overberg asset management

GLOBAL PERFORMANCE FACTSHEET

OAM Global Growth Portfolio

Technical Details

- Base currency: GB Pounds
- Benchmark: FTSE 100
- Asset Allocation: Flexible mix of closed-end funds, bonds and cash
- Individual portfolio representing Global Growth investment style
- All performance figures include income and are net of fees and expenses

Investment Objective

- Conservative growth using medium risk strategy
- Consistent annual returns
- Low volatility

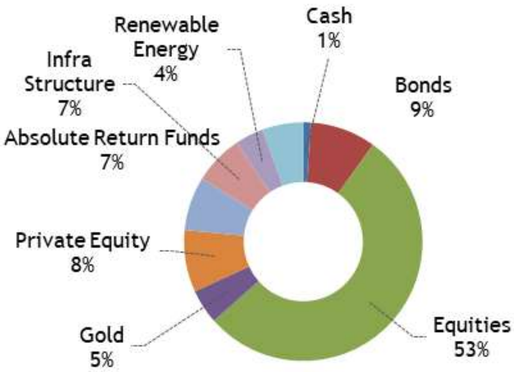
June 2018

Annualised Growth (%)	OAM	FTSE 100
Inception 2003	**7.34**	**4.36**
10 years	7.82	3.10
7 years	7.47	3.64
5 years	7.46	4.20
3 years	8.47	5.41
2018 YTD not annualised	0.75	-0.66

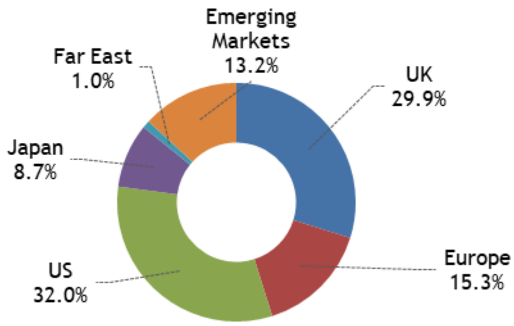
Annualised Income Yield	1.43		
	$	€	R
2018 YTD return in (%)	-1.63	1.28	8.89

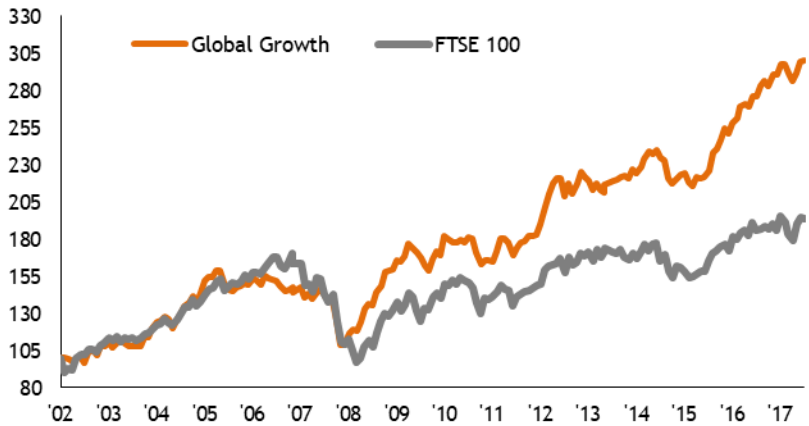
Top 5 Holdings	
RIT Capital Partners	
Baillie Gifford Japan Trust Plc	
Finsbury Growth & Income Ord	
3I Infrastructure	
Polar Capital Global Financial Trust	
Total number of holdings	21

ASSET ALLOCATION
(see through basis)



GLOBAL ALLOCATION
(see through basis)





Market Review

In the second quarter (Q2), our clients' global portfolios recovered their losses from Q1, now showing positive returns for the year-to-date (YTD). Within the portfolios, the star performer in the past quarter was Herald Investment Trust (HRI.L) with a Q2 share price return of +18.0%. HRI, managed by one of the most experienced and successful investors in the technology sector, enjoyed a long-awaited narrowing in its discount to net asset value (NAV) from 18% to 13%. Not far behind, the US equity-focused North American Income Trust (NAIT.L) enjoyed a Q2 share price return of **+14.0%**. NAIT's strong performance versus its benchmark, the US S&P 500 index, is attributed to a return to favour of value-style investing and a well-timed exposure to the industrials, materials and financials sector. NAIT's performance was boosted further by the 7% decline in Sterling versus the US dollar during Q2. HgCapital Trust (HGT.L) was once again a strong performer with a Q2 share price return of **+9.3%**. HGT, widely recognised as one of the best managed private equity investment companies listed on the London Stock Exchange, was aided by an exceptional run of private equity realisations.

Despite the strong recovery in Q2, global equity markets have been generally weak since the start of the year, which is unusual considering the backdrop of robust global economic growth and solid corporate earnings. There is a strong likelihood that equity markets will move higher in the second half of the year as resilient corporate earnings growth and economic activity counter elevated trade concerns. Moreover, the US dollar is likely to retrace its strong first half gains in the second half of the year, as strong global synchronised global growth resumes. **A weakening dollar is traditionally positive for global equity markets.**

Despite our positive outlook for global equity markets, our clients' portfolios are managed conservatively to protect against the full volatility of equity markets. This is achieved through an allocation of around 40% to more defensive asset classes such as bonds. One of our key bond holdings, NB Global Floating Rate Income (NBLS.L) declared a 33.8% quarter-on-quarter increase in its quarterly dividend, raising the share's dividend yield from **3.7% to 4.6%**. The dividend yield uplift is significant, driven by an increase in the Federal Reserve's fed funds rate. Absolute return investment strategies, with low volatility and little correlation to equity markets, are an additional defensive asset class in our clients' portfolios. BH Macro (BHMG.L), an award-winning absolute return investment company, can provide impressive gains during periods of heightened volatility thereby protecting against market losses. BHMG's record through the Global Financial Crisis was very strong with NAV returns of 21%, 23% and 18% in 2007, 2008 and 2009, respectively. During May, BHMG delivered an NAV return of 7.9%, helped by a rise in Italian and Eurozone political risk, concerns over Brexit and market anxiety over US trade protectionism.

Infrastructure and renewable energy provide additional ballast to our clients' portfolios, limiting the downside risk of equity market volatility. Next Energy Solar (NESF.L), a key portfolio constituent, holds a diversified portfolio of solar energy projects without incurring development or construction risks. As well as showing limited correlation to equity markets, NESF shares trade on an extremely attractive dividend yield of 5.9%. 3i Infrastructure (3IN) is a defensive holding paying an attractive dividend yield of 3.8%. The share's defensive characteristics provide valuable diversification in any investment portfolio. The IMF and World Bank have repeatedly stated that a key driver for global GDP growth in coming years will be infrastructure spending, a theme which should benefit 3IN.

In sterling, Overberg Asset Management's model growth portfolio maintained its stellar record, gaining +32.6% over the past two years. It returned a solid **+4.8% in Q2** more than making-up the losses in Q1 and restoring the YTD return to a positive +0.75%. This return is likely to improve further in the second half of the year as US dollar strength eases amid a resumption in synchronised global economic expansion and strong corporate earnings growth. *The equity-based holdings in the portfolio should maintain their positive momentum in this constructive environment while the more defensive asset classes will continue to contribute via their high dividend yields.*