

MAR  
2019

# CARLTON JAMES DIVERSIFIED ALPHA FUND



## FUND OBJECTIVE

After the 2008 global economic downturn many companies, investors and even governments were not only left with huge deficits, but also left in a market place which was so drastically different to the previous years. The strategy adjustment required to facilitate such a change in market conditions was too much for many and the losses were significant. But this wasn't the first time this kind of adjustment was required, and it certainly won't be the last. Economic cycles of this nature have been regular since the turn of the 20<sup>th</sup> Century. The development of 24-hour news and age of connectivity has also meant that the word 'crisis' is used regularly. This reporting and this level of connectivity has the ability to effect such global uncertainty that it can mean an investor needs to change their strategy within days.

## FUND DESIGN

The Diversified Alpha Fund is designed to manage this risk and diversify its structure over multiple asset classes, jurisdictions and market places to offer a truly diversified strategy that can follow the market and secure shareholders against market uncertainty.

The Carlton James Group have structured the Diversified Alpha Fund to utilise their existing strategies and experience. These strategies have seen the group's members overcome macro-economic issues beyond their control successfully over previous economic cycles.

## CONTACT US

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## FUND HIGHLIGHTS

- Cayman regulated mutual fund
- Expected net yield to investors of 8% p.a. (paid quarterly)
- Over half the portfolio will be in senior and secured yield generating debt investments
- Scarcity of global capital & lack of flexibility provides significant opportunities for DAF
- Fund will utilise an 'ABC' (Alpha, Balanced, Core) Investment approach
- Dividends paid quarterly since inception

## INVESTMENT PHILOSOPHY

Carlton James Global Management Ltd (CJGM) is based in Royal Wootton Bassett, Wiltshire (UK) and is the distribution management company within the Carlton James Group. Carlton James Group have recently launched the Diversified Alpha Fund (DAF), the strategy of which is to invest in a range of different asset classes by utilising an 'ABC' (Alpha, Balanced, and Core) investment approach. The 'core' aspect of the strategy underpins the expected net dividend payment of 8% p.a. to investors (paid quarterly).

<b>ALPHA</b> Commodities Trading, Technology
<b>BALANCED</b> Sports & Entertainment, Art, Insurance Backed Investments
<b>CORE</b> Hospitality, Land Development, Commercial Real Estate, Residential Developments

## INVESTMENT CASE – THE OPPORTUNITY

- To invest in a Cayman regulated mutual fund
- Benefit from the 'ABC' approach of Carlton James which has risk management and diversification as it's central premise
- Tap into global network of investment opportunities including:
  - **Core** investments, asset backed, senior and secured
  - **Alpha** opportunities, potential for significant upside returns
- High Yield - expected dividend of net 8% p.a. paid quarterly
- Multi-asset funds, typically lower risk & less volatile than single asset funds
- Differentiation – a multi-asset fund quite different from others
- The capacity for the strategy runs into several billion dollars & a sizeable pipeline of opportunities has already been identified

## NAV PERFORMANCE PER SHARE AS OF 28/02/19

Share Class	Currency	Feb 2019	Jan 2019 (DIV paid)	Dec 2018	Nov 2018 (DIV paid)	Oct 2018	Sept 2018	Aug 2018
CJDAFUS KY	USD	\$998.37 +2.16%	\$977.28 -0.96%	\$986.65 +0.94%	\$977.43 -0.42%	\$981.60 +0.63%	\$975.48 +0.80%	\$967.77 +1.57%
CJDAFGB KY	GBP	£930.38 + 1.02%	£920.88 -3.90%	£958.29 +1.13%	£947.62 -0.28%	£950.28 +2.81%	£924.31 +0.46%	£920.04 +2.51%

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DATA AS AT 28<sup>th</sup> FEBRUARY 2019



## VEHICLE & STRUCTURE

**Company:** Carlton James Mollitium Offshore Fund Manager Platform SPC  
**Segregated Portfolio:** Carlton James Diversified Alpha Fund  
**Investment Manager:** Carlton James Mollitium Investment Management Ltd  
**Domicile:** Cayman Islands  
**Structure:** Regulated unlisted fund  
**Share Classes:**  
GBP: ISIN KYG6190R1184  
USD: ISIN KYG6190R1002  
**Management Fee:** 1%  
**Performance Fee:** 30% over a hurdle of 9% per annum  
**Hurdle:** 9%  
**Liquidity:** Monthly liquidity, with 10 day notice period

