



Tom May, Chief Investment Officer and Lead Fund Manager of the Atlantic House Defined Returns Fund, provides an update on performance and new investments in the Fund in the quarter ending 30 June 2021.

Executive Summary

- The Fund's annualised return of 6.9% pa since launch nearly eight years ago is very close to its target.
- Four investments matured over the quarter. The proceeds were used to purchase six new defined returns investments which broadens the maturity range of the Fund's investments.
- Over the quarter, as markets rallied, the cover to the protection barriers of the Fund's investments increased. At the end of the quarter, the average cover to positive return stood at 26.3% and the average cover to capital protection at 32.9%.

Fund Performance

Past performance does not predict future returns.

Over the quarter the Atlantic House Defined Returns Fund returned 3.7%. Since launch, the Fund's annualised return is currently hovering around its long-term target of 7-8% per annum, which is pleasing given the significant drawdown seen at the peak of the Covid crisis last March.

Despite relatively low volatility, dividend expectations and interest rates, the fact that we have access to 13 trading partners means that we are still able to find attractive pricing for new investments which replace maturing ones. If markets become range bound, earning close to 7% over the medium to long-term could prove an attractive way of harvesting equity risk premium.

As markets have recovered over the last year, the buffers to the protection levels of the Fund's investments have increased. This is not because we have been particularly active. In fact, it is only recently that some of the Fund's investments have started to mature again, most of them at their third or fourth anniversary. Our strategy of waiting out the market volatility has worked well and we will continue to employ that strategy.

The counterparty risk of the Fund largely resides with the UK government. Currently 94% of the Fund is physically backed by gilts, which remains broadly in line with previous quarters.

The chart on the following page shows the Fund performance since launch and compares the Fund to three major indices against which it is benchmarked. With the US large cap market continuing to hit new highs, investors will be aware that the Fund has lagged that market, although it remains comfortably ahead of the UK market since launch and indeed over the quarter – the UK large cap market having delivered just over 40% and the Fund over 65% since the Fund was launched in November 2013.

The blue and green dots on the chart represent the barrier levels of each investment within the Fund. The blue dots show how low the markets can fall before a loss is made – they represent the capital protection barriers. The green dots represent the positive return barriers. The first investment to hit its final observation date matures in June 2023.

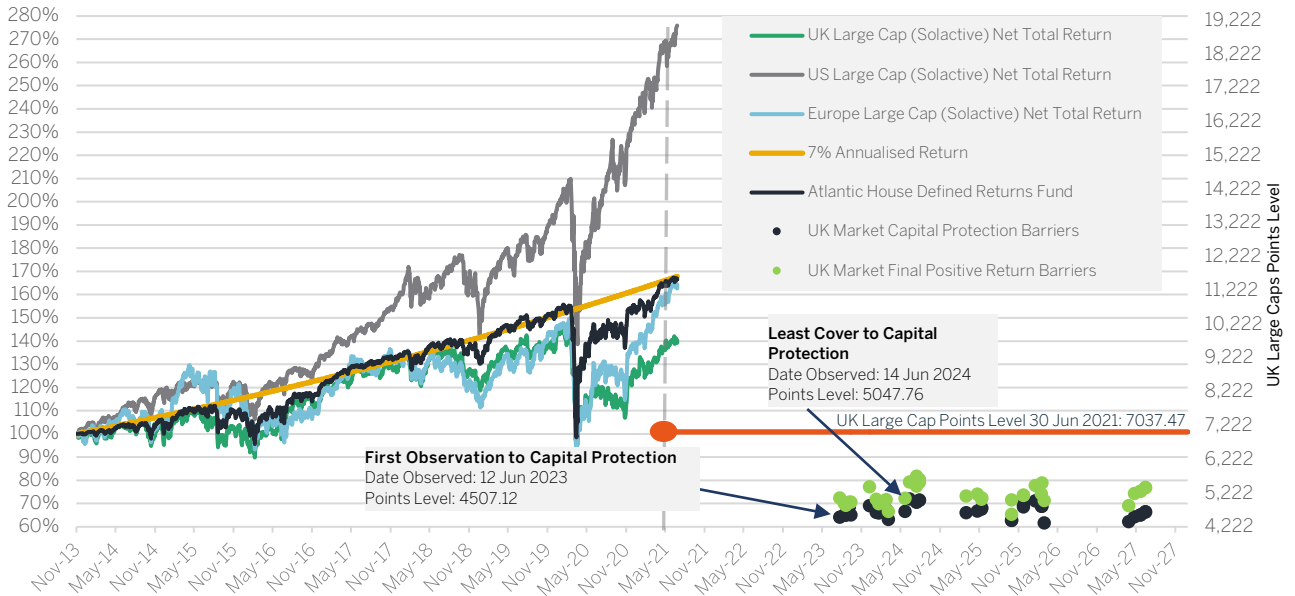
Some investments matured this quarter – an example of such a trade is outlined later in this review. The Fund now has a spread of maturities between just under two years and just under six years which we believe is useful – diversification of final maturity dates is no bad thing.



Fund Performance (Cont.)

