



EF Tellsons Endeavour

Fund Report Q1.2020

Growth, income and protection in a world at work



*



*SP Share class. Valid at March 2020. © 2020 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar Rating, including its methodology, please go to: http://corporate.morningstar.com/US/documents/MethodologyDocuments/MethodologyPapers/MorningstarFundRating_Methodology.pdf Morningstar's Sustainability Rating as of December 2019. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Sustainability Score. For more detailed information about Morningstar's Sustainability, including its methodology, please go to: <http://corporate1.morningstar.com/SustainableInvesting>



Disclaimer

Tellsons Investors LLP (Tellsons) is the investment advisor to the EF Tellsons Endeavour Fund. Tellsons does not offer investment advice to investors or make any recommendations regarding the suitability of its products. No information contained in this report should be construed as advice. The value of investments can go down as well as up and non-sterling currency exposures can influence your returns. Investors may not get back the original amount invested. Past performance is not a guide to future performance. An English language prospectus and Key Investor Information Document are available for the EF Tellsons Endeavour Fund and investors should consult these documents before making an investment decision. Tellsons Investors LLP is registered in England & Wales with number OC377878 at 4 Woodfall Street, London SW3 4DJ and is authorised and regulated by the Financial Conduct Authority, 25 North Colonnade, Canary Wharf, London E14 5HS.

