

## Overview

The Twenty20 Systematic iBasket seeks to gain exposure to asset and sub-asset classes that have shown the largest growth over the previous short to medium-term horizon. The portfolio will invest 100% in Exchange Traded Funds (ETFs) and cash comprising assets in equities, fixed income, commodities, and alternatives across different regions globally.

The portfolio will be reviewed on a monthly basis. It will invest mainly in equity and alternatives ETFs, but during periods of economic downturn it may move part or all of the allocations away from falling markets to lower risk ETFs or cash.

The aim of the Twenty20 Systematic iBasket is to provide a return in line with or outperforming global equities, while trying to reduce the volatility and drawdowns in the portfolio during economic downturns.

## Investment Philosophy

- Twenty20 Investments constructs portfolios built entirely from ETFs, aiming to achieve outperformance by optimising and adjusting the weights using a defined systematic process.
- Our asset allocation adapts to changes in the markets aiming to protect capital in a falling market while looking to outperform global equities by identifying the best investment opportunities in a timely manner.

## Investment Strategy

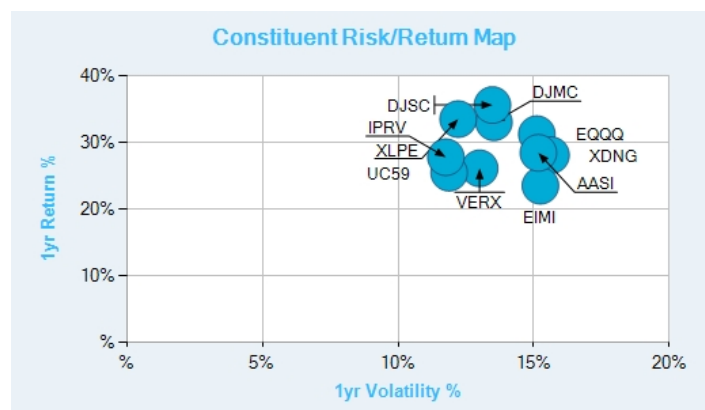
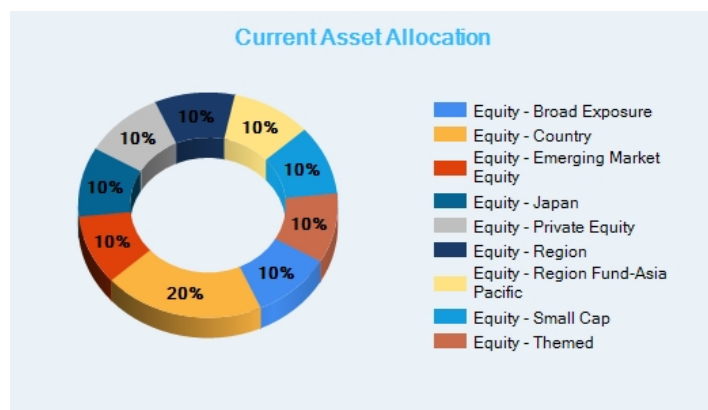
- We use the versatility of ETFs to gain exposure to a wide range of asset and sub-asset classes which makes the portfolio liquid, well diversified and very competitively priced.
- The strategy systematically selects the best performing ETFs over a set of short to medium-term time horizons with the aim of capturing those asset and sub-asset classes and regions that have a higher likelihood of higher returns.
- At times, when the strategy suggests that lower risk fixed income ETFs and gold seem to provide a better return than equities, we will switch into these lower risk assets.
- The available ETFs are selected by our Fund Research Department. This rigorous and systematic research process carefully analyses a wide universe of ETFs, identifying the best investment opportunities as and when they occur.



Weightings Manager	Twenty20 Investments
Legal Form	Model Portfolio
Target Investments	Investing 100% in Exchange Traded Funds comprising assets in equities, fixed income, alternatives, commodities and cash
Investment Objective	The model utilises a trend-following strategy that picks the highest returning ETFs
Target Return	MSCI All Country World
Target Risk	Seeking to provide a lower risk than global equities over a medium to long-term horizon
Minimum Subscription	£15,000
Redemption Period	Daily
Withdrawal Notice	Daily
Management Fee	0.50% + VAT
Subscription Fee	0%
Investment Wrapper	SIPP, ISA, JISA, General Investment
Platform Availability	Ascentric, Praemium, Nucleus, Transact

## Portfolio Construction

### Asset Allocation - 3 Jul, 2017



A portfolio allocation diversified across asset and sub-asset classes and across regions.

