Our Suite of Style Buckets

H1 2021 Factsheets

Highlights

- Equities had a good run in the first half of 2021, now some increased volatility could be on the cards, due to the uncertainty in relation with the pandemic.
- The recent correction in reflation-related stocks, such as mining and commodity-related companies, offers an opportunity to add to positions.
- For the summer months, the tug of war between the view of the current spike in inflation being ‘transitory’ and the view of “inflationistas” will continue.
- On the currency side, we expect to USD to weaken in the medium term, speaking in favor of commodities and especially precious metals positions as well as emerging market equities.

St. Gotthard
Fund Management

Absolute Return

St. Gotthard Fund Management

INVESTMENT RATIONALE

VERY LOW DRAWDOWN RISK

RISK-BUDGETING APPROACH

LIMITED EXPOSURE TO DIFFERENT ASSET CLASSES

CLEARLY DEFINED EXIT LEVELS LIMIT DRAWDOWNS

OPPORTUNISTIC BY NATURE

STRATEGY

Based on the principle of risk budgeting, the strategy aims to take only very limited exposure to different asset categories, with clearly defined exit levels, allowing for a measured investment approach that focuses as much on limiting losses as on generating winners. Opportunistic by nature and focusing on a good diversification on an instrument, but also asset category and asset class level, the strategy is best suited for clients with a very low drawdown capability.

MANAGER COMMENT

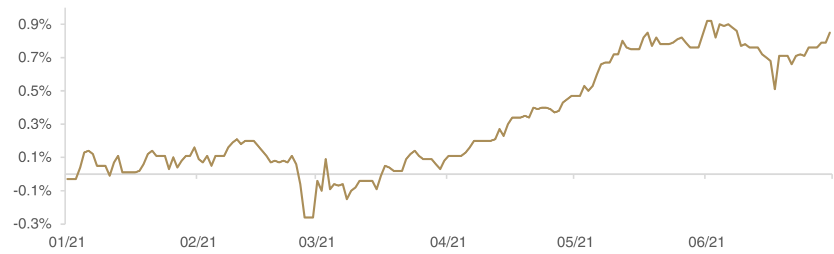
While there still was some uncertainty in terms of how the pandemic was to develop at the end of last year, the hope that the record pace of vaccine developments would lead towards a return to pre-pandemic times drove financial markets in the first half of 2021. Economic recovery is strong in many countries, and this has led to highest economic growth rates seen in generations. Earnings recovery is expected to continue into next year, therefore investors continued to bid up prices, with the MSCI ACWI up 13% in USD terms. Regional differences were high, with the US stock market adding more than 15% and Emerging Markets as well as Japan gaining by a good 6%, respectively.

Global Bonds lost more than 3%, reflecting the yield rise and simultaneous steepening of the yield curve that went on especially in the first quarter, to be followed by a partial countermove in the second. CPI rates have spiked, also on core inflation measures, the latter of which have reached almost 30-year highs. On the currencies front, the USD retraced some of its losses of the previous year into end-March, only to then test again its lows into late May and to again recover towards quarter end. The fundamental picture does not support the USD, in our view, and the Fed's stance will be anything but hawkish relative to other central banks.

Financial market developments in the first half of 2021 was something of a tale of two stories. The continued rise in bond yields in the first quarter was followed by a countermovement. The USD got stronger in the first half after considerable zigzagging. Commodities got stronger in general, however precious metals underperformed and were down 5%. After a significant upmove in equities during the first half, some setback appears possible during summer. We are holding our powder dry in order to take very risk-conscious investment decisions in the coming weeks and months.

