

Atlantic House Defined Returns Fund – August 2023

LWM FUND SPOTLIGHT ATLANTIC HOUSE DEFINED RETURNS FUND

INVESTMENT OBJECTIVE

The Defined Returns Fund aims to provide investors with a high probability of returning 7% to 8% over the medium to long term in a clear and transparent fashion.

INCEPTION DATE

4th November 2013

FUND FACTSHEET

<https://www.trustnet.com/factsheets/O/k9jx/atlantic-house-defined-returns/>

MANAGEMENT

Manager Name

Start Date

Tom May

4th November 2013

Ross Bublely

15th February 2016

Jim May

15th February 2016

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
4.85	0.83	-8.22	13.03	-6.79	66	90	6.89

OTHER DATA

Benchmark	7 – 8% annualised return in all but the bleakest markets
Fund Size	£1745.76 million
Fees	0.64%

BULL POINTS (PRO)

- Clear expectations
- Predictability
- Stable investment team
- Clear investment policy

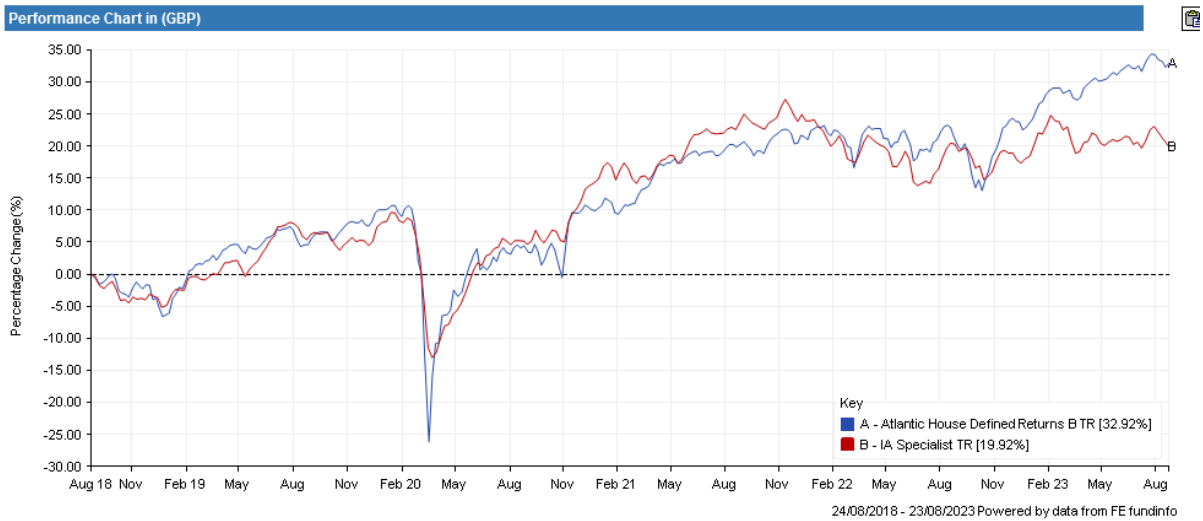
BEAR POINTS (CONS)

- Can seem complicated
- Not immune to big falls

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FUND PERFORMANCE

Performance from 4th November 2013 – 31st July 2023



Cumulative Performance (GBP)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	2.05%	3.80%	9.61%	26.38%	32.92%
Sector	-0.29%	-1.69%	0.25%	13.94%	20.21%
Relative to Sector	2.35%	5.58%	9.34%	10.92%	10.57%
Rank in Sector					
Fund Quartile	N/A	N/A	N/A	N/A	N/A

Performance by Calendar Year in (GBP)

	YTD	2022	2021	2020	2019
Fund	8.24%	-0.05%	12.18%	-0.14%	16.98%
Sector	1.63%	-4.75%	8.47%	6.65%	13.04%
Relative to Sector	6.51%	4.94%	3.42%	-6.37%	3.48%
Rank in Sector					
Fund Quartile	N/A	N/A	N/A	N/A	N/A

Discrete Annual Performance to Last Quarter End (GBP)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	11.77%	0.01%	17.41%	-4.54%	7.98%
Sector	6.11%	-6.98%	18.89%	-2.56%	7.06%
Relative to Sector	5.33%	7.51%	-1.24%	-2.04%	0.86%
Rank in Sector					
Fund Quartile	N/A	N/A	N/A	N/A	N/A

Fund Price Movement (GBP)