On an asset-by-asset basis, the one year risk and return characteristics of the constituent ETFs are shown in the chart above.

### iBasket Top Holdings - 3 Jul, 2017

Twenty20 Systematic iBasket	Ticker	Asset Class	Sub-Asset Class	Region
Vanguard FTSE Developed Europe ex UK UCITS ETF	VERX	Equity	Broad Exposure	Europe
UBS ETF - MSCI EMU 100% hedged to GBP UCITS ETF (GBP) A-dis	UC59	Equity	Country	Europe
Powershares EQQQ Fund	EQQQ	Equity	Country	North America
iShares Core MSCI Emerging Markets IMI UCITS ETF	EIMI	Equity	Emerging Market Equity	EM-Global
db x-trackers JPX-Nikkei 400 GDP hedged UCITS ETF	XDNG	Equity	Japan	Japan
DB X-TRACKERS LPX MM PRV EQTY	XLPE	Equity	Private Equity	Global
iShares EURO STOXX Mid UCITS ETF	DJMC	Equity	Region	Europe
AMUNDI ETF MSCI EM ASIA	AASI	Equity	Region Fund-Asia Pacific	Asia Pacific
iShares EURO STOXX Small UCITS ETF	DJSC	Equity	Small Cap	Europe
iShares Listed Private Equity UCITS ETF	IPRV	Equity	Themed	Global

## Performance

Performance	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
iBasket Return	3.29%	0.37%	0.99%	2.45%	-2.74%	2.83%	0.69%	2.56%	1.34%	-0.02%	2.65%	-1.16%
Equal Weight Benchmark*	4.49%	1.11%	0.95%	1.94%	-2.75%	2.84%	0.47%	3.35%	0.19%	-0.27%	1.59%	-1.14%

	iBasket Return	Equal Weight Benchmark*
3m Performance	1.44%	0.16%
6m Performance	6.17%	4.20%
1 Year Performance	13.90%	13.28%
YTD Performance	6.17%	4.20%

\*: The Equal Weight Benchmark comprises all potential ETFs in the portfolio, equally weighted.

## Market Commentary

The month of June might go down in history when the tightening of economic stimulus measures finally started in the UK and Europe. Hawkish remarks from central bankers in the last week of the month drove yields on government bonds higher and most fixed income sovereign bonds lost as a result. The tightening resulted in a similar tone for equities, with many equity markets reversing their earlier gains and down in their local currencies over the month.

It does not feel as if the UK elections had only happened last month. After the announcement of the snap elections in April the FTSE 100 gained steadily until about the end of May when the polls narrowed ahead of the UK general election and dropped further as a hung parliament materialised, losing -2.4% over the month. The Purchasing Managers' Index (PMI) was down 2 points from the previous month at 54.3, overall still showing expansion, but in its third month now of a downward trend.

The Federal Reserve (Fed) raised rates in June by 25 bps and set out plans to reduce the size of its balance sheet. The US economy is in good shape, with the PMI numbers coming in very bullish at 57.8, well ahead of the consensus estimate of 55.3 and at its highest since May 2014 suggesting there are still signs of strength in the US economy. On the other hand, political uncertainty is still an important feature in the market with doubts over the ability of the administration to push through its fiscally expansive policies. This also weighed on the Dollar, which was down -1.0% against Sterling.

The risks in Europe of a breakup of the European Union faded with President Macron's French election win in May. With the Eurozone showing reduced political risk, a positive economic outlook, and improved corporate earnings, all should be well on the continent. However, with the latest hawkish remarks from the ECB that it may soon look to reduce its QE purchases, both bond and equity markets reacted badly to the news. The MSCI Europe was down -2.9% in EUR (-2.0% in GBP) for the month.

Emerging market equities had a positive return in June of 0.6% in USD (-0.2% in GBP), helped by the weakness in the Dollar and by improving EM growth. Chinese equities gained over the period as better economic data and a landmark decision by index provider MSCI to include local Chinese stocks (A-shares) in a range of its benchmark indices supported sentiment. Japan showed improved economic data with growing confidence among Japanese corporates. The TOPIX returned 2.5% in JPY, but on the other hand the Yen was down against major currencies with increased fears of economic stimulus tightening in these countries, resulting in the TOPIX only returning 0.3% in GBP.