CUMULATIVE FUND PERFORMANCE AGAINST KEY MARKET INDICES

Past performance does not predict future returns.

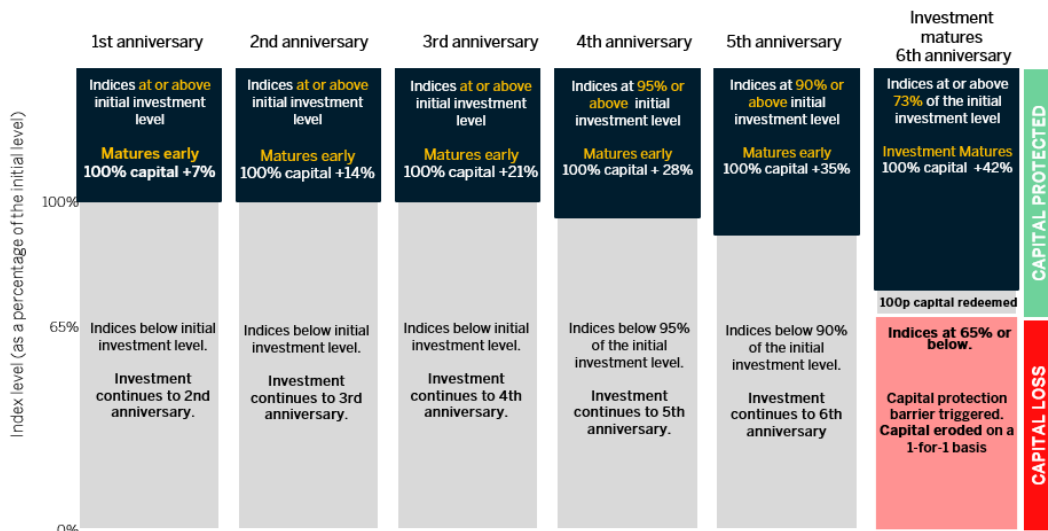


Source: Solactive/Atlantic House, B Accumulation shares in GBP, total return as at 30/06/2021. Fund launch date 4/11/2013.

Portfolio Changes

As the markets against which the Fund is benchmarked continued to perform strongly, we saw four of the Fund's investments mature, all of them at the fourth anniversary of their strike dates. As mentioned above, the current pricing environment means that the terms we are able to achieve on new trades is not as favourable as it has been previously. However, our size, relationships with, and number of trading counterparties means that we can find the most competitively priced deals and the recent investments are still in line with the Fund's long-term return objective. What we will never do is compromise the risk of the Fund by searching for yield at any cost, but it was pleasing to see that, as an example, we were able to write a triple index investment that still maintains the predefined risk limits set at the start of the Fund's life, namely at least 25% for protection to making a positive return and at least 35% to capital protection. The new investment, which includes some defensive reductions to the barriers from fourth anniversary onwards, sees a return of 7% pa annualised and is illustrated below:

GILT-BACKED FTSE 100/S&P 500/EUROSTOXX 50 – 7.0%. LAUNCHED 16 JUNE 2021



Source: Atlantic House.

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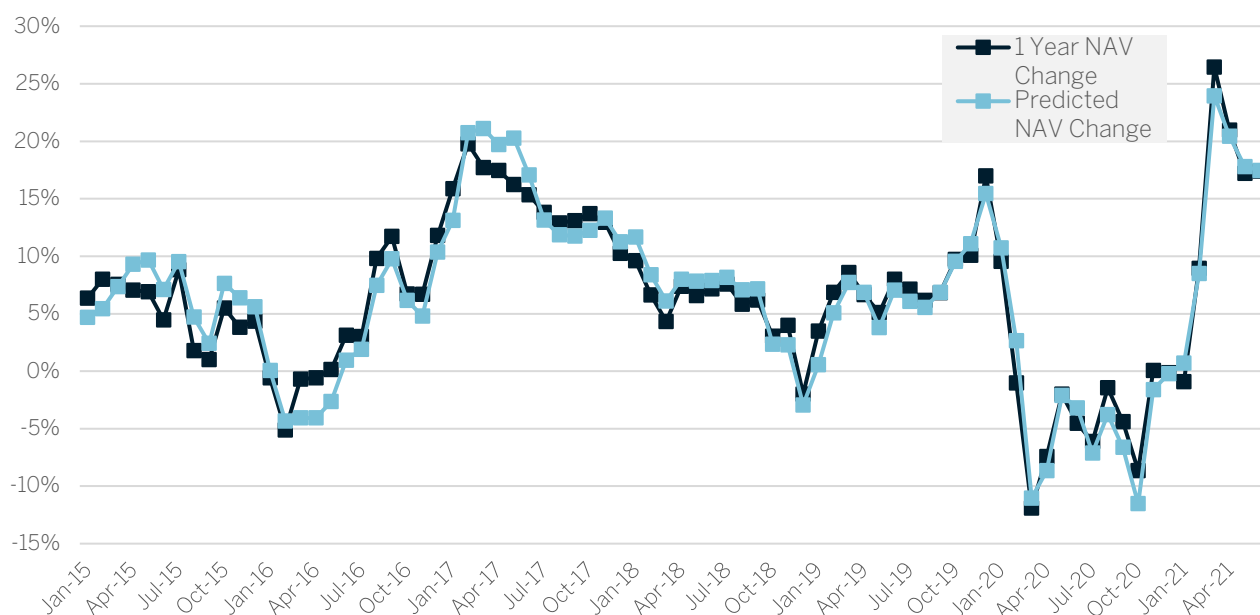


How Predictable is Predictable?

