

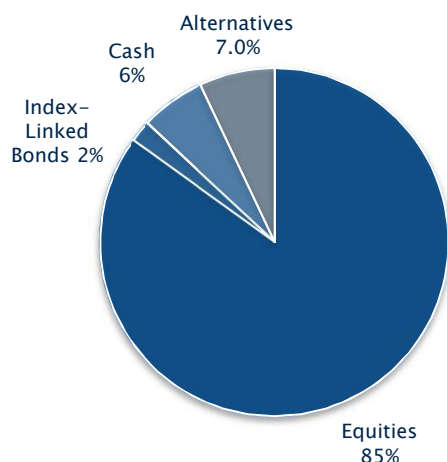
LF BENTLEY GLOBAL GROWTH FUND

31ST MARCH 2019

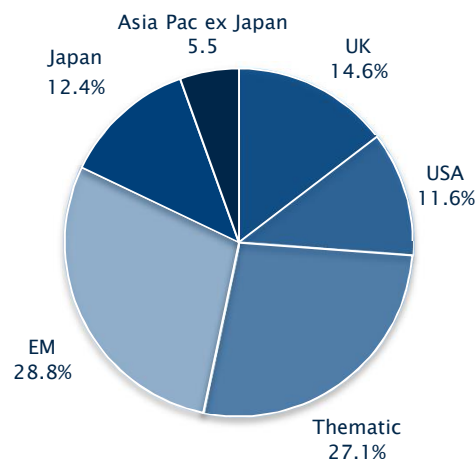
INVESTMENT OBJECTIVE

The fund seeks to achieve an average annual return of CPI + 4% over any 5-year period, after all fees. The mandate follows a risk tolerant approach that will be pre-disposed to remain fully invested in equities; it will accept short-term volatility and periods of value decline in the pursuit of its long-term return goals.

ASSET ALLOCATION



EQUITY BREAKDOWN



QUARTERLY INVESTMENT REPORT

The major Central Banks have staged a complete U-turn since the start of the year by promising to end their tightening plans, whilst laying the foundations for a return to rate cuts and potentially more QE.

Equity markets drew upon the positives with the prospect of a fresh liquidity boost helping stock markets to recover from their 15–20% falls in late 2018. The majority of the fund's holdings made good progress over the quarter, helping it to more than recoup the Q4 losses. It added 4.5% in £ terms and 6.5% in \$ terms.

It is not unusual to see equity prices bounce so strongly after an abrupt downturn. Indeed, "typical" bear markets are characterised by multiple relief rallies of up to 20%+ that can last for several months before the falls resume. On balance, we remain of the view that most developed stock markets have peaked and we maintain a low exposure to the US stock market. Its year-to-date rally has been driven mainly by the tech names, but we find the sector unattractive, particularly with political risks rising, borne of the US/China trade tensions and a European-led antitrust campaign.

continued overleaf

PERFORMANCE (NET OF FEES) *

CUMULATIVE	3 MONTHS	YTD	1 YEAR	3 YEAR (ANN.)	5 YEAR (ANN.)
Fund	4.5%	4.5%	4.2%	5.8%	5.4%
Inflation (UK CPI)*	n/a	n/a	1.8%	2.3%	1.4%

12 MONTHS TO	31 MAR 19	31 MAR 18	31 MAR 17	31 MAR 16	31 MAR 15
Fund	4.2%	-4.9%	19.4%	-6.0%	16.8%

* the CPI figure is the actual inflation figure and is not adjusted to show the fund's target return. The 3 and 5-yr figures are annualised averages.



