DEFENSIVE EQUITY EXPOSURE

SUMMARY

- Defensive equity exposure to main equity markets.
- Targets a return of 7% per annum[1] with less than 10% volatility.
- No market growth required for positive returns.
- A degree of protection if markets fall.
- Available on all main investment platforms.

INVESTMENT STRATEGY

- The fund holds defensive Autocalls and other similar products that are linked to the performance of the main equity market indices.
- Products are selected based on;
  - A high probability of achieving the target return
  - Offering significant level of downside protection
  - Offering a better return than a tracker fund if markets remain at current levels or fall when the product matures.
- The fund only deals with investment grade banks to mitigate the risk of default and we use collateral to reduce our exposure to the banks we deal with.

HOW IS THE FUND EXPECTED TO PERFORM?

The fund invests in assets that do not rely on rising markets to generate positive returns. It aims to offer positive returns when markets rise, trade sideways or even fall modestly.

In the short term, the fund has a high level of correlation to equity markets and the value of the fund will move up and down with equity markets. Our analysis over the first 6 months shows that the value of the fund changes by about 30% of the change in the level of the underlying markets. So, for example, if markets fall by 10% now, the value of the fund will fall about 3%

The fund includes a risk management overlay that has been designed to offer a degree of protection and so we expect that the fall in the value of the fund should be less than the amount that equity markets have dropped.

[1] Return target is 3m GBP LIBOR +6%

PERFORMANCE TO DATE

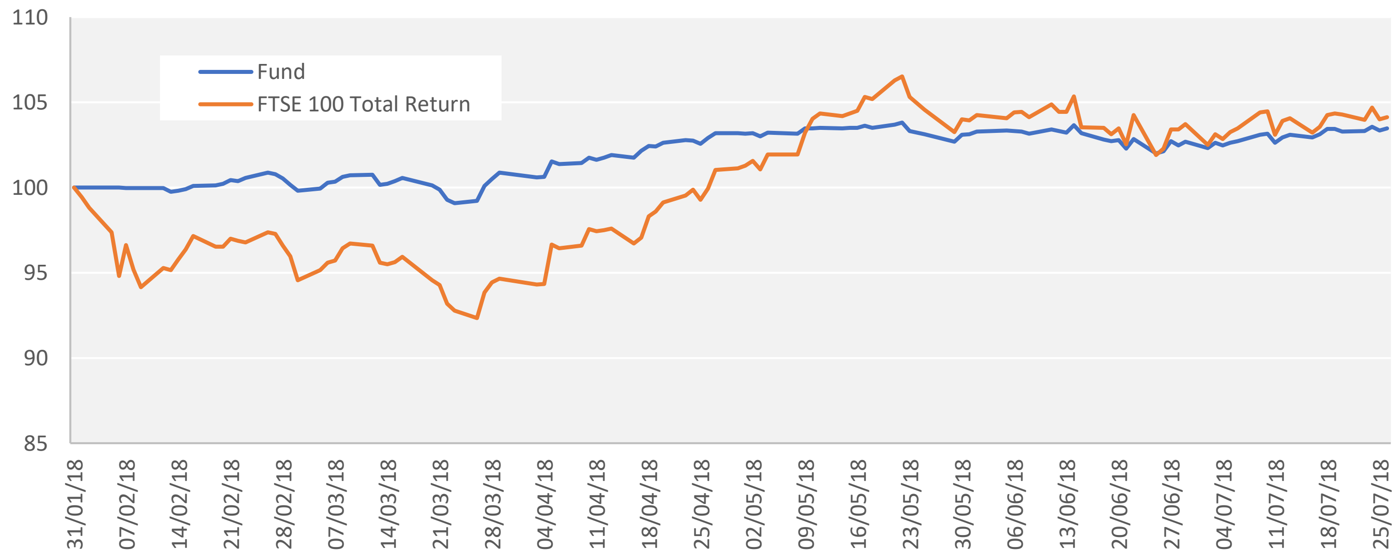
The fund was launched on the 31st January 2018. Over this short period the fund has performed in-line with our expectations.

- +3.6% returns to date.
- Volatility less than 5%
- 30% equity market exposure

The chart below shows the returns of the fund versus the FTSE 100 Total Return. This is an index that includes dividends but where there are no fees or charges. Since the launch date the performance of the fund has demonstrated the defensive equity features. When we compare the performance of the fund to the performance of the underlying index we can see that:

- The share price of the fund changed by about 0.3% for every 1% change in the level of equity market indices.
- The fund is closely correlated to the performance of the index. The price of the fund rises when the index rises, and the price of the fund falls when the index falls. For the technically minded, the correlation of returns over a 2-week window is 0.84.

PERFORMANCE OF THE LEVENDI THORNBRIDGE DEFINED RETURN FUND SINCE LAUNCH



Source: Bloomberg/Levendi Investment Management Ltd

DEFENSIVE EQUITY EXPOSURE

Our main priorities are to preserve capital and to maximise the chance that the fund generates a positive return, in that order.

- The fund holds structured products that we would expect to offer a positive return even if markets fall slightly and which we anticipate will offer better (less bad?) returns than the equity market if markets fall significantly.
- The assets we hold have very significant safety margins before the capital value at maturity would be reduced.
- The risk management overlay provides an additional layer of protection and will be used to keep volatility below 10%.
- We prefer long dated investments, these give more time and opportunity for investors to receive a positive return.

EASY

The fund is an easy and convenient way to get exposure to structured products.

- Available through all wraps and platforms and can be held in offshore bonds
- Daily liquidity, investors can buy and sell when they want.
- Advisers don't have to spend time selecting the best product, monitoring products and managing roll-overs
- There are income and accumulation share classes available
- Suitable for advised and managed portfolios

EXPERT MANAGEMENT

The fund is managed by an expert and experienced management team.

- The fund holds a diversified exposure to Autocalls and similar structured products
- The manager can select the best products given prevailing market conditions and will monitor and manage existing holdings
- Exposure to multiple issuers, no more than 10% exposure to any issuer
- Open-ended with no maturity date so Investors can choose when they realise gains
- The fund deals directly with the issuers and so can secure the very best terms.

TARGET MARKET

The fund has been designed to meet the needs of cautious or balanced retail investors who are looking for steady capital growth over the medium to long term. The fund may be suitable for most investors as part of a portfolio. The fund is a non-complex UCITS which mitigates many of the compliance and regulatory issues associated with individual structured products.

- Clear target market
- No specialist investment knowledge required
- Investment objectives and risk profile make it easy to demonstrate that the fund is suitable and appropriate
- No special reporting requirements or additional cost for PI protection.

RISKS

It is important to note that investors capital is at risk and that the level of the fund will rise and fall with markets in the short term. The fund is not protected or guaranteed and there is no certainty that the fund will generate the target return.

Investors in the fund are exposed to a variety of risks that are described in more detail in the fund brochure and supplement.

KEEPING IN TOUCH

You can get more information from our website, www.levendi-im.com, email us at info@levendi-im.com or call on 0203 150 2848.

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DISCLAIMER