

MGTS Parmenion Diversified Alternatives Fund – Adviser FAQs

Benefits of the fund

What is the MGTS Parmenion Diversified Alternatives Fund?

This is a new fund, launching on 11th May 2026, designed to give clients diversified exposure to a broad range of alternative investments within a single vehicle. The same Parmenion Investment Management team which looks after the running of your DFM service will be making the investment decisions.

Shortly after launch, it will replace the funds currently held in the diversified alternatives asset class for most Parmenion Investment Management Solutions. Advisory Models PRO users and other DFMs will also have access to the fund for their own models on Parmenion and select third party platforms.

What are the key benefits for my client?

Wider access to alternative assets brings greater diversification.

Uncorrelated returns to equities and bonds can help protect their portfolio in periods of inflationary stress. All at around the same cost for the funds it's replacing in our portfolios. There's also less need for future fund switches for rebalancing as diversified alternatives will all be in one fund, reducing dealing charges.

Why is Parmenion launching this fund now?

Clients increasingly need diversification and risk management beyond traditional equities and bonds, particularly in inflationary and volatile market environments. We've seen this recently with "Liberation day" in 2025, and the ongoing war in Iran.

What investments can the fund invest into?

Previously, alternatives on the platform were largely limited to OEICs and Unit Trusts. We will include investments in ETFs and Investment Trusts within the fund which provides access to a much wider range of alternative assets and strategies. We also have the ability to invest in other investment types such as private equity and long term asset funds (LTAFs), although we don't plan to do so at launch.

What are the main areas of exposure expected in the fund?

The fund can invest in vehicles that provide exposure to real assets like infrastructure, commodities, and property as well as uncorrelated return strategies including global macro, absolute return, trend, private equity, private credit and long volatility strategies.

Here is the asset mix expected at launch:

Commodities	21.50%
Infrastructure	10.00%
Property	7.50%
Global Macro	10.00%
Structured Products	5.00%
Trend	17.00%
Absolute Return	17.00%
Volatility	11.00%
Cash	1.00%

How do alternatives complement equities and bonds?

Alternatives are designed to behave differently from traditional assets and can offer diversification benefits, particularly when bonds fail to provide protection in inflationary or stressed markets.

Textbooks often state when equities fall, bonds rise. But this isn't always the case. They can become positively correlated in periods of high stress and move in the same direction.

The Iran war has been an example of where alternatives have been tested and proven their value in a portfolio. [See the most recent update which goes into more detail.](#)

Is the fund suitable for defensive investors?

Yes. The fund is particularly relevant for clients seeking defensive assets and could be a good option for those approaching or in retirement, as part of a well-diversified portfolio.

What is the fund's objective?

The objective is to deliver a positive total return over any five-year period. The fund does not track a specific benchmark.

Who manages the fund?

The investment decisions for the fund will be made by the Parmenion Investment Management team, led by Simon Molica, supported by Timothy Willis. Margetts is the Authorised Corporate Director (ACD) for the fund.

What experience do the team have with Diversified Alternatives?

Diversified Alternatives are nothing new for Parmenion Investment Management. The team brings previous experience from other roles, and we've been investing in them since 2022, when the asset class was first introduced to our portfolios.

What it means for clients and advisers

How will Parmenion use the fund in DFM portfolios?

The fund will be used in Parmenion's DFM portfolios where it meets clear client needs. We'll be including it in select Parmenion Investment Management solutions, shortly after launch.

Which solutions will be affected?

Shortly after the fund launch, we'll begin to replace the funds held in the diversified alternatives asset class with this new fund in the following solutions:

- Passive Growth
- Blended Growth
- Active Growth
- Multi Option Growth
- Income

This includes co-branded versions of the solutions. Our ESG Growth solutions won't be affected.

We'll also be adding the fund to our **Passive Growth (Risk Managed)** and **Active Growth (Risk Managed)** solutions which don't have any diversified alternatives exposure at the moment.

Will I be able to use the fund as part of Advisory Models PRO?

Yes. The fund will be available on Parmenion for advisers building their own client portfolios.

How does the cost compare to existing alternatives solutions?

For solutions using our current diversified alternatives blend, the fund OCF will broadly be cost neutral with funds it's replacing. Our fee for managing the fund comes out of the OCF.

Will you charge a dealing fee?

As with any fund switch, a dealing fee will be charged on the transaction to add the fund to DFM models. Future transactions to rebalance what's invested in alternatives will now however take place within the fund without incurring a dealing charge, although fund transaction fees will apply.

Will my client be out of the market? Will client instructions be interrupted?

To minimise any out-of-market risk, and make sure clients aren't subjected to unnecessary cost, we will transition portfolios from existing diversified alternatives investments to the MGTS Parmenion Diversified Alternatives Fund in four tranches.

As with our usual rebalancing process, client instructions involving trades will be queued until after settlement of the fund switch. There will be 10 working days between each of the four tranches. This allows time for pending client instructions to be swept up between tranches.

As with any other fund switch, clients will be briefly out of the market for the tranche that is being converted.

Why four tranches of sales for all clients?

We're doing this to reduce the risk of having dilution levies charged on the funds we're selling, due to the size of the transactions.

If we sold everything currently allocated to Alternatives at once, the client could end up paying higher charges than necessary, which we want to avoid.

How is the fund structured?

The fund sits under an umbrella fund structured as an Investment Company with Variable Capital (ICVC) also known as an Open-ended Investment Company (OEIC). Margetts is acting as the ACD, with investment management responsibilities given to Parmenion Investment Management. The fund will trade daily.

Parmenion

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