12 Month High	1.89 (Pounds Sterling)	12 Month Low	1.57 (Pounds Sterling)
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Annualised Ratios Over 36 Months

	Alpha	Beta	Sharpe	r ²	Volatility
Fund	3.62	2.33	0.65	0.67	10.14
Fund Quartile	N/A	N/A	N/A	N/A	N/A

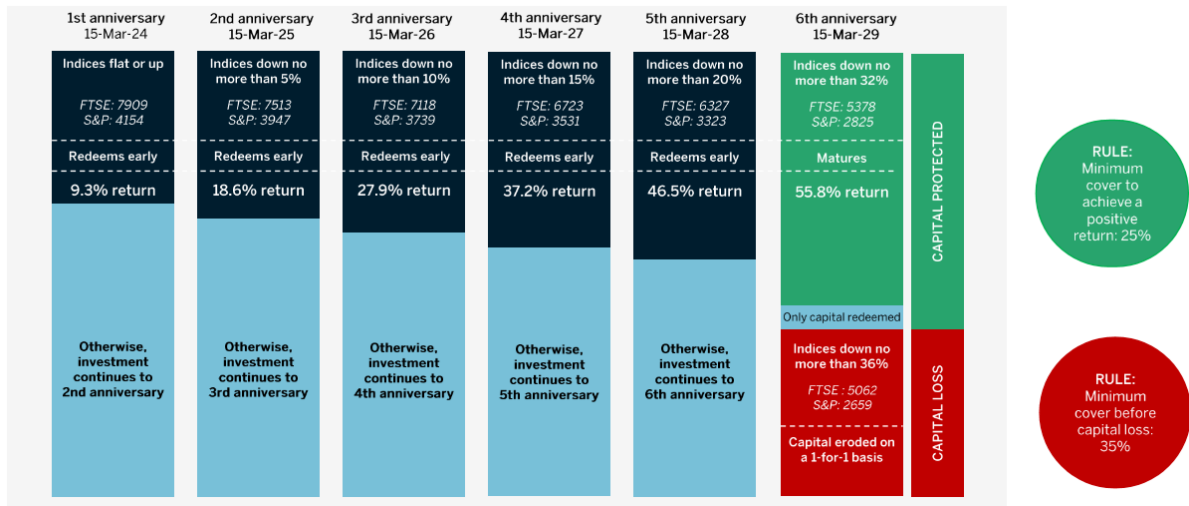
Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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LWM FUND ANALYSIS

This strategy is a good alternative within portfolios. It targets 7% to 8%. Although it delivers equity type returns, the method of delivery provides a more predictable return. On a simple level it is a fund of structured products which payout if an index passes a certain barrier. Below is an example of an investment.

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



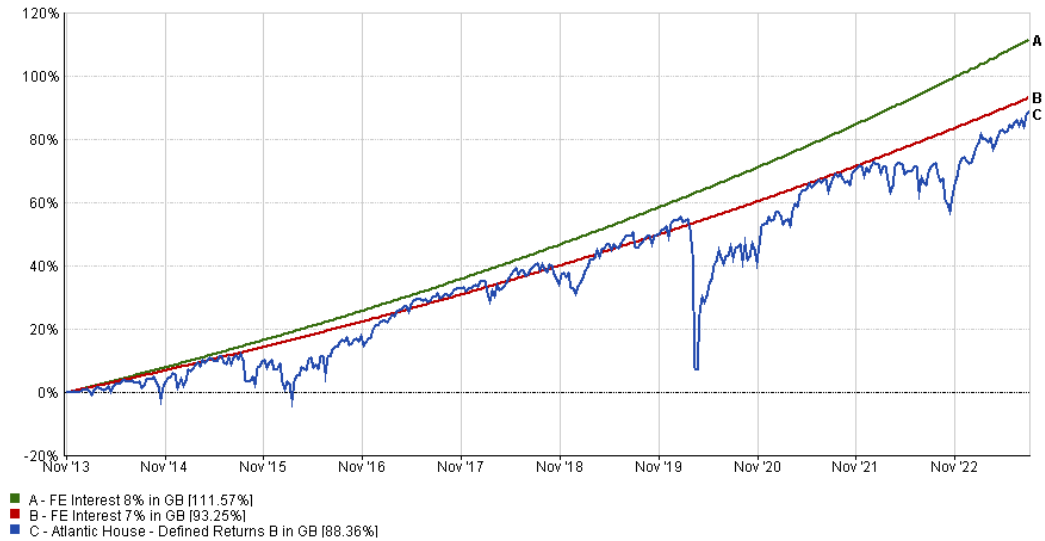
Below is the current portfolio:

