

Purple Global Adaptive Equity UCITS Fund

Systematic Risk Managed Global Equity

February 2020

Performance Returns

The Purple Global Adaptive Equity UCITS Fund returned -7.34% for the month (GBP A Share class). Outperforming the MSCI World Index which fell over 8% on the month. This gives the fund a net return since launch on 18 February 2016 of 9.41%.

Investment Objective & Strategy

The Montlake Purple Global Adaptive Equity fund is our flagship fund which adapts seamlessly to market conditions by knowing when to take risks and when to preserve capital. It is an extremely useful product for clients who are willing or need to take equity risk but would benefit from the portfolios proactive systematic risk management capability which looks to preserve capital when market conditions deteriorate.

The fund is a global equity fund with a risk management overlay. It holds a basket of equities from the US, European, UK and Japanese markets. These equities are selected based on fundamental data and are chosen on a quality bias.

Each geographical area is treated as a separate portfolio for risk management purposes, with positions being equally weighted to avoid one position dominating performance. It is in our specialised risk system ARES™, however, where this product differentiates itself and adds significant value. This risk system directs the overall level of market exposure that the fund takes in each geographical region, with the ability to be completely hedged across all markets when required. It is this system of allowing the fund to take on market risk in rallies and hedging during downturns that gives the fund its edge.

We expect the fund to outperform over the longer term, particularly over a full market cycle.

Monthly Commentary

In February, equity markets were fairly steady for the first few weeks of the month. However, a substantial escalation of the coronavirus crisis, as the virus spread outside of mainland China, with significant infection rates in Italy and Iran in particular, panicked investors resulting in higher volatility and a severe fall in equity markets going into the month end.

The fund was fully exposed to the market going into this correction, although the defensive nature of the stock book, and the large cash position, helped the fund outperform the index by almost 1%. Going into the month end, we placed hedges in all four of the markets to reduce the overall beta of the equity book to around 0.7 as our quantitative signals adapted to the changing market conditions. We expect the fund to continue to take some market risk, but the lower beta will help insulate returns from further falls in the market.

GBP Institutional Class A UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2020	-0.11%	-7.34%											-7.45%
2019	1.98%	1.36%	-0.22%	0.85%	-1.52%	1.26%	-0.09%	-0.08%	0.96%	-0.62%	1.38%	1.56%	6.97%
2018	1.49%	-2.43%	-1.02%	0.61%	1.10%	0.49%	2.02%	1.05%	0.24%	-4.82%	0.75%	-3.44%	-4.13%
2017	0.55%	2.79%	0.35%	1.16%	1.51%	-0.06%	0.58%	0.12%	1.48%	1.64%	1.26%	1.06%	13.15%
2016	-	-0.53%	0.71%	-1.13%	0.38%	0.66%	0.56%	-0.14%	-0.18%	-2.80%	2.97%	1.44%	1.87%

The performance figures quoted above represent the performance of the Purple Global Adaptive Equity UCITS Fund, GBP Inst. A Share Class since launch on the 18-Feb-2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

The Manager



Colin Leggett CFA

Investment Director – Investment Management

Colin has over 20+ years industry experience. Colin started his career at Abbey National Asset Management, specialising in futures trading and risk analysis before moving onto Metage Capital in 2006, a London-based hedge fund. In 2009, Colin became Investment Manager where he was responsible for running the asset allocation and hedging strategies for the fund. Colin's depth of knowledge and experience in a multi-asset environment through various trading conditions adds significant expertise to the team, where he works to deliver investment performance within the Group. Colin has a BA (Hons) in History & Politics and is a CFA charter holder.

Dr Tony Wilkinson

Investment Director – Quantitative Solutions

Tony has an exceptional academic career, with a BSc (1st Class) in Experimental Physics, an MRes in Nuclear Physics and an MSc in Physics & Computing in Medicine, leading to his formative career as a Senior Nuclear Medicine Physicist for the NHS in Cumbria. In 2007, Tony commenced a Ph.D. in Astrophysics, before changing career direction, joining the research team at Altis Partners in 2011, where Tony became the Product Specialist of the Global Futures Portfolio - a fully systematic hedge fund, trading a diverse range of over 100 international futures markets. In 2014, Tony joined Wonga as an Innovation Analyst, where he applied cutting-edge machine learning techniques to solve supervised classification problems related to credit-risk for products. In ISG, Tony supports the CIO in developing the quantitative tools that support the proprietary group investment process.

Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	\$173 million
Inception	18 th February 2016

Share Class Institutional Class A

Currency	EUR/USD/CHF/GBP/AUD
Mgt. Fee	0.70%
Perf. Fee	0%
Min Init. Sub.	1,000,000
ISIN Codes	GBP: IE00BZ1NRQ72 EUR: IE00BZ1NRP65 CHF: IE00BZ1NRR89 USD: IE00BZ1NRS96 AUD: IE00BDTYLH74

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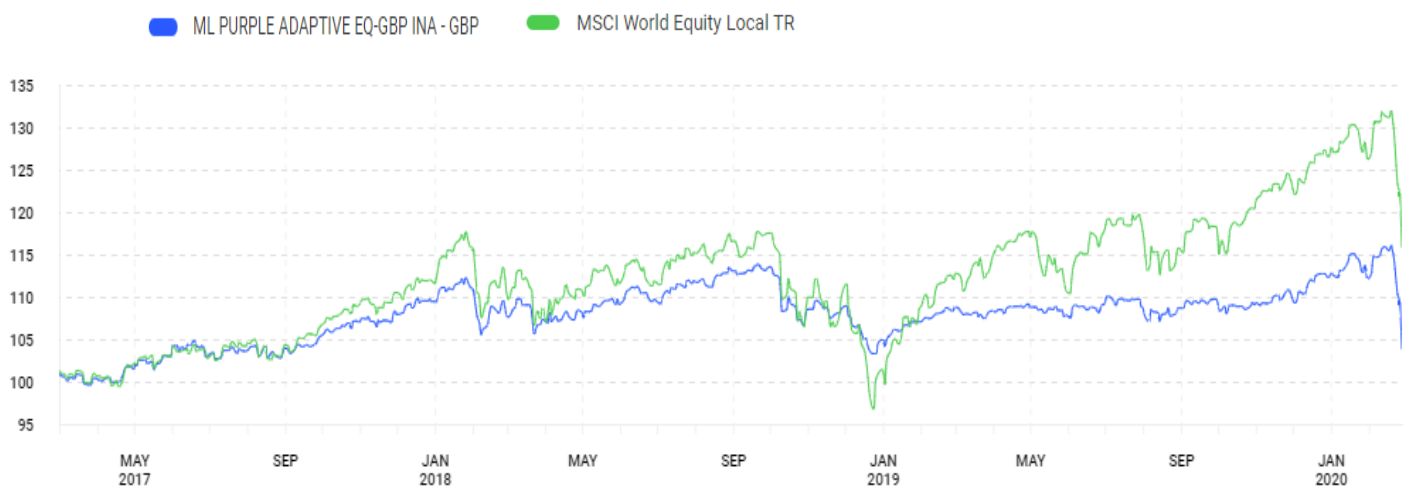
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Market	End Jan Beta to Market	End Feb Beta to Market	Hedging in Place
US	1.00	0.66	Yes
UK	1.00	0.35	Yes
EU	1.00	0.94	Yes
Japan	1.00	0.46	Yes
Overall	1.00	0.68	Yes

Source: PSC

Return vs MSCI World over last 3 years



Source: PSC Collidr

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