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HC CHARTERIS PROPERTY FUND

REQUEST FOR PROPOSAL RESPONSE
As at 30th November 2017

Fund Manager/ Due Diligence Questionnaire

For questions or more information please contact:
Moritz Langlotz
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HC Charteris Property Fund

1. **BASIC INFORMATION**

1.1 **When was the Fund launched?**

The fund was launched in 2007, Charteris took control of the fund over in Q1 of 2014, where WAY Fund Managers (now Fund Partners) were the ACD, the Fund was named the FP Charteris Property Fund, the ACD changed to Host Capital on 30th December 2016, however, there has been no change in Investment Manager or investment strategy since Q1 of 2014, The Fund is now called the HC Charteris Property Fund.

1.2 **What is the Fund's investment process?**

The managers combine top down thematic strategy with a bottom up stock selection. Technical analysis is used extensively to aid market timing. The Fund invests broadly across a range of securities targeted for value, growth potential and income, providing exposure to liquid UK, European and Global Real Estate Companies and securities.

1.3 **What is the Fund's investment strategy?**

The strategy is to provide long term income and capital growth from investment in a diversified portfolio of property related investment including listed securities, residential/commercial construction and Real Estate Investment Trusts (REITs). There will be no geographical restrictions in respect of chosen investments.

1.4 **Provide details of the types of units available and SEDOL codes**

Share class Ticker	SEDOL	ISIN	Bloomberg
A Accumulation	B1VK6P2	GB00B1VK6P28	CFPROAA
A Income	B1VKSD4	GB00B1VKSD43	CFPROAI
B Accumulation	B1VK7F9	GB00B1VK7F94	EOPPRBA
B Income	B1VK782	GB00B1VK7821	EOPPRBI
R Accumulation	B1VK7W6	GB00B1VK7W69	CFPRORA
R Income	B1VK812	GB00B1VK8126	CFPRORI

1.5 **What is the current size of the Fund?**

£850k (as at 30th November 2017)

1.6 **What percentage of the Fund do top ten unit holders hold?**

Approximately 60%

1.7 **Provide details of the current charges levied on the Fund (initial and AMC) and the total expense ratio (now OCF). Do you propose to review these within the next 12 months?**

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A A Class: 0.00% Initial Charge
 1.00% AMC
 5.28% TER (Total Expense ratio/Ongoing Charging Fee)*

B B&R Class 5.00% Initial Charge
 1.50% AMC
 5.94% TER (Total Expense ratio/Ongoing Charging Fee)*

*as at 31st July 2017

Currently there are no plans to review these charges in the next 12 months. The total expense ratios quoted above are subject to change as the size of the Fund fluctuates due to market movement and net inflows /outflows.

1.8 Provide details of current yield and distribution dates.

The dividend is semi-annual and paid at the end of December and June.

1.9 What is the legal structure of your Fund? Can it invest in other Funds and to what proportion?

The Fund is a UCITS ICVC (Investment Company with Variable Capital). It can invest in other funds & can hold ETFs at the manager's discretion. Currently exposure is below 5% which is comprised of ETFs. Direct investments are preferred and make up the remaining 95% of the portfolio.

1.10 Contact details; e-mail address, direct dial telephone number of primary manager:

Moritz Langlotz
Tel: +44 (0)207 220 9780
ml@charteris.co.uk

2. FUND MANAGEMENT TEAM

2.1 Name the lead Fund manager. When was he appointed?

Management team have been in place since Q1 of 2014

Moritz Langlotz – Investment Manager

Moritz graduated from the University of Westminster with a BA in 2007 and is now the full time lead manager of the FP Charteris Property Fund.

A lot of time is spent analysing the property sector, both domestic and international, incorporating the skills and knowledge of the three senior managers above. He has

constant real-time dialogue. He has worked for numerous charities including Oxfam, Cancer Research and the British Heart Foundation.

2.2 Name the person who would run the Fund in his absence and comment on the individual's responsibility on an ongoing basis.

Terry Farrow – Chartered MCSI, ACIB, APFS, CFP

Terry has over 40 years experience in the investment markets having worked in important roles for both Barclays Bank and Standard Chartered Merchant Bank. He has been exposed to a great range of asset classes from US Treasuries to the derivatives futures and options market. Terry became an IFA in 1990 and started to grow his client base acquiring a licence from the Institute of Financial Planning in 2005. Terry is also qualified at Level K10 Retirement options - covering all types of pension advice both to G60 and G70 level to cover both Pension advice and Investment Management. The latter a qualification held by a handful of Investment professionals in the UK. In January 2012, Terry was granted membership of the Chartered Institute of Securities and Investment (MCSI) and is now level 6. In Moritz Langlotz's absence, Terry will assume responsibility of managing the fund.

Nicholas Taylor, Chartered FCSI, Fund Manager / Head of Research

Nicholas Taylor has 38 years of international investment management experience: at Morgan Grenfell, Samuel Montagu; at INVESCO IMI where he was Head of Institutional Investment Management; at Cigna International Advisors where he was Managing Director; and at Matheson Investment Management. An award-winning manager, Nicholas has run portfolios for a broad range of investors, including institutional pension Funds, private clients and investment trusts. Nicholas is a Fellow of the Securities Institute.

