

MAY
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).

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 30/04/19

Share Class	Currency	Aug 2018	Sept 2018	Oct 2018	Nov 2018 (DIV paid)	Dec 2018	Jan 2019 (DIV paid)	Feb 2019	Mar 2019	Apr 2019
CJDAFUS KY	USD	\$967.77 +1.57%	\$975.48 +0.80%	\$981.60 +0.63%	\$977.43 -0.42%	\$986.65 +0.94%	\$977.28 -0.96%	\$998.37 +2.16%	\$990.73 -0.77%	\$1002.96 +1.234%
CJDAFGB KY	GBP	£920.04 +2.51%	£924.31 +0.46%	£950.28 +2.81%	£947.62 -0.28%	£958.29 +1.13%	£920.88 -3.90%	£930.38 + 1.02%	£942.43 +1.30%	£953.62 +1.187%

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

April Performance Summary

Another positive month for the Diversified Alpha Fund(DAF), continuing the great start to the year. The fund has continued its strategic investments into the differing asset classes with double figure annual ROI 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. This strategy seems to be heading the correct way and the trading fund managers are happy with the progress. We may see some peaks and troughs for this strategy over the coming months, but the confidence is there this strategy will prevail. In the meantime, the Investment Committee are hedging this alpha strategy with a stable and feasible debt strategy.

Market Overview

The US and China trade war has not come to an amicable conclusion as of yet and is set to go on for some time. This along with the Brexit negotiations debacle has driven economists to predict a recession on the horizon for the US and in turn globally. The fact that the western economic landscape is overdue a correction makes this likely if not inevitable.

Technology seems to be at the forefront of the US-China relationship break down and the Carlton James Group do not see this easing off anytime soon.

Brexit will continue to ripple through Europe for decades and the UK's relationships changes over those years will deem to change the trade landscape even further. It is more important than ever right now for Investors to seek hedging mechanisms for their investments to compensate for the next economic downturn.

The Carlton James Group is utilising their experience to diversify the DAF portfolio in answer to these changes. Preparation is as important as the action itself.

Overall Fund Performance

The fund continues to grow and has seen above average returns for the marketplace over this past year. As per last month's update the current reporting of series share accounting only enables us to publicise the lead series through many of the platforms and independent agencies, as this lead series is the smallest series we have within the fund, this growth is not accurately illustrated. For this reason (and others) the Investment Manager has decided to change the reporting of this fund to an equalisation approach. Making it easier for the DAF shareholders to understand the value of their particular investment. This is a great move for the fund and will show more accurately the fund's success.

Unfortunately, the Investment Management team and Administrators have advised that this move to Equalisation cannot be actioned until the end of a performance period(quarterly). For this reason, the change to the Documentation and the Fund will not take place until July 1st 2019.

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.