



## Monthly Factsheet - June 2024

### Fund Overview

The Atlantic House Dynamic Duration Fund aims to deliver capital growth over the medium to long term through a systematic and signal-based investment strategy, that is designed to outperform in a wider range of inflation environments than a conventional bond fund.

### Key Facts

|  |   |
|--|---|
| <b>Launch Date</b>                               | 4 August 2023   |
| <b>Fund Size</b>                                 | £27.35m   |
| <b>NAV</b>                                       | 1.0316 *(A Acc GBP Share Class)   |
| <b>OCF</b>                                       | 0.40% (Capped)  |
| <b>Managers</b>                                  | Mark Greenwood, FIA<br>Jack Roberts, CFA  |
| <b>Domicile</b>                                  | Dublin, Ireland   |
| <b>Fund Type</b>                                 | UCITS   |
| <b>Dealing</b>                                   | Daily   |
| <b>Currency</b>                                  | GBP   |
| <b>Available Share Classes</b>                   | <b>A Acc GBP</b><br>ISIN: IE00BMY8S439<br>Sedol: BMY8S43<br>Bloomberg: AHUEEAG  |
|  | <b>A Acc (Hedged) EUR</b><br>ISIN: IE000YFXJA12<br>Sedol: BQS7T85<br>Bloomberg: AHDDEUA   |
|  | <b>A Acc (Hedged) USD</b><br>ISIN: IE00BVXVS028,<br>Sedol: BVXVS02,<br>Bloomberg: AHFMUSI   |
|  | <b>D Dis GBP</b><br>ISIN: IE00BMY8S546<br>Sedol: BMY8S54<br>Bloomberg: AHUEEAA  |
| <b>Distribution &amp; Target Market Strategy</b> | The Fund is aimed at advised & discretionary market investors over the long term who have the capacity to tolerate a loss of the entire capital invested or the initial amount. |

### Monthly commentary

The Dynamic Duration Fund was up 0.72% in June, as follows:

|                        |               |
|------------------------|---------------|
| Interest rate swaps UK | +0.47%        |
| Interest rate swaps US | +0.76%        |
| Inflation swaps UK     | -0.30%        |
| Inflation swaps US     | -0.16%        |
| Cash base              | -0.05%        |
| <b>Total return</b>    | <b>+0.72%</b> |

June was a choppy month in fixed income markets as investors weighed firm employment data against continued declines in core inflation. Goods inflation should also remain favourable, helped by monthly declines in key commodities such as copper (-5%) and wheat (-18%).

There was no clear direction evident from central bank meetings this month. Markets still anticipate two cuts each in the US and UK in 2024, following the ECB and the central banks of Canada, Switzerland and Sweden that have already commenced cutting.

The fund's inflation swap positions gave back some of their earlier 2024 gains, but these losses were modest compared with the gains on the interest rate swap positions. Fixed income duration remains around 8 years, with inflation duration exposure around half this level.

Markets face additional uncertainty from changes in government policy following elections in the UK this month and in the US in November. We expect the fund's rules-based approach to allocating between fixed income and inflation markets will continue to respond well to any such changes.

### 3 key signals

#### 1. Inflation Trend

Change over 6-months in headline inflation year-on-year rate

#### 2. Inflation versus Rates

Market real yield on the current 10-year inflation-linked bond

#### 3. Inflation target

Core inflation year-on-year rate minus official core inflation target rate

### Current signals and last change

Each of the 3 signals has a potential value of 0, 1, or 2 for a combined signal value out of 6. The higher the combined signal, the higher the strategy's positioning towards rates and lower to inflation, and vice versa. This table shows the current signals for both the UK and US based on the latest monthly data available. Also shown is the date at which the last signal change took place.

