

# Fortem Capital Progressive Growth Fund

Monthly Report – 30<sup>th</sup> September 2019

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 passed its 2 year anniversary during the month, while also breaking through the £150 million AUM threshold. On cue, it also posted healthy gains of +1.49% for the month.

The performance of the Fund over the two years has been entirely consistent with the Investment Objective. That is, it has provided defensive equity exposure, delivering a stable on-going equity market sensitivity of circa ~50%, whilst exhibiting limited drawdowns during notable equity market sell-offs and is still on track to deliver 6-7% p.a. over the medium to longer term. Realised volatility of the Fund has been approximately half that of the major equity markets to which the Fund is linked.

September saw all major equity market indices posting significant gains over the month and hence, the majority of the Fund's positive performance was attributable to the Core, and its equity market exposure. The Diversifiers were flat on the month, which was encouraging given their slightly defensive positioning to equities, whilst the sovereign bond returns were also negligible.

During the month, additional investments were put on in the Core. In keeping with the Fund's philosophy of diversifying the portfolio as well as individual position size. US Treasuries were added, whilst hedging currency exposure further diversified the credit risk in the Fund.

## Key Facts

Investment Manager	Fortem Capital Limited
Unit NAV	Class A: £1.0997 Class D: £1.0377 <sup>1</sup> Class A (hedged) USD: \$1.0375 Class A (hedged) EUR: €1.0202
Net Asset Value	£154,902,983
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: IE00BF047831 Class D: IE00BD7Y3W82 Class A USD: IE00BJH53458 Class A EUR: IE00BJH53565
Bloomberg	FCPGFAA ID <equity> FCPGFDD ID <equity> FCPGFUA ID <equity> FCPGFEA 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> September 2019

## Platform Availability

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

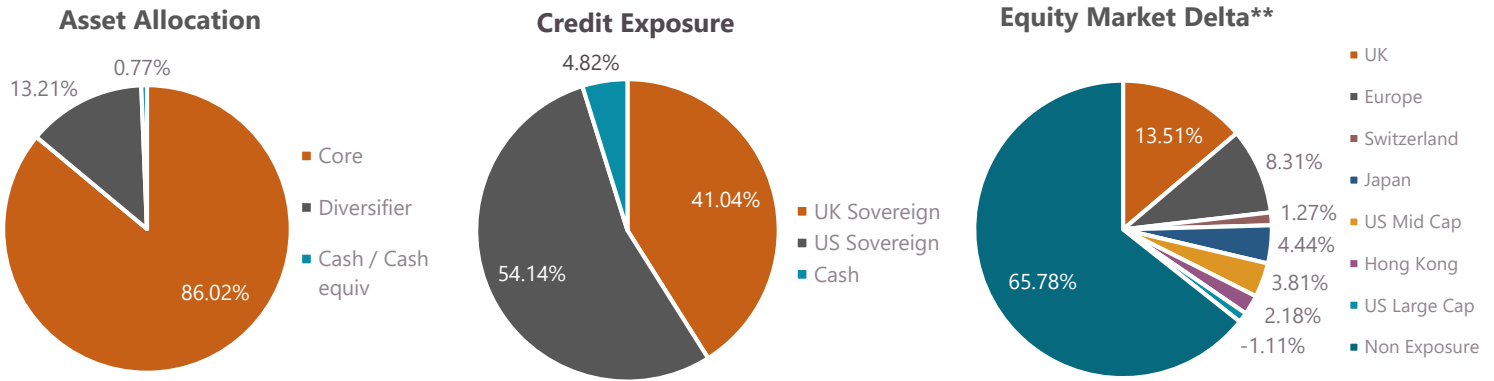
**Past performance is not necessarily a guide for the future. Forecasts are not reliable indicators of future performance. The value of investments, and the income from them, can go down as well as up and the investor may not get back the amount originally invested. The data is sourced from Fortem Capital Limited and external sources. The data is as at the date of this document and has been reviewed by Fortem Capital Limited.**

Phone: 0208 050 2905

Email: [sales@fortemcapital.com](mailto:sales@fortemcapital.com)

