

Fortem Capital US Equity Income Fund

Monthly Report – 31st January 2023

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Investment Objective

The Fund aims to generate quarterly income of 4% p.a., whilst providing for capital growth such that the Fund's total return tracks the S&P 500 Net Total Return Index, with the opportunity for slight outperformance.

Background

- ◆ Gravitation towards passive US equity as consistent alpha hard to find.
- ◆ This can create issues for income investors since the S&P 500 traditionally offers lower yields.
- ◆ Active income funds tend to deviate away from the benchmark for a number of reasons:
 - Stock / sector / factor deviation in order to select higher yielding companies
 - Selling of options without mitigating the additional market risk they introduce

The Fund Will

- ◆ Generate its target income from a combination of both receiving dividends and collecting premiums from the buying and selling of listed options on the S&P 500 Index.

Dividend Yield + Option Premiums → 4% p.a. target income

- ◆ Additionally employ hedging techniques in order to minimize daily tracking error to the S&P 500 Total Return Index.
- ◆ Use S&P 500 futures to manage the Fund's exposure back to a daily target beta of 1.

Performance (%)



Inception Date: 13.05.2021

| | 1m | 3m | 6m | 1y | Inception |
|-------------|-------|-------|--------|--------|-----------|
| Class F USD | 6.19% | 4.80% | -0.67% | -8.69% | 1.01% |
| SPTR500N | 6.25% | 4.83% | -0.70% | -8.67% | 0.96% |

Key Facts

| | |
|---|--|
| Investment Manager | Fortem Capital Limited |
| Net Asset Value | \$13,288,175 |
| Fund Type | Irish Domiciled UCITS V ICAV |
| Launch Date | 13 th May 2021 |
| Base Currency | USD |
| Liquidity | Daily |
| Dealing Deadline | 10:30am Irish Time |
| Pricing | Daily COB |
| Share Type | Class A: Accumulation Class F: Distribution |
| Initial Share Price | \$1.00 |
| Minimum Subscription Amount | \$5,000,000 [^] |
| AMC OCF | 0.40% 0.60% |
| Reporting Status | Registered with HMRC |
| Dealing Line | +353 (0)1434 5124 |
| Dealing Email | davy_ta_queries@ntrs.com |
| Depository, Administrator, Registrar & TA | Northern Trust |
| Auditor | Deloitte |
| Benchmark | S&P 500 Net Total Return |

[^]Minimum sizing can be waved upon request

| Share Class | Unit NAV | ISIN | Bloomberg |
|-------------|----------|--------------|------------|
| Class F USD | 0.9415 | IE00BL643474 | FCUSFFI ID |
| Class F GBP | 0.8861 | IE000O7DU281 | FUSEIFP ID |

Distributions

| | 12m Historic Yield* | |
|-------------|---------------------|----------|
| Class F USD | 4.02% | |
| | Apr'22 | Jul'22 |
| Class F USD | \$0.010 | \$0.0062 |
| Class F GBP | £0.011 | £0.0064 |
| | Oct'22 | Jan'23 |
| Class F USD | \$0.0090 | \$0.0125 |
| Class F GBP | £0.0089 | £0.0095 |

Past performance is not necessarily a guide for the future. Forecasts are not reliable indicators of future performance. The value of investments, and the income from them, can go down as well as up and the investor may not get back the amount originally invested. The data is sourced from Fortem Capital Limited and external sources. The data is as at the date of this document and has been reviewed by Fortem Capital Limited.

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Fortem Capital US Equity Income Fund

