

Optimal Multi Asset Defensive fund

February 2020



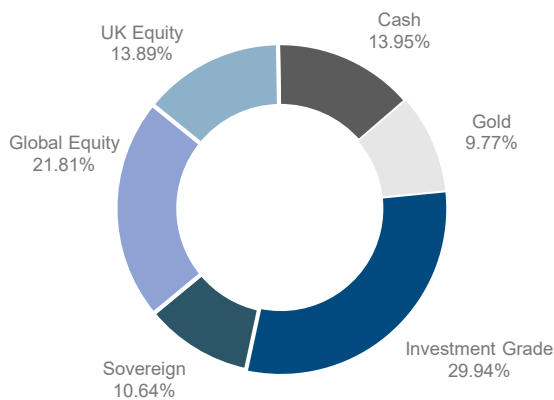
Class A (GBP)



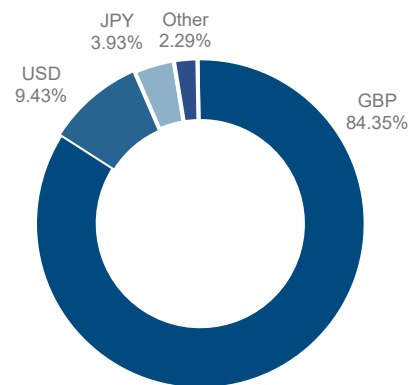
Investment Objective & Strategy

The investment objective of the fund is to seek to deliver long-term capital growth. The fund will endeavour to achieve its investment objective by investing in a range of assets while seeking to achieve returns resulting in significantly lower levels of volatility than that experienced in broader equity markets.

Asset Allocation



Currency Exposure



Top 10 Equity Holdings

- 01 Lyxor JPX Nikkei 400 UCITS GBP
- 02 RWC Enhanced Income
- 03 Xtrackers FTSE 100 Short Daily Swap
- 04 iShares MSCI World
- 05 Alliance Trust
- 06 LF Morant Wright Japan
- 07 Xtrackers S&P 500 Inverse Daily Swap
- 08 Land Securities
- 09 Aberdeen Asian Income
- 10 Edinburgh Investment Trust

Top 5 Fixed Income Holdings

- 01 iShares 1-5 Year Corporate Bond
- 02 Barclays 0-5 Year Corporate Bond
- 03 iShares Ultrashort Bond
- 04 iShares UK Gilts 0-5 Year
- 05 Muzinich Enhanced Short Yield

Average duration: 1.94 years

Concentration of top 10 holdings: 52.34%

All data as at: February 28th 2020
Source: MitonOptimal UK Limited

Monthly Commentary

In February the MSCI World Equity Index hit an all-time high but finished the month down 8.41%, as did the S&P 500, -8.23% and the FTSE All-Share, -8.87%, as a result of the outbreak of the Coronavirus. Core government 10 year bond yields fell by 35 basis points in the US and by 8 and 17 in the UK and Germany. Bond markets with embedded credit risk increased with 10 year Italian bond yields rising by 17 basis points and credit spreads in US BB and BBB markets widened by 107 and 23 basis points respectively. GBP came under pressure, as one might have expected given its 'risk off' characteristics, falling by 2.9%, 2.3% and 3.28% versus the USD, EUR and YEN. Oil fell by 13.4%.

While economic growth globally continued to surprise to the upside, particularly in developed regions, this became largely irrelevant for markets given the significant uncertainty caused by the virus. As mentioned in last month's fact sheet, markets were probably overdue a correction anyway and the recent crisis has created the perfect catalyst for a shake out. It is clear that uncertainty will prevail until it looks as though we have seen the peak in the contagion and markets do not like uncertainty. While the US Fed has been quick to respond to the crisis by cutting interest rates by 50 basis points, it remains unclear how this policy response can stabilise the probable negative impact the situation is having on economic activity. The question for us as investors is whether the inevitable downturn in the economy will see a sharp rebound on any resolution or whether growth has been permanently lost.

Our screening model suggests that global equities have now returned to levels where there is some good value. We have been adding to global and UK equities on a cautious basis viewing this as a good long term buying opportunity while recognising that there might be worse to come but that trying to pick the bottom is impossible. Markets have not been this oversold since the last sell off of this scale back in Q4 2018. We have enough powder being kept dry to drip feed into the markets on any further weakness.

Fund Managers

James Sullivan
Managing Director (UK)
& Fund Manager



Peter Geikie-Cobb
Director (UK)
& Fund Manager



Performance

	3m	6m	1yr	3yr	5yr	Since launch
Optimal MA Defensive	-1.82	-0.43	-0.61	-3.14	3.23	3.28
BoE Base Rate	0.19	0.37	0.75	1.73	2.61	2.66
IA 0-35 Mixed Sector	-0.48	-0.33	5.71	7.23	15.16	16.86
UK Consumer Price Index	-0.28	-0.18	1.31	5.97	8.74	8.96

Risk Analysis (Since launch)

	Downside Risk	Max Gain	Max Loss	Volatility
Optimal MA Defensive	2.77	5.55	-3.08	2.56
IA 0-35 Mixed Sector	3.86	9.44	-3.53	3.77

Source: FE Analytics as at February 28th 2020. Past performance is not a guide to future returns.

Key Facts

Fund Name	Optimal Multi Asset Defensive	Investment Adviser	MitonOptimal UK Limited
UCITS Structure	Optimal Global Investment Funds Plc	Manager	Link Fund Manager Solutions (Ireland) Ltd
Launch Date	19-Jan-15	Administrator	Link Fund Administrators (Ireland) Ltd
Share Class	A (GBP) Acc	Depositary	The Bank of New York Mellon SA/NV
Sedol / ISIN	BRJL4K0 / IE00BRJL4K01	Auditor	Grant Thornton International Ltd
AMC	0.75%	Valuation Point	Daily 23:00
OCF	1.39%	Cut-off	Daily 15:00
MOUK Contact Number	+44 (0) 1225 632 250	MOUK Contact Email	support@mitonoptimal.co.uk

Disclaimer

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