

WHY AUSTRALIA IS READY FOR
INVESTMENTS WITH A MORE
PREDICTABLE JOURNEY



ATLANTIC HOUSE
GROUP

INTRODUCTION

I hope this eBook brings together key points to convince you of the worth of considering a defined return approach.

It is not an academic or theoretical exercise.

We have deep experience in using derivatives. We build portfolios that focus on the more manageable and realistic goal of making the future just a little bit less uncertain.

Since 2013, Atlantic House Group has built its overall FUM to \$A4.28 billion.

Increasingly, investors are searching for more predictable, equity-like returns to help achieve their financial goals. The Atlantic House Defined Returns Fund was designed to help meet that need, aiming to deliver an annualised long-term return of 7 to 8% in all but the bleakest market conditions.

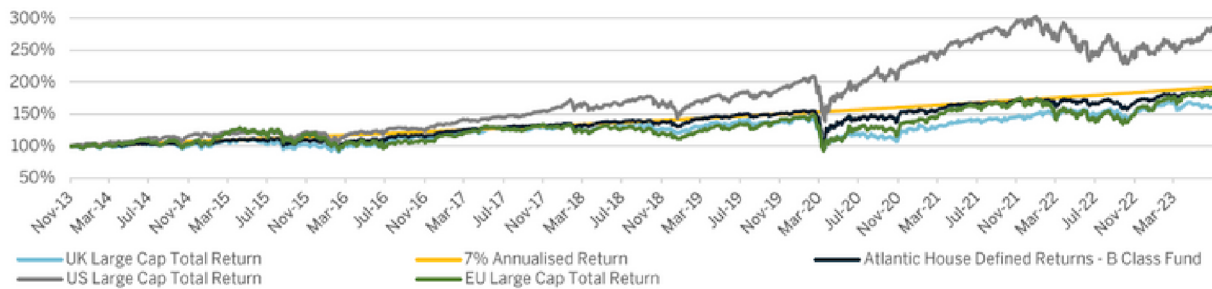
We aim to help clients solve their investment challenges using a systematic approach based on analytical modelling, a forensic understanding of risk and a heritage rooted in derivative-based investing.

We believe this combination offers the best possible opportunity to deliver realistic, predictable and clearly defined investment outcomes for our clients.

Andy Lakeman, Atlantic House Group (AHG), Sydney

FUND PERFORMANCE

Performance Since Launch



Past performance does not predict future returns. Source: Atlantic House/Solactive. Performance of B share class, total return, net of fees in GBP. UK Large Cap: Solactive United Kingdom Large Cap ex Investment Trust Net Total Return Index. US Large Cap: Solactive US Large Cap Index (Net Total Return) and Euro Large Cap: Solactive Euro 50 Index (Net Total Return) as at 30/06/2023. Fund: B Shares, Total Return.

Calendar Year Performance (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GBP Accumulation (B)	8.20	-0.05	12.18	-0.14	16.98	-1.99	10.25	11.80	4.36	3.30
UK Large Cap	2.89	5.73	18.88	-12.15	18.00	-8.92	12.17	17.29	-0.14	0.77
US Large Cap	17.05	-20.13	26.68	20.59	30.79	-4.80	21.25	10.77	0.93	12.95
EU Large Cap	18.56	-10.18	24.28	-4.27	27.70	-12.27	9.29	4.81	6.64	4.23

Discrete Yearly Performance (%)

30/06/22 - 30/06/23	30/06/21 - 30/06/22	30/06/20 - 30/06/21	28/06/19 - 30/06/20	29/06/18 - 28/06/19
11.77	0.01	17.41	-4.54	7.98
8.38	7.18	18.10	-14.33	2.07
19.23	-13.47	41.46	8.20	9.85
30.40	-13.27	30.55	-7.12	4.57

By taking equity exposure to large, developed market indices, the fund managers design a portfolio that aims to deliver a predetermined level of return in specific market conditions over time.

The Fund's expected return is summarised in the table below.

Expected Fund Returns in Different Market Conditions

Equity downside risk 1% fall in Fund for each 1% fall in the Index	AH Defined Return Fund's optimum performance range 7-8%	Equity upside capped
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RULES-BASED INVESTING

Works across market cycles

AHG uses a rules-based investment approach to take positions in directive investments which we called defined return investments. These are linked to the performance of one or more large equity indexes.

AHG defined return investments will deliver its target return as long as the indices to which it is linked do not fall by more than around 25% and remain at or below that level over the life of the investment (six years).

