

JUNE
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

Carlton James Global Management Ltd, Lime Kiln House, Lime Kiln, Royal Wootton Bassett, Wiltshire, SN4 7HF, UK

T: +44(0)1793 858 258

E: sales@carltonjamesgroup.com

W: www.carltonjamesdaf.com

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 31/05/19

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	May 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 +1.23%	\$987.26 (-1.57%)
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 +1.18%	£970.91 (+1.81%)

CARLTON JAMES DIVERSIFIED ALPHA FUND

DATA AS AT 31st May 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

Market Overview

Market conditions continued to be much of the same this month, as it seems the inevitable economic downturn across much of the developed world is set to continue to be held off whilst the market adjusts to ongoing changes in trade deals.

Brexit is still shaking up much of the trade environment and until this has concluded the market may continue to ride as it is.

Of course, the US is working through an overhaul of its existing trade deals too, as well as fighting for economic power with China. 5G is at the forefront of the US China trade war. As the implementation of this will see this power shifting to whichever country bears the company with the best infrastructure for this.

In our view, economies within the developed landscape are still overdue a market correction. Although this is inevitable, It is looking like this next global recession may take a back seat until these trade deals are ironed out, or close to.

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 their portfolio in answer to these changes. We will continue to advise that 'Preparation is as important as the action itself.'

Performance Summary

Contrary to the numbers shown in the USD performance figures, this month was a continued run of positivity for the Diversified Alpha Fund (DAF). The DAF has further funded the strategic investments in the differing asset classes with great reports from the Debt and Equity classes and continued performance through the Commercial Real Estate Class.

The committee have continued with the strategy of reducing the amount of funding into the Capital Markets and Forex trading asset classes to ride out the sporadic marketplace until some order is restored, and successful algorithmic trading can begin again. This has left our capital markets fund manager with only a small amount of open positions in the market which were placed in March. These positions were opened 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 volatility in this strategy over the coming months, but the confidence is there that this strategy will prevail.

In the meantime, the Investment Committee are continuing to hedge this alpha strategy with a stable and feasible debt strategy. With investment in industries that have historically outperformed a downward market and still perform well in booming economic times. This strategy should protect investors against any changes in market conditions.

Once the current reporting of the fund is changed at the end of this month to an equalisation accounting method, the fund will be able to report a much more accurate number which is indicative of the whole series of shares rather than just series one. As previously stated, series share accounting only enables us to publicise the lead share series pricing through many of the platforms and independent agencies. As this lead series is the smallest series we have within the fund, the overall growth is not accurately illustrated. This change to Equalisation will make 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.

The change to Equalisation will be actioned at the end of this performance period (quarterly). The change to the Documentation and the fund will take place as of July 1st 2019.

The Diversified Alpha Fund strategy of capital preservation through diversification will continue to help the fund grow even in times of uncertainty. This is, of course, what the fund is designed to do.