

Architas Diversified

Real Assets

Fund



folwealth

architas



ABOUT ARCHITAS

We were formed in 2008 to provide investment solutions aimed at meeting the varying needs of today's investor. As at 31 December 2017, we managed and advised on assets worth over £24 billion.

We are a member of the global AXA Group, a worldwide leader in financial services with over 165,000 employees worldwide. We are a specialist investment manager built on the successful foundations and financial strength of a worldwide institution.

We understand that making the decision to invest is not something that you will make lightly – you are likely to be planning for important events in your life. This is why we have employed a wide range of investment professionals to manage and look after your investments.

The Architas investment team carries out expert research to find specialist managers and to uncover unique investment opportunities. Using our relationship with the AXA Group, we aim to negotiate excellent buying terms with the fund groups that make up our investment portfolios to deliver better value to you.

Past performance is not a guide to future performance. Architas is 100% owned by the AXA Group but we have no legal right of access to the assets of the AXA Group.

ARCHITAS DIVERSIFIED REAL ASSETS FUND

When thinking about investing, you will consider what you want to achieve and also where to invest to help you meet your aims. Real assets are investments in physical assets, such as buildings or commodities (such as energy, livestock and grains), as opposed to financial assets like shares and bonds.

Architas Diversified Real Assets Fund aims

1

DIVERSIFY

To help diversify (spread) your investment portfolio.

2

GENERATE

To generate a regular income.

3

PROTECT

To help protect your investment against the effects of inflation.

Accessing real assets

You can access real assets either by buying them directly or by investing in a fund that specialises in managing real assets, such as a specialist property investment trust or an infrastructure fund.

We consider there are five main asset classes where you could invest your money – cash or money markets, bonds, property, shares and alternatives – in line with how much risk you are willing or able to accept.

We believe that spreading your investments (diversification) is central to any portfolio. Diversifying across a range of different investments and not being too concentrated in any single one could smooth out the ups and downs in returns, although there are no guarantees. Put simply, it's 'not putting all your eggs in one basket'.

Why invest in real assets?



They behave differently to traditional investments

Diversifying or spreading your investments across different asset classes may help to reduce the ups and downs of your investment returns. Some asset classes behave the same way when there are changes in financial markets – this is known as being 'positively correlated' – and some behave in the opposite way – known as 'negative correlation'. Investing in a number of asset classes that behave differently from one another could help to smooth your investment returns as the possible losses in one asset class could be softened by gains in another asset class.

In the past, real asset investments have displayed negative correlation to shares and bonds. An investor who expected this trend to continue might choose to include real assets in a diversified investment portfolio expecting that they could reduce the long-term overall risk while increasing the possibility for growth in value.

If your investment portfolio is largely made up of traditional stocks and bonds, including real asset investments can provide useful benefits by potentially reducing your overall risk in the longer term while increasing the possibility for growth in your investments.

Past performance is not a guide to future performance. The value of investments and income provided by them can go down as well as up and is not guaranteed. You may get back less than you invested.

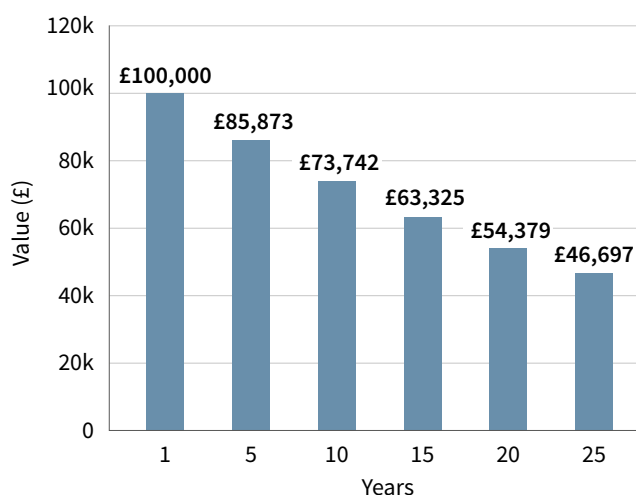
➤ They might help to manage inflation risk

Inflation is the rise in the price of goods and services that we use every day, from a pint of milk through to fuels such as electricity and gas. When the prices for these goods and services increase, the amount of money you need to have to buy them will increase.

