

# Fortem Capital Alternative Growth Fund

Monthly Report – 31<sup>st</sup> July 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 NAV increased by 0.78% in July, with rates curve strategies continuing their strong run of performance from last month.

Performance was helped by government bond curves flattening which tends to be a positive environment for rates curve strategies whilst a modest headwind for the US treasuries steepener.

In addition, seasonal commodity strategies (which extract a return from seasonal pricing in curve shapes) also contributed positively.

A new commodity curve strategy was added this month, seeking to generate a return from the slope of commodity market curves. This new addition complements the Fund's existing curve strategy as it has a different futures roll schedule, minimising exposures to sharp moves in volatile commodities.

The Fund purchased additional US Treasuries and after hedging duration and FX, locked in a GBP Libor linked return that pays a premium over equivalent UK Gilts.

The Fund is now fully invested from a risk basis with an expected volatility of 2.77%.

## Key Facts

Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £1.0101 Class C: £1.0085
Launch Date	10 <sup>th</sup> 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 <sup>^</sup> Class C: £5,000,000 <sup>^</sup>
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	<a href="mailto:davy.ta.queries@ntrs.com">davy.ta.queries@ntrs.com</a>
Depository, Admin, Registrar & TA	Northern Trust
Auditor	Deloitte

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

<sup>^</sup>Minimum sizing can be waved upon request

## Platform Availability

Zurich

Nucleus

Transact

Allfunds

Novia Fin'l

**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.**

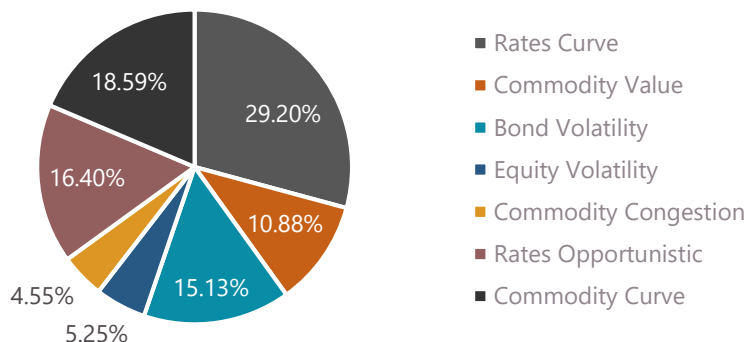
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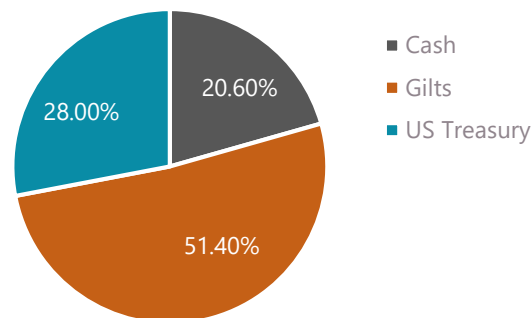
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## Portfolio Breakdown

### Alternative Beta Allocation – Risk weights



### Credit Exposure

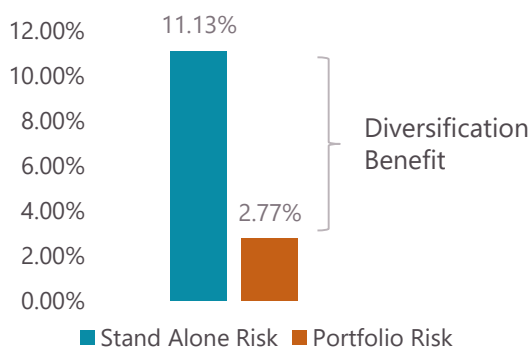


## Summary of strategy risk and attribution

Strategy	Weighting (Risk Based)		Contribution to Return	
	Weighting	Bar	Contribution	Bar
Rates Curve Strategy2	16.7%	[Bar]	0.23%	[Bar]
Rates 5/30s US steepener	16.4%	[Bar]	-0.05%	[Bar]
Long Rates Volatility	15.1%	[Bar]	0.08%	[Bar]
Rates Curve Strategy1	12.5%	[Bar]	0.15%	[Bar]
Commodity Curve Strategy1	10.3%	[Bar]	-0.02%	[Bar]
Commodity Curve Strategy2	8.3%	[Bar]	0.00%	[Bar]
Commodity Seasonal Strategy1	5.5%	[Bar]	0.00%	[Bar]
Commodity Seasonal Strategy2	5.4%	[Bar]	0.17%	[Bar]
Equity Short Call Strategy	5.2%	[Bar]	0.09%	[Bar]
Commodity Congestion	4.5%	[Bar]	0.08%	[Bar]

NAV Return July **0.78%**

## Portfolio Risk



Portfolio Risk	2.77%
Gross Portfolio Exposure	180%
Portfolio Daily VaR (99%)	0.40%

- **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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