



## KEY FACTS

<b>FUND SIZE</b> (As of 28 February 2018)	<b>NAV</b> (As of 28 February 2018)	<b>LAUNCH</b>	<b>AMC</b> (Annual management charge)	<b>TER</b> (Total expense ratio, estimated)	<b>ISIN</b>	<b>SEDOL</b>	<b>BLOOMBERG CODE</b>
£168.51m	100.90%	28 Nov 2016	0.75%	0.97%	LU1440702675	BD87QV6	CBKMWSP LX

WEBSITE | [www.structuredproductsfund.com](http://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

Two structured products held by the fund matured ('autocalled') in February. The details of these structured products are as follows:

1. Trade 7, which was linked to the performance of a leading European equity index and a leading Australian equity index, matured and paid an 8.8% coupon after one year. The average performance of the two indices was 2.36% over the same period, so the return on the structured product outperformed the return on the indices by 372%.
2. Trade 8, which was also linked to the performance of a leading European equity index matured after one year and paid an 8% coupon. The index was up 2.72% over the same period, so the return on the structured product outperformed the return on the index by 294%.

The fund had £168.51m AUM at the end of February, up 4.45% from the previous month.

The fund's performance was down 1.4% in February, resulting in a NAV of 100.90%. At the beginning of February equity markets fell substantially, led by economic news from the US. During February, the S&P 500 fell by 3.89%, the FTSE 100 fell by 4.00% and the Nikkei 225 fell by 4.46%. The five new trades that the fund invested in during January (representing 30% of the fund) all fell sharply because they were so new and struck at higher index levels. The rise in volatility has a negative impact on the existing holdings because it increases the range of outcomes and makes achieving the target return less certain. The fall in the index levels has helped the long-term outlook for the fund and means that all but one of the fund's 19 holdings would produce their maximum return if markets don't move from here.

We executed three new structured products in February:

1. **Europe Basic Resources Index Supertracker Autocall.** This will pay 5% and mature if the index is above 90.75% of its start level after six months. Otherwise it will pay 10% and mature after one year if the index is above its start level. If the trade runs to the maximum six-year maturity, it will pay 1.6% for every 1% increase in the performance of the index from 80% of its start level, with a maximum return of 48%.
2. **Australia & Europe Phoenix Autocall.** This pays 2.36% per quarter if both indices are at or above 81% of their start levels on each quarterly anniversary. It will pay a coupon and autocall if both indices are above their start levels from the first anniversary of the start of the structured product.
3. **European Index Supertracker.** This pays 5% and matures if the index is above 91.88% of its start level after six months. Otherwise it will pay 10% and mature after one year if the index is above its start level. If the trade runs to the maximum six-year maturity, it will pay 1.7% for every 1% increase in the performance of the index from 85% of the index start level, with a maximum return of 51%.

Full details of the fund's holdings can be found on our website: [www.structuredproductsfund.com/current-market-exposure](http://www.structuredproductsfund.com/current-market-exposure)

Finally, we took advantage of the correction in equity markets to increase trade 23 by £2m, trade 25 by £1m and trade 13 by £1m.

**Fund holdings.** The fund is now 97.42% invested in individual structured products.

## SCENARIO ANALYSIS

The analysis below is an estimate of what would happen to the price of the fund if all the indices to which the fund has exposure via its structured products moved overnight by the amounts shown in the 'market move' column. This analysis is made subject to a number of assumptions regarding the various inputs required and cannot be seen as an accurate prediction of how the price of the fund will move.

Market move (as of 28 February 2018)	-20%	-10%	-5%	-2%	2%	5%	10%
Immediate change in fund NAV	-12.45%	-4.82%	-2.05%	-0.73%	0.63%	1.38%	2.30%

## 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 2.74 years, with the shortest maturity being 0.75 years and the longest 4.68 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
<b>2016</b>											1.0000	1.0001	<b>+0.01%</b>
<b>2017</b>	1.0011	1.0022	1.0110	1.0200	1.0210	1.0180	1.0280	1.0330	1.0370	1.0360	1.0260	1.0290	<b>+2.90%</b>
<b>2018</b>	1.0230	1.0090											-1.40%

