

# ACUMEN ESG Protection Portfolio



**PORTFOLIO  
FACTSHEET (GBP)**  
April 2022

**ACUMEN  
ESG PROTECTION  
PORTFOLIO**

MINIMUM MSCI ESG RATING: **A\***

30/04/22  
NAV

**95.79**

Highest  
Ever NAV

**104.80**

Protected  
NAV

**94.32**

## TITAN ASSET MANAGEMENT COMMENTARY:

Risk assets suffered in April as the ongoing war in Ukraine, lockdowns in China, rising interest rate expectations and ongoing supply bottlenecks dented risk appetite. Headline inflation, as measured by headline CPI, rose to 8.5% in the US, prompting the Federal Reserve to increase interest rates by half a percentage point, the biggest increase in 22 years. Bond yields (which move inversely to prices) continued to rise amidst high inflation and expectations for further significant rate hikes. In the US, the 20-year Treasury yield topped 3% for the first time since March 2019 and the yield curve, as measured by subtracting the 10-year yield from the 2-year, briefly inverted early in the month - a harbinger for potential recession. Corporate bonds underperformed government bonds with high yield spreads widening more than investment grade credit. Emerging market bonds also saw negative returns, with sovereign debt underperforming corporate credit.

The sell-off in equity markets comes as worries intensified over rising prices and how the Federal Reserve's steps to rein them in will affect economic growth. The S&P 500 fell -8.7%, slightly ahead of the broader MSCI World equity index which fell -8.3%. The duration-sensitive and growth-heavy NASDAQ led declines, falling -13.3%. Bucking the trend, April was a marginally positive month for UK equities which remains one of the few main benchmarks in positive territory for the year.

Commodities also delivered positive returns with the S&P Goldman Sachs commodity index up 4.5%, driven by the agriculture and energy sub-indices offsetting relative weakness in industrial metals. Sterling appreciated relative to the US dollar by 4.3% as investors sought the relative safety of the global reserve currency.

It's been a volatile start to the year, and we expect more to come. As always, we continue to monitor the situation closely, maintaining a disciplined approach to risk management.

## ESG UPDATE

We designed our ESG investment policy to be robust over the long-term but also flexible when required, mindful that best practice in the ESG ecosystem is a moving target. About this time last year, we removed nuclear power from the list of controversial business activities that we set a maximum revenue threshold for. Nuclear power has pros and cons, but after a period of analysis we concluded that it is a necessary building block enabling the transition away from far more dangerous sources of energy like coal, oil and gas. We have yet to explicitly (at the fund level) add exposure to the nuclear power sector in the ESG proposition, mostly due to a lack of fund availability. This obstacle fell away recently when HANetf and Global X launched ETFs focused on uranium mining, both of which are now on our watchlist. These launches also spotlight an important part of the ESG ecosystem that has been much discussed in 2022: the extraction and production of decarbonisation-relevant metals and minerals like copper, lithium and rare-earth elements (REEs). Like nuclear power, whether these commodities should be part of an ESG-labelled strategy is the subject of heated debate between industry professionals. Critics point to the high energy intensity of most mining processes and to the poor labour standards common in parts of the world where these commodities are usually found. Advocates argue that without these raw materials, the decarbonisation of the global economy would be impossible, and thus, their exclusion from an ESG-labelled strategy is blind to reality. Whilst all investments must adhere to our inhouse ESG investment policy, ideologically we lean more towards the latter argument than the former. In any case, a prudent path forward must involve efforts to improve supply chain transparency and create robust standards for quality. This will help ESG data providers to determine the exposure of these commodities to ESG risks and opportunities.

\*The investment policy seeks to ensure that the holdings within the portfolio, in aggregate, exceed a specific ESG score, and each holding meets a specific ESG criteria, each calculated using an ESG scoring methodology provided by MSCI. The MSCI ESG ratings methodology is a methodology developed by MSCI in order to attribute an ESG rating to a fund or an index, measuring specifically the Environmental, Social and Governance (ESG) characteristics of portfolio holdings. Details of the MSCI ESG scoring methodology is publicly available at: <https://www.msci.com/esg-ratings>.

The ACUMEN ESG Protection Portfolio launched on the 05/12/2019. The value of an investment in the ACUMEN ESG Protection Portfolio may fall as well as rise. Past performance should not be seen as an indication of future performance. Source of data: Titan Asset Management, Thomson Reuters and Lipper for Investment Management unless otherwise stated.

## INVESTMENT PORTFOLIO EXPOSURE

Cash

**0.00%**

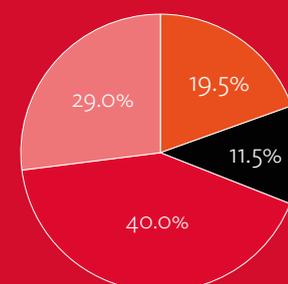
Asset Portfolio

**100.00%**

At times the portfolio may not be fully exposed to the underlying risk assets (Investment Portfolio), and may increase its exposure to cash. In addition, a proportion of the portfolio is invested in a put option, which is used to provide the 90% protection level. Depending on market performance this put option may reduce exposure to the Investment Portfolio. The above graphic shows the current exposure.

