thesharecentre:
multi-manager fund range

TC Share Centre Multi Manager Balanced Fund

Q2 2019 update

Created July 2019

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FUND OBJECTIVE

The TC Share Centre Multi Manager Balanced Fund aims to achieve a combination of income distributions of approximately 2% per annum and capital growth in excess of the IA Mixed Investment 40-85% Shares index, primarily through investment in a portfolio of Collective Investment Vehicles providing diversification across a range of underlying assets

OUR PHILOSOPHY

The funds' assets are managed on a medium to long-term perspective, which we believe reduces the ever increasing effect of market noise and should help them outperform more short-term momentum-orientated managers over the long term. This may mean that the funds underperform their sector peers in some years, as the managers prefer not to chase markets, but instead look for assets or sectors which they believe are undervalued and have strong potential for a re-rating. Therefore, it is unlikely the portfolios will experience a high turnover and equally, we seek funds to invest in that also have lower than average turnover compared to sector peers.

DIVERSIFICATION

We attempt to control risk by asset diversification, sector diversification, underlying management group diversification, a core of high profile liquid funds and a satellite of boutique managers that may have a concentration of institutional investors. We also continually monitor potential threats, which might trigger an adverse event in a particular asset class.

RISK MANAGEMENT

We spend a significant amount of time looking for and understanding inflation risk, volatility risk, capital risk and diversification risk, which can all have a detrimental impact on investment performance if not appropriately managed. Our aim is to balance the funds appropriately, to protect or take advantage of the opportunities market conditions may present. Historically, we have delivered good performance on volatility levels, below that of the sector average.

DYNAMIC PLANNER® PROFILED 6

DISCRETE PERFORMANCE SUMMARY

QUARTERLY REVIEW

US Q1 earnings helped support markets in early Q2, despite slowing growth continuing weigh to on investors' minds. Tech giants delivered standout returns, staving off concerns of an earning recession for the time being. Trade tensions between the US and China flared up again over the period as both sides walked away from negotiations, testing the resilience of the equity markets. Weakening economic data and unsettling trade negotiation raised the expectations that rate cuts by the Federal Reserve (Fed) would be around the corner, pushing up all assets prices.

Brexit politics continued to dominate headlines nearer home, resulting in a sliding pound. Economic data softened and the FTSE All Share lagged most other major markets.

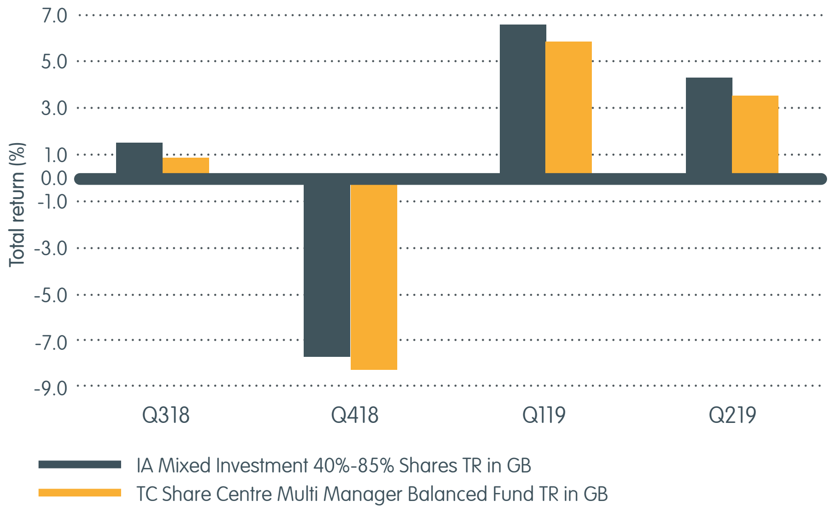
In Europe the struggling manufacturing sector weighted on the European Central Bank (ECB) to add stimulus measures once again, reviving its equity market.