Each individual investment will not suffer a loss even if the indices to which it is linked were to fall by up to 35% from their starting levels and remain there until maturity. The Fund's investments are typically backed by UK gilts to help mitigate counterparty risk.

REDUCING LIQUIDITY RISK

AHG uses derivative contracts linked to large and liquid, developed market equity indices, meaning that daily liquidity is a given. Since the GFC, more alternative exposure has been focused on illiquid alternatives where investors are implicitly being paid for “illiquidity premia” whether they know it or not.

- Over 90% of the AHG fund is backed by UK gilts and corporate bonds rated at least at A- by S&P
- AHG has counterparty agreements with 13 global, systemically important banks

INVESTOR DEMAND BEHIND FUND



REAL VS PREDICTED RETURNS

Producing a more predictable journey

Using our derivative pricing models, AHG is able to better predict how the fund is likely to perform over various timeframes and market movements.

AHG believes this is one of the Fund's most compelling benefits, providing transparency around likely performance and helping investors make informed investment decisions.

Evidence for the effectiveness of AHG's approach can be shown by comparing the Fund's actual performance alongside the predicted performance.

The Data - past performance does not predict future returns. It is worth pointing out how accurate the Fund's predicted returns have been in terms of Net Asset Value (NAV) real vs predicted returns.

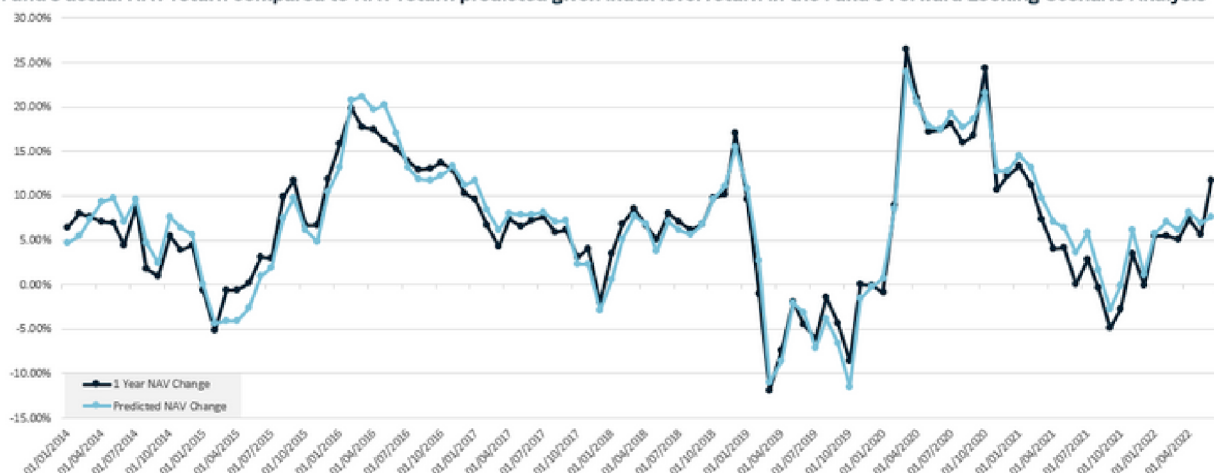
The following graph shows the Fund's actual NAV return for the preceding year compared to the NAV return predicted a year previously.

LONG-TERM PREDICTABILITY



Were expectations managed for the Atlantic House Defined Returns Fund?

Fund's actual NAV return compared to NAV return predicted given index level return in the Fund's Forward Looking Scenario Analysis



Past performance does not predict future returns.

Source: Atlantic House, based on B share NAV performance, Total Return in GBP and published forward looking scenario analysis since 30/01/2015 to 30/06/2023.

