

Investment Objectives and Policy

The investment objective is to achieve an annual gross return of the Bank of England base rate + 4% over the full market cycle without the constraints of any fixed asset allocation parameters.

The investment policy is to invest in a diversified portfolio of assets which exhibit favourable risk-reward characteristics. The fund will invest mainly in collective investments including listed funds and investment trusts which at the time of investment will typically have several of the following properties:

- niche strategy which we cannot replicate
- exceptional investment management skills
- appropriate liquidity
- excellent long term risk-adjusted track record
- investment vehicle or underlying assets trading at a discount to NAV
- catalysts exist for a re-pricing of the fund or underlying assets
- low correlation to existing portfolio assets
- its addition will be complementary to the existing portfolio

Investment Manager's Commentary

The fund gained 1.1% in September. During the month we added to infrastructure, long-short equity strategies and special situations.

The Brexit vote was more than three months ago and it is interesting to observe that the FTSE All share has gained 10% since before Brexit and 17% from the sell off following the vote to leave the EU. The pound has fallen 12% versus the US dollar, contributing much to the gain in UK equities due to the large amount of foreign unhedged earnings of the larger constituents of the index. We wrote in May that it was not possible to forecast which way the vote would go or the effect of the vote on equity markets and the initial move down of 7% followed by the 17% rally bore this out.

The perseverance of lower interest rates is having an impact on company pension schemes in the UK. The key actuarial assumptions which companies have to use to calculate their liabilities are longevity and interest rates. Huge improvements in healthcare are extending our lives considerably and the discount rate used to present value the liabilities is related to long term gilt yields. This combination is causing increasing UK company pension deficits, pressuring corporate profits and dividend payouts. The clamour for companies to contribute more to their pension schemes is another headwind for equities. This situation favours smaller or newer companies who do not have a defined benefit pension scheme over the larger, older companies.

Our overall view remains unchanged and we retain a significant amount of liquidity, money in the form of gold and related securities, inflation protection through index linked cashflows and market neutral trading strategies.

David Ferguson
30th September 2016

Investment Information

Share Class	Class A Acc	Class A Inc	Class Z Acc	Class Z Inc
Price per share (p)	100.85	na	101.04	na
Shares in issue	23,731,489	0	3,816,902	0
Net Asset Value (£mm)	£23,933,206	£0	£3,856,597	£0
Dividends	Accumulation	Distribution	Accumulation	Distribution
Dividend dates	none	30/6 & 30/12	none	30/6 & 30/12
Currency	GBP	GBP	GBP	GBP
Asset management charge	1.00%	1.00%	0.00%	0.00%
Performance fee	none	none	none	none
Total expense ratio	1.68%	1.68%	0.68%	0.68%
Dealing	Daily at NAV	Daily at NAV	Daily at NAV	Daily at NAV
Minimum Investment	£1,000	£1,000	£1,000	£1,000
Investor eligibility	All	All	Activus clients	Activus clients
Availability	Open	Open	Open	Open
ISIN	GB00BYPKW395	GB00BYPKW288	GB00BYPKW627	GB00BYPKW510
MEXID	PXXXI	PXXXH	PXXXK	PXXXJ
Start date	19 Jul 2016	na	19 Jul 2016	na
Investment Manager	David Ferguson			
Administrator	MS Management Services			
Custodian	Northern Trust			
Auditor	Deloitte			
Fund Structure	UK domiciled UCITS			
	The Fund is open-ended.			
Further information	The Prospectus and Subscription Form can be obtained by contacting the investment manager or from the website www.activuswealth.co.uk			

Correlation measures how two securities move in relation to each other and the coefficient ranges from -1 (perfectly uncorrelated) to +1 (perfectly correlated). Correlations in this report are versus the FTSE All Share.

Beta measures the sensitivity of an investment to movements in the FTSE All share.

Alpha measures the additional annualised return after fees contributed by Activus and the asset managers in excess of the return predicted by the capital asset pricing model.

