



LEVENDI

INVESTMENT MANAGEMENT

31<sup>st</sup> December 2020

## LEVENDI THORNBRIDGE DEFINED RETURN FUND

### INVESTMENT OBJECTIVE

The Fund aims to maximise the chance of generating an average medium-term annual return of 6% above GBP deposit rates. The Fund is a diversified portfolio of Defined Return Investments linked to major market equity indices. The product selection and portfolio management process leverages a 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

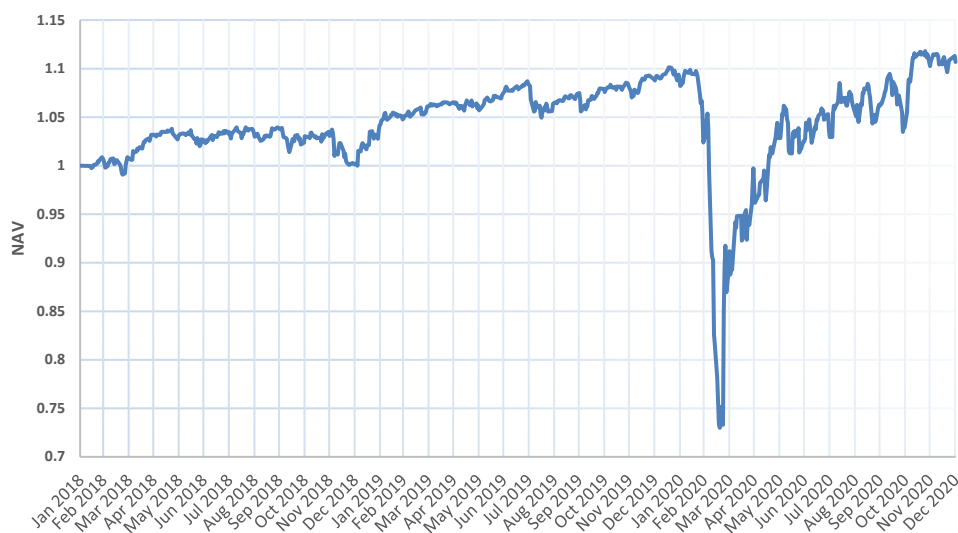
December turned out to be yet another great month for investors with new records being set. The markets witnessed rallies even in sectors impacted by the severe economic consequences of the pandemic, thanks partly to optimism surrounding an effective rollout of vaccines. What remains to be seen is whether this signals a 'back to normal', and whether this 'back to normal' will carry on into and throughout 2021. Equity and credit markets relentlessly continue to focus on a better economic outlook but seem to overlook fresh signs of weakness. Nevertheless, investor optimism is there, and the alternative of negative real returns in bonds remains key to the broad equity rally.

Against this backdrop the fund posted a positive return of 0.4% for December. This took the return for the year to a commendable +1.76%. The outperformance over the reference markets, which posted an average return of -7.38%, is truly testament to the Fund's strategy. Only one position in the portfolio traversed its autocall observation date during the month resulting in an additional accrued coupon. At current market levels, the average fall required to result in losses of capital to the investment products within the portfolio at maturity is c. 45%. The average fall required to prevent the receipt of the coupons contained within the investments is c. 35%. The Fund sensitivities are also in line with expectations. The stress test analysis (page 3) shows that, even with markets 30% lower, the Fund is still expected to provide a positive IRR for the duration of the portfolio, with just under 90% chance of a positive return.

It has been an exhilarating year for us at Levendi and we're sure for much of the Investment community around the globe. We'll take this opportunity to thank all of our investors, partners and friends across the industry for their support, suggestions and feedback. This has genuinely allowed us not only to emerge from a particularly difficult year in an even stronger position, but also to be 'battle-tested' and therefore further mature. We cannot wait to see you all in 2021.

