

**Fund Objective:** capital growth with less of the volatility of equities. The Fund invests predominantly in global equities and corporate bonds, other listed securities, government bonds, and money markets.

**Investment Process:** the manager follows the fundamentals of the business cycle to select individual equity and bond investments with attractive and complementary risk and return profiles within a through-cycle four phase asset allocation framework.

**Investment Outcome:** over a full business cycle the manager seeks to deliver a total return in excess of the Performance Benchmark, comparable to inflation +3-4% in normal circumstances, and comparable to the long-term return on equities. Fund seeks to generate a 'natural' level of income from bond interest and equity dividends that should be sustainable across the cycle.

**Performance Benchmark:** the average of the return on an index of short-dated UK Government bonds (upto five years maturity) and rolling five year CPI. The purpose of this benchmark is stability: historically the average of each of these has been about 3-4%, but when one is lower the other is normally higher, offering a steady 'risk free' measure that also accounts for inflation.

**Fund Sector:** IA\* Mixed Investment 20-60%, Morningstar GBP Moderately Adventurous. Equity investments are limited to 70% of Fund; unhedged foreign currency typically 15-30%, max 50% of Fund.

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INVESTMENT SUMMARY							
	Q3	YTD	1Y	3Y	5Y	S.I.*	vol
IF-A	2.8	11.8	3.5	16.4	21.5	35.0	6.3
Bm	0.6	1.4	1.5	2.1	7.2	10.9	0.7
IA*	1.8	9.9	4.0	13.3	27.4	n/a	n/a
* see notes, Performance.							
	'13*	'14	'15	'16	'17	'18	'19
YTD	7.4	3.4	-4.3	5.9	10.1	-5.5	11.8
Dec	0.8	-0.4	-0.8	1.8	0.5	-1.5	-
Nov	-0.7	1.4	0.1	-1.5	0.3	0.4	-
Oct	2.1	1.9	4.7	-0.2	2.9	-6.3	-
Sep	0.3	-0.1	-3.8	-0.9	-0.9	-1.0	0.4
Aug	-2.6	1.6	-3.2	2.2	0.1	0.5	1.2
Jul	4.3	-0.7	0.8	2.0	0.2	1.9	1.2
Jun	-3.8	-0.5	-3.1	0.4	-1.7	-0.6	2.3
May	0.4	0.9	0.8	0.1	2.2	1.9	-0.5
Apr	0.9	-0.7	0.4	1.9	1.3	1.4	0.0
Mar	-0.3	0.1	-0.5	2.5	1.0	-2.7	1.7
Feb	1.9	1.0	0.2	0.1	2.2	-1.3	2.2
Jan	4.2	-1.2	0.3	-2.4	1.7	2.0	2.8

