



Insignia 85% Protected Macro Fund

Fund Proposition

- Protected Macro (PM) Fund is driven by our believe that macro economic factors drive asset class returns.
- Protection is 85% of the highest Fund value.
- Relative valuation of asset classes also key in driving long term returns.
- Aim is to generate attractive risk-adjusted returns for investors over the entire business cycle.
- Enhanced diversification across asset classes and across key macro risk factors.
- Fund should be a core holding for clients wishing to maximise risk-adjusted returns over the business cycle.

Strong Macro Credentials

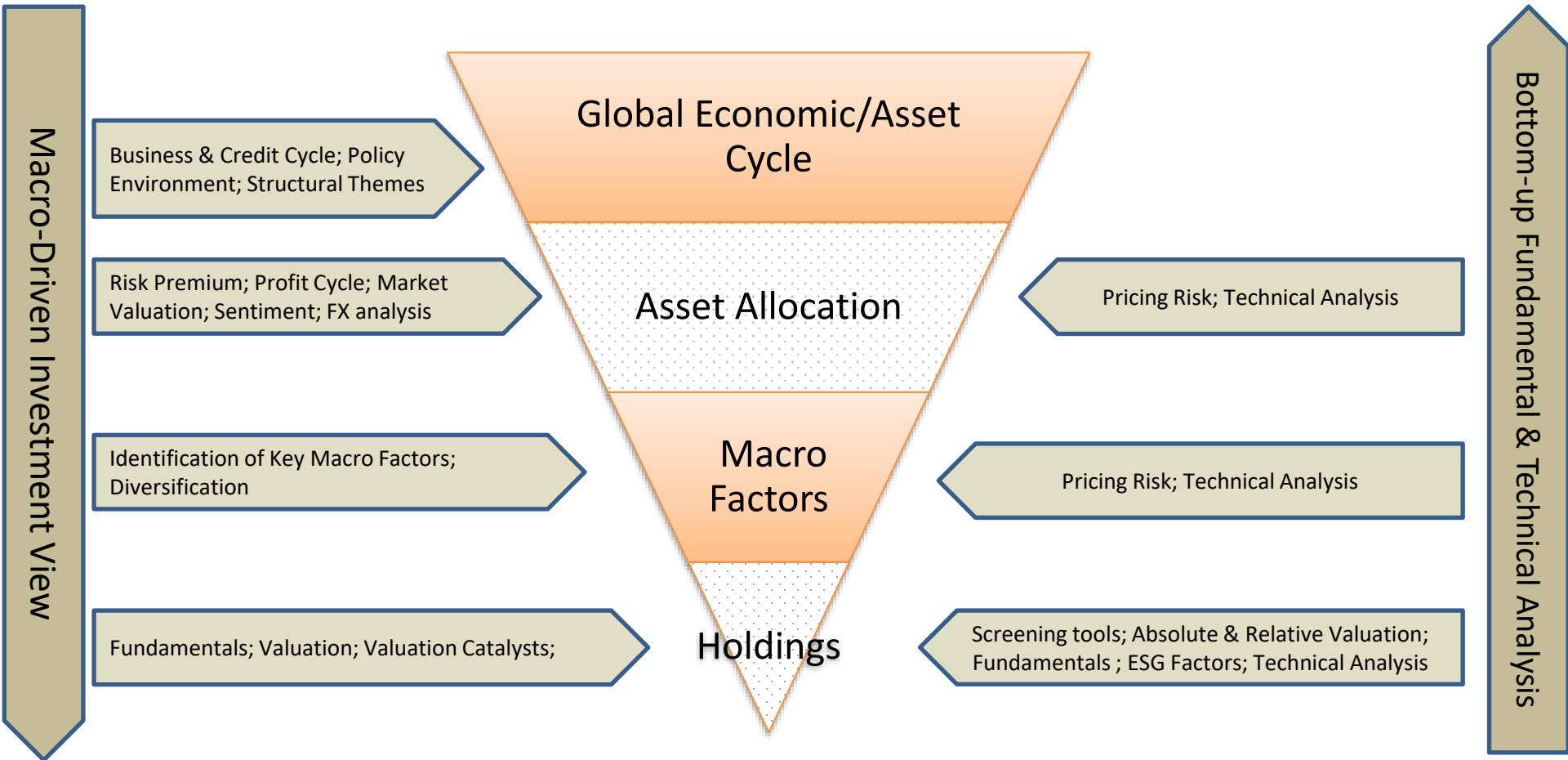
- Dr. Don Walshe
 - Lead manager of the PM Fund
 - 25 years experience in macroeconomics
 - With Insignia and instrumental in investment strategy since inception
 - Experienced Professional Fund Manager
 - Equity
 - Fixed Income
 - Balanced/Managed
 - FX
 - Phd in Macroeconomics

