



LEVENDI

INVESTMENT MANAGEMENT

## LEVENDI THORNBRIDGE DEFINED RETURN FUND

### INTRODUCTION

Levendi Investment Management is a specialist Investment Manager based in London with over \$1bn of AUA. Levendi launched the flagship fund on 31<sup>st</sup> January 2018; the Levendi Thornbridge Defined Return Fund (the Fund). The Fund aims to generate GBP LIBOR plus 6% returns while keeping volatility between 5-7%. The fund aims to maximise the chance of meeting the return objective offer a positive return under most market conditions and to include a degree of protection when and if markets fall.

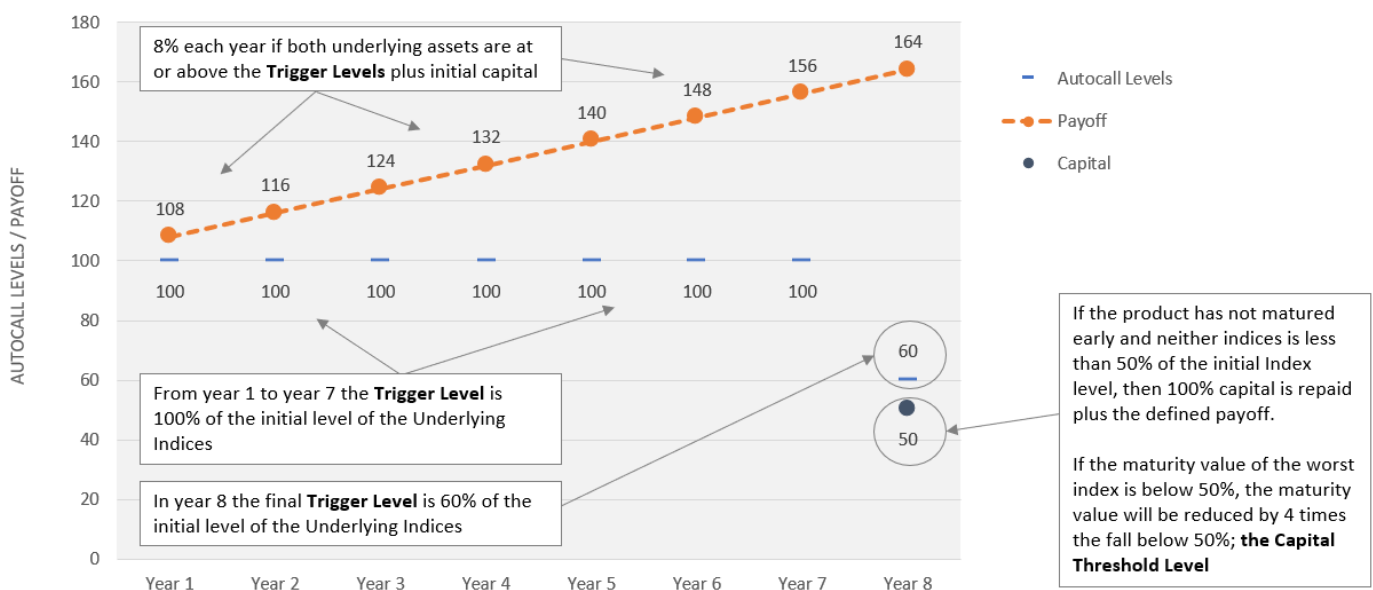
### WHO ARE THE FUND MANAGERS?

**Frank Coplestone** – After completing his Doctorate at Oxford University, Frank began his career as an equity derivatives trader at Credit Suisse and went on to become Global Head of Financial Engineering at Morgan Stanley. Prior to launching Levendi, Frank was Global Head of Equities (Structured Products) at Jefferies.

**David Stuff** – David has been a pioneer of the UK Structured Products industry since starting his career in 1987. David set up and ran the Barclays Structured Products business and went on to be a Director at J.P. Morgan and RBS in Equity Derivative sales.

### WHAT DOES THE FUND HOLD?

The Fund invests in equity linked defined return investments linked to the performance of up to two major equity market indices. The fund has exposure to the FTSE 100 and Eurostoxx 50 now. The chart below shows an example of the sort of investment held by the fund. The maximum term is 8-years, but it may mature at the end of any year. To mature early, both indices must be above the initial level. If the investment makes it to the final year, provided both indices are above 60% of their initial levels, the maturity value is 164%. The final maturity value will only be less than 100% if the final level of the worst performing index is below 50% of its initial level. If the final level of the worst index is below 50%, the maturity value will be reduced on a 4 for 1 basis, so if the final level of the worst performing index was 49% the maturity value will still be 96%. If the worst index is 48% the maturity value will be 92% etc. This means that UK and European equity markets would need to fall to lower than the levels of the 2008 global financial crisis before initial capital can be lost. The low levels at the maturity date mean that the investment offers the prospect of 64% returns where markets have fallen by up to 40% over an 8-year term – positive returns even when markets fall.



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## WHO SHOULD BUY THE FUND?

The Fund has been designed for investors who want an investment that has a high chance of offering a positive return with low volatility. The fund will suit investors who want a degree of protection when markets fall and who have a low capacity for loss. The investment strategy can't eliminate risk, but it can aim to reduce risks. The primary aim is to preserve the value of the Fund.

## HOW HAS THE FUND PERFORMED?

The Fund has comfortably outperformed the IA Targeted Absolute Return sector since launch, returning +7% to date. During Q4



| Cumulative performance                            | 1m   | 3m    | 6m   | 1y   | 3y   | 5y   | 10y   | Start of Data |
|---|------|-------|------|------|------|------|-------|---------------|
| <b>A Levendi Thornbridge Defined Return B Acc</b> | 0.8% | -0.2% | 1.0% | 3.8% | -    | -    | -     | 7.0%          |
| <b>B IA Targeted Absolute Return</b>              | 0.2% | 0.7%  | 1.7% | 1.0% | 4.4% | 8.3% | 25.8% | 57.0%         |

2018 the defensive nature of the strategy was called into question and the Fund performed as we would have expected, it retained value and finished the calendar year up 11 bps – putting it in the top 3 funds for 2018 in the Absolute Return sector.

## WHAT ELSE DO YOU NEED TO KNOW?

The Fund is a daily traded retail UCITS V fund. The fund only holds assets that can be bought and sold at any time under normal market conditions. Over 80% of our Fund is held in Gilt-backed swaps traded with top tier investment banks, thereby materially reducing counterparty exposure.

The Fund A share class is a distribution share class that pays 1.25% per quarter totalling 5% per year. This payment is made through a redemption of capital so may be subject to capital gains tax on the shares that have been sold as opposed to income tax. Please consult a tax expert for further advice.

|                      |  |
|----------------------|--|
| <b>Share classes</b> | A Class Retail Accumulation & Distribution, B Class Institutional Accumulation             |
| <b>AMC / OCF</b>     | A Class: 0.75% / 0.91%, B Class: 0.60% / 0.76%   |
| <b>Availability</b>  | All major platforms including Standard Life, Old Mutual Wealth, Novia, Transact, Ascentric |
| <b>Regulation</b>    | Central Bank of Ireland  |
| <b>Fund Platform</b> | Davy Skyline Umbrella Fund ICAV  |