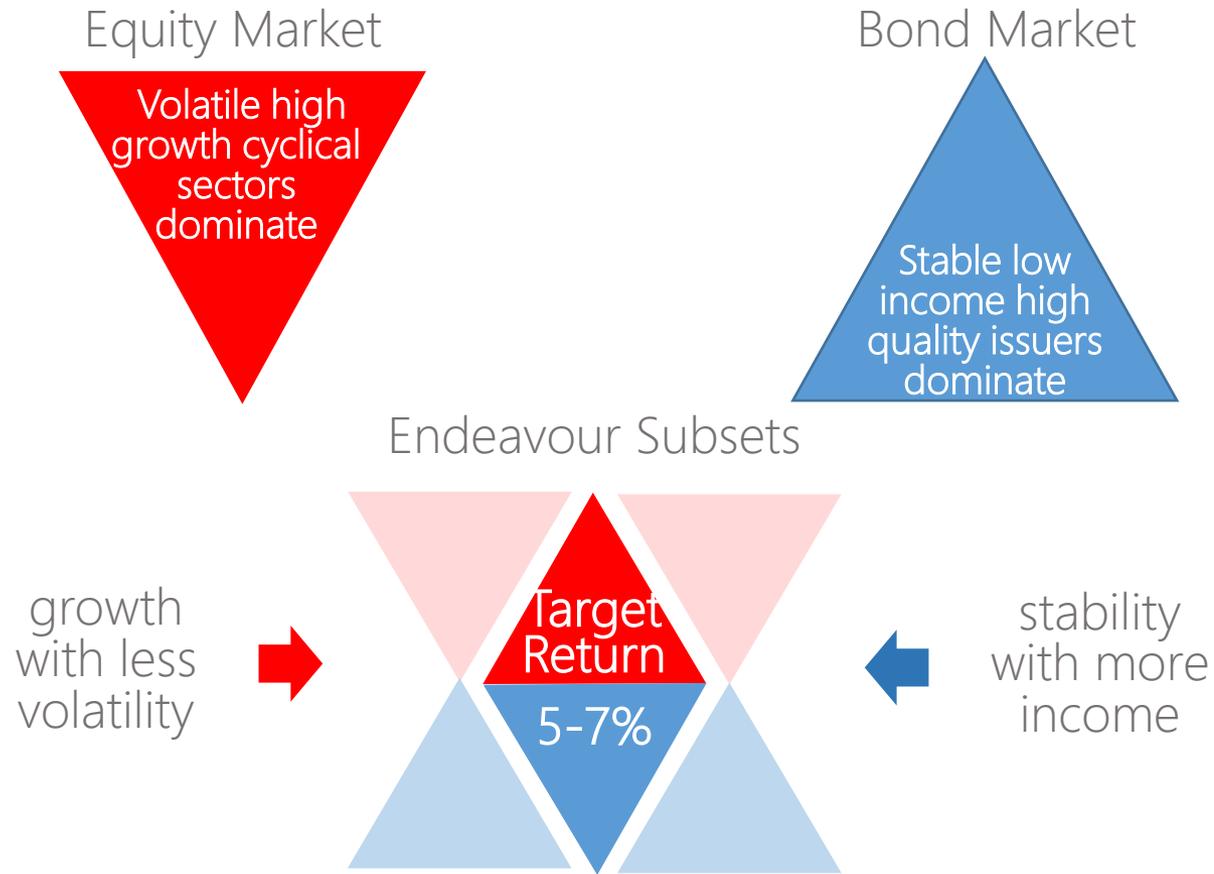


Re-cap: Endeavour Fund Objective

- Growth of capital equivalent to the long-term return on equities with less of the volatility
- Investing predominantly in global equities, corporate bonds, government bonds, instruments with exposure to precious metals, money market instruments, limited unhedged foreign currency exposure, cash
- In practice this means we are seeking a 6-7% total return in normal circumstances, or 3-4% above our long-term benchmark net of fees and costs.
- The benchmark is the average of the return on an index of upto 5 year UK Gilt-Edged government bonds and rolling 5 year CPI inflation – historically this is relatively stable at around 3%.
- IA Fund Category is Mixed 20-60% and Morningstar Moderate Allocation



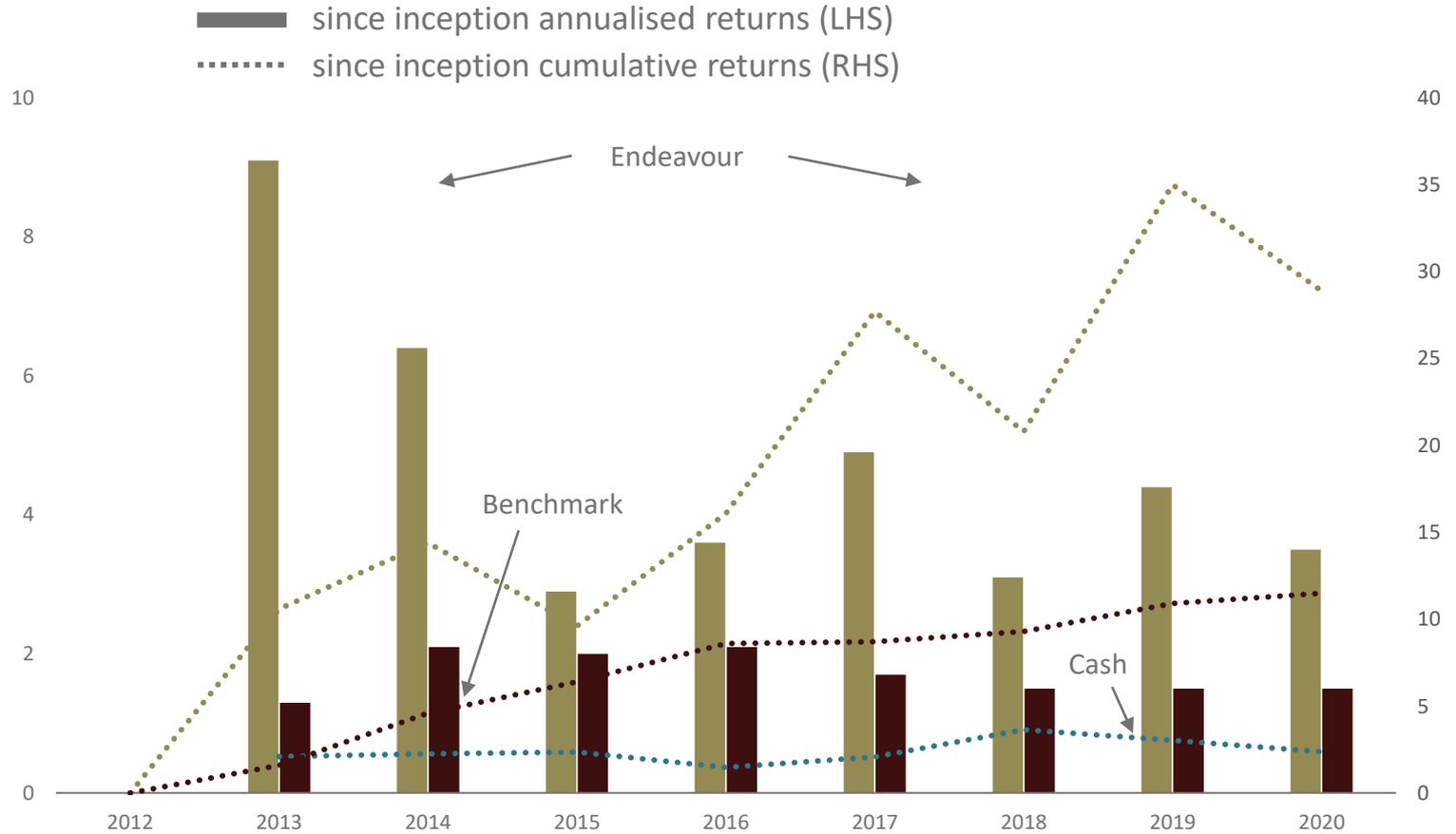
and Endeavour Process: we invest the markets differently



See Notes, Glossary of Terms.



