

Tungsten SYNERGON L3 UI

Tungsten SYNERGON L3 is a global diversified Multi-Asset / Multi-Strategy fund under a daily liquid UCITS-Structure.

The strategy is constructed with three revenue generated sources (Risk Premiums, Tactic and Alpha), which is the reason of L3 in the fund name. With an equal-weighted sources of income and the adoption of the various independent strategy components (internal and external), there is a pronounced diversification effect compared with the classic balanced portfolios like Multi-Asset approaches. The expected high Sharpe ratio and an outperformance in the negative risk premium scenario are the key aims in this strategy. The fund would normally lie in a 4-5% volatility environment and persuing an expected return of 4-6% above the Euribor (1M).

Fund details

Subscription / redemption price	98.00
Fund domicile / currency	DE / EUR
ISIN / WKN	DE000A2H5XS8 / A1W895
Bloomberg	UITSL3S Equity
Total assets	EUR 54 mn.
Dividend policy	distributing
Management fee	0.65%
Administrator fee	0.19%
Performance fee	10%, HWM, 2% Hurdle

Strategic Components and ideal Weighting Scheme

Level 1	Beta / Factor	33%
	Global Risk Premium Risk Parity Construction	
Level 2	Variables Beta	33%
	QuantMatrix Systematic Trading	CAA Cross Asset Discretionary, Opportunist
Level 3	Idiosyncratic Income	33%
	Hybrid Title Specified Income Predominantly from Stock Selection	

Historical statistics

Accumulated return	-2.00%
Return p.a.	-1.86%
Volatility	2.71%
Sharpe Ratio	-0.57
Best month	1.57%
Worst month	-1.50%
Monthly average return	-0.15%
% positive months	30.77%
Average gain	0.66%
Average loss	-0.51%
Max. drawdown (monthly)	-3.65%
Current drawdown (monthly)	-2.71%

Monthly Performance in % (net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.57%	-0.58%											0.98%
2018		-0.26%	-0.05%	-0.04%	0.31%	0.33%	0.44%	-0.20%	-0.27%	-1.50%	-0.28%	-1.45%	-2.95%

Contact details

Fund management: Tungsten Capital Management GmbH, Hochstraße 35, 60313 Frankfurt, www.tungsten-funds.com
Sales: Tel.: +49 69 710 426 777, info@tungsten-funds.com



Level 1	Global Risk Premium <p>"Delay" – was the motto of February. Theresa May reflects on a delay of Brexit. Trump delays the punitive tariffs against China. China itself is delaying the deleveraging of its economy. This could last a little longer, as they see the support of the economy as more important than controlling risks. Last but not least, FED Chief Powell wants to delay reduction of the Fed Balance Sheet. And right to whenever. The Fed actually spoke out what market participants had long suspected. The excess liquidity pumped into the capital markets via the Fed's balance sheet cannot be completely reduced. Surprise! You cannot push toothpaste back into the tube. But who is cleaning up the mess now? The Fed is thinking pragmatically, because the markets can handle it. In fact, all the delay was positive for capital markets. Stocks continued to rise and corporate and peripheral credit spreads fell. Bond markets are normalizing and further flattening of the US yield curve seems to be stopped for the time being. Or is it just delayed? However, Bonds were a tiny drag on performance in the risk premium book, which nevertheless saw a slight increase in value.</p>	Contribution (Gross)¹⁾ +14 bps
--------------------------	--	--

Level 2	Systematic Discretionary Trading <p>In currencies, the strategy gained in the first half of the month in anticipation of a stronger dollar, but had to give up gains later on. The best February performance was achieved in the EUR/USD pair, whereas turbulences in the GBP surrounding speculation about Brexit led to losses. The contribution from bonds turned negative at the end of the month in the wake of the strong sell-off of US bonds, with the weakest single result coming from 30-year US bond futures. On the other hand, the equities sector delivered a positive contribution, led by gains from long positions in the S & P Canada 60 and from a short trade in the Nikkei at the beginning of the month.</p>	Discretionary Asymmetric Trading <p>Volatility gets interesting again on capital markets. Due to the strong equity performance, hedges were neither needed nor able to deliver positive contributions. Nevertheless, two tendencies can be noted. Hedging in the US can be structured very attractively due to a steep skew. And in Europe it looks even more attractive, as long volatility has reached multi year lows. We can create hedges with interesting convexity and relatively low running costs. Therefore, a possible downside of the markets does not worry us at the moment.</p>	Contribution (Gross)¹⁾ -31 bps
	-11 bps	-20 bps	

Level 3	Title Specified Income - Basket from L/S Equity Strategies <p>In addition to the observation from last month, that the managers are not really have trust in the market rally and therefore the average equity beta was declining, we also witnessed that the best performing strategy in January gave back a majority of the gains in February. Their biggest long position dropped 50% after the management of the company came out with a conservative guidance and spooked investors. Although the manager sold 30% of his position in advance of the earnings call, knowing about the conservative attitude of the management team, it had some major impact on his performance. After the drop of the stock and trading with a PE of 4 the position was increased again. Because there have been no considerable winners within the other strategies the portfolio delivered a negative contribution in February.</p>	Contribution (Gross)¹⁾ -41 bps
--------------------------	---	--

Important information – please read carefully:

This document is an advertisement. It is not a financial analysis in accordance with § 34b WpHG, investment advice or solicitation to purchase of financial instruments. This document does not replace any legal, tax or financial advice. The statements made, have not been audited by an outside party, especially an independent accounting firm. You should make an investment decision in each case based on the sales documents (comprehensive or simplified prospectus, current annual and semi-annual report, if necessary), where detailed information on the opportunities and risks of this fund are given. The sales documents can be obtained free of charge from the KVG (Universal Investment GmbH) through www.universal-investment.de and the Tungsten Capital Management GmbH. This document is strictly confidential and may not be reproduced nor redistributed in whole or in part. Past performance is not a reliable indicator of future performance. Future performances are not predictable. Tungsten Capital Management does not assume any liability for the correctness of the data specified herein. Subject to change. Sources: Bloomberg, own calculations. 1) The results presented are indications and are intended to convey an approximation of the monthly results of the asset classes. They do not include any fees / expenses, their sum does not correspond to the fund's monthly performance.