

TM Fulcrum Diversified Absolute Return Fund



31 March 2024

C GBP Share Class (GB00B7N2VD17)

This is a marketing communication for professional investors only

Investment Objective

The TM Fulcrum Diversified Absolute Return Fund aims to achieve long-term absolute returns of inflation + 3% to 5% in all market conditions over rolling five year annualised periods, with lower volatility than equity markets. In doing so the Fund aims to achieve a positive return on a rolling three year basis.

Performance



The track record shown represents TM Fulcrum Diversified Absolute Return Fund, Class C GBP (representative share class). Source: third party administrator. Prior to 01/04/12 the track record represents the net total return from the Fulcrum Diversified Absolute Return strategy, source Fulcrum Asset Management LLP. Past performance is not a guide to future performance and future returns are not guaranteed. This Fund cannot be purchased by US investors.

Returns (Periods over 1 year are annualised)

	March	3 Months	1 Year	3 Years	5 Years	Since Inception
Total Returns (%)	2.9	4.8	8.5	4.4	4.3	3.6

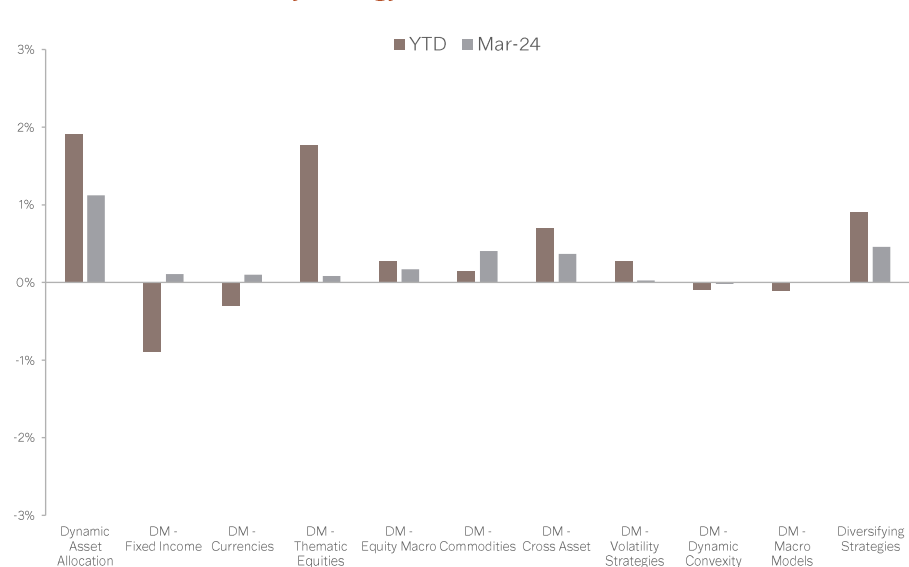
Calendar Year Returns

	YTD	2023	2022	2021	2020	2019
Total Returns (%)	4.8	0.9	6.0	3.2	5.1	5.0

12 Month Rolling Returns to March

	2024	2023	2022	2021	2020
Total Returns (%)	8.5	-3.1	8.3	7.6	0.7

Performance contribution by strategy¹



Source: Fulcrum Asset Management LLP

¹DM represents Discretionary Macro Strategies

Key Facts

Legal Structure	OEIC (UCITS)
Domicile	United Kingdom
Fund Launch	26/03/2012
Fund AUM	£618m
Strategy AUM	£5.2bn
Company AUM	£6.1bn

Share Class

Share Class	C GBP
ISIN	GB00B7N2VD17
AMC	0.75%
Ongoing Charge	1.17%
Currency Classes	GBP, USD, EUR, CHF, AUD

Fund Facts

Authorised Corporate Director	TUTMAN LLP
Transfer Agent	FNZ TA Services Limited
Administrator	J.P. Morgan Europe Limited
Custodian	J.P. Morgan Bank N.A (London Branch)
Depository	NatWest Trustee and Depository Services Limited
Auditor	Deloitte LLP
Pricing	Daily
Dealing Frequency	Daily, 12:00 GMT
Report Date – Annual	31-March
Report Date – Interim	30-September



The FE fundinfo Crown Rating relates to this fund. The rating is supplied by the respective independent rating agency and is the latest available at the time this factsheet was issued.