Asian markets, including Japan saw small gains, as the Chinese stimulus started to feed through. Emerging markets equities benefitted from a looser US interest rate outlook and easing oil price from Q1, despite supply disruptions emerging again at end of June.

Over Q2, we saw prices surge in all assets and all major markets, with gold and bonds leading the gains.

Discrete quarterly performance

Source: FE Analytics, bid to bid, total return, UK sterling basis as at 30 June 2019



ANNUAL REVIEW

Markets have got off to a good start in 2019, which historically has been a precursor to riding higher by the year end. The uplift in sentiment has been carried forward into Q2 and central banks stimulus may push them even higher on from here. Over the period, both bond and equity markets have been signalling a mixed risk appetite from investors. Looking ahead, market momentum is likely to face a number of headwinds from tensions over spiralling trade disputes, oil supply concern, pressure from the US government on Fed rate setting, Brexit and the lurking risk of earnings recession.

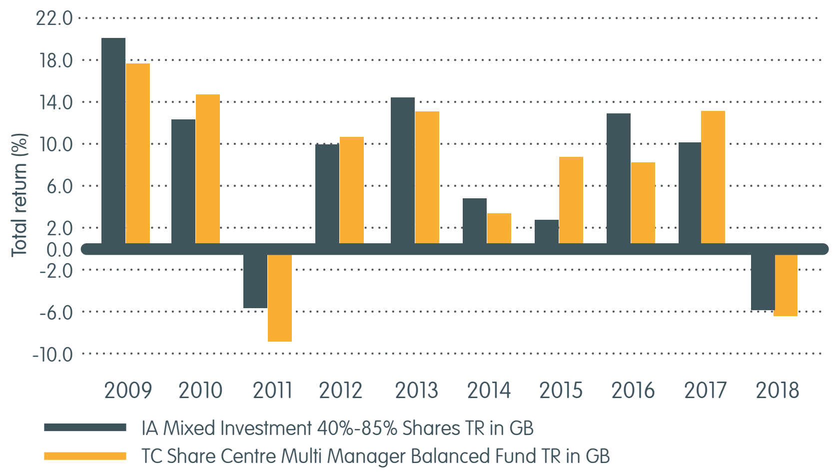
At the start of Q2, we deployed some cash to further strengthen diversification within the portfolios and to support market participation in assets that should provide a cushion to perceived downside risks. Over the period, we have been tentatively increasing our European positions and continuing to shift bond assets around in the portfolios to improve liquidity and quality. We have also been building up our gold, infrastructure and alternative interests' positions to lower correlation while reducing day-to-day volatility. We could see a risk reward pay-off as these less liquid assets should compensate for the higher level of risk taking ahead.

On a discrete relative bid to bid basis from Q2 2018 to Q2 2019 the TC Share Centre Multi Manager Balanced fund underperformed the IA Mixed Investment 40-85% Shares, returning 1.11% against the sector which returned 3.62%. In this Q2 the fund returned 3.44%, underperforming the sector which returned 4.21%. The fund's 5-year discrete annualised return stands at 6.65% against the sector which returned 6.39%, on a total return bid to bid basis. The fund has delivered an above peer average annual return in relation to the risk it has taken over 5 years period.

We have delivered positive results in eight of the past ten years, generating a cumulative return of 121.37% against that of the sector, 120.45%, over ten years. We continue to stand by our commitment to positive returns, low volatility and a smooth ride and not too many surprises for clients.

Discrete annual performance

Source: FE Analytics, bid to bid, total return, UK sterling basis as at 30 June 2019



ASSET PERFORMANCE

MONTHLY RETURNS FOR THE QUARTER ENDING JUNE 2019

In April, global equities gained on the back drop of a slight return of growth from Chinese manufacturing sector, easing worries about slowing global growth. The US stock market landed higher on the strong momentum and positive Q1 earning results. Brexit deadline came and went with no quantifiable conclusion leading to a negotiated "flexible extension", while the Conservative party took its time to find a new leader. This saw interest rate hikes put on hold, left the economy travelling in the middle lane and UK equities saw only moderate gains, which lagged other developed economies.