Asset allocation

Asset Class	Range of Exposure
Equities	0% - 100%
Bonds	0% - 100%
Cash & Equivalents	0% - 100%
Property (Indirect)	0% - 50%
Alternatives	0% - 50%

1. Flexibility to allocate fully within the fund instead of across external funds
2. Diversification across Macro Themes/Factors as well as Asset Classes
3. Technical Analysis to manage absolute and relative price risk
4. Explicit FX views may be incorporated into the AA process and portfolio construction

Investment Process



Examples of Macro Factors/Themes

Macro Factor
Inflation
Real Interest Rates
Emerging Market Growth
Monetary Policy
Fiscal Policy
FX Policy
Commodity Cycle

Asset Class Correlations



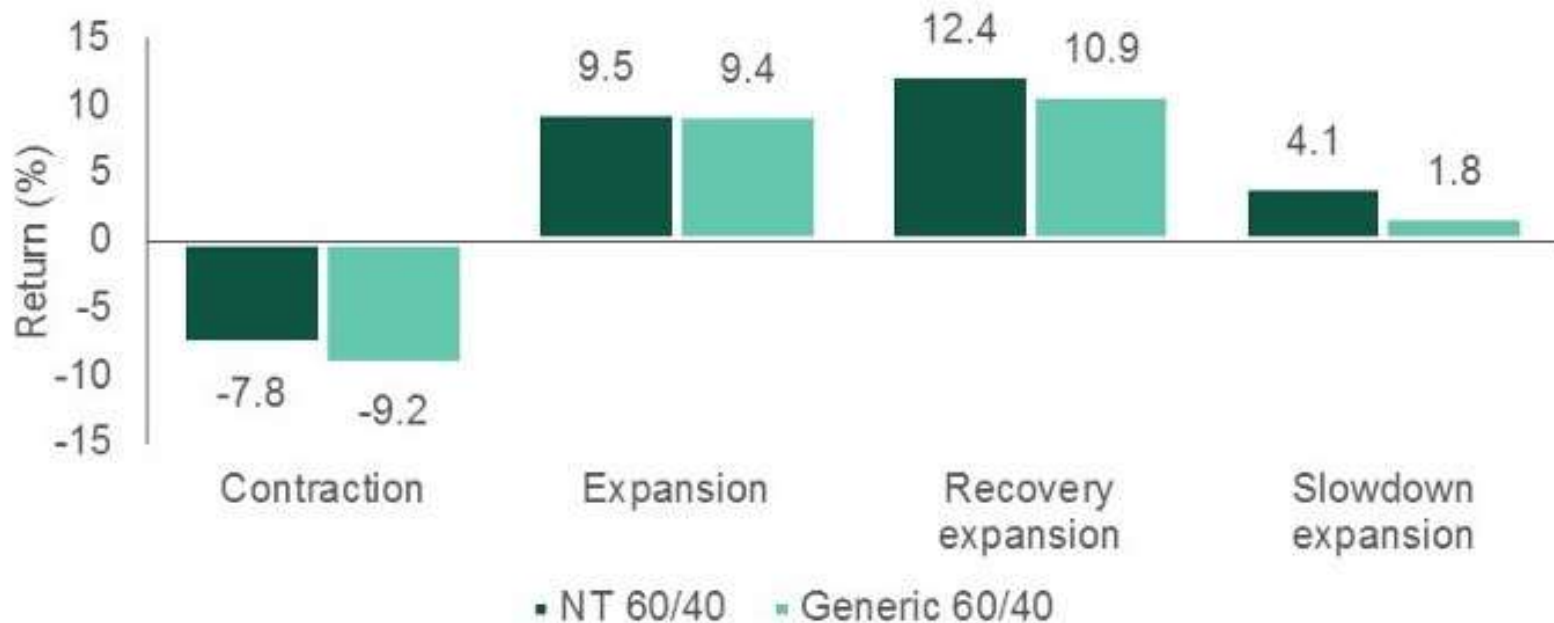
Source: Morningstar; Northern Trust

Macro Factor Correlations



Source: Morningstar; Northern Trust

Through the Cycle Macro Diversification benefits



Source: Morningstar; Northern Trust (strategic asset mix)

Note: Generic 60/40 is 60% MSCI World Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index); Period from July 1983 to March 2019.

