

# Tages Paladin UCITS Fund

(sub fund of Tages International Funds ICAV)

December 2021

## 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 & INVESTMENT OBJECTIVE

The strategy 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 strategy 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.

The investment objective of the Fund is to provide consistent long-term capital appreciation. Please refer to the latest prospectus and the relevant key investor information document(s) of the Fund ("KIID") for more information. Documents can be found at [www.InvestcorpTages.com](http://www.InvestcorpTages.com).

### PERFORMANCE SUMMARY

	December	YTD
Tages Paladin UCITS Fund (Class B USD) [TACPAUB ID Equity]	-0.88%	-2.22%
S&P 500 [SPX]	4.36%	26.89%
Bloomberg Barclays US Agg Bond [LBSTRUU]	-0.26%	-1.54%

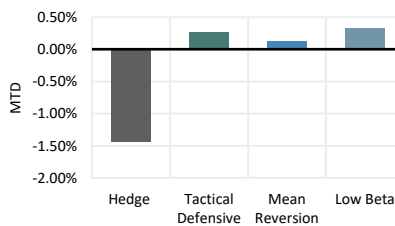
### FUND PERFORMANCE NET OF FEES (CLASS B USD) (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year
2021	1.02	0.83	0.03	-0.58	-0.60	-0.02	-1.44	-0.15	-0.37	0.57	-0.63	-0.88	-2.22
2020	1.16	5.17	4.41	-1.31	-2.99	2.71	-0.39	0.10	-0.47	0.62	-1.37	-0.88	6.63
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 31<sup>st</sup> December 2021. Indices are not a reference indicator, but used for illustrative purposes. Past performance is not indicative, nor a guarantee, of future returns. Returns include the reinvestment of all dividends, interest, income and profits. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

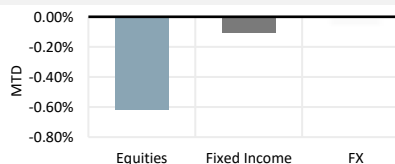
### PERFORMANCE BY STRATEGY\*

	MTD	YTD	WEIGHT	NOTIONAL
Hedge	-1.44%	-1.07%	53.59%	82.03%
Tactical Defensive	0.27%	-0.26%	11.82%	18.10%
Mean Reversion	0.12%	0.62%	4.58%	7.01%
Low Beta	0.32%	0.41%	30.01%	45.93%
Leverage				153.07%



### PERFORMANCE BY ASSET CLASS\*

	MTD	YTD	WEIGHT
Equities	-0.62%	-0.70%	67.65%
Fixed Income	-0.11%	0.40%	32.35%
FX	0.00%	0.00%	0.00%



\*Return contributions of the underlying strategies/asset class (excl. fund fees, expenses, & other misc. factors) are calculated by Tages Capital LLP.

### COMMENTARY

Despite the pandemic and rapidly rising inflation in 2021, global equity markets demonstrated a substantial performance. It is important to note that the S&P 500 Total Return Index has rallied 100% over the past three years. Equity analysts remind us that most of this rally was due to higher valuations and not earnings. Significant injection of monetary and fiscal stimulus did support risky assets beyond expectations, raising worries about market reaction as central banks and governments start removing some of that stimulus in 2022. Using Q4 21 as a guide, we would expect higher market volatility combined with possibly higher correlation between bonds and equities, forcing risk parity investors to look for alternative methods of hedging.

The +4.36% rally in S&P 500 in December was combined with a lot of volatility. Its daily average move was about twice as large as the full year average despite the holiday season. Intraday volatility was also one of the highest experienced as news on Omicron was plenty and varied. This was far from ideal for our fund which was down -0.88% for the month. Our hedging strategies obviously were behind most of losses in the face of the rally. VIX intraday strategies suffered losses due to intraday mean reversions in VIX. Fixed Income volatility strategies also suffered on lower volatility levels before year end.

Whilst this was not an ideal year for tail risk and defensive strategies, we are quite pleased with the relative performance of the fund outperforming our peers and other defensive strategies by some distance. This year we on boarded some exciting strategies, reducing the time decay on our convex strategies even further, sharpening our exposure in tail events as well as our profit taking capability after such events. We also increased strategy AUM to about \$185mm in Q4.

### INVESTMENT MANAGER

Tages Capital LLP

### FUND MANAGER

Berouz Fatemi

### STRATEGY

Defensive Multi-Strategy

### FUND TYPE

UCITS

### VEHICLE

ICAV

### LAUNCH DATE

08 August 2018

### BASE CURRENCY

USD

### NAV

\$102.53 (Class B)

### FUND AUM

\$30.0m

### STRATEGY AUM

\$185.0m

### MANAGEMENT FEE

0.85% (Class B)

### ISIN

IE00BFLVDT61 (Class B)

### 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 / USD

Class B GBP / EUR / USD

Class R GBP / EUR / USD

### MANAGEMENT COMPANY

Waystone Fund Management (IE) Ltd.

### ADMINISTRATOR / DEPOSITARY

Northern Trust International Fund

Administration Services (Ireland) Ltd.