Endeavour Long-term Performance Top Quartile



See Notes, Glossary of Terms.



Endeavour Periodic Performance

Top Quartile reference share class: IF Accumulation

Period	2020 Q1	2019 Q1	2018 Q1	2017 Q1	2016 Q1
Endeavour	-7.6%	6.8%	-2.0%	4.9%	0.1%

Period	3m	6m	1yr	3yr	5yr
Endeavour	-7.6%	-4.5%	-0.1%	5.8%	12.7%
IA Mixed Inv. 20/60%	-13.1%	-11.6%	-7.7%	-4.0%	5.8%
Quartile Ranking	1 st				



Investment Commentary

The first quarter of the new calendar year started with a cyclical recovery in the global economy in prospect, following resolution to the US-China trade war and a series of rate cuts from the Federal Reserve. There was confidence in the UK of moving beyond the Brexit paralysis. Equity markets reached all-time highs by mid-February even as evidence emerged of the viral pandemic COVID-19 in Hubei Province China. The virus spread rapidly through Europe and into the UK and US.

The demands on acute care facilities and threat of unusually high seasonal illness and mortality called for an almost total lockdown of social and economic activity in efforts to contain the virus, to limit the worst expected mortality rates, and relieve pressure on stretched healthcare services. Population demographics in different countries suggest a wide dispersion of contagion and mortality rates, according to age, lifestyle, prior health conditions and living conditions.

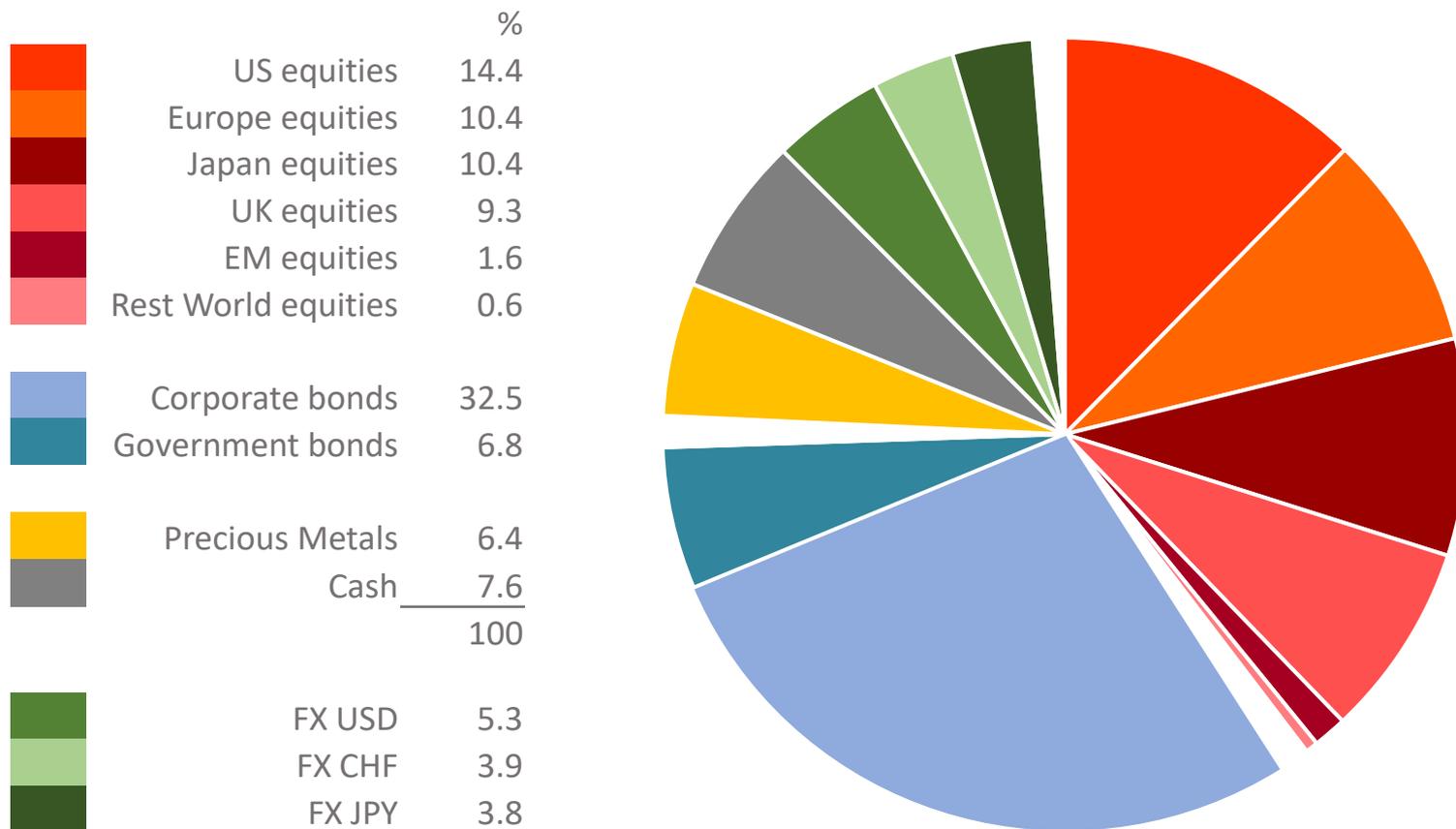
The World Health Organisation and Johns Hopkins University in the US plotted global daily rates of contagion, mortality and recovery and tentatively there appears, at least at this stage, to be an approximately 12 week cycle from earliest contagion to substantially zero further instances of new contagion. The risk cannot be ignored that further episodes of contagion may be possible and periods of social and economic restriction prolonged.