Market sentiment was dampened in May as the US president perpetuated trade tensions, raising the threat of retaliation from the Chinese government and casting further concern over already weakened global growth. All major stock markets tumbled as investors shunned equities for safe-haven assets. Bonds gained, dollar remained strong and gold surged whilst oil price softened. US Treasury 10-year yields fell below those of 3-month bill, a potential harbinger of recession.

Entering June we saw bullish sentiment towards the US stock market lift as the market grew confident the Fed could cut rates earlier. ECB also hinted at more stimulus measures designed to recharge the struggling economy, rejuvenating the Eurozone equities. Over the month, gold and the Latin America market rallied in response to expectations of Fed rate cuts ahead; the US and Eurozone equity markets led gains and bonds surged as well.

What keeps us up at night?

- Geopolitical tension and escalation of trade dispute
- US policy mistakes
- Impact of further monetary policy as global growth grinds lower

What we like

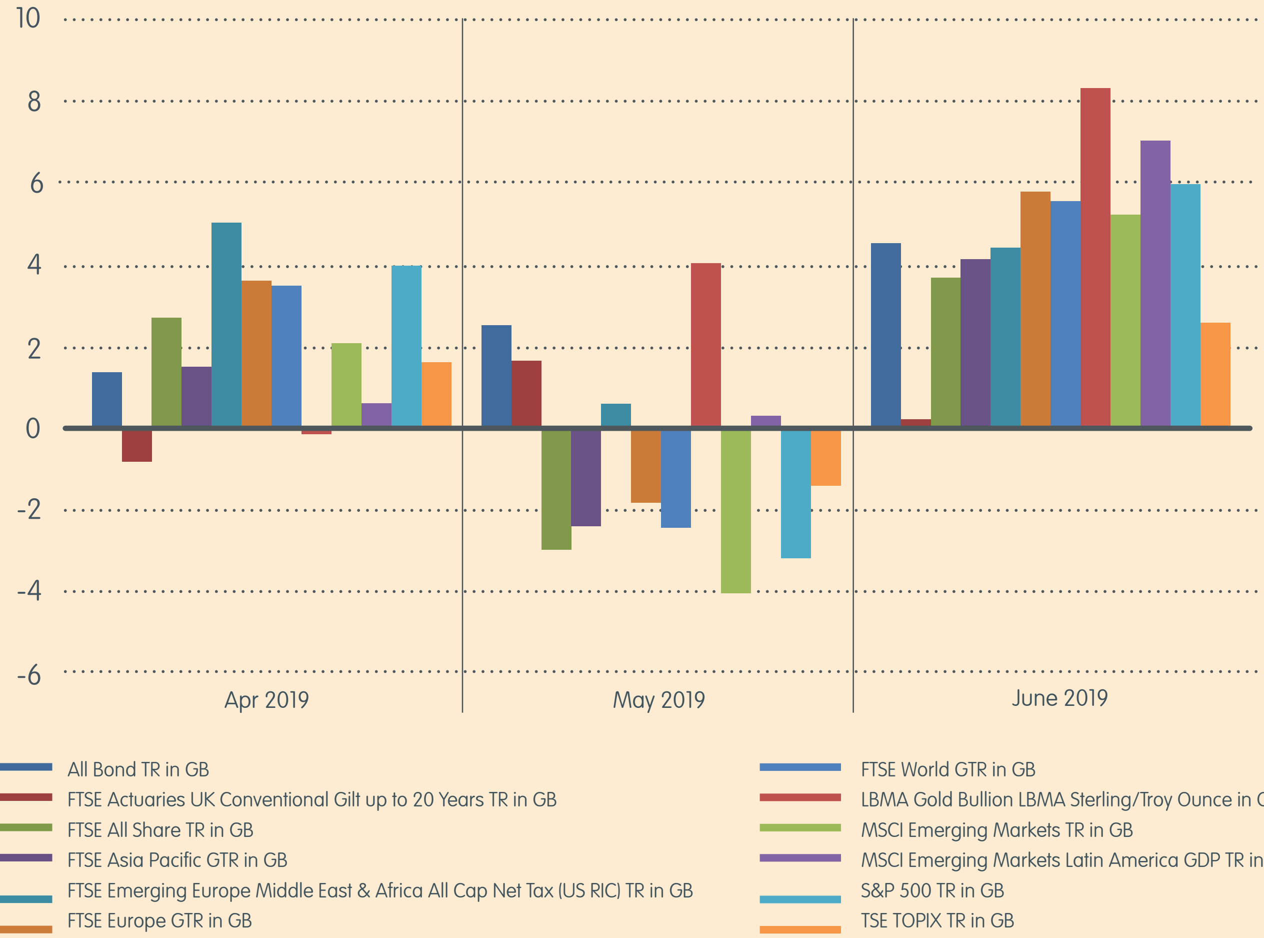
- UK, Europe, Japan, India
- Healthcare, Insurance, Mortgage and Asset Backed Securities (MBS, ABS), Infrastructure and interests in private equity
- Equities over fixed assets
- Low duration, good quality, flexible bonds
- Gold

