



LEVENDI

INVESTMENT MANAGEMENT

30th August 2019

LEVENDI THORNBIDGE DEFINED RETURN FUND

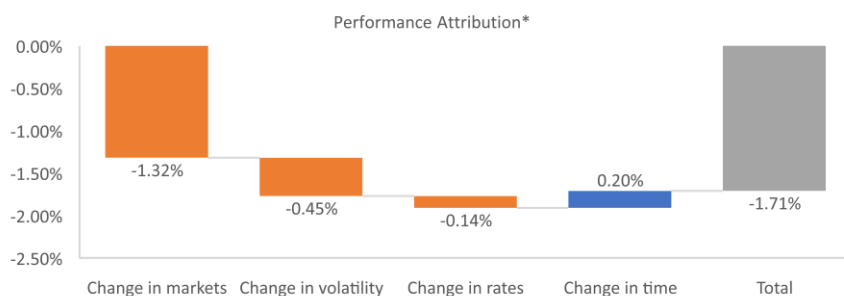
INVESTMENT OBJECTIVE

The Fund aims to maximise the chance of generating an average annual return of 6% above GBP deposit rates with a volatility of less than 10%. The Fund is a diversified portfolio of Defined Return Investments linked to major market equity indices. The product selection and portfolio management process leverages our proprietary product analysis platform in optimizing the risk and return metrics for each investment whilst adhering to the investment criteria of the Fund.

MANAGER COMMENTARY

In addition to the increasingly barbed U.S.– China trade-war spat, a cut in U.S. interest rates led to markets sliding sharply at the start of the month. UK markets recorded losses for 6 consecutive days. Over the month, the total return from UK equities was down c. 4% (with an intra-month low of -6.0%) while European equities fell c. 0.2% (with an intra-month low of -5.3%). Against this backdrop the Fund fell c. 1.7%.

The decline in the value of the Fund was largely attributed to the fall in markets but also to an associated increase in long-dated implied volatilities given the range of market movements over the month. The market drawdown resulted in an induced increase to market exposure. The Fund started the month with a healthy accrued cash balance in anticipation of a multitude of geo-political issues which could disrupt markets and present better risk-adjusted investment opportunities to the Fund. Given the cash balance leading into August, the risk management overlay was used to maintain market exposure consistent with being fully-invested. Late into the market fall, the Fund invested a significant amount of the cash balance into four new gilt-backed products, capturing lower market entry levels and improved risk-adjusted returns. The realised long-term implied volatilities remained at elevated levels for the duration of August despite a notable recovery in the market levels. The chart below shows the estimated performance attribution across the four main variables that affect the Fund

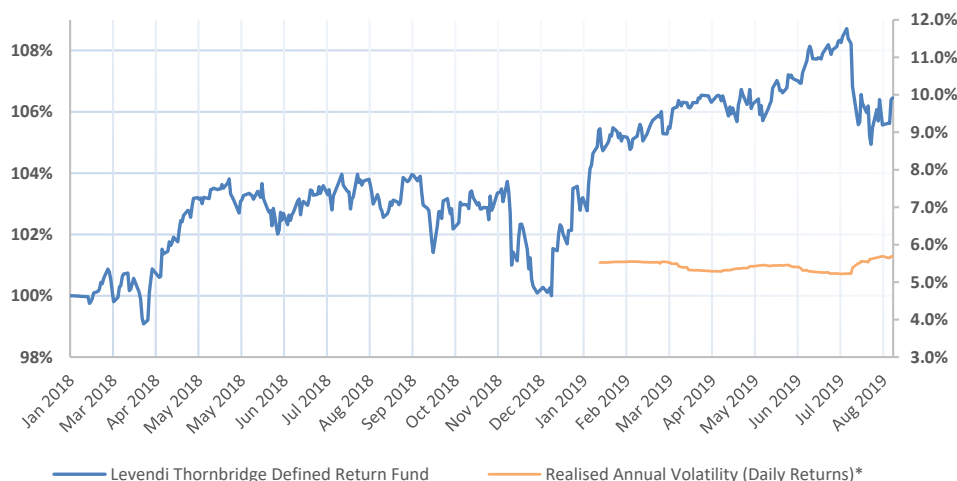


Turnover in the Fund was confined to new investments, which were similar to the existing defensive products. The gilt-backed positions now account for over 77% of the total portfolio. Pricing conditions marginally improved, but remain notably below the levels in the previous year due to the persistently low interest rate environment.

The Fund remains well positioned to generate the targeted positive returns with a healthy buffer of circa 48% for the preservation of capital.

Source: Levendi Investment Management 30.08.19. *Estimated

FUND PERFORMANCE - B CLASS INSTITUTIONAL



Source: Levendi Investment Management 30.08.19. Graph starts at Fund launch date.
*Since Inception (30th of January 2018), rhs

KEY FACTS

FUND AUM ¹	£84.9M
BASE CURRENCY	GBP
LIQUIDITY	DAILY
SHARE TYPE	B CLASS: INSTITUTIONAL A CLASS: RETAIL B ACCUM: £1.0645 A ACCUM: £1.0462 A DISTRIB: £1.0287 I DISTRIB: £0.9980
INITIAL CHARGE	0%
ANNUAL MANAGEMENT CHARGE	B CLASS: 60BPS A CLASS: 75BPS I CLASS: 75BPS B CLASS: 76BPS
OCF ¹	A CLASS: 91BPS I CLASS: 166BPS
LAUNCH DATE	31 st JANUARY 2018
STRUCTURE	UCITS V
DOMICILE	IRELAND
ISIN	B ACCUM: IE00BYV3WJ85 A ACCUM: IE00BYV3WG54 A DISTRIB: IE00BYV3WH61 I DISTRIB: IE00BJ56QP20
SEDOL	B ACCUM: BYV3WJ8 A ACCUM: BYV3WG5 A DISTRIB: BYV3WH6 I DISTRIB: BJ56QP2
BLOOMBERG	B ACCUM: SLSRFBA ID A ACCUM: SLSRFAA ID A DISTRIB: SLSRFAD ID I DISTRIB: SLSRFIG ID
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FURTHER INFORMATION