Start date	FTSE 100	S&P 500	Eurostoxx 50	Russell 2000	Nikkei 225	Swiss Market Index	Next Autocall Barrier Date	Autocall Barrier Year 1	Autocall Barrier Year 2	Autocall Barrier Year 3	Autocall Barrier Year 4	Autocall Barrier Year 5	Autocall Barrier Year 6 (Maturity)	Conditional Capital Protection Barrier at Maturity	Potential Annual Return	Weight
17-Sep-17	7,383.85	2,464.61	3,461.91	-	-	-	15-Sep-23	100%	100%	100%	100%	100%	67%	62%	8.70%	1.98%
11-Dec-17	7,552.48	-	-	-	-	-	11-Dec-23	100%	100%	100%	100%	100%	73%	65%	7.70%	2.69%
29-Jul-18	7,701.31	-	-	1,663.34	-	-	27-Jul-23	100%	100%	100%	100%	100%	72%	65%	8.00%	1.24%
29-Jul-18	7,701.31	2,818.82	-	-	-	-	27-Jul-23	100%	100%	100%	100%	100%	73%	65%	8.00%	3.26%
29-Mar-21	6,786.17	3,971.09	-	-	29,432.70	-	2-Apr-24	100%	100%	100%	100%	100%	72%	65%	8.00%	1.31%
27-Apr-21	6,944.97	4,186.72	4,011.91	-	-	-	28-Apr-24	100%	100%	100%	100%	100%	75%	65%	7.50%	1.57%
25-May-21	7,029.79	4,188.13	-	-	28,642.19	-	28-May-24	100%	100%	100%	100%	100%	75%	65%	7.75%	2.21%
15-Jun-21	7,172.48	4,246.59	4,143.52	-	-	-	15-Jun-23	100%	100%	95%	90%	90%	75%	65%	7.00%	2.51%
16-Jun-21	7,184.95	4,223.70	-	-	-	-	16-Jun-23	100%	100%	95%	90%	90%	75%	65%	7.00%	2.25%
16-Jun-21	7,184.95	4,223.70	4,151.76	-	-	-	16-Jun-23	100%	100%	95%	90%	90%	73%	65%	7.00%	2.46%
23-Jun-21	7,074.06	-	4,075.94	-	-	-	23-Jun-23	100%	100%	100%	100%	100%	78%	65%	7.00%	2.89%
27-Jul-21	6,996.08	4,401.46	-	-	-	12,021.09	27-Jul-23	100%	97%	94%	91%	88%	75%	65%	7.40%	1.52%
27-Jul-21	6,996.08	4,401.46	4,064.83	-	-	-	27-Jul-23	100%	100%	100%	95%	90%	68%	65%	7.50%	1.94%
27-Jul-21	6,996.08	4,401.46	4,064.83	-	-	-	27-Jul-23	100%	100%	95%	90%	85%	75%	65%	7.30%	2.35%
17-Aug-21	7,181.11	-	4,196.40	-	-	12,477.44	17-Aug-23	100%	97%	94%	91%	88%	75%	65%	7.20%	2.46%
17-Aug-21	7,181.11	4,448.08	4,196.40	-	-	-	17-Aug-23	100%	100%	94%	91%	88%	65%	60%	7.30%	2.42%
24-Aug-21	7,125.78	4,486.23	-	-	27,724.80	-	24-Aug-23	100%	97%	94%	91%	88%	72%	65%	7.30%	2.75%
24-Aug-21	7,125.78	-	4,178.08	-	-	-	24-Aug-23	100%	97%	94%	91%	88%	73%	65%	7.30%	3.63%
08-Sep-21	7,095.53	-	-	-	30,008.19	-	8-Sep-23	100%	100%	100%	100%	100%	73%	65%	7.50%	0.97%
08-Sep-21	7,095.53	-	-	2,249.73	-	-	8-Sep-23	100%	100%	100%	100%	100%	75%	65%	7.80%	2.33%