Invest in listed Infrastructure

Oxford Economics presented research, in the not too distant past, forecasting global infrastructure investment needs to be $94 trillion between 2016 and 2040, an average of $3.7 trillion per year, and a further $3.5 trillion required to meet the United Nations' Sustainable Development Goals for electricity and water. Economies need reliable infrastructure to help get goods and services to market, this means development and maintenance of efficient strategic assets like road, rail, sea ports, gas, electric and water utilities and communications. In developing countries this means new facilities where as in the US and Europe it is likely to result in upgrading current facilities and improving their efficiency.

Monthly return for the quarter ending June 2019

Source: FE Analytics



Companies involved in infrastructure development are naturally seen as being defensive and mature, suggesting reasonable levels of dividends, and dividend growth with many having inflation linked pricing built into their models/services. This is further aided by high barriers to entry, strong pricing power, sustainable growth and predictable cash flows making the asset class a relatively safe haven in an uncertain financial world. For these reasons infrastructure stocks are often referred to as bond proxies, as they are seen as protecting capital to provide a stable income while minimising volatility relative to the wider equity market. Investing in listed infrastructure companies could be appealing to investors who prefer a stable income with fewer surprises, especially in the climate of economic uncertainty.

PORTFOLIO ACTIVITY

Regional asset weightings

Source: The Share Centre 30 June 2019

	% AS AT 30.06.19	% AS AT 31.03.19	CHANGE
Equities (total)	**72.80**	**70.07**	**2.73**
UK Equities	25.27	25.46	-0.19
North American Equities	16.05	14.00	2.05
European Equities	6.27	13.14	-6.87
Japanese Equities	7.14	9.69	-2.55
International Equities	7.28	1.56	5.72
Asia Pacific Equities	2.87	1.81	1.06
Asia Pacific Emerging Equities	2.28	1.41	0.87
American Emerging Equities	0.39	0.13	0.26
Commodity & Energy	5.25	2.87	2.38
Bonds (total)	**15.07**	**17.57**	**-2.50**
Global Fixed Interest	10.98	9.84	1.14
UK Fixed Interest	2.57	7.66	-5.09
American Emerging Fixed Interest	1.20	0	1.20
European Emerging Fixed Interest	0.26	0.07	0.19
Asia Pacific Emerging Fixed Interest	0.06	0	0.06
Alternatives (total)	**7.09**	**5.55**	**1.54**
Alternative Investment Strategies	1.56	0	1.56
Other	0	0.14	-0.14
Undisclosed	5.53	5.41	0.12
Money Market	**5.05**	**6.81**	**-1.76**

PURCHASES

JPM Global Macro Opportunities

CFP SDL UK Buffettology

DISPOSALS

Merian Global Equity Absolute Return

Royal London Sterling Extra Yield Bond

Pyrford Global Total Return

NOTABLE CONTRIBUTORS

Man GLG Continental European Growth consists of names chosen for their ability to prosper and grow profitably despite, not because of, the European economy.