The strategy in the first half was to follow a very conservative investment approach, with cash plus elements forming the basis plus a limited number of trading positions, aimed at improving overall returns without incurring the risk of strong down-moves of the total portfolio. The highest contributing position was a fund in the absolute return spectrum with an impressive track record, investing in most liquid government securities. Our liquidity plus positions have returned small positive returns, delivering on our expectations. Some of our trading positions to date have cost, among them our physical gold ETF and Japanese government

PERFORMANCE



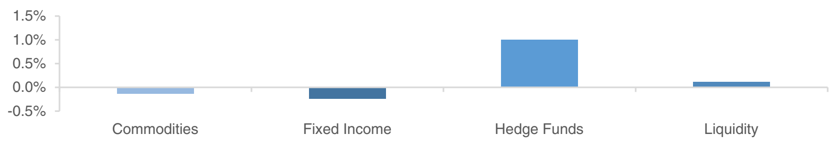
*The performance is shown as gross rate of return (excluding custodian and management fees).

Monthly returns (%)

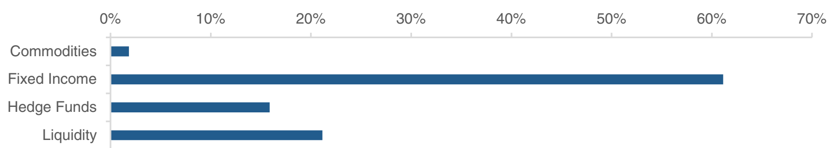
Year	Currency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
	USD	0.18	-0.40	0.41	0.39	0.37	-0.21							0.74

	Annualised (%)				Cumulative (%)			
	1Y	2Y	3Y	ITD	1Y	2Y	3Y	ITD
USD	n/a	n/a	n/a	1.48	n/a	n/a	n/a	0.74

PERFORMANCE CONTRIBUTION



ALLOCATION



STATISTICS

01.01.2021 - 30.06.2021

Sharpe Ratio	1.41
Annualised Volatility	1.06%
Cumulative Dividend Yield (first half of year)	0.07%
Maximum Drawdown (MDD)	0.47%

BUCKET FACTS

Inception Date:	01.01.2021
Currency:	USD
Minimum Investment:	500,000

RISK CATEGORY SRRI

Lower Risk | Higher Risk

1	2	3	4	5	6	7

Typically Lower Reward | Typically Higher Reward

Capital Gain Premium

St. Gotthard Fund Management

INVESTMENT RATIONALE

HIGH RETURN TARGET WITH CORRESPONDING RISK

FOCUS ON EQUITIES AND COMMODITIES

WELL DIVERSIFIED

DERIVATIVE OVERLAY FOR EFFICIENT EXPOSURE MANAGEMENT

FOCUS ON AVOIDING TAIL RISKS

STRATEGY

Based on the principle of risk budgeting, the strategy aims to take only very limited exposure to different asset categories, with clearly defined exit levels, allowing for a measured investment approach that focuses as much on limiting losses as on generating winners. Opportunistic by nature and focusing on a good diversification on an instrument, but also asset category and asset class level, the strategy is best suited for clients with a very low drawdown capability.

MANAGER COMMENT

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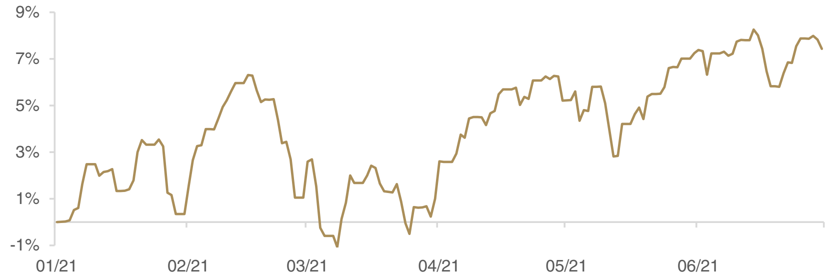
2021 saw an eventful first half on equity markets. January started well, but a correction ensued towards the end of the month, erasing the temporary gain of 4% in the case of the global MSCI ACWI index. February again saw a very strong first half, during which EM equities rose to a level of more than 10% above year-end, only to see this move corrected again in the following weeks. It was only in March when markets started to generally head north, with the exception of Japanese equities, which did not profit from a weakening yen. Commodities performed mixed, with precious metals lagging industrial metals and energy commodities.

