

# TM Fulcrum Income Fund



29 February 2024

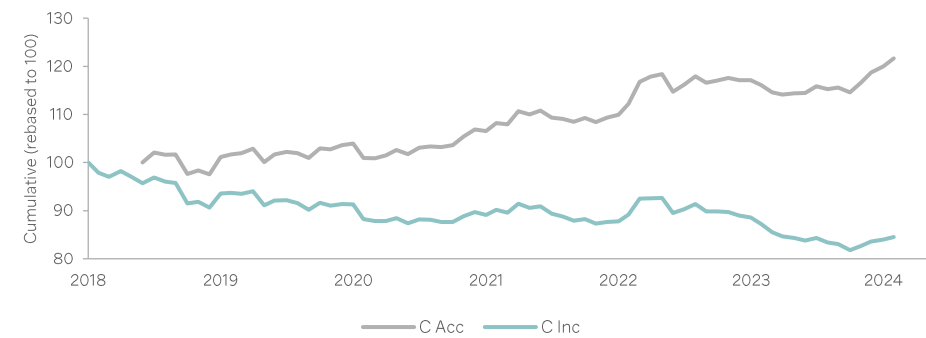
C Acc GBP Share Class (GB00BF0GWT58)  
C Inc GBP Share Class (GB00BF8F7008)

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## Investment Objective

The TM Fulcrum Income Fund aims to generate an annual income of 4.5% above the Bank of England Base Rate (before tax payable by the Fund) regardless of market conditions. In addition the Fund aims to preserve capital through aiming to control volatility to be less than half the volatility of the equity markets over rolling three year periods.

## Performance



## Returns (%) (Periods over 1 year are annualised)

	February	3 Months	1 Year	3 Years	5 Years	Since Inception
Total Return	1.4	4.3	4.8	4.0	3.6	2.8
Monthly Income Payment*	0.7	2.1	8.2	6.2	5.8	5.7
Capital Return	0.6	2.2	-3.2	-2.1	-2.0	-2.7

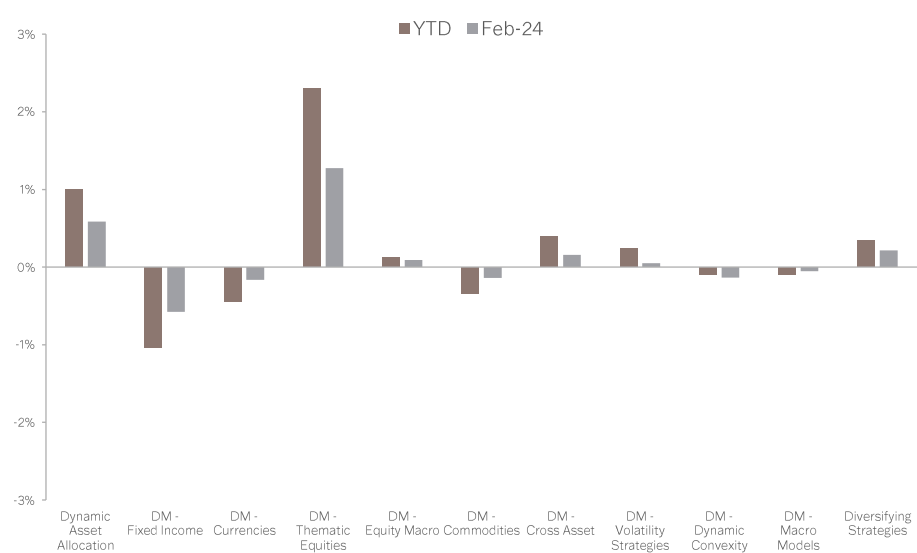
## Monthly Returns (%) 2024

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Total Return	1.1	1.4											2.5
Monthly Income Payment*	0.7	0.7											1.4
Capital Return	0.4	0.6											1.1

## 12 Month Rolling Returns to February

	2024	2023	2022	2021	2020
Total Returns (%)	4.8	3.5	3.7	7.2	-0.8

## Performance contribution by strategy<sup>1</sup>



Source: Fulcrum Asset Management LLP

<sup>1</sup>DM represents Discretionary Macro Strategies

\*Actual monthly income distribution for Inc units. The Fund goes ex dividend on the first of every month covering income generated the previous month. Source: Fulcrum Asset Management LLP. Returns are shown in GBP net of fees. Past performance is not a guide to future performance and future returns are not guaranteed. NAVs provided by official third party administrator. The value of the investment and income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested.