Polar Capital Global Insurance focuses on non-life insurers operating in the property and casualty businesses which are less sensitive to macroeconomic conditions and historically has tended to be more resilient in challenging financial markets.

ETFS Physical Gold gained 11.25% as investors sought out safe haven asset over concerns of slowing global growth, trade tension and geopolitical risk in Q2.

NOTABLE DETRACTORS

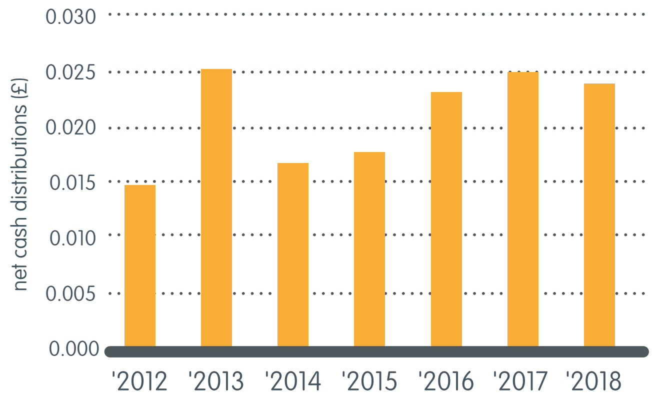
LF Woodford Equity Income, as investors are aware, is currently closed to new investments and redemptions. We have been active with our engagement with Woodford management since it announced its suspension and have emphasised our desire to see a swift and satisfactory conclusion to the matter.

INCOME & VOLATILITY

ANNUALISED HISTORIC YIELD AS AT 30.06.2019

1.64%

YEAR	DIVIDENDS	NET. DIST	HIST. YIELD %
2012	2	£0.0146	1.48
2013	2	£0.0251	2.28
2014	2	£0.0166	1.44
2015	2	£0.0176	1.43
2016	2	£0.0230	1.80
2017	2	£0.0248	1.74
2018	2	£0.0238	1.57
YTD	1	£0.0174	1.24



Source: FE analytics to quarter end June 2019

Historic Yield has been calculated by summing the dividends over the given period divided by the price on the final XD date for the period. Dividend figures rebased in GBP, all distribution values are shown in their major currency unit.

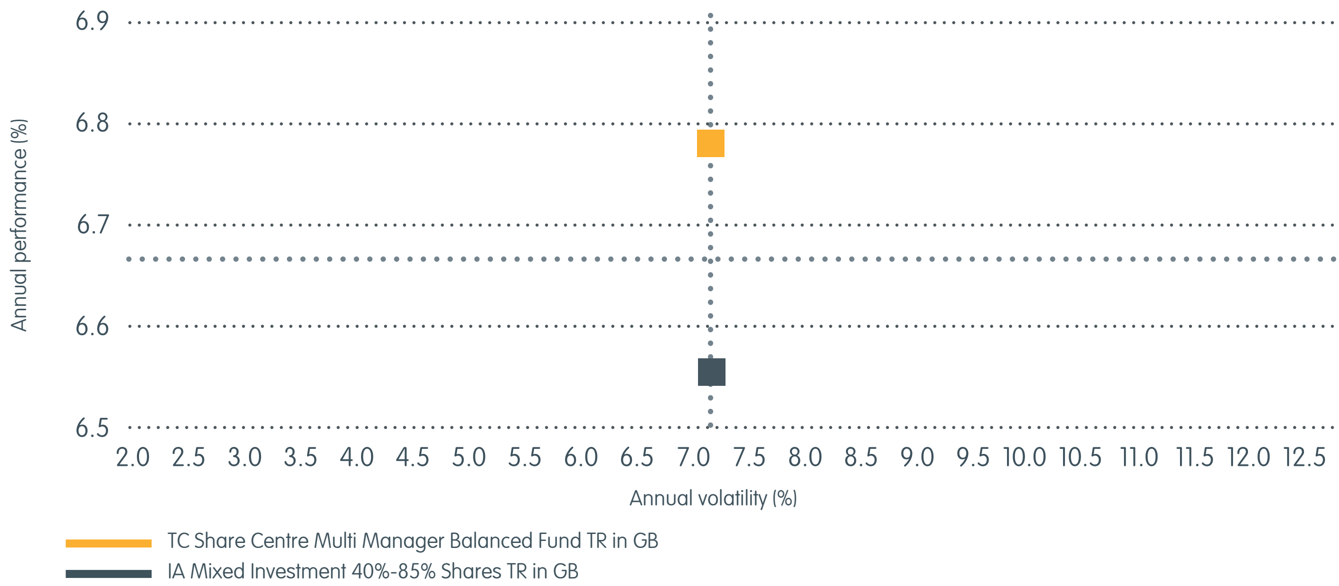
Important ratios - five years cumulative data

