Brunsdon™

INSURANCE AND FINANCIAL SOLUTIONS SINCE 1932

# IFSL BRUNSDON ADVENTUROUS GROWTH FUND (Retail Accumulation)

## FUND FACTSHEET 31 MARCH 2013

### FUND OBJECTIVE AND POLICY

The Fund will aim to increase the value of your investment over the medium to long term.

The Fund is actively managed and is known as a 'fund of funds,' which means that it invests mainly in other investment funds. The Fund uses rigorous performance analysis and risk management techniques when selecting its investments on an ongoing basis. The targeted funds, in turn, invest in a mixture of shares, tradable debt (bonds) and debt issued by UK and overseas governments (UK and overseas gilts).

The Fund aims to have a higher than usual level of volatility over the medium to long term. Volatility is the measure of the movement in the price of the Fund's shares over a period of time. Very broadly, a fund with a higher level of volatility is considered a higher risk investment than one with a lower level of volatility.

The Fund may use financial contracts (derivatives) to manage risk, reduce costs and improve results.

Income is not distributed but is rolled up (accumulated) into the value of your investment.

You can sell all or part of your investment whenever you like, subject to the minimum holding requirements.

### INVESTMENT STRATEGY

The Adventurous mandate is looking to target a LIBOR* + 5% return (net of fees) per annum on a rolling three year time horizon. As this mandate is looking to target a return in excess of long-term equities, a higher level of market participation than is usually seen in institutional mandates will be employed. The Adventurous mandate's asset allocation will therefore have a reduced core of diversified assets with an added allocation of a basket of risk assets. This increased level of market exposure in asset classes that SLW deems favourable, provides the potential for the increased return performance required. The alpha generation† target for the Adventurous mandate has been set at a level of between 1 and 2%.

The funds selected to be used within this mandate are slightly more aggressive in nature than core funds and will typically operate with a tracking error of between 3 and 8%. These funds are selected for their robust and repeatable investment process within a strong risk framework, but due to their more aggressive nature will tend to have a slightly more volatile return profile.

** LIBOR (London Interbank Offered Rate) is the average interest rate that leading London banks charge when lending to other banks.*

*† Out-performance of the benchmark*

### INVESTMENT MANAGERS' MARKET REVIEW

**Darren Ripton**
Head of Investment Process

**David Sullivan**
Senior Portfolio Manager

**Background**

The first quarter of 2013 has brought with it some significant political and economic events and yet markets have barely flinched. In the US, public spending cuts are now in effect and are to be spread over the coming decade. The cuts could potentially have a significant and long term negative effect on US growth, but the US equity market has taken the news in its stride and continued its upward momentum.

In the UK our AAA credit rating was downgraded by Moodys. The equity markets were unmoved by the news, but sterling has however felt the impact more and has fallen significantly v. the US dollar and Euro to its lowest level in 2 years. Of course, the weaker currency suits UK industry very well.

The Cyprus situation was potentially the most significant story for the quarter. Cyprus represents only about 0.2% of GDP of the EU total, so the impact of a banking failure or, in the worst possible scenario, an exit from the Euro would have a relatively minor direct impact. However the precedent that this would set could have far wider implications. In the event, a solution was found but there is a sense that this is just the beginning of the next significant chapter of the euro zone crisis.

**Fund Strategy**

Against such a difficult economic and political backdrop, uncertainty continues with regard to most major economies. We remain convinced that a risk-managed portfolio strategy will reward investors during this time.

The US economy is in relatively good shape and appears to be an attractive investment proposition for the coming period, so we have increased US Equity market exposure within our portfolios through holdings within the SIA fund.

Since the beginning of the year the IFSL Brunsdon Funds have performed well with the support of strong developed equity markets. The US $ v Euro trade has been a clear winner. Despite the Euro strengthening v. the Dollar in January, all gains and more have been erased over recent months, as investors sold out of the Euro to avoid the associated risks, in favour of the safe haven status of the US Dollar.