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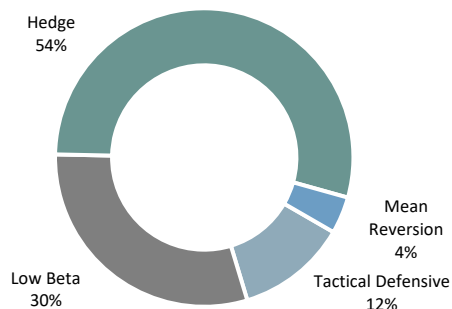
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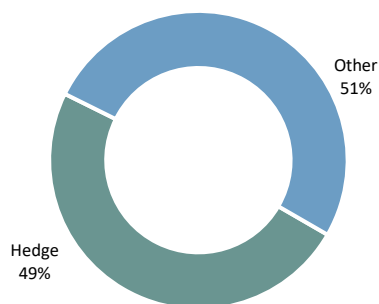
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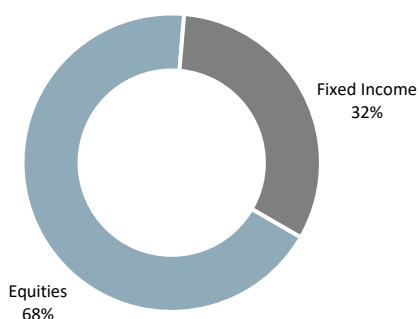
## NOTIONAL BREAKDOWN BY STRATEGY



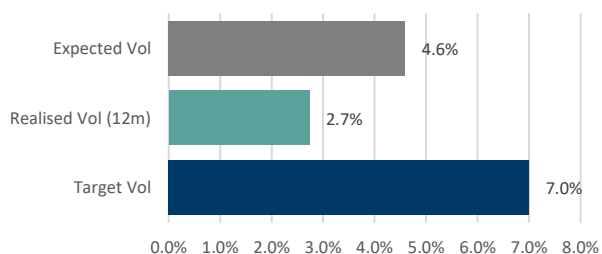
## RISK ALLOCATION BY STRATEGY



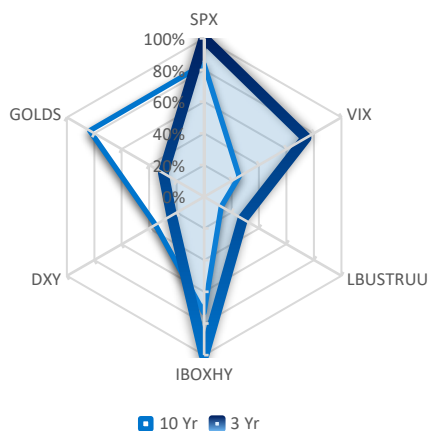
## NOTIONAL BREAKDOWN BY ASSET CLASS



## VOLATILITY

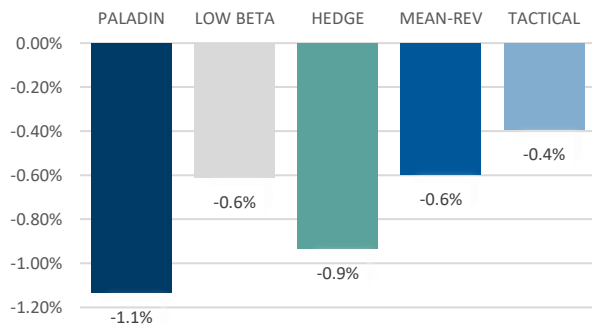


## TAIL HEDGE SCORE\*

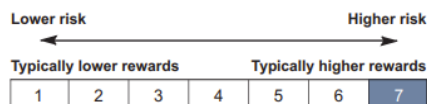


\*The tail hedge score is a metric which estimates the expected recovery rate of the Paladin Fund for each risk factor. It is based on historical monthly returns over the last three and ten years.

## MONTHLY EXPECTED SHORTFALL (95% cVAR)



## RISK & REWARD PROFILE



Risk Scale from the key investor information document(s) of the Fund ("KIID"). Risk 1 does not mean a risk-free investment. This indicator may change over time. Please refer to the risk glossary at the back of this document.

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the hedge fund journal  
**UCITS Hedge Awards 2021**  
Long Volatility  
Best Performing Fund over a 2 Year Period  
Tages Paladin UCITS Fund  
(Investcorp Tages)

Please click [here](#) for proof of award. Awards are not an indicator for future performance.

## RISK GLOSSARY

**Credit and Counterparty Risk:** A counterparty may fail in paying the proceeds of sale for assets sold by the Sub-Fund or may fail in delivering securities purchased by the Sub-Fund. The Sub-Fund may also incur the risk that a counterparty may fail to settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss.

**Derivatives and Leverage Risk:** The Sub-Fund may use derivatives as a means of gaining indirect exposure to a specific asset or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. Whilst this is intended to help the Sub-Fund to manage risk or to take investment positions more efficiently or effectively than could be done otherwise, derivatives can involve the use of debt to finance the purchase of assets (leverage) and the risk of higher volatility, especially if some of the expected offsetting positions between long and short investments do not work as expected, and the Sub-Fund may be exposed to additional risks and costs as a result.

**Short Selling Risk:** The Sub-Fund may create synthetic short positions through the use of derivatives. Short positions behave differently to long positions; for example, the Sub-Fund can come under pressure to close out short positions at short notice and before an offsetting long position can mature. This can create unexpected losses from positions that might otherwise have been seen as low risk or well hedged.

For a more detailed explanation of risks, please refer to the "Special Considerations and Risk Factors" section of the prospectus.

## REGULATORY INFORMATION AND RISK WARNINGS

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The Company is an umbrella open-ended Irish collective asset-management vehicle with segregated liability between sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank of Ireland as a UCITS pursuant to the UCITS regulations. The registered office of the ICAV is located 32 Molesworth Street, Dublin 2, Ireland.

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