05-Oct-21	7,077.10	-	4,065.43	-	-	-	5-Oct-23	100%	100%	100%	100%	100%	75%	65%	7.60%	1.95%
11-Jan-22	7,491.37	-	4,281.54	-	-	12,709.71	11-Jan-24	100%	100%	97%	94%	91%	74%	65%	8.00%	1.89%
08-Mar-22	6,964.11	4,170.70	-	-	-	-	8-Mar-24	100%	100%	95%	90%	85%	65%	61%	8.00%	1.96%
26-Apr-22	7,273.41	4,175.20	3,721.36	-	-	-	26-Apr-24	100%	100%	95%	90%	85%	65%	60%	8.02%	3.54%
15-Jun-22	7,273.41	-	3,532.32	-	-	-	15-Jun-23	100%	95%	90%	85%	80%	68%	63%	8.00%	2.01%
20-Jul-22	7,264.31	3,959.90	-	-	-	-	20-Oct-23	100%	100%	95%	90%	85%	70%	63%	8.00%	2.66%
20-Oct-22	7,264.31	3,959.90	-	-	-	-	20-Oct-23	100%	100%	95%	90%	85%	71%	65%	8.00%	2.14%
20-Jul-22	7,264.31	-	-	-	-	11,059.49	20-Oct-23	100%	100%	95%	90%	85%	73%	65%	8.00%	1.95%
30-Nov-22	7,573.05	4,080.11	3,964.72	-	-	-	30-Nov-23	100%	100%	95%	90%	85%	70%	65%	8.00%	1.83%
30-Nov-22	7,573.05	4,080.11	-	-	-	-	30-Nov-23	100%	100%	95%	90%	85%	68%	63%	9.35%	1.89%
30-Nov-22	7,573.05	-	3,964.72	-	-	-	30-Nov-23	100%	100%	95%	90%	85%	68%	63%	8.80%	1.77%
30-Nov-22	7,573.05	-	3,964.72	-	-	-	30-Nov-23	100%	100%	95%	90%	85%	68%	63%	9.10%	1.77%
17-May-23	7,723.23	4,158.77	4,323.23	-	-	-	18-Dec-23	100%	100%	95%	90%	85%	53%	53%	9.00%	2.21%
18-Jan-23	7,830.70	3,928.86	-	-	-	-	18-Jan-24	100%	100%	95%	90%	85%	68%	63%	9.25%	2.14%
27-Feb-23	7,935.11	3,982.24	-	-	-	-	27-Feb-24	100%	100%	95%	90%	85%	69%	63%	9.00%	2.08%
27-Feb-23	7,935.11	-	3,647.56	-	-	-	27-Feb-24	100%	100%	95%	90%	85%	69%	63%	8.50%	1.89%
27-Feb-23	-	3,982.24	4,248.01	-	-	-	27-Feb-24	100%	100%	95%	90%	85%	69%	63%	9.45%	2.22%
11-Mar-23	7,879.98	-	-	-	28,143.97	-	11-Mar-24	100%	100%	95%	90%	85%	69%	65%	9.60%	2.36%
11-Mar-23	7,879.98	3,918.32	4,286.12	-	-	-	11-Mar-24	100%	100%	95%	90%	85%	69%	65%	9.55%	2.39%
15-Mar-23	7,544.65	3,891.93	-	-	-	-	15-Mar-24	100%	95%	90%	85%	80%	68%	64%	9.30%	2.21%
17-Apr-23	7,909.44	4,154.87	-	-	-	-	17-Apr-24	100%	95%	90%	85%	80%	69%	65%	8.85%	2.21%
29-Apr-23	7,831.58	-	4,358.05	-	-	-	29-Apr-24	100%	95%	90%	85%	80%	69%	65%	9.00%	2.27%
18-May-23	-	4,198.05	-	-	30,808.35	-	20-May-24	100%	100%	95%	90%	85%	62%	60%	9.48%	2.53%
22-May-23	7,770.99	-	-	-	-	-	22-May-24	100%	100%	95%	90%	85%	61%	61%	9.30%	2.53%
25-May-23	-	4,151.28	4,269.64	-	-	-	28-May-24	100%	95%	90%	85%	80%	61%	61%	9.50%	2.84%

