



KEY FACTS

FUND SIZE (As of 31 January 2018)	NAV (As of 31 January 2018)	LAUNCH	AMC (Annual management charge)	TER (Total expense ratio, estimated)	ISIN	SEDOL	BLOOMBERG CODE
£161.34m	102.3%	28 Nov 2016	0.75%	0.97%	LU1440702675	BD87QV6	CBKMWSP LX

WEBSITE | www.structuredproductsfund.com

INVESTMENT OBJECTIVE AND INVESTMENT SELECTION

The fund's objective is to return an average annual return of cash (3m GBP Libor) plus 6% over a rolling three-year period with a volatility lower than the leading benchmark equity indices. This return will be achieved by investing in a diversified portfolio of structured product pay-offs.

PORTFOLIO ACTIVITY

One structured product held by the fund matured ('autocalled') in January, and another paid a coupon. The details of these traded are as follows:

1. Trade 17, which was linked to the performance of a leading US equity index and a leading UK equity index matured and paid a 5% coupon after 6 months. The return on this structured product was equivalent to 10.00% p.a.
2. The structured product linked to a US equity index and a leading Japan equity index paid an 8.78% coupon after a year. The maximum annual coupon for this structured product was 9.2%. This range accrual structured product was only outside of the range for 12 business days in its first year.

Fund performance was down 0.6% in January, resulting in a NAV of 102.3%. This move was mostly due to an increase in equity index volatility in late January, when the VIX volatility index rose 11% in 4 days. All structured products are exposed to volatility or “uncertainty” and an increase in volatility will have a negative effect on structured products prices. This effect tends to be short lived and diminishes as structured products approach their maturity or autocall dates.

We executed five new structured products for the fund:

1. **Australia & Europe Basic Resources Index Phoenix Autocall** This structured product pays 2.00% per quarter if both indices are at or above 75% of their start levels on each quarterly anniversary.
2. **Japan and UK Index Defensive Autocall** This structured product pays 8% per annum if both underlyings are above their start levels after one year, with a declining autocall barrier of 4.5% per annum for every year after that. If one index is below the autocall barrier after one year, no return is paid and the structured product continues. The autocall barriers are 100% of the index start levels after one year, and decline by 4.5% per annum for the remaining five years.
3. **Europe and Hong Kong Index Defensive Autocall** This structured product pays a 9% per annum return and will mature if both indices are above their autocall barriers on the anniversary of the start of the trade. If one index is below the autocall barrier after one year, no return is paid and the structured product continues. The autocall barriers are 100% of the index start levels after one year, and decline by 5% per annum for the remaining five years.
4. **UK and US Supertracker** This pay off is similar to trade 17 that autocalled in December. It will pay 5% and mature if both indices are above 99% of their start level after 6 months. Otherwise it will pay 10% and mature after one year if both indices are above their start levels. If the trade runs to maturity, it will pay 2% for every 1% increase in the average performance of the indices from 85% of their start levels, with a maximum return of 56%.
5. **Basic Resources Index Supertracker** This structured product pays 5% and matures if the index is above 90.75% of its start level after 6 months. Otherwise it will pay 10% and mature after one year if the index is above its start level. If the trade runs to maturity, it will pay 1.6% for every 1% increase in the average performance of the indices from 80% of the index start level, with a maximum return of 48%

Finally, we sold the US/UK Bearish Autocall (product 6) as the US Index had increased to a point where it was highly unlikely that this structured product would pay a return.

WHAT IS THE AVERAGE MATURITY OF THE STRUCTURED PRODUCTS IN THE PORTFOLIO?

All the structured products held by the fund have autocall or early termination features. This simply means they can pay the original amount invested plus a return before the maximum maturity. All the structured products the fund holds have a maximum maturity of six years. The shorter the average maturity, the sooner the fund will receive back the original amount invested plus a return; therefore, as a rough guide, the lower the average maturity the better. The current average maturity of the structured products in the portfolio is 2.54 years, with the shortest maturity being 0.03 years and the longest 3.98 years.

MONTHLY NAV AND YTD PERFORMANCE FIGURES

Date	31 Jan	28 Feb	28 Mar	28 Apr	28 May	29 Jun	28 Jul	31 Aug	29 Sep	31 Oct	30 Nov	31 Dec	YTD
2016											1.0000	1.0001	+0.01%
2017	1.0011	1.0022	1.0110	1.0200	1.0210	1.0180	1.0280	1.0330	1.0370	1.0360	1.0260	1.0290	+2.90%
2018	1.0230												