Our strategy in the first half, with some overweight in emerging market stocks and also the UK, has not yet paid off. Especially the strong move in the USD has led to some capital moving out of emerging markets, however we expect this to reverse soon. Due to very bullish to excessively positive sentiment on behalf of retail investors, we have decided to position the portfolio more cautiously on a temporary basis. Our tilt towards 'reflation topics', that we strengthened in May, has not paid off to date, however we remain convinced that it will in the second half.

PERFORMANCE



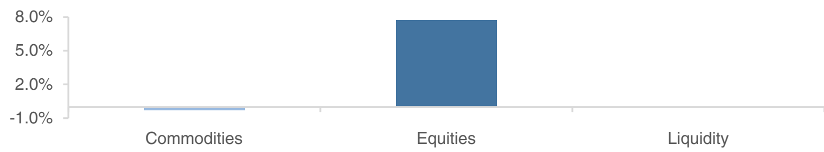
*The performance is shown as gross rate of return (excluding custodian and management fees).

Monthly returns (%)

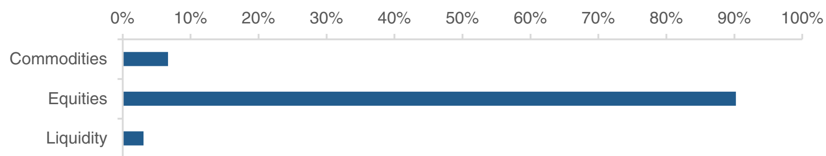
Year	Currency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
	USD	0.35	0.71	-0.05	4.17	1.92	0.17							7.43

	Annualised (%)				Cumulative (%)			
	1Y	2Y	3Y	ITD	1Y	2Y	3Y	ITD
USD	n/a	n/a	n/a	15.41	n/a	n/a	n/a	7.43

PERFORMANCE CONTRIBUTION



ALLOCATION



STATISTICS

01.01.2021 - 30.06.2021

Sharpe Ratio	1.47
Annualised Volatility	10.57%
Cumulative Dividend Yield (first half of year)	0.16%
Maximum Drawdown (MDD)	6.94%

RISK CATEGORY SRRI

Lower Risk — Higher Risk

1	2	3	4	5	6	7

Typically Lower Reward — Typically Higher Reward

BUCKET FACTS

Inception Date:	01.01.2021
Currency:	USD
Minimum Investment:	1,000,000

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Capital Gain Basic

St. Gotthard Fund Management

INVESTMENT RATIONALE

HIGH RETURN TARGET WITH CORRESPONDING RISK

FOCUS ON EQUITIES AND COMMODITIES

WELL DIVERSIFIED

DYNAMIC EXPOSURE MANAGEMENT

FOCUS ON AVOIDING TAIL RISKS

STRATEGY

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MANAGER COMMENT

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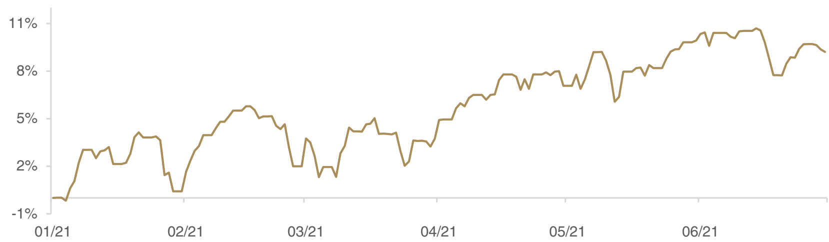
BUCKET FACTS

Inception Date:	01.01.2021
Currency:	USD
Minimum Investment:	100,000

PERFORMANCE



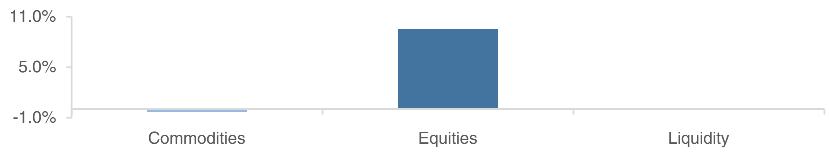
*The performance is shown as gross rate of return (excluding custodian and management fees).

