



LOWES

UK DEFINED STRATEGY FUND

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About Lowes

Established in Newcastle in 1971, Lowes is a progressive and respected firm that has been at the forefront of the evolution of the UK's retail structured investment landscape.

For over two decades, Lowes has helped shape the sector for improved investor outcomes and has worked with various product providers to develop a style of the industry's best-selling genre: the autocall or kick-out. These investments have a maximum investment term but will mature early if certain market conditions

prevail, such as the FTSE 100 Index being at or above its initial level on an anniversary date. Potential returns are pre-defined, fixed and accrue the longer the investment remains in force.

Lowes' award winning Investment team has extensive experience managing portfolios and a track-record of consistently delivering returns above benchmark.

The Lowes UK Defined Strategy Fund

The Lowes UK Defined Strategy Fund is an actively managed fund comprising a number of defined investment strategies where the potential returns earned within the Fund will typically be fixed in nature and linked to the performance of one or more established stockmarket indices, such as the FTSE 100.

The Fund is managed by Lowes Investment Management Limited and capitalises upon the

skills and structured investment selection success enjoyed by Lowes clients', built up over several decades.

Fortem Capital Limited act as investment adviser to the investment manager in respect of the Fund providing information, guidance and assisting with risk management.

The Fund is authorised in Ireland by the Central Bank of Ireland.

The Fund will seek to generate returns in excess of those earned on cash (as measured by 3 months SONIA¹) plus 5% over the medium to long term.



Lowes has a multi-awarding winning investment team

Lowes manages approximately £1 billion of investments²



Average annualised returns of over 8.01% from FTSE Linked 'Preferred' autocall plans³

Published over 7600 structured investments reviews



Invested approximately £500 million into structured investments on behalf of our clients

Lowes is widely recognised as a leading commentator within the structured investment sector



¹ Sterling Overnight Index Average (SONIA) is the average interest rate at which a selection of London banks are prepared to lend to one another.

² As at April 2021.

³ Data sourced from the StructuredProductReview.com database, 2016 - 2020.

Investment selection

The investment managers at Lowes have been selecting the types of strategies included in the Fund for many years, with clients seeing this through recommendations to invest in one or more discrete structured investment plans. The Fund builds on this concept and offers investors exposure to several investment counterparties and a range of potential durational returns, all linked to the performance of established market indices.

The style of investment favoured by the investment managers is called the autocall or 'kick-out', which although can be for as long as ten years, has earlier maturity trigger points whereby the investment return is crystallised and subsequently reinvested.

For illustration, it is quite possible that the investment managers may invest in a strategy that has a maximum duration of up to 8 years; but should the FTSE 100 be at or above its starting level after 2 years, it would pay its return at that point, albeit less than would have been potentially been the case had the investment continued to a later point in its life.

The investment managers repeat this process time and time again and the Fund has exposure to many