Expected Returns?

- The Fund is not constrained by any benchmark.
- Equity-like Returns (guided at 6%-7% per annum).
- Lower volatility.
- Systematic Downside Protection.
- Superior Flexibility and Diversification in the Fund with 15% max capital loss expected to outperform similar protected strategies with better risk/return trade off.

Risk rating of Fund

- Minimum repayment of 85% of the highest Fund NAV
- Max capital at risk is 15%
- The Fund is low risk on the ESMA methodology with a likely rating of 2 out of 7 based on the volatility grid below

Risk Class	Volatility Intervals	
	equal or above	less than
1	0%	0.5%
2	0.5%	2%
3	2%	5%
4	5%	10%
5	10%	15%
6	15%	25%
7	25%	

- International Investment Bank providing the protection (Investment Grade)
- Highly Liquid Fund Redeemable daily at the option of the investor

85% Protection of Fund NAV

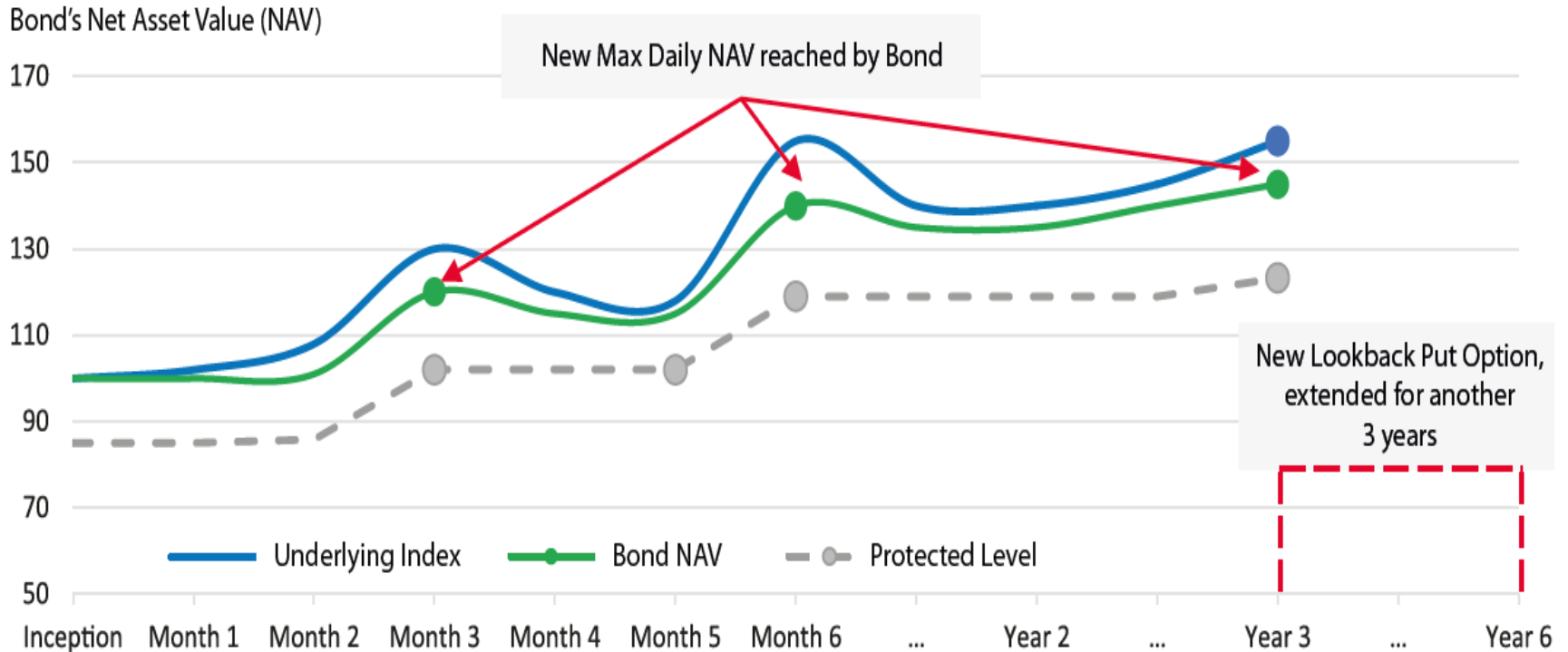
- Protection is 85% of Fund Highest Value
 - Value of protection rises with the fund
 - Protection can rise to over 100% of the initial investment as NAV rises
 - Investors participate in the upside;
 - However, if markets subsequently fall, the fund will not fall by more than 15%
- Targeted Volatility
 - The Fund comprises of an allocation between risky assets and Cash (0%-100% range)
 - The Macro Strategy, described above, is the Risky Pot; Cash is Risk-free
 - Daily rebalancing between risky and risk-free pots based on targeted volatility
 - This is a 'volatility-controlled performance index' which generates the return for the investor

