PROTECT

Crescit Protect uses equity derivatives to expose investors to equity returns over an economic cycle. The goal is to create MSCI World-like returns with lower volatility. Currently, the fund has an allocation of 100%. Current protection level is 105 and the fund is currently trading at 113.37.

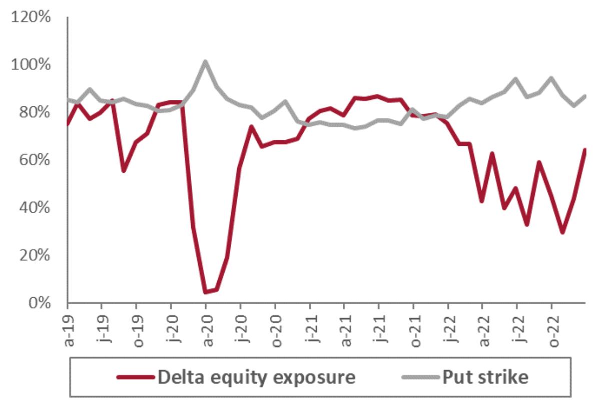
The monthly return was -4.39 % in December, compared to benchmark over the same period, MSCI World index, return of -4.34 %. A weak month both in absolute as well as relative terms. An effect of both a reversal in risky assets from October/November as well as an interest rate effect. In November Protect gained more than 0.8 % in interest rate effect, increasing spreads lead to a negative contribution of all Novembers outperformance. Year-to-date outperformance is still almost 3 percentage points at less than half of the risk.

Graph 1

The delta profile throughout the month has been increasing as an affected by the call selling book expireing (in the money) and new calls being rolled out.

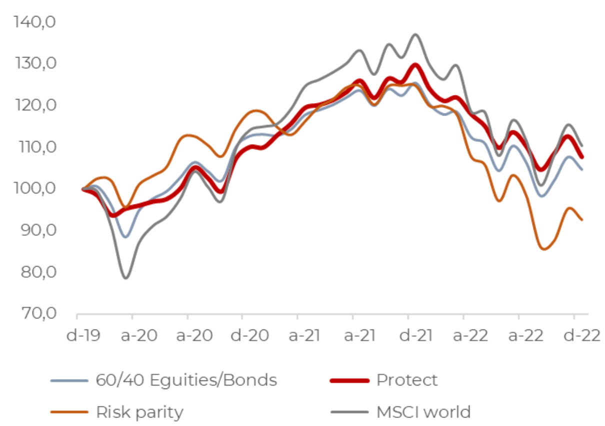
Put strikes has moved closer to spot levels as the market as sold off, see graph 2. Heading in to the new year the overall sensitivity towards equity markets are on a year high. Early maturities are otm calls on S&P500 and as they mature and replaced by new 5% otm calls delta is expected to decrease somewhat. Average call strikes are 6% otm and average put strikes are 8% otm.

Graph 2



The year that passed was challenging for any protective strategy. Rolling puts have been expensive throughout the year, yields have risen sharply leading to negative mark to markets on long dated bonds, credit spreads have widened. The positive periods for equities during the year has been concentrated to a short time period with large moves, which is negative to call sellers. Despite this Protect have outperformed index with 2.6 percentage points, and even if we are somewhat disappointed that the relative performance was not larger we are proud to deliver an outperformance in a very challenging market environment. Looking over a three-year time horizon, Protect performance is in line with the global equity market beating both risk/parity funds as well as traditional 60/40 equity bond allocations with substantially lower fees.

Graph 3



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	-	-	-	1,48%	-4,92%	4,32%	1,03%	-3,01%	1,14%	0,25%	2,50%	2,62%	5,20%
2020	-1,51%	-4,75%	1,59%	0,83%	0,99%	0,63%	2,64%	4,97%	-2,48%	-3,00%	7,84%	2,60%	10,12%
2021	-0,06%	2,68%	2,46%	3,23%	0,57%	0,96%	1,61%	2,18%	-3,26%	3,77%	-0,64%	3,30%	17,91%
2022	-4,44%	-2,31%	0,62%	-3,23%	-2,46%	-4,50%	3,42%	-3,03%	-5,02%	3,67%	3,82%	-4,39%	-17,00%