

Absolute Return Asset Rankings - April 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 APR 2019

1. Global Bonds (GBP Hedged) [+]	(1)	➡
2. UK Corporate Bonds [+]	(9)	▲
3. Asia Property [+]	(2)	▼
4. UK Gilts (>15 Years) [+]	(4)	➡
5. UK Gilts (Inflation Linked) [+]	(8)	▲
6. UK Gilts (5-15 Years) [+]	(3)	▼
7. UK Gilts (1-5 Years) [+]	(6)	▼
8. Asia Equities (Dividend) [+]	(7)	▼

BUFFER ZONE

9. US Property [+]	(11)	▲
10. US Equities (Technology) [+]	(22)	▲

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 April 2019 the amount of cash and cash equivalents held under our six strategies was as follows;

Indigo	Blue	Green	Yellow	Orange	Red
18%	4%	1%	1%	1%	1%

Commentary

There were two asset classes relegated from the top 10 during March but little change at the top of the matrix where bonds of various types continue to dominate.

Both bonds and equities performed well during March but of the two, our investment process continues to favour bonds, both corporate and government, on a risk adjusted basis. This is reflected by the fact that six of the top eight places remain occupied by the gilt and bond indices that we monitor.

Early in the month we lost inverse commodities, as the price of oil continued to increase, and at the end of the month precious metals also left the top 10. The two new entrants during the month were US property and US technology equities, the former joining Asian property inside the top 10 and taking the number of property indices to two. In addition to good performance from the property indices domestically, both also benefited from a strengthening dollar against the pound. The pound had initially shown signs of resilience, however, following another round of failed attempts in the UK to solve the Brexit deadlock, it fell by just under 2% against the US dollar.

US Technology equities joined Asian dividend equities in the top 10 as a number of the equity indices we monitor turned from a negative trend to a positive trend during the month. The signs are that one or two may break into our investment portfolios and funds but, as we saw in 2018, this can change very quickly with political and trade issues in the UK and around the world continuing to cast a shadow.

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;

Telephone :

02476 236 223

E-Mail :

stacey.ash@ifunds.co.uk
craig.stansfield@ifunds.co.uk

www.ifunds.co.uk