Monthly returns (%)

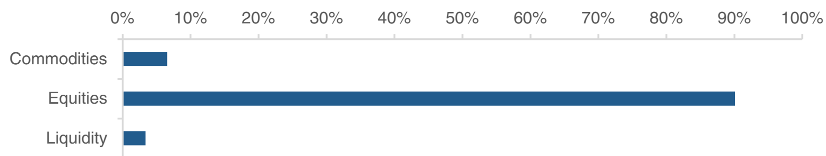
Year	Currency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
	USD	0.41	1.59	1.69	3.22	2.67	-0.66							9.20

	Annualised (%)				Cumulative (%)			
	1Y	2Y	3Y	ITD	1Y	2Y	3Y	ITD
USD	n/a	n/a	n/a	19.25	n/a	n/a	n/a	9.20

PERFORMANCE CONTRIBUTION



ALLOCATION



STATISTICS

01.01.2021 - 30.06.2021

Sharpe Ratio	1.84
Annualised Volatility	10.54%
Cumulative Dividend Yield (first half of year)	0.52%
Maximum Drawdown (MDD)	4.23%

RISK CATEGORY SRRI

Lower Risk — Higher Risk

1	2	3	4	5	6	7

Typically Lower Reward — Typically Higher Reward

Income Premium

St. Gotthard Fund Management

INVESTMENT RATIONALE

FOCUS ON STEADY CASH FLOWS

WELL DIVERSIFIED

BOTH TRADITIONAL FIXED INCOME AND ALTERNATIVE INCOME

STRONG FOCUS ON PROVEN TRACK RECORDS

INVESTMENT SELECTION DRIVEN BY LONG-TERM FOCUS

STRATEGY

The strategy aims to produce a significant amount of income by harvesting a multiple set of income-generating strategies, both in the traditional and alternative spheres of fixed income. Due to the current zero and even negatively-yielding fixed income environment, temporary drawdown risk exists. We place a high emphasis in our investment selection process to long-term and proven track records and high standards of collateralisation aimed at mitigating default risk.

MANAGER COMMENT

While there still was some uncertainty in terms of how the pandemic was to develop at the end of last year, the hope that the record pace of vaccine developments would lead towards a return to pre-pandemic times drove financial markets in the first half of 2021. Economic recovery is strong in many countries, and this has led to highest economic growth rates seen in generations. Earnings recovery is expected to continue into next year, therefore investors continued to bid up prices, with the MSCI ACWI up 13% in USD terms. Regional differences were high, with the US stock market adding more than 15% and Emerging Markets as well as Japan gaining by a good 6%, respectively.

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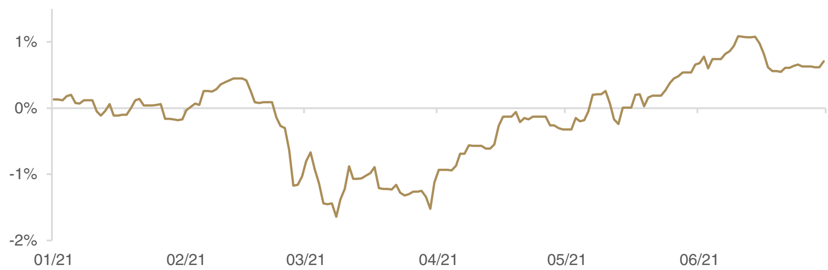
The first half of 2021 was a bit a tale of two stories: a more difficult first quarter, during which bond yields rose steeply throughout the world, leaving a negative imprint upon performance for many fixed income positions. We could not fully avert some performance drag, but, by the end of the quarter had almost reached the zero line again. April and May were two strong months, carried by virtually all positions, whereas June displayed still positive, but weaker performance.

Alternative income positions in the trade finance, infrastructure and private debt segments all added to performance, while fixed income in June was a drag in general, for instance in the emerging market bonds segment, mainly due to a strengthening USD. Cat bonds as well as high yield slightly gained. Looking ahead, we will remain cautious in terms of interest rate risk, as we consider the market's current inflation expectations to be tied down by the past 40 years' of disinflation experience. Many factors that led to suppressing price growth for decades have already changed or are in the process of turning.