Another positive currency trade has been the outperformance of the US $ v. the Canadian $. This strategy is looking to exploit the safe haven nature of the US currency v. the commodity-exposed characteristics of the Canadian equivalent. With commodities typically benefitting in times of global growth, it is perhaps unsurprising that this strategy has paid off over the quarter.

It is worth noting that we have continued to hedge out the majority of the European equity risk from the funds, until such time as we become more confident of the economic, political and corporate risks that we currently see.

In terms of the future, we expect to see the economic data from the US continuing to improve, with unemployment falling and the housing market rising, which will boost consumer confidence.

We remain cautious on Europe. With no clear political leadership at this time, Italy could find itself technically precluded from any rescue financing should it be required. In Cyprus we have been reminded of the risks that still remain in the financial sector and our strategy of hedging out the risk associated with the European financial sector feels well founded. Chances of a policy error in Europe are high and even the smallest trigger has the potential to destabilise the European situation.

While we find ourselves in volatile times, we should remember that the volatility management strategies that we hold within the funds have the ability to shield us from the worst of the potential risks that we can foresee. With this in mind we remain cautiously optimistic for the months to come.

## IFSL BRUNSDON ADVENTUROUS GROWTH FUND:
Performance since inception (3 October 2011)

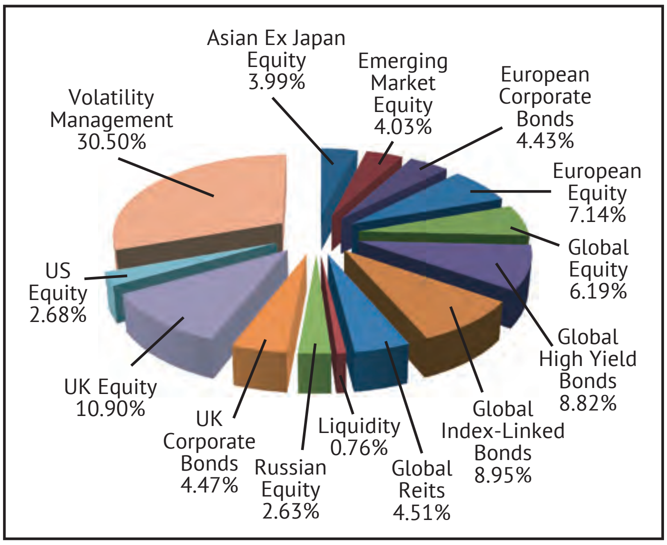

| Discrete 1 year performance, 31/3/12 - 31/3/13 | Performance from inception, 3/10/11 - 31/3/13 |
|---|---|
| 6.00% | 11.9% |

*Please Note: 5 year discrete data is not yet available as Fund was not launched until 3/10/11*

