

APRIL
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 20th 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
- Quarterly performance achieved 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).

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| ALPHA Commodities Trading, Technology |
| BALANCED Sports & Entertainment, Art, Insurance Backed Investments |
| CORE 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 31/03/19

| Share Class | Currency | Mar 2019 | Feb 2019 | Jan 2019 (DIV paid) | Dec 2018 | Nov 2018 (DIV paid) | Oct 2018 | Sept 2018 | Aug 2018 |
|-------------|----------|----------------------|--------------------|------------------------|--------------------|------------------------|--------------------|--------------------|--------------------|
| CJDAFUS KY | USD | \$990.73 (-0.77%) | \$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 | £942.43 (+1.30%) | £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% |

CARLTON JAMES DIVERSIFIED ALPHA FUND

DATA AS AT 31st March 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

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FUND PERFORMANCE

2019 Quarter One Summary

The first quarter of 2019 has seen an above hurdle rate performance for the fund across the different share series. What a great start to the year for the Diversified Alpha Fund. The Fund has continued its strategic investments into the differing asset classes with double annualised Return On Investment figures through the Commercial Real Estate, Debt and Equity classes. At the end of March our trading fund managers opened positions in the market to account for the announcements made regarding Brexit and US China trade talks. The values of these open positions are a snap shot of the value of those positions in the market place at the last day of March. These open positions are the reason the fund has seen a very slight reduction in Net Asset Value at the end of March.

Market Overview

Given the current economic climate, most major currencies are still trading within their 200-300 pip ranges, with investors getting little information.

The US and China trade deal dilemma may have come to a possible mutual deal that both sides will be happy with, however confirmation of this is still to be seen. Further updates on this are expected by end of April.

News is out this month that a Brexit extension has now been granted by the EU to the 31st October 2019. It seems that a scenario of a no deal Brexit, albeit not impossible, is now unlikely to happen. This could now translate into the markets with a risk on approach. However, our Forex portfolio managers still find themselves working within tight ranges across many Forex pairs and only a breakout either way of the highs or lows can give us any future direction.

After the recent announcements and additional market data regarding Brexit and the US-China trade deal, positions are open with a calculated risk assessment. Pricing levels are seen to be at all year lows with market portfolio managers predicting a slightly more confident market place. The Forex portfolio managers do see markets continuing their slow path, with no over-exaggerated moves or swings in the market but are calculating a probable slow pace rally over the coming weeks.

Overall Fund Performance

The Fund's Net Asset Value has continued to grow and to date all Series combined together have shown an actual growth, in Quarter One, of two point five three percent (2.53%). This current reporting of series share accounting only enables us to publicise the lead series through many of the platforms and independent agencies, and because this lead series is the smallest series we have within the fund, this growth is not accurately illustrated. For this reason (and others) we have decided to change the reporting of this fund to an equalisation approach. Equalisation will mean one price for each share class and a much more accurate depiction of the fund's performance will be reported. In turn this will allow 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. The conclusion of this change to the reporting has now been moved to May 1st to accommodate a review by the regulator.

Until this strategic move to equalised share reporting has been completed no Dividends will be paid. This is for the benefit of the shareholders and values will continue to be traded within the Fund until the next dividend payment date at the end of the second quarter.

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.