

Absolute Return Asset Rankings - March 2019

Our absolute return funds and portfolios use a completely objective and purely quantitative process to identify price momentum and determine asset allocation.

On a daily basis our investment process compares over 30 indices to determine which asset classes are considered to be providing the best level of return given the level of risk being observed.

The asset allocation of the funds and portfolios that we manage are based on the asset classes that sit within the top ten of this daily ranking process. Assets are sold when they fall out of the top 10 and bought when they move into the top 8, are in a positive trend and cash is available.

TOP RANKED ASSET CLASSES - 1 MAR 2019

1. Global Bonds (GBP Hedged) [+]	(1)	➡
2. Asia Property [+]	(5)	▲
3. UK Gilts (5-15 Years) [+]	(2)	▼
4. UK Gilts (>15 Years) [+]	(7)	▲
5. Precious Metals [+]	(3)	▼
6. UK Gilts (1-5 Years) [+]	(4)	▼
7. Asia Equities (Dividend) [+]	(10)	▲
8. UK Gilts (Inflation Linked) [+]	(6)	▼

BUFFER ZONE

9. UK Corporate Bonds [+]	(25)	▲
10. Inverse Commodities [+]	(8)	▼

NOTES

- Asset ranking taken from the first day of the month.
- Figures in brackets () are the rank held by the asset at the start of the previous month. [+] denotes positive trend & [-] negative.

MARKET RISK

The amount we allocate to each asset in the top 10 depends upon the level of observed risk and the strategy being followed. Asset classes with lower observed risk have higher allocations and vice versa. When markets are particularly volatile our process can increase the amount of cash held. As at 1st March 2019 the amount of cash and cash equivalents held under our six strategies was as follows;

Indigo	Blue	Green	Yellow	Orange	Red
17%	1%	1%	1%	1%	1%

Commentary

There was little change to the top 10 in February with one asset relegated and one promoted. Latin American equities slipped outside the top ten for the first time in four months and were replaced by UK corporate bonds which jumped sixteen places to sit in 9th.

Despite some recovery in equity markets during February, the Top 10 remains dominated by UK Gilts with all four of the indices we monitor remaining inside the top 10. The addition of UK corporate bonds takes the number of fixed interest and index linked indices in the top 10 up to six.

Both precious metals and the inverse commodities indices remain in the top 10 despite each falling two places. Of the two, inverse commodities is showing the weaker trend and is on the verge of relegation, primarily due to a combination of a strengthening pound and some positive movement in oil and energy prices.

Following the relegation of the Latin America index, the two remaining non fixed interest indices are both from Asia. The Asian dividend index moved up three places during the month, as did the Asian property index, the latter moving from fifth to second, sitting behind global GBP hedged bonds which retain top spot.

Overall, the top 10 remains defensively positioned with a number of equity indices just outside and waiting to break in over March should their positive performance continue.

FOR FURTHER INFORMATION

If you would like more detail about how the iFunds process and approach to investing can help your clients, please visit us at www.ifunds.co.uk or contact Stacey Ash or Craig Stansfield via;

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