## INVESTMENT HOLDINGS AS AT 31 MARCH 2013

| Security Name | Weight |
|---|---|
| BNY MELLON FUND MGRS NEWTON ASIAN INC INST ACC | 2.40 |
| FIL INVST SERV UK FID SOUTH EAST ASIA Y ACC | 1.59 |
| ABERDEEN UT MGRS EMERGING MRKTS A ACC | 4.03 |
| M&G SEC EUROPEAN CORP BD GBP A ACC NAV | 2.21 |
| STANDARD LIFE INVST EUROPEAN CORPORATE BOND A E | 2.22 |
| CAZENOVE INVST FUND MGMT EUROPEAN ACC FUND CLS X GBP | 2.68 |
| STANDARD LIFE INVST EURO EQTY GTH INSTL SHS CLS | 2.67 |
| SCHRODER UNIT TST INSTL EUROPEAN I ACC | 1.79 |
| SCHRODER INSTL GBL EQTY I ACC | 2.16 |
| BNY MELLON FD MGRS NEWTON GBL HIGHER INC INST ACC GBP | 4.03 |
| PIMCO FUNDS GBL INVESTORS GBL HIGH YLD BD FD INST GBP DHGD | 8.82 |
| STANDARD LIFE INVST GBL INDX LKD BOND INSTL ACC NAV | 6.25 |
| PIMCO GBL INVRS GBL REAL RTN BD INS GBP | 2.70 |
| SCHRODER GBL PROPERTY SEC FUND GBP | 4.51 |
| CASH | 0.76 |
| DB X TRACKERS MSCI RUSSIA CAPPED INDX UCI | 2.63 |
| M&G STRATEGIC CORPORATE BOND GBP A ACC | 1.49 |
| INVESTEC MGRS STRATEGIC BOND I NET GBP DIS NAV | 1.49 |
| FIL INV SVCS UK INSTL UK CORP BD GROSS NAV | 1.49 |
| INVESTEC FUND MGRS UK VALUE FUND ACC | 3.31 |
| STANDARD LIFE INVST UK SMALLER COS ACC INST | 1.60 |
| CAZENOVE INVST FUND MGMT UK OPPS X ACC INSTL NAV | 3.82 |
| AEGON ASSET MGMT UK EQTY B INSTL ACC NAV | 2.17 |
| THREADNEEDLE INVST AMER SELECT INST GBP | 2.68 |
| SIA FUND GBP | 30.50 |
| **TOTAL** | **100%** |

## ASSET ALLOCATION




## SERVICE PROVIDERS

| | |
|---|---|
| Investment Manager | **Standard Life Wealth** |
| Authorised Corporate Director | **Investment Fund Services Ltd.** |
| Depositary | **NatWest** |
| Auditor | **Ernst & Young LLP** |
| Administrator/Custodian | **BNP Paribas Securities Services** |
| Registrar | **Marlborough Fund Managers Ltd.** |

## FUND INFORMATION

| | |
|---|---|
| Launch date | 3rd October 2011 |
| Fund size as at 31 March 2013 | £14.4 million |
| SEDOL Code | B3S29W3 |
| Annual Management Charge (AMC) | 1.05% |
| Ongoing charge* | 2.26% |

** The ongoing charge represents all the costs declared by the fund manager, including the annual management charges, and expresses them as an annual percentage. This includes everything from fund management costs, through audit, legal and custody fees to all 'other' running costs and can vary from year to year, as it depends on the percentage of the overall fund size. The figure quoted here is the ongoing charge for the period ended 31 August 2012 and is also a 'synthetic ongoing charge' which takes into account the costs borne by the Sub-Funds through holdings in the underlying funds.*

**View latest real-time market snapshot at:** [www.bloomberg.com/quote/IFSAGRA:LN](www.bloomberg.com/quote/IFSAGRA:LN)

## IMPORTANT INFORMATION

Please note that past performance is not a reliable indicator of future performance. The value of your investment and any income from it can go down as well as up. You may not get back the amount originally invested. Please also note that tax treatment depends on individual circumstances and may be subject to change in the future. The information in this Fact Sheet does not constitute advice or recommendation and does not form part of any contract for the sale or purchase of any investment. Potential investors should read the Key Investor Information Document before investing. The Prospectus is available on request.

## INVESTMENT FUND SERVICES LTD (IFSL)

Investment Fund Services Limited (IFSL) acts as Authorised Corporate Director (ACD) and provides fund hosting services to the Brunsdon Investment Funds. IFSL is authorised and regulated by the FCA. IFSL was acquired by UFC Fund Management PLC (UFC) in December 2012. UFC's subsidiary Marlborough Fund Managers Ltd. has been active as ACD for its own fund range and for a number of third-party funds for over 25 years, and its administration services have earned a reputation for excellence. Registered Office: Marlborough House 59 Chorley New Road Bolton BL1 4QP Registered in England No. 06110770

IFSL
A Marlborough group company