A key feature of the Fund is its predictable nature. We demonstrate this via the scenario analysis grids which give clients an opportunity to see how the Fund is likely to perform in different market conditions over time. Often, we are asked about the accuracy of these predictions.

DEFINED RETURNS FUND 1-YEAR ROLLING PERFORMANCE COMPARED TO PREDICTED PERFORMANCE

Past performance does not predict future returns.



Source: Atlantic House, B Accumulation shares in GBP, total return as at 30/06/2021.

The graph above highlights our forward-looking estimate of the Defined Returns Fund's performance, (light blue) over one year rolling time periods compared to the actual rolling one-year performance of the Fund (dark blue). As you can see, the predicted Fund returns follow the actual returns remarkably closely. We publish these performance estimates every month on the Fund's factsheet. We believe that this predictability is one of the Fund's greatest strengths as it allows investors to understand how the Fund is likely to perform in different market scenarios over time.

Performance Outlook - Forward-Looking Scenario Analysis as at 30 June 2021

The table below shows the estimated future returns for the Fund over a range of falling, flat or rising market conditions and over different time periods. The scenarios presented are an estimate of future performance based on current derivative market conditions and are not an exact indicator. What you receive will vary depending on how the market performs and how long you keep the investment.

Market Move	-30%	-20%	-10%	0%	10%	20%	30%
1 year	-22.7%	-9.4%	0.4%	7.0%	9.8%	10.6%	10.8%
2 years	-21.0%	-5.1%	5.7%	12.9%	15.3%	15.9%	16.1%
3 years	-16.9%	6.0%	13.4%	18.3%	19.6%	20.0%	20.2%

Source: Atlantic House – Bloomberg. Based on derivative pricing models as at 30/06/2021.



Fund Performance Outlook (Cont.)

In the previous table you can see that if in three years the markets to which the Fund is exposed are at their current levels, we estimate that the Fund will return approximately 18%. Similarly, the Fund should outperform markets if they fall by 10% or 20%. Should the market fall by even 30%, then whilst investors might lose some of their capital, they would still likely outperform the UK Equity market from 30 June 2021. The table shows that the Fund is on track to hit its target return even in the event of significant market falls from their current levels.

To summarise, the Fund has delivered 3.7% over the quarter whilst holdings in gilt-backed investments have remained at 94% and rising markets have increased the cover to the Fund's investment's protection levels. The Fund remains on track to continue delivering its target return in a predictable manner – but let's not confuse the word "predictable" for "straight line"! The forward-looking scenario analysis grids will remain an important piece of information for investors.

Key Risks

This is a marketing communication. A comprehensive list of risk factors is detailed in the Risk Warnings Section of the Prospectus and the Supplement of the Fund and in the relevant key investor information document (KIID) final investment decision should not be contemplated until the risks are fully considered. A copy of the English version of the Supplement, the Prospectus, and any other offering document and the KIID can be viewed at www.atlantichousefm.com and www.geminicapital.ie. A summary of investor rights associated with an investment in the Fund is available in English at www.geminicapital.ie.

Calculations do not consider credit spread movements of the issuers of the securities. The Mark to Market of the securities and therefore the NAV of the Fund will decrease as credit spreads widen and vice versa if spreads narrow.

The value of investments and income from them can go down and you may get back less than originally invested. There is no guarantee that the Fund will achieve its objective.

The Fund invests in derivatives for investment purposes, for efficient portfolio management and/ or to protect against exchange risks. Derivatives are highly sensitive to changes in the value of the asset from which their value is derived. A small movement in the value of the underlying asset can cause a large movement in the value of the derivative. This can increase the sizes of losses and gains, causing the value of a derivative investment to fluctuate and the Fund could lose more than the amount invested.

The Fund invests in high quality government and corporate bonds. All bonds will be rated at least A- by Standard and Poors at outset. If any of the bonds the Fund owns suffer credit events the performance of the Fund could be adversely affected.

Other risks the Fund is exposed to include but are not limited to, credit and counterparty risk, possible changes in exchange rates, interest rates and inflation, changing expectations of future market volatility, changing expectations of equity market correlation and changing dividend expectations.

A decision may be taken at any time to terminate the arrangements for the marketing of the Fund in any jurisdiction in which it is currently being marketed. Shareholders in affected EEA Member State will be notified of any decision marketing arrangements in advance and will be provided the opportunity to redeem their shareholding in the Company free of any charges or deductions for at least 30 working days from the date of such notification.



Important Information

Source for all data is Atlantic House Investments, Solactive and Bloomberg as at the date of this document, unless stated otherwise.

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GemCap Investment Funds (Ireland) plc is authorised in Ireland by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) (the "UCITS Regulations"), as amended.

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