

Fortem Capital Progressive Growth Fund

Monthly Report – December 31st 2018

For Professional Investors and Institutional Clients only



Investment objective

The Fund aims to provide positive returns of 6-7% over the medium to long term, whilst aiming to reduce equity market beta in short term draw-downs. It will invest in a core portfolio comprised of defined return equity strategies that aim to provide capital growth over the medium to longer term, in all but extreme negative market scenarios. The Fund will make a smaller allocation to diversifying investments that also meet strict capital preservation and investment return criteria.

The fund will

- Employ stringent counterparty controls, limiting credit exposure to high grade sovereign risk.
- Mitigate against material single index exposure via robust portfolio construction and management.
- Impose strict exposure limits to each investment, strike level, barrier level.

Monthly update

The Fund's performance over the year remained robust, despite strong headwinds from the global equity market sell off which accelerated towards the end of the year. Whilst for example the FTSE 100 TR was off by 8.7% for the year, the Fund was down by a modest 2.4%. The December performance was primarily attributable to global equity sensitivity, with some markets such as the Russell 2000 or Nikkei 225 off by more than 10%. Equity volatility had a corresponding increase over the month although the Diversifiers portfolio acted as a dampener by delivering a healthy 0.30% of positive return (contrary to UK Gilt credit spreads having widened).

Trading activity for the month included both a new dual index autocall (FTSE 100/HSI) along with a diversification of counterparty risk via the purchase of a US Treasury, hedged into GBP. This sovereign credit diversification was particularly interesting as the currency hedge took advantage of a structural anomaly which allowed the fund to attain a favourable funding yield in GBP. Finally, a moderate cash position has been built up over the month in order to invest in a new diversifier that has been earmarked for January 2019 investment.

Key Facts

Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £0.9863 Class D: £0.9489 ¹
Net Asset Value	£103,108,460
Launch Date	20 th September 2017
Fund Type	Irish Domiciled UCITS V ICAV
Base Currency	GBP
Liquidity	Daily
Dealing Deadline	10:30am Irish Time
Pricing	Daily COB
Share Type	Class A: Accumulation Class D: Distribution of capital
Initial Share Price	£1.000
Minimum Subscription Amount	Class A: £5,000,000 [^] Class D: £5,000,000 [^]
Annual Management Charge	Class A: 50bps Class D: 50bps
OCF	Class A: 70bps Class D: 70bps
Reporting Status	Registered with HMRC
ISIN	Class A: IE00BF047831 Class D: IE00BD7Y3W82
Bloomberg	FPCGFAA ID <equity> FPCGFDD ID <equity>
Dealing Line	+353 (0)1434 5124
Dealing Email	davy.ta.queries@ntrs.com
Depository, Admin, Registrar & TA	Northern Trust
Auditor	Deloitte

¹ Excludes distribution of capital

[^]Minimum sizing can be waived upon request

* Includes FTSE 100 Equal Weight Index

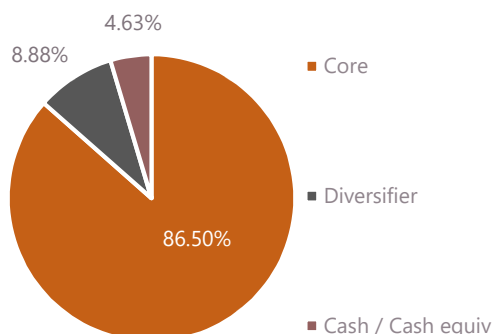
** sensitivity of the fund to underlying market moves

Information as at 31/12/2018

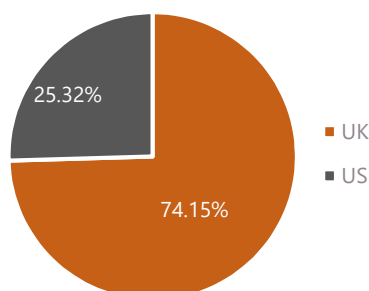
Past performance is not necessarily a guide for the future

Portfolio Breakdown

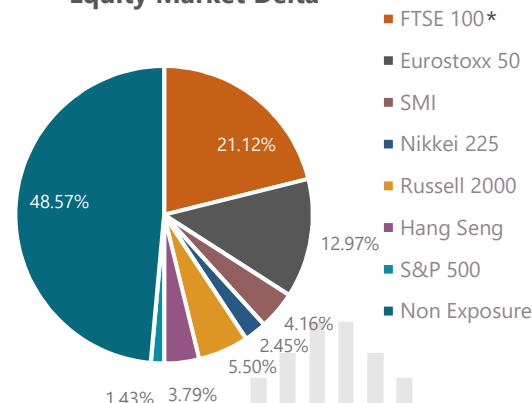
Asset Allocation



Sovereign Counterparty Exposure



Equity Market Delta**



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Short term projected Fund performance[^]

	-15%	-10%	-5%	0%	+5%	+10%
Immediate	-9.9%	-5.9%	-2.7%	0.0%	2.4%	4.6%
1 month	-9.8%	-5.8%	-2.5%	0.3%	2.6%	4.8%
2 months	-9.6%	-5.4%	-2.2%	0.5%	2.9%	5.1%
3 months	-9.1%	-4.9%	-1.8%	0.7%	3.0%	5.4%

[^]These scenarios are net of fees and represent sensitivities to equity market moves only.

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.

Summary of equity index barrier exposures

Cover to capital preservation barriers



Cover to capital growth barriers



- Cover to capital preservation represents for each investment, the level by which the underlying equity index may fall, before capital is eroded, assuming each investments runs to it's maturity.
- Cover to capital growth represents for each investment, the level by which the underlying equity index may fall, before capital growth is zero, assuming each investments runs to it's maturity.

Fund performance – Share Class A (Accumulation)

	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
FCPGF	2017									-0.10%	0.06%	0.33%	0.84%	1.13%
FTSE TR	2017									-0.67%	1.82%	-1.79%	5.03%	4.32%
FCPGF	2018	0.34%	-0.88%	0.45%	2.66%	-0.20%	-0.15%	1.38%	-0.78%	0.29%	-1.54%	0.34%	-4.24%	-2.47%
FTSE TR	2018	-1.96%	-3.40%	-2.03%	6.84%	2.80%	-0.23%	1.52%	-3.29%	1.19%	-4.85%	-1.60%	-3.49%	-8.73%

Past performance is not necessarily a guide for the future

PLATFORM AVAILABILITY

Zurich	Nucleus	James Hay	Fidelity Int'l	Ascentric	Novia Fin'l	Standard Life
Novia Global	Allfunds	Aviva	7im	Old Mutual	Transact	

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