

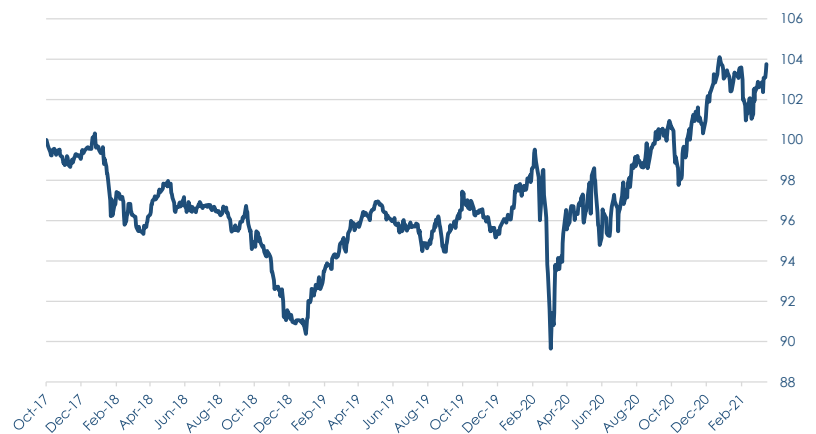
HOW LONG HEDGED FUND

Mar 2021

GENERAL INFORMATION

Launch Date	16.10.2017
Fund Type	UCITS
Share Class	EUR I
ISIN code	LI0380114152
Ticker	HOWEURI LE Equity
AuM (mln)	37.1
NAV	103.8
Investment zone	Europe
Use of Proceeds	Accumulation
Issue Premium	3% Max
Redemption charge	none
Management Fee	1.00% Max
Performance Fee	15% HWM
Hurdle rate	no

PERFORMANCE*



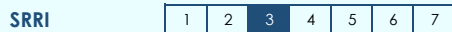
* Managed by BlueStar Investment Managers SA since 01.03.2021

INVESTMENT OBJECTIVE

The main objective of the HOW Long Hedged Fund is to generate medium-to long term capital gains with a volatility less than that of the equity markets in which the compartment invests. To implement the investment policy the asset manager invests the assets of the fund compartment primarily in a core equity portfolio of European companies.

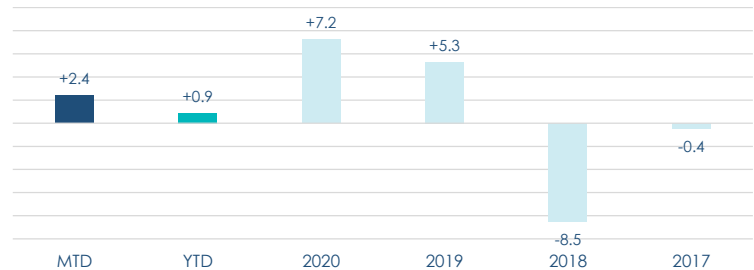
In this context, stock and stock-like securities as well as derivative instruments are both purchased (long position) and, with the deployment of derivatives financial instruments, exposure positions acquired that from an economic point of view correspond to short sales (synthetic short sales, short positions).

The short bucket is mainly composed of index futures.

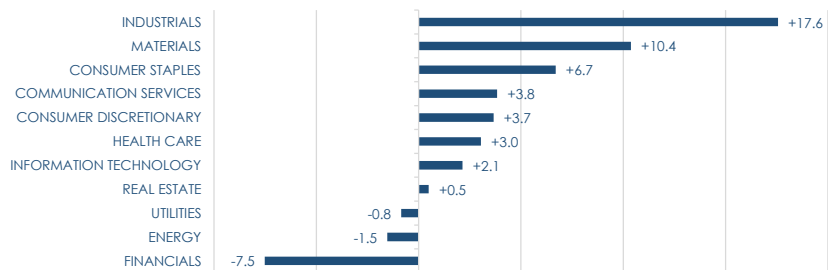


According to KIID 01.01.2021

HISTORICAL PERFORMANCE



SECTORS (excl. Bonds)



