

# Intellectually honest investment management



## Elite Hasley Tactical Growth Portfolio

31 March 2014

### Investment Aims

The aim of the Fund is to maximize the total rate of return on a rolling 12 month basis using a low risk approach.

### Why Invest?

- Target return 7%\* per annum (net of fees).
- Target volatility: 50% of the volatility of the FTSE 100 over any 12 month time period.
- Provides exposure to traditional value-based equity investment.
- Provides diversified exposure to a variety of hedge and absolute return strategies but crucially at a fraction of the cost.
- Unconstrained asset allocation allows increased flexibility (subject to Fund's investment powers).

*\*Target return estimates should not be considered a reliable indicator of future performance.*

### Fund Manager Commentary

In terms of performance, March was a little disappointing with the fund losing -1.56%\*, leaving it just a little ahead year to date, but still significantly in front of the FTSE100 which was down over the same period and is continuing to struggle in April.

We believe it is slowly dawning on investors that 'peak' US and UK quantitative easing (QE) is behind us; the question is not whether interest rates will increase during 2015, but when. During March, Fed Chair Yellen spooked the market with talk of a first US interest rate increase as soon as Q1 2015. But later, she was careful to emphasise that monetary policy would remain accommodative for an extended period of time. Combined with the ECB's mixed signals on whether or not QE might be deployed this year, the last 4 weeks have seen a pick-up in market volatility.

This volatility and loss of momentum is making investors question the relatively high valuations present in certain sectors of the market. Technology and mid-cap shares have led the recent sell-off. In contrast to emerging markets, which have more recently found support from value buyers, there is a long way down for these two sectors before they reach more normal valuations; in the circumstances, over-shooting to the downside is clearly a possibility.

We are in fact looking forward to the renormalisation of monetary policy as this will offer better returns to cautious investors. But there could be significant volatility along the way as markets rarely absorb increased risk premiums smoothly. Therefore we currently see no reason to change our cautiously positioned fund strategy. For example, our equity exposure is heavily skewed to the large cap segment, where we are still finding opportunities which are likely to offer good returns over the medium term, typically paying 3-4% dividend yields which are both sustainable and expected to grow over time.

In addition to the obvious question marks, such as how asset markets will respond to a normalisation of monetary policy, the situation in Eastern Europe could yet create a much larger market impact, even if it appears in no-one's interest to escalate the situation further. We are concerned that the US and Europe's desire for a European-leaning Ukraine is not yet matched by a sufficiently large economic commitment and for that reason the situation remains unpredictable.

As recent weeks have shown, market conditions can change suddenly. As the name "Tactical Growth" implies, the fund has an opportunistic mandate; if we can find the right risk/reward opportunities we will not hesitate to position the portfolio more aggressively.

\*Source: Hasley Investment Management to 31.03.2014

### Key Facts

Fund Manager	Alastair George
IMA Sector	Specialist
Sedol Number	B3KQYX9 (Class R) B9C65S1 (Class A)
Fund Size	£5.97m
Launch Date/ Price	02.02.09 at 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	112.73p (Class R)
Dealing Day and Time	Daily at 12 noon
Year End	30th June
Income Allocation	31st Aug, 28th Feb
Minimum 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.

### Contact Details

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## Performance (Retail Share Class)

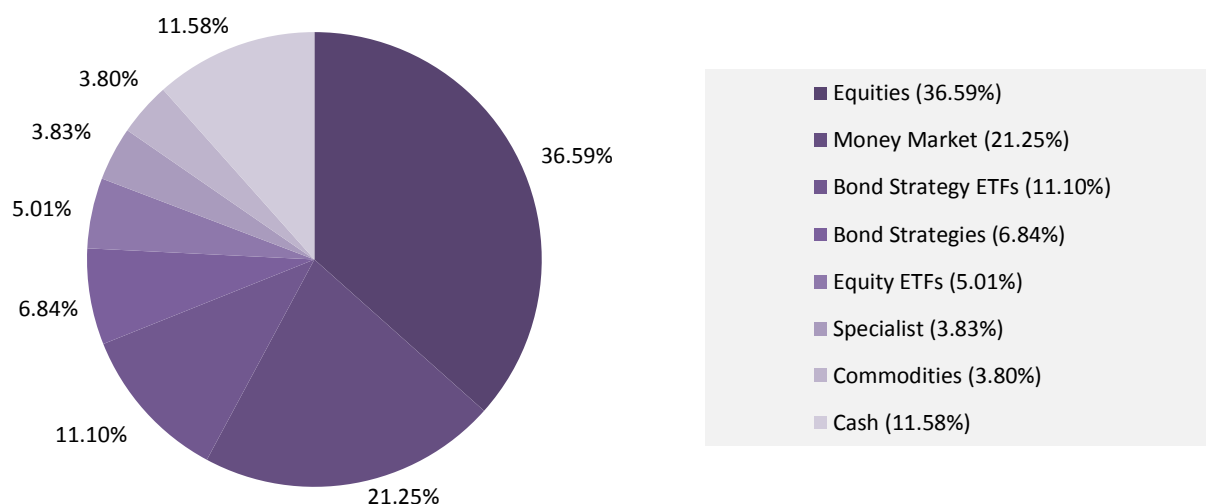
	1 m	3 m	6 m	1 yr	YTD	Since Launch
Tactical Growth	-1.56%	0.34%	0.35%	-1.90%	0.34%	12.73%

Source: Hasley Investment Management to 31.03.14

## Top Ten Holdings

Fund Name	Asset Class	%
BlackRock Sterling Liquidity Core	Money Market	12.63
PIMCO Sterling Short Maturity	Money Market	8.62
Scottish Widows 1% 12/11/2013 deposit	Cash	6.94
iShares FTSE UK All Stocks	Bond Strategy ETFs	4.94
iShares Markit Iboxx £ CB XF	Bond Strategy ETFs	4.16
EEA Life Settlements	Specialist	3.83
Gold	Commodities	3.80
iShares Emerging Market Dividend ETF	Equity ETFs	3.06
Unilever PLC	Equities	2.57
Go Ahead Group	Equities	2.50

## Asset Allocation



Source: Hasley Investment Management to 31.03.14

### IMPORTANT INFORMATION

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### 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.