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FUND PERFORMANCE - B CLASS INSTITUTIONAL

ASSET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	FY
2018	-	0.54%	0.34%	2.32%	(0.07%)	(0.44%)	0.77%	(0.47%)	0.95%	(0.86%)	(0.02%)	(2.96%)	0.11%
2019	4.15%	0.55%	1.21%	0.41%	(0.78%)	1.47%	0.96%	(1.71%)	-	-	-	-	6.33%

Source: Levendi Investment Management 31.08.19

REQUIRED LEVELS

Percentage of Current Market Levels	Lowest	Average	Highest
To receive the target return	54.6%	61.9%	65.8%
Capital preservation at maturity	46.5%	52.2%	55.1%

PORTFOLIO COMPOSITION

Top 4 Holdings	
Gilt-Backed 10YR UKX/SX5E Autocall 7.6%	3.8%
Gilt-Backed 10YR UKX/SX5E Autocall 8%	3.8%
Gilt-Backed 10YR UKX/SX5E Autocall 7.7%	3.2%
Gilt-Backed 10YR UKX/SX5E Autocall 7.9%	3.2%

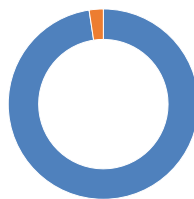
FUND EXPOSURES

ISSUER RATING EXPOSURE



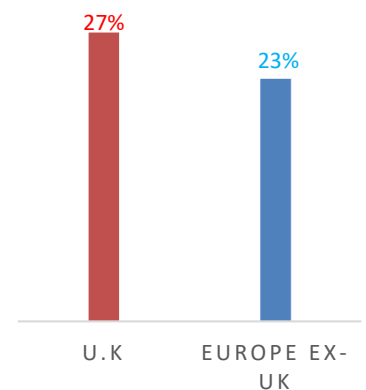
A+	4.7%
A	6.5%
BBB+	9.1%
Gilt-backed	77.3%

PRODUCT TYPE EXPOSURE



Autocall	97.6%
Cash	2.4%

MARKET RISK



Source: Levendi Investment Management 31.08.19

AVAILABLE VIA THE FOLLOWING PLATFORMS

			
			
			
CANADA LIFE	HSBC LIFE	OLD MUTUAL WEALTH	



STRESS TEST ANALYSIS

In the tables below, we show summary details for the Fund. For each metric we show a figure that is weighted by the nominal exposure and the expected term to the maturity for each product within the Fund. It is important to note that these values are not forecasts, they are estimates we have calculated based on the inputs to our stress testing process. This has been developed to allow us to compare one product with another, and with other assets.

RETURN ESTIMATES	METRIC	VALUE
WHAT ARE THE BEST 10% OF POSSIBLE RETURNS?	VaR 10	9.2%
WHAT IS THE CHANCE OF A POSITIVE RETURN?	Chance of Gain	94.9%
WHAT IS THE AVERAGE RETURN WHEN THERE IS A POSITIVE RETURN?	Conditional Gain	6.8%
WHAT IS THE EXPECTED AVERAGE RETURN?	Arithmetic Return	5.2%

RISK ESTIMATES	METRIC	VALUE
WHAT IS THE LOSS BASED ON THE AVERAGE OF THE WORST 5% OUTCOMES	CVaR 95% Loss	-36.5%
WHAT IS THE CHANCE OF A LOSS ?	Chance of Loss	5.1%
WHAT IS THE AVERAGE RETURN IN THE SCENARIOS WHERE THERE IS A LOSS?	Conditional loss	-5.5%
WHAT IS THE REALISED VOLATILITY OF THE PORTFOLIO RETURNS?	Volatility	5.7%
HOW FAR DO MARKETS HAVE TO FALL BEFORE THE MATURITY VALUE IS LESS THAN 100% ON AVERAGE?	Average fall to capital breach	47.8%
WHAT IS THE AVERAGE PROBABILITY OF THE MATURITY VALUE OF EACH INVESTMENT HELD BEING LESS THAN 100%?	Avg Prob. of capital breach	3.9%
WHAT IS THE HIGHEST PROBABILITY OF THE MATURITY VALUE OF ANY INVESTMENT HELD BEING LESS THAN 100%?	Max Prob. of capital breach	5.7%

FACTOR EXPOSURE	METRIC	VALUE
CHANGE IN FUND PRICE IF ALL MARKET LEVELS CHANGE BY 1%	Delta	0.5
CHANGE IN FUND PRICE IF INTEREST RATES CHANGE +0.01%	Rho	+0.02%
CHANGE IN FUND PRICE IF VOLATILITY INCREASES +1%	Vega	-1.8%
CHANGE IN FUND PRICE FROM THE PASSAGE OF ONE DAY	Theta	0.01%
AVERAGE DURATION OF THE FUND PRODUCTS	Duration	2.8 years

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