How the Protection works

- Continuous protection is provided by a Put option that looks back at the performance of the volatility-controlled strategy
- The option provides that the value of the investment can never fall below 85% of the Fund's highest Net Asset Value (NAV)
- Use of Options is superior to portfolio insurance which resorts to cash to provide protection i.e. investors become 'cash-locked' when market rebounds
- As NAV grows, old Put options are replaced with new so Fund can run on open-ended basis

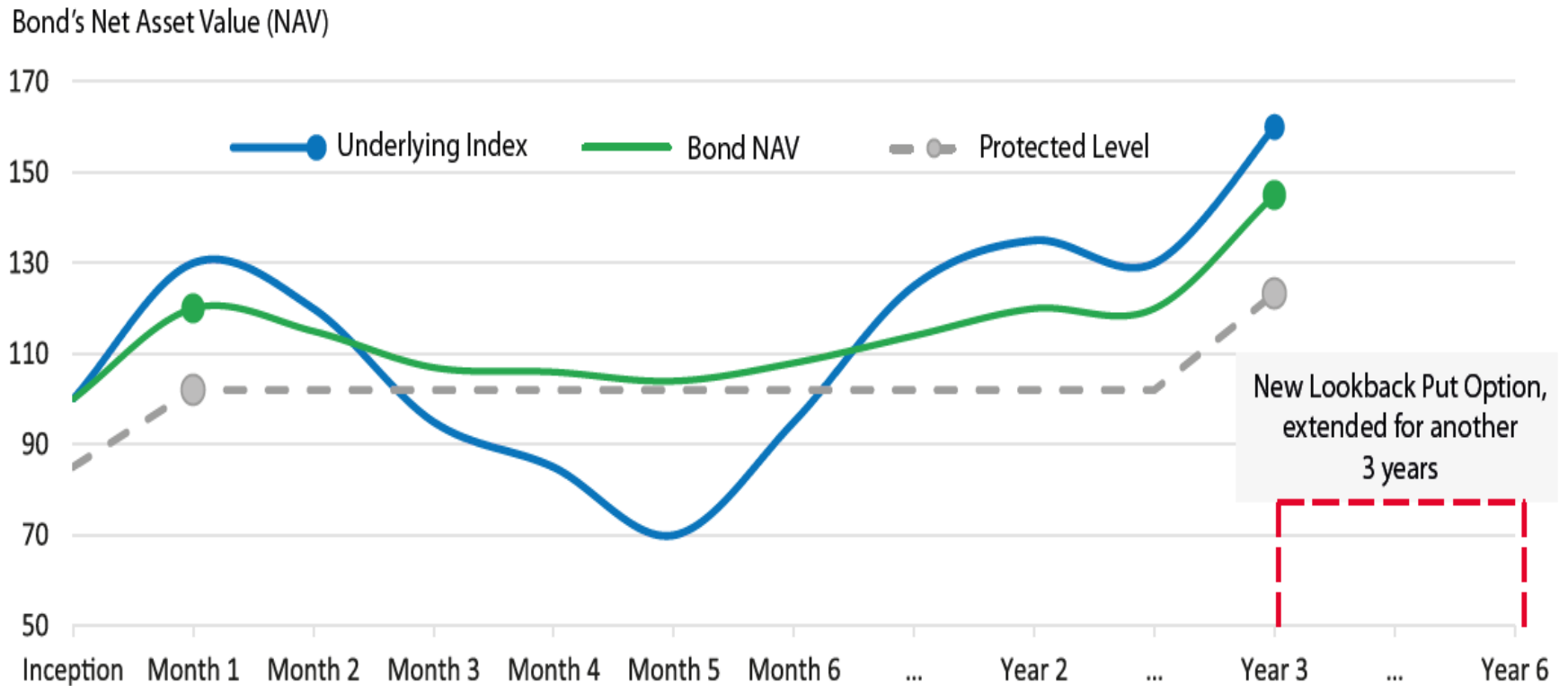
Performance in a Bullish Scenario

1. Bullish Market Scenario:



Performance in a V-shaped Scenario

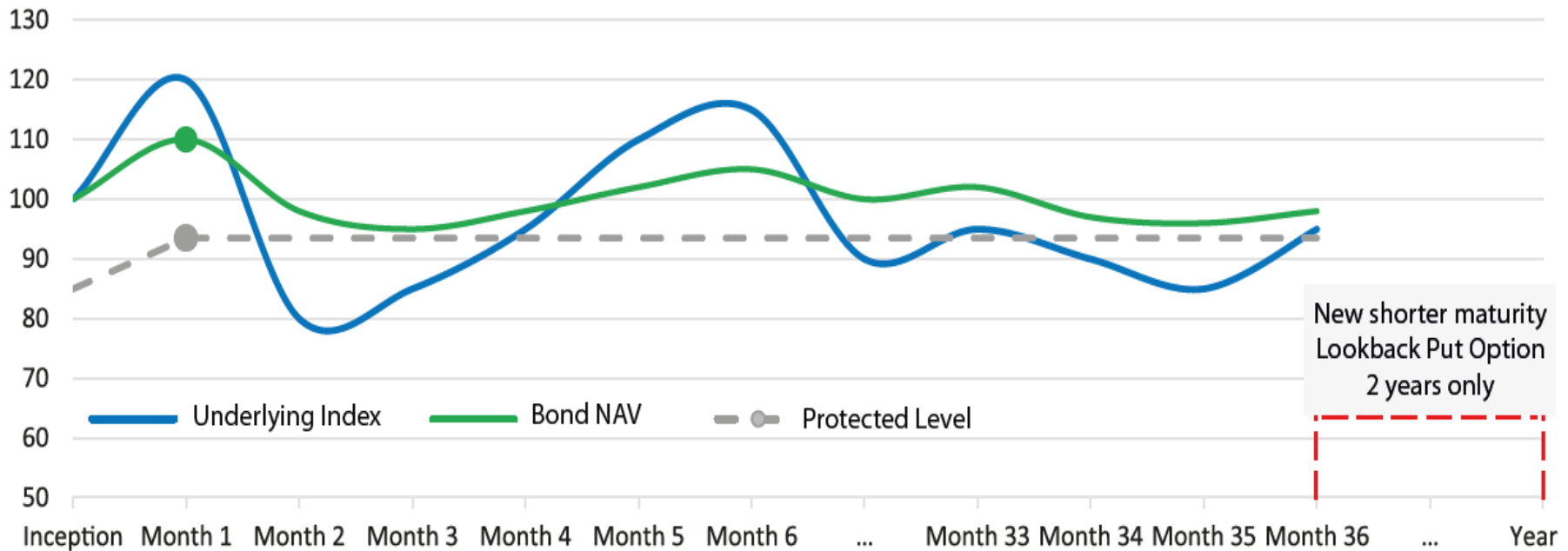
2. V Shaped Market Scenario – Ups and Downs:



