

Tages Paladin UCITS Fund

(sub fund of Tages International Funds ICAV)

September 2020

INVESTCORP-TAGES

FIRM DESCRIPTION

Investcorp-Tages is a global multi-manager investment firm that was launched in May 2020 through a 50/50 joint venture between Investcorp and Tages Group. With offices based in London, New York and Milan, Investcorp-Tages focuses on providing bespoke solutions and manages alternative assets for institutional investors worldwide. Their product range includes multi-manager portfolios across hedge fund strategies, private debt and impact investments, seeding and acceleration partnerships, thematic special opportunity portfolios, risk-premia and cross-asset strategies, and alternative UCITS.

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

	SEP	YTD
Tages Paladin UCITS Fund B (USD)	-0.47%	8.41%
S&P 500	-3.92%	4.09%
Bloomberg Barclays US Agg Bond	-0.05%	6.79%

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	-0.39	0.10	-0.47				8.41
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 September 2020

PERFORMANCE BY STRATEGY*

	MTD	YTD	WEIGHT	NOTIONAL
Hedge	-0.24%	10.88%	53.95%	63.91%
Tactical Defensive	0.07%	6.02%	16.58%	19.64%
Mean Reversion	0.10%	-4.88%	4.96%	5.88%
Low Beta	-0.38%	-3.83%	24.50%	29.02%
Leverage				118.46%

PERFORMANCE BY ASSET CLASS*

	MTD	YTD	WEIGHT
Equities	-0.54%	0.63%	66.80%
Fixed Income	0.10%	7.55%	33.20%
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

September started poorly for risky assets, with the Nasdaq index shedding more than 10% in just three days. The magnitude and speed of the sell-off was partly explained by positioning, with the dealer community running large short gamma exposure in their options' book as a result of strong retail and institutional demand for call options, and lower than usual overwriting activity. That said, new developments on the macro and policy front disappointed this month. The failure of the Democrats and the Republicans to secure an extension to the CARES act is threatening the recovery's momentum. Going forward, rising infection numbers in autumn, US elections, and UK/EU Brexit talks with a looming deadline of Oct 15th could introduce more volatility into asset prices.

The S&P 500 index finished the month down -3.9%. Eurostoxx was down -2.4% and Nikkei up +0.2%. Long dated sovereign bonds only appreciated marginally. Surprisingly the VIX finished the month slightly down after a few short lived spikes. Some of the other main risk-off instruments were down too. Fixed-income volatilities were lower in the US and EU, and finally Gold was down -3.8%. This was not a good month for defensive strategies where the only winning game was outright short equities. Our peer group suffered losses of up to -5.5% in the month.

The Tages Paladin fund slipped into negative territory during the last week of the month, as equity markets started recovering. The fund lost -0.47% as we found it difficult to monetise many of our volatility driven strategies. Additionally intraday trend strategies had a few false starts which did result in small losses as the VIX disappointed. Our equity strategies were down -0.54% and fixed-income strategies contributed +0.10%. We expect any further sell-offs in equity markets to be accompanied by a rise in volatility ahead of the US elections, benefiting our portfolio.

INVESTMENT MANAGER

Tages Capital LLP

FUND MANAGER

Berouz Fatemi

STRATEGY

Tail Hedge

VEHICLE

ICAV

LAUNCH DATE

8 August 2018

BASE CURRENCY

USD

NAV

\$106.60 (Class B)

FUND SIZE

\$49.6m

MANAGEMENT FEE

Class B 0.85%

PERFORMANCE FEE

None

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

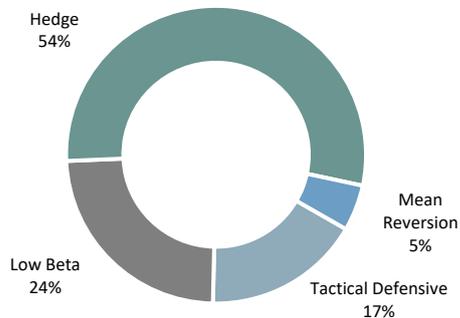
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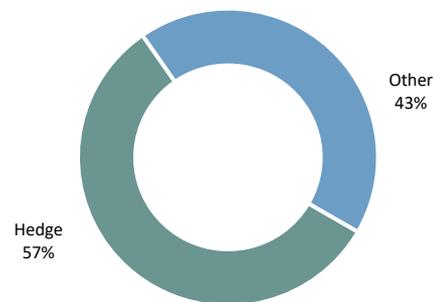
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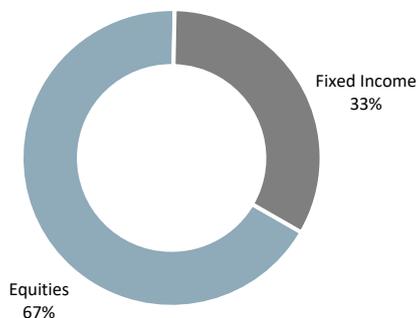
NOTIONAL BREAKDOWN BY STRATEGY



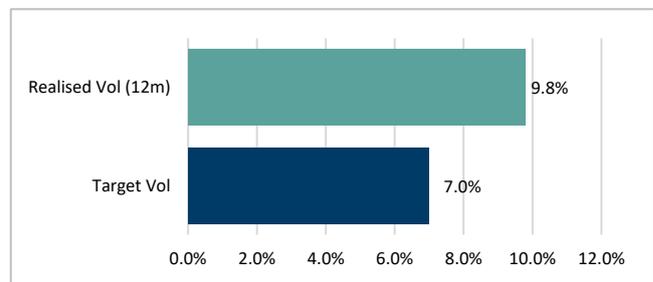
RISK ALLOCATION BY STRATEGY



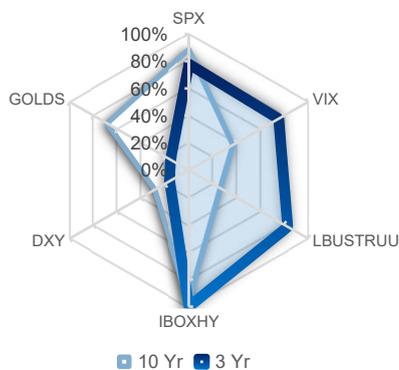
NOTIONAL BREAKDOWN BY ASSET CLASS



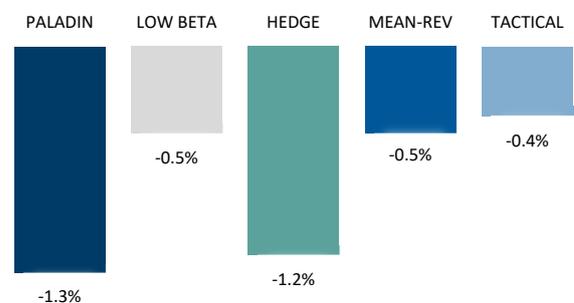
VOLATILITY



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.

Investcorp-Tages
 39 St James's Street, London SW1A 1JD
 Tel: +44 (0)203 036 6051
 Email: clientservices@InvestcorpTages.com

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