Source FE Analytics, based on 5 years cumulative data to the last month end on a total return basis.

	ANNUALISED			
	RETURN	ALPHA	SHARPE	VOLATILITY
TC Share Centre Multi Manager Balanced	6.65	0.82	0.39	8.01
IA Mixed Investment 40%-85%	6.39	0	0.37	7.79

Returns vs Volatility

Source: FE analytics as at June 2019

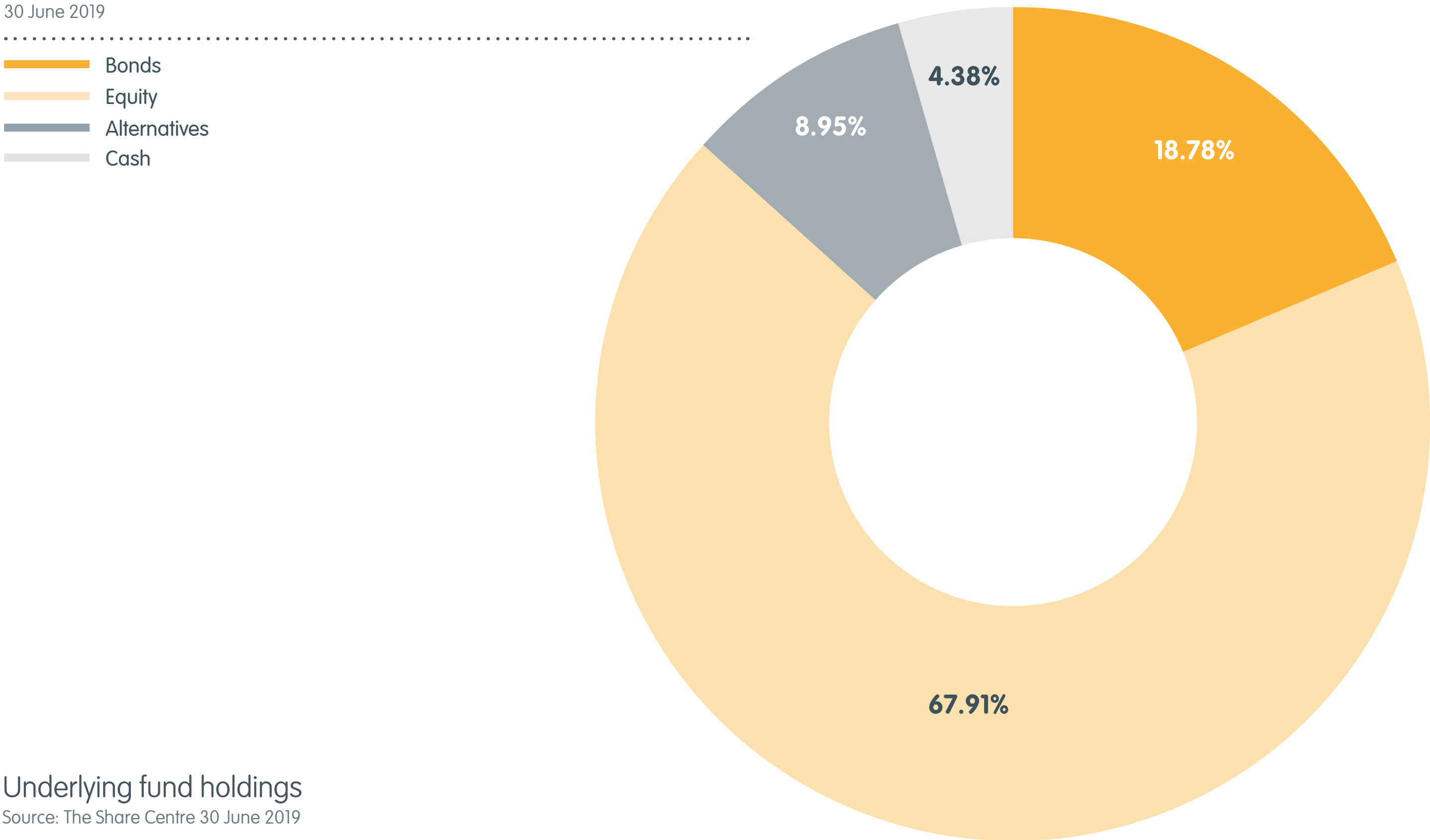


The graph shows the amount of risk the TC Share Centre Multi Manager Balanced Fund took, relative to its benchmark, to achieve its returns over the last five years.

FUND BREAKDOWN

Asset allocation

30 June 2019



Underlying fund holdings

Source: The Share Centre 30 June 2019

Bonds	
Gam Star Credit Opportunities	3.31%
MI TwentyFour Monument Bond	5.53%
Pimco GIS Income	9.94%
Equities	
Fundsmith Equity	5.51%
Legg Mason Japan Equity	6.35%
LF Woodford Equity Income	6.43%
Man GLG Continental European Growth	4.77%
Schroder Asian Income	4.00%
Finsbury Growth & Income Trust	7.00%
JPM Global Macro Opportunities	5.76%
LF Miton UK Multi Cap Income	5.73%
FP Crux UK Special Situations	2.27%
CFP SDL UK Buffettology	3.48%
First State Global Listed Infrastructure	10.33%
Polar Capital Global insurance	6.28%
Alternatives	
Merian Gold & Silver	4.47%
ETFS Physical Gold	4.48%
Cash	4.38%

Figures have been rounded from four decimal places to two decimal places which may reflect in the total percentage figure.

