

# Tages Paladin UCITS Fund

(sub fund of Tages International Funds ICAV)

April 2020

INVESTCORP-TAGES

## FIRM DESCRIPTION

Tages Capital is a specialist, alternative asset management firm with approximately US\$2 billion run on behalf of global institutional investors and family offices. Tages manages a range of innovative, alternative investment products and solutions, including multi-manager portfolios, single manager UCITS and dedicated seeding funds. The firm is a market-leader in providing early stage capital to world-class emerging asset managers. We offer a fully independent UCITS platform, hosting multiple single-strategy, alternative UCITS funds with the aim of bringing best in breed strategies to market.

## STRATEGY DESCRIPTION

The Fund aims to provide investors with protection from sharp dislocations in global equity and bond markets without the typical burden of carry associated with tail hedge strategies. The Fund uses a combination of systematic long volatility, convexity, momentum and mean reversion strategies together with low beta carry strategies designed to compensate for time decay. The PM uses a proprietary combination of quantitative and qualitative techniques to evaluate and select a portfolio of investable trading strategies with clear tail hedge characteristics

## PERFORMANCE SUMMARY

	APR	YTD
Tages Paladin UCITS Fund B (USD)	-1.31%	9.62%
S&P 500	12.68%	-9.85%
Bloomberg Barclays US Agg Bond	1.78%	4.98%

## FUND PERFORMANCE NET OF FEES

Class B	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year
2020	1.16	5.17	4.41	-1.31									9.62
2019	-1.14	-1.41	1.94	-1.77	2.36	1.38	-0.03	2.95	-1.12	-1.05	-0.39	-1.21	0.36
2018								-0.21	-0.45	-2.79	0.95	0.50	-2.02

Source: Northern Trust, Bloomberg as of 30<sup>th</sup> April 2020

## TOP 3 CONTRIBUTORS

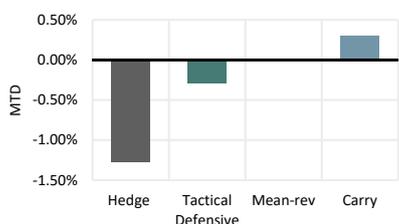
	MTD
US Equity Intraday Volatility	0.47%
Equity Low Beta Carry	0.24%
Fixed Income Volatility	0.21%

## BOTTOM 3 CONTRIBUTORS

	MTD
US Equity Hedge	-0.80%
EU Equity Hedge	-0.46%
US Equity Mean Reversion	-0.35%

## PERFORMANCE BY STRATEGY\*

	MTD	YTD	WEIGHT	NOTIONAL
Hedge	-1.27%	11.93%	61.69	130.13%
Tactical Defensive	-0.29%	6.64%	17.90%	37.75%
Mean-rev	-0.01%	-4.78%	4.14%	8.72%
Carry	0.31%	-4.91%	16.27%	34.32%
Leverage				210.94%



## PERFORMANCE BY ASSET CLASS\*

	MTD	YTD	WEIGHT
Equities	-1.64%	1.23%	71.73%
Fixed Income	0.38%	7.66%	28.27%
FX	0.00%	0.00%	0.00%



Source: Tages Capital LLP. \*Estimated return contributions of the underlying strategies/asset class, excl. fund fees, expenses, & other miscellaneous factors.

## COMMENTARY

An astonishing rally in risk assets in April reversed most of the sell-off experienced in Q1. As the S&P 500 experienced one of its sharpest historical monthly rallies, it triggered a fall in implied volatility as the VIX sold-off from 53.5 to 34.1. As the S&P 500 rallied +12.68%, Euro Stoxx surged +5.06%, government bond markets saw small rallies and credit spreads were subject to sharper tightening in spreads. The only significant loss was the oil market which finished the month down -20%, forcing the first of the SME US producers into bankruptcy.

Against this very positive backdrop for risk assets, the Tages Paladin UCITS fund gave back some of the gains made in Q1, and finished the month down -1.31%. Our hedging strategies were down -1.27%, tactical strategies down -0.29%, whilst carry contributed +0.31% to performance. At month end, we had a 72% allocation to equity strategies and a slightly reduced fixed-income allocation of 28%, as profits were secured in the very short end of the EU/US curves.

Looking ahead, the fund is even better prepared for continued market volatility as our hedging strategies now constitute some 62% notional of the fund. We have added to our equity hedges, specifically allocating to conservative strategies which should not suffer in sharp rallies, whereby April performance was a good test on that front. Large dislocations of this magnitude are usually followed by high volatility regimes lasting around one year. We believe these market conditions are supportive of our strategy.