PERFORMANCE



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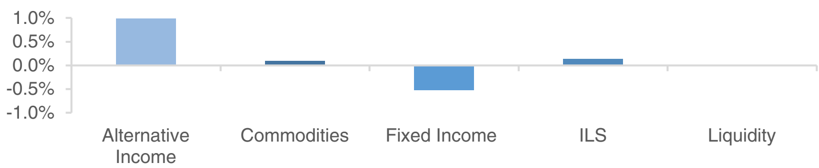
Monthly returns (%)

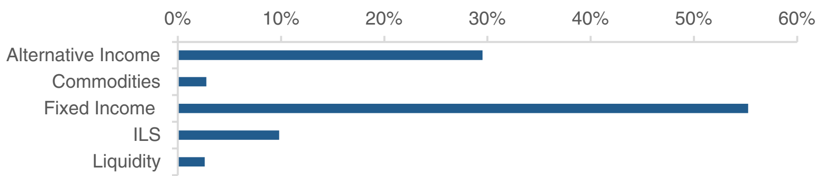
Year	Currency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
	USD	0.17	-0.86	-0.1	0.81	0.98	0.05							0.71

	Annualised (%)				Cumulative (%)			
	1Y	2Y	3Y	ITD	1Y	2Y	3Y	ITD
USD	n/a	n/a	n/a	1.43	n/a	n/a	n/a	0.71

PERFORMANCE CONTRIBUTION



ALLOCATION



STATISTICS

01.01.2021 - 30.06.2021

Sharpe Ratio	0.63
Annualised Volatility	2.29%
Cumulative Dividend Yield (first half of year)	1.36%
Maximum Drawdown (MDD)	2.08%

BUCKET FACTS

Inception Date:	01.01.2021
Currency:	USD
Minimum Investment:	1,000,000

RISK CATEGORY SRRI

Lower Risk — Higher Risk

1	2	3	4	5	6	7

Typically Lower Reward — Typically Higher Reward

Income Basic

St. Gotthard Fund Management

INVESTMENT RATIONALE

FOCUS ON STEADY CASH FLOWS

WELL DIVERSIFIED

TRADITIONAL FIXED INCOME FUNDS AND ETF

STRONG FOCUS ON PROVEN TRACK RECORDS

INVESTMENT SELECTION DRIVEN BY LONG-TERM FOCUS

STRATEGY

The strategy aims to produce a significant amount of income by harvesting a multiple set of income-generating strategies, both in the traditional and alternative spheres of fixed income. Due to the current zero and even negatively-yielding fixed income environment, temporary drawdown risk exists. We place a high emphasis in our investment selection process to long-term and proven track records and high standards of collateralisation aimed at mitigating default risk.

MANAGER COMMENT

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In terms of asset categories, classic fixed income strategies such as sustainable corporate bonds and emerging market bonds cost performance, while alternative income (infrastructure, private debt) as well as the insurance-linked position added. We will remain somewhat cautious when it comes to interest rate risk as yields remain historically low, but are contemplating to add to emerging market bonds which provide still substantial carry.

PERFORMANCE

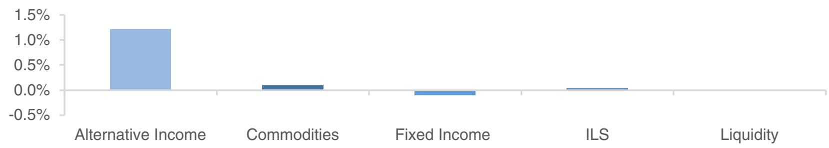
*The performance is shown as gross rate of return (excluding custodian and management fees).

