

IAM True Partner Volatility UCITS Fund

Monthly Newsletter

iam

31 Mar 2021

For professional investors only

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.

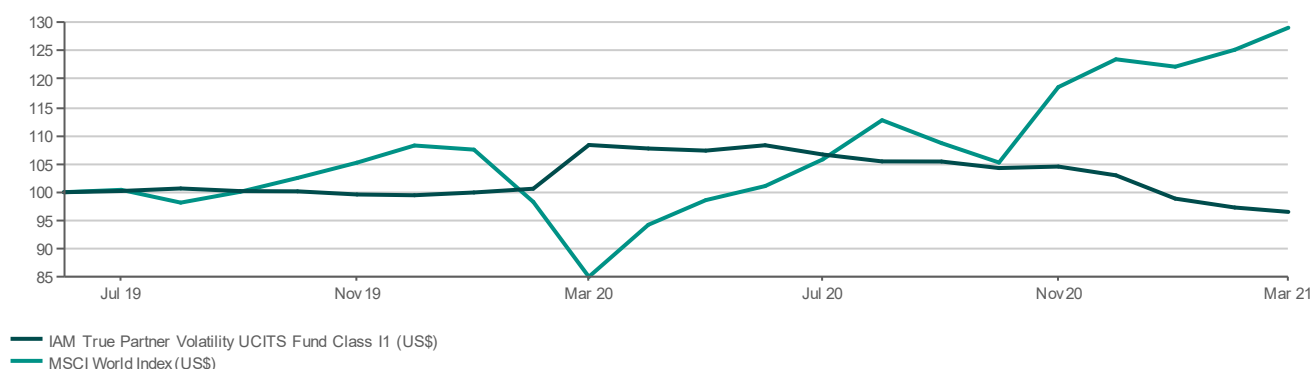
The investment objective of the Fund is to generate long-term capital appreciation by following a volatility arbitrage strategy and generating returns from investing in listed options referencing equity indices while generally maintaining a low net exposure to the general direction of the market (i.e.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

Monthly Commentary

March was another risk on month for equities, with the MSCI World up +3.3%, the S&P 500 up +4.4% and the EuroStoxx 50 up +7.9%, while Asian indices somewhat lagged with the Nikkei up +1.2% and the Kospi 200 up +2.0%. In the US, the Nasdaq finished behind the S&P 500 for the second month in a row, but still ended the month up +1.5%. Government bond yields continued to march higher in the US, with the 10 year yield finishing the month over 1.70%, as market participants digested additional fiscal spending plans and began to price in earlier Fed hikes and higher inflation. Implied volatility declined significantly, with the VIX falling by 9 points or by 30% in relative terms to finish below 20, its lowest monthly close since January 2020. Similar declines were seen in implied volatilities in other markets, but intraday realized volatility remained a little higher in some Asian markets. The decline in implied volatility came despite continued signs of market fragility below the surface, with the reported liquidation of a large leveraged equity portfolio towards the end of the month.

The IAM True Partner Volatility UCITS Fund was down -0.81% in March, capping a frustrating quarter. The Fund generated profits on short volatility positions in Asia, but had losses on long volatility positions in the US and Europe. Overall, the Fund had a small long volatility bias during the month, and some positions that our models suggested underpriced the relative risk of larger downside moves. These were negatively impacted by the large decline in implied volatility and rallying market, outweighing the gains on our short positions.

Historical Performance



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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	MSCI (%)	YTD	VIX (%)	YTD
2021	-3.99	-1.59	-0.81	-	-	-	-	-	-	-	-	-	-6.28	4.52		-3.35	
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\$).

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\$493.4m
True Partner Firm AuM	US\$1.6bn*
Subscriptions	Daily, T-1 Notice, T+3 Settlement
Redemptions	Daily, T-3 Notice, T+3 Settlement

Performance – All Share Classes (UCITS)

Class	ISIN	NAV	MTD (%)	YTD (%)	Since Inc. (%)
E EUR (Acc) ²	IE00BK6RBJ07	945.04	-0.90	-6.48	-5.50
E USD (Acc) ³	IE00BK6RBD45	958.13	-0.79	-6.22	-4.19
E GBP (Acc) ⁵	IE00BMZN3P34	893.09	-0.82	-6.24	-10.69
I1 EUR (Acc) ²	IE00BK6RBJ12	937.68	-0.93	-6.54	-6.23
I1 USD (Acc) ²	IE00BK6RBF68	965.17	-0.81	-6.28	-3.48
I1 GBP (Inc) ⁴	IE00BKLFY787	964.45	-0.83	-6.30	-3.55
I2 EUR (Acc) ⁶	IE00BK6RBL29	930.00	-0.95	-6.59	-7.00
S JPY (ACC) ⁷	IE00BMX6CB36	90,463.28	-0.81	-6.28	-9.54

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; ⁷Launched on 7 Aug 2020.

*As at 31 Jan 2021.

Source: IAM . All data is net of fees.

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Portfolio Analysis

	Overall Indicators	
	Vega (%)	Wega (%)
Net (% NAV)	0.01	0.03
Gross (% NAV)	0.07	0.11

Margin/Equity (%)	Geographic split of gross Vega (%)	
5.00	Asia	38
	Europe	35
	US	27

Scenario Analysis (as at month end)

Global moves (gap of entire portfolio)		P/L (%)
-5% All Indices		0.39
+5% All Indices		0.60
-10% All Indices		1.02
+10% All Indices		1.69

(Gap/Vol: 0% / -25%)	
Worst case sum of all indices	-0.09

Individual underlying moves*	(%)
5% Scenario individual worst case	-0.47
10% Scenario individual worst case	-1.08

*Individual gap, rest of portfolio unchanged.

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

Classifications

Function	Description
Delta	The rate of change between the option's price and the underlying asset's price.
Gamma	Rate of change between an option portfolio's delta and the underlying asset's price.
Gross Vega	Sum of the absolute amount of Vega per underlying as a percentage of AUM at the end of the month.
Inherent Fluctuation	The advantage of valuing all positions at exchange settlement prices is transparency. However, the disadvantage is that the portfolio is subject to what we refer to as Inherent Fluctuation. There is a p/l fluctuation due to the fact that exchanges open and close at different times. A large move in the US after the close in Europe and/or Asia on day T for instance will p/l wise only be reflected in the latter positions the trading day after (day T+1). Depending on positions this can have a positive or negative effect on NAV on any day including the month end.
Margin/Equity	Margin as required and calculated by the Prime Broker divided by NAV at the end of the month.
Regional Allocation	Based on Gross Vega exposure at the end of the month.
Vega	The rate of change between an option portfolio's value and the underlying asset's volatility - in other words, sensitivity to volatility.

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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