC is the annual fee paid to the fund manager for the service and administration of the Fund.

About the investment team

City Financial's multi asset funds are managed by a dedicated investment team led by Mark Harris. The team brings together experts in macroeconomic research, fund analysis and manager selection, with the aim of adding value at each stage of the investment process. We believe their range of experience sets them apart from their peers.

Mark Harris, Head of Multi Asset

Mark is Head of Multi Asset at City Financial. Mark joined City Financial in October 2012 as part of the firm's acquisition of Eden Asset Management. He joined Eden in 2011 to head its multi asset business. Prior to that, Mark led a team of six at Henderson Global Investors managing over £2 billion in assets across a range of low-to high-risk mandates, having joined Henderson following its acquisition of New Star in 2009. He spent six years at New Star Asset Management managing a range of award-winning funds. Mark has a degree in Law and Economics from the University of Newcastle.

Anthony McDonald, Senior Investment Analyst

Anthony is a Senior Investment Analyst on the multi asset team. Anthony joined City Financial in 2013 from Morningstar OBSR, where he was a Senior Investment Research Analyst with lead research responsibility for a number of sectors, in particular fixed income, and played a leadership role in the group's consulting business. In this capacity, he was responsible for managing model portfolios and guided fund lists. He began working in the investment industry in 2007 following several years in political research. Anthony graduated from Oxford University with a degree in Philosophy, Politics and Economics in 2004.

Callum Stokeld, Fund Analyst

Callum is a Fund Analyst on the multi asset team. Callum joined City Financial in 2017 from an independent IFA firm where he was responsible for design and implementation of investment processes, including oversight of fund selection and asset allocation. Prior to this, he was responsible for fund manager research at a large advisory firm, having joined the investment industry in 2011. Callum graduated from the University of Glasgow with an honours degree in Law.