The chart* opposite aims to show the effects of inflation on £100,000. The information used assumes a constant yearly inflation rate of 3% and no interest return. If you place your money on deposit with a bank or building society, interest rates may go up and down but your original capital investment will stay constant.

When it comes to investing, if your investments earn 4% after taxes but the rate of inflation is 3%, your gain in real return is only 1%. This is why it is important to consider the risk of the inflation rate changing when thinking about where to invest.

Real assets can also provide some protection against inflation as their value and returns have in the past increased with inflation, although past performance is not a guide to future performance.



➤ Income from investing

In this current low interest rate environment, savers are finding it increasingly difficult to increase their savings pots by using traditional savings accounts. Investments that generate income yields above inflation can help to boost savings.

Generating income is also an important factor to consider when planning for your retirement as, due to the pension freedom reforms that came into effect in April 2015, you now have greater flexibility around how

pension pots can be used. It is important to work out how much money you will need when you retire and how much you will need as a regular income for day-to-day living, and where you should invest to aim to achieve this.

By investing in the Architas Diversified Real Assets Fund's income share classes, you will have the option to have a regular income paid out to you. Or, you can choose to have the income automatically reinvested in the Fund by investing in the accumulation share classes.

**Chart for illustrative purposes only. Data supplied by Architas.*

ASSET CLASSES EXPLAINED



SHARES

Shares of companies are a popular choice for long-term investors. As a shareholder you share in the value of the company's assets through the share price and in the company's profits by possibly receiving dividends. However, there are possible risks in investing in shares and you may get back less than you invested.



BONDS

Bonds are contracts that allow a number of investors to pool together to loan money to a company, government or other institution over a fixed term. The holders of the bonds then receive interest payments over the length of the term and get their initial investment (capital) back at the end. Bonds are usually issued by banks on behalf of the borrowing institution. If the borrowing institution fails, there is a risk that you will not receive back either the interest due or your original capital.



PROPERTY

Property investments through companies which own and manage a range of properties, both commercial and residential. The value of property is a matter of the valuer's opinion and not fact. There could be delays involved with property (disinvestments and switches) due to the fact that property can take time to sell.



CASH OR MONEY MARKETS

Cash or money markets are usually lower risk than other asset classes and normally very accessible (easy to cash in). Money market investments are where you put your money on deposit, such as into a bank account. These types of investments are not without risk as interest rates may be lower than inflation which will eat away your buying power. There is also a possible risk if the institutions go out of business.



ALTERNATIVES

Alternatives cover a range of investments that are an alternative to bonds, shares, property and cash. The main subgroups are commodities such as oil, hedge funds and real assets such as infrastructure like toll roads or airports. Unlike a conventional portfolio of shares or bonds, which are relatively straightforward to price, putting a value on an airport, wind turbine or a motorway is more difficult and investors can be exposed to what is known as 'valuation risk'.

THINGS TO CONSIDER BEFORE INVESTING



We believe including this fund in an investment portfolio along with other more traditional investments could provide great diversification benefits for those investors looking to invest for at least five years.

✓ **How much does it cost to invest?**

You pay an ongoing charges figure, known as an OCF, of 1.19% every year. We take the charge automatically out of the capital value of the fund. This covers the cost of running the fund (including the fund manager's annual management fee).

Funds and product wrappers may have an initial charge. Together with other charges, this will reduce the growth potential. The Fund has the ability to charge an initial fee of 4%, but this is not currently enforced if your investment is made via an investment platform. You can find details of charges on the Key Investor Information document available from our website at architas.com

✓ **Is there a minimum amount of time I have to keep my money invested?**

No, you can take your money out of the fund at any time. Financial markets can go up and down frequently over short periods of time and we believe there are advantages in investing for a longer term. As a result, we have designed the fund to be held for at least five years.

✓ **How often is the income paid out?**

We distribute income payments twice a year. Depending on which share class you choose at your initial investment, you can have this income paid out to you by investing in the income share class or you can choose to have the income automatically reinvested in the fund through accumulation share classes. You must remember that although an aim of the fund is to pay an income, it is not guaranteed. The value of an investment and any income from it can fall as well as rise and you could get back less than you originally invested. As at 29 December 2017, the Fund had a yield of 2.88%.