## Key Facts

Legal Structure	UK OEIC (UCITS)
Domicile	United Kingdom
Fund Launch	31/01/2018
Fund AUM	£107m
Company AUM	£6.3bn

## Share Class

Share Class	C Acc GBP
ISIN	GB00BF0GWT58
Ongoing Charge	0.98%
AMC	0.75%

Share Class	C Inc GBP
ISIN	GB00BF8F7008
Ongoing Charge	0.98%
AMC	0.75%
Currency Classes	GBP

## Fund Facts

Administrator	J.P. Morgan Europe Limited
Custodian	J.P. Morgan Chase Bank, N.A. (London Branch)
Depository	National Westminster Bank Plc
Auditor	Deloitte LLP
Pricing	Daily
Dealing Frequency	Daily, 12:00 GMT
Report Date – Annual	31 March
Report Date – Interim	30 September



FE fundinfo Crown Fund Rating



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

In February, markets were impacted by several large – and at times conflicting – cross-currents. In the first half of the month, a sequence of upside surprises in US inflation data led to a significant move in short-term interest rates, with market expectations moving to three, from four, Federal Reserve rate cuts by the end of 2024. While this had negative implications in the global fixed income space, equity markets continued to build on their strong start to the year.

This came alongside continued economic optimism in the US, centred around AI-related companies and bolstered by very strong earnings results reported by chipmaker Nvidia. Moreover, survey data pointed to a general upturn in global manufacturing activity, which had been in a state of contraction for several months. This strength saw the US dollar move higher.

Elsewhere, Bank of Japan (BoJ) officials hinted at a forthcoming interest rate increase in April on the back of robust inflation. If followed through, this would mark an exit from 8-years of negative short-term interest rates, though officials continue to emphasize that any hiking cycle will be gradual. Meanwhile, Chinese markets rebounded from their recent lows, though general economic sentiment remained weak. Commodities were mixed, with oil prices rising, while natural gas and precious metals were weaker.

## Performance commentary

The fund posted a positive performance of 1.4% in February. Gains were spread across Dynamic Asset Allocation (DAA), Discretionary Macro (DM) and Diversifying Strategies (DS).

Within Dynamic Asset Allocation, gains were led by a long exposure to equities, more than offsetting a drag from the exposure to developed market duration in fixed income. Commodity holdings made a roughly flat contribution to performance.

Discretionary Macro made a positive contribution over the month, although performance was polarised across strategies. Thematic Equity Market Neutral had another stellar month, with all of the underlying themes contributing positively to performance. Consumer and Healthcare positions, linked to the obesity treatment theme, did particularly well, as did the focus on companies poised to benefit from the boom in AI take up.

Our long position in Japanese equities, reflecting our expectations that Japanese corporates will fare well in a reflationary environment, were also additive in February. The various expressions of this view benefitted from the rhetoric from the Bank of Japan about the future path of interest rates. Volatility strategies, including volatility carry, dispersion and relative value volatility, were buoyed by relatively calm markets.

It was a more difficult month for Fixed Income, with negative returns coming from our long US, UK and European rates positioning as the timeline for potential rate cuts was pushed further out. Long yen positions challenged performance in the currency space, while our European emissions position caused Commodities to lag in February, as mild weather reduced demand for emissions allowances. Our Macro Models were held back by weakness in their activity-based and basis-momentum strategies.

Elsewhere, Diversifying Strategies saw gains, with trend-following strategies successfully capitalizing on the equity market rally, as well as strong trends in particular commodity markets such as cocoa and natural gas.

