

# Cautious Multi Asset Fund (USD)

Formerly International Reserve Fund (USD)

Q1 2016 Fact Sheet



## Fund Manager



### Stephen Dowds

Before he joined Hume Capital, Stephen was head of Northern Trust Global Investors' active International Equity group. Prior to this he was Managing Director and Chief Investment Officer at Dryden Capital Management (a division of Prudential-Bache International). A graduate of the University of St Andrew's with an MA in Economics with International Studies, Stephen is also an Associate (ASIP) of the CFA UK.

## Market Background

Bewildering – that might be the best word to summarise the first quarter in markets. Having seen the US Fed finally set a clear path for the “normalisation” of its benchmark interest rate in December, investors entered the year with the expectation that we would see four rises of 25bps in the next twelve months. By late January, however, all bets were off, with many forecasting no more rises and some even believing that there would have to be a reversal of the December rise! Weak economic indicators and renewed fears for the robustness of the European banking system, combined with collapsing oil prices all played their part in shredding investors' nerves such that by the end of January, the yield on US 10 year Treasuries had fallen back to 1.9% and equity markets had fallen roughly 10%. Curiously, with fears of deflation rife, the only asset which showed meaningful strength was gold.

Then, despite the emergence of another risk to the structure of the EU (i.e. “Brexit”) markets turned. Oil prices staged a rally, assisted by talk of OPEC production restraint, the US Dollar rose as slightly better economic numbers emerged and, talking of things Emerging, those markets also began to recover some of their previous sharp falls. By the end of the period the prices of many asset classes had recovered back almost to the level at which they started the quarter with the notable exception of high yield credit markets in the US and Europe which struggled as retail investors in the US and hedge funds liquidated positions.

## Portfolio Analysis

### Fund Holdings (%)

Federated Sterling Cash Plus USD 3 Acc-SU3-G	76.9
Federated Short-Term U.S.Prime Fund	2.4
NB Global C £ Red C Shares NPV	7.2
Providence Hume Fixed Inc C USD PREF	2.7
Providence Hume Fixed Inc C2 USD PREF	3.4
Providence Hume Fixed Inc C3 USD PREF	2.5
Carador Income Fund	4.7
Cash	0.2
<b>Total</b>	<b>100.0</b>

## Fund Aim

The Fund aims to provide liquidity and principal preservation, with an emphasis on seeking returns that are superior to those of traditional money market offerings.

## Fund Approach

The Fund will normally invest in a portfolio of funds, in the main money market and cash plus funds, any of which may account for up to 100% of the portfolio. Bond funds with an average duration of less than three years may also be included.

## Fund Facts

Structure	OEIC
Domicile	Guernsey
Dealing	Daily
Launch Date	19 June 1980
Benchmark	7 Day US\$ Libid
Sector	Lipper Global Money Market: Money Market USD
Fund size	US\$12.6m

## Fund Price

USD	87.43
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## Availability

Direct Investments  
Wrap Platforms  
Life Office Bonds

# Cautious Multi Asset Fund (USD)

## Performance and Activity

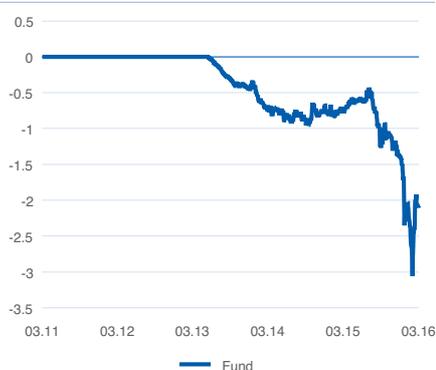
### Fund Performance and Activity

The Fund returned -0.7% over the period compared with the return of 0.10% from USD cash and 0.01% from the Lipper peer group. The major cause of the underperformance was the Carador Fund, the price of which fell following the weakness in the prices of the underlying loans within its portfolio. This offset the positive contribution from the Providence Fund and the Federated Cash plus fund.

### Strategy and Outlook

The extraordinary lurching from one view of the interest rate outlook to another that we saw during the first quarter, will, hopefully, not be repeated. However, the fact that expectations for the next US rate rise went from December 2016 to April 2016 and then, following Janet Yellen's latest testimony, back to September gives one an indication as to the nervous state of markets. We continue to expect that the Fed will increase rates but, like most others, now believe that this will occur at a slower rate than before. Our strategy remains cautious. We continue to avoid longer duration paper as we do not believe it offers good value, though in the short term, should the fears of the first quarter return, it might become more expensive.

### Five Year Performance (%)



### Cumulative Performance (%)

	YTD	1m	3m	6m	1y	3y	5y
Fund	-0.70	0.63	-0.70	-0.87	-1.32	-2.08	-2.08

### Discrete 12 Month Performance (%)

	31.03.15	31.03.14	29.03.13	30.03.12	31.03.11
Fund	-1.32	-0.02	-0.74	0.00	0.00

Source: Lipper, total return, mid to mid, excluding the effect of initial charge, income reinvested gross of UK tax, in USD, to 31.03.16. Copyright 2016 © Lipper, a Thomson Reuters company. All rights reserved.

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Please note that the value of funds and assets (and the income from them) may go down as well as up and may be affected by, amongst other things, changes in rates of exchange. Past performance is not indicative of future performance. An investor may not get back, on redemption or otherwise, the amount invested. Performance is calculated on a total return basis in the currency of the Fund.

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(USD)

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