

Allocator

Balanced Fund

Owner's Manual



Investing simply makes sense

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Dear investor,

The purpose of this manual is to inform our prospective investors about Visio Allocator's investment objectives. We want to make sure that before making their investment decision, investors have a clear understanding of both expected return and risk associated with an investment in Allocator.

Clear understanding of our investment philosophy is also very important, since we employ investment strategies that are less familiar to private investors.

Even though at first glance, Allocator's strategies may seem complex the fund's basic idea and objective are very simple. We believe there is genuine demand for good risk adjusted returns especially in the current zero interest rate environment.

Welcome on board.

Petri Tuutti, Antti Aalto
Portfolio Managers for Allocator

**Allocator Fund is managed by Visio Asset Management Ltd
(Visio)**

Founded 2009, Visio is an independent licensed Finnish investment firm regulated by the Finnish FSA.

We focus solely on finding investments that are expected to generate high return. This enables our clients to fully benefit from the power of compound interest.

We offer two mutual funds which both target high return: Visio Compounder and Visio Allocator.

Our staff is a majority owner of Visio and we have substantial investments in the two funds we manage.

Allocator

Allocator is a balanced fund that targets absolute return. We invest globally with focus on Nordic equities.

The objective of the fund is to offer investors an average annual return of 5-10 % with less risk than in the stock market. However, due to the nature of investment markets, individual yearly returns might differ significantly from each other. Even loss-making years are a part of investing but they do not rule out achievement of our long-term return target.

Targeting absolute return means we only invest in securities that offer adequate expected return relative to risk. In such circumstances where our return expectation on the equity market is inadequate, we would tend to allocate more investments into corporate bonds or hold our assets in cash.

Anyone can invest in Allocator. We however recommend it only to investors who are able to invest long-term (over five years). Minimum initial investment is 10 000 euros.

Fund inception date is April 15th, 2010.

How does Allocator reach its return target

To reach our long-term return target, we utilize four complementary investment strategies. This enables us to flexibly adjust our portfolio for different market conditions. By including market neutral strategies we are able to generate additional returns without increasing equity risk.

Even though the weighting of each strategy vary within our fund, the common denominator is always finding good opportunities in the equity markets.

1.

Stock picking

Our stock picking process is the most important component in forming our portfolio. Cornerstones of the process are identification of long-term trends, company specific business analysis and valuation.

Majority of our equity holdings are in high-quality low-debt companies. We consider them to offer the best long-term return potential. We prefer to invest in such companies because the quality of their business and low debt level make them good investments also during adverse market conditions.

We invest also in medium-quality companies that have low or medium level of debt. From this group we identify companies that offer higher return potential (and of course to some extent higher risk).

We own high-debt companies in exceptional circumstances only. This is because, during tough times, such companies are often forced to make unfavourable business decisions thus exposing investors to value destruction or even risk of permanent capital loss.

Our stock picking framework is presented in table format on the next page.

Allocator stock picking framework relative to company quality and debt

Company's debt	Low	Buy & Hold	Case-by-case	Case-by-case
	Medium	Case-by-case	Case-by-case	Case-by-case
	High	Exceptional circumstances	Exceptional circumstances	No investments
		High	Medium	Low

Company's quality

2. Market neutral strategies

Market neutral equity strategies are more complicated compared to conventional stock investments. Most private investors are unable to implement market neutral strategies since e.g. a network of brokers and stock lending capabilities are required.

The definition of a market neutral strategy is that its returns are entirely (or close to entirely) uncorrelated with general equity market performance. Instead, returns are mainly driven by portfolio manager's know-how and experience. We have successfully operated in this market since year 2000.

Examples of market neutral strategies:

1. Initial public offerings and share issues
2. Discounted sales of large equity blocks
3. Special situations in announced mergers

Allocator has implemented market neutral strategies since the inception of the fund (2010). The return contribution to the fund has been positive every year with an average contribution of +1.4% per annum (as per Aug 31st, 2020).

3. Hedges

Hedges in our case simply mean insurance against declines in stock market prices. We hedge using equity derivatives, equity index derivatives and combinations of the two.

Hedging is always done case-by-case and is subject to our view of market conditions and the cost associated with insuring our portfolio.

4. Fixed income

We invest in fixed income securities only in cases where we can find attractive expected returns adjusted for risk.

We do not invest in such fixed income securities which in our opinion, at the time of investment, contain a substantial risk of credit loss.

FAQ

Why invest in Visio Allocator?

Allocator targets a good return (5-10 %) with less risk than in the equity market.

Who can invest?

Anyone can invest. We recommend it to those willing to invest long-term (over five years). Current Allocator investor base is very broad ranging from professional institutional investors to regular private people investing for the first time.

How do I invest in practice?

1. Fill out a client information form on our website. It is all digital and easy, takes about 10 minutes.
2. Once completed you will receive instructions for a bank transfer to Allocator's subscription account.

How do I get money out of the fund?

1. Let us know how much you would like to redeem.
2. If your redemption notice arrives before 1 pm Finnish time, the redemption will be paid on the following banking day. Otherwise within two banking days.

Is there a minimum investment and can I invest also on a monthly basis?

The minimum for initial investment is 10 000 euros and 1 000 euros for recurring investments.

How can I follow my investment performance and what documentation are there?

- You will receive a confirmation for each subscription (and redemption).
- You will receive a monthly report of the fund's development spiced up with portfolio managers' comments.
- You will receive additional portfolio managers' commentary on the markets or the fund when the situation calls for it.
- You can follow the fund's performance on a daily basis on our web site.
- You will receive a tax report annually.
- We are happy to provide you a personalized report upon request.

Are there different share classes?

Allocator has one share class only. Every client (including us portfolio managers personally) are all invested in the same share class. Allocator does not pay annual dividends or interest.

Is investing in Allocator riskier than investing in equities?

Allocator bears less risk than the equity market. Main reasons for lower risk level are use of equity hedges and investments in corporate bonds that are typically less riskier than equities.

Facts

Inception:	April 15th 2010
Asset class:	Balanced fund
Fund type:	UCITS ¹⁾
Geographical universe:	Global
Sector universe:	All sectors
Portfolio managers:	Petri Tuutti, Antti Aalto
Management fee:	1.25%
Performance fee:	20% of return exceeding reference rate (5% p.a. perpetually from high water mark)
Subscription fee:	-
Redemption fee:	-
Subscriptions / redemptions:	Daily
Initial investment:	10 000 euros minimum
Recurring investments:	1 000 euros minimum
Currency:	Euro
Share class:	1 share class, growth
Fund management:	UB Fund Management Co Ltd
Custodian:	SEB
Regulatory authority:	Finnish FSA
ISIN:	FI4000013156
Bloomberg:	VISIOAL FH

¹⁾ UCITS (Undertakings for the Collective Investment in Transferable Securities) is a regulatory framework of the European Commission that creates a harmonized regime throughout Europe for the management and sale of mutual funds.

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