

True Partner Volatility UCITS Fund

Monthly Newsletter

iam

31 Jan 2024

Fund Overview

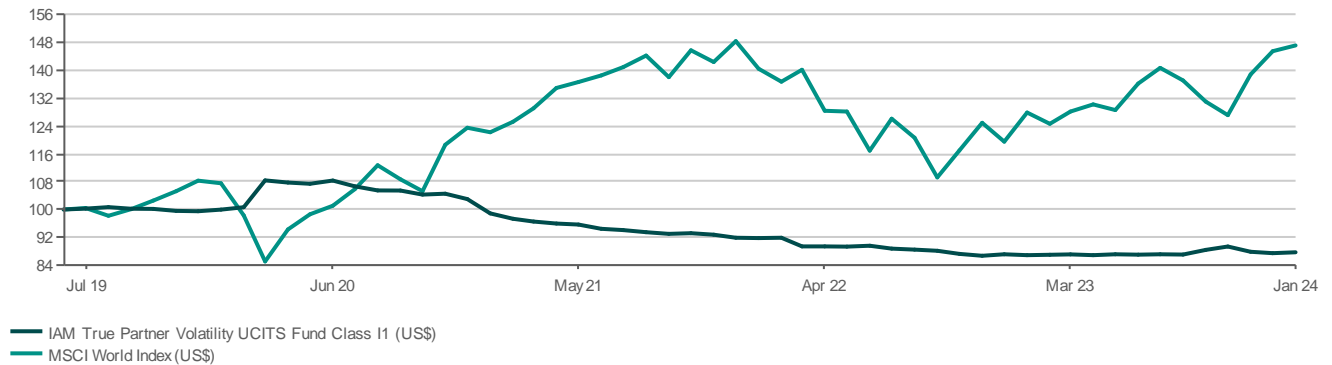
IAM True Partner Volatility UCITS Fund employs a strategy of global Relative Value Volatility trading. The team utilizes strong proprietary trading technology, combined with quantitative modelling and continuous real time risk management. The Fund aims to provide positive returns with negative correlation to equity markets. With trading offices in Hong Kong and Chicago, the team operates 24 hours a day enabling them to exploit inefficiencies across the globe immediately.

The investment objective of the Fund is to generate long-term capital appreciation by following a volatility arbitrage strategy and generating returns from investing in listed options referencing equity indices while generally maintaining a low net exposure to the general direction of the market (i.e. rising or falling) by investing in short-term listed futures on the same indices.

Monthly Commentary

The MSCI World Total Return USD rose +1.2% in January, but the underlying picture across indices was more mixed. The FX-hedged version of the index outperformed, rising +1.8%, as a rally in the US dollar vs the euro and Japanese yen depressed the USD returns of non-US markets. US 10-year yields rose modestly while markets became a little less dovish on rate cuts in 2024 as employment and inflation data generally came in higher than expected and Fed Chairman Powell pushed back against expectations for a rate cut in March. In the US, the S&P 500 rose +1.7%, while the Nasdaq 100 climbed +1.9%. In Europe, the Euro Stoxx 50 outperformed US markets, rising +2.9%, helped by a 17% rise in top index-weight ASML, but the DAX (+0.9%) and FTSE 100 (-1.3%) were comparatively weaker. In Asia, global investors flocked into Japanese stocks, lifting the Nikkei up +8.4%, hitting its highest level since 1990, while generally negative sentiment depressed Korea's Kospi 200, which was notably weak losing -6.1%. Hong Kong's markets took a tumble, with the Hang Seng down -9.2% and the HSCEI down -10.0%. The falls in Hong Kong were partly attributed to the knock-on effects of selling by onshore structured products (mostly on onshore indices) that hit liquidation triggers in the market sell-off. However, volatility was contained, and the VHSI (the Hang Seng's equivalent of the VIX) only rose from 21.9 to 25.8. Elsewhere, at-the-money implied volatilities were little changed across most equity indices vs. end-December levels, while same-strike volatilities rose a little in the US but were flat in Europe. The VIX index rose from 12.5 to 14.4, while the VIX short-term futures ETF fell by -2.8%. The Fund was up +0.3% in January, with profits on Asian volatility positions while US volatility spread positions detracted.

Historical Performance



Historical Monthly Returns – IAM True Partner Volatility UCITS Fund Class I1 USD (%) (Net)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	MSCI (%)	VIX (%)
														YTD	YTD
2024	0.28	-	-	-	-	-	-	-	-	-	-	-	0.28	1.14	1.90
2023	-0.27	0.11	0.12	-0.24	0.30	-0.13	0.10	-0.07	1.56	1.07	-1.69	-0.44	0.39	21.77	-42.55
2022	-0.12	0.12	-2.71	-0.02	-0.06	0.26	-0.91	-0.35	-0.37	-1.02	-0.62	0.49	-5.21	-19.46	25.84
2021	-3.99	-1.59	-0.81	-0.60	-0.29	-1.30	-0.37	-0.64	-0.49	0.19	-0.46	-0.93	-10.78	20.14	-24.31
2020	0.50	0.66	7.68	-0.58	-0.34	0.88	-1.52	-1.13	-0.03	-1.10	0.25	-1.48	3.54	14.06	8.97
2019	-	-	-	-	-	-	0.22	0.43	-0.45	-0.05	-0.55	-0.14	-0.54	8.27 ¹	-13.39 ¹

Indices used are MSCI World Index (US\$) and VIX Index (US\$). Past performance is not indicative of future returns.

