

Signet Thematic Alpha Fund

January 2024



SIGNET

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Key facts

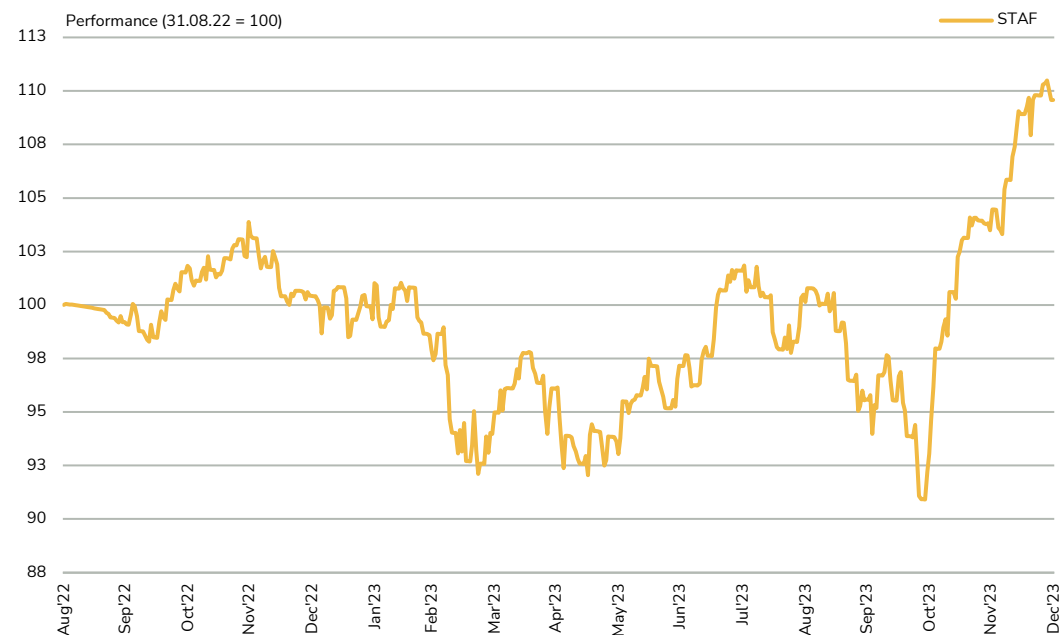
Fund features

- The Fund provides global exposure to companies poised to benefit from structural megatrends.
- Quantitatively-driven, macro-aware process with high active share.
- Ability to vary net exposure and mitigate volatility by using cash and derivatives.

Investment principles

- The Fund will target, and aim to benefit from, long-term megatrends (Demographics, Urbanization, Digitalization and Environment) prioritizing large and medium-sized companies in developed markets. The investment manager defines megatrends as secular changes that transform civilization.
- Underlying themes may include: Robotics, Security, Cloud Technology, Virtual Life, Digital Data, Life Sciences, Health Care, Entertainment, Education, Water, Agriculture, Waste, Clean Energy, Mobility, Infrastructure and Financial Edge.
- The investment manager exploits original proprietary multi-factor scoring system based on 10 factor groups and no less than 100 factors as a quantitative tool for determining securities with advantageous characteristics.

Performance index



Selected metrics

Reference period	31.08.2022—31.12.2023
NAV, end of period, USD	19 739 727
Absolute Return, %	9.6
Annualized Return, %	7.1
Return Volatility, %	12.4
Sharpe Ratio, x	0.3
Maximum Drawdown, %	-12.5