BREAKDOWNS

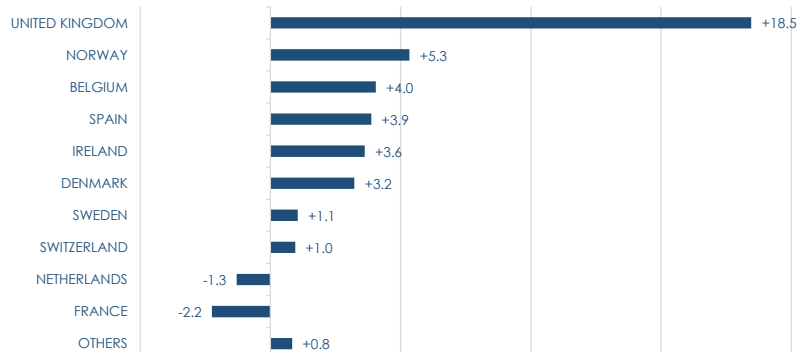
Top 5 long equity holdings

ALTRI	2.1
DEMANT	2.0
BEKAERT	1.9
ORPEA	1.9
RWS HOLDINGS	1.7

Exposure and Statistics

EQUITY LONG	93.8%
EQUITY SHORT	-55.9%
NET	37.9%
GROSS	149.7%
1Y VOLATILITY	6.7%
VaR	5.4%
Beta	0.20

COUNTRIES (excl. Bonds)



Depository Bank



Investment Consultant



Management Company

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FUND COMMENT

The HoW Long Hedged fund was up 2.41% for the EUR-I class in March 2021.

March has been a very busy month in terms of companies reporting, with more than 30 names in our portfolio. In all cases, the reported numbers were good as expected, but the stock performances once again have been erratic. In fact, as already mentioned in January, the decorrelation between earnings and stocks prices is still there; consequently, we decided to increase some names on their unjustified weakness and take some profit on others on their strength.

In terms of contributions, Bekaert, Vistry Group, Elkem, Nordex, Mitie, HomeServe and Cairn Homes have been the largest positive names, while we had negative contributions from some single short names. This is a clear sign that the market was really broad-based and with very low diversification in terms of quality. Moreover, being invested in some companies within the clean energy sector, we have suffered from their underperformance due to the announced rebalancing of the Clean Energy Index that will be effective in April.

We ended the month with a gross exposure at 149.7% vs 143.7% in February, the long leg of our portfolio decreased from 94.6% to 93.8%, the short leg moved from 49.1% to 55.9% as we added a few new contrary bets, while the net exposure was subsequently lowered from 45.5% to 37.9%. Over the period, our beta slightly declined from 0.23 to 0.20, the 1m VAR at 99% confidence was sharply lower, from 12.65 to 5.41, and the 1-year volatility decreased as well from 8.48 to 6.71.

MARKET COMMENT

Over the month, markets kept rising at a steady pace with EURO STOXX 50 ending the month up 7.78% and STOXX Europe 600 up 6.08%, both helped by Automakers that gained 16.92%, their best month since November 2020 and their best Q1 performance since 2015. There are clear signs that the auto demand is picking up and the current chip shortage, while not helping, is not enough to derail this trend. What we just said has been confirmed over the last weeks by the several companies with whom we have been speaking with. Telecom have been the second best performers of the month at +10.78%, followed by Chemicals +10%, Construction Materials +9.85%, Travel & Leisure +6.86%, Media +6.47% and Tech +5.30%. Basic Materials was the only sector in red with a loss of 0.87%, taking a breath after the strong performance of the last four months.

The Inflation-return story has been very much present in March with the 10Y US Treasury yield that went from 1.377% to 1.774% and as a consequence some growth stocks, in particular Clean Energy and Technology ones, have been under a downturn pressure. The markets started pricing in a higher than expected economic growth thanks to the economic stimulus from the Democrats. The FED, and its Chairman Powell in particular, has instead intervened multiple times this month to try reassuring the markets on keeping firm the accommodative monetary policy for the many months ahead. This has somehow helped the market reprice its expectations and slightly receded the 10Y yield at around 1.65%.

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