



# EF Tellsons Endeavour Fund February 2021

*growth with income & downside protection*

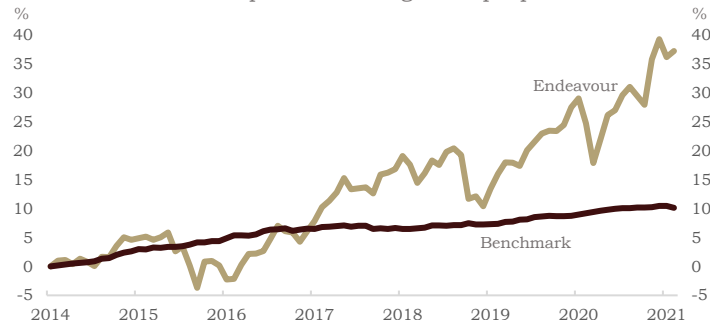


**Investment Objective:** to target capital growth with less of the volatility of global equities at a rate of 3-4% in excess of a composite target benchmark over a five-year period, net of fees.

**Target Benchmark:** comprising 50% UK CPI five-year average and 50% UK Conventional Gilts up to five years index; and volatility vs MSCI World GBP Hedged (See NOTES).

**Investment Philosophy:** the manager believes growth equity investments can often come with too much volatility on their own and make too much of an uncomfortable ride for many investors to stay the course. We seek to reduce much of that volatility by combining growth with income yielding investments and downside protective strategies to reduce volatility in times of market stress. If we can achieve this, investors may be more confident to remain invested with their savings and investment plans for the long-term.

**Investment Process:** minimum 80% invested in global equities and corporate bonds whilst seeking to reduce volatility by investing in government bonds, instruments with exposure to precious metals, unhedged foreign currency and the use of derivatives for efficient portfolio management purposes.



Source: Apex, A-Acc share class

Past performance is not a guide to future performance.

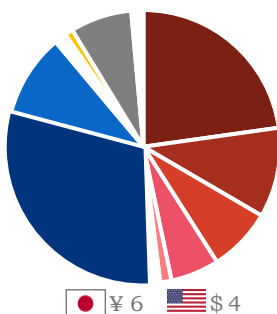
Period	Feb	3m	6m	1yr	3yr	5yr	S.I.*
Endeavour	0.8	1.1	4.7	10.0	16.7	40.2	37.2
Benchmark	-0.3	-0.1	0.1	0.9	3.4	4.5	10.1

Calendar	2015	2016	2017	2018	2019	2020	YTD
Endeavour	-4.3	5.9	10.1	-5.5	15.5	9.2	-1.5
Benchmark	1.7	2.1	0.1	0.5	1.4	1.6	-0.3

\* Since fund inception 03.02.2014; Source: Apex.

## ASSET ALLOCATION

US equities	23.8
UK equities	11.1
Europe equities	7.9
Japan equities	6.0
EM equities	1.4
Corporate bonds	31.0
Gov bonds	10.2
Precious Metals	1.0
Cash	7.6
Active FX	%



## TOP 10 EQUITIES: 18% Fund

SVB Financial  
JP Morgan  
Alphabet  
Royal Dutch Shell  
Emerson Electric  
Abbott Laboratories  
Broadcom  
Visa  
Kansas City Southern  
Shin-Etsu Chemical

## TOP 10 BONDS: 30% Fund

USTI 0.125% 2025  
UKTI 0.125% 2026  
MetLife  
Orange  
The Walt Disney Co.  
Lowe's  
Microsoft  
PepsiCo  
Diageo  
Walgreens Boots Alliance

## INVESTMENT PROFILE

### EQUITIES

Dividend Yield	2.0%
PE forward/EPS	23.5x/20.6%
Mkt.Cap. Avg	£161 Bn

### BONDS

Running Yield	2.9% (Corporate)
Credit Quality	96% Inv.Gr.
Corporate years	4.7

### FUND

Income Yield (A Inc)	1.85%
Volatility vs MSCI W H£	8.40 vs 17.33
Sharpe	0.91
Worst/Best month	-6.3% (Oct18)/+6.1% (Nov20)

### Risk profile

1 2 3 4 5 6 7

IA Sector: Mixed Investment 20-60% shares

Morningstar Category: Moderate Allocation

Period	Feb	3m	6m	YTD	1yr	3yr	5yr
IA Sector Quartile	1 <sup>st</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>

Fund Size	£52m
Daily Dealing	16:30
NAV strike	22:00
Distributions	Jul/Nov
Depositary	Northern Trust
ACD	WAY FM (Elite)
Website	<a href="http://www.tellsons.co.uk">www.tellsons.co.uk</a>

### Share classes, fees:

A Acc 1.02% OCF	ISIN GB00BJ391H08
A Inc 1.02% OCF	ISIN GB00BJ391G90
SP Acc 0.67% OCF	ISIN GB00BYWWR883
PF Acc 0.27% OCF	ISIN GB00BJ391J22