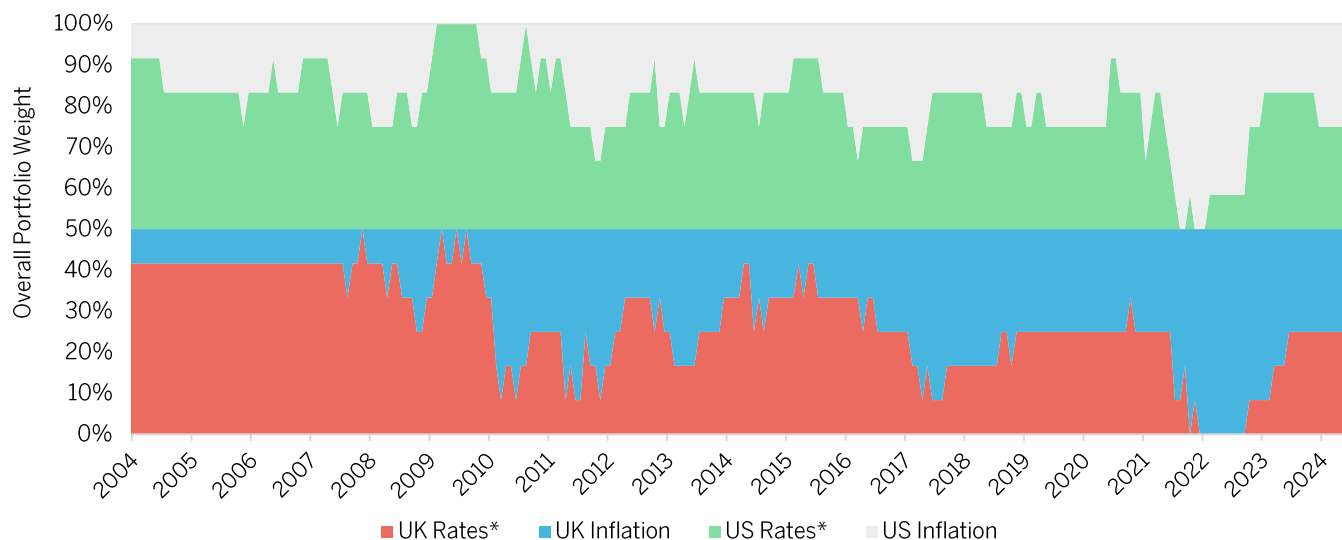
| United Kingdom (UK) |          | Market data              |                                       |                              | Signal output   |                        |                  |           | Portfolio Weight % |           | Portfolio Duration |           |
|---------------------|----------|--------------------------|---------------------------------------|------------------------------|-----------------|------------------------|------------------|-----------|--------------------|-----------|--------------------|-----------|
|                     |          | Signal 1                 | Signal 2                              | Signal 3                     | Signal 1        | Signal 2               | Signal 3         | Combined  | Rates              | Inflation | Rates              | Inflation |
| Date                | Month    | CPI change last 6 months | Real yield 10y inflation linked bonds | UK core CPI (BoE target: 2%) | Inflation Trend | Inflation versus Rates | Inflation Target | Signal    | Rates              | Inflation | Rates              | Inflation |
| Current CPI data    | May 2024 | -1.9%                    | 0.46%                                 | 3.5%                         | 2               | 1                      | 0                | 3/6       | 100%               | 50%       | 8.1                | 4.5       |
| Last Signal change  | May 2023 | -2.4%                    | 0.55%                                 | 6.8%                         | 1 → 2           | 1                      | 0                | 2/6 → 3/6 | 67%                | 67%       | 5.4                | 6.0       |



|                    |          | Market data              |                                       |                              | Signal output   |                        |                  |           | Portfolio Weight % |           | Portfolio Duration |           |
|--------------------|----------|--------------------------|---------------------------------------|------------------------------|-----------------|------------------------|------------------|-----------|--------------------|-----------|--------------------|-----------|
| United States (US) |          | Signal 1                 | Signal 2                              | Signal 3                     | Signal 1        | Signal 2               | Signal 3         | Combined  | Rates              | Inflation | Rates              | Inflation |
| Date               | Month    | CPI change last 6 months | Real yield 10y inflation linked bonds | US Core CPI (Fed target: 2%) | Inflation Trend | Inflation versus Rates | Inflation Target | Signal    |                    |           |                    |           |
| Current CPI data   | May 2024 | 0.2%                     | 2.08%                                 | 3.4%                         | 1               | 2                      | 0                | 3/6       | 100%               | 50%       | 8.0                | 4.1       |
| Last Signal change | Nov 2023 | -0.9%                    | 1.99%                                 | 4.0%                         | 2 → 1           | 2                      | 0                | 4/6 → 3/6 | 133%               | 33%       | 10.6               | 2.7       |

