

Factsheet – Share Class S, December 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 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 pursuing an expected return of 4-6% above the Euribor (1M).

### Fund details

Subscription / redemption price	100.43
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

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

### Historical statistics

Accumulated return	0.43%
Return p.a.	0.22%
Volatility	2.92%
Sharpe Ratio	0.20
Best month	1.57%
Worst month	-1.50%
Monthly average return	0.02%
% positive months	47.83%
Average gain	0.58%
Average loss	-0.49%
Max. drawdown (monthly)	-3.65%
Current drawdown (monthly)	-0.30%

### 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%	0.07%	3.48%
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](http://www.tungsten-funds.com)  
 Sales: Tel.: +49 69 710 426 777, [info@tungsten-funds.com](mailto:info@tungsten-funds.com)

<b>Level</b> <b>1</b>	<b>Global Risk Premium</b> <p>The year 2019 is over. If someone had told you at the beginning of the year that the markets would be dominated by fears of recession, the ongoing trade war between the US and China, an impeachment of the US president and more or less constant corporate earnings, one would have thought that 2019 would likely end up being a pretty challenging year with volatility taking center stage. That's the secret of risk premiums - if risks are not followed by damage, then the premiums are earned. So stock markets climbed the so-called wall of worry and ended the year with a rise of more than 25%. The same wall is at least as high on the interest rate markets. Analysts' annual forecasts have always assumed that interest rates will rise and bonds should be avoided ever since the financial crisis. Contrary to all expectations, the share of global bonds with negative interest rates reached historic highs in 2019. Thus, the classic risk premiums at the ERP level delivered a surprisingly positive result. So whatever is read from analysts this January, the risk premiums are still alive and no one knows, whether there will be a major damage coming up in 2020.</p>	<b>Contribution (Gross)<sup>1)</sup></b>  <b>-10 bps</b>
<b>Level</b> <b>2</b>	<b>Systematic Discretionary Trading</b> <p>In December, the strategy was able to report a positive sector result from trading in equity indices after losses incurred at the beginning of the month. Gains were made in the Asian markets in particular, above all in the Hang Seng Index and the MSCI Taiwan, while the strategy suffered losses in the Australian ASX SPI 200, for example. Government bond trading, particularly European bonds, made a negative monthly contribution, mainly from long positions in these markets. In currencies, the strategy was well positioned to benefit from the rise in the MXN and RUB against the US dollar. However, losses in the AUD and JPY, for example, resulted in a net negative contribution from currencies.</p>	<b>Discretionary Asymmetric Trading</b> <p>Hedging was extremely expensive in 2019. December was a representative of this. VIX futures traded above 14 on average, although volatility in the S&amp;P realized below 8 in December. Throughout the year, there was a hard floor of 12 in the VIX futures, even though volatility realized below 10 for almost half of the year. In cases of market corrections, the rise in the VIX was muted. The "Fed Put" worked against our strategy here. Anyone who concludes from the comparatively high cost of convexity in 2019 that it is counterproductive will be severely punished.</p>
<b>Level</b> <b>3</b>	<b>Title Specified Income - Basket from L/S Equity Strategies</b> <p>The difficult year ended on a conciliatory tone for our long short strategies. December provided the best monthly return since 2015. Pretty much all strategies finished the month in positive territory. An extra dynamic kicked in after the UK election. Two of our managers were able to forecast the right election outcome in parts, thanks to opinion polls they had commissioned on a private basis and had built positions in specially battered Brexit victims. Accordingly performance in the three days following the election was spectacular. Nevertheless, fundamental stock selection has been a unrewarding endeavor in 2019, as stock markets were driven by monetary policy, especially in H1, stripped of any valid valuation or profit metrics. As monetary policies seem to move and more loose their effectiveness, we are confident for the long short market framework to normalize and for our level 3 strategy to return to its usual path.</p>	<b>Contribution (Gross)<sup>1)</sup></b>  <b>-52 bps</b>

**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](http://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. Universal changed valuation method in July, which leads to deviations between the sum of contributions and the fund's monthly performance.