

Tages Paladin UCITS Fund

(sub fund of Tages International Funds ICAV)

June 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

	JUN	YTD
Tages Paladin UCITS Fund B (USD)	2.71%	9.23%
S&P 500	1.84%	-4.04%
Bloomberg Barclays US Agg Bond	0.63%	6.14%

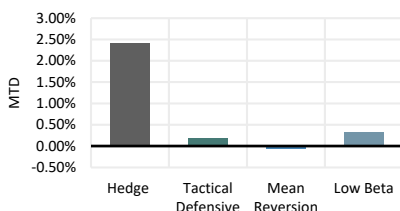
FUND PERFORMANCE NET OF FEES

Class B	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year
2020	1.16	5.17	4.41	-1.31	-2.99	2.71							9.23
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 30th June 2020

PERFORMANCE BY STRATEGY*

	MTD	YTD	WEIGHT	NOTIONAL
Hedge	2.42%	12.79%	54.99%	74.30%
Tactical Defensive	0.19%	6.12%	18.20%	24.60%
Mean Reversion	-0.06%	-4.81%	5.55%	7.50%
Low Beta	0.33%	-5.04%	21.26%	28.73%
Leverage			135.13%	



PERFORMANCE BY ASSET CLASS*

	MTD	YTD	WEIGHT
Equities	2.31%	0.84%	61.55%
Fixed Income	0.58%	8.23%	38.45%
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

The relatively timid S&P 500 rally of +1.84% in June was the last act to its best quarter since Q4 1998. The index rose +19.95% in Q2 2020, a +38.57% reversion rally from its low on 23rd March – based on expectations of a V shape recovery, helped by abundant stimulus measures and liquidity. It largely overshadowed any negative sentiment arising from the increase in the number of COVID-19 cases, as well as new scrutiny on trade between US, EU and China. Those fears only surfaced in the second half of June. The Nikkei 225 equally rose +1.88% in June, while EuroStoxx had its best month in more than 3 years, advancing +6.03%. The Volatility index (VIX) climbed +2.92 basis points to finish the month just above 30. US and EU Government Bond yields remained almost unchanged.

The mid-month price action and the subsequent increase in volatility created profitable opportunities for the Tages Paladin UCITS Fund, despite this being a relatively strong month for global equities. The Fund was up +2.71% in the month bringing YTD performance to +9.23%, versus the S&P 500 index which is down -4.04% YTD. This was the type of monthly price action that sets us apart from our peer group, which was down between -2% and -4%. Our hedging strategies contributed strongly by adding +2.42% to performance in June. Low beta and tactical strategies were up +0.33% and +0.19% respectively. Mean reversion was slightly down at -0.06%. Obviously most of the profits were generated in equity strategies which were up +2.31% in June, whilst fixed income strategies added +0.58% to performance. Our leverage is still low at 135% but should move up to approximately 150% during our July rebalancing as strategies' volatilities have alleviated since the March highs.

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

\$107.41 (Class B)

FUND SIZE

\$40.0m

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 (1 Business Day notice)

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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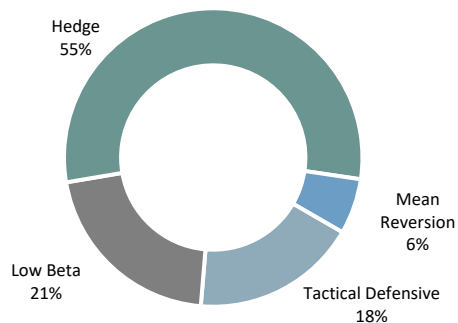
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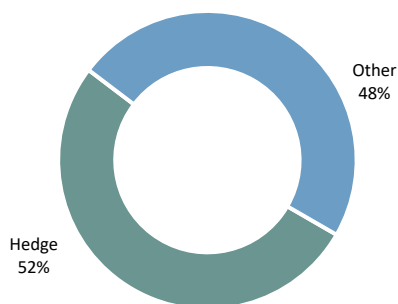
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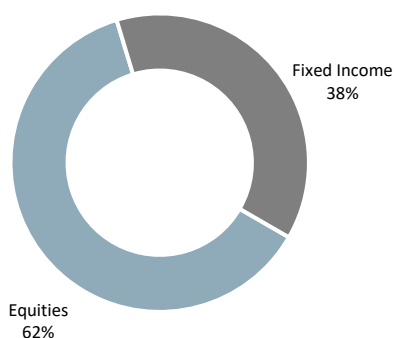
NOTIONAL BREAKDOWN BY STRATEGY



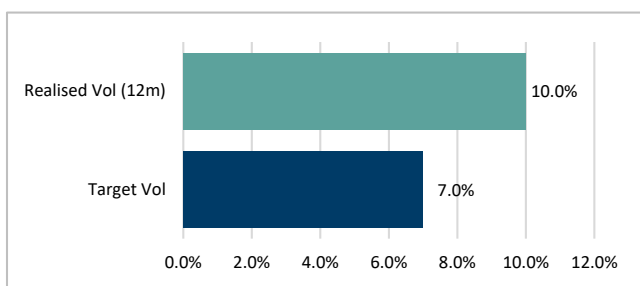
RISK ALLOCATION BY STRATEGY



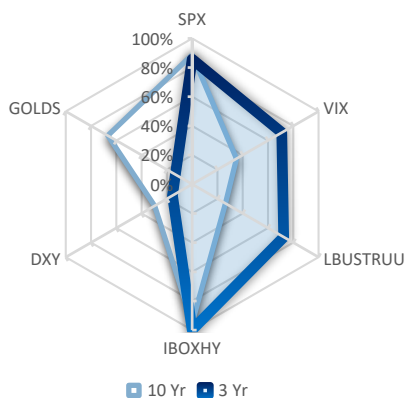
NOTIONAL BREAKDOWN BY ASSET CLASS



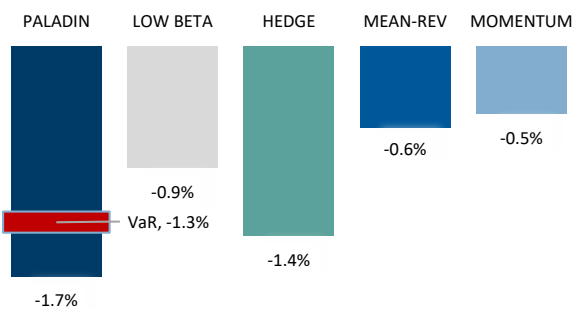
VOLATILITY



TAIL HEDGE SCORE*



MONTHLY EXPECTED SHORTFALL (95% cVAR)



*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.

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