The economic impact is severe, estimated at 30% slumps in quarterly activity and corporate profits and sharply rising unemployment levels, even if only for the worst months into the early summer. Return to normal social and economic conditions becomes a possibility in most likely a phased approach and with widescale testing programmes.

Stock markets experienced some of their sharpest falls in history with accompanying volatility across bond markets and currency markets. Central banks and governments provided substantial liquidity and financial support to stabilise the financial system, public and private corporations, employment, wages and essential services. By Quarter end equity markets had staged a sharp recovery on the sheer scale of this support. The outlook for markets in the second quarter will be determined chiefly by expectations of a return to normal conditions of social and economic activity by the summer, the resilience of the corporate and financial sectors and critically the efficiency of all the government support programmes that have been pledged. The near-term economic impact and uncertainty around the end phase of the virus itself indicate market volatility will remain for awhile yet.



Asset Allocation

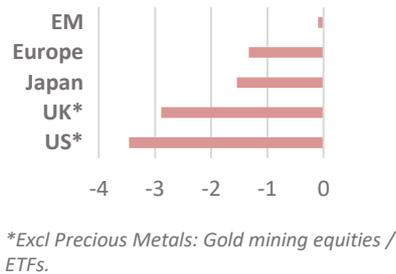




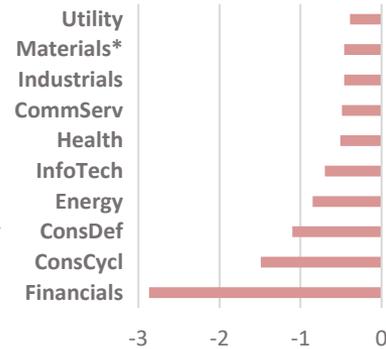
Contribution to returns %, gross of fees/costs