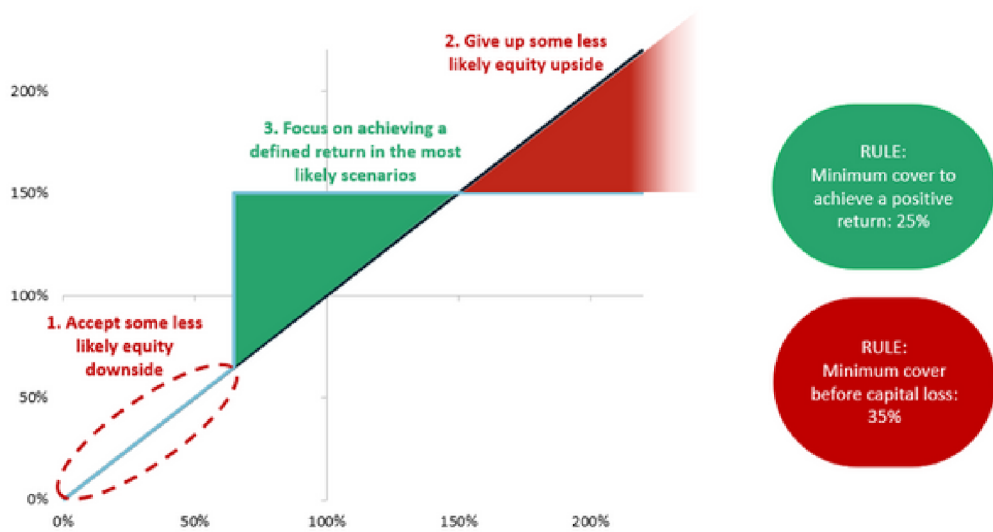
CHARTS

A selection of charts on AHG on managing risk and producing more predictable returns.

HOW?



Another way



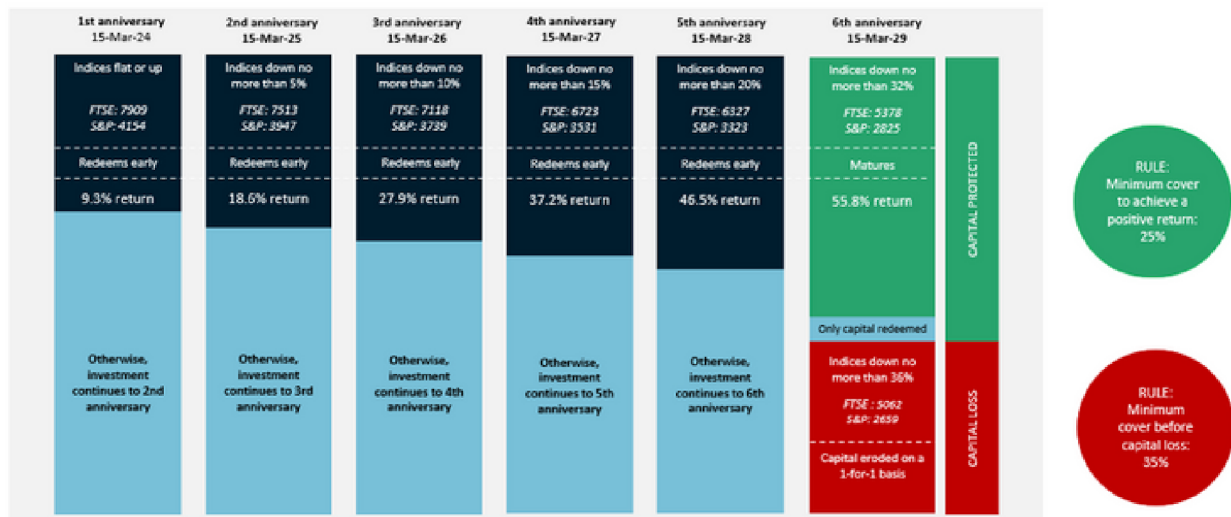
Source: Atlantic House.

Past performance does not predict future returns. Source: Atlantic House. Indicative only.

TYPICAL INVESTMENT



Launched 15-Mar-23 : Gilt-backed Defensive Autocall linked to FTSE 100/S&P 500 (9.30%)