It can deliver negative returns. The performance chart includes 2020.

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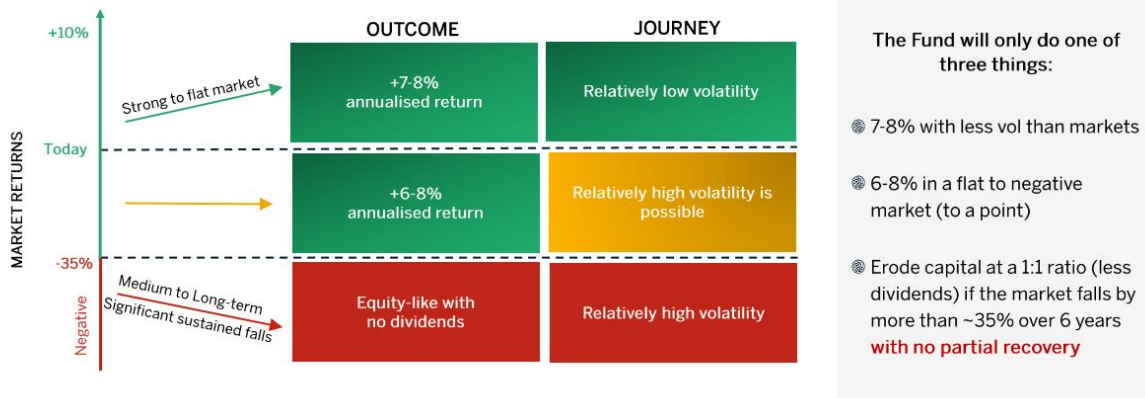
Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



04/11/2013 - 31/07/2023 Data from FEfundinfo2023

Even with the drop in value the strategy was able to recover most of their loss before the year end. It's the predictability which makes this an interesting strategy and 2020 really showed that the chart below does work.

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



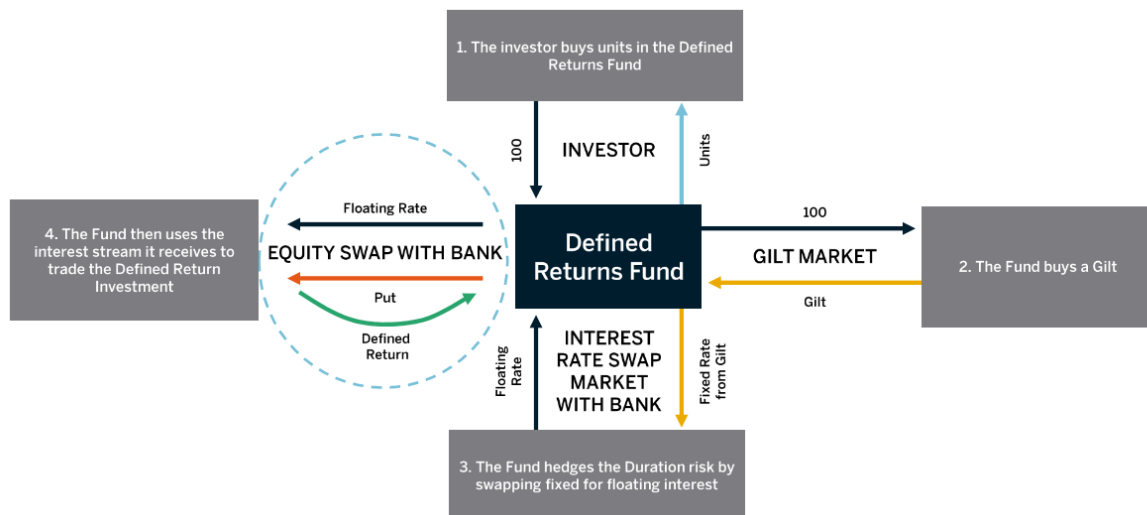
The next chart is a forward looking scenario which shows the possible outcomes.

Scenario Analysis		Market Move	-30%	-20%	-10%	0%	10%	20%	30%
		3 months		-22.81%	-12.47%	-4.40%	1.86%	5.48%	6.90%
1 year		-20.28%	-8.57%	-0.01%	6.80%	10.78%	11.94%	12.31%	
2 years		-16.65%	-1.84%	6.89%	14.08%	17.43%	18.42%	18.74%	
3 years		-13.14%	3.57%	13.57%	20.57%	23.36%	24.15%	24.39%	

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So, if the market was down 30% over 3 years, then this fund would likely be down around 13%. If the market didn't move over 3 years, then this fund would likely deliver a positive return of 20%.

Building the investments is complicated but Atlantic House are specialists in this and the strategy has been running for nearly 10-years. The chart below shows how the fund is constructed and reflects that complexity.



