

# Hume European Multi-Asset Fund

Q2 2015 Fact Sheet



## Fund Manager



### Stephen Watson

A Senior Portfolio Manager with over 22 years experience, Stephen was responsible for European accounts at Northern Trust, whilst co-lead with Stephen Dowds on the International Growth Fund. Prior to that he was a Director at Framlington in charge of building-out the firm's European funds. His sector specialities include industrials, energy, materials and oil. Stephen has a BA (Hons) in Politics from Durham University.

## Strategy and Outlook

It was a volatile quarter in Q2 2015 following the very strong first quarter. Fixed income markets sold off as US Fed officials pointed to a rise in rates later in the year, ten year yields moving back up towards 2.5%. While the Greek crisis dominated headlines in June as the Tsipras government in Athens rushed to avoid bankruptcy with payments to the IMF and ECB totalling €10bn needing to be paid. Corporate earnings continued to be perform up to or better than expectations and with oil prices retreating global consumer spending is drive upgrades in global GDP forecasts.

We continue to be broadly constructive on the outlook for equity markets while in fixed income we prefer corporate loans and bonds to government debt. Government bonds overall we believe remain vulnerable to capital losses as the anticipated tightening in US interest rates looms later in 2015. Elsewhere emerging market bonds and property remain attractive while in commodities we are very selective preferring soft commodities like corn to oil and metals.

## Portfolio Analysis

### Asset Mix (%)

European Equities	37.1	<div style="width: 37.1%;"></div>
Global Equities	28.1	<div style="width: 28.1%;"></div>
Property	12.1	<div style="width: 12.1%;"></div>
Fixed Income	7.2	<div style="width: 7.2%;"></div>
Alternatives	7.0	<div style="width: 7.0%;"></div>
Asian Equities	5.2	<div style="width: 5.2%;"></div>
UK Equities	2.5	<div style="width: 2.5%;"></div>
Commodities	2.0	<div style="width: 2.0%;"></div>
Cash	-1.2	<div style="width: -1.2%;"></div>

### Top Ten Holdings (%)

Hume European Opportunities Fund Institutional B Class	21.2
Hume Global Equity Fund	12.4
Hume Global Opportunities Fund	10.9
Ishares Euro Dividend	8.8
Lyxor UCITS Select Dividend 30	7.1
Global Mena Financial Assets	7.0
Starwood European Real Estate	3.5
Primary Health Properties	3.2
Aberdeen Asian Income Fund	3.1
Blackstone/GSO Loan Financing Fund	2.9
<b>Total</b>	<b>80.1</b>

**Total Number of Holdings** 28

## Fund Aim

The objective of the Fund is to achieve capital growth by investing in units or shares of investment funds which invest in any or all geographical or economic sector or sectors of the world, mainly within Europe, including the UK.

## Fund Approach

With a fund of funds approach, the Fund makes strategic allocations using in-house funds and best in class external funds. Short term tactical changes are made using ETFs. Up to 20% in value of the Fund may be invested in investments other than funds.

## Fund Facts

Structure	OEIC
Domicile	Guernsey
Dealing	Daily
Launch Date	5 March 2001
Sector	Lipper Global Equities: Equity Europe
Fund Size	€8.6m

## Fund Price

EUR	12.74
GBP	13.55

## Availability

Direct Investments  
Wrap Platforms  
Life Office Bonds

# Hume European Multi-Asset Fund

## Performance and Activity

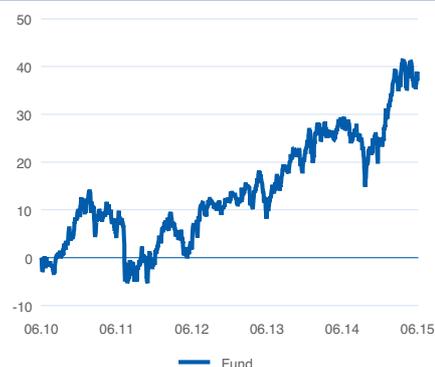
The fund rose 0.5% in Q2 in 2015 and rose 7.9% for the year.

We added to our holdings in several high yielding blue chip equities, such as UK property company Intu Plc and real estate lender Starwood European Real Estate Finance. We also added a holding in Primary Healthcare Properties. On the sell side we sold our position in the IShare oil and gas exchange traded fund following the lift in the oil price.

### Global profits - the gift that keeps on giving

Global profits have been on a roll for years and naysayers who have consistently proclaimed the death of the profits cycle have been so far proven wrong. A commonly used measure of profitability, the return on equity earned by the average US company, has been maintained at close to 20%. Bears had argued for years that this was unsustainable but the proportion of revenues going to profits has stayed high while commodity and labour costs have stayed subdued or even fallen. In fact whether it's Amazon, Apple, or Facebook, US profits have continued to surprise on the upside. And it's not just in the US. European companies like Daimler and LVMH and Asian companies like Hutchison Whampoa continue to report strong earnings. The outlook too is positive in our view. The collapse in oil prices is providing a tailwind for both consumers and companies and we believe corporate profits will continue to be robust. Sectors like growth in biotech, fine chemicals driven by lower oil prices and media driven by the need for higher value added content are behind this dynamic.

## Five Year Performance (%)



## Cumulative Performance (%)

	YTD	1m	3m	6m	1y	3y	5y
Fund	9.8	-2.5	0.5	9.8	7.9	34.6	37.0

## Discrete 12 Month Performance (%)

	30.06.14	28.06.13	29.06.12	30.06.11	30.06.10
Fund	7.9	16.0	7.5	-3.3	5.3

Source: Lipper, EUR, total return, mid to mid, excluding the effect of initial charge, income reinvested gross of UK tax, in EUR, to 30.06.15. Copyright 2015 © Lipper, a Thomson Reuters company. All rights reserved.

## Important Information

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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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## Literature

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**Codes** (EUR)

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