



KEY FACTS

FUND SIZE	NAV (As of 28 February 2017)	LAUNCH	AMC (Annual management charge)	TER (Total expense ratio, estimated)	ISIN	SEDOL	BLOOMBERG CODE
£65,705,087	100.22%	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

The fund has invested in two structured products this month. The first pay-off is an autocall i.e. it can terminate after one year and annually thereafter, linked to a leading European equity index and a leading Australian equity index. The advisers believe these two indices will have a broadly flat performance over the next 12 months. With this in mind, we have invested in a structured product that pays a coupon of 2.2% per quarter if both indices are at or above 80% of their start levels. In other words, both indices can fall by 20% from now until 10 May and still pay a coupon of 2.2%. As an additional feature, on the first anniversary of the start date, if both indices are at or above their start levels, the structured product will autocall. The other structured product is also linked to a leading European equity index. This structured product has three autocall features – the first will pay 2% if the index has fallen by 20% or more after the French election in May, otherwise it can autocall and return 8% if the index is above its start level after a year, or 16% if the index is at or above its start level after two years. If this structured product runs for the full six-year term, it will return 1.71% for every 1% the index has risen above 85% of its start level, with a maximum payout of 51.3%.

MONTHLY REVIEW

Since the middle of February, there has been much focus in Europe on the possibility of a shock Marine Le Pen victory in the French election in late April / early May. The consequences of this victory are obviously unknown, but could result in a breakup of the euro and political turmoil. If Le Pen is not elected, there may be a 'relief rally' that will see a recovery in equity markets until the German and Dutch elections later this year. In the UK, the next challenge for the Brexit process will be consent for the Brexit enactment legislation from the House of Lords. Any successful challenges from the Lords could delay the start of the Brexit process and will cast further doubt on the eventual economic implications for the UK. In the US, equity markets continue to climb with the details of Trump's proposals on defence spending and his policy priorities becoming clearer. His ability to enact his agenda remains very uncertain and will test the President's willpower in the next few months.

WHAT RISK MEASURES DO THE ADVISERS MONITOR IN THE FUND?

For all but one of the eight structured products that the fund currently holds, if there is a pronounced and sustained fall in equity markets there is a possibility that one or more of the structured products that the fund has invested in could return less than the capital initially invested in the fund. This equity slump would have to last for nearly six years for the fund to be severely affected, but on a daily basis the advisers monitor how far the worst performing equity index would have to fall in order for the fund to lose money. The table below shows by how much the worst performing indices that the fund is exposed to would have to fall in order for the fund to lose money, and the date upon which any loss would be realised.

Index	Percentage fall from current level before any capital is at risk	Date at which any capital loss will be measured
Leading European index	39.12%	23 February 2023
Leading UK index	39.85%	10 February 2023
Leading Japan index	39.90%	20 January 2023

If the indices specified fall by less than the percentages in the above table on the date specified in the third column, the fund will not lose any capital from the related structured products.

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 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 3.32 years, with the shortest maturity being 2.38 years and the longest 5.09 years.

MONTHLY NAV AND YTD PERFORMANCE FIGURES

Date	31 Jan	28 Feb	31 Mar	30 Apr	31 May	30 Jun	31 Jul	31 Aug	30 Sep	31 Oct	30 Nov	31 Dec	YTD
2016											1.00	1.0001	+0.01%
2017	1.0011	1.0022											+0.11%

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 at 28 February 2017)	-20%	-10%	+10%
Immediate change in fund price	-8.05%	-2.84%	0.95%