

True Partner Volatility UCITS Fund

Monthly Newsletter

iam

28 Feb 2023

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.

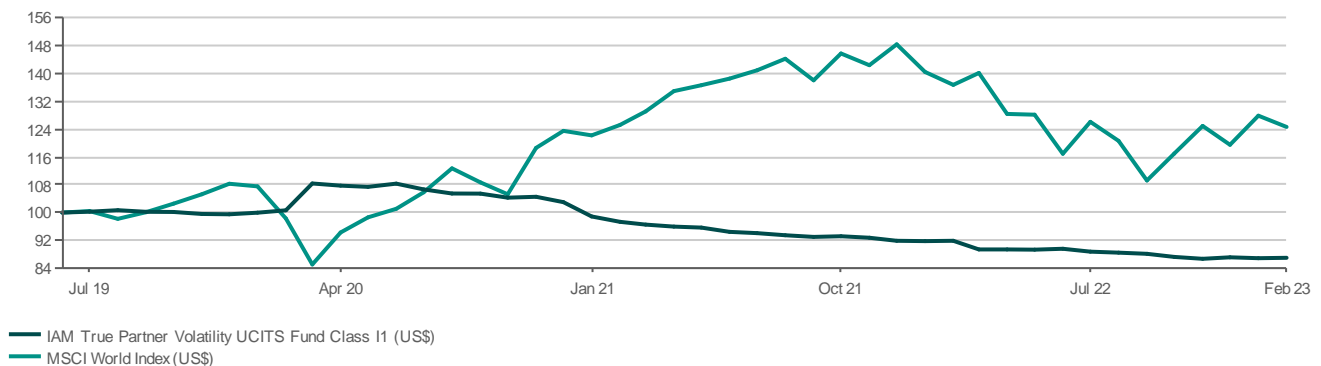
Monthly Commentary

Equity markets were mixed in February, with losses in the US, gains in Europe and a mixed picture in Asia. The MSCI World Total Return USD fell -2.4%, of which almost 1% was due to US dollar appreciation, with the US dollar-hedged version of the index falling only -1.5%. The S&P 500 fell -2.4%, while the Nasdaq was only marginally lower, down -0.4%. The Euro Stoxx 50 rose +1.9%, while in Asia the Nikkei gained +0.5% and the Kospi 200 declined by -0.8%. Hong Kong's markets saw bigger moves, with the Hang Seng down -9.4%, giving back its January gains. US bond yields rose and markets priced in higher for longer rates as economic data suggested stronger growth and more persistent inflation than expected. The US 5-year yield rose from 3.6% to 4.2% and the US dollar rose against the euro and yen.

The VIX index was little changed, rising from 19.4 to 20.7, while VIX March futures rose marginally from 20.5 to 20.8. Same strike volatilities were mostly little changed over the month, falling slightly in the US and Japan and rising a little in Europe. The Fund had relatively low risk levels during the month and overall our volatility spread positions delivered a small gain of +0.1%. European and US markets contributed positively, while Asian positions were mixed, with the region a small net detractor over the month.

At month-end, implied volatilities were generally around long-term averages, but notably below average in Japan. Furthermore, skew and the volatility risk premium remained low in several markets, with some variation across indices, and equity implied volatility continued to look low relative to its historical relationship to volatilities in markets such as fixed income. Overall, we remain constructive on volatility in general and on our opportunity set going forward.

Historical Performance



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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	MSCI (%)	VIX (%)
2023	-0.27	0.11	-	-	-	-	-	-	-	-	-	-	-0.16	4.30	-4.48
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\$116m
True Partner Firm AuM	US\$1.4bn*
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	828.84	-0.07	-0.56	-17.12
E USD (ACC) ³	IE00BK6RBD45	867.12	0.12	-0.13	-13.29
E GBP (ACC) ⁵	IE00BMZN3P34	801.61	0.05	-0.28	-19.84
I1 EUR (ACC) ²	IE00BK6RBK12	819.29	-0.09	-0.60	-18.07
I1 USD (ACC) ²	IE00BK6RBF68	869.60	0.11	-0.16	-13.04
I1 GBP (INC) ⁴	IE00BKLFY787	862.70	0.03	-0.33	-13.73
I2 EUR (ACC) ⁶	IE00BK6RBL29	807.03	-0.11	-0.65	-19.30

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.

*As at 31 Jan 2023.

Source: IAM as at 28/02/2023. All data is net of fees.

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Portfolio Analysis

	Overall Indicators	
	Vega	Wega
Net (% NAV)	0.12%	0.13%
Gross (% NAV)	0.14%	0.18%

Margin/Equity (%)	Geographic split of gross Vega	
2.86%	Asia	37%
	Europe	40%
	US	23%

Scenario Analysis (as at month end)	
Global moves (gap of entire portfolio)	
	P/L
-5% all indices	1.57%
+5% all indices	0.42%
-10% all indices	4.64%
+10% all indices	2.50%

gap/vol : 0%/-25%	(%)
Worst case sum of all indices	-0.62%

Individual underlying moves*	(%)
5% Scenario individual worst case	-0.33%
10% Scenario individual worst case	-0.33%

*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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