

AMC- C&S Volatility Opportunity Certificate

December 31 2021

Strategy Description

The C&S Volatility Opportunity strategy is designed to produce quality risk adjusted returns by focusing on options markets. Asset classes include equities, indices, commodities and interest rates. The primary markets are the S&P500, Eurostoxx, DAX, Gold, Silver, Treasury Bonds and Treasury Notes. The objective is to produce absolute returns.

Positioning is opportunistic and depends on analysis of option volatility surfaces and maturity structures. Each of the markets has a deep and liquid options market traded on major exchanges. Positions can be delta long or delta short through options combinations.

Year End Review 2021

In the following table are shown the 2021 gross contributions by market for the Certificate. In line with the philosophy of the product, we identified several trades in which we risked a relatively small amount of option premium for the potential for large positive contributions. Most of them did not work. The potential for 2022 is excellent. A discussion of each sector follows on page 2.

2021	YTD P/L	% NAV
S&P Calls	\$35,470	5.06%
S&P Puts	-\$18,160	-2.59%
S&P Futures	-\$3,000	-0.43%
NASDAQ	-\$3,345	-0.48%
RUSSELL	-\$6,748	-0.96%
GOLD	-\$21,282	-3.03%
SILVER	-\$18,390	-2.62%
LONG BOND	-\$8,796	-1.25%
TEN YEAR	\$10,646	1.52%
TOTAL		-4.79%

As of year-end, the total market value at risk is 5.44% of NAV. The majority of the risk exposure is in Gold options which carry the greatest potential upside for reasons discussed next page.

Dec 31 2021	Market Value % NAV
S&P CALLS	0.37%
GOLD	4.13%
TEN YEAR	0.48%
LONG BOND	0.46%
TOTAL	5.44%

Current Figures

NAV	938.10
Issue Price	1000.00
Fund Launch	1st March 2021
12 months high	1025.75
12 months low	932.01
Number of positive months	4
Number of negative months	6
Cash	94%
Margin Utilization	76%
Issue Size	0.7 m

Certificate Facts

ISIN	CH0592028051
Valor	59020805
Strategy Manager	Cura & Senectus Investment AG, Vaduz
Issuer Company	Incorporated cell of Swiss Asset Segregated Platform: Asset Segregated SPV no. 26 Jersey
Paying Agent	ISP Securities AG, Zurich
Clearing / Settlement	Six SIS AG, Olten
Issue Date	1st March 2021
Issue Price	1000 USD
Price Calculation	Daily Buy/Sell only between working hours - 8 am. to 5 pm.
Accounting Currency	USD
Minimum Investment	1 Certificate and multiples of 1 Certificates
Minimum Investment Amount at Issuance	USD 50'000
Management Fee	1.50% p.a.
Performance Fee	20% with high-water mark
Setup Fee	CHF 5000
Issuance Fee	100bps
Trading Frequency	Daily (secondary market) Private Placement Switzerland
Calculation Agent / Swiss Paying Agent	ISP Securities AG
Administration Fee	0.50% p.a.
Secondary Market Spread	Up to 100 bps
Offering	Private Placement for qualified investors only Not for public distribution
Jurisdiction	Swiss law

Subscription: For subscription and trading details please contact ISP Securities AG.

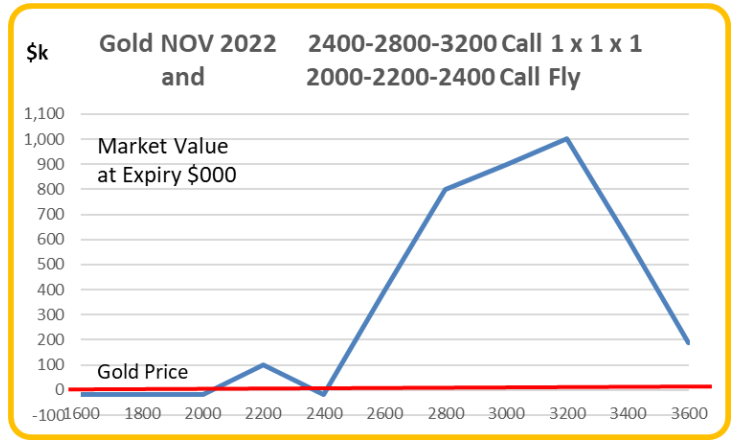
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C&S VO Certificate Performance