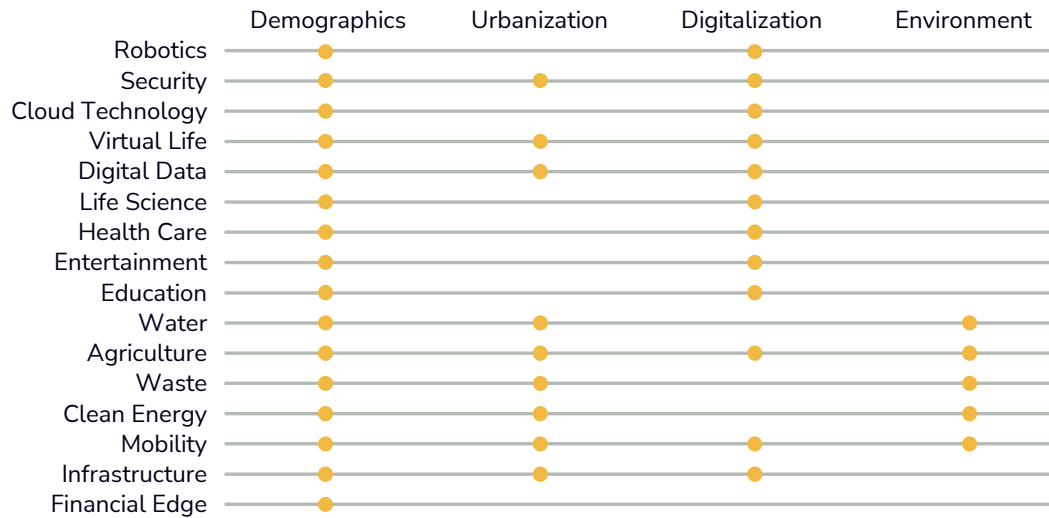
Monthly performance (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
2022									-0.8	2.7	2.0	-3.3	0.4
2023	0.6	-3.1	-3.0	1.2	-3.2	4.4	4.6	-1.5	-4.5	-2.6	11.2	5.9	9.1

End of month NAV numbers (through November 2023 inclusively) are confirmed by the administrator. Interim daily NAV proxies are calculated by the investment manager.

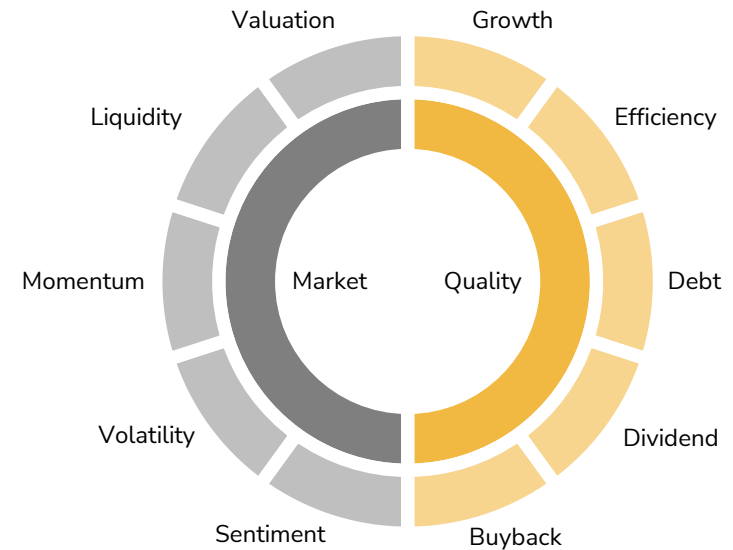
Investment principles

Megatrends — long-term changes that transform our lives



- The manager identifies megatrends — structural and long-term changes that transform our lives.
- **Demographic** changes are characterized by growing world population, increasing longevity, increasing quality of life and importance of human capital as well as change in generational preferences.
- **Urbanization** implies growth of cities and its densities.
- **Digitalization** is about increasing importance of digital data, softwarization of processes and focus on productivity.
- **Environmental** changes denote growing necessity for sustainable use of natural resources.
- Then we identify **16 themes** that are synchronized with development of these trends: Robotics, Security, Cloud Technology, Virtual Life, Digital Data, Life Science, Health Care, Entertainment, Education, Water, Agriculture, Waste, Clean Energy, Mobility, Infrastructure, Financial Edge.
- We invest in companies poised to benefit from megatrends and themes.

Proprietary 10 factor groups and 100 factor model



- The investment manager exploits original proprietary multi-factor scoring system based on **10 factor groups** and **100 factors** (101 for banks) as a quantitative tool for determining securities with advantageous characteristics.
- Each factor group comprises a set of factors with 5 to 16 in each.
- Threshold characteristics of each factor are based on multidecade financial and market metrics of more than 10 000 global securities.
- The manager assigns score of 1 as minimum value of any factor group or factor and score of 10 as maximum value.
- The Fund provides exposure to companies with high aggregate score across all 10 factor groups avoiding firms of average or below average ranking.

