

Purple Global Adaptive Equity UCITS Fund

Systematic Risk Managed Global Equity

October 2019

Performance Returns

The Purple Global Adaptive Equity UCITS Fund returned -0.62% for the month (GBP A Share class). This gives the fund a net return since launch on 18 Feb. 2016 of +14.8%, and a year to date return of +3.89%.

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

Currency played a large impact in October for sterling investors due to the ongoing Brexit issues. Equity markets rose in October in US dollar terms but fell in sterling terms. After a volatile start to the month, markets had a strong rally into the month end on easing trade tensions between the US and China, and a further extension of the Brexit deadline. The backdrop still remains one of caution, despite US equities reaching all time highs, as global economic data continues to create nervousness amongst investors over future economic growth.

The fund fell by 0.62% in October, outperforming global equity markets in sterling terms. During the earlier part of the month, the fund held up well as the equity markets were more volatile. As global markets rallied towards the month end, the current equity and currency hedging position resulted in an outperformance when markets are priced in sterling. We performed the annual stock rebalance in October, bringing the holdings back to equal weighting within their region, and re-shaping the portfolio and sector allocations in line with our stock selection process.

GBP Institutional Class A UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019	1.98%	1.36%	-0.22%	0.85%	-1.52%	1.26%	-0.09%	-0.08%	0.96%	-0.62%			3.89%
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	\$182 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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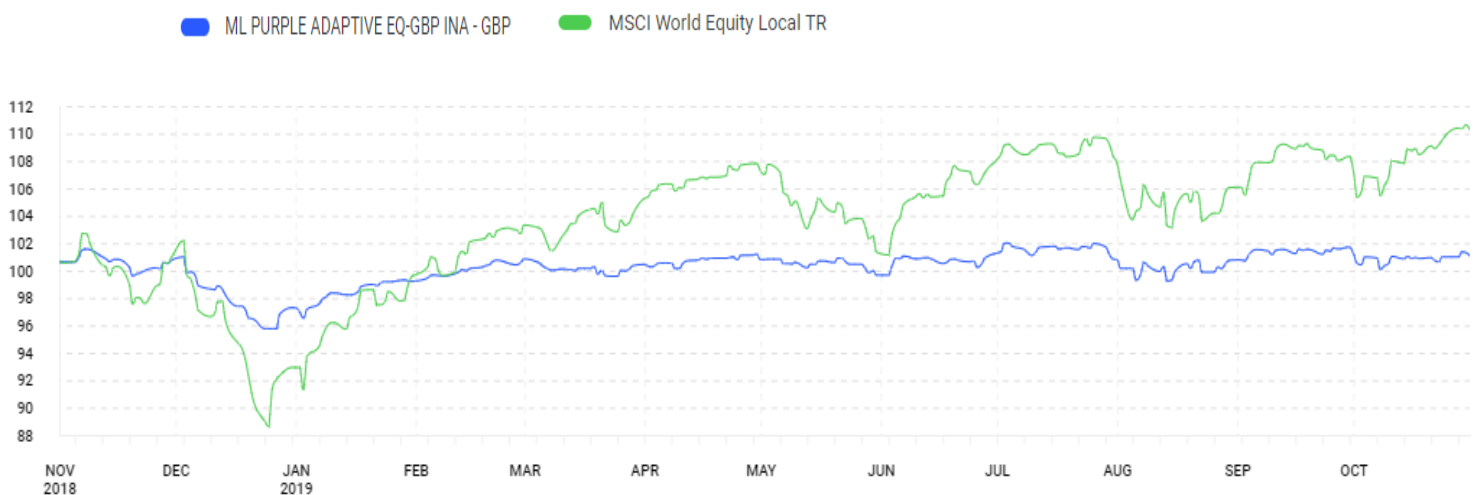
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Market	End Sep Beta to Market	End Oct Beta to Market	Hedging in Place
US	0.49	0.47	Yes
UK	0.26	0.19	Yes
EU	1.00	1.00	No
Japan	0.20	0.29	Yes
Overall	0.56	0.55	Yes

Source: PSC

Return vs MSCI World over last 12 months



Source: PSC Collidr

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