CONTACT US

customer service
phone 01296 41 41 41 **email** funds@share.co.uk
PO Box 2000 Aylesbury Buckinghamshire HP21 8ZB

ABOUT THE FUND MANAGER

The fund is managed by The Share Centre who have been appointed as fund manager by the Authorised Corporate Director (ACD). The ACD is Equity Trustees who are authorised and regulated by the Financial Conduct Authority.

AWARDS & HIGHLIGHTS

In 2015 all of our funds were first Quartile and first Decile: TC Share Centre Multi Manager Cautious Fund 1 of 138, TC Share Centre Multi Manager Balanced Fund 3 of 134, TC Share Centre Multi Manager Adventurous Fund 1 of 141.

The TC Share Centre Multi Manager Cautious Fund is recognised by the FT Adviser Hidden Gem Club - 30 funds under the radar between £10 & £100 million in size.

Both the TC Share Centre Multi Manager Cautious Fund and TC Share Centre Multi Manager Balanced were recognised in September 2015 by Trustnet as top performers in a piece titled 'How are multi-asset funds coping with a volatile 2015'?

Three UK Funds that 2015's best multi-manager is backing - Trustnet.

The TC Share Centre Multi Manager Cautious Fund was highlighted in a piece titled TC Share Centre Multi Manager Cautious Fund that have offered the 'best protection this year', by Trustnet in September 2015.