Quality factors

Growth (14 factors)	Efficiency (16 factors)	Debt (6 factors for non-banks and 7 for banks)
Sales per share growth over 10Y	Average operating margin over 10Y	Debt to assets
Stability of sales per share growth over 10Y	Stability of operating margin over 10Y	Debt to capital
EPS growth over 10Y	Average net margin over 10Y	Debt to operating cash flow
Stability of EPS growth over 10Y	Stability of net margin over 10Y	Net debt to operating cash flow
Sales per share growth over 5Y	Average return on equity over 10Y	Operating cash flow to interest expenses
Stability of sales per share growth over 5Y	Stability of return on equity over 10Y	Average debt tenor
EPS growth over 5Y	Average return on invested capital over 10Y	Level of T1 capital (banks)
Stability of EPS growth over 5Y	Stability of return on invested capital over 10Y	Real capital to risk weighted assets (banks)
Sales growth consensus forecast over next 12M	Average operating margin over 5Y	Overdue loans to loan portfolio (banks)
EPS growth consensus forecast over next 12M	Stability of operating margin over 5Y	Overdue loans to capital and reserves (banks)
Book per share growth over 10Y	Average net margin over 5Y	Reserves to overdue loans (banks)
Stability of book per share growth over 10Y	Stability of net margin over 5Y	Loans to deposits (banks)
Book per share growth over 5Y	Average return on equity over 5Y	Average debt tenor (banks)
Stability of book per share growth over 5Y	Stability of return of equity over 5Y	
	Return on invested capital over 5Y	
	Stability of return on invested capital over 5Y	

Dividend (9 factors)	Buyback (5 factors)
Dividend yield over last 12M	Buyback yield over 12M
Dividends per share growth over 10Y	Buyback growth over 10Y
Stability of dividends per share growth over 10Y	Stability of buyback growth over 10Y
Expected dividend yield in next 12M	Buyback growth over 5Y
Dividends per share growth over 5Y	Stability of buyback growth over 5Y
Stability of dividends per share growth over 5Y	
Average dividend payout ratio over 10Y	
Average dividend payout ratio over 5Y	
Dividend payment frequency	

Market factors

Valuation (7 factors)	Liquidity (9 factors)	Momentum (9 factors)
Market cap to sales	Market cap	Stock price growth over 10Y
Market cap to net profit	Average daily turnover over last 6M	Stock price growth over 7Y
Market cap to capital	Average daily turnover over last 3M	Stock price growth over 5Y
Free cash flow yield	Average daily turnover over last 5D	Stock price growth over 3Y
Market cap to expected sales over next 12M	ADTV 5D to 6M ratio	Stock price growth over 2Y
Market cap to net profit over next 12M	ADTV 5D to 3M ratio	Stock price growth over 1Y
Expected free cash flow yield	Free float	Stock price growth over 6M
	Open interest in options	Stock price growth over 3M
	Options daily turnover over last 6M	Stock price growth over 1M

Volatility (15 factors)	Sentiment (10 factors)
Stock price volatility over 10Y	Number of analysts covering security
Stock price volatility over 7Y	Net "buy" recommendations
Stock price volatility over 5Y	Upside to consensus price
Stock price volatility over 3Y	Consensus rating score
Stock price volatility over 2Y	Short interest ratio
Stock price volatility over 1Y	Put/call ratio
Implied 6M volatility	Sales surprise, last quarter
Implied 3M volatility	Sales surprise, previous quarter
Implied 1M volatility	Earnings surprise, last quarter
Maximum drawdown over 10Y	Earnings surprise, previous quarter
Maximum drawdown over 7Y	
Maximum drawdown over 5Y	
Maximum drawdown over 3Y	
Maximum drawdown over 2Y	
Maximum drawdown over 1Y	