Quarter

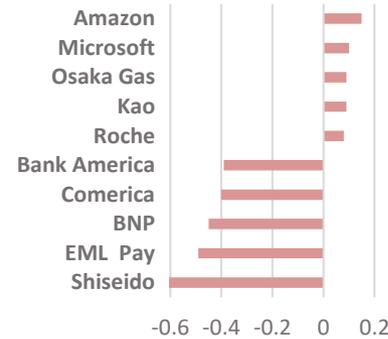
Equity Region



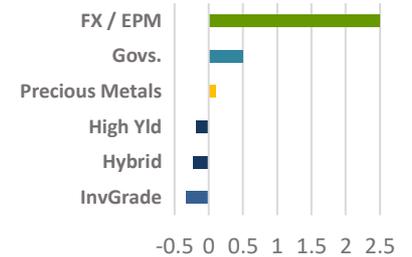
Sector



Company

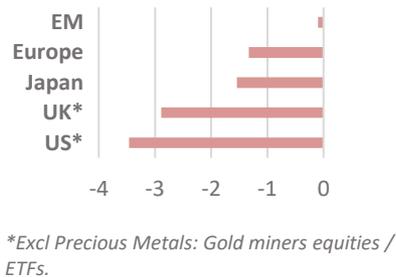


Bonds/Protection

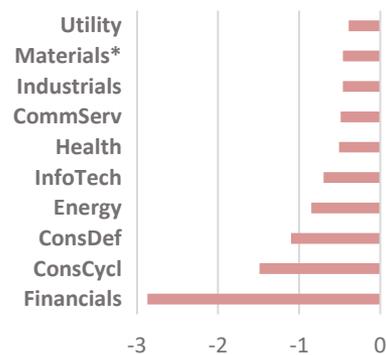


Year-to-date

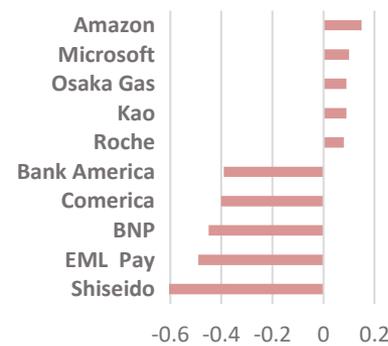
Equity Region



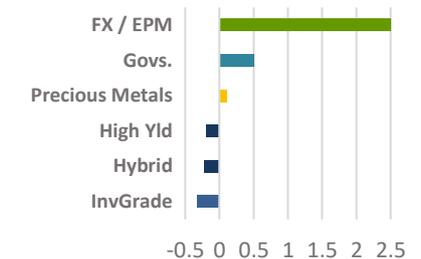
Sector



Company



Bonds/Protection





Endeavour: Complementary Risks & Returns

correlations vs higher volatility Growth Equity investments

	since inception	prior 12-months			current 3-months		
	annualised returns 100% weight	correlation	avg wght %	perf contr %	correlation	avg wght %	perf contr %
Growth equities	12.5	1	10.4	3.6	1	10.7	-1.3
Cyclical equities	1.4	0.38	15.7	2.5	0.90	15.6	-6.2
Defen. equities	5.9	0.41	25.0	3.6	0.82	24.6	-1.9
Bonds	6.1	-0.24	38.5	4.8	0.10	33.7	-0.3
Prec. Met.	n.a	-0.18	4.3	1.2	0.15	4.1	0.1
FX / EPM	n.a	-0.30	9.1	1.4	-0.26	16.7	2.5

The lower the numbers below 1 indicates these investments behave less like the Growth Equities in the fund, the most volatile investments, and can offer diversification and risk reduction in times of market stress.

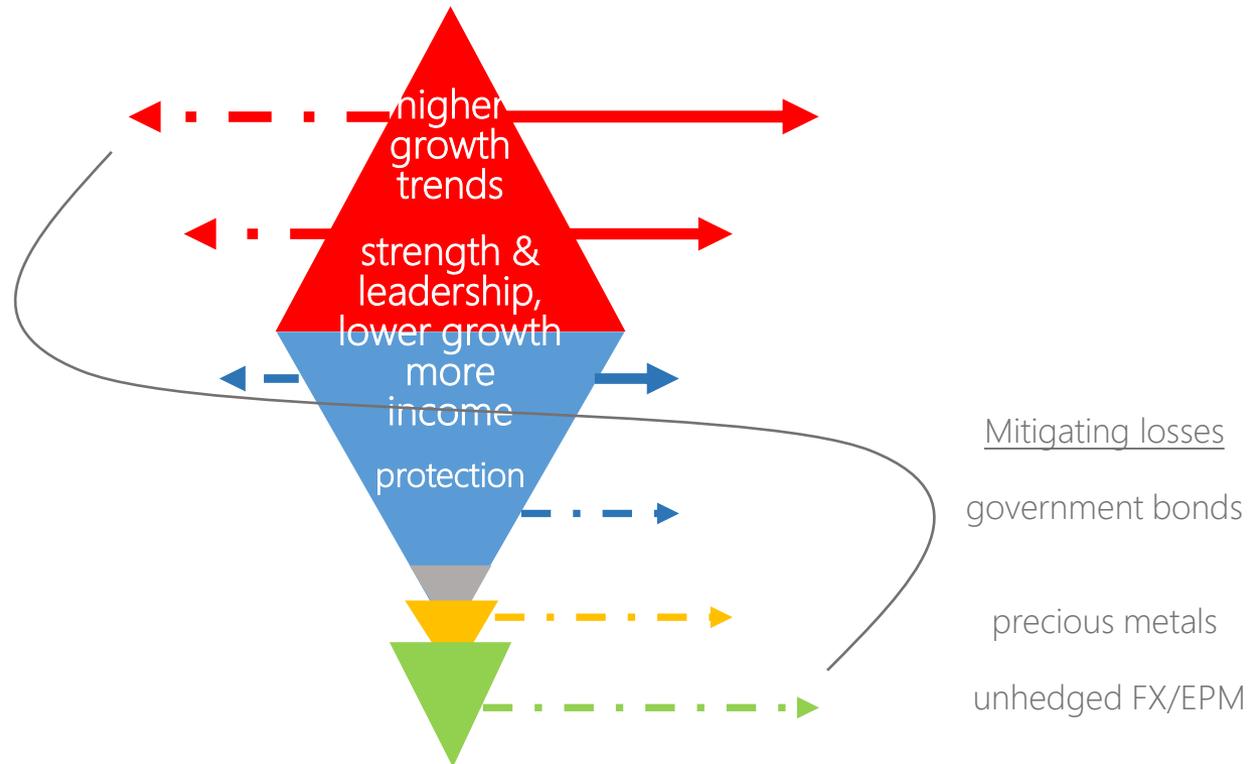
This quarter, these relationships converged closer than in prior periods as the acute market stress spread to more areas of global asset markets together. Defensive Equities significantly out-performed and the contribution from unhedged currency exposures helped reduce losses.