## Signal evolution: portfolio weightings

The signals drive the risk weighting of the portfolio between 'rates' (interest rate swaps) and 'inflation' (inflation swaps), across both the UK and US markets equally. For each of the UK and US portfolios, a signal of 0/6 indicates 100% investment in inflation, while a signal of 6/6 indicates 100% investment in rates. The evolution of the rules-based signals over time allows us to plot the evolution of the resulting portfolio weights over the same period.



\* The fund uses leverage to gain twice the exposure to Rates via interest rate swaps; the fund's notional exposure to rates is double that shown. The fund is approximately ½ invested in rates exposure over the backtest life. For the fund to have a similar exposure and similar volatility, on average, to its internal benchmark of passive 10yr UK and US government bond exposure, equally weighted, twice leverage in rates exposure is required.

## Three scenarios based on the fund's current sensitivities to interest rates and inflation

|  |  |  |
|--|--|--|
| <p>Recessionary shock</p> <p><b>Rates down 3%</b><br/><b>Expected inflation down 1%</b></p>                | <p>Wage price growth cools</p> <p><b>Rates down 1%</b><br/><b>Expected inflation down 1%</b></p>         | <p>Inflationary shock</p> <p><b>Rates up 1%</b><br/><b>Expected inflation up 2%</b></p>                  |
| <p>Passive bond fund: +26.4%</p> <p>Active bond fund: <i>uncertain</i></p> <p>Dynamic Duration: +21.8%</p> | <p>Passive bond Fund: +8.3%</p> <p>Active bond fund: <i>uncertain</i></p> <p>Dynamic Duration: +4.1%</p> | <p>Passive bond Fund: -7.9%</p> <p>Active bond fund: <i>uncertain</i></p> <p>Dynamic Duration: +1.6%</p> |



## Key Risks

**The price of shares and income from them can go down as well as up and past performance is not a guide to future performance. Investors may not get back the full amount originally invested. The level and basis of tax is subject to change and will depend on individual circumstances. There is no guarantee that the Fund will achieve its objective.**

A comprehensive list of risk factors is detailed in the Risk Factors Section of the Prospectus and the Supplement of the Fund and in the relevant key investor information document (KIID). A copy of the English version of the Supplement, the Prospectus, and any other offering document and the KIID can be viewed at [www.atlantichousegroup.com](http://www.atlantichousegroup.com) and [www.gemincapital.ie](http://www.gemincapital.ie). A summary of investor rights associated with an investment in the Fund is available in English at [www.gemincapital.ie](http://www.gemincapital.ie).

The Fund is entitled to use derivative instruments for investment purposes and for efficient portfolio management and/ or to protect against exchange risks. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the Fund. The Fund may enter into various financial contracts (derivatives) with another party. Where the Fund uses futures or forward foreign currency contracts (derivatives), it may become exposed to certain investment risks including leverage, market, mismatching of exposure and/or counterparty risk, liquidity, interest rate, credit and management risks and the risk of improper valuation. Any movement in the price of these investments can have a significant impact on the value of the Fund and the Fund could lose more than the amount invested.

The Fund invests in government bonds. All bonds will be investment grade (i.e. at or above S&P rating BBB- or deemed equivalent). If any of the bonds the Fund owns suffer credit events the performance of the Fund could be adversely affected

In certain market conditions some assets in the Fund may become less liquid than at other times so selling at their true value and in a timely manner could become more difficult. Other risks the Fund is exposed to include but are not limited to are possible changes in interest rates, changing expectations of future market volatility. Future legal or regulatory change could have a significant effect on the Fund.

## Important Information

Source for all data is Atlantic House Investments as of 28 June 2024 unless stated otherwise.

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The Atlantic House Dynamic Duration Fund is a sub-fund of GemCap Investment Funds (Ireland) plc, an umbrella type open-ended investment company with variable capital, incorporated on 1 June 2010 with limited liability under the laws of Ireland with segregated liability between sub-funds.

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