

FTF Martin Currie UK Mid Cap

Why we are positive

- This Positive Watch fund is managed by Richard Bullas, co-head of the Martin Currie UK Equities team, and an experienced mid and small-cap investor.
- The team demonstrates real passion and dedication to UK equity investment - but their thoughts are always framed by a healthy dose of Yorkshire realism!
- We regard the manager and team as passionate and diligent investors.

Why we are watching

- The fund previously featured on our Established list but moved to Positive Watch in July 2020 as a result of the planned retirement of former manager, Paul Spencer. Mr Bullas is a longstanding member of the team and worked closely with Mr Spencer on the fund.
- Mr Bullas remains co-lead manager of the UK Smaller Companies fund and historically, the smaller company universe was his specialism. Therefore, his appointment as lead manager of the UK Mid Cap fund represents a shift in focus.
- We have high regard for Mr Bullas' skills but we have moved the fund to the Positive Watch list so that we can monitor its progress through this adjustment phase.
- Please note that the fund is a dedicated mid-cap offering. Small caps are not featured and stocks that graduate to the FTSE 100 index are typically sold.

Risk Commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 6. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 6 means the fund's historic volatility is between 15% and 25%.

The fund features in the IA UK All Companies sector but has a specialist mid-cap mandate. The fund's risk characteristics are in keeping with that of the mid-cap index. Investors should be prepared for bouts of higher volatility than the sector and broader-based UK equity benchmarks, given its specialist mandate. Different share classes could have differing SRRI scores.



Key Fund Facts

Inception Date:	17 October 2011*
Manager(s) Since:	Richard Bullas (Jan 20)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	FTSE 250 ex IT
IA Sector:	UK All Companies

*The fund was created on 17th October 2011 to receive the assets of the Rensburg UK Mid Cap Growth Trust, a unit trust with a much longer track record.

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at theadvisercentre.co.uk. An asset manager adviser factsheet is also provided there.

Fund Snapshot

A UK equity fund that invests in mid-cap stocks. The approach is primarily bottom-up in nature, managed with a focus upon high quality companies with strong balance sheets. Within its sector, the fund features in our 'Dedicated Mid Cap' category.

Investment Team

The fund is managed by Richard Bullas, co-head of the Martin Currie UK Equities team, based in Leeds. The team operates in a collegiate manner, with the manager working particularly closely with Daniel Green and Marcus Tregoning in the mid and small-cap arena.

Investment Philosophy

The manager seeks to generate outperformance of the benchmark and the peer group over the medium to long term by investing flexibly in mid-cap companies that are undervalued and have attractive risk/reward profiles. As part of the process, he is willing to take a contrarian stance and to be patient if necessary, in order to take advantage of specific opportunities.

Investment Process

The process is primarily bottom-up in nature, although macro-economic considerations are taken into account in the context of their impact at the company and industry level. Broadly, the manager seeks companies that have strong balance sheets and positive cash generation. He sees this as important because stronger companies with less debt usually have greater flexibility with regard to their strategic options, such as making acquisitions or increasing capital investment.

The first stage in his stock selection process is to eliminate companies deemed to have high levels of business risk, balance sheet risk and/or management risk. In this way, the manager seeks to avoid companies that may appear to be attractively valued but may also be value traps. For the companies that remain, valuation screening is undertaken, with the manager making use of the firm's proprietary software. This analysis helps him to determine an appropriate price to pay for a company. Further company and industry research is drawn from external sources and comparisons are made with a company's peers and the wider market. As the UK equity team co-operates closely, ideas are shared and actively discussed internally. Company meetings are not a pre-requisite but do occur where greater understanding is sought. Buy candidates tend to be undervalued, based upon the team's analysis. The manager is prepared to take a more contrarian stance when mis-pricings have generated particularly attractive opportunities.

Portfolio Construction and Risk Controls

The fund typically features 35 – 45 stocks and is not constrained with regard to its positioning versus the index. Instead, position sizes are a function of the manager's conviction and range between 1.5% and 5%. Should a stock weight fall below 1.5%, a full review is undertaken and it is either increased or removed altogether. Stocks that graduate to the FTSE 100 index are sold. In respect of diversification, the manager is highly aware of correlation and with this in mind, he reclassifies the index to account for the common factors that drive businesses across different sectors. Turnover tends to be low.

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