Performance in a Bearish Scenario

3. Moderately Bearish Scenario:

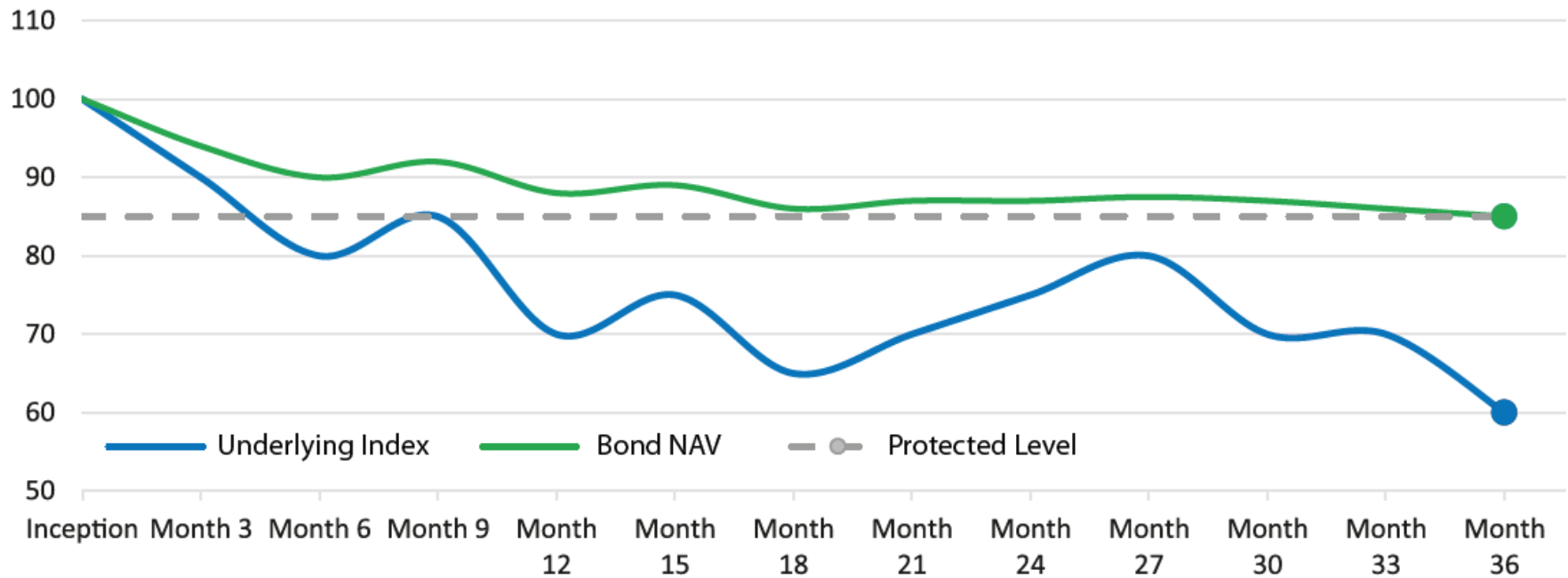
Bond's Net Asset Value (NAV)



