



## RWC US Absolute Alpha Fund

30th September 2019

### Fund Aim

To provide a positive absolute return in a variety of market environments over a 36 month period in excess of the return on short-term instruments, through a long / short equity strategy, using derivative strategies where appropriate, to gain exposure primarily to US equity securities.

**Fund AUM** \$94.6m

**Firm AUM** \$18,375.9m

### Fund Details

Investment Advisor	Mike Corcell
Manager	Alex Robarts
Launch Date	25th September 2009
Structure	UCITS IV Lux SICAV
Domicile	Luxembourg
Share Classes	EUR, GBP, USD
Minimum Investment	
Share Class A	25,000
Share Class B	10,000,000
Share Class R	25,000
Annual Management Charge	
Share Class A	2.00%
Share Class B	1.00%
Share Class R	1.00%
Performance Fee*	
Share Class A	20%
Share Class B	20%
Share Class R	20%
Dealing - Subscriptions	Daily
Dealing - Redemptions	Daily
Dealing Cut Off	13:00 CET
Administrator	Brown Brothers Harriman
Auditor	PricewaterhouseCoopers (LUX)

### Fund Codes

Share Class	ISIN	Sedol	Bloomberg
A EUR	LU0453474784	B4R61D8	RWCUAAXE LX
A GBP	LU0453474941	B4NYTG5	RWCUAAG LX
A USD	LU0453474867	B4R69K1	RWCUAAL LX
B EUR	LU0453475088	B4NZBQ2	RWCUAABE LX
B GBP	LU0453475245	B4P9XN3	RWCUAABG LX
B USD	LU0453475161	B4RGV6	RWCUAABU LX
R EUR	LU1319692361	BZ6CVG7	RWUAARE LX
R GBP	LU1017298776	BJBPXG3	RWCUARGL LX
R USD	LU1319692288	BZ6CV90	RWUAARU LX

### Additional Share Class NAV & Performance

Share Class	NAV	1 Month (%)	YTD (%)
A EUR	118.63	-2.36	-5.46
A GBP	126.52	-2.24	-4.58
A USD	130.31	-2.10	-3.20
B EUR	130.20	-2.27	-4.69
B GBP	137.55	-2.15	-3.80
B USD	143.11	-2.01	-2.41
R EUR	92.13	-2.27	-4.70
R GBP	130.03	-2.16	-3.83
R USD	100.02	-2.01	-2.44

### Cumulative Performance - Class B USD



### Cumulative Performance (%)

	NAV per Share	1M	3M	YTD	1Y	3Y	5Y	SI
B USD	143.11	-2.01	-2.27	-2.41	-9.00	4.34	12.11	43.11
LIBOR USD 1 Month		0.17	0.53	1.74	2.36	5.24	5.88	7.08
S&P 500 TR	-	1.72	1.19	18.74	2.15	37.29	50.93	181.60

### Discrete Monthly Performance - Class B USD (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	0.39	1.13	1.59	-0.59	-1.05	-1.57	-0.25	-0.02	-2.01	-	-	-	-2.41
2018	1.87	1.92	-1.28	2.14	2.09	-1.16	-0.53	2.57	0.60	-4.69	0.59	-2.74	1.10
2017	0.41	-0.77	-0.80	1.47	1.91	0.19	-1.06	1.46	2.10	0.84	1.47	0.51	7.95

### Historic Annual Returns (%)

2009	2010	2011	2012	2013	2014	2015	2016
1.85	-4.44	-2.24	16.32	14.28	5.45	5.37	-4.40

### Commentary

The S&P 500 rose 1.7% in September on renewed hopes of a trade truce with negotiations scheduled to resume in October. At the same time economic data has continued to slow with manufacturing data particularly soft with the ISM Manufacturing registering its softest month since the financial crisis. Despite the softer data, there was a significant market rotation into economically sensitive areas such as Financials, Industrials and Basic Materials as well as a move into market laggards at the expense of market leaders. The fund was down 2.0% for the month.

The largest contributor to performance came from our long position in Apple (+32bps), the PC and smartphone manufacturer. The stock was up 7% for the month after releasing the latest iPhone which looks to have seen strong initial demand on the back of a more reasonable pricing schedule than last year. The second largest contributor was our long position in Dollar Tree (+30bps), the budget retailer. The stock was up 12% for the month following solid earnings in late August and also being a beneficiary of a trade truce given that the vast majority of their products are sourced from China. We were also helped by our short position in Netflix (+19bps), the video streaming platform. The stock fell 9% for the month on signs that, after a strong start to Q3, subscriber growth slowed later in the quarter.