## INVESTMENT MANAGER

Tages Capital LLP

## FUND MANAGER

Berouz Fatemi  
Sébastien Krol

## STRATEGY

Tail Hedge

## VEHICLE

ICAV

## LAUNCH DATE

8 August 2018

## BASE CURRENCY

USD

## NAV

\$107.79 (Class B)

## FUND SIZE

\$34.5m

## MANAGEMENT FEE

Class B 0.85%

## PERFORMANCE FEE

Class B 0%

## MINIMUM INVESTMENT

Class A JPY 1,000,000,000  
Class A USD 1,000,000  
Class B USD, EUR, GBP 1,000,000  
Class R USD, EUR, GBP 10,000

## DEALING

Daily dealing

## SHARE CLASSES

Class A JPY: IE00BFLVDR48  
Class A USD: IE00BDGT2T45  
Class B GBP: IE00BDGT2V66  
Class B EUR: IE00BFLVDS54  
Class B USD: IE00BFLVDT61  
Class R GBP: IE00BDGT2W73  
Class R EUR: IE00BFLVDV83  
Class R USD: IE00BFLVDW90

## ADMINISTRATOR / DEPOSITARY

Northern Trust International Fund  
Administration Services (Ireland) Limited

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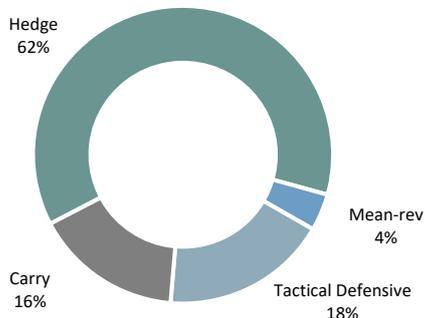
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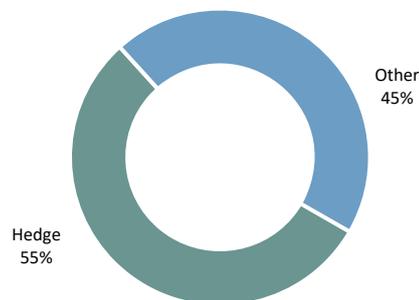
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## INVESTCORP-TAGES

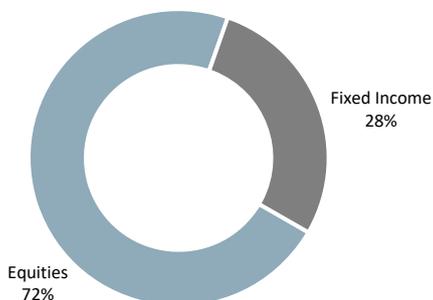
### NOTIONAL BREAKDOWN BY STRATEGY



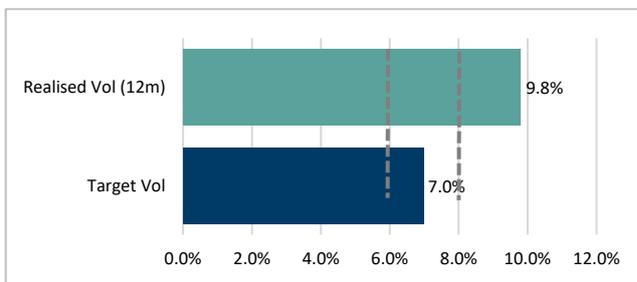
### RISK ALLOCATION BY STRATEGY



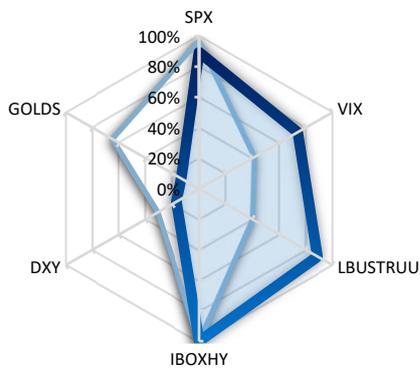
### NOTIONAL BREAKDOWN BY ASSET CLASS



### VOLATILITY



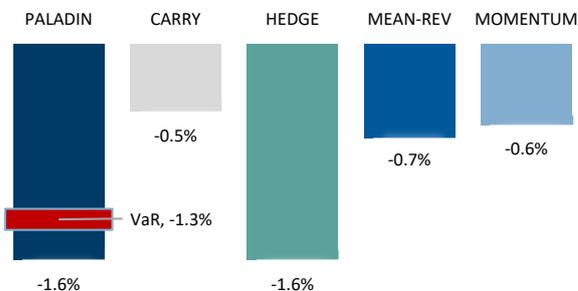
### TAIL HEDGE SCORE\*



■ 10 Yr ■ 3 Yr

\*The tail hedge score is a metric which estimates the expected recovery rate of the Paladin Fund for each risk factor. It is based on historical monthly returns over the last three and ten years.

### MONTHLY EXPECTED SHORTFALL (95% cVaR)



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