



LEVENDI

INVESTMENT MANAGEMENT

30<sup>th</sup> November 2022

## 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

Bad news not as bad as expected is very good news. That, has been the overarching theme of the latter half of this year, and certainly has been for the European market for November. The Euro area composite PMI while contractionary, was better than forecasted. To boot, a (once again) 'less worse' than previously thought Eurozone headline CPI reading, showing the faint signs of a peak, have created the perfect conditions for a remarkable 9.6% rally for European equities. The UK markets, our other reference market, logged a 6.75% rise. The fund rose a strong 5.55% against this backdrop. Some confidence certainly seems to have come back to the markets as evidenced by some risk appetite returning following weaker than forecasted inflation prints in the US (which set the music for the rest of the world) and the UK - not to mention several currencies rebounding with the Euro rising above parity again and the Sterling gathering itself after the Budget fiasco. It's therefore understandable that the word on every investor's mouth is 'pivot', but investor's memory is characteristically short as (1) it is arguably too soon to say inflation and interest rate risks have peaked, if the summer's 'false peak' is anything to go by. (2) whether posturing or not, Central Banks are donning their most serious faces and are still very much in tightening mode, primarily using the very blunt tool that is interest rates. Not too indifferent to sticking a nail in the wall with a jackhammer, interest rates can produce some unforeseen results, or at least not in the timelines expected owing to their lag. The ECB alone has increased rates by a record 0.75% in its last two meetings as it wakes up to the devastating effects of inflation.

Nevertheless, predictions of recessions are slowly being displaced by predictions of a soft-ish landing. As a famous low-cost Irish airline would (probably?) say, a 'positive' landing is still better than a crash. This is the real strength of our strategy, as even in undecided sideways markets, the fund is tirelessly accruing value, and our 40-ish products are quietly 'sequestering' volatility. Furthermore, we're in a position where a large portion of our portfolio incorporates carefully crafted 'step-downs', a mechanism we're using to effectively reduce the amount of time we might have to wait to lock in our returns. On the sensitivities front, the metrics remain very much in line with our buffers ending the month at 39% buffer to coupons and 48% buffer to capital.

### FUND PERFORMANCE - B CLASS INSTITUTIONAL



Source: Levendi Investment Management 30/11/22. Graph starts at Fund launch date.  
\*Since Inception (31<sup>st</sup> of January 2018), rhs

### KEY FACTS

FUND AUM <sup>1</sup>	£101.0M
BASE CURRENCY	GBP
LIQUIDITY	DAILY
SHARE TYPE	B CLASS: INSTITUTIONAL A CLASS: RETAIL B ACCUM: £1.1996 A ACCUM: £1.1731 A DISTRIB: £1.1531 I DISTRIB: £1.0900
INITIAL CHARGE	0%
ANNUAL MANAGEMENT CHARGE	B CLASS: 60BPS A CLASS: 75BPS I CLASS: 75BPS B CLASS: 76BPS
OCF <sup>1</sup>	A CLASS: 91BPS I CLASS: 166BPS
LAUNCH DATE	31 <sup>st</sup> 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
PRICING	DAILY COB
DEALING DEADLINE	DAILY 10:30AM
DEALING LINE	+353 (0) 1 434 5124
FAX ORDER	+353 (0) 1 434 5285
EMAIL	davy_ta_queries@ntrs.com

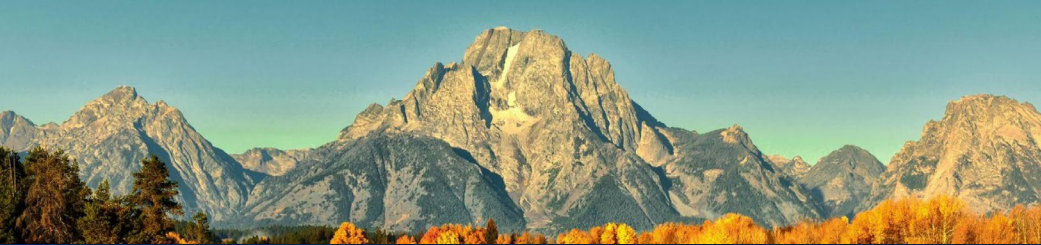
<sup>1</sup> A full list of fees and expenses associated with your investment is in the Fund Supplement under the section titles "Fees and Expenses"

The Fund is actively managed with reference to Libor as per the Fund Supplement

### FURTHER INFORMATION

LEVENDI INVESTMENT MANAGEMENT LTD  
Cunard House, 15 Regent Street  
St James's, London SW1Y 4LR  
t: 0203 150 2842  
[www.levendi-im.com](http://www.levendi-im.com)