The biggest detractor to performance came from our short position in Canadian Tire (-41bps), the general merchandise retailer. Having fallen 7% in August on soft Q2 earnings, the stock rose 10% in September helped by the rotation into laggards as well as the optimism around a trade truce. The second largest detractor was our long position in Restaurant Brands (-26bps), the owner of Burger King and Tim Hortons. The stock was down 9% for the month reversing some of the strong gains for the year as the market rotated out of leaders. This was also the case for our long position in Fair Isaac (-23bps) which was down 14% in September after a strong run in the first 8 months of the year.

At the portfolio level we have reduced our overall exposure somewhat given the softening economic data. With the rotation out of market leaders we did reduce some of our exposure to the technology sector and Internet in particular. We have also increased our net short exposure to Industrials taking advantage of the rally in laggards and given worsening data.

Please note Firm AUM includes emulation account values from the previous month-end.

\*The performance fee is only applied to performance over the relevant reference index (LIBOR), with a high water mark.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Total Fund returns are calculated on a NAV-NAV basis net income reinvested and are shown net of all fees. Source: RWC

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**Attribution (%)**

Long positions	-0.15%
Short positions	-1.89%
Residual*	-0.02%

**Exposure Summary (%)^**

Gross	70.6
Gross Long	43.7
Gross Short	-26.9
Net	16.8
Long Exposure via Options	0.1
Short Exposure via Options	0.0
Average Net - Since Inception	26.9
Average Gross - Since Inception	104.7

**Security Breakdown**

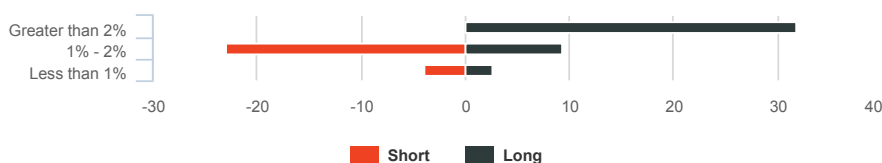
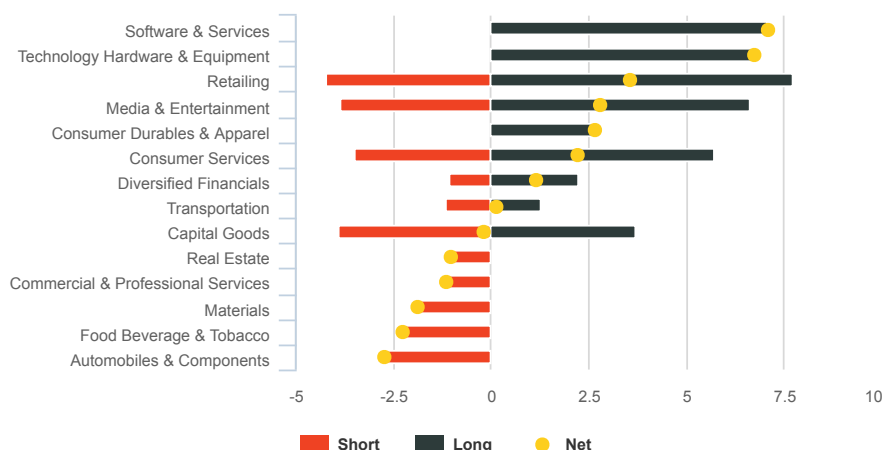
Total No. of Securities Held	41
No. of Securities - Long Side	19
No. of Securities - Short Side	22
Top Ten Long Positions**	31.8

**Market Cap Breakdown (% of gross)**

> \$25bn	46.1
\$5bn - \$25bn	46.4
\$1bn - \$5bn	7.5
< \$1bn	0.0

**Statistical Analysis\*\*\***

	<b>Fund</b>
Volatility	6.5
Sharpe Ratio	0.5
Sortino Ratio	0.7
Total Return since inception (%)	43.1
Annualised Return (%)	3.6
% of Positive months	57.0
% of Negative months	43.0
Largest drawdown (%)	-10.2
Best month (%)	4.5
Worst month (%)	-4.7
VaR (1 month 99%)	5.4

**Position Size Breakdown (%)**

**Sector Breakdown (%)**


The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

\*Includes cash and performance fee effect.

^All exposures shown on a delta-adjusted basis.

\*\*Percentage of NAV.

\*\*\*Relating to share class B USD using daily data.

Source: MDO & FactSet (using GICS Sector Classifications via MSCI), Morningstar.

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