✓ **How can I invest?**

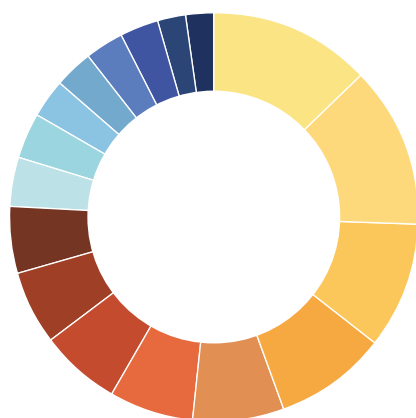
You can invest in the Architas Diversified Real Assets Fund through a number of different channels. You can invest through a range of ISA or self-invested pension products, and the fund is available via a number of investing platforms your adviser can access.

For the most up-to-date availability, please contact our customer support team on **0800 953 0197** (Monday to Friday 9.00am–5.30pm; calls may be recorded. Calls are free from landlines and mobiles within the UK).

ARCHITAS DIVERSIFIED REAL ASSETS FUND SUBSECTORS

The Architas Diversified Real Assets Fund is a fund of funds, which means that instead of directly investing into real assets, we invest into funds managed by specialist real assets fund managers. We call these the 'underlying funds'. The advantage of this approach is that it further spreads your investment by not only investing in different types of real assets but also different real assets funds that are managed by a range of specialist expert fund managers.

The pie chart below shows how many different subsectors within real assets the fund could be spread across. This chart is an example only and aims to give you an idea of what the fund may look like.



SECTORS

Specialist property	12.99 %
Asset backed securities	12.81 %
Leveraged loans	9.95 %
Infrastructure	8.96 %
Renewable energy infrastructure	7.20 %
Inflation	6.51 %
Cash	6.38 %
Specialist credit	6.09 %
Real estate equity	5.03 %
Infrastructure equity	3.94 %
Timber equity	3.63 %
Commodities	3.16 %
Energy master limited partnerships	3.09 %
Property debt	3.05 %
Asset leasing	2.95 %
Specialist insurance	2.23 %
Gold	2.05 %

If some of these terms are unfamiliar to you, you will find a glossary at the end of the document to help explain the subsectors. These can be complicated areas to understand but our research team has many years' experience in this area of investments. Our aim is to combine the best, specialist managers who we closely monitor on your behalf and present you with a simple, all-in-one investment solution.



These pie charts are for illustrative purposes only to give you a guide as to what the fund could look like. The underlying funds and the subsector breakdown will change over time.

Within the subsectors, the fund is made up of a variety of underlying funds managed by specialist fund managers, each an expert in their chosen field. We have picked them to be part of the portfolio due to their consistent performance and the benefits each fund can bring to the portfolio.



SPREAD ACROSS DIFFERENT UNDERLYING MANAGERS

TwentyFour Monument Bond	7.26 %
Royal London Sterling Extra Yield	6.42 %
Insight LIBOR Plus	5.94 %
M&G European Loan	5.31 %
Invesco Perpetual US Senior Loan	5.04 %
AXA IM WF Global Flexible Property	5.01 %
Legg Mason RARE Infrastructure Value	4.00 %
Amundi Absolute Volatility European Equities	3.60 %
Pictet Timber	3.57 %
John Laing Infrastructure	3.33 %
Tritax Big Box	3.13 %
GCP Infrastructure Investment	3.10 %
John Laing Environmental Assets	3.06 %
PIMCO GIS MLP & Energy Infrastructure	3.04 %
Starwood Real Estate	3.03 %
PIMCO GIS Commodities Plus Strategy	3.00 %
GCP Student Living	2.95 %
BlackRock Institutional Cash Series Sterling	2.84 %
International Public Partnerships	2.83 %
MedicX	2.66 %
CATCo Reinsurance Opportunities	2.36 %
Renewables Infrastructure	2.15 %
Amundi Absolute Volatility World Equities	2.07 %
Assura Plc	2.07 %
Doric Nimrod Air Two	2.04 %
M&G UK Inflation Linked Corporate Bond	2.00 %
Greencoat Capital UK Wind	1.93 %
iShares Physical Gold ETC	1.84 %
AXA IM WF Global Inflation Bonds	1.51 %
Cash	1.19 %
Amedeo Air Four Plus	1.01 %
Civitas Social Housing	0.70 %

INVESTMENT TEAM AND PROCESS

Our investment team research and analyse thousands of funds to find the best combination of underlying funds to make up the investment portfolio. They carry out thorough analysis of the fund managers and how their funds have performed, as well as carrying out in-depth research on the asset class to find where the best opportunities are.

