EF 8AM Tactical Growth Portfolio

1 June 2020

INVESTMENT AIMS

The objective of the Fund is to provide long term capital appreciation. It aims to achieve this by targeting returns from a wide variety of asset classes without inducing excessive volatility.

PERFORMANCE (CLASS A) (Alastair George takes over as Fund manager 30.08.2012)

	6 m	1 yr	3 yr	5 yr	YTD
Tactical Growth	-5.13%	1.85%	7.29%	24.44%	-7.69%
Sector	-4.19%	1.29%	5.73%	21.81%	-5.93%

DISCRETE YEAR PERFORMANCE %

	Fund	Sector
31 May 2015 to 31 May 2016	-4.27	-5.12%
31 May 2016 to 31 May 2017	21.16	21.42%
31 May 2017 to 31 May 2018	6.56	4.82%
31 May 2018 to 31 May 2019	-1.15	-0.41%
31 May 2019 to 31 May 2020	1.85	1.29%

Source: Financial Express to 31.05.20. Sector is the IA Flexible Investment GTR in GB.

KEY FACTS

Fund Manager	Alastair George
IA Sector	Flexible Investment
ISIN	GB00B9C65S15 (Class A) GB00B3KQYX95 (Class R)
Fund Size	£16.01m
Launch Date/ Price	02.02.09 at 100p
Vehicle Type	UK OEIC
Unit Type	Income
ISA Eligible?	Yes
OCF	1.36% (Class A)
Initial charge	0% (Class A) up to 5% (Class R)
Price (NAV)	125.17p (Class A) 140.53p (Class R)
Dealing Day and Time	Daily at 12 noon
Year End	30th June
Income Allocation	31st Aug, 28th Feb
Minimum Investment	£1,000 (Class A)
Base Currency	Sterling
Pricing Basis	Forward/Single Price

PERFORMANCE %

CONTACT DETAILS

Issued by 8AM GLOBAL LLP, which is authorised and regulated by the Financial Conduct Authority ("FCA"). If you have any doubt as to whether the EF 8AM Investment Funds are suitable for you and you wish to receive advice, you should consult a financial advisor. Further information can be obtained from:

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PROGRESSIVE // DISCIPLINED // ADAPTIVE // ASSET MANAGEMENT

FUND MANAGER COMMENTARY

Tactical Growth recorded a gain of 0.78% during May.

Despite increasing market optimism, we remain concerned that global economies will make only a slow recovery from COVID-19. There will be relief that people are returning to work and schools re-opening, which is being reflected in markets. However, the global nature of the lockdown combined with the likelihood of continued social distancing measures until a second wave of infections can be ruled out means that spending, employment and business investment patterns are unlikely to make a rapid return to normal.

Current survey data indicates that a severe recession in global GDP is underway despite the efforts of governments and central banks to cushion the blow. Hard data is likely to confirm that Q220 GDP will represent the trough in economic activity globally. Yet for the remainder of this year, it is difficult to escape the conclusion that there will be a material impact on demand due to social distancing measures. These have the potential to shutter or render unprofitable a significant proportion of the service sector economy.

We therefore believe the economic risks remain to the downside, given the tightrope which governments now walk. While loosening social restrictions early would benefit the economy in the very short-run, a second wave of cases later on remains a risk as a relatively low proportion of the population has so far developed antibodies. Even in the worst-affected areas of Italy the estimated prevalence of antibodies in the general population of Milan is only 7.1%, based on samples taken from blood donors. While we were willing to accept market exposure during March and April, equity valuation levels are now significantly higher and the risk/reward on the trade that a second wave of cases is unlikely is no longer compelling.

Larger companies operating factories, producing software or sparsely staffed industrial processes are likely to suffer relatively little disruption from COVID-19 once lockdowns ease. However, there are a very large number of SMEs which rely on physical social interaction to drive sales which are likely to suffer a disproportionate burden from social distancing. A broad swathe of the service economy will be affected – and SMEs account for approximately 66% and 47% of the EU and US workforce respectively. There is likely to be a surge in unemployment once government furlough schemes end.

