

Registered Address: 8/9 Lovat Lane, London, EC3R 8DW

**WS Charteris Global Macro Fund**

Request for proposal response as at 29 December 2023





## **About us**

Founded in 1984, Charteris builds upon an investment discipline and culture that its founders understand and passionately believe in. We are grounded in the belief that core principles are fundamental to how we manage money and behave as a business. These principles are underpinned by a common theme – a complete focus on the long-term management of our clients' money.

Our investment philosophy combines macro-economic and value-based stock research with long-term cycle analysis of all major asset classes. We focus on identifying investment opportunities prioritising long-term capital growth, sustainable income and high liquidity. At the heart of our philosophy is our attitude to risk. We believe carefully managed risk is of paramount importance – preserving and growing clients' wealth is our priority.

## **WS Charteris Global Macro Fund**

### **The Fund's objective**

The fund aims to provide long-term capital and income growth from a global portfolio of predominately blue-chip companies, while mitigating downside risks. The fund has an unlimited remit and is allowed to invest in any country, sector or security. Its strategy centres on analysing and taking a view on global economic themes and trends.

## **WS Charteris Global Macro Fund**

### **The Investment Team**

Terry Farrow has been the lead manager of the fund since it was launched. Ian Williams and Mark Williams are part of the Investment team that deputise in the lead manager's absence,



### **Terry Farrow, Chartered MCSI, ACIB, APFS, CFP, EFP**

Terry has over 40 years' experience in the investment markets having worked in important roles for both Barclays Bank and Standard Chartered Merchant Bank. He has been exposed to a great range of asset classes from US Treasuries to the derivatives futures and options market. Terry acquired a licence from the Institute of financial planning and is also qualified at G60 and G70 level to cover both pension advice and investment management. Terry was granted member of the CISI (MCSI) in 2012.

## Investment process and strategy

### Investment process

Our investment process is driven by a set of investment beliefs which frame our approach to portfolio strategy, stock selection and timing decisions.

The investment process starts with a clear macroeconomic view that is not focused on modelling short or long-term economic variables but is driven by an informed economic interpretation of important global and long term social, political and macroeconomic policy trends. These views drive our sector preferences, which are unrestricted by explicit risk budgets or index weighting considerations. Within each targeted sector we select stocks based on cyclically flexible screening criteria which include business structure, growth potential, geographic exposure, market capitalisation and liquidity considerations.

Finally, timing of investment decisions is an important part of the manager's overarching investment process. Timing decisions are informed by the technical analysis of longer-term economic, market and metals' price cycles.

### Investment strategy

Consistent with the management of all of the Charteris funds, there is a strongly held macroeconomic view that drives the strategy of the *WS Charteris Global Macro fund*. This top-down driven strategy is embedded in an active management approach with the sector and stock selection decisions based on identifying which businesses are best placed to benefit from the global macro trends we have researched.

### Our long-term view

A most important consideration that seems to be a driver of investor sentiment towards gold and silver. We are now witnessing this higher inflation which has moved from "transitory" to become much more embedded. This inflation is also impacting other hard assets such as Copper, Aluminium etc

Due to wars in the middle east supply chain issues are adding to inflation and is the continuance of US national debt at record levels of \$34 trillion plus. There appears to be no attempt to cut this rather congress continues to spend. This is inflationary as debt rolls over at higher rates and new debt is issued thus we are now witnessing a move to de-globalisation offshoring back onshore to secure supplies.

### Precious metals prices in the wake of the pandemic

Debt is now the main concern as it becomes more likely the US Federal Reserve will favour letting inflation continue over containment.

An election in 2024 means the currency will be sacrificed to help Government.

### Summary

Despite recent underperformance, gold and other precious metals do seem to offer further upside potential as gold and silver seem to be in a primary bull market that has yet to display the standard signs of an imminent market top. It is worth remembering that gold prices surged by 40% in the final nine months of the last major bull market of 1960-80.

## **Risk Management, portfolio construction and monitoring**

### **Risk Management**

Risk is managed through the fund's underlying exposure to different equities alongside the fund's flexibility to hold ETFs (exchange traded funds), Fixed income securities such as UK Gilts as well as cash.

Equity markets are inherently cyclical and we believe that the risks embedded in this asset class can and should be managed through the cycle

For example, in a precious metals bull market, we will tend to focus on a growth and overseas stocks. These stocks will tend to outperform passive competitors in these sorts of conditions.

In a less favourable phase of the cycle we will look to reduce the risk profile of the fund by holding a greater proportion of the fund's assets in lower beta more defensive utility companies as well as fixed income securities such as short dated UK Gilts.

Risk is present through the fund's geographic exposure. The fund has an unlimited remit to invest anywhere in the world. Most common overseas currency exposure will be the US and Canadian dollars respectively.

The risk profile of the fund is further managed through a clear stock selection discipline. We have a high-quality threshold and tend therefore to run a fairly concentrated portfolio – typically 25-55 stocks. We believe this is an appropriate spread of risk which avoids the need to compromise on quality merely to achieve further diversification

### **Idea generation**

Terry and his team rely on a combination of internal proprietary analysis and external research to generate ideas for the fund.