Past performance is not a reliable indicator of future results.

Market commentary

March saw a continuation of recent trends, with a further improvement in market sentiment alongside an acceleration in global economic activity.

In the US, inflation remained higher than expected, with strong data on household consumption, private investment, and business confidence. Federal Open Market Committee (FOMC) officials maintained a generally dovish tone, expressing some concern at recent inflation readings and emphasizing that strong growth gives space to delay cuts if necessary. Expectations for rates remained consistent with three 25bps cuts this year.

In Europe, policymakers faced a more benign inflation outlook alongside substantially weaker economic activity, leading European Central Bank (ECB) officials to talk of swiftly reducing interest rates. Similarly, members of the UK's Monetary Policy Committee (MPC) adopted a more accommodative stance.

Meanwhile, officials at the Bank of Japan (BoJ) raised overnight rates from -0.1% to 0%, ending eight years of negative interest rates. After months of weak growth, China saw signs of a rebound in economic activity, with stronger industrial output, manufacturing sentiment and exports.

Against this backdrop, global equities and bonds rose on the month, while a continued divergence in US economic activity and market interest rates helped to strengthen the US dollar. With a general improvement in global growth sentiment, commodities were also up strongly, led by precious metals but with gains in energy, metals, and agricultural goods as well.

Performance commentary

The fund posted a positive performance of 2.9% in March, with gains spanning Dynamic Asset Allocation (DAA), Discretionary Macro (DM) and Diversifying Strategies (DS).

Within Dynamic Asset Allocation, gains were led by a long exposure to equities and commodities, with a small addition from fixed income. Diversifying Strategies also saw gains, with trend-following strategies successfully capturing trends in equities and currencies. The Alternative equities strategy also added to returns.

Turning to Discretionary Macro, holding precious metals, particularly gold, was a boost to the performance of the Commodities sleeve, despite the drag from a short oil position. We also saw gains from our short euro and Sterling positions in Currencies as the US dollar rallied on the back of inflationary surprises in the US.

The Volatility strategy was buoyed by strong performance in relative value volatility, and there were small gains from the S&P call ratio and equity dispersion views. The European dividends strategy and intraday momentum detracted slightly from returns.

Holdings of Japanese equities and Japanese banks were once again additive in March, while a position in European defence stocks was a further boost to Cross Asset positions. Equity Thematic ended the month slightly up, with gains from a long position in AI supply chain semiconductors versus short analogue semiconductors, and also from our defence spending theme, although there were some losses from our long software exposure.

Fixed Income was broadly flat on the month as gains from long gilt positions offset the losses made on our long US rates positions and the Dynamic Convexity strategy was challenged by persistently low volatility.

Positioning & Outlook

In Dynamic Asset Allocation, the equity allocation has increased amid declines in volatility, while strong global growth and supportive policy conditions have driven the commodities allocation higher. Fixed income duration remains unattractive given the inverted yield curve, growth and inflation.

The exposure to equities in the Trend component of Diversifying Strategies has moved towards the upper end of its historical range, leading us to introduce a discretionary hedge in the broader portfolio against large equity market declines.

In Discretionary Macro, we have moved to a neutral stance on duration in Fixed Income, with negative exposure to the short end of the yield curve in the US, short duration in Japan, and a positive exposure to long-dated UK Gilts.

We maintain a long US dollar bias expressed across several different markets, with short positions in the euro and the Chinese renminbi, where we anticipate a widening interest-rate differential versus the US.