Monthly returns (%)

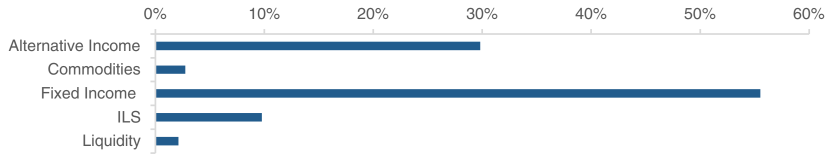
Year	Currency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
	USD	-0.16	-0.70	-0.26	1.11	1.11	0.15							1.23

	Annualised (%)				Cumulative (%)			
	1Y	2Y	3Y	ITD	1Y	2Y	3Y	ITD
USD	n/a	n/a	n/a	2.48	n/a	n/a	n/a	1.23

PERFORMANCE CONTRIBUTION



ALLOCATION



STATISTICS

01.01.2021 - 30.06.2021

Sharpe Ratio	0.72
Annualised Volatility	3.49%
Cumulative Dividend Yield (first half of year)	0.86%
Maximum Drawdown (MDD)	2.89%

BUCKET FACTS

Inception Date:	01.01.2021
Currency:	USD
Minimum Investment:	100,000

RISK CATEGORY SRRI

Lower Risk — Higher Risk

1	2	3	4	5	6	7

Typically Lower Reward — Typically Higher Reward

Hedge Funds

St. Gotthard Fund Management

INVESTMENT RATIONALE

ALL-WEATHER PORTFOLIO

WELL DIVERSIFIED

FOCUS ON ALPHA GENERATION

ADVISED BY EXPERIENCED ALTERNATIVE INVESTMENT SPECIALIST

FINAL SELECTION MADE BY STGFM

STRATEGY

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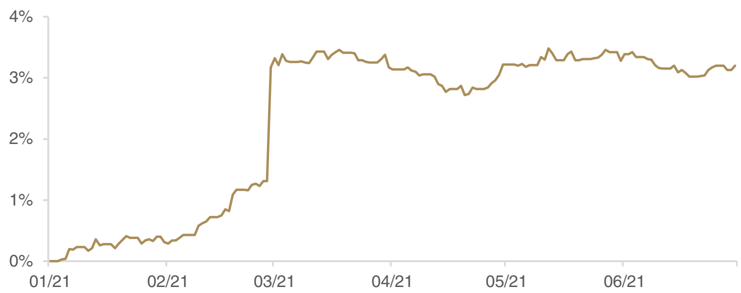
Hedge funds as a group had a positive first half in general, rising a good 3.5% year-to-date until end-June. Monthly returns were best in February, a month of significantly added volatility which generally adds to performance in many strategies. However, there have also been a number of interesting pivots, for instance in the USD which had four moves of more than 3% (check) and a violent swing in reflation-related investment topics around late May. So, while the environment was rather difficult, due to the quick movements in many asset classes, a stringent risk management approach once again was necessary.

Of the positions in the Hedge Fund bucket, most were adding to performance. On a strategy level, macro strategies, accounting for a good 30% of the portfolio, somewhat disappointed, with an average return of somewhat above 1% for the 6-month period. Due to the strong track records, we are confident that our positions will deliver again long-term historic returns. Relative value, long/short equity and fixed income absolute return strategies did contribute positively to portfolio performance, while we expect a significant contribution from our position in the multi-strategy universe.

BUCKET FACTS

Inception Date:	01.01.2021
Currency:	USD
Minimum Investment:	1,000,000

PERFORMANCE



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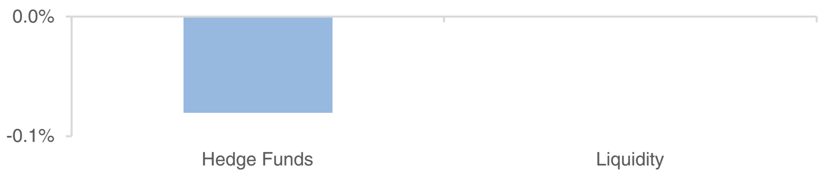
Monthly returns (%)

