

JULY  
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
- 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).

<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 30/06/19

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	June 2019 (equalisation)
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%	\$1072.06 +8.59%
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%	£1092.20 +12.49%

## 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 KYG6401N2520

USD: ISIN KYG6401N2454

**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
- The Investment Platform

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## FUND PERFORMANCE

### Net Asset Value

June 30<sup>th</sup> Net Asset Values (NAV) have seen a healthy rise across the series. Another positive month for the Diversified Alpha Fund (DAF).

The painstaking move to Equalisation along with other changes to the fund documentation has been long and drawn out, even beyond what we expected. However, this has been beneficial for all investors. All series of shares are now performing in line with the hurdle rate. This is great news and will make all pricing and tracking of performance easy for Investors going forward.

### Dividends

The decision to hold payment of dividends until after equalisation was a sensible move by the Investment Committee for the benefit of DAF shareholders. June's figures are now published, and July's NAV number should follow within a week. We are anticipating another month of positive numbers, albeit we haven't had final confirmation of these numbers as of yet.

The good news is that once these numbers are published the Committee can then confirm the amount of dividend due and these dividend payments should be made across all shareholders promptly after. This should be within the next 30 days.

### Performance

The DAF has continued to fund 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 a reduced split 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. The capital markets fund manager has started to see positive movements with the positions that were opened in the market and these saw positive numbers this month. This strategy has moved in a positive direction and the trading fund managers are happy with the progress. There is still a view that we may see some volatility in this strategy over the coming months, but the confidence is there that this strategy will take a positive trajectory.

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. More information on these strategies can be found on the CarltonJamesGroup.com under Press, News & Media (<https://carltonjamesgroup.com/media-news/>) or on the Carlton James Group LinkedIn page. Follow Carlton James for regular updates on direction of the group and the DAF.

**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.**