Up Months	66%
Best	+4.7 (Oct '15)
Worst	-6.3 (Oct '18)
Avg. up/down	+1.4 / -1.5

**COMMENTARY**

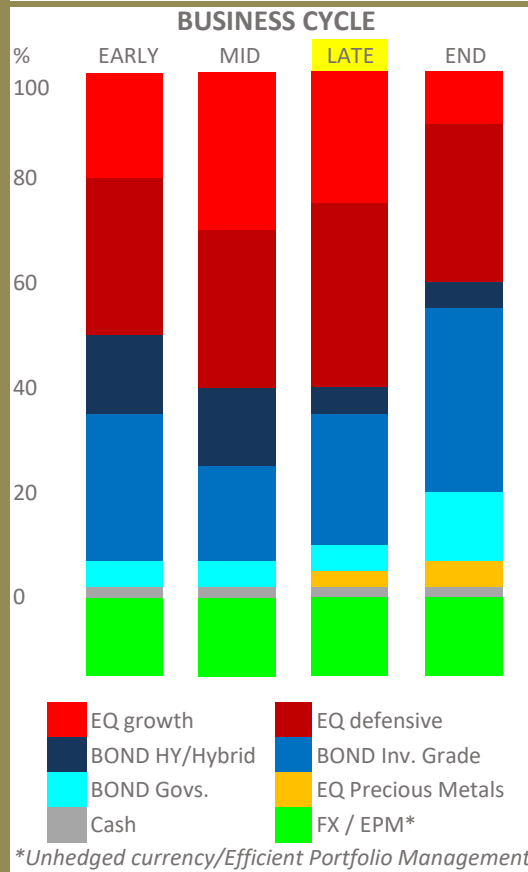
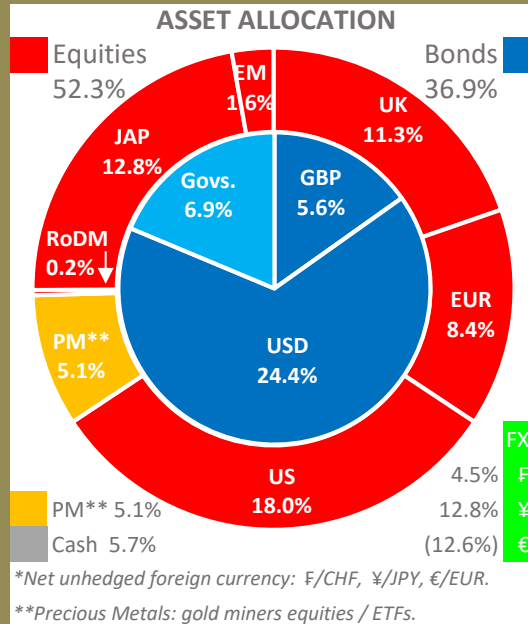
Volatility returned this quarter as US-China trade rhetoric intensified and the global economy slowed;

Record low yields in bond markets signalling likely recession. Stock markets proved resilient on strength in services sector and hopes for October trade talks;

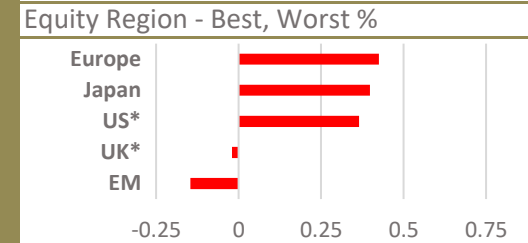
Interest rate cuts have supported late stages of this expansion; further cuts likely on more weakness;

The Fund remains at 'Late' cycle setting but could move to 'End' cycle if the economy deteriorates much further or if trade talks disappoint;

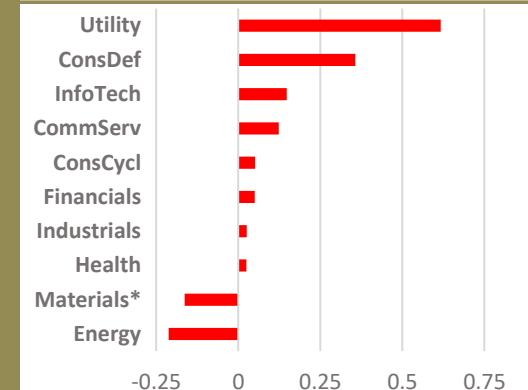
In January we highlighted the need for these rate cuts but also the need for trade resolution if this long-lived cycle were to extend much longer - we've had rather more of one than the other, but it seems likely both will be needed together to avert the threat of recession.



