

Fund Performance (YTD) 5.61%
Fund Performance (Annualized) 5.61%

FUND FACTS

Investment Objective

- ↳ Systematic fund focused on low-risk global pure arbitrage, volatility spread trading and geographical arbitrage strategies.
- ↳ Pillar Arb Fund has the capability to Invest globally including emerging markets such as India and China.
- ↳ Expected gross returns of 7-8% p.a.
- ↳ Maximum drawdown target 4-5%.
- ↳ Market Volatility and imperfections offer opportunities.
- ↳ Correlations within arbitrage trading are high keeping the VAR and Standard Deviation low.
- ↳ Pillar Arb Fund is FSC regulated in Mauritius.

Monthly Commentary

- The Fund registered a decline of 1.69% in NAV for the month of December 2022.
- Markets sold off in December to cap a year to forget for investors, with both stocks and bonds declining in the final month of 2022.
- The S&P 500, a broad benchmark for large cap US stocks, fell -6% in December to close the year down -18%.
- Within fixed income, the Barclays US Aggregate Bond index fell -0.5% for a -13% return on the year, by far the worst showing for the index since its inception in 1976.
- Commodity prices were amongst the few winners on the year, with the Bloomberg Commodity Index gaining +16% in 2022 despite a -2% decline in December.
- From the fund's perspective, December month was difficult. Our strategy of volatility spread trading didn't work as per expectation. This was largely due to mismatch in actual realized volatility against its implied volatility which means that premiums were not priced as per its market movement which led us booking some losses in the month of December. Also, there were not enough opportunities in other products such as currency arbitrage or spread trading.
- We expect premiums to normalize in coming month and currency spreads to improve as we move closer to Budget day in India.
- For 2023, we are of the view that, Fed has done most of the heavy work on inflation. An inverted yield curve (i.e., short rates higher than long rates) has always led to a recession, so most forecasts anticipate a mild recession that will allow the Fed to pause rate hikes or even pivot to rate cuts. In this view, corporate earnings struggle in the first half of the year but rebound in the second half. This rewards the patient investor.

Current USD NAV: 114.4256
Inception Date** 1 July 2020

Fund Type Collective Investment Scheme (Single Fund)

Fund Manager Pillar Investment Manager

Currency USD

NAV Frequency Monthly

Domicile Mauritius

Administrator Apex Fund Services

Auditor Morison (Mauritius)

Minimum Investment \$100,000

Available for Subscription on 
Asset Class Forex, Equity & Commodity

Management Fees 1.25% p.a. (Accrued Monthly)

Performance Fees 25% (with High Watermark)

Overview

Total returns (net)% - to end Dec 2022

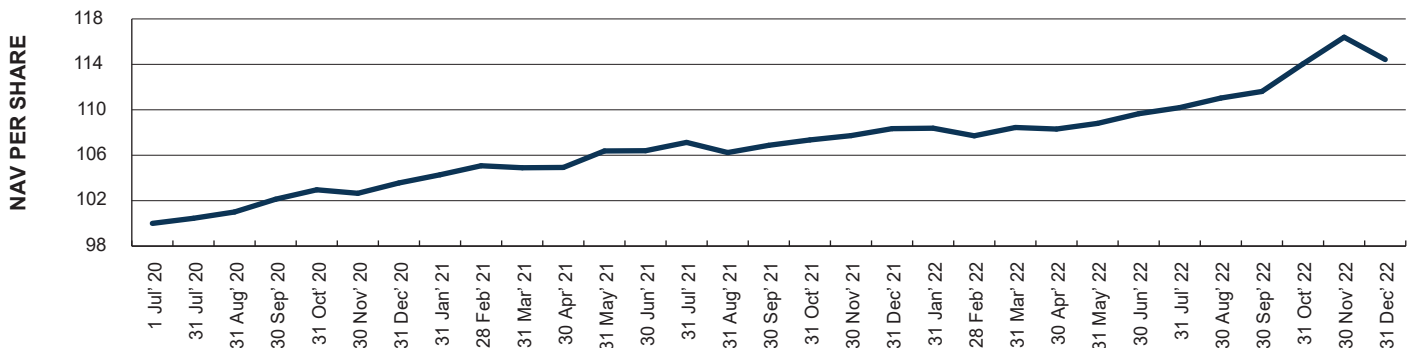
EQUITY BENCHMARKS	MTD	QTD	YTD
S&P 500 Index	-5.76%	7.56%	-18.11%
Russell 1000 Index	-5.81%	7.24%	-19.13%
Russell 1000 Value Index	-4.03%	12.42%	-7.54%
Russell 1000 Growth Index	-7.66%	2.20%	-29.14%
Russell 2000 Index	-6.49%	6.23%	-20.44%
MSCI U.S. IMI Real Estate Index	-5.08%	4.35%	-26.12%
MSCI ACWI Index	-3.93%	9.76%	-18.36%
MSCI EAFE Index	0.08%	17.34%	-14.45%
MSCI Emerging Markets Index	-1.41%	9.70%	-20.09%

FIXED-INCOME BENCHMARKS	MTD	QTD	YTD
Bloomberg U.S. Aggregate Bond Index	-0.45%	1.87%	-13.01%
Bloomberg Municipal 1-15 Year Index	0.47%	3.59%	-5.95%
Bloomberg U.S. Treasury TIPS Index	-1.02%	2.04%	-11.85%
ICE BofA Merrill Lynch U.S. High Yield Cash Pay Index	-0.76%	4.07%	-11.11%
Morningstar LSTA Leveraged Loan index	0.44%	2.74%	-0.60%

ALTERNATIVE BENCHMARKS	MTD	QTD	YTD
HFRX Global Hedge Fund Index	-0.06%	0.16%	-4.41%
Bloomberg Commodity Index	-2.45%	2.22%	16.09%
SG Trend Index	-0.25%	-6.09%	27.33%
3-Month LIBOR	0.41%	1.16%	2.46%
U.S. Dollar (DXY Index)	-2.29%	-7.67%	8.29%

Source: Morningstar Direct

Performance Since Inception



Monthly Return %

% MoM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-	-	-	-	-	-	0.46	0.54	1.11	0.81	-0.30	0.89	3.56%
2021	0.69	0.76	-0.17	0.03	1.38	0.02	0.69	-0.83	0.60	0.44	0.35	0.57	4.62%
2022	0.03	-0.62	0.68	-0.13	0.46	0.78	0.49	0.76	0.52	2.18	2.06	-1.69	5.61%

Important Information

Source: The portfolio details have been supplied by the fund management company, Pillar Investment Manager based at Suite 208, 2nd Floor NG Tower, Ebene Cybercity, Mauritius. This document is for distribution to Professional Clients and should not be relied upon by any other persons. All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. This fund is not available for sale in the U.S. or to U.S. persons. This document has been issued by Pillar Investment Manager. This document was issued on the date displayed at the front of this Report. Risk and Performance can change over time. PIM is unable to offer personal financial advice. Please note that nothing in this document should be interpreted as financial advice. If you have any doubt whether this product is suitable for you or questions about your tax position, and you wish to obtain personal advice, please contact a financial adviser or where applicable a tax specialist.

* Pillar Arb Fund is the Marketing name for this fund. The actual name is Pillar India Growth Opportunities Fund.

** Fund Strategy Inception Date