

Lowes UK Defined Strategy Fund

Investment Objective

The Fund aims to provide capital growth over the medium to long term in rising, directionless or modestly falling UK equities markets. The Fund will aim to achieve this, while being less volatile than a corresponding investment into UK equity markets.

It will invest in a core portfolio comprised of defined return equity strategies that aims to provide capital growth in all but extreme negative market scenarios.

The Fund is a sub-fund of the Skyline Umbrella Fund (ICAV) which is authorised and regulated by the Central Bank of Ireland.

Monthly Update

The Fund fell marginally in January, posting a return of -0.06%. (Source of all figures: FE Analytics)

After the strong returns of December, January proved something of a weaker month for UK equities. Whilst interest rate cuts still remain likely in 2024, the market repriced just how quickly these may arrive. After the more dovish tone from the US Federal Reserve in December, March had been proven to be a likely candidate for the first. Jerome Powell rather quashed those hopes however during the first month of the year.

The Bank of England also appear firm in their stance that they aren't quite ready to budge from their 'on hold' stance. Whilst the economy remains weak compared to other G7 nations, it would appear that ensuring that high inflation is curtailed for the foreseeable remains centre of focus.

There was only one strategy which had an observation point in January, being Strategy 51. This was a note, issued by Morgan Stanley. To mature on what would have been its first observation, it required the FTSE CSDI index to be at or above the level of 176.16. The index was below the level however and will therefore move to the next observation point on the 30 January 2025, where the index will need to be at or above the same level.

If it were not to mature on its next anniversary, on the third, fourth, fifth and sixth observation the strategy benefits from a stepdown feature, whereby the index

Investment manager:	Lowes Investment Management
Fund type:	Irish Domiciled UCITS
Fund Size:	£27,896,294.04
Unit NAV at 31/01/2024:	Class C: £1.2526
Launch date:	11 December 2018
Base currency:	GBP
Liquidity:	Daily
Dealing deadline:	10:30am Irish time
Pricing:	Daily COB
Share type:	Accumulation
Minimum subscription amount:	Class B: £1,000,000 Class C: £100
Annual management charge:	Class B: 0.4% Class C: 0.5%
OCF:	Maximum of 1%
Reporting status	Registered with HMRC
ISIN	Class B: IE00BG0NV307 Class C: IE00BG0NV414
Dealing line	+353 (0) 1434 5124



will need at be at or above 95% of the initial strike level, equating to 167.352. There is a further stepdown in year 7 and 8, being 90% of the initial strike level, or 158.544. The note has a 9.2% coupon and the strategy will therefore continue to benefit from the snowballing coupon effect should it take longer to mature.

There were no further potential maturities during the month. There were also no new strategies added during the period.

Projected Fund Performance (Not a reliable indicator of future results)

Whilst of course the figures in the table below should not be regarded as a reliable indicator of future results, they are an estimate of the performance over specific time periods for given market movements, based on the current holdings within the Fund and prices and index levels at the end of November.

FTSE 100 movement	-10%	-5%	0%	5%	10%
1 Year	-1.34%	2.68%	5.65%	7.60%	8.70%
3 Years	6.56%	12.76%	17.12%	19.51%	20.86%

For example, if the FTSE 100 index is 5% up in 3 years, we expect the value of the Fund to rise by 19.51%.

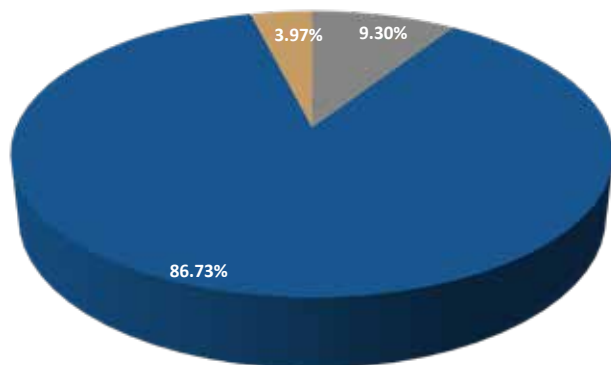
It must be noted that these figures are based on assumptions and therefore there would be a difference between these figures and the actual performance. However, given that the Fund aims to provide capital growth over the medium to long term in rising, directionless or modestly falling UK equities markets, it is pleasing to see that these estimates suggest the Fund should do just that.

Fund Discrete Performance (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2018	-	-	-	-	-	-	-	-	-	-	-	-0.11%	-0.11%
2019	0.73%	0.30%	0.66%	0.55%	-0.93%	1.26%	0.74%	-2.24%	1.97%	-0.01%	1.09%	1.64%	5.12%
2020	-2.23%	-9.13%	-8.36%	6.55%	4.07%	0.21%	-2.78%	2.05%	-1.54%	-4.09%	10.01%	1.59%	-5.27%
2021	-1.69%	1.05%	3.66%	3.67%	0.97%	0.42%	-0.17%	1.55%	-0.60%	1.57%	-1.53%	3.50%	12.92%
2022	0.31%	-0.19%	1.65%	-0.06%	1.25%	-3.50%	3.22%	-1.86%	-4.79%	3.52%	4.61%	0.00%	3.81%
2023	2.48%	-0.44%	-0.01%	1.04%	-1.48%	1.11%	1.06%	-0.43%	1.10%	-1.14%	2.04%	2.00%	7.50%
2024	-0.06%	-	-	-	-	-	-	-	-	-	-	-	-0.06%