### **Portfolio construction**

The construction of the portfolio is the sole responsibility of the lead fund manager, Terry Farrow. He is supported in this task by the other members of the investment team who will input into the decision making process and the implementation of decisions.

Ultimately, the aim of all of our fundamental research efforts is to arrive at an informed judgement about long term fundamental value. Once we have arrived at that judgement, using a technical analysis overlay, we can assess whether an investment opportunity is attractive enough to warrant inclusion in the portfolio.

Each stock is included in the portfolio on its own merit – we do not hold positions purely to manage relative risk. Portfolio weightings are determined by the level of conviction in an investment thesis and our judgement of the balance between the potential upside to true inherent long term value and the risks that may stand in the way of that long term value being realised.

All of this is balanced against a desire to be sensibly and appropriately diversified at a stock and sector level, with the ultimate aim of building a portfolio that can deliver attractive, long term, risk adjusted returns.

### **Portfolio monitoring**

Monitoring of portfolio holdings is a continuous process. All portfolios are reviewed daily to ensure appropriateness, consistency and adherence to the mandate.

Individual holdings are assessed and monitored daily by the lead fund manager, who takes primary responsibility, but is assisted by the rest of the investment team as appropriate.

## About the Fund

### Launch date

27 February 2015\*

*\*The fund was originally launched on 27<sup>th</sup> February 2010 as the FP Charteris Global Fund where WAY Fund Managers were the original ACD, the Fund was transferred to DMS Investment Management Services (UK) Limited on 30 December 2016; DMS Investment Management Services (UK) Limited have now been rebranded as Waystone Management (UK) Limited; however, there has been no change whatsoever in Investment Manager or the investment Strategy.*

### Performance objective

There is no official performance objective detailed in the fund's prospectus; however, the fund aims to offer a superior risk adjusted return over that of a passive holding of gold and silver

### Fund Size

£5.9m (as at 29 December 2023)

### OCF, charges and TER

	Initial Charge	AMC %	OCF / TER*
A Classes	0%	1%	1.62%

\*as at 31 Aug 2023 (OCF = ongoing charging fee, TER = Total Expense Ratio)

Currently there are no plans to review these charges in the next 12 months. The total expense ratios quoted above are subject to change as the size of the fund fluctuates due to market movement and net inflows / outflows.

### Yield and distribution rates

Distribution: Annual – 30 April

Distribution: Interim – 31 October

### Legal Structure

UK regulated OEIC – can invest up to 10% of the fund in ETFs (exchange traded funds) at the lead manager's discretion.

### Third parties associated with the fund

Waystone Management (UK) Limited ("WS") as ACD (Authorised Corporate Director) of the fund has the responsibility of compliance, oversight, apportionment and investment management of the company. WS delegates the investment management of the fund through its agreement with Charteris Treasury Portfolio Managers. It is the portfolio management team that manages the investments of the fund within the constraints outlined by the fund's prospectus, its mandate and UK UCITs. Administration of the fund is undertaken by Credit Agricole (CACEIS Bank, UK Branch) and the auditors are Grant Thornton UK LLP.

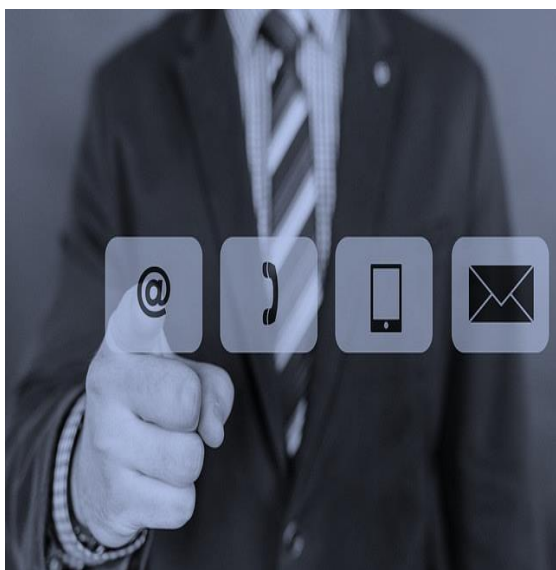
## Fund Codes

### A Accumulation

Bloomberg FPCGMAA LN EQUITY  
Thomson Reuters LP68418912  
MEXID: HTMTA  
ISIN GBOOBV8VPH36  
Citicod/FE: M3RZ

### A Income

Bloomberg FPCGMAI LN EQUITY  
Thomson Reuters LP68418913  
MEXID: HTMTB  
ISIN: GBOOBV8VPJ59  
Citicod/FE: M3SA



## Get in contact

### Fund Manager

Charteris Treasury Portfolio Managers Ltd  
8/9 Lovat Lane, London, EC3R 8DW  
Terry Farrow, Lead Fund Manager  
tf@charteris.co.uk  
+44 (0)20 7220 9780

### Sales enquiries

Charteris Treasury Portfolio Managers Ltd  
8/9 Lovat Lane, London, EC3R 8DW  
info@charteris.co.uk  
+44 (0)20 7220 9780  
www.charteris.co.uk

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