When we have chosen a fund and added it to the portfolio, we regularly monitor it to make sure that it is performing as we expect it to and it continues to play its part in the overall portfolio. If a fund does not perform as our investment team expect or if there is a significant change in how that fund is managed, our team will take the decision to replace the fund with a more suitable alternative. This is one of the benefits of our large team. We have effective processes that make sure we closely monitor underlying funds and our thorough research means we can quickly change the funds when needed.

Managing risk is a very important part of our investment process. We have a dedicated investment risk team who monitor the ongoing risks of the portfolio and its underlying funds to make sure we are reducing – as far as possible – the amount of risk you are exposed to. They carry out regular analysis that tracks the levels of liquidity (the ease with which a product can be bought and sold) within the underlying funds to aim to ensure you are able to withdraw your investment at any time.

What are the risks?

While there are possible benefits of real asset investments, there are possible risks too.

Liquidity risk

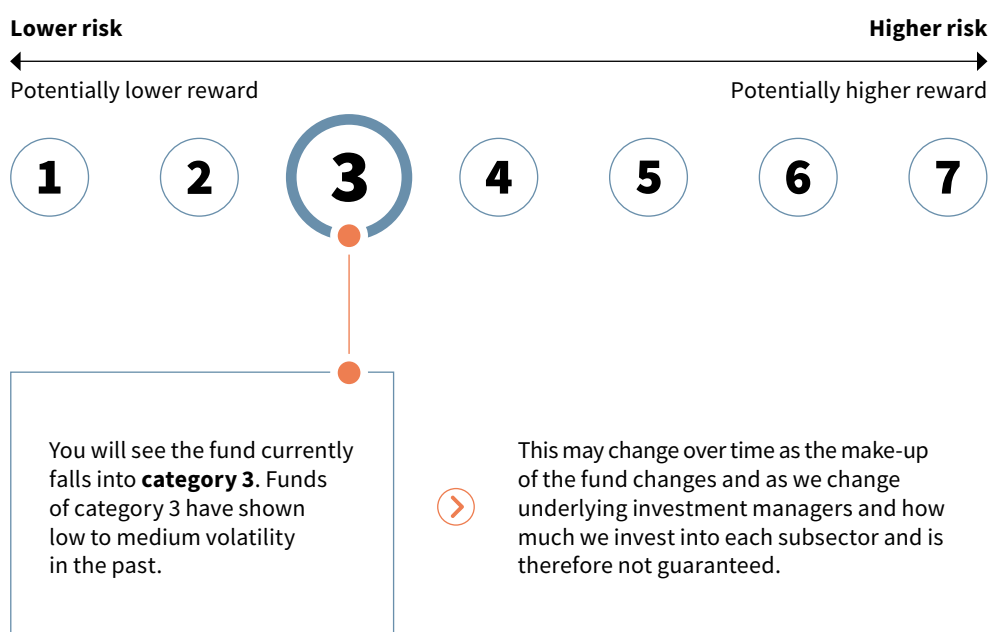
Most of the underlying funds that the Architas Diversified Real Assets Fund invests in allow their investors to withdraw their money on any normal business day. As a result, this part of the fund's portfolio is what we call 'liquid'. However, some of the fund's investments may not be quite so easy for us to 'liquidate'. In a severe market crisis, if a very large percentage of the fund's investors all tried to withdraw their money at the same time, this might cause the fund some problems. This could then negatively affect the value of the shares. Because of this, we have put in place a very thorough liquidity risk management process which means the managers must maintain a high level of liquid assets within the fund at all times to try to deal with these risks. We cannot guarantee that this will not happen. If underlying funds suspend or delay paying the proceeds when you come to withdraw your money, the fund's ability to pay you your money may also be affected.

Valuation risk

It is important for our investment team to understand how the underlying assets are priced, or valued. It is relatively easy to value a straightforward portfolio of shares or bonds but how do you value a motorway, a doctor's surgery, a loan, an aeroplane, a windmill or a solar farm? Our investment team talk to company directors to understand the basis of these valuations and decide whether we think they have been worked out in a sensible and fair way. However, the true value of a fund's assets may not be recognised until those assets are sold.