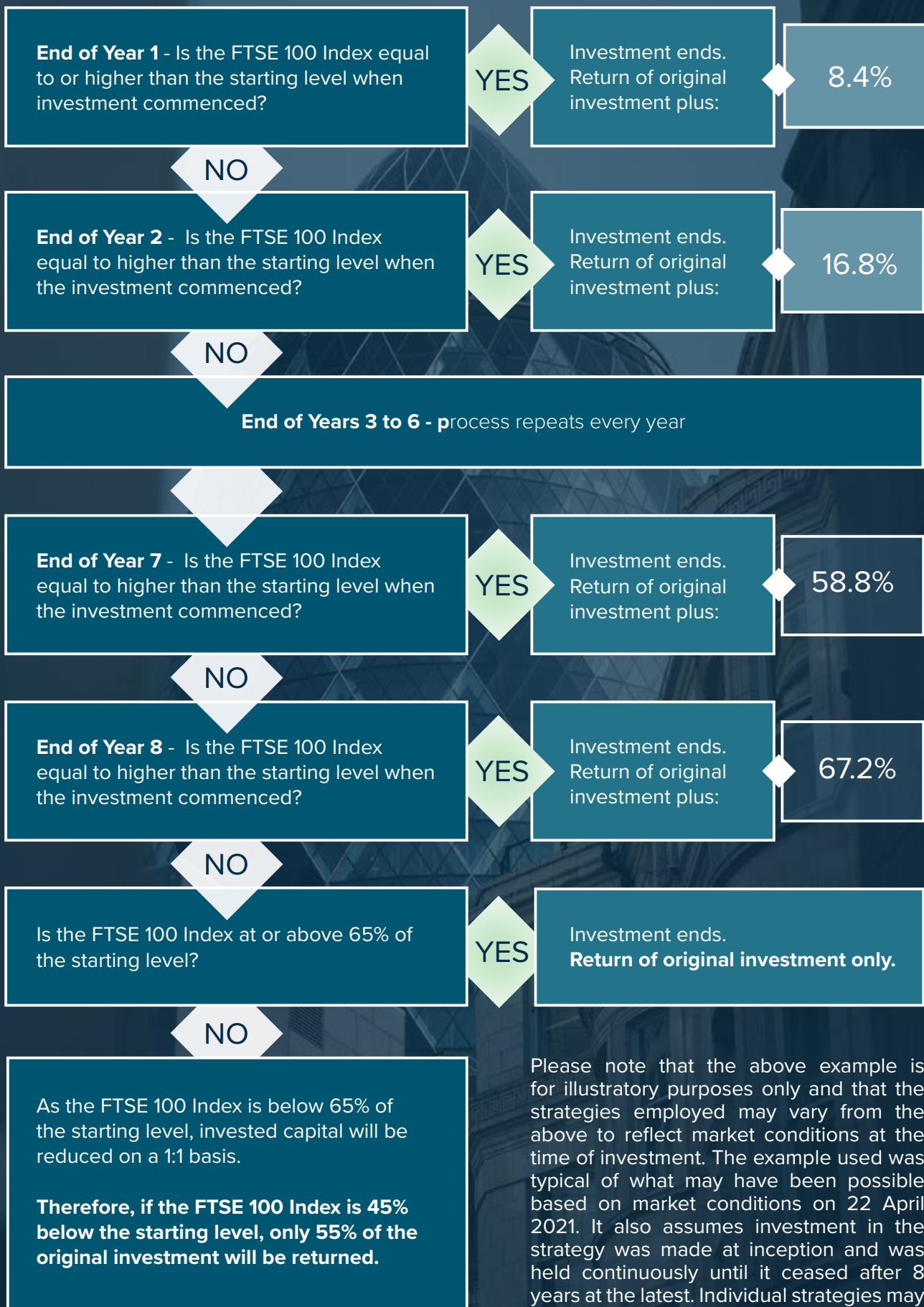
such strategies at any given point in time, all at different stages in their investment lifecycle. Through this process the Fund's investments are diversified in terms of investment counterparties and potential return profiles.

The investment managers have full discretion as to the investments they select regarding potential returns, duration and counterparties. Furthermore by actively managing the portfolio they may also decide to sell investments ahead of any potential return date should it represent good value on a comparative basis, e.g. where strong market performance implies that an earlier return on the investment has a high probability of occurring and is therefore reflected in the price the managers can then realise.

As regards defending capital, the managers will build in protection elements to most strategies to implicitly defend the capital position of the Fund. This is done by making the capital return element of an investment at the end of the term conditional upon say an index not falling below a certain level. If it does, then a reduced amount of capital would be returned in line with the index performance, otherwise capital would be returned in full.

How does a typical strategy work?

The Fund will invest in many strategies and the diagram below illustrates the returns on offer from one of the very first strategies acquired by the Fund.



Please note that the above example is for illustratory purposes only and that the strategies employed may vary from the above to reflect market conditions at the time of investment. The example used was typical of what may have been possible based on market conditions on 22 April 2021. It also assumes investment in the strategy was made at inception and was held continuously until it ceased after 8 years at the latest. Individual strategies may be dependent upon named banks meeting their obligations.

Why such strategies?

The strategies being utilised are based on those found in structured investments. Such investments have been a feature of the investment landscape since the late nineteen-eighties and have, over time, settled on a form that offers investors a fixed return referenced to certain performance criteria, with the potential to mature early if certain market conditions prevail. In the UK, the reference asset is most often the FTSE 100 Index, e.g. where the return would be triggered if the Index was, at or above its initial level on an anniversary date. Potential returns are pre-defined, fixed and accrue the longer the investment remains in force.

Simply put, to receive the fixed return, investors effectively exchange some or all of the potential performance they might have expected to earn through an investment in equity-based products. Generally, this has resulted in structured investments of this genre outperforming equity markets in modestly performing markets - including both positive and negative market scenarios - but underperform in strongly rising or heavily falling market conditions.