## Positioning & Outlook

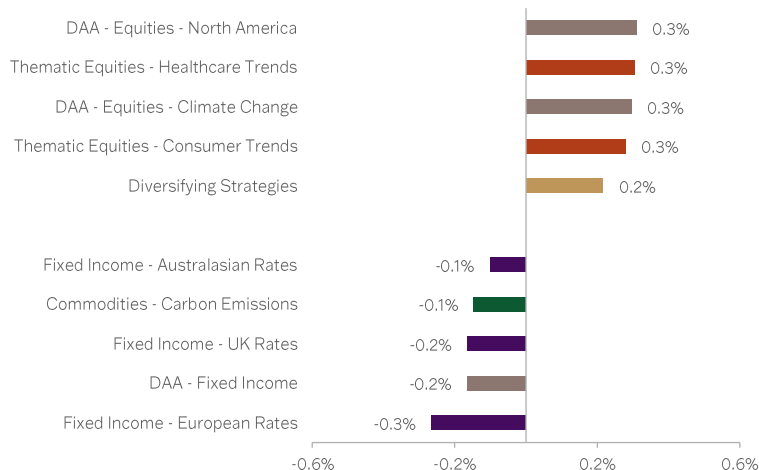
Dynamic Asset Allocation has seen little change in the asset class weights this month. While low volatility has seen the equity weight rise slightly, high price-dividend multiples continue to weigh on the future return outlook. The highly inverted yield curve continues to dent the attractiveness of developed market fixed income, which is also reflected in the above average cash allocation.

Within Discretionary Macro, we remain selectively long duration in Fixed Income, centred on the long end of the European bond market. On a relative value basis, we continue to see a case for the spread of US over Euro Area and UK interest rates to increase. The latest data indicates a higher level of underlying inflationary pressures in the US, which should keep the Fed vigilant in the near term.

US economic outperformance also informs our long dollar bias within Currencies. This is likely to benefit from any further re-pricing of the Federal Reserve relative to other central banks and provides an attractive hedge against geopolitical risk. Similarly, we maintain long exposure to precious metals, which also protects against the prospect of further global conflict. We prefer this as a hedge to oil, where we remain in a short position due to the prospect of oversupply in the physical market.

We remain positioned for the outperformance of AI winners in the Thematic Equity sleeve, where we anticipate further significant capital expenditure in corporate America, and we maintain a long exposure to Japanese equities. Our equity put allocation acts as downside protection, while hybrid option structures will benefit if there is a spike in inflation that sees a rally in the US dollar alongside equity market declines.

## Top 5 performance contributors and detractors



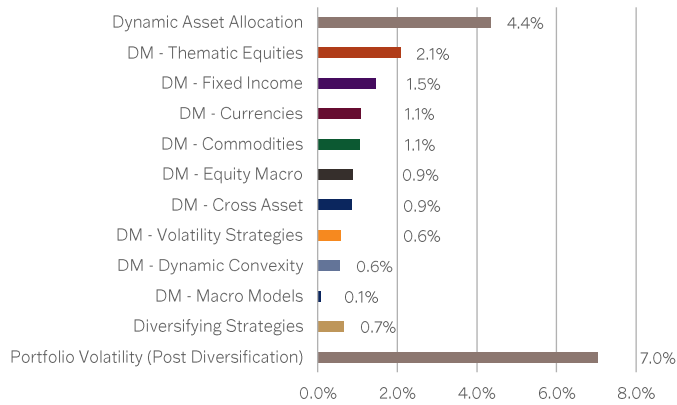
## Top positions by strategy

## Risk Contribution

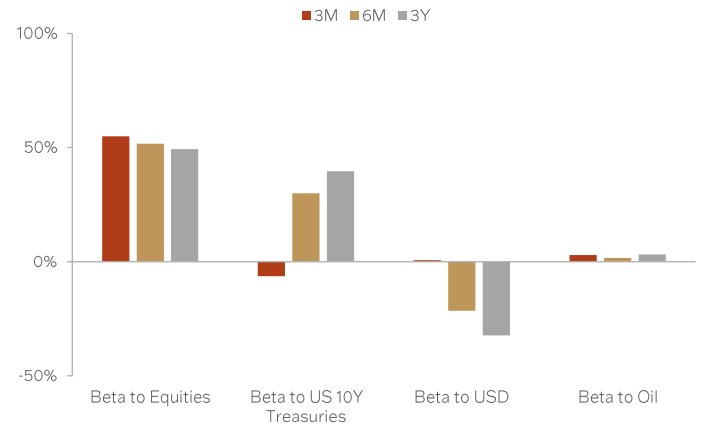
DAA - Equities - North America	1.7%
DAA - Equities - Climate Change	1.4%
DM - Commodities - Precious Metals	1.1%
DM - Fixed Income - UK Rates	0.9%
DM - Cross Asset - Japan Macro	0.9%
DAA - Commodities	0.8%
Diversifying Strategies	0.7%
DAA - Fixed Income	0.6%
DM - Fixed Income - European Rates	0.6%
DM - Equity Macro - US Equities	0.6%

