



Tuesday, September 5th, 2023

We have performed a hypothetical analysis of the effect where the existing allocation to the KAPSTREAM Absolute Return Income Fund Class 1(KARIF) is augmented by an allocation to the FHIM Opportunity Strategy (FHIM) from August 2018 to the end of August 2023.

Comparison:

We have examined the overall portfolio performance hypothetical, pre and post the inclusion of FHIM. We are using Daily Unit pricing as our base valuation data. For KARIF, we have used Daily unit pricing supplied from Fidante before Fees with all distributions retained not re-invested. For FHIM, this strategy is after fees and all distributions are retained and not reinvested.

Historical Daily correlation of FHIM to KARIF: -0.0859 (-8.59%) R Squared: 0.0074 (0.74%)

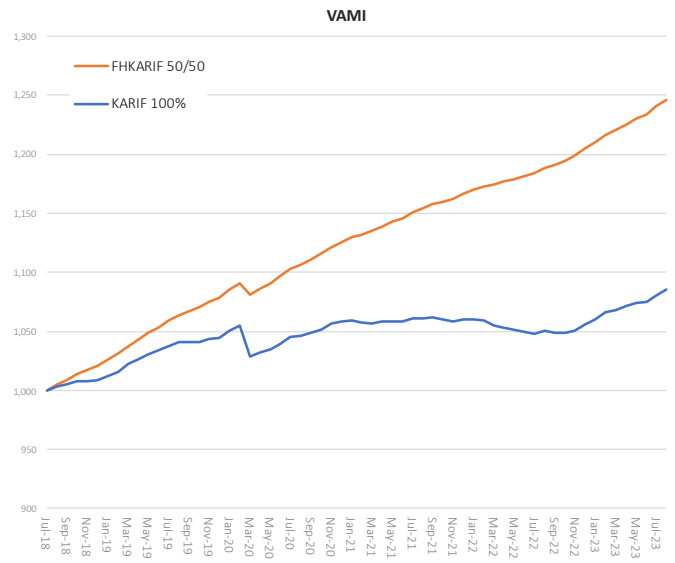
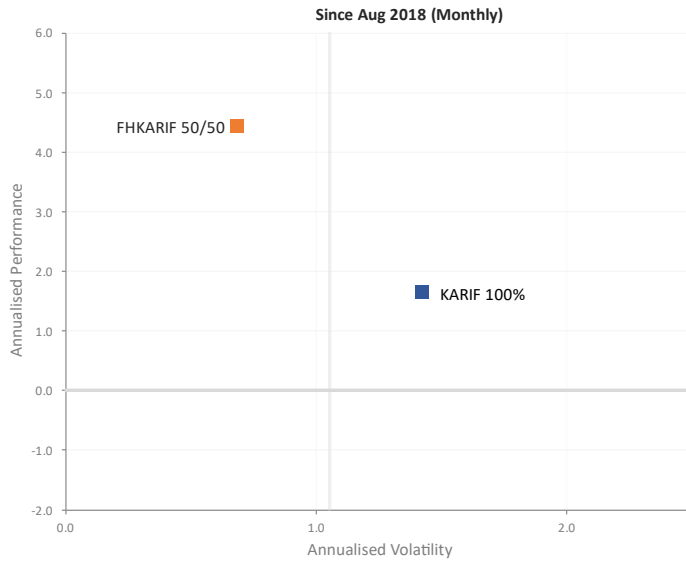
On a hypothetical allocation of 50% (KARIF) and 50% (FHIM) over the 5 plus years there is an improvement to the risk adjusted returns. Sharpe and Sortino improved significantly by 3.67 and 5.36. The max draw down decreased by 1.60% (an improvement of 64%) while improving returns 171%. This can be explained by the FHIM Opportunity Fixed income strategy where investments are typically made into strong stable income streams that are historically uncorrelated to equity or credit markets.

The returns are asset backed and fixed at 8% which supports a defensive approach to managing a basket of Fixed Income holdings.

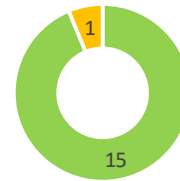
	KARIF 100% allocation	KARIF with 50% FHIM allocation	Change
CAGR	1.63%	4.43%	+2.80%
Sharpe Ratio	-0.26	3.41	+3.67
Sortino Ratio	-0.29	5.07	+5.36
Max Drawdown (EOM)	-2.47%	-0.87%	+1.60%
2018 August	0.88%	2.12%	+1.24%
2019	3.49%	5.64%	+2.15%
2020	1.35%	4.36%	+3.01%
2021	0.15%	3.62%	+3.47%
2022	-0.37%	3.25%	+3.62%
2023 August	2.85%	3.47%	+0.62%

The noticeable examples of FHIM’s positive impact with an allocation of 50% KARIF and 50% FHIM is:

- 1. 2.80% increase in CAGR - **Improved 171%**
- 2. 1.60% reduction in Max Drawdown - **Improved 64.7%**
- 3. 3.67 increase in the Sharpe Ratio - **Improved 1411%**
- 4. 5.36 increase in the Sortino Ratio - **Improved 1866%**



	DOWN MONTHS	REDUCED
KARIF	15	93%
FHKARIF 50/50	1	



The analysis supports the conclusion that downside volatility is reduced whilst increasing the return in this scenario. In maintaining a consistent fixed income revenue, improvements in the overall risk adjusted return were seen. On this basis we would suggest that there would be merit in having an exposure to the FHIM Opportunity Strategy.

Regards

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