



## KEY FACTS

<b>FUND SIZE</b> (As of 31 December 2017)	<b>NAV</b> (As of 31 December 2017)	<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>
£153,922,500	102.9%	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

Four structured products held by the fund matured ('autocalled') in December, and a fifth paid a coupon. These were as follows:

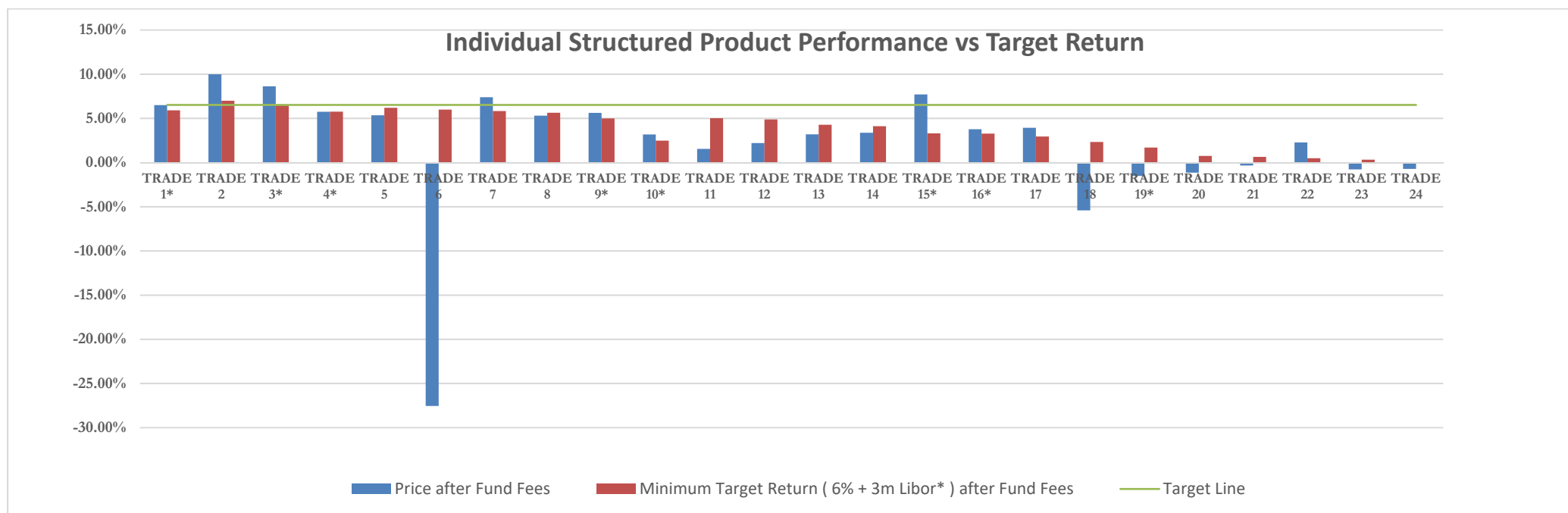
The structured product linked to a Swedish equity index and an Australian equity index paid a quarterly 2.12% coupon and matured. The total return on this structured product was equivalent to 8.48% p.a. The Europe Bank Sector index structured product paid an 8.2% coupon after six months and also matured. This return is equivalent to 16.4% p.a. The Europe Bank Sector index performance was up 1.25% over the six-month period, so the return on the structured product was 6.56 times the index performance. The structured product linked to a leading UK equity index and Australia equity index matured and paid 9.6% after one year. The Europe Basic Resources Index structured product matured and paid 5% after six months, the equivalent of 10% p.a. The range accrual structured product linked to a UK equity index and a US equity index paid an 8.9% coupon after one year. As the two indices had remained in range for the whole year, this was the maximum coupon payable for this structured product.

We executed three new structured products for the fund in December:

1. **European Index & Basic Resources Index Autocall.** This structured product pays 2.25% per quarter if both indices are at or above 75% of their start levels on each quarterly anniversary.
2. **Europe Bank Sector Index Autocall.** This structured product replaced a similar structured product that autocalled in December. It will pay 5% and autocall if the index is above 86% of its start level in six months' time.
3. **Australia and Hong Kong Defensive Autocall.** This structured product pays an 8% p.a. return and autocalls if both indices are above their start levels after a year. The autocall barrier declines by 5% p.a. after year 1, and drops to 81% of initial level for both indices after four years.

Finally, we sold the Nikkei 225 / FTSE 100 autocall at a cost of 0.08% to the fund as the Nikkei 225 index was considerably outside of the accrual range.

## INDIVIDUAL STRUCTURED PRODUCT PERFORMANCES



Source: Mattioli Woods' internal data. All prices quoted are gross of AUA and platform fees. An asterisk after the trade number indicates the structured product has been sold or has autocalled.

\*3m Libor is the average interest rate at which a selection of banks in London are prepared to lend to one another with a maturity of 3 months.

The bar chart above shows the current indicative valuation of each individual structured product (the blue bar) versus the annualised target return (the red bar), and both are shown net of the estimated TER of 0.97%. The TER is also calculated on an annualised basis. Trade 1 was the first structured product the fund purchased on 5 December 2016, which was sold in November 2017 for an annualised return of 7.16% after the TER had been deducted. The blue bars show how each trade is currently performing relative to its annualised target return from the purchase date of each structured product. The newest structured product, trade 24, was executed on 22 December and should reach its target return on 21 December 2018.

## 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 2.34 years, with the shortest maturity being 0.28 years and the longest 3.89 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%