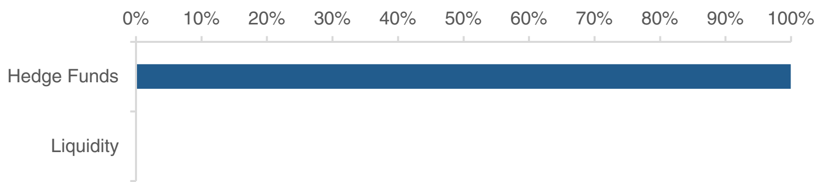
Year	Currency	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
	USD	0.31	2.84	0.00	0.06	0.06	-0.08							3.20

	Annualised (%)				Cumulative (%)			
	1Y	2Y	3Y	ITD	1Y	2Y	3Y	ITD
USD	n/a	n/a	n/a	6.50	n/a	n/a	n/a	3.20

PERFORMANCE CONTRIBUTION



ALLOCATION



STATISTICS

01.01.2021 - 30.06.2021

Sharpe Ratio	2.29
Annualised Volatility	2.87%
Cumulative Dividend Yield (first half of year)	n/a
Maximum Drawdown (MDD)	0.72%

RISK CATEGORY SRRI

Lower Risk — Higher Risk

1	2	3	4	5	6	7

Typically Lower Reward — Typically Higher Reward

St. Gotthard Fund Management

INVESTMENT TEAM

Stefan Bollhalder, CFA
CEO and Co-Founder

Stefan has more than 25 years of professional experience in various financial industries, such as renowned banks, family offices, and hedge funds. More specially, he managed portfolios with various investment styles with a focus on risk/return and developed similar successful investment strategies with above-average returns. As Chief Investment Officer of a Swiss private bank, he was accountable for the management of discretionary mandates of several billion. Stefan has long experience in various asset classes, including derivatives. He worked in major financial centres including New York and London for more than five years.

Daniel Egger, MA, CFA, CMT
CIO

Daniel Egger has more than 25 years of experience in the financial industry, with more than 20 years working in asset management (buy-side) at different major Swiss and international private banks. Starting his investment career as an equity analyst, Daniel held different positions as technical analyst and senior portfolio manager. For two different Swiss private banks, Daniel held the position as Chief Investment Officer and Chief Strategist. Daniel holds a master's degree (MA) in General History (Major), Economics (First Minor), and Public International Law (Second Minor) from the University of Zurich (UZH), and is both a CFA and CMT charterholder.

GLOSSARY

Sharpe ratio

The Sharpe ratio shows the AMC's risk-adjusted performance. It is calculated by dividing the excess return (portfolio return minus risk-free return) by the volatility.

Annualised volatility

Annualised volatility or commonly known as standard deviation is a measure of historical volatility. It is calculated by comparing the average return with the average variance from that return, on a monthly basis.

Maximum drawdown

A maximum drawdown (MDD) is the maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained. Maximum drawdown is an indicator of downside risk over a specified time period.

Annualised performance

The annualised performance is the geometric average of returns over a given time period from the present to the past, re-scaled to a period of one year.

SRRI

The Synthetic Risk and Reward Indicator is a volatility gauge as defined by the European Securities and Markets Authority (ESMA) in its guidelines CESR/10-673.

RISK CONSIDERATIONS

The AMC invests in Swiss Stocks and Derivatives in Swiss Stocks. The risk category shown is based on historical data and may not be a reliable indication for the future risk profile. It is not a target or a guarantee and may change over time. The lowest category does not mean a risk-free investment. The strategy offers no capital guarantee or asset protection measures. The strategy may be exposed to the following risks which are not adequately captured by the synthetic risk indicator and may negatively impact its value:

- **Operational risk**: losses resulting from human errors, system failures, and incorrect valuation.
- **Market risk**: losses occur due to factors that affect the overall performance of the financial markets in which he or she is involved.
- **Counterparty risk**: losses occur when a counterparty does not honour its obligations related to contracts such as over-the-counter derivatives.
- **Financial Derivatives risk**: the leverage resulting from derivatives amplifies losses in certain market conditions.

Further information can be found in the term sheet.

DISCLAIMER