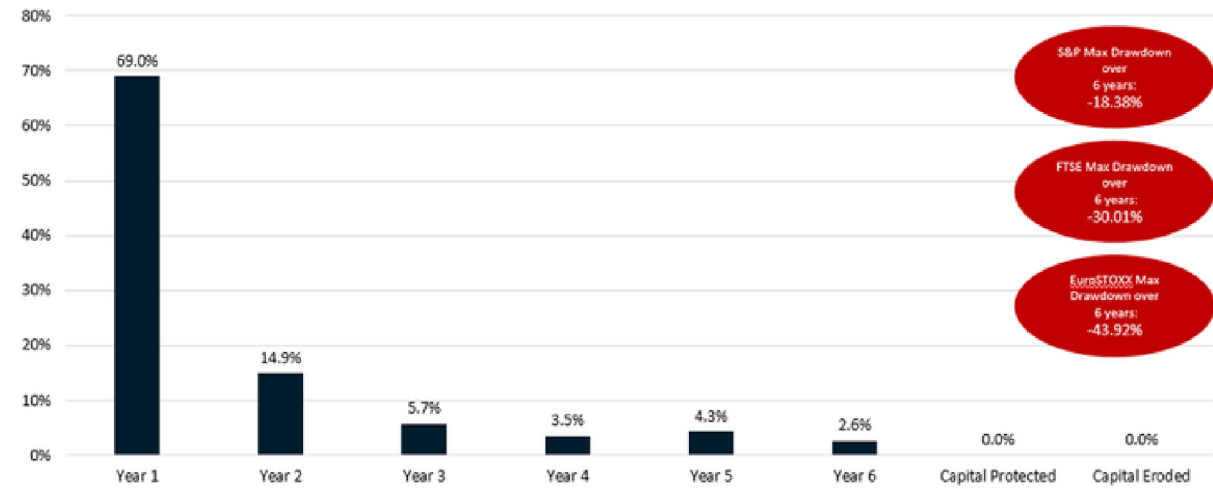


Source: Atlantic House.

HISTORICAL RESULTS



Data run from 1984 to 2023, imagining a new version of this same shape is launched every day



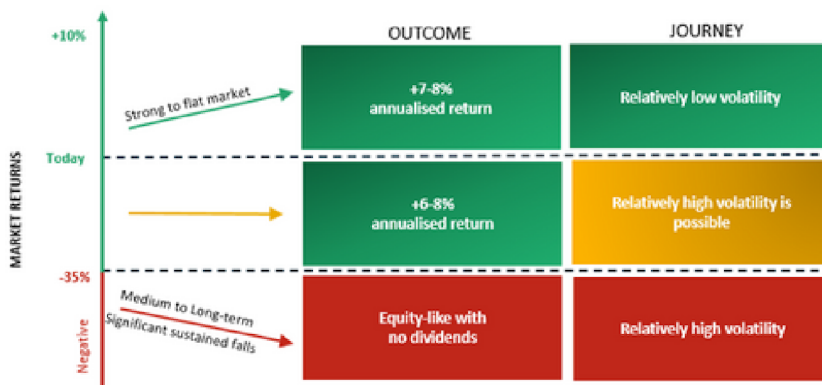
Source: Atlantic House.

Past performance does not predict future returns, Source: Atlantic House, as at 03/05/2023

WHAT TO EXPECT



Demonstrating how the Defined Returns Fund will perform in different equity market scenarios.



The Fund will only do one of three things:

- 7-8% with less vol than markets
- 6-8% in a flat to negative market (to a point)
- Erode capital at a 1:1 ratio (less dividends) if the market falls by more than ~35% over 6 years **with no partial recovery**

Click to edit text styles

Source: Atlantic House.

ABOUT

ATLANTIC HOUSE - AUSTRALIA

Andy Lakeman moved to Sydney in 2014 as his Australian-born wife wanted to move home. For five years he managed the distribution team and attended Board meetings with regular trips back to London.

Covid 19 put a stop to the travel and Atlantic House revisited the idea of entering the Australian market. Early conversations with local consultants confirmed our thoughts that Australia, like UK, was a suitable market. Particularly, Baby Boomers with investable assets that would consider genuine retirement solutions to deal with sequencing risk and market volatility.

ATLANTIC HOUSE - UK

Atlantic House Group Limited was set up to offer clients an independent solution for accessing institutional structured investments. Using a wide range of investment banking counterparties, investments were delivered via MTNs, SPVs or Funds and the investment solutions were as simple or complicated as the mandate/client required.

Since forming in 2008 we have originated ~\$A35 billion of investments for our clients. The Fund Management entity (Atlantic House) was set up in 2012 due to client demand. Platform access and time pressures meant a typical client wanted a managed solution in a fund wrapper for one of the most popular and successful strategies (The Autocallable).

As the business has grown, Atlantic House Group (AHG) have added to the Fund range and taken mandates according to client need, not based on a marketing strategy. Overall FUM is \$A4.28 billion.

In recent years AHG helped clients navigate the QIS (Quantitative Investment Strategies) world as well as invest in these strategies with some of their funds. The skill set we've developed in assessing the merit of these strategies and to execute and monitor them has led to clients looking to use AHG to run mandates for institutional clients.

CONTACT



Damien Hatfield

Co-Founder & Head of Distribution
Mantis Funds

Sydney

damien.hatfield@mantisfunds.com

www.mantisfunds.com

0400 560 240



Andrew Lakeman

Co-Founder & Head of Australia Atlantic House
Sydney

andrew.lakeman@atlantichousegroup.com

www.atlantichousegroup.com

0439 090 137

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