Source: Fulcrum Asset Management LLP

## Risk contribution by strategy

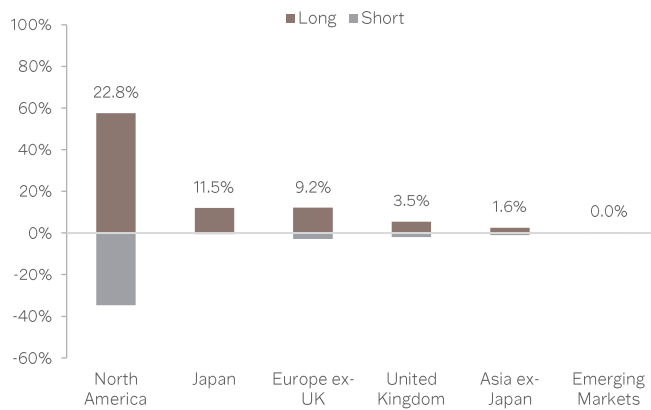


## Portfolio Beta Exposures

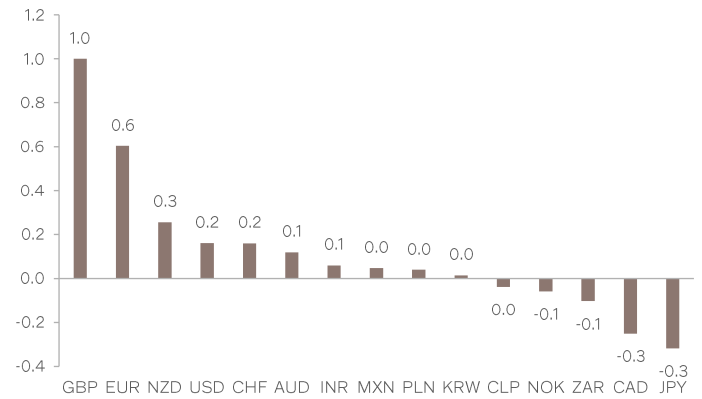


## Portfolio exposures

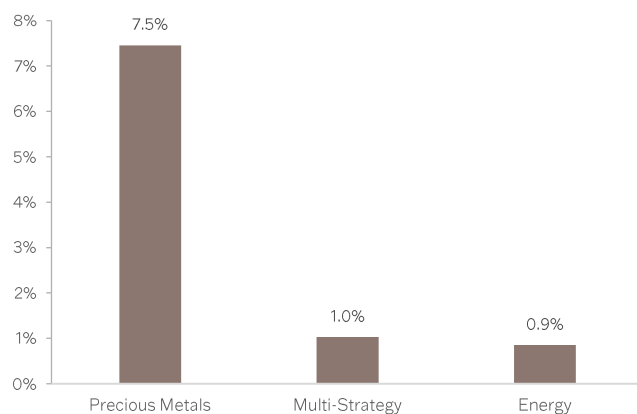
## Equity – Net exposures by Region (48.6%)



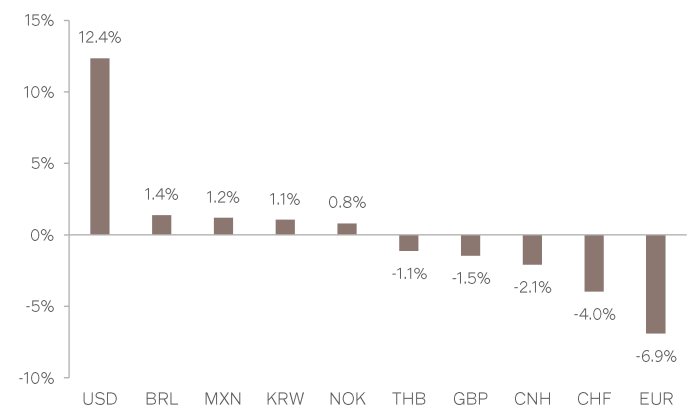
## Fixed Income – Duration exposure (1.7 years)



## Commodities – Net exposures by commodity (9.3%)



## 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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