

Fortem Capital Alternative Growth Fund

Monthly Report – 30th September 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 was slightly down in September with a -0.25% decrease in NAV, resulting in a gain since launch of 1.42%.

The majority of invested strategies behaved as expected and in what was a volatile month for commodities, with oil experiencing its biggest ever one day move, the structural commodity trades did not exhibit any significant drawdowns/ups (emphasising the tight market neutral relationship these trades have with commodity beta). Despite the extreme moves in the energy complex, seasonal strategies (which extract return from seasonal patterns in commodity futures) were the strongest contributors to the Fund.

Even though commodity volatility rose, equity and rates volatility fell dramatically over the month as risk assets outperformed. As such the Fund's long rates volatility strategy underperformed over the month. Given the mean reverting nature of volatility, this is to be expected and the structural positive carry in this trade allows for a strategic allocation in long vol, giving the portfolio a defensive bias. Government bond markets also had a volatile month, with yields shifting abruptly higher then falling back again. Rates curve strategies tend to extract a structural return from a stable yield curve slope but thanks to diversification across two of these strategies the Fund was able to mitigate negative performance.

During the month, a US equity quality strategy was added to the Fund. The strategy goes long US stocks with strong balance sheets, while hedging out market beta. The strategy should benefit from widening credit spreads and the structural anomaly that most US IG credit is on the cusp of downgrade to high yield. Lastly, additional UK Gilts were purchased in order to maintain the Fund's philosophy of ensuring high grade sovereign bond backing.

Platform Availability

Zurich

Nucleus

Transact

Allfunds

Novia Fin'l

Ascentric

Aviva

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Key Facts

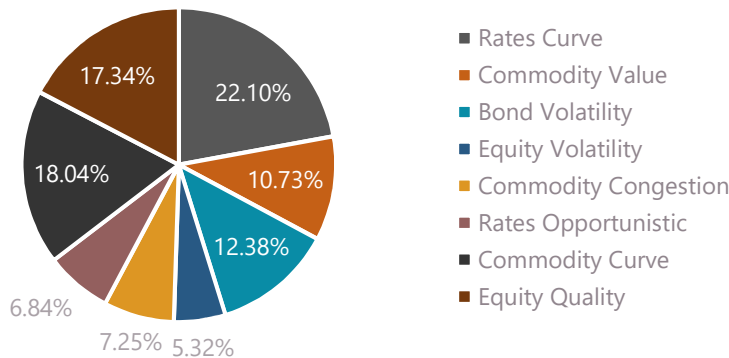
Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £1.0142 Class C: £1.0117
AUM	£22.8 Million
Launch Date	10 th May 2019
Fund Type	Irish Domiciled UCITS V ICAV
Base Currency	GBP
Liquidity	Daily
Dealing Deadline	10:30 am Irish Time
Pricing	Daily COB
Share Type	Class A: Accumulation Class C: Accumulation
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

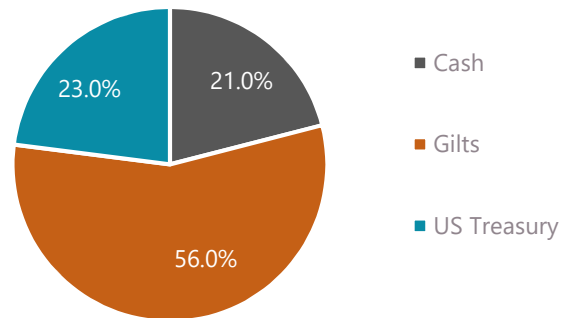
[^]Minimum sizing can be waived upon request

Portfolio Breakdown

Alternative Beta Allocation – Risk weights



Credit Exposure

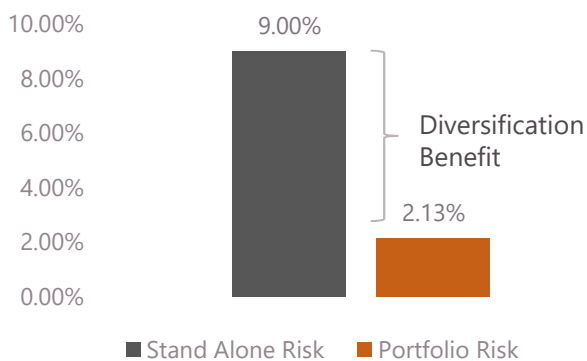


Summary of strategy risk and attribution

Strategy	Weighting (Risk Based)	Contribution to Return
Equity Quality Strategy	17.34%	0.01%
Rates Curve Strategy2	14.99%	0.05%
Long Rates Volatility	12.38%	-0.15%
Commodity Curve Strategy2	10.46%	-0.05%
Commodity Curve Strategy1	7.58%	-0.02%
Commodity Seasonal Strategy1	7.52%	0.04%
Commodity Congestion	7.25%	0.00%
Rates Curve Strategy1	7.11%	-0.14%
Rates 5/30s US Steepener	6.84%	-0.05%
Equity Short Call Strategy	5.32%	-0.02%
Commodity Seasonal Strategy1	3.21%	0.04%

NAV Return Sept **-0.25%**

Portfolio Risk



Portfolio Risk	2.13%
Gross Portfolio Exposure	125%
Portfolio Daily VaR (99%)	0.37%

- **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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