

Quarterly Commentary – 28th June 2024

UK & EU – For professional and institutional investors only

Switzerland – this is an advertising document for professional and institutional clients as defined by the Swiss Financial Services Act only

Q2 began with a shadow of doubt over the soft-landing narrative as a reacceleration in consumer prices, particularly essential goods, caused policymakers to row back on their declarations of victory in the battle against inflation and investors to heavily discount their rate cut expectations for the year. Data in April proved strong and was received poorly as this provided confirmation in investors' minds that the turn in the rate cycle was indeed further away than was priced in and conditions would remain 'restrictive' for longer.

In reality, financial conditions remain loose and, as the quarter wore on, markets repriced higher, driven by an ever-shrinking cohort of very large companies. The more rate sensitive parts of the market struggled, namely bonds and smaller cap equities, as higher for longer took hold, but equity positioning remains extreme and the market remains squarely in the soft-landing camp at a time when data is weakening and revisions suggest that this began earlier than was initially believed or priced.

Bonds continue to struggle against stubborn price rises, monetary authorities that have been burned declaring inflation over early, and supply more akin to wartime than the end of the cycle. The assumption that duration is an investor's friend during times of slowing growth cannot be relied upon as previously given the dramatic fiscal difference in this cycle versus previous ones; this is likely the reason that investors are more cautious in their duration positioning than in previous cycles also.

The Fund increased in value by 1.7% over the quarter.

Beta

Within the Fund's underlying equity indices to which it takes exposure performance was positive on the whole, but Europe and Japan were slightly negative, having had recent periods of strong growth, while the US 2000 index, which carries more rates sensitivity, was down 3.3% and its YTD return of 1.5% illustrates the shift in investor sentiment to higher for longer.

During the period there were 8 investments that matured early all paying their full returns. Of those, 5 were investments struck in 2021 on equal weight indices at a time when volatility and rates were floored. The relative underperformance of the UK equal weight index since meant that the investments matured at the end of their third year. They were rolled into investments with 2-3% higher annual coupons with commensurate levels of risk, such is the current improvement in the pricing environment.

The Beta Portfolio of the Fund also carries significant levels of protection; there is on average around 40% of buffer to capital being at risk within the Fund's Beta investments.

Diversifier & protection Overlay

As investors will be aware, the Fund employs an overlay that is designed to dampen mark-to-market at the worst times for the investments in the Beta Portfolio without having a pronounced effect on the overall return profile of the Fund, as it has since launch.

The overlay was flat over the quarter, adding 0.04% and protection levels remain at their highest within the overlay.

The Fund continues to benefit from its 'pull to par', as it will as it returns to target in the absence of capital erosion in the Beta Portfolio. The high levels of protection within that part of the portfolio by virtue of the conservative setting of barriers at outset means the Fund is well set to continue to deliver above target returns over the medium term. However, as investors are aware the Beta Portfolio does experience shorter term fluctuations that are driven by the fortunes of the underlying equities and the Diversifier & Protection Overlay is positioned to provide some ballast here. The Fund and sector in general remain well positioned to provide investors with more predictable and stable returns in an environment that is becoming more uncertain as time passes.

Total Return	2024	Q2
UK 100	7.9%	3.7%
US 500	15.1%	4.2%
Europe 50	10.4%	-2.1%
Japan 225	19.1%	-1.8%
Hong Kong 50	6.2%	8.9%
US 2000	1.5%	-3.3%
Swiss 30	11.0%	4.0%
Global Equity	11.8%	2.6%
Global Bond	-3.2%	-1.1%
Commodities	2.4%	1.5%
PGF	4.0%	1.7%
AGF	0.8%	0.0%
DGF	3.4%	0.5%
USI	14.3%	3.8%
ARF	3.9%	-0.6%

Quarterly Commentary – 28th June 2024

UK & EU – For professional and institutional investors only

Switzerland – this is an advertising document for professional and institutional clients as defined by the Swiss Financial Services Act only

- This document has been issued and approved as a financial promotion by Fortem Capital Limited for the purpose of section 21 of the Financial Services and Markets Acts 2000. Fortem Capital Limited registration number 10042702 is authorised and regulated by the Financial Conduct Authority under firm reference number 755370.
- This document is intended for Professional Investors, Institutional Clients and Advisors and should not be communicated to any other person.
- The information has been prepared solely for information purposes only and is not an offer or solicitation of an offer to buy or sell the product.
- 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.
- Information, including prices, analytical data and opinions contained within this document are believed to be correct, accurate and derived from reliable sources as at the date of the document. However, no representation or warranty, expressed or implied is made as to the correctness, accuracy or validity of such information.
- Fortem Capital Limited assumes no responsibility or

liability for any errors, omissions or inaccuracy with respect to the information contained within this document.

- All price and analytical data included in this document is intended for indicative purposes only and is as at the date of the document.
- The information within this document does not take into account the specific investment objective or financial situation of any person. Investors should refer to the final documentation and any prospectus to ascertain all of the risks and terms associated with these securities and seek independent advice, where necessary, before making any decision to buy or sell.
- The product may not be offered, sold, transferred or delivered directly or indirectly in the United States to, or for the account or benefit of, any U.S. Person.
- The Fortem Capital Progressive Growth Fund is a Sub-Fund of Skyline, an open-ended investment company with variable capital incorporated on 1 June 2010 with limited liability under the laws of Ireland with segregated liability between Funds. The Company is authorised in Ireland by the Central Bank of Ireland pursuant to the UCITS Regulations.

"NOTICE TO INVESTORS DOMICILED OR RESIDENT IN SWITZERLAND - The interests in the UCITS Fund and any related services, information and opinions described or referenced in this document are not, and may not be, offered or marketed to or directed at persons in Switzerland (a) that do not meet the definition of "qualified investor" pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("CISA") ("Non-Qualified Investors"), or (b) that are high net worth individuals (including private investment structures established for such high-net worth individuals if they do not have professional treasury operations) that have opted out of customer protection under the Swiss Federal Financial Services Act of 15 June 2018 ("FinSA") and that have elected to be treated as "professional clients" and "qualified investors" under the FinSA and the CISA, respectively ("Elective Qualified Investors").

In particular, none of the information provided in this document should be construed as an offer in Switzerland for the purchase or sale of the interests or any related services, nor as advertising in Switzerland for the interests

or any related services, to or directed at Non-Qualified Investors or Elective Qualified Investors. Circulating or otherwise providing access to this document or offering, advertising or selling the interests or any related services to Non-Qualified Investors or Elective Qualified Investors may trigger, in particular, approval requirements and other regulatory requirements in Switzerland.

This document does not constitute a prospectus pursuant to Articles 35 et seqq. FinSA and may not fulfil the information standards established thereunder. No key information document pursuant to Swiss law has been established for the interests. The interests will not be listed or admitted to trading on a Swiss trading venue and, consequently, the information presented in this document may not fulfil the information standards set out in the relevant trading venue rules."