Fund Information

Fund Inception	12 June 2019
Investment Manager/ Distributor	International Asset Management Ltd
Sub-Investment Manager	True Partner Capital
IAM True Partner UCITS AuM	US \$55m
True Partner Firm AuM	US \$1.1bn*
Subscriptions	Daily, T-1 Notice, T+3 Settlement
Redemptions	Daily, T-3 Notice, T+3 Settlement

Performance – Share Classes (UCITS)

Class	ISIN	NAV	MTD (%)	YTD (%)	Since Inc. (%)
E EUR (ACC) ²	IE00BK6RBJ07	822.45	0.15	0.15	-17.76
E USD (ACC) ³	IE00BK6RBD45	875.64	0.30	0.30	-12.44
I1 EUR (ACC) ²	IE00BK6RBK12	811.61	0.12	0.12	-18.84
I1 USD (ACC) ²	IE00BK6RBF68	876.77	-0.44	-0.44	-12.32
I1 GBP (INC) ⁴	IE00BKLFY787	865.86	-0.24	0.24	-13.41

¹From Jul 2019.

²Launched on 24 Jul 2019; ³Launched on 12 Jun 2019; ⁴Launched on 11 Dec 2019; ⁵Launched on 3 Jun 2020; ⁶Launched on 28 Aug 2019. All data is net of fees.

*Firm AUM as at 31 Aug 2023

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Portfolio Analysis

	Overall Indicators	
	Vega	Wega
Net (% NAV)	0.17%	0.22%
Gross (% NAV)	0.17%	0.22%

Margin/Equity (%)	Geographic split of gross Vega	
2.48%	Asia	24%
	Europe	3%
	US	73%

Scenario Analysis (as at month end)

Global moves (gap of entire portfolio)

	P/L
-5% all indices	2.70%
+5% all indices	-0.13%
-10% all indices	8.73%
+10% all indices	0.96%

gap/vol : 0%/ -25%	(%)
Worst case sum of all indices	-0.63%

Individual underlying moves*	(%)
5% Scenario individual worst case	-0.49%
10% Scenario individual worst case	-0.55%

*Individual gap, rest of portfolio unchanged.

Note: Totals are subject to rounding differences.
Source: IAM.

Classifications

Delta	The rate of change between the option's price and the underlying asset's price.
Gamma	Rate of change between an option's delta and the underlying asset's price.
Vega	The rate of change between an option's price and the underlying asset's volatility i.e. sensitivity to volatility.
Wega	Weighted vega – this aims to capture the fact that volatility changes are not always in parallel across the curve. This calculation takes into account the higher magnitude of volatility changes of shorter dated options compared to those of longer dated options.
Net Vega/Wega	Sum of the long and short Vega/Wega per underlying as a percentage of AUM at the end of the month.
Gross Vega/Wega	Sum of the absolute long and short Vega/Wega per underlying as a percentage of AUM at the end of the month.
Margin/Equity	Margin as required and calculated by the Prime Broker divided by NAV at the end of the month.

Portfolio Manager and Firm Background

Govert Heijboer, Co-CIO

Govert has been active as a market maker trading in the European and Asian derivatives markets as well as positional trading since 2003. Govert started as a trader/researcher at Saen Options in Amsterdam and rose to become the director of derivatives trading and a member of the executive team. He also set up and assumed responsibility for all trading activities in the Saen Options Hong Kong branch office. Govert holds a PhD in Management Science and an MSc in Applied Physics from the University of Twente, Netherlands.

Tobias Hekster, Co-CIO

Tobias has been actively trading for the past 20 years in various different roles in several markets across the globe. Starting at IMC in 1998 as a pit trader in Amsterdam, he established the off-floor arbitrage desk, headed the Chicago office in the transition from floor trading to electronic trading and set up the Asian volatility arbitrage desk in Hong Kong. Tobias holds an MSc in Economics from University of Groningen, Netherlands.

Ralph van Put, CEO

Ralph has been active in finance since the late 1980's. He began his career as a quantitative analyst at the Pacific Investment Research Institute. Soon after that he started his own investment fund. He also founded a software development company AtomPro in 1995 which has provided trading technology since the market evolution from floor-based solutions to co-located HFT setups.

True Partner Capital

True Partner Capital is a team of former market makers and IT specialists that have been working together for more than 15 years. Their combined expertise on trading, execution and risk management as well as the proprietary trading technology, allows the team to identify and capitalize on trading opportunities.

www.iaminvestments.com

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