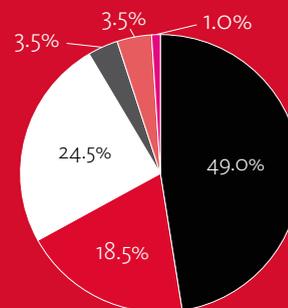
## INVESTMENT PORTFOLIO ALLOCATIONS

- Corporate
- Equities
- Currency
- Government



## REGION ALLOCATION

- North America
- United Kingdom
- Europe excl. UK
- Asia excl. Japan
- Japan
- Rest of World



Date of data: 30/04/2022

The pie charts above show the asset allocation of the ACUMEN ESG Protection Portfolio (AEPF). The portfolio has a long-term volatility tolerance (fluctuations in the price of the portfolio) of 5% to 7%. In order to meet the volatility target, if markets become unsettled, the portfolio may reduce exposure to higher risk investments and increase exposure to lower risk investments such as cash and bonds. In addition, a proportion of the portfolio invests in a put option, which is used to provide the 90% protection level. The percentage invested in the put option will vary depending on market performance.

## INVESTMENT OBJECTIVE

The ACUMEN ESG Protection Portfolio is a UCITS fund which aims to provide investors with long-term capital growth from a multi-asset portfolio comprised of holdings, which adhere to the Fund's environmental, social and governance (ESG) investment policy. It also seeks to deliver a level of capital protection determined by reference to 90% of the highest net asset value achieved by the Class A GBP share class.

## INVESTMENT POLICY

The portfolio will typically have indirect exposure to the following global asset classes: bonds (effectively loans to governments or companies), shares in companies, currencies and alternative assets and will be determined by Titan Asset Management based on the MSCI ESG rating methodology described below. The portfolio allocations are subject to a maximum allocation of 100% of exposure to bonds and a maximum allocation of 60% of exposure to shares in companies. The portfolio has a long-term volatility tolerance (fluctuations in the price of the portfolio) of 5% to 7%.

The portfolio must achieve an aggregate minimum MSCI ESG rating of A. MSCI rate companies on a scale according to their exposure to ESG risks and how well they manage those risks relative to peers. Details of the MSCI ESG scoring methodology is publicly available at: <https://www.msci.com/esg-ratings>.

Additionally, certain holdings will not qualify for inclusion within the portfolio, based on data provided by MSCI, if 15% or more of their revenue is derived from the following sectors: Adult Entertainment, Alcohol, Civilian Firearms, Conventional Military Weapons, Gambling, Genetically Modified Organisms, Nuclear Power and Tobacco.

Investment strategy managed by: Constructed by Titan primarily investing in: With protection provided by:



## INVESTMENT MANAGER

The Investment Manager is FundLogic SAS, a member of the Morgan Stanley group. The Sub-Investment Manager is Titan Asset Management. John Leiper, CFA, CFE, is the Chief Investment Officer of Titan Asset Management and carries direct responsibility for all discretionary investments at the firm. Together with the portfolio management team, they manage the risk progressive range of ACUMEN Portfolios (UCITS funds).

## SHARE CLASS

Class A Shares  
Annual Management Charge - 1.00%  
Ongoing Charges Figure - 1.19% (Estimated - inclusive of the AMC)  
Transaction Costs - 0.125% (Estimated)  
Sedol Code - GBP: (BKBNVB5)  
ISIN Code - GBP: (IE00BKBNVB56)

## KEY RESPONSIBILITIES

Investment Manager - FundLogic SAS  
Sub-Investment Manager - Titan Asset Management  
Protection Provider - Morgan Stanley & Co. International Plc  
Fund Company - FundLogic Alternatives plc  
Depositary - Northern Trust Fiduciary Services (Ireland) Limited  
Sub-Custodian - Morgan Stanley & Co. International Plc  
Administrator and Transfer Agent - Northern Trust International Fund Administration Services (Ireland) Limited  
Auditor - Ernst & Young

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**The value of investments held in the ACUMEN ESG Protection Portfolio may fall as well as rise. Past performance should not be seen as an indication of future performance. There is no assurance that the portfolio will achieve its investment objectives. The risk factors set out in the Key Investor Information Document (KIID), the Prospectus and the marketing brochure apply. The KIID and Prospectus can be found at [www.tavistockam.com](http://www.tavistockam.com). The marketing brochure can be found at [www.tavistockam.com](http://www.tavistockam.com). At times the portfolio may not be fully invested in the underlying risk assets. The phrase "lock-in upside" relates to a protection level which is 90% of the highest value ever achieved by the portfolio. If the portfolio value increases above the previous portfolio high then 90% of any such upside is protected. The phrase "limit downside" relates to at least 90% of an initial investment being protected by Morgan Stanley. Throughout this factsheet, when we refer to the term portfolio we mean the ACUMEN ESG Protection Fund.**

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