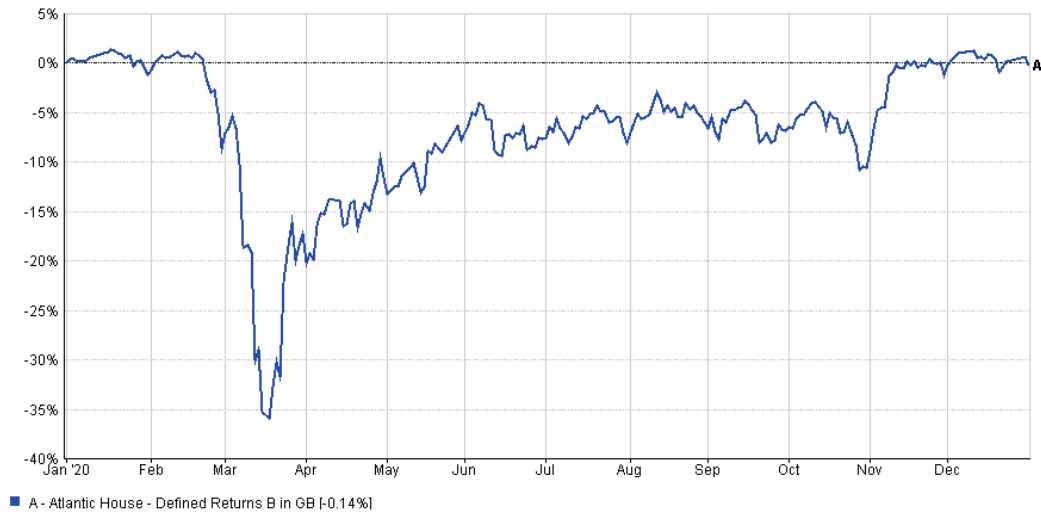
Fundamentally, as shown at the start it is a series of contracts and if the index is higher than the stated amount (or a level agreed) it will deliver a positive return. There is a risk that there is no return, or a loss, but they look to minimise this outcome.

In summary, this is a good, diversified asset for a portfolio. Although the structure is complicated the journey to deliver the returns should be straightforward. 2020 was a test of whether it could deliver on the predictability they talk about. One additional thing to add is that the current yield on maturing investments is around 7% p.a. New investments are coming in around 9%. There is therefore an expectation that the future yield will increase as the older investments mature.

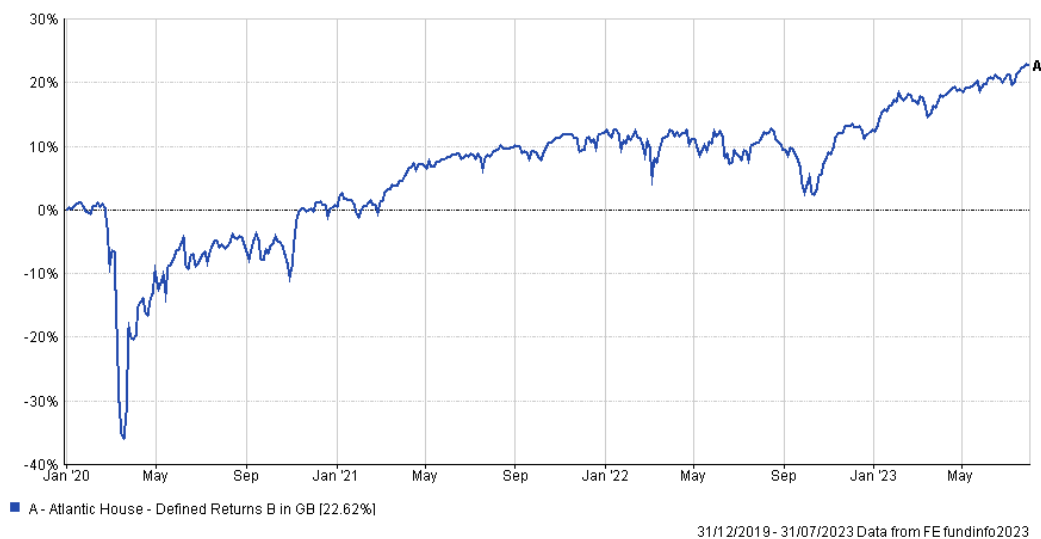
It is worth ending on these charts to show what happened in 2020, and then from 1 January 2020 to 31 July 2023, as these demonstrate how this works even during the worst periods.

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Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



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The source of information in this note has been provided by Atlantic House and is correct as of August 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.

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