Update September 2022

Below you can find the latest edition of our monthly strategy report, providing you with a performance update for the FVC Equity Dispersion Strategy.

Performance Data

Theta/Vega Allocation	1 Month	6 Months	1 Year	5 Years	10 Years
Dynamic Allocation	-3.05%	0.47%	0.06%	58.92%	119.39%
Equal Theta Weighted	-3.15%	0.34%	-0.42%	42.49%	92.51%
Equal Vega Weighted	-0.53%	4.13%	4.19%	35.48%	54.30%

Investment Strategy Description

The strategy allows investors to capture the spread between implied and realized correlations on the S&P 500 Index and has some unique performance characteristics:

It aims to deliver **attractive risk-adjusted returns in a stable market environment by capturing the correlation risk premia**

The returns have either **low or negative correlations with traditional asset classes and other hedge fund strategies which leads to high diversification benefits in a portfolio**

It is expected to deliver **positive returns during severe market corrections when realized correlations stay low due to sector rotations and realized volatilities increase, as seen in the last financial crisis in 2008 or during March 2020**

It is expected to deliver **negative returns during smaller corrections** when correlations & volatilities increase simultaneously. However, the recovery times have historically been fast, as seen during Q3 2011 or in February 2018

The strategy incorporates several features which are expected to **lead to a significant out performance compared to a standard equity dispersion strategy. The most important ones are:**

01 A multi-factor stock selection model

02 A dynamic asset allocation model

03 Intra-day vega and delta hedging

FVC continues to conduct research and regularly updates the strategy. The product is a hybrid between an asset management and an index product, combining the best parts of the two worlds.

Risk & Return Statistics

Theta/Vega Allocation	Annual Return	Annual Volatility	Sharpe Ratio	MaxDD	Calmar Ratio	Correlation with SPX
Dynamic Allocation	9.67%	7.99%	1.14	-9.52%	1.05	-0.06

Equal Theta Weighted	8.24%	8.31%	0.91	-13.65%	0.60	-0.02
Equal Vega Weighted	4.45%	5.41%	0.70	-9.21%	0.48	-0.22
SPX Index	6.08%	20.54%	0.26	-56.78%	0.11	1.00

Performance Charts