BENTLEY REID

EQUITIES	85.0%
UK	12.4%
LF Odey Absolute Ret \$ Hdg	2.6%
iShares FTSE 100	2.4%
Jupiter UK Special Situations	5.0%
Vanguard FTSE 250	2.4%
US	9.9%
iShares Core S&P 500	6.4%
iShares S&P 500 Financials	3.5%
Japan	10.5%
GLG Japan Core Alpha	5.1%
Vanguard FTSE Japan	5.4%
Asia Pac ex Japan	4.7%
Hermes Asia ex Japan	2.5%
Morgan Stanley Asia Opps	2.2%
Emerging Markets	24.5%
Stewart Latin America	4.7%
Kotak India Growth	3.3%
Investec All China	2.1%
iShares MSCI China A	5.0%
iShares MSCI EM	5.2%
Schroder EM Debt Abs Ret	4.2%
Thematic	23.0%
Fundsmith Equity	3.0%
Guinness Global Equity Inc	2.1%
Jupiter Global Abs Ret \$ Hdg	2.3%
Kennox Strategic Value	5.0%
Merian Gold & Silver	2.8%
VanEck Gold Miners ETF	2.5%
Wellington Global Healthcare Long/Short	5.3%
BONDS	2.0%
UK Index-Linked Gilt 2068	2.0%
ALTERNATIVES	7.0%
iShares Physical Gold	7.0%
CASH	6.0%

Instead we favour the long-term valuation support of emerging market assets, which at 25% have become the fund's largest individual exposure. Both the EM debt and equity positions rallied over the quarter with Hermes Asia adding 7% (in £ terms), whilst a strong bounce in Brazilian stocks helped the Stewart Latin American fund to a 4% gain. EM equities are no longer as cheap as when we first bought them in 2016, but they still offer better upside potential than most developed world stocks.

Mainland Chinese stocks were amongst last quarter's best performers with the MSCI China A shares ETF appreciating by 27%. After last year's falls, the market is cheap, but the recent gains have not been driven by any notable improvement in the economic outlook; indeed, Chinese activity has slowed to a multi-year low. This is a liquidity story with the Central Bank's recent easing measures generating a positive flow effect for equity prices. The market is also benefiting from the structural buying support that comes from their recent inclusion in global equity benchmarks so we increased the ETF's weighting from 3% to 5% during the quarter.

The fund's limited exposure to developed market stocks comes mainly from the UK and Japanese positions, which also produced positive returns over the period. We are primed to add more to UK equities (and sterling) over the coming months; numerous domestically-focused mid and small cap stocks are set for a strong recovery once a Brexit outcome becomes clear. The LF Woodford Income Focus fund benefited from investing in this part of the market last quarter; an exposure to the housebuilding sector was a notable driver of its return. However, we have sold the fund in favour of a FTSE 250 tracker on the grounds that declining assets and other corporate distractions may become problematic.

After the solid Q4, the long/short managers, which are still betting against expensive US stocks, were amongst the laggards with Jupiter Global Absolute losing 5%. We opted to redeem the 3% allocation to City Financial due to poor performance and the manager's departure for another firm. The proceeds were used to fund the China A-share purchase.

The fund's risk-tolerant mandate means it seldom invests in fixed income assets, but it holds an idiosyncratic position in a 2068 UK index-linked gilt, which surged by 15% over the quarter in response to the fall in inflation-adjusted (real) yields; the result of falling nominal bond yields coupled with "sticky" UK inflation. We booked some profits after a 25% intra-month spike in March, but the Central Banks' dovish shift reinforces our strong belief that real yields will remain low/negative over the coming years. This argues for retaining the linker exposure and the combined 12% allocation to gold and gold mining stocks. Bullion looks set to benefit from the authorities resorting to policies that effectively debase fiat currencies, although we are alert to the near-term risk of a stronger US dollar, which would likely hinder gold's advance.

PORTFOLIO ACTIVITY

DECREASE EQUITY EXPOSURE (85% to 84%):
 Sell City Financial Absolute Equity (-3.0%)
 Buy iShares MSCI China A (+2.0%)

FUNDS SWITCHES:
 Sell LF Woodford Income Focus (-2.5%)
 Buy Vanguard FTSE 250 ETF (+2.5%)

KEY FACTS

Price	£1.5153	NISA	Yes
Fund Size	£18.4m	Launch Date	13/09/2010
Benchmark	UK CPI + 4%	Bloomberg Code	LFBUGGA LN
Initial Fee	0%	ISIN	GB00B5513D67
Fees	1.5% AMC	ACD	Link Funds Solutions Limited
Ongoing Charge Figure	2.38%	Depository	BNY Mellon Trust & Depository (UK) Ltd
Minimum Investment	£5,000	Prices Published	www.bentleyreid.com

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DISCLAIMER

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