

Cohen & Steers Diversified Real Assets

Specialist

Introduction

(Offshore)

The Cohen & Steers Diversified Real Assets Fund seeks to offer investors a positive total return over the long-term and to maximise real returns during inflationary environments. The team draws on four asset classes which have differing degrees of sensitivity to inflation, be it as an input or a beneficiary from realised inflation.



[Click here to read the Cohen & Steers approach to ESG investing.](#)

Why RSMR Rate this Fund

- The underlying portfolio has a broad remit in terms of investee companies to capture inflation trends
- The fund uses the major asset classes that lead or capture inflationary trends
- Returns are sought from the fundamental analysis conducted on companies within the particular assets classes used
- Each asset class is run by a specialist internal teams
- The fund offers a low cost active proposition within real assets

Fund Process

The fund focuses on four asset classes that the team believe offer investors exposure to inflationary trends; these are Commodities, Natural Resource Equities, Real Estate and Infrastructure.

At the core of the investment process is the Asset Allocation model which is determined by the strategy group who meet to discuss the short and longer term views on the four asset classes. The focus for the strategy group is on valuation metrics across the four asset classes and the inputs to the valuation measures are a combination of forecast macro factors and the momentum of each asset class. The Asset Allocation Strategy Group analyse the funds current holdings as well as new ideas. Each asset class is managed by a specific internal team and the team will debate the output from the Asset Allocation model against the qualitative and fundamental analysis they undertake within their respective asset classes. The teams will meet bi-weekly to discuss the wider portfolio, with Vince Childers leading on portfolio composition. The portfolio manager will set the risk budget and tracking errors for the individual teams who run each of the four asset class sleeves mentioned above. In setting the allocations for the individual teams the manager will draw on the Asset Allocation Strategy Groups output, of which he is a member. Finally the individual teams will collate a portfolio for their respective asset class following their own fundamental analysis on the underlying investments.

The fund uses a bespoke benchmark which references the areas that the team look to invest in. Each asset class benchmark has an investable range, the actual allocation will vary over the course of the economic cycle, and this allows the managers to have a greater or lesser allocation to different areas depending on the prevailing conditions.

The focus for returns is from fundamental analysis and idiosyncratic risk – allowing for individual securities to deliver returns.

The fund has managed to deliver greater returns than its benchmark and with lower volatility owing to the diversification of the portfolio and a sub-1.00 beta to its benchmark.

Evaluation

The fund manager has emphasised this is not a global macro fund, and we are inclined to agree, although there are macroeconomic factors that can influence the performance. The fund considers the sensitivity to inflation of underlying assets and seeks to achieve a positive total return over an economic cycle by capturing realised inflation through exposure to either those assets which are an input to rising inflation or are beneficiaries of realised inflation. These assets perform at different stages of the economic cycle which allows the fund manager to actively target the areas he believes can contribute positive returns.

Application

This fund can be used as a core solution within an Alternative/Real Assets allocation within portfolios. The fund manager is cognisant of volatility and seeks to provide a lower level of volatility against equity markets through an economic cycle. There are elements of the portfolio which experience greater levels of volatility in isolation however as a diversified portfolio it can offer a lower level of overall volatility relative to equity markets.

Our Opinion

The fund offers investors exposure to inflation sensitive assets through a diversified portfolio which seeks to capture unexpected inflation. The manager brings together a blend of asset classes that he believes are pertinent to the prevailing economic conditions in order to benefit from inflationary trends. This fund offers a broad exposure to assets which lead inflation but also those that benefit from inflation through contracted income which is linked to inflation. There is the risk that the fund is impacted by negative economic events and users should bear this in mind when investing.

Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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