## KEY PEOPLE

- **Simon Calton** (CEO), co-founder of Carlton James Group, c.15 years industry experience
- **Bob Pain**, over 30 years' experience with leading international investment and life insurance companies
- **Chris Phillips**, over 40 years' experience in UK and international corporate finance, real estate and the environmental sectors
- **Simon Johnson**, debt fund manager with over 25 years experience in debt fund management
- **Mike Andrews**, recognised expert in commodity investment management and algorithm research and development

## PLATFORM AVAILABILITY

- Hansard International
- Custodian Life
- Cornhill Management
- Capital International Group
- Gravitas
- Dentons
- Ortega
- OMI S.A

## CONTACT US

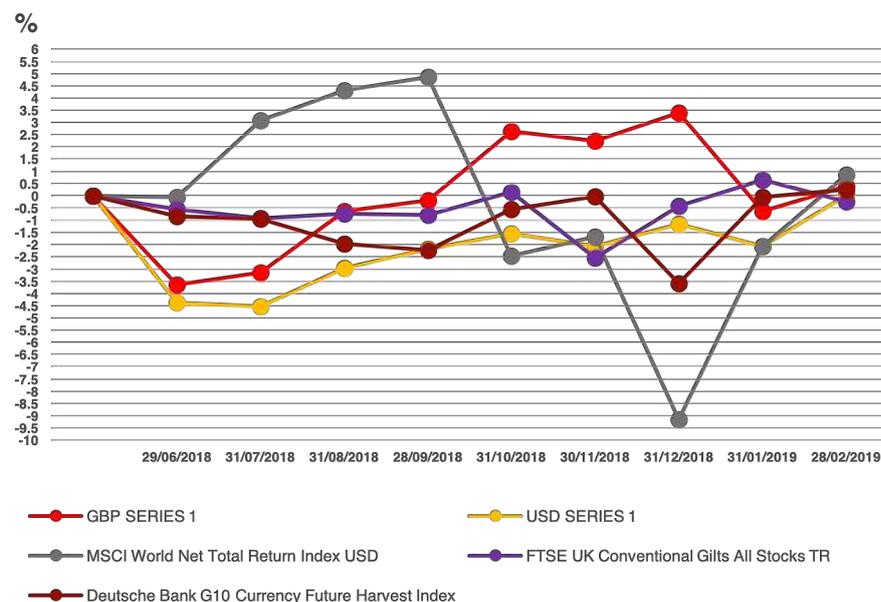
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## NET ASSET VALUE COMPARISONS



## FUND PERFORMANCE

The first two months of 2019 has been a successful start to the year for the Diversified Alpha Fund. The fund has seen additional investment into three new opportunities with double figure ROI through the Debt and Equity asset classes increasing diversification substantially, the CRE asset class continues to perform and the commodity asset class has received double figure returns in the first two months alone. In December 2018 a Dividend of just below 2% was calculated and paid to shareholders affecting the fund values slightly in the month of January 2019. This dividend was paid for the fourth quarter of 2018 showing a continued dividend payment as stated since inception of the fund.

The fund's Net Asset Value has continued to grow and to date all Series together have shown growth. This series share accounting only enables us to publicise the lead series through many of the platforms and independent agencies. For this reason (and others) we have decided to change the reporting of this fund to an equalisation approach. This will mean that from April 1<sup>st</sup> 2019 each share class will have only one series to report, thus making it easier for DAF shareholders to understand the value of their investment. This is a great move for the fund and will show more accurately the fund's success.

As for our commodity trading class, in the current economic climate most major currencies are still trading within their 200-300- pip ranges, with investors getting little information. Fuelled mainly due to the US-China Trade war issue and the ongoing Brexit saga.

Tensions between the US and China are still ongoing with the US standing firm on their tariffs against China. With technology now at the forefront of this, the drop in value of Apple and the US intentions against the China tech giant Huawei. Further talks on the US-China trade war have now been scheduled for April but we believe will continue beyond this.

Brexit negotiations seem to be held internally in the UK where MPs have not backed the Prime Minister's deal but have voted against a no deal Brexit. By taking no deal off the table they have removed any negotiation leverage they have with the European Union, thus bringing only further questions as to what will happen. Nothing has changed, instead, the can is being kicked down the road with a proposed extension of Article 50. We will continue using these range patterns, but we are closing in on an Apex. Meaning very soon the market will make a decision which way it will want to go. Where we do expect a breakout of these ranges, as always timing will be crucial.

This year will hopefully see a conclusion to Brexit and more unlikely is a satisfactory conclusion to the US China trade war. Good or bad, any conclusion will help the market place and may see our fund show even greater returns than they are now. In the meantime the Diversified Alpha Fund strategy of capital preservation through diversification will help the fund grow even in times of uncertainty. This is, of course, what the fund is designed to do.