

ANALYSIS OF CHANCE AND SCALE OF GAINS

15th October 2019

SUMMARY

One of the benefits of investing in a fund like the Levendi Thornbridge Defined Return Fund is that the maturity value of each investment is defined. The maturity value of each investment held by the fund is described in detail. Typically, assets held will pay a return provided that the underlying indices close above the initial level at the end of any year prior to maturity. At the end of the full term, the condition required to pay the full return is that indices close above 60% of the initial levels. Provided both indices close above 50% of the initial levels, the maturity value will be 100%. This level of certainty and transparency gives us and investors the ability to look at the assets held by the fund and form an independent view about the risk/return profile.

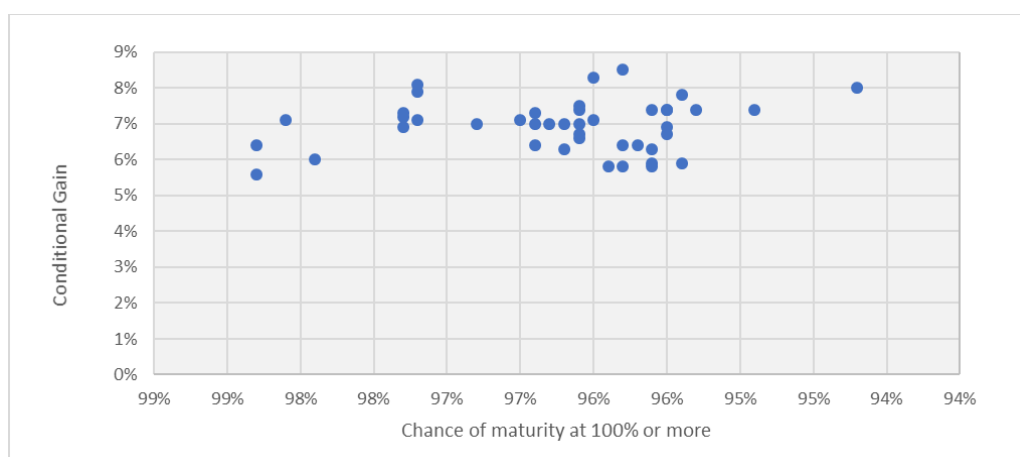
We run detailed stress test analysis of the holdings held by the fund and calculate a range of numbers for risk and return. We can use the aggregated values from the stress test to illustrate how likely we think it is that the assets we hold will mature at 100% or more, and the sort of returns that we expect to generate.

The output from our analysis shows that based on our stress test

- There is a 96% chance that assets mature at 100% or more
- The average gain when there is a gain is a return of 6.9%
- The best-case return is an annual return of 9.5%

CONDITIONAL GAIN / CHANCE OF MATURITY > 100%

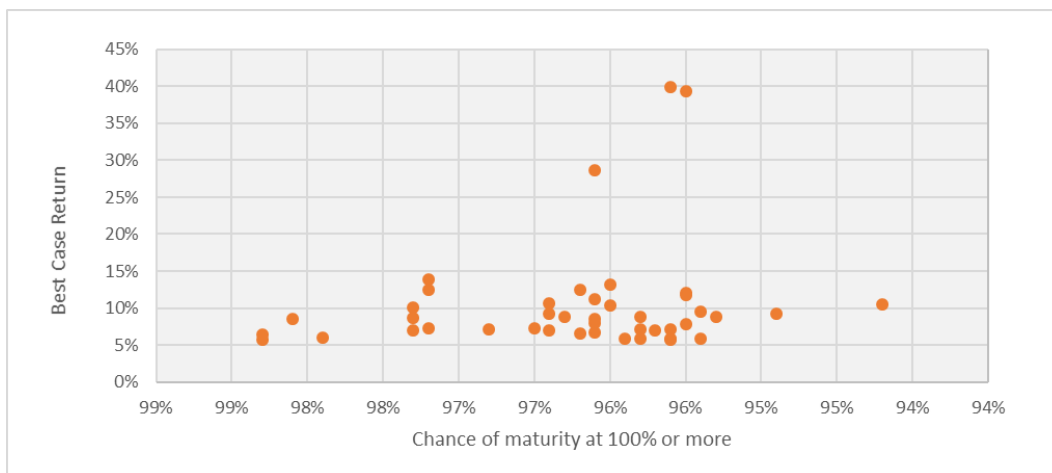
The 1st chart I show the chance that the maturity value of each product is greater than 100% and the Conditional Gain. The Conditional Gain is the average annual return (based on the current price) in scenarios where the maturity value of the product is greater than the current price.



The chart shows that all the products have a high chance of maturing at 100% or more. The average is 96.2%. The conditional Gain ranges from 5.6% to 8.5%, the average Conditional Gain is 6.9%. This profile is exactly in line with the return objectives of the fund.

BEST CASE RETURNS

To estimate the best case, we calculate the 10th best annual return out of 100 scenarios. The average value is a return of 9.5% per annum.



CONCLUSIONS

The analysis from our stress test illustrates that the return profile of the assets held by the fund are expected to deliver the gains that the fund aims to deliver. Its important to remember that the stress test is only an estimate of the chance and scale of returns.

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