

Fortem Capital Alternative Growth Fund

Monthly Report – 30th August 2019

For Professional Investors and Institutional Clients only



Investment objective

The Fund aims to provide positive returns of 4% over the medium to long term, whilst maintaining negligible equity market beta. It will invest in a core portfolio comprised of alternative beta strategies sourced from across the asset class spectrum that provide capital growth, independent of equity market cycles and macroeconomics. The Fund will make a smaller allocation to opportunistic investments that also meet strict capital preservation and investment return criteria.

The Fund will

- Invest in structural risk premia – i.e. sources of return that are not dependent on equity markets or macroeconomics.
- Take advantage of opportunistic trades caused by structural distortions in derivative markets.
- Employ stringent counterparty controls, limiting credit exposure to high grade sovereign risk.

Monthly update

The Fund successfully passed the target seed raise of 15m GBP over the month with reached £20.2m AUM as at August month end, completing the final stage of the Fund launch.

Continued fears for a global recession combined with expectations of further Fed easing led to a volatile month for markets. Government yield curves pushed lower across the G7, and equity market volatility shifted higher. The Fund navigated these choppy markets with no correlation and returned a steady 0.65% increase in NAV in August.

All types of structural rate strategies performed well over the month. The 5/30 steepener performed well despite the 2/10s flattening, reflecting deteriorating economic data as opposed to Fed rate cuts expectations. Rates curve strategies also performed well, continuing their strong run from July. Finally, the sudden rise in equity volatility over the month also sent rates volatility higher which helped the long rates volatility position.

Commodity strategies had a quiet month showing no reaction to equity and bond market volatility. Curve strategies were slightly down while seasonal and congestion strategies were slightly up.

The Fund is now fully invested from a risk basis with an expected volatility of 2.12%.

Platform Availability

Zurich

Nucleus

Transact

Allfunds

Novia Fin'l

Ascentric

Key Facts

Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £1.0167 Class C: £1.0143
AUM	£20.2 Million
Launch Date	10 th May 2019
Fund Type	Irish Domiciled UCITS V ICAV
Base Currency	GBP
Liquidity	Daily
Dealing Deadline	10:30 am Irish Time
Pricing	Daily COB
Share Type	Class A: Accumulation Class C: Accumulation
Initial Share Price	£1.000
Minimum Subscription Amount	Class A: £5,000,000 [^] Class C: £5,000,000 [^]
Annual Management Charge	Class A: 60bps Class C: 30bps
OCF	Class A: 80bps Class C: 50bps + 15% Perf Fee*
Reporting Status	Registered with HMRC
ISIN	Class A: IE00BJ116W86 Class C: IE00BJ116X93
Bloomberg	FCAGFAA ID <equity> FCAGFAC ID <equity>
Dealing Line	+353 (0)1434 5124
Dealing Email	davy.ta.queries@ntrs.com
Depository, Admin, Registrar & TA	Northern Trust
Auditor	Deloitte

*15% of NAV growth subject to a high water mark, see Fund Supplement for more details

[^]Minimum sizing can be waived upon request

Past performance is not necessarily a guide for the future. Forecasts are not reliable indicators of future performance. The value of investments, and the income from them, can go down as well as up and the investor may not get back the amount originally invested. The data is sourced from Fortem Capital Limited and external sources. The data is as at the date of this document and has been reviewed by Fortem Capital Limited.

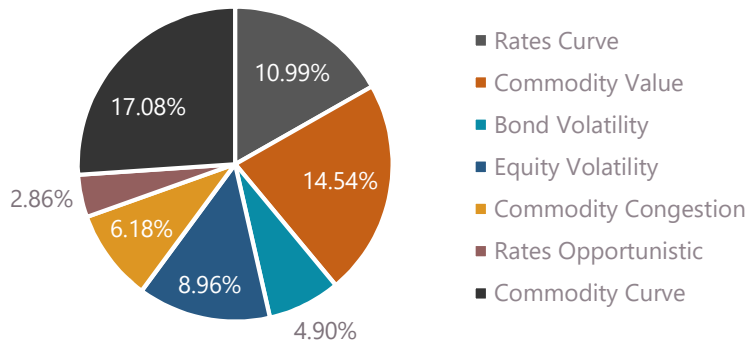
Phone: 0208 050 2905

Email: sales@fortemcapital.com

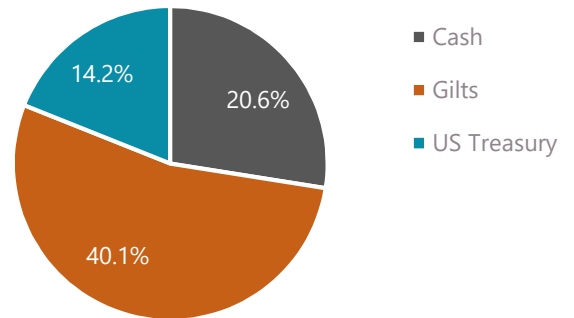
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Portfolio Breakdown

Alternative Beta Allocation – Risk weights



Credit Exposure

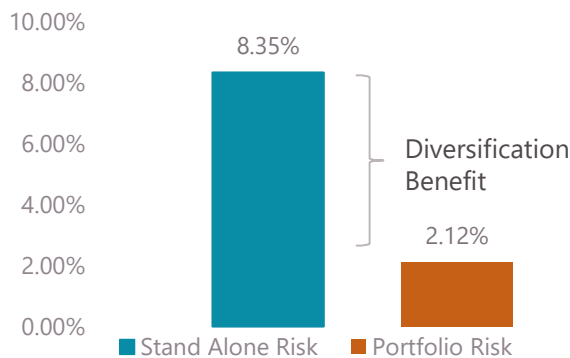


Summary of strategy risk and attribution

Strategy	Weighting (Risk Based)		Contribution to Return	
	Weighting	Visual	Contribution	Visual
Rates Curve Strategy2	18.2%	[Bar]	0.30%	[Bar]
Commodity Curve Strategy2	14.0%	[Bar]	0.01%	[Bar]
Commodity Curve Strategy1	12.7%	[Bar]	-0.11%	[Bar]
Rates Curve Strategy1	12.3%	[Bar]	0.09%	[Bar]
Long Rates Volatility	12.1%	[Bar]	0.20%	[Bar]
Commodity Seasonal Strategy1	6.4%	[Bar]	0.07%	[Bar]
Commodity Seasonal Strategy1	6.4%	[Bar]	0.01%	[Bar]
Equity Short Call Strategy	6.0%	[Bar]	-0.05%	[Bar]
Rates 5/30s US steepener	5.2%	[Bar]	0.14%	[Bar]
Commodity Congestion	2.5%	[Bar]	0.07%	[Bar]

NAV Return August **0.65%**

Portfolio Risk



Portfolio Risk	2.12%
Gross Portfolio Exposure	125%
Portfolio Daily VaR (99%)	0.30%

- **Portfolio Risk** is the expected standard deviation of the portfolio NAV, expressed on an annualised basis. It is calculated using a 10 year correlation matrix
- **Portfolio Stand Alone risk** is the expected standard deviation of the portfolio if there were no diversification benefits between strategies. This occurs if all correlations are at 1.
- **Daily VaR (99%)** is an alternative measure of risk that looks at maximum expected loss. At 99% confidence, one can expect that there will be at least 1 day in a 100 where the daily loss on the fund can be expected to be greater than the calculated VaR
- **Gross portfolio exposure** measures that total notional value of all the swap positions as a percentage of the portfolio NAV

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Phone: 0208 050 2905 Email: sales@fortemcapital.com

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