nucleus

Margetts Fund Management fact sheet

Margetts Fund Management

What is your corporate background?

Margetts Fund Management Ltd is a multi-award winning privately owned investment management company which provides investment management services to a range of individuals and corporate clients.

The origin of the company began in 1843 and was founded by Herbert Margetts who also chaired the Birmingham stock exchange. Many things have changed over the years however the Margetts name remains synonymous with innovation and excellent customer service.

Why should I consider using your discretionary fund management service?

The Margetts fund management team have developed an excellent track record for providing consistent returns whilst managing risk effectively. The team operate a disciplined investment process in order to build portfolios which are likely to meet the objectives of investors. The investment process requires detailed due diligence to be undertaken in respect of all investments together with a rigorous on-going monitoring programme.

What is your approach to discretionary fund management?

Investment Philosophy

Margetts manage investments according to an overarching philosophy.

The philosophy is periodically reviewed and updated in response to any material factors which may include:

- Market innovation
- Regulatory developments
- Increased understanding (through CPD)
- Relevant academic research
- Alterations in the perception and analysis of risk

General

Independence – all Margetts investment professionals are expected to maintain independence and perform all research conscientiously with the highest level of diligence and thoroughness.

Research should be independent based on our own views and assessment. Third party research and assessment will be considered and may contribute to our views, but no decision will be made on the basis of one piece of external research or consensus alone.

Rational investment – we will only invest in assets which have a fair risk return profile. Investments with higher expected returns will inherently have more risk. Risk can be qualitative (e.g. liquidity/default) as well as quantitative (e.g. standard deviation). If the risk of an asset does not provide sufficient expected reward or the risk cannot be assessed then we will not invest.

Long only – over the long term we believe that the value of an economy per head and living standards will increase with productivity gains. This will drive the value of stock markets higher and if the market is rational, will reward risk takers with returns. The reason we believe this is simple – human beings will continuously develop technology to find more productive methods in the use of finite resources to meet infinite demand.

Long-short investment relies heavily on the ability of a manager to be smarter than his/her peers. In addition, there is a cost to a short position which cannot be afforded indefinitely. In the famous words of John Maynard Keynes "the market can remain irrational for longer than you can remain solvent".

We do not believe that a single manager can achieve consistent alpha over the long-term and therefore will approach all long-short strategies with scepticism.

Diversification – we believe that retail investments should be diversified. The team will strive to minimise the risk of unsystematic shocks through diversification. This is applied to the overall portfolio, but will also be considered when selecting an asset.

We believe that markets are only generally efficient in the long term. Therefore, active managers may only be able to exploit inefficiencies over a long period. Concentrated funds can suffer long periods of underperformance. Therefore, to be included, the long term expected return must be significantly higher for the risk taken, than with a more diversified fund in order to be selected.

Understanding

Structure – the structure should be robust and not pose unacceptable risk in terms of security from fraud, negligence, liquidity, the host market or other relevant factors.

Process – the investment process should be robust, transparent and understood. We will assess investments by using the RFI, Prospectus and other relevant material as well as discussions with the management team.

Performance – the analyst should be confident that they understand the drivers and reasons for performance.

Cost – the costs of investment should be known and considered reasonable for the type of investment. Investments will always be assessed after costs.

Application

Our experience in investment and application of our investment philosophy creates a high level filter that will drive investment selection under normal circumstances.

Regulated on-shore UK retail collective investment schemes are preferred.

UK retail structures such as UCITS and NURS are regulated by the Financial Conduct Authority (FCA) which is deemed to be a competent regulator. The FCA requires firms to maintain policies and procedures to ensure that they act within the spirit of the regulations as well as the written rule. As a UK regulated firm, we are familiar with the processes and disclosure required.

Offshore investments will be considered, however the additional return expected must outweigh the assessed increase in risk.

Margetts Fund Management fact sheet

Offshore investments will be considered if they are a UCITS structure.

It is highly unlikely that offshore investments that are not UCITS or that are domiciled in a country that does not have a perceived competent regulator will be considered.

What investment solutions can you offer through the Nucleus platform?

We intend to offer portfolios of open ended collective investment schemes based on the categories of defensive, cautious, balanced, moderately adventurous and adventurous.

What are your fees?

0.25% plus VAT

Who should I contact to discuss the service further?

Richard Cole
e: richard.cole@margetts.com
Lisa Thompson
e: lisa.thompson@margetts.com