

# Kingswood Defensive Alpha Absolute Return UCITS Fund

September 2020

## Performance Returns

The Kingswood Defensive Alpha Absolute Return UCITS Fund returned -0.08% for the month of September (GBP Institutional Class).

## Investment Objective & Strategy

Kingswood Defensive Alpha ("KDA") is a UCITS fund of funds, investing in liquid alternative UCITS funds with the goal of providing access to best of breed hedge fund UCITS managers and a return stream that is defensive and uncorrelated to equity and fixed income positions for investors.

The fund's objective is to produce an absolute return target of cash +4-5% after fees with a minimisation of capital drawdown.

Volatility of the fund is expected to be approximately 4-5% providing daily liquidity with 1 days' notice. We believe that there is significantly increased demand for portfolio diversification in the post-Coronavirus world and hedge funds are often bought to fulfil this role in a portfolio. However, as a collective, hedge funds have delivered correlated returns and investors are receiving a high level of market beta in their return and comparatively low levels of alpha.

Only low correlated, alpha generative hedge funds can provide diversification to a portfolio. These represent a small proportion of the hedge fund market, as the majority are directional and bear the underlying risks of their asset class.

KDA is constructed to produce high alpha (for return), low correlation (for diversification) and generate a defensive bias (for asset allocation benefits). This is achieved through targeted strategies only. KDA provides a one-stop shop for uncorrelated hedge fund exposure in investor portfolios.

## Monthly Commentary

Kingswood Defensive Alpha ("KDA") completed its first full month of track record in September and returned -0.08% for the month net of all fees. It was an eventful month overall for equity markets with global equity markets (as measured by the MSCI World Index in USD) suffering from a pullback of -7.7% from the 2nd September to 24th September before rallying to close down -3.45% for the month. We have designed KDA to behave independently of this type of event and were pleased to see the portfolio perform in an uncorrelated way over these same dates and be marginally positive over the same period, before giving back those gains in the late month market rally. The FTSE 100 also had a tough month, down -1.54%.

From an underlying manager perspective, the two best performers were both in the fundamental equity market neutral strategy, where the high dispersion in individual equities created long and short opportunities. On the negative side, our trend following strategy struggled. This type of strategy tends to do poorly at inflection points in markets and it was no surprise to see it as the weakest performer for the month.

Looking ahead, the portfolio is fully invested, and we believe is positioned to profit from market volatility and provide investors with our stated goal of a defensive return stream driven by high alpha and no beta.

## Kingswood Defensive Alpha Absolute Return UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	YTD
2020								0.00%	-0.08%					-0.08%

The performance figures quoted above represent the performance of the Kingswood Defensive Alpha Absolute Return UCITS Fund, GBP Inst. Class since launch on 27 August 2020. These performance figures refer to the past and past performance is not a reliable guide to future performance.

## The Manager



### Richard Klein

Kingswood Group

Richard has a 35-year career in investment banking, fintech and hedge funds. He spent almost all of his near-30-year investment banking career at Merrill Lynch in a number of leading capital markets roles before moving to two successive senior hedge fund positions. He graduated from Oxford University with a MA (Hons) in Philosophy, Politics & Economics.

### Kevin Ewer

MontLake

Kevin is Head of Research at MontLake and has nearly 20 years' experience covering portfolio construction, manager selection and asset allocation in analysing and investing in hedge funds and traditional portfolios. He was lead portfolio manager to a variety of portfolios for the Sanlam group (2010 to 2015) including a range of risk targeted multi-asset funds, a global fund of hedge funds and an Alternative UCITS fund of funds. Prior to Sanlam he ran a range of risk-targeted fund of hedge fund portfolio for Blue Ink, a specialist fund of hedge fund provider. He was also portfolio manager for Skybound's multi-asset portfolio, before joining MontLake in 2017.