*The Tactical short-term overlay's weight is not available since inception: using the weight of a shorter time frame will generate a distorted and not comparable figure.
Perf. contribution gross of fee/costs.*



Endeavour: Optimised Downside Protection

market drawdowns ← . . . expected → return from investments

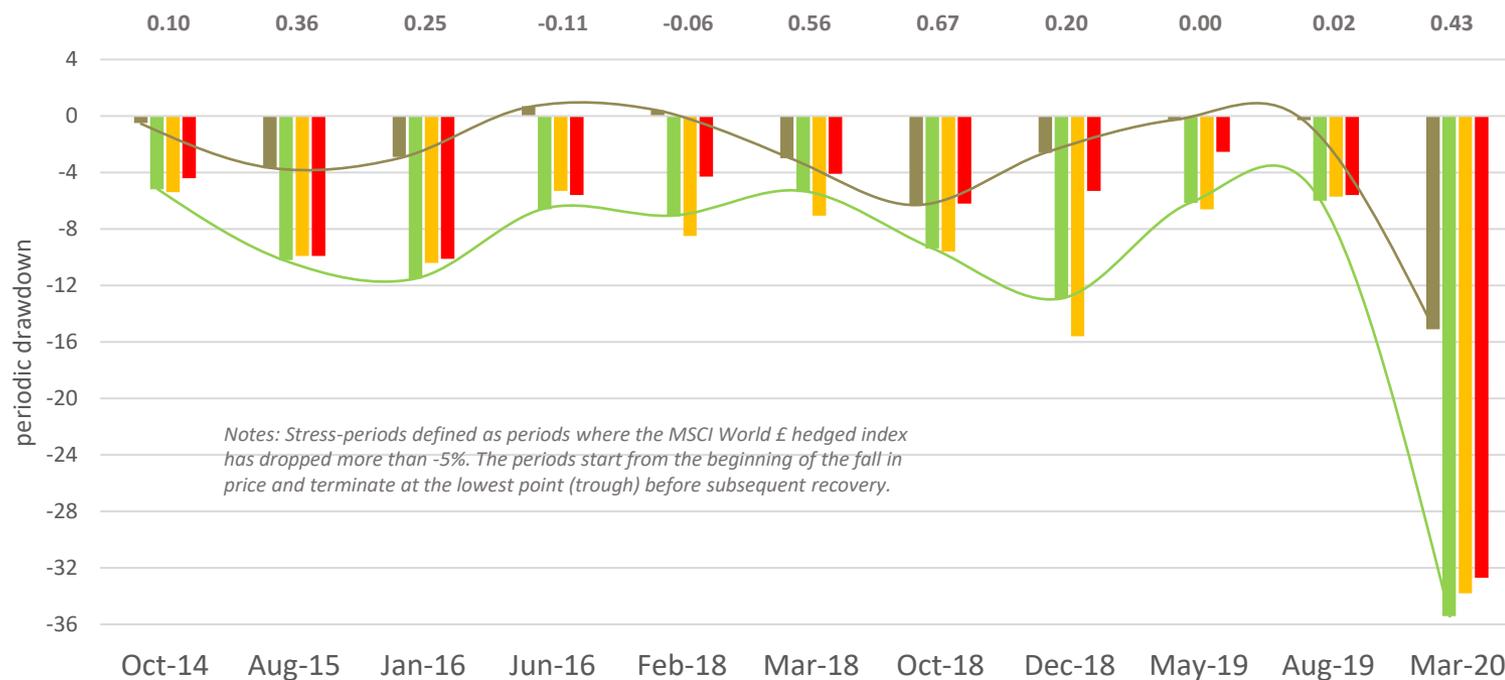




Endeavour: 78% Downside Protection worst equity market drawdowns since inception

Endeavour drawdowns ■ vs market drawdowns: MSCI W £ hedged ■ S&P 500 ■ FTSE 100 ■

Average Endeavour downside = 0.22 of world market downside





Endeavour: Top Investments & Profile

EQUITIES

Pepsico
McDonald's
Roche
Procter & Gamble
Alibaba
Amazon
Reckitt Benckiser
RELX
Ørsted
JP Morgan

