

# Fortem Capital Progressive Growth Fund

Monthly Report – 30th June 2020

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 posted gains for the month of 0.4% and continues to strongly outperform UK and European equities on a year-to-date basis. Whilst equity markets generally appreciated, there was what might seem a counter-intuitive

Total Return	YTD	Jun
UK 100	-16.8%	1.7%
US 500	-3.1%	2.0%
Europe 50	-12.0%	6.5%
Swiss 30	-2.3%	2.2%
Japan 225	-4.7%	2.0%
Hong Kong 50	-11.9%	7.4%
US 2000	-13.0%	3.5%
<b>FCPGF</b>	<b>-6.2%</b>	<b>0.4%</b>

increase in equity implied volatility and indeed sovereign credit spreads. The appreciation in equity indices contributed positively to the Fund, adding approximately 1.4%. This was in part offset by the increase in implied volatility which, due to the Fund's short vol nature, detracted -0.8%.

With sovereign credit spreads also widening over the month, as the Fund is fully sovereign backed, this also contributed negatively to Fund performance at around -0.2%.

Within the Diversifier portfolio, performance was somewhat muted overall, largely as a result of the currency hedges in place for the US and Japanese Sovereigns. As a reminder, this part of the portfolio (up to a maximum 20%) is there to cushion against significant equity falls such as those experienced in March – as it did, and ensure a robust and consistent return profile in times of stress, without overly affecting the overall return profile of the Fund.

Trading-wise, UK gilts were added to the sovereign backing of the Fund as well as two more investments within the Core. It is anticipated that more Diversifiers will be added over the next few weeks. It should be noted that the overall equity sensitivity (Equity Market Delta chart) and scenario analysis (12 month Projected Fund Performance table) are still within the targeted risk and return guidelines for the Fund.

## Platform availability

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

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## Key Facts

Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £1.0495 Class A (hedged) USD: \$1.0083 Class A (hedged) EUR: €0.9731 Class D: £0.9451 <sup>1</sup> Class D (hedged) EUR: €1.1150 <sup>1</sup>
Net Asset Value	£172,770,664.43
Fund Launch Date	20 <sup>th</sup> 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 <sup>^</sup> Class D: £5,000,000 <sup>^</sup>
Annual Management Charge	Class A: 50bps Class D: 50bps
OCF	Class A: 70bps Class D: 70bps
Reporting Status	Registered with HMRC
ISIN	Class A GBP - IE00BF047831 Class A EUR - IE00BJH53565 Class A USD - IE00BJH53458 Class D GBP - IE00BD7Y3W82 Class D EUR - IE00BKM60L60
Bloomberg	FCPGFAA ID <equity> FCPGFEA ID <equity> FCPGFUA ID <equity> FCPGFDD ID <equity> FCPGFED 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

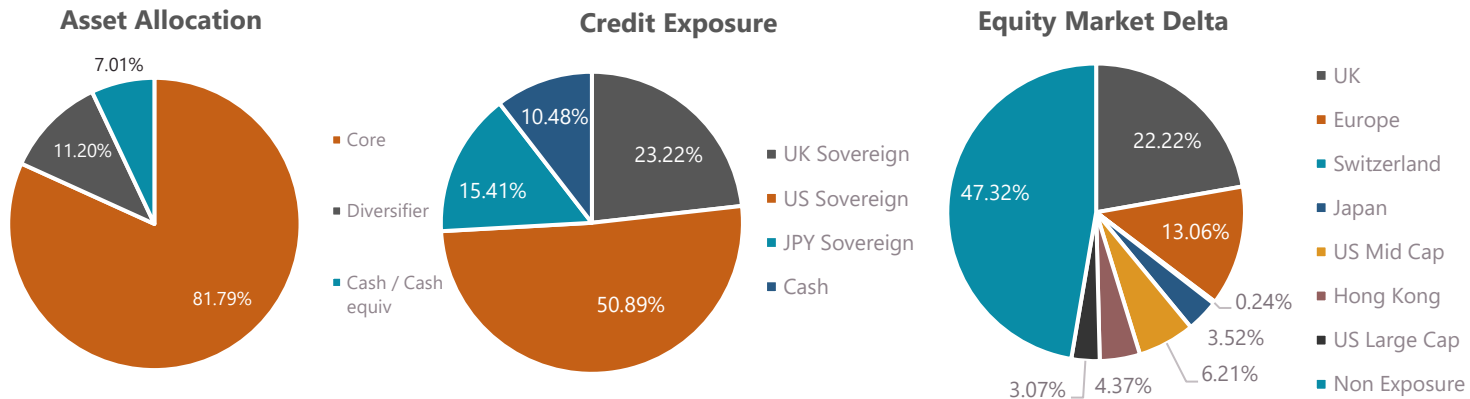
<sup>1</sup> Excludes distribution of capital

