

# PROTECTED INVESTING

## LOCK-IN UPSIDE. LIMIT DOWNSIDE.

### TAVISTOCK WEALTH COMMENTARY:

Investors continue to look past weak fundamentals, fresh travel restrictions and ongoing geopolitical tensions and drove risk assets ever higher throughout the month. In the US, the S&P 500 bucked a historically tough month to post fresh record-highs with the best August performance since the 1980s. Gains are increasingly concentrated to a handful of names with the top 5 companies accounting for approximately a quarter of the S&P 500s advance since late March. The MSCI World equity index rose 6.53% and the MSCI emerging market equity index lagged slightly, up 2.09%, following Donald Trump's executive order banning US companies from dealing with WeChat and TikTok, owned by Chinese firms Tencent and ByteDance. In fixed income, a poor 30-year US government bond auction and the release of Fed minutes from July ruling out yield-curve-control contributed to a notable steepening across the curve. Whilst short-dated yields remain firmly anchored, the 10 and 30-year Treasury yields rose 17 and 28bps respectively. In keeping with the risk-on sentiment, emerging market debt performed well and high yield outperformed investment grade corporates. In a speech

for the history books Jerome Powell also announced a significant change to the way the Fed conducts monetary policy by formally announcing average-inflation-targeting. This will allow inflation to run hot over the 2% target to ensure it averages at that level over time. As a result, inflation expectations also rose noticeably with the 10-year breakeven rate rising from 1.55% to 1.80%. Following two months of noticeable declines the US dollar index fell -1.29%, leaving the euro just shy of 1.20 and helping the pound rally 2.18% to 1.34. The pound also rallied on ongoing optimism that a trade deal can be struck with Europe and a less dovish than expected Bank of England which seemed to rule out negative interest rates. The weaker US dollar benefited commodities with the S&P Goldman Sachs Commodity Index up 5.41% led higher by Silver which rose 15.39%. The portfolios continue to perform well although there is growing concern that valuations are becoming stretched. Our strategy is to participate in the rally, but to do so tactically, whilst retaining our preference for high quality, liquid assets.

31/08/2020

NAV **90.95** Highest Ever NAV **100.61** Protected NAV **85.52**

### INVESTMENT PORTFOLIO EXPOSURE

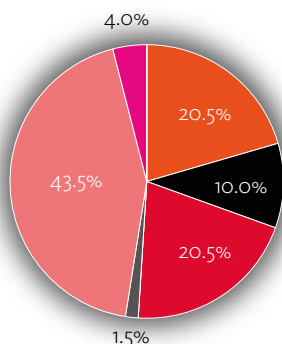
◀ Cash **0.70%**

Asset Portfolio **99.30%**

At times the portfolio may not be fully exposed to the underlying risk assets (Investment Portfolio), and may increase its exposure to cash. In addition, a proportion of the portfolio is invested in a put option, which is used to provide the 85% protection level. Depending on market performance this put option may reduce exposure to the Investment Portfolio. The above graphic shows the current exposure.

### INVESTMENT PORTFOLIO ALLOCATIONS

- Government Bonds
- Corporate Bonds
- Inflation-Linked Bonds
- Emerging Market Bonds
- Developed Market Equities
- Emerging Market Equities
- Cash

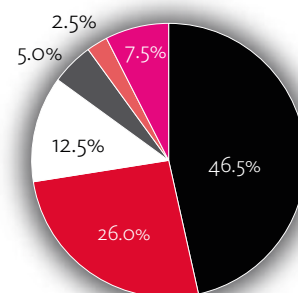


Date of data: 31/08/2020

The pie charts above show the asset allocation within the Investment Portfolio. The portfolio has a long-term volatility tolerance (fluctuations in the price of the portfolio) of 7% to 9%. In order to meet the volatility target,

### REGION ALLOCATION

- North America
- United Kingdom
- Europe ex UK
- Asia ex Japan
- Japan
- Rest of World



if markets become unsettled, the portfolio may reduce exposure to higher risk investments and increase exposure to lower risk investments such as cash and bonds.

The ACUMEN Income-Protection Portfolio launched on the 17th of May 2018. For simulated past performance data, please refer to the marketing brochure. The marketing brochure can be found at [www.tavistockwealth.com/acumen-income-protection-portfolio](http://www.tavistockwealth.com/acumen-income-protection-portfolio). The value of an investment in the ACUMEN Income-Protection Portfolio may fall as well as rise. Past performance should not be seen as an indication of future performance. Source of data: Tavistock Wealth Limited, Thomson Reuters and Lipper for Investment Management unless otherwise stated. The asset allocation relates to the investable assets at the time of print.