TOP 10 INVESTMENTS

Combined weight 50%

BONDS

UKTI 0.5% 2050
Disney
Praxair
RELX
Microsoft
Orange
EDP
ABB
USTI 1% 2049
Heineken

INVESTMENT PROFILE

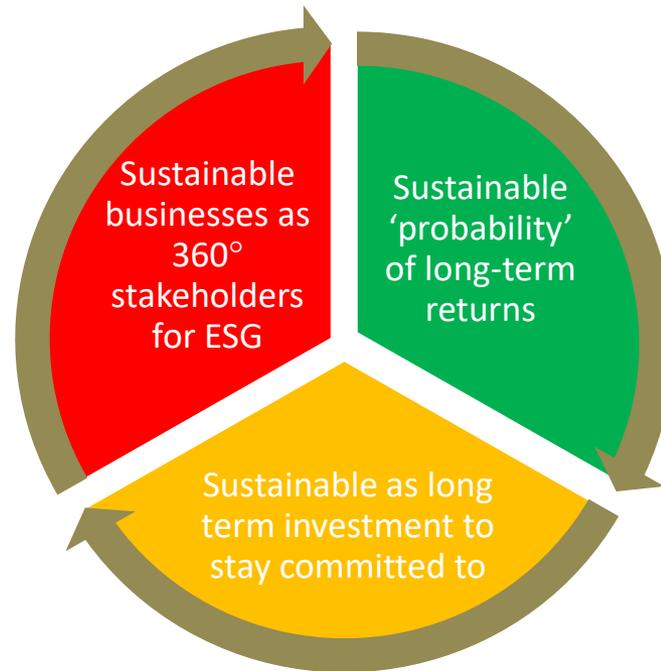
Portfolio # of securities: 70

Dividend Yield	2.8%	Running Yield	3.5% Corporate
PE forward /EPS LTG	18.2 x / 9.4%	Credit Quality	95% Inv.Grade
Mkt.Cap.Avg/Median	£107 Bn/£31 Bn	Maturity, years	5.4 Corporate



Endeavour and ESG

Sustainable + Sustainable + Sustainable



Top Decile
Morningstar ESG



Pragmatic &
Progressive



Fund Facts

- Risk & Reward 1 2 3 4 5 6 7
- Fund size £41m
- IA 20:60 Category
- Morningstar Moderate
- Max 70% Equities min 40%
- MSCI GBP World Hedged
- Currency managed/unhedged upto 50%
- Benchmark CPI/Gilts average
- Max Position size 5%
- Max sub investment grade 10%
- Large Cap bias
- Blend Value and Growth
- Drawdown target < 20% equity markets through cycle

Share classes, fees:

IF-A	1.02%	sedol BJ391H0
SP	0.67%	sedol BYWWR88
PF	0.27	sedol BJ391J2
IF-I	yield 2.81%	sedol BJ391G9





Why Endeavour

Team	no star culture, but more coverage, consensus and stability
Risk	we think differently about this vs the markets
Valuation	inhouse PETRA process captures more than just valuation
Sustainability	organically sustainable, in more ways than just one
Unconstrained	no 'benchmark hugging' but market 'aware'
Active	95%+ active share
Currency	we isolate the noise and harness the safety
Fees	unique flexibility and good peer group value
Focused	we are singularly focused, more than most
Aligned	we are singularly aligned, more than most



Team: one shared, integrated portfolio experienced, focused and aligned founding partners



Christoph has 25 years experience in equity research and multi-assets with Alliance Capital, Fidelity Investments and Oppenheim



