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HC CHARTERIS STRATEGIC BOND FUND

REQUEST FOR PROPOSAL RESPONSE
As at December 2017

Fund Manager/ Due Diligence Questionnaire

For questions or more information please contact:

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HC Charteris Strategic Bond Fund

Charteris Treasury Portfolio Managers Limited Registered Office: 8/9 Lovat Lane, London, EC3R 8DW –
Registered No. 1830771 (England).

Charteris Treasury Portfolio Managers Limited is Authorised and Regulated by the Financial Services Authority

1. **BASIC INFORMATION**

1.1 **When was the fund launched?**

The Fund was launched on 20th September 2017 (first six weeks offer period with management commencing 1st November 2017)

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

The Fund Managers combine top-down thematic strategy with bottom-up stock selection. They employ technical analysis extensively to help time investment decisions. This strategy is different to rival bond funds because few have the flexibility to have such a high weighting to Floating Rate notes (redeemable and perpetual) to help battle rising interest rates.

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

The fund has been specifically designed for a period of rising interest rates and will be focused on capital preservation in a market where there is much asymmetric risk that lies within it.

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

Share class	SEDOL	ISIN	Bloomberg Ticker
I Acc Class	BD9GLM8	GB00BD9GLM88	HCCSBIA
I Inc Class	BD9GLN9	GB00BD9GLN95	HCCSBII
A Acc Class	BD9GRC0	GB00BD9GRC01	HCCSBAA
A Inc Class	BD9GLL7	GB00BD0GLL71	HCCSBAI

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

£3.5m (as at 30th Nov 2017)

1.6 **Over the past three months how do the sales and redemptions compare?**

Fund has only just launched – no sales/redemptions

1.7 **What percentage of sales has typically come from investment advisers?**

Below 10%

1.8 **What percentage of the fund do top ten unit holders hold?**

Approximately 60%

1.9 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?

A	I Classes	0.00% Initial charge 0.80% AMC 1.70% TER/OCF*
B	A Classes	5.00% Initial charge 1.30% AMC 2.20% TER/OCF*

*as at 21st September 2017 (TER = Total Expense Ratio, OCF = Ongoing Charging Fee)

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.

1.10 Provide details of current yield and distribution dates.

Distribution: Annual — 31 May

1.11 What is the legal structure of your fund? Can it invest in other funds and to what proportion?

UK regulated OEIC – can invest up to 40% in Floating Rate Notes (Redeemable and/or Perpetual), up to 20% a mixture of cash and high yielding blue chip equities and the rest of the portfolio in short dated conventional UK Government Gilts

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

Ian Williams
Tel – +44 (0)207 220 9780
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2. FUND MANAGEMENT TEAM

Ian Williams Chartered FCSI (Chartered Fellow of the Chartered Securities Institute) & Chartered Wealth Manager

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

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(now JP Morgan) subsequently working 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 *HC Charteris Gold & Precious Metals Fund*. Ian has been a CityWire A-Rated manager as well as an Alpha Manager in 2011 for top of sector performance for previously managed Gilt Fund.

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 Ian Williams' absence, Terry will assume responsibility of managing the fund.

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

No

2.2 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.

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

Technical

- Primary market trend analysis and interpretation
- Analysis of 'oversold' 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 decision?

1. Analysis of the fixed income 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, Ian Williams, along with Terry Farrow.

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 rules

Number of holdings

10-25

Small capitalisation companies

0%

Industry exposure

Fixed Income (UK Gilts), FRNs (Redeemable and Perpetual) and high yielding UK blue chip equities

Country exposure

UK

Unapproved securities

No

Warrants

None

Derivatives

None

Collective investment schemes

0%

Uncalled commitments

None

Underwriting

None

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

Between 10 and 25. 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 rules.

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

Short dated conventional UK Government Gilts to reduce volatility, Yield on Portfolio rises as Interest Rates increase plus potential capital gains on Perpetual FRN's offset potential losses on Gilts

4.5 Detail who values the fund? Is a third party involved in this process? Who are the administrators? Who are the funds auditors? How frequently is the fund audited?

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

ACD – Host Capital Ltd

Admin – Apex Fund Services Ltd

Custodian/Depository – Citibank International PLC

Transfer Agent – Investor Administration Solutions Ltd

Auditors – Grant Thornton UK LLP

5. PERFORMANCE AND OUTLOOK

5.1 Does the fund have a specific performance objective?

There is no official performance objective detailed in the Fund's prospectus; however, the fund manager does aim to offer a competitive yield versus peer bond funds with its top priority of capital preservation

5.2 What factors have contributed most to the performance of the fund over the past 6 months?

Fund is newly launched and there is insufficient data for any performance analysis

5.3 How well do you think that the fund is currently placed given your outlook for the market over the next 12 months?

The underlying holdings inside the portfolio are unlikely to change in the next 6 months due to the fund only recently being launched and portfolio is in line with its prospectus.

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Past performance is not a guide to future performance and investors may not get back the full amount invested.

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