TUNGSTEN
Investment Funds

Factsheet – Share Class S, November 2019

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 constructured 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 senario 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	100.36
Fund domicile / currency	DE / EUR
ISIN / WKN	DE000A2H5XS8 / A2H5XS
Bloomberg	UITSL3S Equity
Total assets	EUR 65 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 Premuim
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	0.36%
Return p.a.	0.20%
Volatility	2.92%
Sharpe Ratio	0.19
Best month	1.57%
Worst month	-1.50%
Monthly average return	0.02%
% positive months	45.45%
Average gain	0.64%
Average loss	-0.49%
Max. drawdown (monthly)	-3.65%
Current drawdown (monthly)	-0.37%

Monthly Performance in % (net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.57%	-0.58%	0.56%	0.07%	-0.41%	1.11%	0.64%	0.62%	-0.35%	-0.56%	0.70%		3.41%
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

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Level 1

Global Risk Premium

The party goes on. The Fed's QE, which is officially not supposed to be a QE, has the same effect as previous QE's – Long term Bund and Treasury yields rise slightly and equities rise in the hope that the liquidity pumped into the market will help. Let's leave it to the analysts to decide how much of the rise in equities in recent years can be attributed to the central banks. According to the Gordon Dividend Model, growth and interest rates are the main drivers of changes in share prices. Each QE has so far been judged by the markets that the following growth will be stronger than the rise in interest rates. This leads to rising equities. As soon as growth then failed to materialise, long interest rates fell more sharply than before. But if the fall in interest rates is large enough, the stagnation will be overcompensated. Equities are rising again - this time in step with bonds. This can continue for a long time to come. And at some point growth will really come back. Hopefully. As long as the music plays, everyone continues to dance at the homemade risk premium party. And the risk premium book continues to make positive contributions.

Contribution (Gross)[1)]

+14 bps

Level 2

Systematc Discretionary Trading

In equity markets, the strategy was able to benefit from the continued upward trend, but in some markets, it was also profitable with an alternation of long and short positions, for example in the Nikkei. This also proved successful in some bond markets, including 10 and 30-year US bonds. In contrast, the strategy incurred losses from trading Italian and South Korean bonds. In currencies, the strategy produced gains during the first half of the month, especially in AUD and USD. The positive result from trading equity market volatility was also based on an alternation of long and short positions.

+43 bps

Discretionary Asymmetric Trading

November 2019 was lock in step with the short term market impact of QE4. Meanwhile S&P has run up nearly 10% in less than two months and the VIX has touched new lows for the year. CAA´s long Gamma loses in this environment. The low implied Vol gives us a good opportunity to reshape convexity positions.

-9 bps

Contribution (Gross)[1)]

+34 bps

Level 3

Title Specified Income - Basket from L/S Equity Strategies

November brought a balance between winners and losers. With the help of higher amplitude on the winning strategies, this month's contribution was positive. The only conspicuousness this month, was the relatively calm behaviour of value stocks. The latter was not really coming as a surprise, as stock markets are still driven by top down views trying to figure out, if 2020 could yield an economic pick up and if so how much of it... Therefore every publication of more or less relevant macro-economic data leads to erratic swings between investment styles.

Contribution (Gross)[1)]

+22 bps