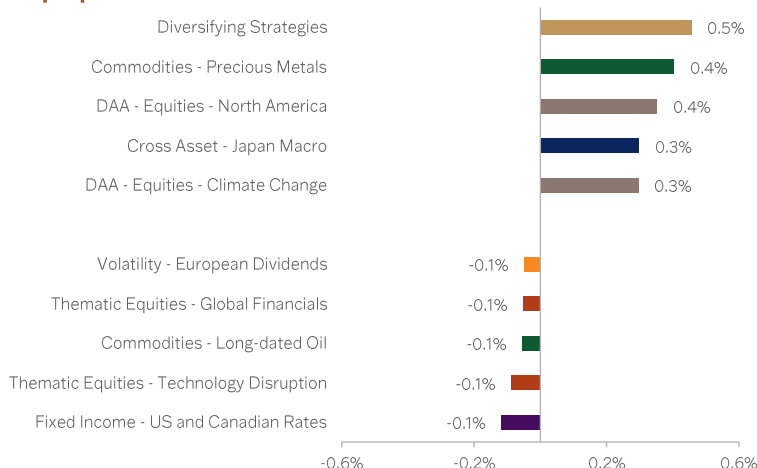
Within the Commodities sleeve, we have trimmed back our holdings of precious metals. We maintain our short position in long-dated oil, preferring to hedge against geopolitical risk via the dollar due to the potential for oversupply within the physical crude market.

We maintain our positive stance on Japanese equities, with a weaker yen also providing additional support to domestically-listed exporters. We have a particular focus on Japanese banks, where the reflationary environment and resulting yield curve steepening should raise loan profitability.

We continue to make opportunistic use of options-based hedging strategies designed to protect against monetary policy or supply shocks.

Overall, we hold slightly above average equity exposure, but remain nimble in our positioning, with significant diversification across strategies as well as hedging against emergent risks.

Top 5 performance contributors and detractors

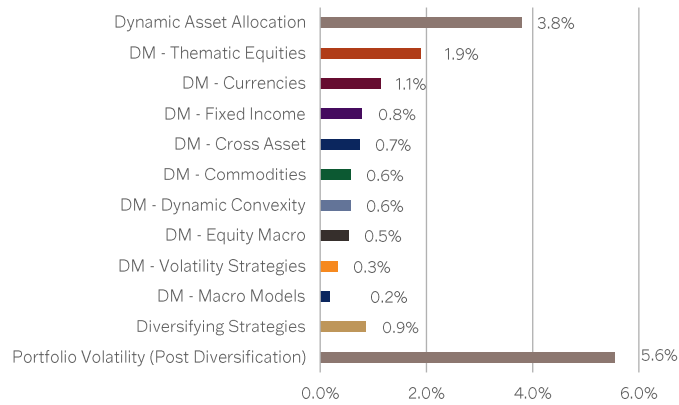
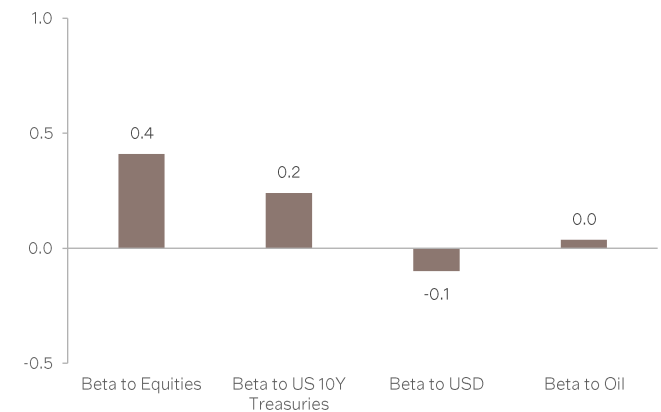
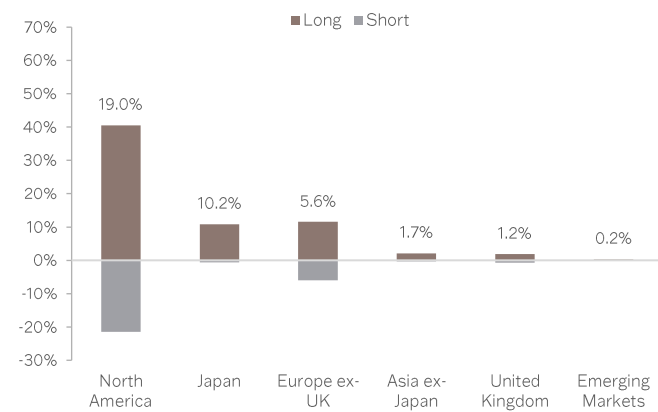
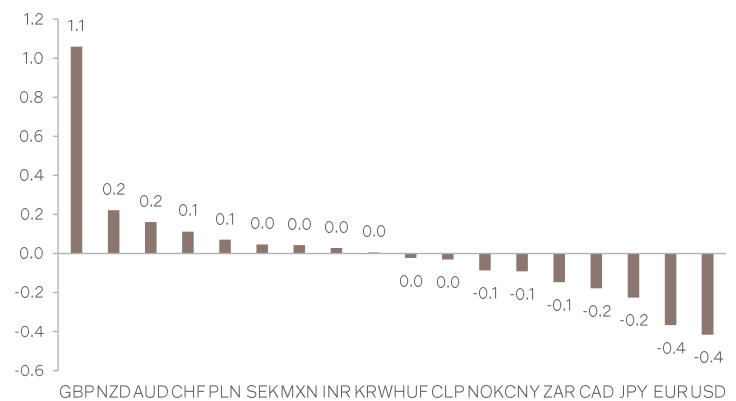
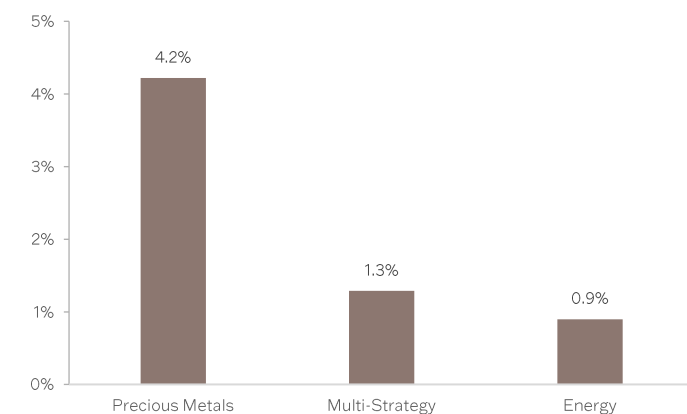
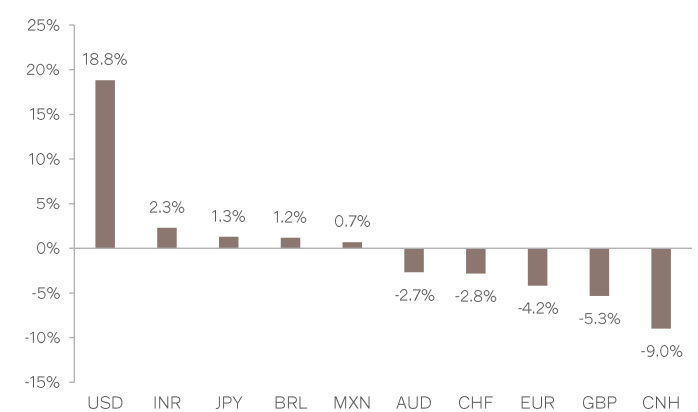


