

# PROTECTED INVESTING

LOCK-IN UPSIDE. LIMIT DOWNSIDE.

## TAVISTOCK WEALTH COMMENTARY:

During the month, the US Federal Reserve's Open Market Committee voted unanimously to raise interest rates by a quarter point and forecast two further rate hikes next year. Jay Powell, Fed chairman, remains very upbeat on the US economy stating he saw no need to reduce the pace of quantitative tightening from the current 'autopilot' setting. Investors, accustomed to a more supportive Fed, had been expecting a more dovish outlook and markets sold-off as a result. In the US, the Nasdaq 100 fell into bear market territory, whilst across the Atlantic, the Stoxx Europe 600 fell to a 2-year low. The US dollar fell against a basket of currencies, pricing in a shallower path for future interest rate rises. The US government yield curve flattened to just 9bps, based on the spread between 2 and 10-year Treasuries, its lowest level in over a decade. Meanwhile, investment grade and high yield corporate bond spreads continued to widen. The risk-off environment, fuelled by concerns over a slowing global economy,

drove Brent oil to its lowest level in 15-months, closing at \$50.47 per barrel. The Bloomberg Commodity Index, which reflects a broad basket of commodities, fell -6.72%. Safe-haven assets cushioned against some of the losses. The Japanese yen rose 3.44% against the US dollar and gold has rallied more than 9% since mid-August, finishing at \$1,282.73 per ounce. It has been a very difficult end to the year, and the month of December will go into the history books as one of the most volatile on record. 2018 was a roller-coaster year for bond, equity, commodity and currency markets. For many, it was a timely reminder that after years of nothing-but-positive returns, markets can go down as well as up. Overall, the portfolios performed in line with our high expectations and we are well positioned heading into next year. Wishing you all a successful and prosperous 2019!

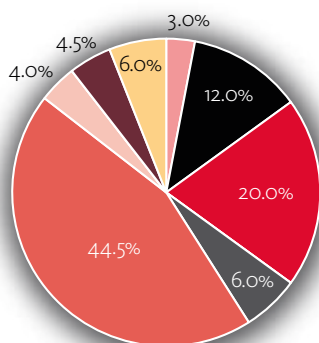
31/12/2018 NAV **94.61** Highest Ever NAV **100.61** Protected NAV **85.52**

The pie charts below show the asset allocation of the ACUMEN Income-Protection Portfolio (AIPP). The portfolio has a long-term volatility target of 7% to 9%. In order to meet the volatility target, 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. In addition, a proportion of the portfolio invests in a put option, which is used to provide the 85% protection guarantee. The percentage invested in the put option will vary depending on market performance:

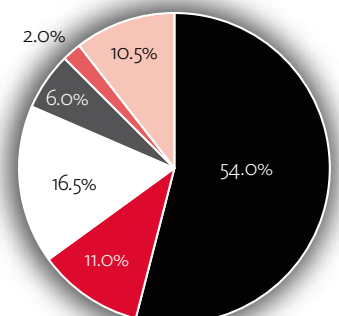
### ASSET EXPOSURE

- Corporate Bonds
- Emerging Market Bonds
- Developed Market Equities
- Emerging Market Equities
- Property Equities
- Put Option
- Cash



### REGION ALLOCATION

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



Date of data: 31/12/2018

## 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:



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. Christopher Peel is the Chief Investment Officer of Tavistock Wealth and carries direct responsibility for all discretionary investments at the firm. Together with John Leiper, CFA, Head of Portfolio Management, and the portfolio management team, they co-manage the investment exposure of the ACUMEN Income-Protection Portfolio.

## SHARE CLASS

Class A Shares  
 Annual Management Charge - 1.00%  
 Ongoing Charges Figure - 1.38% (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  
 Guarantor - 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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