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## Portfolio Breakdown



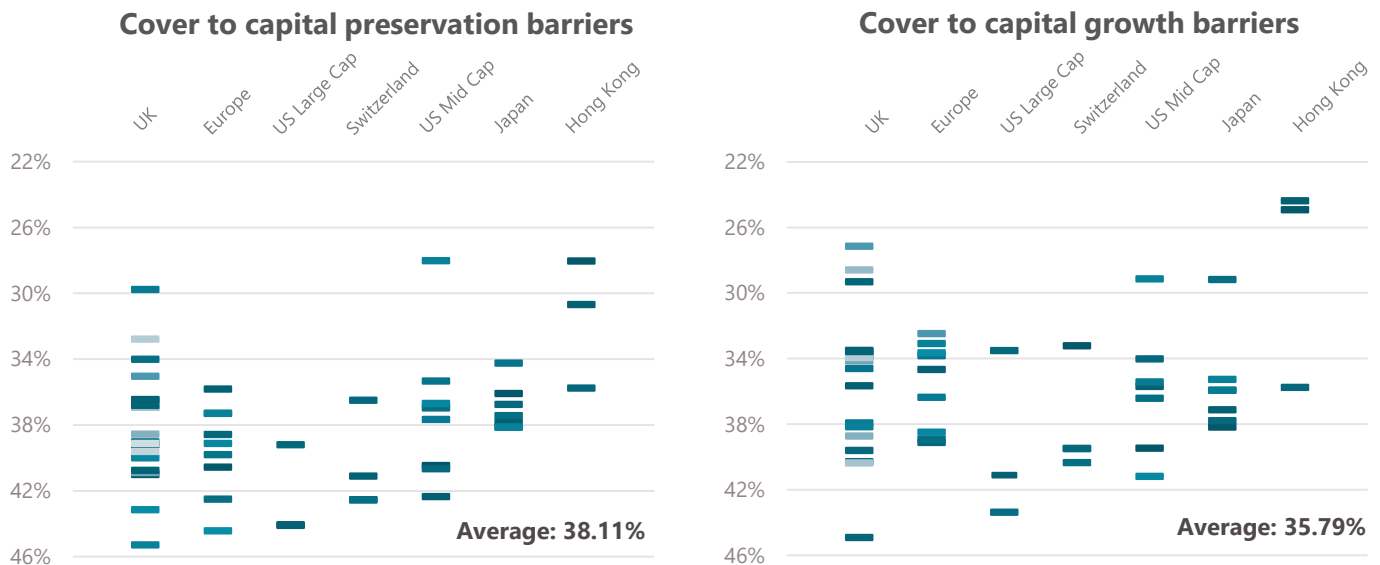
\*\* sensitivity of the fund to underlying market moves

## Short term projected Fund performance<sup>^</sup>

	-15%	-10%	-5%	0%	+5%	+10%
Immediate	-7.1%	-4.2%	-1.8%	0.0%	1.3%	2.2%
1 month	-6.8%	-4.0%	-1.6%	0.3%	1.6%	2.6%
2 months	-6.3%	-3.5%	-1.2%	0.9%	2.1%	3.1%
3 months	-6.0%	-3.2%	-0.8%	1.1%	2.5%	3.5%
6 months	-4.9%	-2.1%	0.2%	2.2%	3.7%	4.7%
12 months	-3.1%	0.6%	3.5%	5.5%	7.0%	8.0%

<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



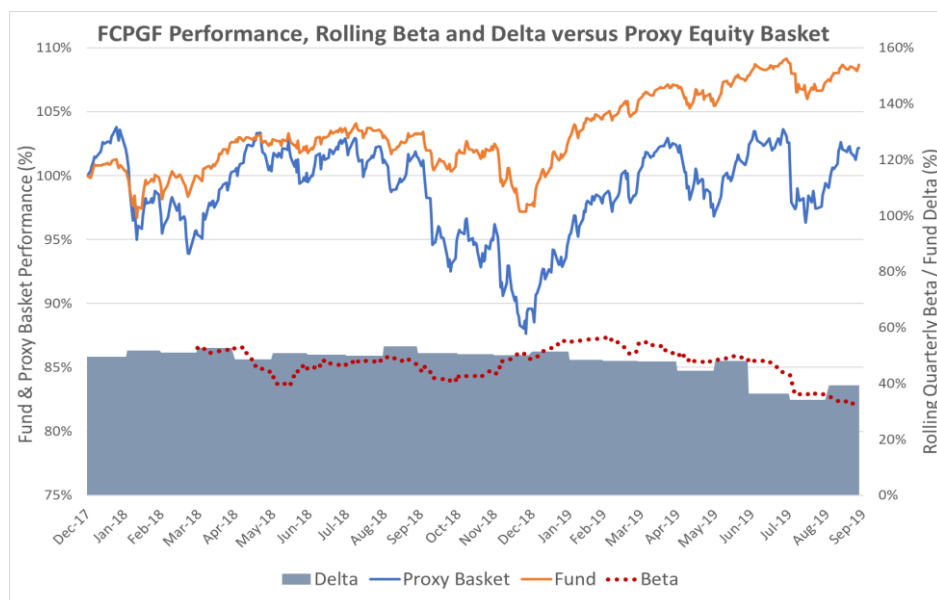
- Cover to capital preservation represents for each investment, the level by which the underlying equity index may fall, before capital is eroded, assuming each investments runs to it's maturity.
- Cover to capital growth represents for each investment, the level by which the underlying equity index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

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## 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>	Sep 16 – Sep 17	<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>	Sep 17 – Sep 18	<b>4.36</b>
2019	5.03	1.76	1.17	1.48	-1.60	2.32	1.08	-1.62	1.49				<b>11.50</b>	Sep 18 – Sep 19	<b>5.48</b>

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



\*\*\* 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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Phone: 0208 050 2905 Email: [sales@fortemcapital.com](mailto:sales@fortemcapital.com)