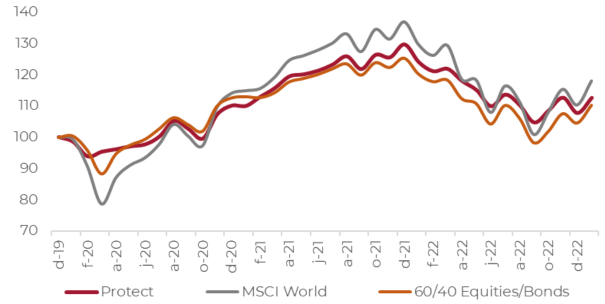
PROTECT

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 118.55.

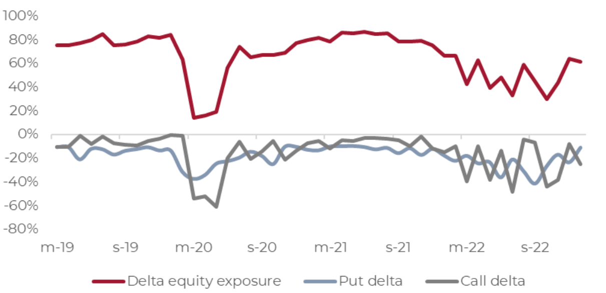
The monthly return was +4.57 % in January, compared to benchmark over the same period, MSCI World index, return of +7.00 %. A strong month both in absolute as well as relative terms. An effect of both a reversal in risky assets from a weak December as well as short covering in the market continued to push equities higher. Graph 1 compares return against MSCI world and a 60/40 equities/bond allocation over three years, return is in line with but with lower volatility.

Graph 1 – Three years return.



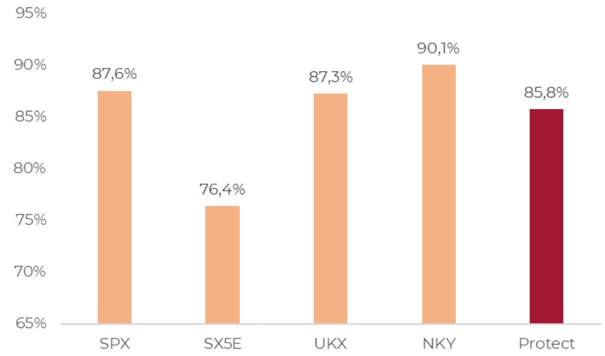
The delta profile throughout the month has been relatively steady. Call selling in EuroStoxx restricted the European exopsure somewhat after the strong start for equity markets, see graph 2 below. The relatively low allocation towards Europe muted the overall effect.

Graph 2 – Delta exposure.



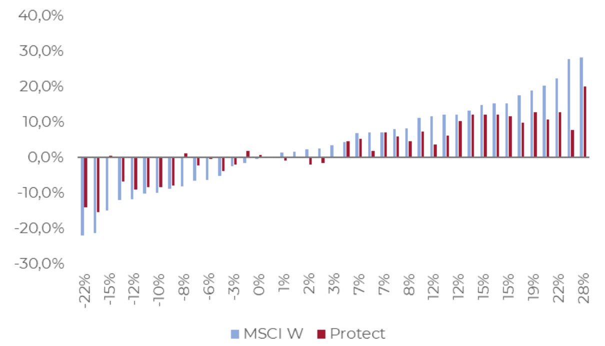
Heading in to February overall delta levels are around fund average, with calls adding a bit more of the protection then the long put book. Average distance to put strikes varies from 14-10% from current spot levels see Graph 3 below. February maturities will even the balance between calls and puts to a more natural split between the instruments, 1/3 of the call book in EuroStoxx are in the money whilst early maturities and S&P500 are trading close to current spot levels.

Graph 3 – Average put strike (% of spot).



The funds return pattern from start is shown in graph 4 where 6 month return is calculated for index and Protect and sorted from low to high on index return. Protect maintains a high correlation in positive periods with expected underperformance in the strongest periods. The sensitivity in negative periods have been much lower and, in some instances, even negative, yielding a positive fund return despite the index generating double-digit negative returns. Overall, in line with expectations.

Graph 4 – Six month rolling return.



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%	5,19%
2020	-1,51%	-4,75%	1,59%	0,83%	0,99%	0,63%	2,64%	4,97%	-2,48%	-3,00%	7,83%	2,60%	10,11%
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%	17,90%
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%	-17,01%
2023	4,57%												4,57%