With the hawkish remarks from several central banks it is a surprise that government bonds did not show negative returns across the board. In fact, only gilts had negative returns, whereas Treasuries were about flat in USD and German government bonds returned around 1%.

More or less at the bottom of the leader board for the month is Oil, with WTI Crude Oil down -5.0% in USD. And gold did not act as its general diversifying asset, being down -2.0% in USD.

## Market Returns Overview - 3 Jul, 2017

ETF Name	Asset Class	Sub-Asset Class	Asset Region	ytd	1m	1yr	3yr	5yr
iShares Core FTSE 100 UCITS ETF	Equity	Country	Europe	7.3%	4.9%	25.5%	22.8%	68.8%
iShares S&P 500 UCITS ETF (Inc)	Equity	Country	North America	3.9%	2.0%	31.3%	70.2%	136.5%
LYXOR ETF JAPAN TOPIX	Equity	Country Fund-Japan	Japan	5.2%	3.7%	30.2%	62.6%	97.7%
SPDR® MSCI Europe ETF	Equity	Region	Europe	12.1%	5.5%	31.8%	30.1%	98.2%
LYXOR ETF MSCI AC ASIA-PACXJ	Equity	Region	Asia Pacific ex Japan	12.4%	3.2%	39.7%	40.8%	67.6%
iShares MSCI Emerging Markets UCITS ETF (Inc)	Equity	Region	EM-Global	12.1%	3.5%	42.3%	34.3%	43.3%
iShares Developed Markets Property Yield UCITS ETF	Equity	REITs	Global	-0.3%	1.3%	16.5%	50.3%	80.6%
iShares Core UK Gilts UCITS ETF	Fixed Income	Government Bonds	Europe	2.3%	0.4%	6.7%	23.8%	22.6%
iShares £ Index-Linked Gilts UCITS ETF	Fixed Income	Inflation Bonds	Europe	2.4%	-1.7%	21.6%	42.6%	48.8%
iShares £ Corporate Bond ex-Financials UCITS ETF	Fixed Income	Investment Grade Bonds	Europe	3.0%	1.2%	10.8%	25.0%	38.8%
iShares Core Euro Government Bond UCITS ETF	Fixed Income	Government Bonds	Europe	1.8%	4.3%	12.8%	19.2%	37.9%
iShares USD Government Bond 7-10 UCITS ETF (Acc)	Fixed Income	Government Bonds	North America	-1.3%	1.6%	11.9%	41.4%	28.9%
iShares J.P. Morgan \$ Emerging Markets Bond UCITS ETF	Fixed Income	Government Bonds	EM-Global	1.8%	1.4%	22.8%	50.0%	58.6%

## Experienced Management Team

Twenty20 Investments is a division within Sapia Partners LLP

The management team of Twenty20 Investments were key players in the development of the systematic investment solutions that Barclays Global Investors (BGI) became famous for and have developed their models as a unit since 2006.

Having spent several years at iShares, BlackRock, developing new ETFs and designing ETF portfolios for institutional clients the investment team are also leading experts in ETFs and their usage in dynamic asset allocation.



**Allan Lane, PhD - Managing Partner** Allan is the founding and managing partner of Twenty20 Investments. Prior to this Allan spearheaded BlackRock's iShares' investment research initiative in Europe, working with a number of clients in the portfolio solutions space. Allan has held a number of senior roles in the investment banking industry, including Head of Active Fixed Income Implementation at Barclays Global Investors, Global Head of Quantitative Research at RBS and Head of Equity Derivatives Models at JP Morgan.



**Irene Bauer, PhD - Founding Partner & Chief Investment Officer** Irene is a founding partner of Twenty20 Investments and is providing the expertise in research and investment strategies. Previously, Irene was leading a client advisory role at iShares, BlackRock, providing ETF portfolio solutions and insights. Irene has experience across all aspects of ETFs having designed and researched new products at iShares. Previously, Irene was responsible for the asset allocation models in the Active Fixed Income business of Barclays Global Investors and modelled structured products at ABN Amro.

## Risk Warning

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