Source: Fulcrum Asset Management LLP

Top positions by strategy

Risk Contribution

Diversifying Strategies	1.3%
DAA - Equities - Climate Change	1.2%
DAA - Equities - North America	1.0%
DM - Cross Asset - Japan Macro	0.8%
DAA - Commodities	0.8%
DM - Fixed Income - UK Rates	0.7%
DM - Commodities - Precious Metals	0.7%
DAA - Fixed Income	0.5%
DM - Currencies - Euro	0.5%
DM - Fixed Income - Australasian Rates	0.4%

Risk contribution by strategy**Portfolio Beta Exposures****Portfolio exposures****Equity – Net exposures by Region (37.9%)****Fixed Income – Duration exposure (0.2 years)****Commodities – Net exposures by commodity (6.4%)****Currencies – Net exposures, top 5 long/short**

Risk Summary

Leverage techniques may be used by the fund. A relatively small price movement in an underlying asset may amplify losses and the fund may be exposed to losses which are greater than the initial amount invested. Any derivatives usage can result in substantial losses to the fund where expectations as to how a derivative will perform prove to be incorrect or inefficient, or in adverse market conditions. Losses may occur if an organisation through which the fund transacts becomes insolvent or fails to meet its obligations. This risk may be reduced by obtaining assets as collateral from these organisations. For a full explanation of specific risks and the fund's overall risk profile, as well as all its share classes, please refer to the Prospectus, available on the firm's website.

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