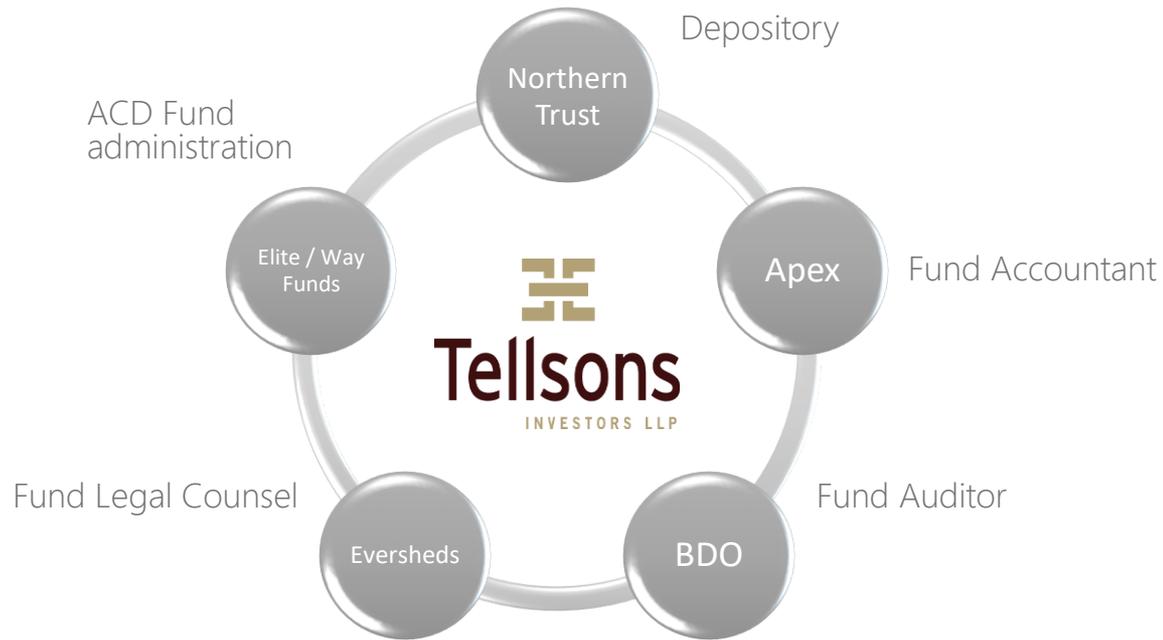
Joe has 25 years experience in investment markets with Alliance Capital, Goldman Sachs and Paribas



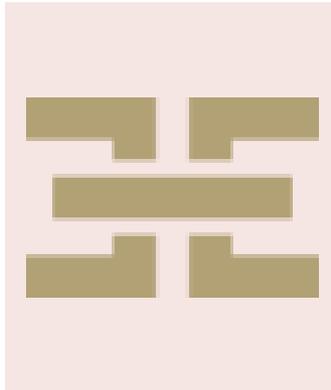
John has 37 years experience in bond markets with Observatory Capital which he founded, Caxton, Paribas, Credit Suisse, and Bankers Trust



Tellsons & Endeavour: Strong Partners



Key Contacts at Tellsons



Damian Cocking

Business Development Director,
London

dc@tellsons.co.uk

W: 0203 904 1334

M: 07961 417526



Joe Bunting

Managing Partner, Co-CIO &
Founder, London

jb@tellsons.co.uk

W: 0203 904 1334

M: 07880 664857



Notes

- 4) Source: Apex, Bloomberg, from 31.10.12 to 31.3.20; Returns for Tellsons Endeavour from 31.10.2012 to 31.1.2014 are from the audited private portfolio, pre-launch; 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; Cash: ICE LIBOR GBP 3 month.
- 5) Source: Apex, FE Trustnet, up to 31.3.20, cumulative returns.
- 7) Source: Apex, Tellsons, as at 31.3.20; Unhedged FX exposure derived from underlying investments.
- 8) Source: Apex, Bloomberg, from 31.12.19 to 31.3.20; 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 Funds prospectus for further details.
- 9) Source: Bloomberg, Tellsons, from 31.12.18 to 31.3.20; Correlation illustrates movement of Fund asset classes relative to the highest growth and most volatile equities; FX/EPM is Unhedged currency/Efficient Portfolio Management; Average weights do not add to 100% as FX exposure derived from underlying investments;
- 11) Source: Bloomberg, from 31.7.14 to 31.3.20.
- 12) Source: Apex, Bloomberg, Tellsons as at 31.3.20. Equity Profile - Dividend Yld: based on estimated annual dividends per share; PE/EPS LT Growth: Bloomberg consensus long-term estimates (excl. a 30bp special situation); Market Capitalisation: average and median in GBP; Bond Profile - Running Yld: based on bond coupon and price; Credit quality: weighted average credit quality of bonds; Maturity, years: years to maturity (or adjusted for issuer redemption options).



Glossary of Investment Terms

Asset class	different types of investments that may behave differently to each other
Asset allocation	the way investments are made between different asset classes
Bonds	capital investors lend to governments and companies at a rate of interest
Capital	money invested
CHF	Swiss Franc currency
Correlation	the behaviour between asset classes, closely related, not related, and opposite
Currency exposure, also FX	non-sterling overseas currencies that go up and down in value like investments
Cyclical	sensitive to the business or economic cycle that evolves typically over 5-7 years
Drawdown	falls in equity market valuation from peak to trough, before a subsequent recovery
Equities	capital shareholders put into a company to finance operations in hope of profits
EPM	efficient portfolio management, as defined by UCITS for the use of derivatives
Gilt-edged	traditional name for UK government bonds
Income	the interest received from bonds and dividends received from equities
Long-term	at least an economic cycle typically 5-7 years or longer
Return	the sum of income received plus price gains or losses from investments
Volatility	the range of movement in values up or down, 30 day average over 3 years