Distribution A Inc	'15	'16	'17	'18	'19	'20
pence per unit	1.70	1.46	1.94	2.13	3.03	2.99

### Fund Managers:

Joe Bunting, Christoph Wiedebach, John Bishop

**Fund Commentary:** Endeavour navigated the volatile cross-currents of both global equity and global bond markets this month somewhat better than in January. The increased weighting to cyclical sectors that are more exposed to the recovering global economy drove a strong contribution to the performance. The fund's investments in banks, especially Silicon Valley Bank and JP Morgan in the US and Lloyds (UK) and BNP Paribas (FRA), continued their performance from last year, contributing half of the fund's total equity gains from their 1/6th weighting, the fund's biggest sector weight. The two US bank holdings on their own are amongst the longest-held and strongest contributing investments since inception of the fund. They were supported by energy investments, particularly Marathon Oil and long-term holdings ConocoPhillips and Royal Dutch Shell. Investments in the industrials and consumer discretionary sectors are traditionally sensitive to economic recovery and they too contributed in the month, with EasyJet rising on travel and holiday hopes and Emerson Electric on strong US capital investment pipelines. These gains more than offset losses in many of the investments that had performed so well during last year's pandemic, but due to growth downgrades and/or valuation fears have been sold as part of this year's rotation towards the 'cyclical recovery' and cheaper 'value' segments of the market. Information Technology and 'defensive strength' consumer staples are amongst the most aggressively sold down sectors this year. For the month in particular, it was specialist manufacturers Murata and Hoya in Japan, and Danish windfarm operator Ørsted that contributed the worst performances. Market fears over higher inflation pushed medium-term interest rate expectations higher so bond prices fell, but the fund's corporate bonds, with their shorter-term maturity profile and higher running yield, outperformed their government equivalents, generating only a modest loss of 0.30% for the month. The manager continues to believe that if inflation expectations drive a higher interest rate outlook, challenging central banks to intervene as they have been only too willing to do the past decade, volatility across all asset markets could be disruptive. In this context, the relatively shorter-dated corporate bond allocation could represent a degree of stability as the transition is made from the policy-driven survival cycle that has persisted since the Global Financial Crisis towards the robust business cycle that is developing ahead of us. As we make this transition, the Fund can utilise a modest allocation of shorter-dated inflation-linked bonds and interest rate derivatives to afford some protection against the market's fears of inflation that turns out both higher and more persistent than currently envisaged by the US Federal Reserve.

For more information on the Endeavour Fund and investment process: [www.tellsons.co.uk](http://www.tellsons.co.uk)

## NOTES

**Long-term performance chart:** Source: Apex, from 02.03.14 to 26.2.21, A Accumulation share class, net of fees;

**Target Benchmark:** The Fund aims to grow, over any five-year period, by 3-4% (net of fees) above the rate of the aggregate performance of 50% of the UK Consumer Price Index (CPI) rolling five-year average, and 50% of the FTSE Actuaries UK Conventional Gilts up to five years index, with volatility measured against MSCI World Hedged GBP index over the same period. This is a target benchmark against which the performance of the fund has been set ("Target Benchmark").

**Long-term performance table:** Fund inception 03.02.2014; Source: Apex, up to 26.2.21, cumulative returns.

**Asset Allocation table:** Source: Apex, as at 26.2.21; Active FX unhedged currency of underlying investments.

**Investment Profile:** Source: Apex, Bloomberg, Tellsons as at 26.2.21. Equity Profile - Dividend Yield: based on estimated annual dividends per share; PE/EPS LT Growth: Bloomberg consensus long-term estimates (97% of equity investments); Market Capitalisation: average in GBP; Bond Profile - Running Yield: based on bond coupon and price; Credit quality: weighted average credit quality of bonds; Corporate years: years to maturity or adjusted for issuer redemption options.

Volatility is based on monthly returns over the last 36 months, annualized.

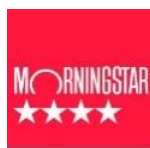
Sharpe ratio for the last 12 months calculated using ICE Libor GBP 3 months as risk-free rate.

**Risk Profile:** SRRI indicator is published in the Fund prospectus and KIID documents and is known as the "synthetic risk and reward indicator". It is based on historical data and may not be a reliable indicator of the future risk profile of the Fund which may change. The Fund risk profile indicated is because the Fund invests in a mixture of investments and their value may vary more widely than others. Please see the Fund prospectus for more details.

**IA Sector quartiles:** Source: Financial Express, as at 26.2.21.

**Fees:** Investment fee plus administration expense = OCF (admin 0.27%) A Fixed Investment Fee 0.75%, OCF 1.02%; SP Fixed Investment Fee 0.40%, OCF 0.67% (available to Charities, Pensions, SIPP, and Endowment investors); PF Performance Fee option carries no Fixed Investment Fee, solely admin expense of 0.27% (plus 20% share of outperformance vs. Performance Benchmark).

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



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