The interventions of the world's major central banks during H120 have stabilised a market rout which risked turning into a catastrophe. However, while worst-case healthcare scenarios have been avoided, in many respects the economic risks surrounding this viral outbreak have only increased since March as it has become clearer that a long period of non-pharmaceutical interventions lies ahead. The recent rebound in markets is therefore more likely to be a result of a change in the liquidity preference of investors. Central banks through liquidity interventions and forward guidance have reassured investors that markets would not be permitted to become dysfunctional, or even close entirely for the duration of the crisis, as was mooted at one stage during March. Despite appearances, risk assets have not therefore signalled the all-clear in our view.

These are very uncertain times for the global economy, path of the COVID-19 epidemic and the outlook for corporate profits. This uncertainty is an amalgam of risks surrounding the disease, the depth of the coming recession, the potential triggering of existing fiscal fragilities and rising geopolitical tension, both in terms of the US/China relationship and Brexit.

This remains an abnormal economic situation with developed economies now forecast to deliver 0% GDP growth between 2018 and 2021. Following the rebound since March, valuations of the largest global corporations may be lower than during January but are merely in-line with long-term averages. We are therefore now highly selective on equity risk, preferring sectors which are beneficiaries of social distancing measures, such as those exposed to the growth of the digital economy. Pay-outs to shareholders in the form of dividends and share buybacks remain under pressure while the prospect of further capital increases is likely to weigh on market sentiment. We believe we still have at this point good reason to keep powder dry and have just under 20% of the fund in lower-risk investments to take advantage of future opportunities.

Tactical Growth is now down 7.69% year to date, which represents less than one-half of the loss recorded by the UK equity market over the same period.

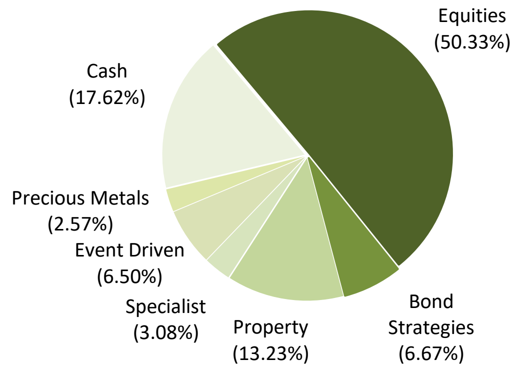
Sources: All performance figures - Financial Express to 29.05.20, Eurostat, Refinitiv.

TOP TEN HOLDINGS

Fund Name	Asset Class	%
Cash	Cash	17.62
Bayer AG-REG	Equities	3.88
Astrazeneca Plc	Equities	3.34
Alphabet Inc	Equities	3.24
Scout24 AG	Event Driven	3.15
Supermarket Income REIT Plc	Property	3.09
Sequoia Economic Infra. Income Fund Ltd	Bond Strategies	3.08
Adidas AG	Equities	2.94
Howden Joinery Group Plc	Equities	2.80
Phoenix Group Holdings Plc	Equities	2.75

Source: 8AM GLOBAL LLP to 29.05.20

ASSET ALLOCATION



Source: 8AM GLOBAL LLP to 29.05.20

WHY INVEST?

- Target return 7%# per annum (net of fees).
- Provides exposure to traditional value-based equity investment.
- Provides diversified exposure to a variety of hedge and absolute return strategies but crucially at a fraction of the cost.
- Unconstrained asset allocation allows increased flexibility (subject to Fund's investment powers).

#Target return estimates should not be considered a reliable indicator of future performance.

SUITABILITY

An investor who is comfortable with holding a significant proportion of their portfolio in higher risk investments in order to have the opportunity for a greater investment return.

An investor who is prepared to accept investment losses in the short term in order to achieve potentially greater investment returns over the longer-term. The portfolio will be subject to fluctuations in value.

AVAILABILITY

The portfolio is available direct and via:

Aegon Retirement Choices	AJ Bell	Ascentric/Funds Direct
Aviva	AXA IOM	Canada Life International
Embark	Fidelity	Fusion
James Hay	Merchant Investors	Novia
Nucleus	Old Mutual Wealth	Prudential
Scottish Widows Intl	Standard Life Elevate	Standard Life
Transact	Zurich	

IMPORTANT INFORMATION

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RISK WARNINGS

The EF 8AM Investment Funds, are subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money that you have invested. Investments in overseas equities may be effected by changes in exchange rates, which could cause the value of your investment to increase or diminish. Capital appreciation in the early years will be adversely affected by Initial Charges, so you should regard your investment as medium to long term. Past performance is not a guide to future performance. Every effort is taken to ensure the accuracy of this data, but no warranties are given.