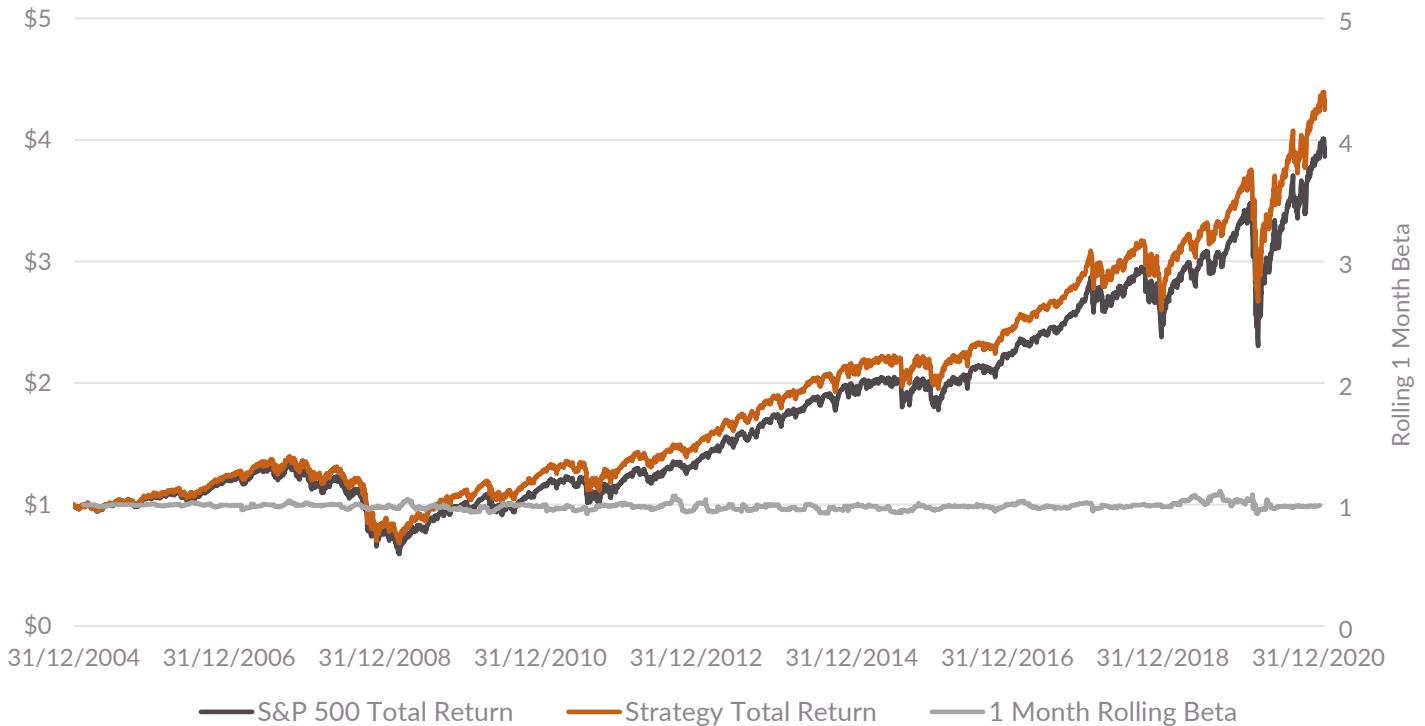
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Simulated Performance

| | Annualised Return | Annualised Volatility | Sharpe Ratio | Beta to S&P 500 TR |
|-----------------------|-------------------|-----------------------|--------------|--------------------|
| Strategy Total Return | 9.74% | 20.10% | 0.48 | 0.99 |
| S&P 500 Total Return | 9.13% | 19.74% | 0.46 | 1.00 |



Data from 31st December 2004 to 31st December 2020
Source: Fortem Capital, Bloomberg

SIMULATED PAST PERFORMANCE: Past performance data shown in this communication is derived from back-testing simulations. This is provided for illustrative purposes only. Details of the calculation methodology are available on request. Past performance is not necessarily a guide for the future. Forecasts are not reliable indicators of future performance. The value of investments, and the income from them, can go down as well as up and the investor may not get back the amount originally invested. The data is sourced from Fortem Capital Limited and external sources. The data is as at the date of this document and has been reviewed by Fortem Capital Limited.

Key Benefits

- ◆ 4% pa target income paid out or reinvested
- ◆ Potential for slight outperformance
- ◆ Targeting daily beta of 1 to S&P 500 Total Return Index, inclusive of income
- ◆ Physically backed with underlying equities
- ◆ Daily liquidity

*12m Historic Yield is calculated as the total distributions over the previous 12m divided by the average NAV on the XD dates over the previous 12m

Key Risks

- ◆ Capital at risk: Investors may lose capital in line with the performance of the underlying S&P 500 Net Total Return Index
- ◆ Tracking error: The Fund's Total Return performance may deviate from the benchmark
- ◆ Income risk: If dividend yields and implied volatility levels fall, investors may receive less than 4% target income
- ◆ Returns may increase or decrease as a result of currency fluctuations

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Platform Availability

| | | | | | |
|----------|-------|-----|------------------|----------|----------------|
| Allfunds | Aviva | FNZ | Pershing (Nexus) | Transact | True Potential |
|----------|-------|-----|------------------|----------|----------------|

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