

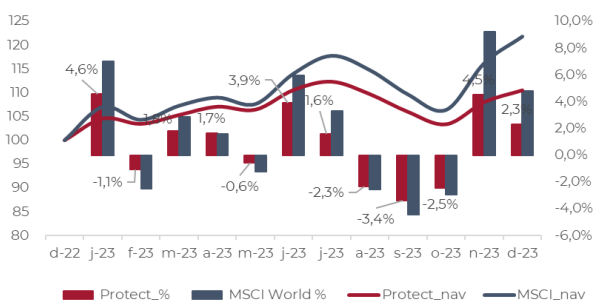
## PROTECT

*Crescit Protect is a defensive equity allocation fund, it has full exposure to the equity markets, but uses put options to protect its exposure and reduce volatility compared to a traditional equity fund. The goal is to create a MSCI World-like return over an economic cycle but with substantially lower volatility. In addition to the put buying program the fund has a capital protection on its invested capital secured by a major global bank. As of the last trading day of December the capital protection level is -6,64% from current NAV indicating a positive return contribution until maturity."*

### Performance

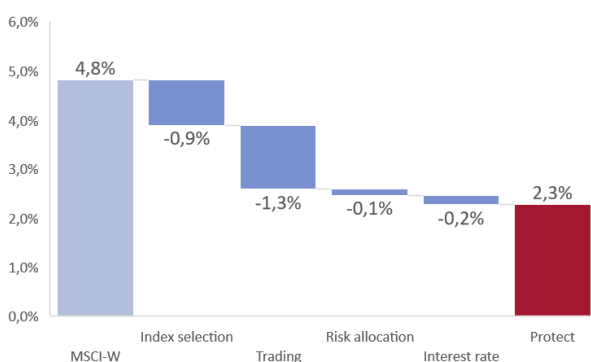
The monthly return was +2.29 % in December, compared to the benchmark return, MSCI World index, of +4.8 %. Another strong month for equities and another strong month for Protect in absolute numbers.

Graph 1



Protect's geographical allocation mix had a negative impact on performance compared with MSCI-world of -0.9% during the month. In terms of trading, the performance was muted by the call overwriting of the portfolio. This was especially evident on the European exposure where the average call strike were close to the index levels at the start of the month. The 3.8 % rally in Eurostoxx 50 of the first weeks of the month only resulted in a small attribution to Protect.

Graph 2



### 2023 at a glance

At first glance, last years performance looks underwhelming compared to global equity market performance as one should expect Protect to capture 60-70 % of index performance in such a year. However, it is too simplified to discard 2023 as a bad year for the strategy based on yearly market performance alone. Disecting the performance adds some nuance and context to the analysis. After a weak equity market in 2022, the year started with a *very* strong initial move where global indices rose almost 10 % by february 2<sup>nd</sup>. In such a rally, Protect will always fail to keep up with the stock market. During the subsequent choppy and sideways market during the spring, Protect outperformed and regained that underperformance (see the first gray shaded area in graph 3).

During summer, equities again rose rapidly with a +9,5% rally during which Protect naturally lagged the performance anew. Again, the sharp rally was followed by a reversal during the autumn where Protect caught up to benchmark performance (Gray shaded area number 2). Finally, the year ended with 6 exceptional weeks for the stock market ending with the options expiry at the third Friday of december (also the midmonth mark). During this strong final move for the year, protect could not keep pace with the underlying indices and thus ended the year somewhat lower than the headline index levels would have suggested.

The funds performance expectation is an outperformance in negative equity markets, in line performance in steadily increasing markets and a relative underperformance in strong periods and we feel confident that Protect will continue to add value to a balanced portfolio.

Graph 3



## PROTECT

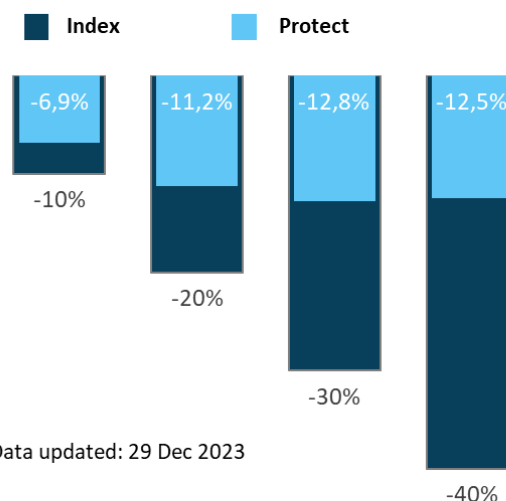
### Current portfolio going into 2024

The sensitivity at the start of the year is around 70 % with the **bulk of the protection stemming from the put book**. Average put strike is -15 % away from current levels whilst average call strikes are 4 % away. The fund is well balanced and **stands really strong for a potential equity pull back**. A stresstest on current portfolio is thus extremely lucrative compared to index. A instant chock of -30 % is only expected to affect Protect by -12.8 %.

Graph 4

### Portfolio stresstest compared to index

Instantaneous stress test on underlying positions



Data updated: 29 Dec 2023

Stress test of underlying derivatives by parallel shifting underlying index and repricing the instrument in accordance with B&S

| 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% | -17,01% |
| 2023 | 4,57%  | -1,07% | 1,80% | 1,65%  | -0,58% | 3,88%  | 1,57% | -2,32% | -3,39% | -2,46% | 4,51%  | 2,29%  | 10,49%  |