

**Investment Objectives and Policy**

The Activus Opportunity Fund objective is to achieve capital growth before fees of at least the UK Consumer Price Index plus 5% over a 5 year period by combining a core portfolio of funds with excellent long-term risk adjusted returns with shorter-term opportunistic investment strategies. The fund will invest mainly in collective investment schemes, listed investment companies and exchange traded funds, which at the time of investment will typically have several of the following properties:

- niche strategy which we cannot replicate
- exceptional investment management skills
- appropriate liquidity
- excellent long term risk-adjusted track record
- investment vehicle or underlying assets trading at a discount to NAV
- catalysts exist for a re-pricing of the fund or underlying assets
- low correlation to existing portfolio assets
- its addition will be complementary to the existing portfolio

**Investment Manager's Commentary**

The Activus Opportunity Fund was up 0.9% in January. We made a new investment in Hg Capital, a European private equity fund. The largest gain came from RTW Venture Fund which was up 19% in the month. Gains also arose from Asian equities and European private equity. Detractors included Japanese equities and gold miners.

During the final week in January a niche part of the stock market witnessed the power of crowds. GameStop is a video games retailer in America which owns retail stores and sells or rents video games. It has a similar business model to video retailer Blockbuster which filed for bankruptcy in 2010 when video streaming became widely available. At the beginning of January it was valued at \$1 billion. According to filings and various analyst reports, the total amount of stock that had been sold short was 140% of the available stock for trading. Hedge funds and others sell stock short by borrowing the stock, paying an interest rate for so doing, then selling shares with the intention of buying back at a lower price. If one is 'long' a stock, the maximum loss occurs if the price goes to zero. When shorting a stock, the loss is infinite. The folk that had 'shorted' the stock were confident that GameStop would likely gravitate to zero, like Blockbuster before it, since most video games are now available at the click of a button. A forum called WallStreetBets on the Reddit social media platform discussed the most shorted stocks and inspired speculators to buy the stock of companies such as GameStop in order to ramp the share price and force the short sellers to cover their short positions. What happened next was extraordinary as the stock price rose from a price of \$11 just three months ago to over \$500 with daily price movements in the past week exceeding \$150. At least one hedge fund had to be bailed out, online brokers put trading limits in place and there are calls for regulators to step in. Fundamental short sellers can provide a valuable service to the proper functioning of the stock market, think Enron or more recently WireCard, however they will need to adapt their business models in the light of these events. Time will tell how this ends but it is likely to be highly unprofitable for the vast majority of speculators who are taking part.

This event is perhaps a symptom of the widening wealth gap between generations. Baby boomers worked during a time where employees took a reasonable share of the economic pie, house prices were sensibly priced and many can now enjoy a guaranteed retirement income from their defined benefit pension schemes. Generation X was born into this relative prosperity, had predominantly free education and many could comfortably afford to buy a home with a small deposit and 4x earnings. In the past couple of decades house prices have moved out of reach for the vast majority of people in their twenties, defined benefit schemes are almost extinct and now we have the pandemic which is arguably affecting this age group more than the older generation. The storming of the Capitol on January 6th is another symptom of the cracks appearing between educated and non-educated, rich and poor, old and young. Increasing discord will eventually lead to a reckoning but for now the can continues to be kicked down the road with free money and low interest rates.

**David Ferguson**  
31st January 2021

**Investment Information**

Share Class	Class A Acc	Class Z Acc
Price per share (p)	109.88	112.65
Shares in issue	5,299,366	5,471,002
Net Asset Value	£5,432,701	£6,163,172
Dividends	Accumulation	Accumulation
Dividend dates	none	none
Currency	GBP	GBP
Asset management charge	1.00%	0.00%
Performance fee	none	none
Total expense ratio	1.68%	0.68%
Dealing	Daily at NAV	Daily at NAV
Minimum Investment	£1,000	£1,000
Investor eligibility	All	Activus clients
Availability	Open	Open
ISIN	GB00BFYMDH41	GB00BFYMDK79
MEXID	PXOKLA	PXOIUY
Start date	3 Jul 2018	3 Jul 2018
Investment Manager	David Ferguson	
Administrator & ACD	Maitland Institutional Services Ltd	
Depository	Northern Trust	
Auditor	Grant Thornton UK LLP	
Fund Structure	UK domiciled UCITS	
	The Fund is open-ended.	
Further information	The Prospectus and Subscription Form can be obtained by contacting the investment manager or from the website <a href="http://www.activexwealth.co.uk">www.activexwealth.co.uk</a>	

**Correlation** measures how two securities move in relation to each other and the coefficient ranges from -1 (perfectly uncorrelated) to +1 (perfectly correlated). Correlations in this report are versus the Cboe UK All Companies index.  
**Beta** measures the sensitivity of an investment to movements in the Cboe UK All Companies using daily data.  
**Alpha** measures the additional annualised return after fees contributed by Activus and the asset managers in excess of the return predicted by the capital asset pricing model.