The appeal of structured investments is the defined nature of the potential return. Such investments, like equities, can be subject to capital losses. Unlike equities, the circumstance for such a loss to occur is defined. However, equities typically have the benefit of producing dividends which may partially offset any losses made.

To mitigate the potential for capital loss, Lowes has led the move towards longer duration structured investments. This increases the number of earlier return opportunities, while deferring the potential for capital loss to being observed after eight or ten years and then only if the investment has not matured on an early observation date.

It is the fixed return element of a structured investment, along with the potential to mitigate risk to capital that allows a fund such as the Lowes UK Defined Strategy Fund to target a cash plus type of return. However, investors need to be comfortable that the potential for loss of capital exists.

Other features of the Fund to consider?

- ◆ The Fund is priced every day meaning you can invest and disinvest on a daily basis*.
- ◆ The Fund seeks to achieve growth, therefore investors should not expect any income distributions to be paid.
- ◆ The Fund is available for direct investments or as part of a Self-Invested Personal Pension arrangement, Individual Savings Account, or Offshore Life Assurance Bond.
- ◆ The Fund will accrue and receive its returns free of any tax; you are responsible for the declaration and payment of any tax due. The Fund does not anticipate paying dividends. For UK tax paying individuals, it is the managers' understanding that, under UK legislation, only gains realised on the sale of units in the Fund will be potentially subject to UK Capital Gains Tax and then only if the individual has total net gains in the tax year that exceed the annual capital gains exemption. Please seek your own advice as to how you should treat any gain for tax purposes.

*subject to being an Irish business day

How might the Fund perform?

The investment managers' objective is to deliver a return in excess of cash + 5% over the medium to long term while preserving capital. They aim to do this by employing a range of strategies; but on a comparative basis, how could investors expect the Fund to perform?

Underlying market conditions over a given period	Impact on target return of SONIA plus 5%	Comment
Rise substantially	On target	The Fund should meet its objective. The return achieved is likely to be lower than those from an equity based fund.
Rise modestly	On target	The Fund should meet its objective. The return achieved is likely to be similar to those achieved by an equity based fund.
Very modest rises or falls	On target	The Fund should meet its objective. The return achieved is likely to be higher than an equity based fund.
Falls modestly	On target / potentially below target	The Fund may produce a return which is in line with its objective or slightly lower. The return achieved however could be higher than an equity based fund.
Falls substantially	Below target	The Fund is unlikely to achieve its objective and the return achieved is likely to be lower than that of an equity based fund.

As with all equity based investments we suggest that the minimum holding period be at least five years.

The performance of the Fund is determined by the performance of the strategies deployed which in turn are correlated to the index performance and volatility to which the strategies are linked. The managers do seek to mitigate, but cannot eliminate risk to capital, through investment protection mechanisms built into the Fund's investments.

Is this investment right for you?

The Fund has been designed for investors who are looking to achieve an attractive level of growth over the medium to long term. Investors will have a moderate appetite for risk and be prepared to risk their capital in order to achieve greater potential returns than may be available for cash related investments.

This investment may be right for you if:

- ◆ You are prepared to invest for the medium to long term.
- ◆ You understand that your capital is at risk and you are comfortable with this risk of loss.
- ◆ You are prepared to accept an investment linked to the performance of stock markets, particularly the FTSE 100 Index.
- ◆ You understand that there are scenarios where the Fund could underperform returns available from investments that give full exposure to equity markets.
- ◆ You understand that a prolonged period of large negative equity market performance is likely to lead to investment losses.

This investment may not be right for you if:

- ◆ You do not understand the strategy of the Fund.
- ◆ You cannot commit to maintaining your investment over the medium to long term.
- ◆ You are not prepared to risk losing some of your capital.
- ◆ You want a regular income and dividends.
- ◆ You want a guaranteed return on your investment.
- ◆ You do not want an investment where the return is linked to equity market performance.

Like most investments, any investment in this Fund should not constitute a substantial proportion of a portfolio.

Annual management charge

The Fund has an annual management charge of 0.5% which together with other charges, will give the ongoing charge figure which will be capped at 1%.

Platform Availability

The Fund is available through the following platforms:

- ◆ Aegon
- ◆ Aegon ARC
- ◆ AJ Bell
- ◆ Allfunds
- ◆ Aviva
- ◆ FNZ Clear
- ◆ Fushion
- ◆ Hubwise
- ◆ IFDL
- ◆ James Hay
- ◆ Novia
- ◆ Old Mutual
- ◆ Nucleus
- ◆ SevenIM
- ◆ Transact
- ◆ Zurich

The Fund is also available through many SIPPs and from full-service stockbrokers quoting ISIN IE00BG0NV307 (Class B) or IE00BG0NV414 (Class C).