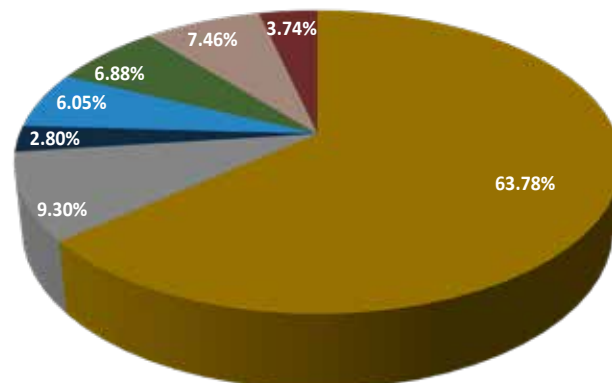
Source of all figures: FE Analytics

Asset Allocation



	(%)	
Strategies	86.73	●
Unallocated Gilts	3.97	●
Cash	9.70	●

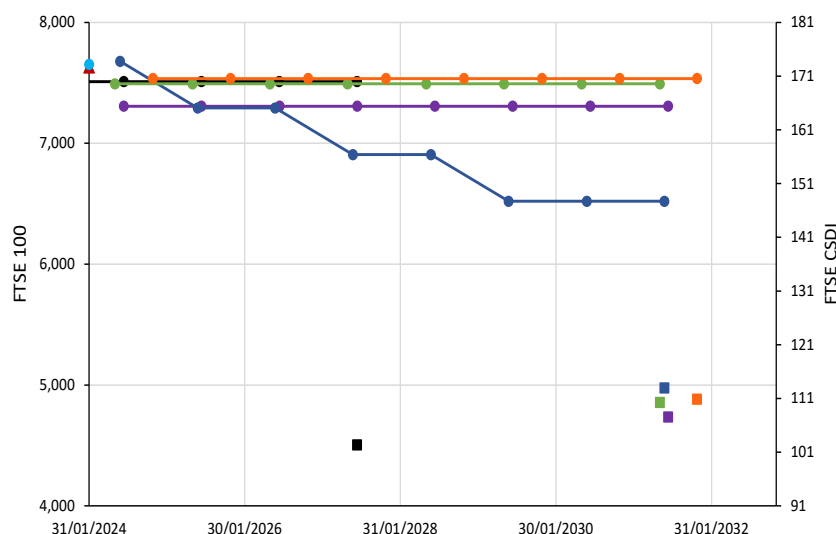
Counterparty Exposure



	(%)			(%)	
UK Government	63.78	●	Citigroup	6.05	●
Cash	9.30	●	Credit Agricole	6.88	●
BNP Paribas	2.80	●	Morgan Stanley	7.46	●
Goldman Sachs	3.74	●	-	-	-

Fund Largest Holdings

Gilt-backed 8Y FTSE 8.31% 11/07/2027	6.59%	●
Gilt-backed 8Y CSDI 9.72% 11/07/2031	4.73%	●
Gilt-backed 8Y CSDI 9.60% 02/06/2031	4.70%	●
Gilt-backed 8Y CSDI 9.00% 24/11/2031	4.69%	●
Gilt-backed 8Y CSDI/E50 8.15% 19/12/2031	4.68%	●



Summary

The Fund continues to remain positive year to date. Spread over twenty-one different strategies, it remains well diversified in terms of observations dates, observation levels and counterparty exposure. Gilt-backed strategies are spread across two investment banks, while the strategies in note form are diversified across five. Details of the current strategies and the investment banks used, along with further information on the fund, can be found at UKDSF.com.

We hope this update provides you with a flavour of how the Fund is currently positioned.

Sources of Indices Data: Mariana Capital / Investing.com / FT

Charges

There are no entry, exit, or performance fees applied to the fund. The Ongoing Charge Figure (OCF) for the fund remains at its capped level of 1% p.a. A full list of fees associated with investing in the Fund is included in the Fund Supplement.

Platform Availability

- | | | | |
|------------|-------------|-------------|------------|
| • Aegon | • Embark | • IFDL | • Quilter |
| • AJ Bell | • FNZ Clear | • James Hay | • Seven IM |
| • Allfunds | • Fusion | • Novia | • Transact |
| • Aviva | • Hubwise | • Nucleus | |

Also available through SIPPs and full-service

Disclaimer

The value of this investment can fall as well as rise and investors may get back less than they originally invested. Past performance is not necessarily a guide to future performance.

The Fund is suitable for investors who are seeking capital growth over a medium to long term horizon but who are willing to tolerate medium to high risks due to the potentially volatile nature of the investments.

The contents of this document have been issued and approved by Lowes Investment Management, who are authorised and regulated by the Financial Conduct Authority (FCA) under the firm reference number 192938.

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