Worst Case Scenario - Monetisation

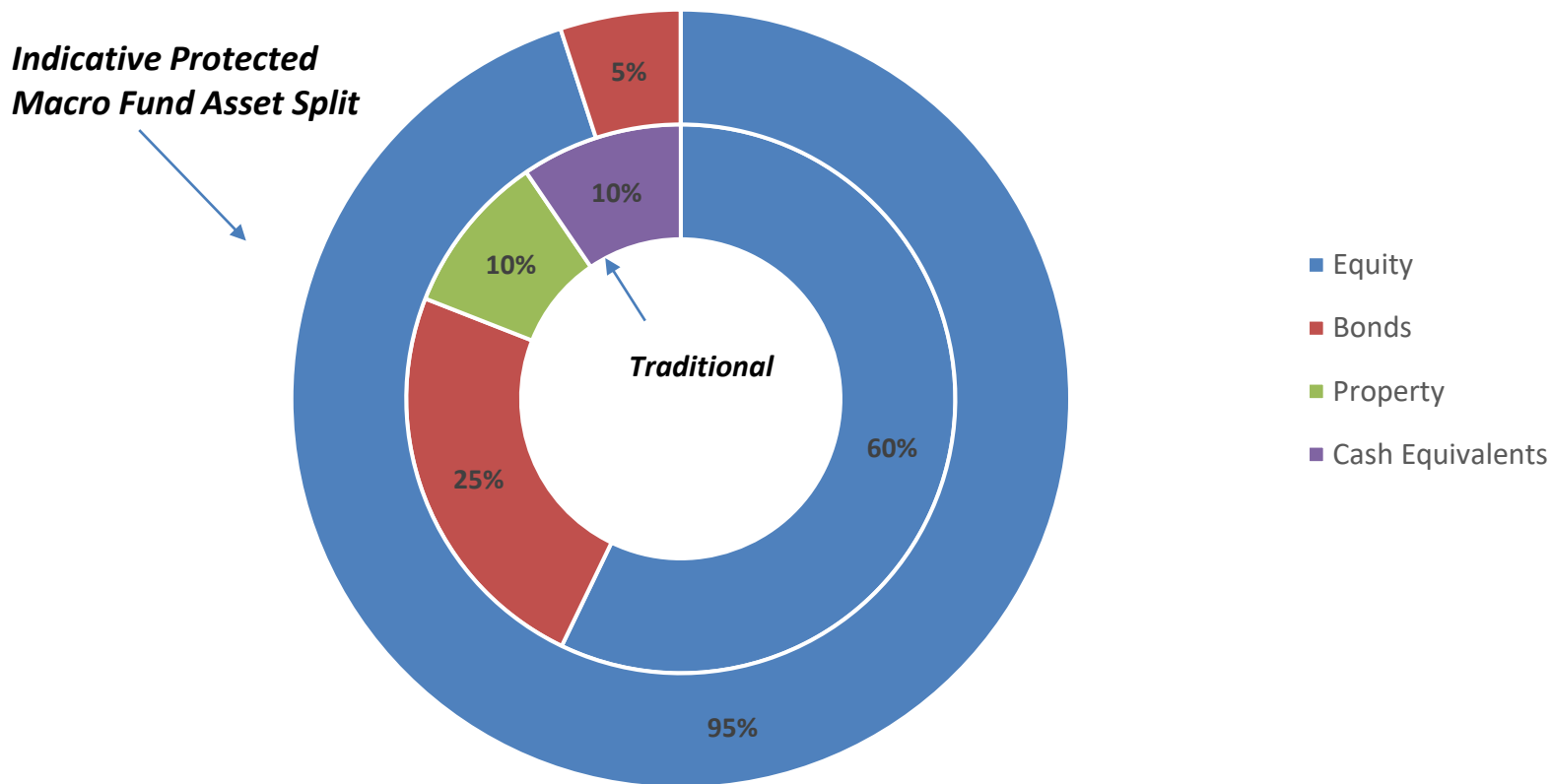
4. Bearish Monetisation Scenario:

