

Investment Objective

The objective of the Fund is to generate a constant stream of cash flows by investing into Reverse Convertibles (RCs), Structured Notes, derivatives and cash or cash equivalent instruments.

Investment Strategy

The Fund will invest primarily in Auto-Callable Reverse Convertible and other Structured Notes related to equity, currency, commodities and indexes, derivatives and cash or cash equivalent instruments [for liquidity purposes]. The investment process is designed to harvest markets' volatility and convert it into cash flows whilst controlling the idiosyncratic risk of any single name investment exposure and the related business sector via concentration limits.

Chart of the daily NAV since inception



RCFUNDQ KY Equity (SPINEL RC FUND) spinel fund Daily 17JUL2023-29AUG2024

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This is an actively managed fund that is not designed to track a benchmark. Past performance does not predict future returns. The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of capital may occur.

Returns including coupons paid and net of all fees and costs

| | |
|--|-------------|
| 1 Month | 0.8% |
| YTD | 0.7% |
| 1 Year | 3.5% |
| ITD (since 17th July 2023) | 2.0% |

Fund Details

| | |
|------------------------|----------------------|
| Total Net Asset | \$ 60,471,000 |
| NAV | 9.196 |

Relevant Metrics

| | |
|--|------------------------------------|
| No of single notes | 18 |
| Average duration of the fund single lines in days | 288 |
| Max allocation to a single note | 8.4% |
| Lowest allocation to a single note | 1.8% |
| Max potential concentration to a single sector | 14% (US internet companies) |
| Lowest potential concentration to a single sector | 0.7% (HealthCare) |
| Weighted Average coupon of single notes | 12.2% |
| Running yield of the Fund (average coupon/NAV) | 13.3% |
| Max drawdown (rolling 1year) RK507 | -7.6% |
| Max drawdown recovery (no. of days) RK509 | 30 |
| Average Credit Rating of Issuers | A |

Major Fund Allocation changes

In August 2024, the fund experienced a series of events: a) the maturity of RCF12 at the beginning of the month, combined with b) the successful sale of all the remaining delivered shares that led to an increase in spare cash. Additionally, the fund received \$3 million from new subscriptions, which facilitated the issuance of three additional RC notes, raising to 18 the number of reverse convertibles and increasing the invested amount to over \$60 million. Finally, c) on August 9th, the fund distributed the fourth quarterly coupon since inception, providing a payment of \$0.25 per unit to our clients.

General Considerations on the stock market

The performance of the US equity reference index was positive by 2% in August and there was a slight decrease in average market volatility from August (15.0%) to July (16.3%) with only a marginal impact on the fund performance. During the same period, dollar funding rates saw a minor decrease, with this month's number at 4.4% compared to last month's 4.7% for a generic US treasury with a 12 month residual life.

Coupon Payments

| | |
|---|-------------------------|
| Next coupon is expected on the second week of NOVEMBER | |
| 9th AUG 2024 | \$ 0.25 per unit |
| 9th May 2024 | \$ 0.25 per unit |
| 12th February 2024 | \$ 0.25 per unit |
| 9th November 2023 | \$ 0.25 per unit |

| Fund Details | |
|---|--|
| Domicile | Cayman Islands |
| Structure | LLC |
| Asset Class | Alternatives – RCs |
| Benchmark | Absolute return |
| Fund Launch Date | 17 JULY 2023 |
| Share Class Information | |
| Target Investor | Non-retail / Qualified |
| Base currency | USD |
| Distribution Type | Income |
| Distribution Frequency | Quarterly |
| Fees and Charges | |
| Management Fee (annual) | 1.60% |
| Total Expense Ratio | 2,00% |
| Exit Fee (before lock period) | 5% |
| Dealing Details | |
| Dealing and valuation Daily | Daily |
| Lock Period | 6 months from initial investment |
| Minimum Subscription | US\$100,000 |
| Additional Subscription | US\$10,000 |
| Minimum Redemption | US\$10,000 |
| Minimum Holdings | US\$100,000 |
| Settlements Deadline | 10:00 (Qatar Time) on a Business Day |
| Fund Identifiers | |
| ISIN | KYG835251086 |
| Bloomberg Ticker | |
| Portfolio Management | |
| Investment Manager | QNB Suisse SA |
| Fund Manager | Amna Al Kuwari |
| Stakeholders | |
| Administrator | QNB QPSC |
| Depository | QNB QPSC |
| Auditor | KPMG Cayman Islands |
| Contact Details | |
| Address | Quai du Mont-Blanc 1, 1201 Genève, Switzerland |
| Telephone in Qatar | +974 4440 7339 |
| Disclaimers | |
| <p>The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. The information herein is for illustrative purposes only and reflects current market practices and is not intended to constitute legal, tax, accounting, or financial advice; investors should consult their own advisers on such matters. At all times prospective investors considering an investment in the Fund should carefully read the Private Placement Memorandum and the Terms & Conditions of the Subscription form. Investors are reminded that past performance of any investment is not a guide to future returns. All performance figures are of fees. The Fund may incur further expenses (not included in the above Ongoing charge) as permitted by the Private Placement Memorandum.</p> | |
| Important Risk Considerations | |
| <p>■ Counterparty risk a party that the Portfolio transacts with may fail to meet its obligations which could cause losses. ■ Custodian risk insolvency, breaches of duty of care or misconduct of a custodian or sub-custodian responsible for the safekeeping of the Portfolio's assets can result in loss to the Portfolio. ■ Derivatives risk derivative instruments are highly sensitive to changes in the value of the underlying asset that they are based on. Certain derivatives may result in losses greater than the amount originally invested. ■ Exchange rate risk changes in exchange rates may reduce or increase the returns an investor might expect to receive independent of the performance of such assets. If applicable, investment techniques used to attempt to reduce the risk of currency movements (hedging), may not be effective. Hedging also involves additional risks associated with derivatives. ■ Liquidity risk the Portfolio may not always find another party willing to purchase an asset that the Portfolio wants to sell which could impact the Portfolio's ability to meet redemption requests on demand. ■ Market risk the value of assets in the Portfolio is typically dictated by a number of factors, including the confidence levels of the market in which they are traded. ■ Operational risk material losses to the Portfolio may arise as a result of human error, system and/or process failures, inadequate procedures or controls.</p> <p>Complete information on the risks of investing in the fund are set out in the fund's Private Placement Memorandum</p> | |