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2021			-1.06%	1.03%	2.61%	-4.67%	-1.28%	-1.44%	-1.53%	0.49%	-1.00%	0.65%	-6.19%
2022													

Gold and Silver

The Gold options market offers excellent potential for three reasons. First is the fundamental outlook. It is likely that inflation will persist, given continued fiscal and monetary stimulus. Second is the technical outlook. Sentiment is negative and a potential triangle formation is likely eventually to resolve to the upside. Third is the options market structure. The implied volatility of gold call options is historically low. This is not surprising given the net sideways price action of the past 17 months. Therefore, at-the-money call options are fairly cheap. Also, the implied volatility structure is upward sloping. This means that higher strike price call options are more expensive in implied volatility terms than lower strike price call options. This, in turn, means that call option spreads, butterflies and ratios are very cheap relative their potential.



In 2021, we positioned in Gold call option structures which had high potential for profit. As the price of Gold was down 2.5% for the year, these trades did not work and the cost to NAV was 3.03%. Also, we positioned in Silver call combinations on the same theme. Silver combinations above the money (mainly butterflies) are somewhat more expensive than those on Gold. Silver was down 4.6% for the year and the cost to NAV was 2.62%. For 2022 it is likely we will be more focused on Gold rather than Silver as there is higher potential for large multiples of premium spent if the trades work. In 2022 Gold options, we have a total of 4.13% currently deployed (0.84% in February, 0.41% in May and 2.89% in November expiries). The chart above illustrates the potential for the November options. If a major gold uptrend develops and the Gold price were to reach \$2,800 per ounce by November 23, 2022, the 2.89% invested in these options could generate a possible market value of \$800,000. This would represent 114% of NAV. This scenario of a 55% increase in the price of Gold is low probability. However, there were three years in the 1970s when the price of Gold rose more than 55%. We believe gold call options are under-priced relative to this possibility.

Equities

In 2021, S&P call ratio trades generated a positive contribution of 5.06% to NAV. In this strategy we attempt to buy cheap S&P call options and make them even cheaper by selling higher strike call options in a ratio. The strategy utilizes a lot of margin - frequently 50% to 75% of capital. This limits trade sizes. We will continue to refine this strategy, attempting to balance net premium spent against the scarce margin resource in order to maximize potential. We deployed put option strategies also for parts of 2021 and this was unsuccessful as put option losses offset some the call ratio profits. Currently we have only call ratio exposure but will opportunistically look to selectively position in put structures such as butterflies. This put strategy would be more successful if the S&P were to correct for periods of months rather than days as was seen in 2021. We positioned in Call Ratios in the Russell 2000 at times during the year but the index did not break out decisively; the NAV cost was 0.96%. We also attempted to capture ranges in Nasdaq options a couple of times but these did not work and this cost 0.48% of NAV. S&P futures were used once in June to hedge an unwanted risk profile.

Bonds

We watch closely the shape of the US yield curve. Specifically, we have positioned in the 10s – 30s spread (currently 40bp) through call butterflies in the Ten Year and Put Butterflies in the 30 Year. One thesis is now the market has fairly well digested the likelihood and magnitude of Fed Tapering and interest rate moves, bond yields will settle into tradeable ranges. These option combinations are designed to capture this scenario.

Conclusion

We continue to scour the markets for the opportunities presented by volatility curves, always looking for trade constructions where risk can be kept low but which offer the potential for substantial or outsized profits relative to net premium paid.

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