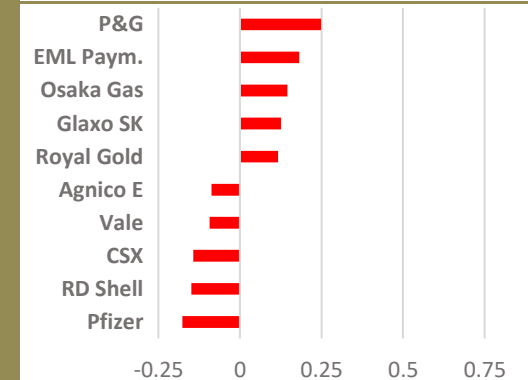
**QTD - RETURN CONTRIBUTION**



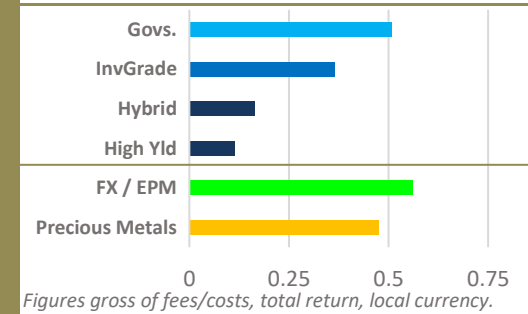
**Equity Sector - Best, Worst %**

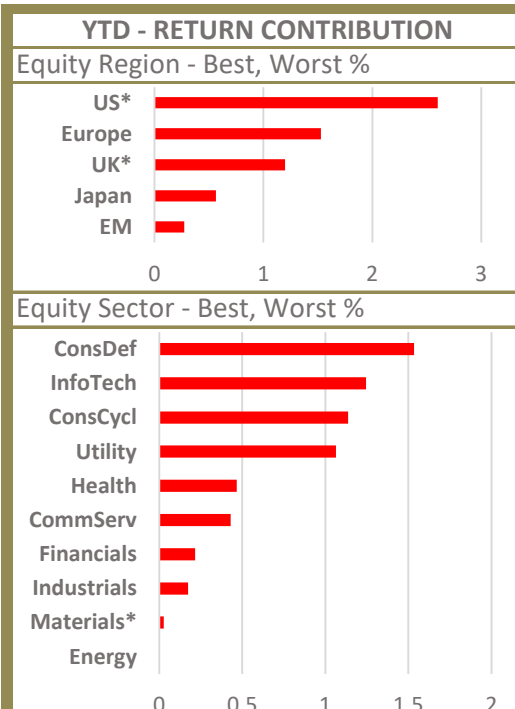


**Equity Company - Best, Worst %**

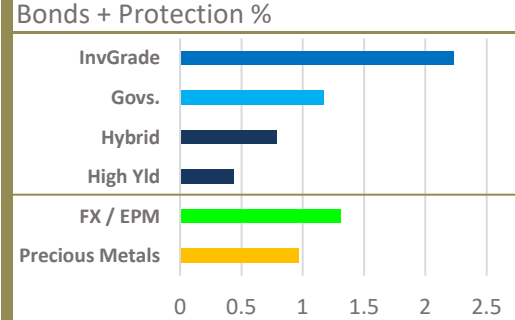
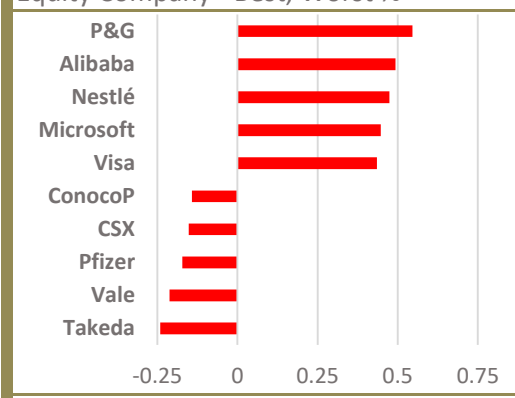


**Bonds + Protection %**





\* Regions and Sectors ex Precious Metals miners, ETFs.



Figures gross of fees/costs, total return, local currency.

### INVESTMENTS

Equities	TOP 10	Bonds
Royal Dutch Shell		USTII 0.875% 2029
Procter & Gamble		Total
McDonald's		Praxair
Nestlé		Orange
Roche		Equinor
Pepsico		Nestlé
Unilever		EDP
Osaka Gas		ABB
Tokyo Gas		Rabobank
JP Morgan		Vodafone
Top 10 bonds + equities		51%
Single company		5% max
Individual investments		78

### EQUITY PROFILE

Dividend Yield <sup>1</sup>	2.6%
PE forward /EPS LTG <sup>2</sup>	18.5 x / 9.5%
Mkt.Cap. Avg/Median <sup>3</sup>	£127 Bn / £38 Bn