Ian Williams, Chartered FCSI (Chartered Fellow of the Chartered Securities Institute)

Ian has spent the last 35 years as a specialist in Equity and Fixed Income markets, covering sales, research, market making and proprietary trading. He was a member of the LSE (London Stock Exchange) for many years before joining Chase Manhattan Bank (now JP Morgan). He subsequently worked for Dresdner Kleinwort Benson & Guinness Mahon (now Investec) before becoming Chairman & CEO of Charteris Treasury Portfolio Managers (CTPM).

Ian is currently the Fund manager of the *HC Charteris Premium Income Fund* and the manager of the *HC Charteris Gold & Precious Metals Fund*.

2.3 Are there any plans to enhance or restructure the team within the next 12 months?

No

2.4 How is the team remunerated and when do any packages fall due to re-negotiation.

No performance bonus – please refer to the remuneration policy which is available on request

3. INVESTMENT PROCESS

3.1 Detail the investment process and sell disciplines employed by the team, paying particular attention to macro-economic input, quantitative screening and qualitative factors considered. For example, in respect of quant's, what measures do you pay particular attention to and why?

The investment style is to take advantage of relative valuation opportunities in equity markets judiciously adjusting the composition of the portfolio while maintaining a view on the benchmark.

First, the portfolio management team updates its view of the global economic situation by analysing a number of Fundamental, cyclical, and technical factors:

Fundamental

- Underlying Global economic, current & forecast, economic data
- Movements in other global markets
- Global Central Bank policy
- Inflation/growth expectations
- Valuations and yields in other asset classes (e.g.: equities and bonds)

Cyclical

- Seasonal patterns in the market – namely property cycles
- Major and intermediate time cycles in the Equity market

Technical

- Primary market trend analysis and interpretation
- Analysis of 'oversold' & "overbought" conditions

After the management team has identified where it believes the most value lies in the market, it has at its disposal a set of investment management techniques that in the proper combination can help to enhance Fund performance.

3.2 To what extent is any Fundamental research undertaken proprietary? How much use do you make of broker contacts?

Both in-house proprietary research and research provided by specialist stockbrokers used to assist in informing the Fund manager's view of the market.

A select group of brokers and analysts are used and consulted on a continual basis;

3.3 How is the overall structure of the portfolio determined and who makes the decisions?

1. Analysis of the equity market using Fundamental, cyclical and technical factors.
2. Stocks are selected through on an analysis of the market and how they relate to the overall investment objective of the Fund.
3. The named Fund manager, Moritz Langlotz, along with Ian Williams & Nicholas Taylor, who help form an investment committee and research.

4. RISK MANAGEMENT

4.1 Detail any restrictions applied at stock and sector levels.

Cash

Treated as an asset class when appropriate

Holding sizes

No limits other than those prescribed by UCITS III rules

Number of holdings

25-50

Small capitalisation companies

All Leading Blue Chip companies. No companies under £100m market capitalisation

Industry exposure

Blue Chip Equities – UK Property exposure currently overweight

Country exposure

Global

Unapproved securities

No

Warrants

None

Collective investment schemes

None

Uncalled commitments

None

Underwriting

None

4.2 How many stocks will the Fund normally hold, and is this a function of risk management?

Between 25 and 50. Yes this is a function of risk management.

4.3 Is the portfolio monitored by individuals who are not directly associated with its construction?

Yes, Host Capital as ACD of the fund has the responsibility of compliance, oversight, apportionment, and investment management of the company. Host Capital delegates the investment management of the fund through its agreement with Charteris Treasury Portfolio Managers. It is the portfolio management team that manages the investments of the fund within the constraints outlined by the Fund's prospectus, its mandate, and UCITS

4.4 Provide details of how the team and the group aim to control risk within the portfolio.

Diversified exposure to UK Blue Chip/REIT equity sector with limits on individual holdings and observance of sector weightings but not in a tracker format.

4.5 Detail who values the Fund? Is a third party involved in this process? Who are the administrators? Who are the Funds auditors?

Yes, a number of third parties are involved in this process:

ACD – Host Capital

Admin – Apex Funds Ltd

Custodian – Citibank

Auditors – Grant Thornton UK LLP

Transfer Agent - Investor Administration Solutions LTD

5. PERFORMANCE AND OUTLOOK

5.1 Does the Fund have a specific performance objective?

The Fund manager does aim to offer a superior return over bricks and mortar property Funds / Fund of Fund products whilst providing a superior yield.

5.2 What factors have contributed most to the performance of the Fund over the past six months?

The fund has seen great benefits to switching from a “fund-of-funds” approach with illiquid bricks and mortar products to a highly liquid equity and ETF selection. This has given the fund a lot more control in terms of which securities the fund is exposed to. It has also benefitted from good execution of market timing of these listed securities.

5.3 How well do you think that the Fund is currently placed given your outlook?

Even though the fund can invest in listed securities globally, it continues to be invested overweight in the UK market to benefit from the persistent pressures in the housing market as well as a string market in general for commercial and industrial real estate. The fund will continue to remain as liquid as possible, which was a strength during calendar 2016 when many property funds were forced to “soft-close”, our fund did not fall in to this category.

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