## Fund Facts

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Daily
Fund AUM	\$9.1m
Inception	August 2020
Share Class	Institutional Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.50%
Perf. Fee	0.00%
Min Init. Sub.	100,000
ISIN Codes	EUR: IE00BLB7Q425 USD: IE00BLB7Q755 CHF: IE00BLB7Q649 GBP: IE00BLB7Q532

Share Class	Retail Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	0.00%
Min Init. Sub.	1,000
ISIN Codes	EUR: IE00BLB7Q862 USD: IE00BLB7Q02 CHF: IE00BLB7QB94 GBP: IE00BLB7Q979

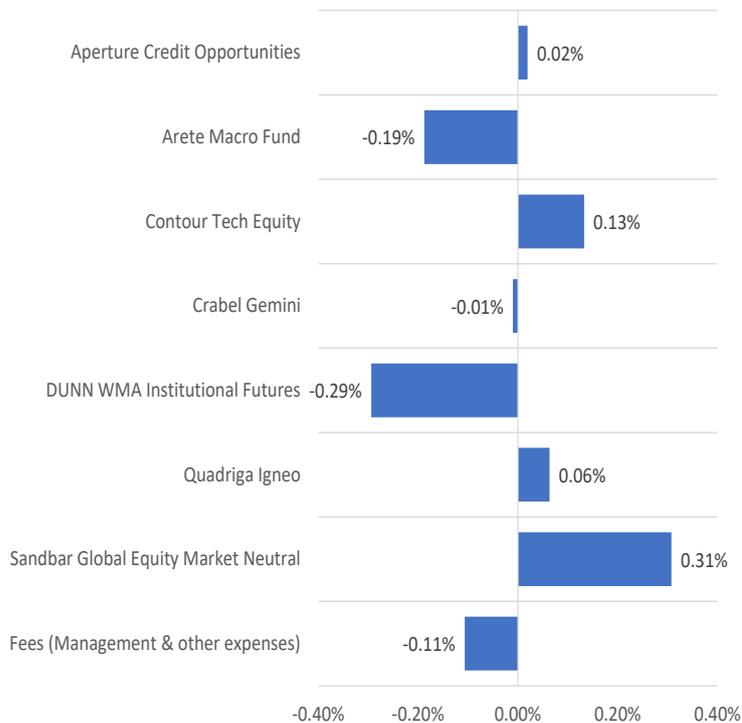
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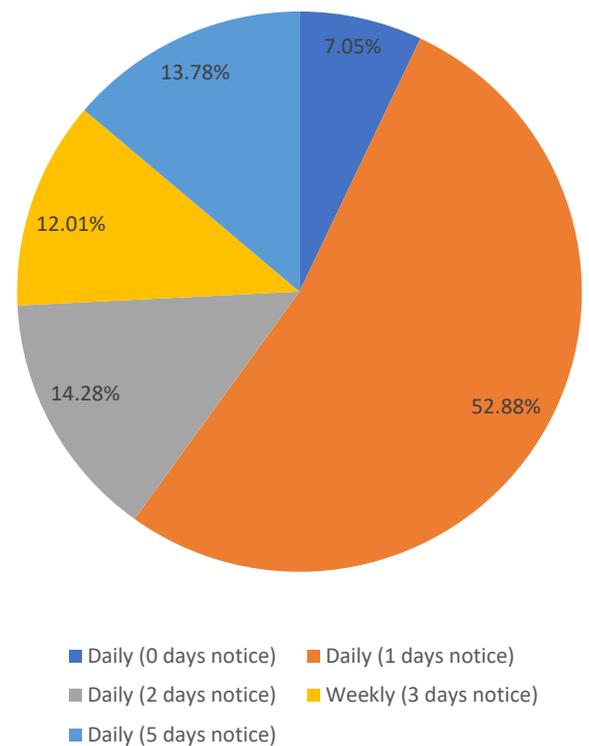
TOP 10 HOLDINGS	
Fund	Weight
1 Sandbar Global Equity Market Neutral	14.28%
2 Quadriga Igneo	14.03%
3 Aperture Credit Opportunities	13.99%
4 Arete Macro Fund	13.78%
5 Crabel Gemini	12.57%
6 DUNN WMA Institutional Futures	12.29%
7 Contour Tech Equity	12.01%
8 CASH	7.05%
9	
10	

STRATEGY WEIGHTS	
Strategy	Weight
Equity Market Neutral - Fundamental	26.29%
Trend Following	12.29%
Credit Long Short	13.99%
Short Term Quantitative Futures	12.57%
Discretionary Global Macro	13.78%
Tail Risk	14.03%
Cash	7.05%

Monthly Contribution to Return



Liquidity Profile



## Contact Details

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