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INVESTMENT MANAGEMENT

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%)	0.11%
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%	8.66%
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%	1.76%
2021	(2.88%)	0.91%	4.13%	1.81%	1.02%	0.22%	0.04%	1.00%	(1.00%)	1.68%	(1.51%)	2.80%	8.33%
2022	(1.09%)	(0.20%)	0.25%	(1.05%)	1.47%	(3.69%)	3.57%	(2.85%)	(6.02%)	4.76%	5.55%		0.04%

Past performance does not predict future returns. Source: Levendi Investment Management 30/11/22

REQUIRED LEVELS

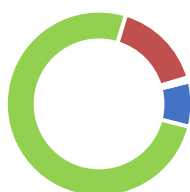
Percentage of Current Market Levels	Lowest	Average	Highest
To receive the target return	50.5%	61.0%	71.5%
Capital preservation at maturity	0.0%	51.1%	66.0%

PORTFOLIO COMPOSITION

Top 4 Holdings	
Gilt-Backed 10YR UKX/SX5E Autocall 7.2%	5.4%
Gilt-Backed 10YR UKX/SX5E Autocall 8.0%	3.9%
Gilt-Backed 10YR UKX/SX5E Autocall 6.8%	3.8%
Gilt-Backed 10YR UKX/SX5E Autocall 7.2%	3.4%

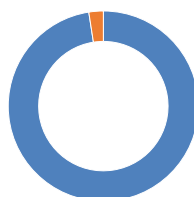
FUND EXPOSURES

ISSUER RATING EXPOSURE



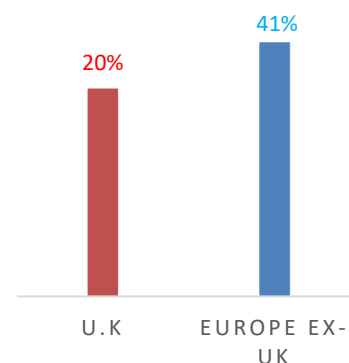
A+	15.6%
BBB+	6.2%
Gilt-backed	75.8%

PRODUCT TYPE EXPOSURE



Autocall	97.6%
Cash	2.4%

MARKET RISK



Source: Levendi Investment Management 30/11/22

AVAILABLE VIA THE FOLLOWING PLATFORMS AND OTHERS

CANADA LIFE	PARMENION	OLD MUTUAL WEALTH	True Potential

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## 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. The below is only an estimate of performance in different market scenarios, taking into account current parameters which can be subject to change. The below should not be taken as exact performances.

MARKET MOVE	-40%	-30%	-20%	-10%	0%	10%	20%	30%	40%
IRR	-0.7%	5.1%	6.0%	6.0%	6.3%	12.3%	19.3%	19.3%	19.3%
DURATION	8.0	8.0	8.0	8.0	6.0	1.2	0.6	0.6	0.6

RETURN ESTIMATES	METRIC	VALUE
WHAT ARE THE BEST 10% OF POSSIBLE RETURNS?	VaR 10	30.3%
WHAT IS THE CHANCE OF A POSITIVE RETURN?	Chance of Gain	95.1%
WHAT IS THE AVERAGE GAIN WHEN THERE IS A POSITIVE RETURN?	Conditional Gain	9.2%
WHAT IS THE EXPECTED AVERAGE RETURN?	Arithmetic Return	7.0%

RISK ESTIMATES	METRIC	VALUE
WHAT IS THE LOSS BASED ON THE AVERAGE OF THE WORST 5% OUTCOMES	CVaR 95% Loss	-40.1%
WHAT IS THE CHANCE OF A LOSS ?	Chance of Loss	4.9%
WHAT IS THE AVERAGE RETURN IN THE SCENARIOS WHERE THERE IS A LOSS?	Conditional loss	-6.5%
WHAT IS THE REALISED VOLATILITY OF THE PORTFOLIO RETURNS?	Volatility (100d)	9.8%
HOW FAR DO MARKETS HAVE TO FALL BEFORE THE MATURITY VALUE IS LESS THAN 100% ON AVERAGE?	Average fall to capital breach	48.0%
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	8.4%

FACTOR EXPOSURE	METRIC	VALUE
CHANGE IN FUND PRICE IF ALL MARKET LEVELS CHANGE BY 1%	Delta	0.61
CHANGE IN FUND PRICE IF INTEREST RATES CHANGE +0.01%	Rho	+0.00%
CHANGE IN FUND PRICE IF VOLATILITY INCREASES +1%	Vega	-0.79%
CHANGE IN FUND PRICE FROM THE PASSAGE OF ONE DAY	Theta	0.02%
AVERAGE DURATION OF THE FUND PRODUCTS	Duration	2.2 years

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