The information contained in this report should not be construed as investment advice and you should seek independent financial advice before making an investment decision. The views expressed herein reflect the views of Activus Wealth Ltd at the date of this document and should not be considered as a complete or thorough analysis of our market views. The prices, values and metrics in this report have been obtained or derived by Activus in good faith from public, private and internal sources including Maitland Institutional Services Ltd, FE Analytics, the London Stock Exchange, account providers and internally created models. Activus believes the information to be accurate but does not assume responsibility for its accuracy. The value of and income from investments may fluctuate and past performance is not a guide to future performance, future returns are not guaranteed and a loss of original capital may occur. CBOE UK All Companies Index is part of the CBOE UK Index Series® which is a registered trade mark of CBOE Global Markets Inc, a company incorporated in the USA with registered address at 400 South LaSalle St Chicago IL60605 USA

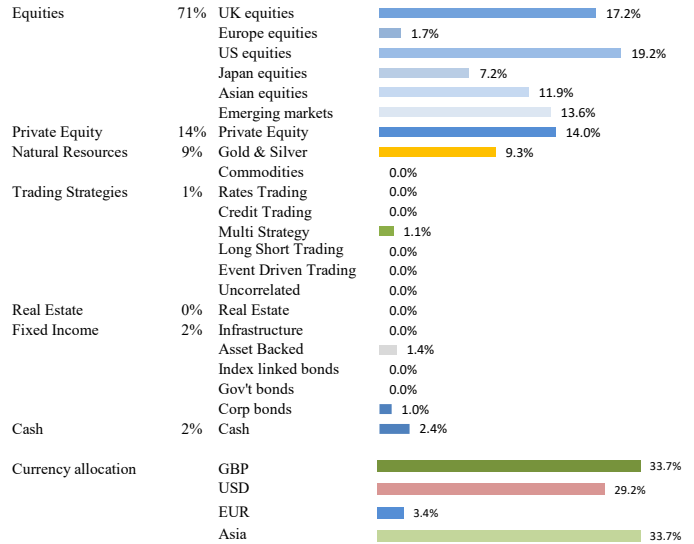
**Largest Investments**

Amati UK Smaller Companies	8.5%
SDL UK Bufftology Fund	7.9%
Baillie Gifford Pacific	7.7%
BG EM Leading Companies	7.7%
Baillie Gifford Shin Nippon	6.7%
Third Point Investors (\$)	6.2%
Pershing Square Holdings	5.4%
BlackRock Gold & General	5.2%
RTW Venture Fund	5.0%
JP Morgan Emerging Markets	4.4%
Other investments	32.9%
Liquidity	2.5%
Total	100.0%

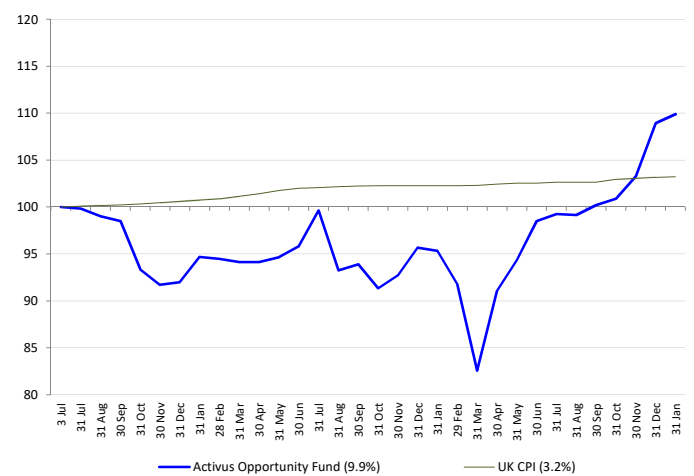
**Performance**

Annualised return	3.7%	4.7%
Cumulative return	9.9%	12.7%
Monthly return	0.9%	0.9%
Year to date return	0.9%	0.9%
<b>Fund Metrics</b>	Fund UK equities	
Volatility	12.7%	18.0%
Maximum Drawdown	-17.3%	-25.6%

**Asset Allocation**



**Performance of A Shares since July 3rd 2018**



**Volatility** is a measure of risk. Standard deviation is used which shows how investment returns have varied from the average return over a specific period.  
**Sharpe Ratio** measures the excess return per unit of risk. It is calculated as the return in excess of a risk free rate divided by volatility.  
**BOE** - Bank of England Base Rate