Atlantic House Total Return Fund

2022 Yearly Review

JANUARY 2023

The Atlantic House Total Return Fund fell 7.47% over 2022 with a volatility of 8.87%. This can be attributed across the Fund's sleeves and further broken down for H1, Q3 and Q4 as follows:

Sleeve	H1 2022 Performance	Q3 2022 Performance	Q4 2022 Performance	2022 Performance
Equity Defined Return	-3.92%	-3.71%	4.03%	-3.75%
Fixed Income & Dispersion	-2.61%	0.97%	1.50%	-2.11%
Inflation Protection	-0.40%	0.63%	-0.01%	0.22%
Long Volatility	-1.52%	-0.07%	0.12%	-1.71%
Total	-8.45%	-4.11%	5.40%	-7.47%

2022 was an unsettling year for traditional asset diversification and most multi-asset portfolios. Equities performed poorly worldwide, with the MSCI World Index down around 18%. Much of this poor equity performance was driven by dramatic rate rises to combat spiralling increases in inflation. For example, in the UK, the 3y SONIA interest rate swap increased from 1.39% to 4.33% over the year and reached heights of 5.75% during the not-so-mini budget period. Bonds were an equally, if not more, painful place to be than equities, and duration was to be avoided, whilst credit spreads also widened. Long volatility strategies also offered little protection, as the fear index (VIX) was rangebound for 2022. Gold offered some respite, up 1.49% on a US dollar basis.

Considering global market conditions, we were relatively pleased with the Fund's performance for 2022. The equity defined return sleeve held up well comparative to its underlying markets, and there remains significant intrinsic value in the Fund's equity investments to rebound quickly if market conditions improve in 2023. We estimate the equity sleeve's intrinsic value at around 9.7% annualised, if the sleeve's underlying global equity markets remain flat from here for the next four years, using data for 30 December 2022.

The Fixed Income & Dispersion sleeve also performed reasonably well. We hedged out most of the credit duration risk in November 2021, which meant the Fund's fixed income sleeve was significantly shielded from the sharp rate rises that ensued in 2022. However, credit spreads widening were detrimental. Similar to the equity defined return investments, there is now significant yield in the fixed income portfolio which could offer enhanced returns for 2023.

The Inflation Protection sleeve offered some respite and diversification for the Fund in 2022. The Fund generally benefited from its zero-coupon inflation swap positions, whilst linkers and their duration exposure emphasised why inflation derivative positions should be used to access inflation in a purer form. With breakeven inflation in the UK, US and EU moving lower once again towards the end of 2022, there remains consistent opportunities for inflation in 2023.

The Long Volatility sleeve had a rather disappointing but unsurprising year. It is fair to say that the sleeve had probably not provided the sort of protection that investors wanted, but this happened because volatility simply did not rise consistently as markets fell, and this is rare. Through monitoring the sleeve, we were pleased that the strategies were well positioned to offer significant protection from further market falls; this protection was not realised as we bounced of the inherent protection levels. Looking ahead to 2023, and with the VIX Index in the low 20s, we believe the strategy is well positioned to offer protection against equity market falls, with expected rises in volatility. Moreover, we keep the view that being long volatility strategies can offer powerful diversification benefits to multi-asset portfolios when implemented in a cost-effective manner.

Key Risks

This is a marketing communication. A final investment decision should not be contemplated until the risks are fully considered. A comprehensive list of risk factors is detailed in the Risk Warnings 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 and www.geminicapital.ie. A summary of investor rights associated with an investment in the Fund is available in English at www.gemincapital.ie. Calculations do not consider credit spread movements of the issuers of the securities. The mark to market of the securities and therefore the NAV of the Fund will decrease as credit spreads widen and vice versa if spreads narrow.

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.

The Fund invests in derivatives for investment purposes, for efficient portfolio management and/ or to protect against exchange risks. Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of a derivative investment to fluctuate and the Fund could lose more than the amount invested.

The Fund can invest in high quality government and corporate bonds. All bonds will be rated at least A- by Standard and Poors at outset. If any of the bonds the Fund owns suffer credit events the performance of the Fund could be adversely affected.

A decision may be taken at any time to terminate the arrangements for the marketing of the Fund in any jurisdiction in which it is currently being marketed. Shareholders in affected EEA Member State will be notified of any decision to terminate marketing arrangements in advance and will be provided the opportunity to redeem their shareholding in the Company free of any charges or deductions for at least 30 working days from the date of such notification.

Important Information