RISK AND REWARD PROFILE OF THE FUND

The illustration below shows the risk and reward profile of the fund.



FURTHER INFORMATION

For full details of all of the possible risks of the fund, please read the Key Investor Information document (KIID) or see the fund's prospectus. You can download the KIID from our website at **architass.com** or you can ask us for the prospectus.

GLOSSARY

ASSET LEASING

An asset leasing fund uses its capital to buy goods that are then leased to companies that operate them as part of their main business. Examples include aircraft to airlines or ships to freight companies. In return for providing the asset, the fund receives a set fee over the course of the lease and receives the asset back at the end of the lease, at which point it can be leased again or sold.

ASSET BACKED SECURITIES (ABS)

An asset backed security (ABS) is an investment backed by a loan, lease or mortgage payments. The owner of the ABS receives a share of the interest and payments made to the loan holder.

Assets held in these vehicles can include payments from credit cards, auto loans and mortgage loans, to cashflows from aircraft leases, royalty payments and movie revenues.

CATASTROPHE REINSURANCE

Catastrophe reinsurance is the money provided to cover the insurance claims arising from catastrophic natural disasters. Regulators insist that insurance companies make sure they have enough capital to pay out all policyholders without going bankrupt in this case. In exchange for providing this capital, the catastrophe reinsurance company receives an insurance premium, which is the return that the investor receives.

The returns are largely not linked to factors that affect financial markets, making them a useful tool in an investment portfolio. They hold particular appeal in uncertain market conditions.

COMMODITIES

A commodities fund invests in a range of commodities including industrial metals, precious metals, energy, livestock and grains.

HEDGE FUNDS

You will have heard the term ‘hedge your bets’ used in a way of taking one action to counteract the result of another action, and there is a similar process in investments. The term ‘hedge’ in investments is an investment position aimed at offsetting possible losses and gains that a companion investment may produce. In simple language, a hedge is used to reduce any substantial losses or gains suffered by an individual or an organisation.

A hedge fund is an investment vehicle that uses a number of different ‘hedging’ and ‘leveraging’ techniques to manage and increase the value of the fund.

LEVERAGED LOANS

Leveraged loans are loans made to companies with a lower than ‘A’ credit rating, signifying that they are below investment grade. Leveraged loans are usually secured on the company’s assets and are generally senior to the company’s other debt, meaning that if the worse were to happen, these debts would usually be paid off first.

Leveraged loans have interest terms that can vary according to interest rates and rise in line with base rates. This differs to bonds that usually carry a fixed level of interest.

RENEWABLE ENERGY INFRASTRUCTURE

A renewable energy infrastructure fund specialises in developing and operating renewable infrastructure projects, such as wind or solar farms. The fund’s cashflows are a combination of government subsidies and revenue from selling electricity to utilities companies.

PRIVATE EQUITY

Private equity investments are investments in private companies, rather than investments in public listed companies (PLCs) whose shares are listed on stock exchanges. Typical investors in private companies are wealthy individuals and pension funds. The capital raised from these investors is often used to help turn around a company which is doing badly, or to expand a business, including raising extra investment by launching the company on the stockmarket.

PROPERTY DEBT

A property debt fund specialises in providing mortgage finance to companies who manage and develop property. Mortgages take priority over shares within a property's capital structure and are usually secured on buildings as company assets.

SOCIAL INFRASTRUCTURE

A social infrastructure fund specialises in developing and operating social infrastructure projects, such as schools or hospitals. The fund receives inflation-linked cashflows from local governments for making sure these projects are available.

SPECIALIST CREDIT

A specialist credit manager will invest in a range of corporate debt securities that are non-rated, less liquid or non-traditional, and may not necessarily be found in traditional credit managers' portfolios.

SPECIALIST PROPERTY

Different to traditional commercial, retail and industrial property funds, these funds focus on building, operating and managing real estate that has been developed and customised to provide a specific service to private or public users. Examples include student accommodation and doctors' surgeries.

TIMBER

A timber fund owns and manages land where wood is grown commercially. Unlike many other commodities, this grows over time instead of wasting or depleting. When the timber price is low, the owner of the land can wait until the price improves before harvesting. If the decision is made not to harvest, the value of the timber can increase over time. As a tree ages and gets bigger, its usefulness and value increases as it can be used for a greater range of purposes.