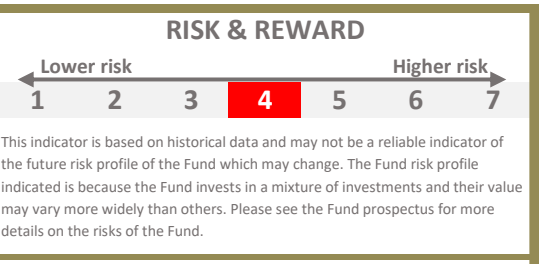
### BOND PROFILE

Running Yield <sup>4</sup>	3.2%
Credit Quality <sup>5</sup>	94% Inv.Grade
Corporate years <sup>6</sup>	5.2 (ex Govs)

*see notes for details of profile metrics*

### FUNDS FACTS

Fund Type:	UCITS V OEIC				
Strategy:	Targeted Return				
IA Sector:	Mixed 20-60%				
Morningstar:	Moderately Adventurous				
Morningstar Sustainability:					
Fund Size:	£42m				
ACD:	Elite Funds/Way				
Depository:	Northern Trust				
Auditors:	BDO				
Dealing:	Daily/Noon				
Income Yield:	2.56% dist Jul/Nov				
Entry/Exit Fees:	0%				
Ongoing Charges (OCF):	indicative current year				
RF	1.34%	IF	1.09%		
SP	0.74%	PF	0.34%* <i>see notes</i>		
Distribution IF-I Pence per unit	'15	'16	'17	'18	'19
	1.73	1.46	1.94	2.09	3.02



### NOTES

**Date of all data**, unaudited figures: as of 30th September 2019 (unless otherwise detailed).

**Source for all data:** Tellsons Investors LLP, Apex Fund Services, Bloomberg, StatPro. Numbers may not add up due to rounding.

**Performance & Volatility:** Inception 31.10.12 includes private pre-launch audited model portfolio; public inception 03.02.14. Endeavour returns based on IF Accumulation share class, net dividends reinvested, net of fees; all returns are total returns in local currencies. Volatility is based on monthly returns over 36 months, annualised. Source: Bloomberg, Apex Fund Services. **Benchmark:** Fund benchmark is the average return of index of short-dated UK government bonds upto five years and rolling five year UK CPI inflation; IA Category performance source: FE trustnet.

**FX:** unhedged foreign currency exposure typically 15-30% of the Fund, limit 50%; **EPM:** Exchange-traded futures & options contracts may be used to seek to reduce some of the risks of the investments, including currencies, stock indices and interest rates, as permitted for efficient portfolio management under UCITS V regulations. See the Fund's prospectus for further details.

**Monthly Returns:** Inception 31.10.12 includes private pre-launch audited model portfolio; public inception 03.02.14. Highlighted and outlined monthly returns show private pre-launch audited model, real cash, portfolio returns from Oct.12 - Jan.14.

**Income Yield:** This is based on the most recent annualised dividend payable for the IF Income share class, financial year ended 29.3.2019. Administration costs applicable to the Income Units are expensed to capital and gross income paid out as distribution.

**Fees:** Investment fee plus administration expense = OCF (admin 0.34% indicative current year) **IF** Fixed Investment Fee 0.75%, **OCF 1.09%** (indic); (RF founders only); **SP** Fixed Investment Fee 0.40%, **OCF 0.74%** (indic, available to Charities, Pensions, SIPP, and Endowment investors); **PF** Performance Fee option carries no Fixed Investment Fee, solely admin costs of 0.34% (indic) plus 20% share of outperformance vs. Performance Benchmark;

**Profiles: Equity Profile** (1) Dividend Yld: based on estimated annual dividends per share; (2) PE/EPS LT Growth: Bloomberg consensus long-term estimates (excl. a 30bp special situation); (3) Market Capitalisation: average and median in GBP; **Bond Profile** (4) Running Yld: based on bond coupon and price; (5) Credit quality: weighted average credit quality of bonds; (6) Avg. Maturity: years to maturity (or adjusted for issuer redemption options). Source: Bloomberg.



## EF TELLSONS ENDEAVOUR Targeted Effective Return

### Q3 - 2019 Investment Review & Fund Facts



PLEASE READ THE IMPORTANT WARNING NOTICE OVERLEAF. Any opinions stated in this review are expressed solely as opinions of the investment advisor to the Fund and should not be construed as investment advice nor solicitation to invest.