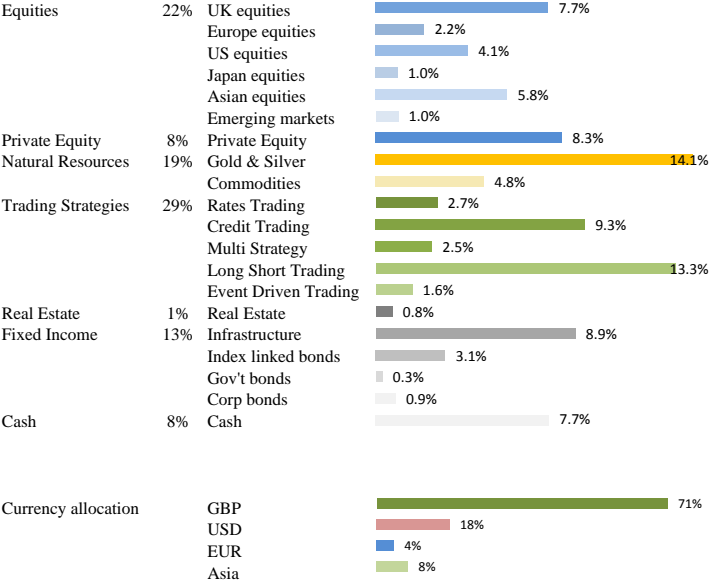
Largest Investments

BACIT	7.6%
Henderson Alternative Strategies	7.4%
Odey Absolute Return Fund	6.7%
Third Point	6.6%
Marlborough Special Situations	5.9%
Aberdeen Asian Smaller	5.2%
DW Catalyst	4.9%
BH Global	4.9%
BlackRock Gold & General	4.8%
Pantheon International	4.8%
Other investments	37.5%
Liquidity	3.7%
Total	100.0%

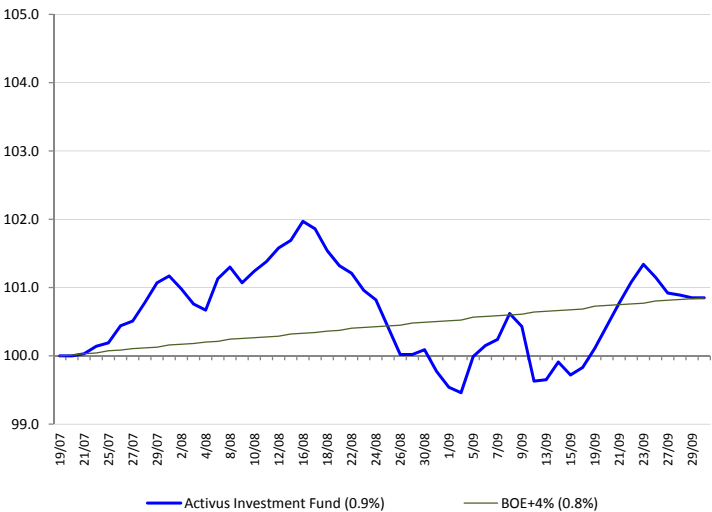
Performance

	A	Z
Annualised return	4.33%	5.31%
Cumulative return	0.85%	1.04%
Monthly return	1.08%	1.16%
Year to date return	0.85%	1.04%
Fund Metrics		
Correlation		
Historic Beta		
Current Beta	0.35	
Annual Alpha		
Volatility		
Maximum Drawdown	-2.46%	
Sharpe Ratio		

Asset Allocation



Performance of A Shares since July 19th 2016



Volatility is a measure of risk. Standard deviation is used which shows how investment returns have varied from the average return over a specific period.

Sharpe Ratio measures the excess return per unit of risk. It is calculated as the return in excess of a risk free rate divided by volatility.

BOE - Bank of England Base Rate

The information contained in this report should not be construed as investment advice and you should seek independent financial advice before making an investment decision. The views expressed herein reflect the views of Activus Wealth Ltd at the date of this document and should not be considered as a complete or thorough analysis of our market views. The prices, values and metrics in this report have been obtained or derived by Activus in good faith from public, private and internal sources including FE Analytics, the London Stock Exchange, account providers and internally created models. Activus believes the information to be accurate but does not assume responsibility for its accuracy. The value of and income from investments may fluctuate and past performance is not a guide to future performance, future returns are not guaranteed and a loss of original capital may occur.