Bond's Net Asset Value (NAV)



Indicative Asset Allocation

Indicative Asset Allocation Split



Indicative Asset Allocation

- Traditional Balanced Fund Diversification:
 - 60% Equity
 - 25% Bonds
 - 10% Property
 - 5% Cash

- Indicative Current Asset Split Protected Macro Fund:
 - Equity **95%**
 - Energy 15%
 - IT 15%
 - Emerging Markets 15%
 - Global Develop Mkts (ex US) 50%

 - Asian Govt Bonds 10y+ **5%**

- Current thinking:
 - Weighting in favour of non-US Equities;
 - Tech and EM ideas;
 - Real rates lower for longer theme;
 - Fiscal contribution to global demand theme;

The Fund structure

- Irish domiciled UCITS Fund.
- Investment Bank Partner to be decided
- Insignia Financial Ltd is investment adviser to the investment manager.
- Minimum subscription: €25k
- Dealing/valuation frequency: Daily

Tax

- The fund benefits from gross roll-up treatment. That is, no tax is payable until the eight year anniversary of investment or when shares are redeemed in the fund.
 - The fund is tax exempt when held within a pension;
 - Tax treatment for individuals – 41%;
 - Tax treatment for companies – 25%;
- When managing a portfolio within a fund, transactions are tax-free.
- When managing a portfolio outside a fund, when selling investments tax is triggered, administration applies along with costs for tax filings and advice.
- Also a range of tax treatments may apply outside a fund – CGT, IT, Exit tax.

Fund Cost (TBC)

	Current Model	PM Fund (€20m)*	SP Fund (€20m)
Custody/Admin	0.25%	0.60%	0.30%
Brokerage Costs	0.25%^	0.05%^	0.00%
Insignia Fee	0.55%**	1.00%	1.00%
Fixed Fees	0.00%	1.00%	0.50%
Product Fees	0.70%	0.20%^	0.00%
Total	1.75%	2.85%	1.80%

* At €30m EAA Fund Cost is 1.78% (i.e. same as current model)

^ Assuming 50% turnover in the portfolio

** Inclusive of VAT

^^ Estimated

As a comparison...

	Stockbroker Discretionary Portfolio
Custody/Admin	0.25%
Brokerage Costs	0.75%
Management Fee incl. VAT	1.59%
Product Fees	0.40%
Total	2.99%

- Other protected fund/product options:
 - New Ireland Sentinel Fund: 2.5% (according to KID doc (4 year hold))
 - Cantor bond: 3% plus including underlying fund costs

Regulatory and other disclosures

Warning: The value of your investment may go down as well as up. You may get back less than you invest.

Warning: Past performance is not a reliable indicator of future results.

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