## OBJECTIVES AND INVESTMENT POLICY

The portfolio aims to deliver long term capital growth and achieve a common protection level. The common protection level is 85% of the highest Net Asset Value (NAV) ever achieved. The NAV is the value per share and is calculated daily. The portfolio will take exposure to fixed income instruments, equities, foreign exchange and alternative assets including ETFs and UCITS eligible indices and cash. The allocation to cash is variable and aims to control risk (measured by volatility) by increasing the allocation when necessary, with the aim of maintaining the annualised volatility at or below 9%. The portfolio will also achieve protection using derivatives, which will be provided by Morgan Stanley & Co. International Plc (Morgan Stanley). In addition, Morgan Stanley has issued a guarantee to the portfolio to ensure investors achieve the common protection level upon redemption. Costs incurred in implementing the investment policy will have a negative effect on performance. Any income will be re-invested and the portfolio will not pay any dividends. The value of the portfolio is calculated and published daily and investors can buy and/or sell back their shares daily. The investment manager is FundLogic SAS, a management company authorised by the Autorité des Marchés Financiers, and the sub-investment manager is Tavistock Wealth Limited, who are authorised and regulated by the Financial Conduct Authority. The Fund Company is regulated by the Central Bank of Ireland.

## THIRD-PARTY RISK RATING

The portfolio has been independently risk profiled by Dynamic Planner and Defaqto:



Investment strategy managed by:



Constructed by Tavistock primarily investing in:



With protection provided by:



## INVESTMENT MANAGEMENT

The Investment Manager is FundLogic SAS, a member of the Morgan Stanley group. The Sub-Investment Manager is Tavistock Wealth Limited. John Leiper, CFA, CFTe, is the Chief Investment Officer of Tavistock Wealth and carries direct responsibility for all discretionary investments at the firm. Together with the portfolio management team, they manage the risk progressive range of ACUMEN Portfolios (UCITS funds) and the Tavistock PROFILES (model portfolios).

## SHARE CLASS

Class A Shares  
Annual Management Charge - 1.00%  
Ongoing Charges Figure - 1.24% (Estimated - inclusive of the AMC)  
Transaction Costs - 0.125%  
Sedol Code - GBP: (BG032B5)  
ISIN Code - GBP: (IE00BG032B54)

## KEY RESPONSIBILITIES

Investment Manager - FundLogic SAS  
Sub-Investment Manager - Tavistock Wealth Limited  
Protection Provider - Morgan Stanley & Co. International Plc  
Fund Company - FundLogic Alternatives plc  
Depositary - Northern Trust Fiduciary Services (Ireland) Limited  
Administrator - Northern Trust  
Custodian - Morgan Stanley & Co. International Plc  
Registrar - Northern Trust  
Auditor - Ernst & Young LLP

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REVOLUTIONARY THINKING

The value of investments held in the ACUMEN Income-Protection Portfolio may fall as well as rise. Past performance should not be seen as an indication of future performance. There is no assurance that the portfolio will achieve its investment objectives. The risk factors set out in the Key Investor Information Document (KIID), the Prospectus and the marketing brochure apply. The KIID and Prospectus can be found at [www.tavistockwealth.com/corporate-literature](http://www.tavistockwealth.com/corporate-literature). The marketing brochure can be found at [www.tavistockwealth.com/acumen-income-protection-portfolio](http://www.tavistockwealth.com/acumen-income-protection-portfolio). At times the portfolio may not be fully invested in the underlying risk assets. The phrase "lock-in upside" relates to a protection level which is 85% of the highest value ever achieved by the portfolio. If the portfolio value increases above the previous portfolio high then 85% of any such upside is protected. The phrase "limit downside" relates to at least 85% of an initial investment being protected by Morgan Stanley. Throughout this factsheet, when we refer to the term portfolio we mean the ACUMEN Income-Protection Fund.

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It has been prepared solely for informational purposes and does not seek to make any recommendation to buy or sell any particular security (including shares in the Fund) or to adopt any specific investment strategy. Any use of this document by a financial intermediary is restricted to clients for whom the information in this document and an investment in shares of the Fund has been considered to be suitable by that financial intermediary in view of that client's situation and purpose, subject always to the applicable regulatory standard. If such a client considers an investment in shares of the Fund, he/she should always ensure that he/she has satisfied himself/herself that he/she has been properly advised by that financial intermediary about the suitability of an investment. All of the information contained in this document has been prepared and is communicated by Tavistock Wealth. 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