Terms and setup

Legal name	Signet Thematic Alpha Fund
Investment Manager	Signet Capital Management
ISIN	KYG8157F1292
Bloomberg	STAFAUS KY
Management fee	1.5% p.a. (monthly)
Performance fee	20% (high water mark, quarterly)
Liquidity	Monthly
Notice	30 days
Legal form	Cayman fund
Launch date	1 September 2022
Minimum investment	100 000 USD
Currencies	USD

Depository	Citibank, European Depositary Bank
Administrator	Apex Fund Services
Auditor	Grant Thornton
Legal counsels	Fieldfisher, Maples and Calder
Brokers	Interactive Brokers, Jefferies, Oppenheimer
Risk monitoring	MSCI powered

Management team



Mike Miroshnichenko, PhD, CQF
Chief Investment Officer

- Mike has more than 19 years experience in capital markets. He joined Signet in 2016.
- Prior to that, he was Head of Fixed Income, Currencies and Commodities at Renaissance Asset Managers / Kazimir Partners, where he was managing the hedge fund strategies
- Between 2009 and 2012 Mike was Head of Capital Markets at RESO Insurance.
- In 2005—2008 he was a fixed income and currency trader at Morgan Stanley.
- Mike holds a bachelor and masters degree in economics from Moscow State University, where he also received a PhD. He also holds a Certificate in Quantitative Finance.



Anatoly Fedorov
Head of Equities

- Anatoly has more than 12 years of experience in financial industry. He joined Signet in 2018.
- Anatoly manages Signet Global Leaders Fund and has experience working with Equity Long Short and Merger Arbitrage strategies.
- Prior to joining Signet in 2018, he worked at JPMorgan in EMEA Diversified Industrials Practice on large scale equity raise and M&A transactions.
- Prior to JPMorgan, he was an Equity Research Analyst at Genesis Investment Management, covering Emerging Markets.
- Anatoly holds a bachelor and master degrees in economics from Moscow State University as well as master degree in economics from New Economic School

Disclaimer and risk factors

Disclaimer

- This document is prepared by Signet Capital Management Ltd (the "Investment Manager") based on internally developed data, and third party and publicly available information generally accepted as reliable. However, no attempt has been made to verify independently such information. No undertaking, representation or warranty or other assurance, express or implied, is made or given by or on behalf of the Investment Manager or any of its members, employees, agents or advisers or other person as to the accuracy completeness or fairness of the information or opinions contained in this document and no responsibility or liability is accepted for any such information or opinions. Past performance does not indicate or guarantee future results. This document is being supplied to relevant persons solely for their information and may not be copied, reproduced, further distributed to any other person or published, in whole or in part, for any purpose without the consent of the Investment Manager and is being provided to relevant persons on the basis that they keep confidential any information contained in this document. This document does not constitute, or form part of, any offer or invitation to sell, allot or issue, or any solicitation of an offer to purchase or subscribe for, any securities nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract or commitment for securities. Recipients of this material are reminded that any such purchase or subscription must be made only on the basis of the information contained in the Private Placement Memorandum in its final form. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this document or on the completeness, accuracy or fairness thereof. Any investment and/or services offered or related to this document are by no means intended for retail clients and should not be made available to retail clients. For specific distribution and investment restrictions in other jurisdictions please refer to the Private Placement Memorandum, a copy of which is available at request.
- From April 2021, the strategy followed was the Absolute Return. However, please note that from September 2022 onwards, the strategy changed to Thematic Alpha. There was a re-naming of shares. This did not reshape the share price but the whole strategy was fully reviewed and changed to Thematic Alpha. The Fund name was changed since 01.09.2022 from SFARF to STAF.

Risk factors

- Equity Risk. Investing in equity shares means taking a stake in the performance of that company, participating in the profits it generates by way of dividends and any increase in its value by way of a rise in its share price. However, such equity shares may also depreciate in value and lead to substantial losses of up to the total amount invested should an underlying company file for bankruptcy.
- Currency Risk. The Fund may have multiple non-US Dollar currency exposures and such exposures will be unhedged. These non-USD currencies may depreciate against the US Dollar and lead to losses.
- For a more detailed explanation of risks, please refer to the "Risk Factors" section of the Private Placement Memorandum.



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