VOLATILITY STRATEGIES

Volatility strategies aim to generate positive returns during periods when there is an increase in stockmarket volatility. These periods are usually associated with falling stockmarkets. The investment managers of volatility strategies will use a number of different methods of investment to generate returns.

IMPORTANT INFORMATION

The value of investments and any income from them can fall as well as rise and is not guaranteed, which means you could get back less than you invested.

Some of the fund's portfolio is invested in alternative assets which are different to the more traditional asset classes such as equities and bonds. During difficult market conditions these may be hard to sell at a fair price, referred to as being illiquid, which may in turn cause prices of these assets to go up and down more sharply than usual.

The Architas Diversified Real Assets Fund may invest over 35% of its assets in investments issued by a single local, national or supranational government.

The fund can invest entirely in units of collective investment schemes.

You can invest in these funds through a number of financial products. When you invest, you should be aiming to hold the investment for at least five years.

We take charges to cover the costs of managing the fund. If you are investing using a financial product, the product provider may take extra charges and, if so, should give you details of these charges before you invest.

The AXA Group includes other fund management companies which we refer to as in-house managers, such as AXA Investment Managers and AllianceBernstein. We, Architas, may choose to include funds managed by in-house managers, which we refer to as in-house funds, within our multi-manager funds.

AXA also works closely with a select number of external fund managers which are referred to as strategic partners. These partners are selected on the basis of their strengths under certain criteria and we may choose funds from the strategic partners to make up our multi-manager funds. In the UK, we follow an in-depth research process that ensures that the funds selected for our multi-manager funds are included on the potential benefits they could bring to our Architas funds. We are not influenced by the AXA Group to include in-house or strategic partner funds over funds from other fund managers; funds are selected on their consistency to meet their objectives. We regularly review our selection of funds, including those from strategic partners and in-house managers, to ensure they continue to be appropriate and in your best interests.

More information about our use of funds from strategic partners and in-house managers is available at architas.com/inhousestratpartners/

If you need more information on any of our funds, you can ask us for a free copy of the Key Investor Information document (KIID) and the prospectus. The KIID is designed to help you make an informed decision before investing. You can also view or download all of our funds' KIIDs from our website at architas.com, by following the Key Investor Information documents link from the home page and in the Information Centre.

We were set up in 2008 and are authorised and regulated by the Financial Conduct Authority (FCA). We provide access to investment managers' services through a range of solutions, including regulated collective investment schemes. For more information on our funds, please contact your financial adviser.

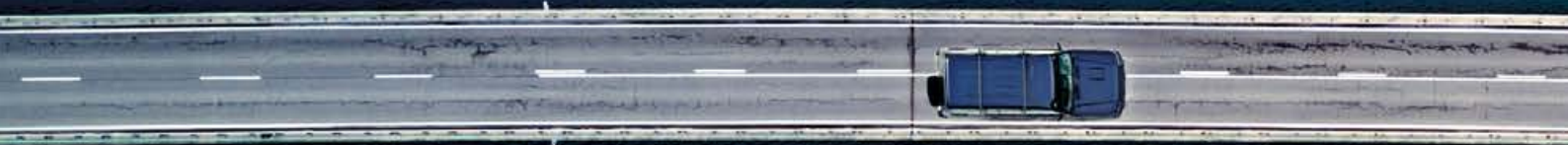
The Architas Diversified Real Assets Fund is a collective investment scheme authorised and regulated by the Financial Conduct Authority. AXA is a worldwide leader in financial protection and wealth management. Architas operates three legal entities in the UK; Architas Multi-Manager Limited (AMML), Architas Advisory Services Limited (AASL) and Architas Limited. Both AMML and AASL are owned by Architas Limited, which is 100% owned by AXA UK plc (a company registered in England & Wales), with the ultimate parent and controlling company being AXA SA (a company registered in France). AMML is a company limited by shares and authorised and regulated by the Financial Conduct Authority (Firm Reference Number 477328). It is registered in England: No. 06458717. Registered Office: 5 Old Broad Street, London, EC2N 1AD.



The Architas customer support team
is on hand to answer your questions.

Call 0800 953 0197

*Monday to Friday 9.00am–5.30pm;
calls may be recorded. Calls are free from
landlines and mobiles within the UK.*



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