Source: Levendi Investment Management 31/12/20

### FUND PERFORMANCE - B CLASS INSTITUTIONAL



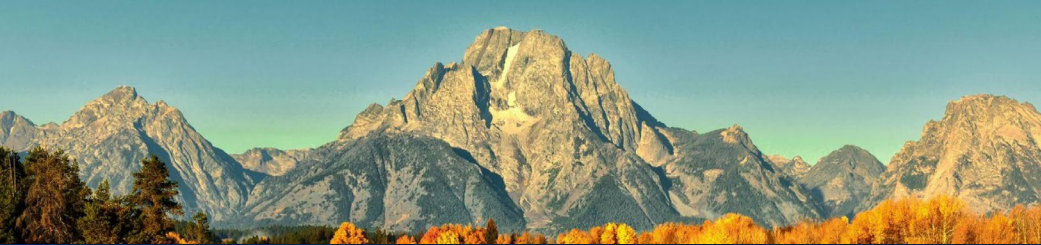
Source: Levendi Investment Management 31/12/2020. Graph starts at Fund launch date.  
\*Since Inception (31<sup>st</sup> of January 2018), rhs

### KEY FACTS

|                          |  |
|--------------------------|--|
| FUND AUM <sup>1</sup>    | £63.0M   |
| BASE CURRENCY            | GBP  |
| LIQUIDITY                | DAILY  |
| SHARE TYPE               | B CLASS: INSTITUTIONAL<br>A CLASS: RETAIL  |
| NAV                      | B ACCUM: £1.1069<br>A ACCUM: £1.0856<br>A DISTRIB: £1.0673<br>I DISTRIB: £1.0237                     |
| INITIAL CHARGE           | 0%   |
| ANNUAL MANAGEMENT CHARGE | B CLASS: 60BPS<br>A CLASS: 75BPS<br>I CLASS: 75BPS<br>B CLASS: 76BPS                                 |
| OCF <sup>1</sup>         | A CLASS: 91BPS<br>I CLASS: 166BPS  |
| LAUNCH DATE              | 31 <sup>st</sup> JANUARY 2018  |
| STRUCTURE                | UCITS V  |
| DOMICILE                 | IRELAND  |
| ISIN                     | B ACCUM: IE00BYV3WJ85<br>A ACCUM: IE00BYV3WG54<br>A DISTRIB: IE00BYV3WH61<br>I DISTRIB: IE00BJ56QP20 |
| SEDOL                    | B ACCUM: BYV3WJ8<br>A ACCUM: BYV3WG5<br>A DISTRIB: BYV3WH6<br>I DISTRIB: BJ56QP2                     |
| BLOOMBERG                | B ACCUM: SLSRFBA ID<br>A ACCUM: SLSRFAA ID<br>A DISTRIB: SLSRFAD ID<br>I DISTRIB: SLSRFIG ID         |
| PRICING                  | DAILY COB  |
| DEALING DEADLINE         | DAILY 10:30AM  |
| DEALING LINE             | +353 (0) 1 434 5124  |
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### FURTHER INFORMATION

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### FUND PERFORMANCE - B CLASS INSTITUTIONAL

| YEAR | 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%) | <b>0.11%</b> |
| 2019 | 4.15%   | 0.55%   | 1.21%    | 0.41% | (0.78%) | 1.47%   | 0.96% | (1.71%) | 0.98%   | 0.08%   | 0.60%   | 0.51%   | <b>8.66%</b> |
| 2020 | (0.52%) | (5.37%) | (10.93%) | 7.10% | 5.31%   | (0.32%) | 0.42% | 3.18%   | (0.03%) | (2.14%) | 6.09%   | 0.40%   | <b>1.76%</b> |

Source: Levendi Investment Management 31/12/20

### REQUIRED LEVELS

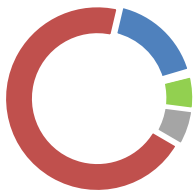
| Percentage of Current Market Levels | Lowest | Average | Highest |
|-------------------------------------|--------|---------|---------|
| To receive the target return        | 52.7%  | 65.3%   | 76.7%   |
| Capital preservation at maturity    | 44.8%  | 54.8%   | 63.5%   |

### PORTFOLIO COMPOSITION

| Top 4 Holdings                          |      |
|---|------|
| Citigroup 10YR UKX/SX5E Autocall 8.35%  | 6.4% |
| Gilt-Backed 10YR UKX/SX5E Autocall 8.0% | 4.9% |
| Gilt-Backed 10YR UKX/SX5E Autocall 7.9% | 4.1% |
| Gilt-Backed 10YR UKX/SX5E Autocall 7.7% | 4.1% |

