Fortem Capital Alternative Growth Fund

Monthly Report – 29th November 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 month of November picked up where October left off and saw a continued rise in risk assets, especially equities. However, the reflation narrative of an uptick in cyclical growth, a signed trade deal, steepening yields curves and dollar weakness lost its shine as defensive assets also performed with government bond yields edging lower. Likewise credit refused to follow equities higher, rates curves flattened and value factors gave back some of their recent outperformance. With equities alone following trade optimism headlines and Fed Liquidity, signals from factors and rates clearly are not endorsing the economic 'green shoots' narrative.

The Fund strategies behaved as expected. With risk assets generally well supported, market neutral strategies in the Fund outperformed the more defensive strategies. The Fund was up 0.56% over the month.

The best performing strategy was commodity congestion adding 34bps to the Fund. This strategy seeks to gain from the buying pressure from passive index roll schedules. However, if curves are backwardated, it rolls its positions after the index money, not before. While congestion returns are less in this scenario, if there is a spike in the commodity during the roll (common if curve is backwardated), the strategy can benefit.

Other commodity strategies also edged higher as commodity curve shapes were reasonably stable allowing for a modest return from the roll yield.

Key Facts

Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £1.0144 Class C: £1.0117
AUM	£25,020,873
Launch Date	10th 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 waved upon request

Platform Availability

Zurich	Nucleus	Transact	Allfunds	Novia Fin'l	Ascentric	Aviva

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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Monthly Update - Continued

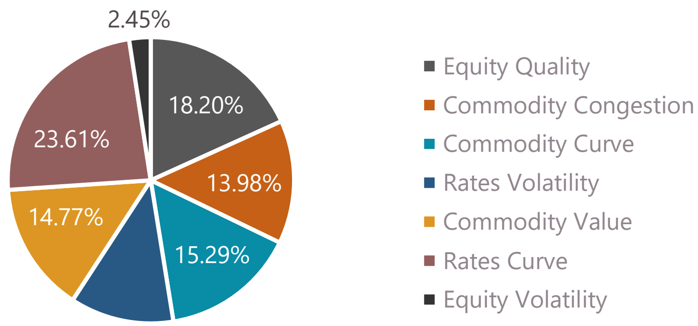
The volatility of all asset classes was stable over the month, remaining at record breaking low levels. As such the Fund's long rates volatility strategy was up marginally, primarily due to roll up on the vol curve. Even though this is a defensive strategy, if volatility remains low and equity markets rally, most defensive strategies will struggle. As the rates volatility curve downward slopes, the structural return from this strategy derives from the fact that the strategy can roll up the curve, generating positive carry (which is unique for a long vol trade). Please ask for a copy of our upcoming **Factor Focus** for more details.

Rates curve strategies had a mixed month with the swaps based strategy outperforming the bond future strategy. This mixed signal reflected the directionless curve movements in rates markets. While steepeners had performed well in the previous month, in November curves initially flattened and then steepened, reflecting an uncertain macro environment. All curve strategies (especially in rates) prefer stable curves in order to extract the roll-down structural return.

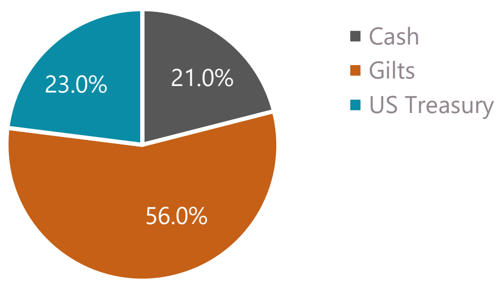
The funding portfolio of government bonds added 4bps over the month to the Fund.

Portfolio Breakdown

Alternative Beta Allocation – Risk weights



Credit Exposure



Summary of strategy risk and attribution

Strategy	Weighting (Risk Based)	Contribution to Return
US Strong Balance Sheet	18.20%	0.03%
Commodity Congestion	13.98%	0.34%
Long Rates Volatility	11.70%	0.11%
Rates Curve Strategy2	10.86%	-0.14%
Commodity Seasonal Strategy1	10.52%	-0.01%
Commodity Curve Strategy1	9.85%	0.11%
Rates Curve Strategy1	7.75%	0.09%
Commodity Curve Strategy2	5.44%	0.05%
Rates 5/30s US steepener	5.00%	-0.10%
Commodity Seasonal Strategy1	4.25%	0.04%
Equity Short Call Strategy	2.45%	0.01%

NAV Return 0.56%

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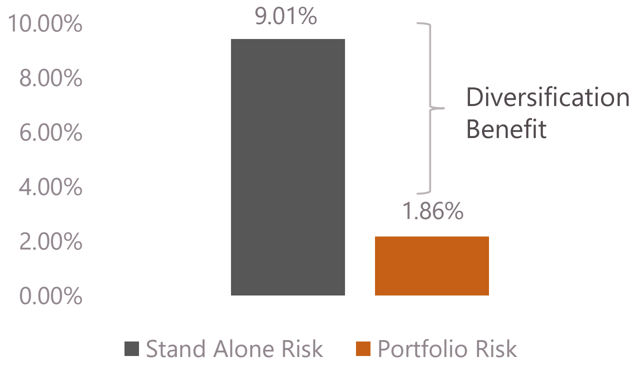
Fortem Capital Alternative Growth Fund

Portfolio Risk



Portfolio Risk	1.86%
Gross Portfolio Exposure	125%
Portfolio Daily VaR (99%)	0.27%

- **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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