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

\* Includes the UK Equal Weight Index

Information as at 30<sup>th</sup> June 2020

## Portfolio breakdown



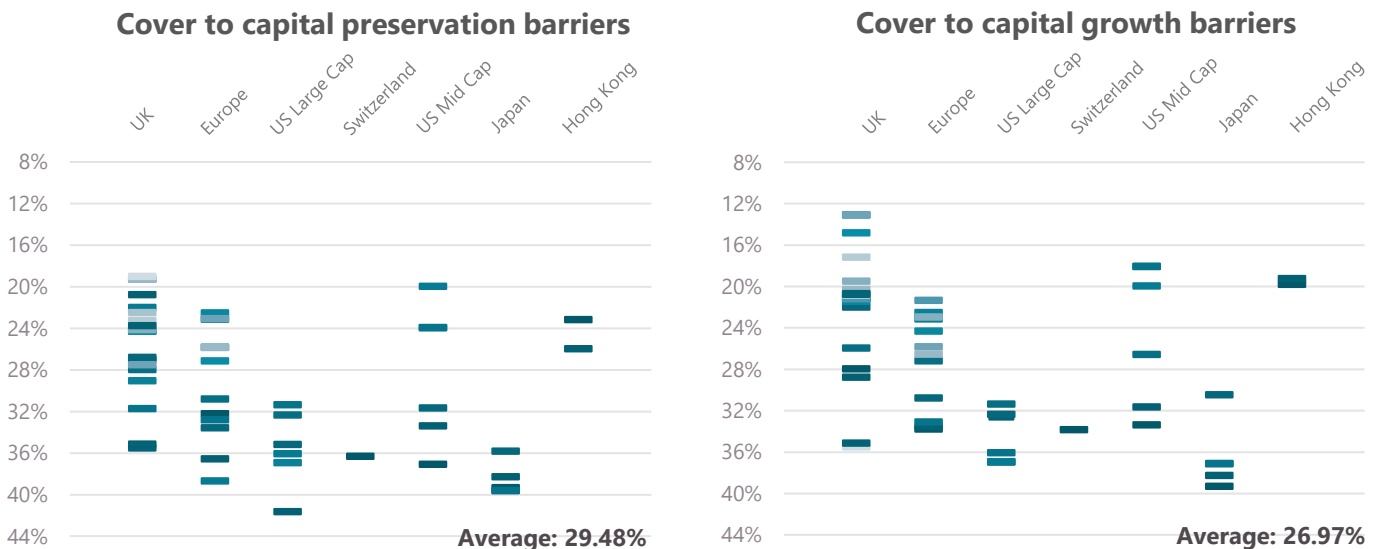
\*\* sensitivity of the Fund to underlying market moves

## 12 month projected Fund performance<sup>^</sup>

	-15%	-10%	-5%	0%	+5%	+10%
Immediate	-9.9%	-6.1%	-2.8%	0.0%	2.4%	4.6%
1 month	-9.9%	-6.1%	-2.8%	0.1%	2.5%	4.7%
2 months	-9.6%	-5.7%	-2.3%	0.6%	3.1%	5.3%
3 months	-9.2%	-5.3%	-1.9%	1.0%	3.6%	5.8%
6 months	-8.2%	-4.1%	-0.6%	2.4%	5.0%	7.2%
12 months	-6.2%	-2.0%	1.7%	4.8%	7.6%	9.9%

<sup>^</sup>These scenarios are net of fees and represent sensitivities to equity market moves only. Therefore it does not include performance contribution from the Diversifiers or credit.

## Summary of equity index barrier exposures



- 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.

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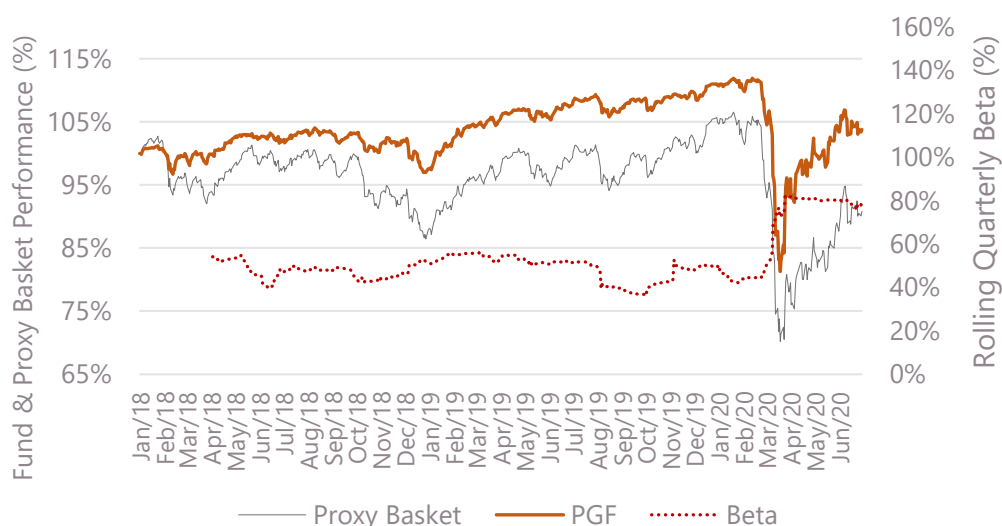
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## Fund performance (%) – Share Class A (Acc)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	12 Month Perf Periods	
2017									-0.10	0.06	0.33	0.84	<b>1.13</b>	Jun 17 - Jun 18	<b>N/A</b>
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	<b>-2.47</b>	Jun 18 - Jun 19	<b>5.43%</b>
2019	5.03	1.76	1.17	1.48	-1.60	2.32	1.08	-1.62	1.49	0.00	0.75	1.00	<b>13.46</b>	Jun 19 - Jun 20	<b>-3.68%</b>
2020	-0.79	-4.84	-8.16	4.38	3.19	0.41							<b>-6.22</b>		

## Fund performance (%) – Share Class A (Acc) versus proxy basket of equity indices

FCPGF Performance, Rolling Beta versus Proxy Equity Basket



\*\*\* Proxy basket of indices consists of underlying indices to which the Fund has market sensitivity, as measured by delta. Their weight within the basket is rebalanced each month end to match that of the Fund's delta, normalised to an overall basket weight of 100%.

For example May 2019 the UK market delta = 21% and overall Fund delta = 50%, UK weight in proxy basket = 21% / 50% = 42%. This methodology is applied for each underlying equity index.

The weights as calculated at May 2019 will be applied for calculating June 2019's historical performance for the Proxy basket.

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