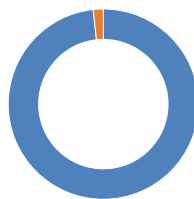
### FUND EXPOSURES

#### ISSUER RATING EXPOSURE



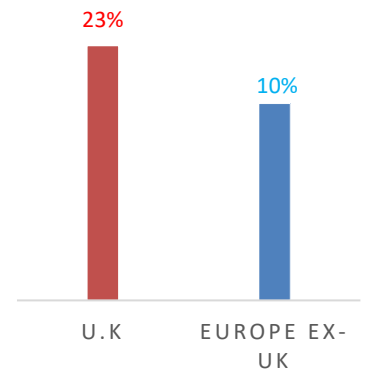
|             |       |
|-------------|-------|
| A+          | 18.0% |
| A           | 5.4%  |
| BBB+        | 6.7%  |
| Gilt-backed | 69.2% |

#### PRODUCT TYPE EXPOSURE



|          |       |
|----------|-------|
| Autocall | 99.3% |
| Cash     | 0.7%  |

#### MARKET RISK



Source: Levendi Investment Management 31/12/20

### AVAILABLE VIA THE FOLLOWING PLATFORMS

|   |   |  |   |
|---|---|--|---|
|  |  |  |  |
|   |  |  |  |
|   |  |  |  |
| CANADA LIFE   | HSBC LIFE   | OLD MUTUAL WEALTH  | True Potential  |



## 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 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.

In the below table, figures are calculated as an instantaneous fall. Where products autocall or mature, we assume that the proceeds are reinvested at a yield of Libor plus 6% till the last product autocall or matures.

| MARKET MOVE | -40%  | -30% | -20% | -10% | 0%   | 10%  | 20%   | 30%   | 40%   |
|-------------|-------|------|------|------|------|------|-------|-------|-------|
| IRR         | -0.9% | 1.2% | 5.9% | 5.9% | 6.0% | 6.1% | 17.8% | 17.8% | 17.8% |
| DURATION    | 7.97  | 7.97 | 7.97 | 7.97 | 7.67 | 6.64 | 0.50  | 0.50  | 0.50  |

| RETURN ESTIMATES  | METRIC            | VALUE |
|---|-------------------|-------|
| WHAT ARE THE BEST 10% OF POSSIBLE RETURNS?                | VaR 10            | 15.1% |
| WHAT IS THE CHANCE OF A POSITIVE RETURN?                  | Chance of Gain    | 89.6% |
| WHAT IS THE AVERAGE GAIN WHEN THERE IS A POSITIVE RETURN? | Conditional Gain  | 7.6%  |
| 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                  | -58.0% |
| WHAT IS THE CHANCE OF A LOSS ?  | Chance of Loss                 | 10.4%  |
| WHAT IS THE AVERAGE RETURN IN THE SCENARIOS WHERE THERE IS A LOSS?                                  | Conditional loss               | -5.0%  |
| WHAT IS THE REALISED VOLATILITY OF THE PORTFOLIO RETURNS?   | Volatility (100d)              | 12.5%  |
| HOW FAR DO MARKETS HAVE TO FALL BEFORE THE MATURITY VALUE IS LESS THAN 100% ON AVERAGE?             | Average fall to capital breach | 45.2%  |
| WHAT IS THE AVERAGE PROBABILITY OF THE MATURITY VALUE OF EACH INVESTMENT HELD BEING LESS THAN 100%? | Avg Prob. of capital breach    | 6.6%   |
| WHAT IS THE HIGHEST PROBABILITY OF THE MATURITY VALUE OF ANY INVESTMENT HELD BEING LESS THAN 100%?  | Max Prob. of capital breach    | 8.4%   |

| FACTOR EXPOSURE  | METRIC   | VALUE     |
|--|----------|-----------|
| CHANGE IN FUND PRICE IF ALL MARKET LEVELS CHANGE BY 1% | Delta    | 0.33      |
| CHANGE IN FUND PRICE IF INTEREST RATES CHANGE +0.01%   | Rho      | +0.00%    |
| CHANGE IN FUND PRICE IF VOLATILITY INCREASES +1%       | Vega     | -2.3%     |
| CHANGE IN FUND PRICE FROM THE PASSAGE OF ONE DAY       | Theta    | 0.01%     |
| AVERAGE DURATION OF THE FUND PRODUCTS                  | Duration | 3.6 years |

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