Important risk factors

All investments carry a degree of risk and it is vital that you understand and are willing and able to accommodate the risks associated with the Fund. Please consult your financial adviser if you are unsure. This investment carries the potential for capital loss. Inflation may erode the real returns of any investment; past performance is not a guide to the future; there is no guarantee that the objective of the Fund will be achieved, nor is there any guarantee as to how investments and the strategies deployed will fare in the future. The Fund may invest directly or have exposure to a variety of assets, sectors and regions, each of which carry their own specific risks that could impact on the Fund's returns. A summary of the main risks are identified below.

COUNTERPARTY - Investments may be reliant on a specific institution, such as a bank, to meet its obligations. The risk of such a party's failure to meet its obligations is known as counterparty or credit risk.

CREDIT RATINGS AND SPREADS - If the actual or perceived credit quality of the issuer of a security improves or deteriorates, this may affect the value of the security between observation dates and therefore have an impact on the value of the Fund's investments.

CURRENCY - The fluctuating value of currencies in relation to sterling may affect the value of the Fund. However, the Fund's exposure to non-sterling denominated investments will be minimal.

DERIVATIVES AND OTHER SUCH CONTRACTS - Financial instruments whose value has a direct relationship with the value of an underlying asset or index, often with the aim of managing risk or enhancing returns, are known as derivatives. The investment managers will make consistent use of derivatives in the running of the Fund to improve operational efficiencies. This is not expected to increase risk, on occasion the Fund may be exposed to higher levels of volatility.

EQUITY - Equities may experience levels of fluctuation in value not usually associated with bonds or money market securities. Adverse conditions in the equities market are likely to have a negative impact on the performance of the Fund.

INTEREST RATE - The value of many securities is often directly related to change or the expectation of change regarding interest rates as set by central banks.

LIQUIDITY - The risk that adverse market conditions may result in the inability to sell investments without delay or at a lower than expected price.

OPERATIONAL - The risk that a failure of processes in the course of business will have a negative impact on returns.

REGULATORY/TAX - Future changes to regulations and/or taxation may have an impact on the Fund.

VOLATILITY - Should markets to which the Fund's investments are linked display high and frequent change, both positive and negative in nature, then this could impact adversely on the value of the Fund's investments.

The above factors are intended to be a summary of the risk factors you should be aware of when investing in the Fund; fuller explanations of the risk factors applicable to the Fund can be found in the Key Investor Information Document (KIID) and Prospectus.

Providing services to the Fund

The Lowes UK Defined Strategy Fund is a sub-fund of Skyline Umbrella Fund ICAV which is registered in Ireland as an Irish Collective Asset-Management Vehicle under the Irish Collective Asset-Management Vehicles Act 2015. The Fund is authorised in Ireland by the Central Bank of Ireland pursuant to the UCITS Regulations.



Investment manager and sub distributor to the Fund - Lowes Investment Management Limited

For more than two decades Lowes has played a significant role in helping to shape the UK retail structured investment sector by championing good product development and governance with a focus on investor outcomes. With a reputation throughout the UK IFA industry as a structured product expert, Lowes has been actively using structured investments successfully within investment portfolios since 1990. The key investment personnel involved in managing the Fund have decades of experience in assessing, selecting and managing similar investments to those that will be included in the Fund. Lowes Investment Management Ltd, the specialist division of Lowes, is authorised and regulated by the Financial Conduct Authority.



Investment adviser to Lowes - Fortem Capital Limited

Fortem Capital, founded in 2016, offer independent professional expertise and bespoke investment solutions across a wide spectrum of financial assets. They specialise in delivering securitised investments, collectives, over-the-counter investment products and bespoke solutions. Fortem have proven expertise in over-the-counter trading and risk management that the investment managers will leverage.



Administrative services to the Fund - Northern Trust

Founded in Chicago in 1889, Northern Trust has offices across the United States and 23 international locations such as Canada, Europe, the Middle East and the Asia-Pacific regions. They serve the world's most sophisticated clients, to the most successful hedge funds and corporate brands. Administrator, Registrar and Transfer Agency services are provided through Northern Trust International Fund Administration Services (Ireland) Limited; Depository and Custodian services are provided through Northern Trust Fiduciary Services (Ireland) Limited.



Distributor - Davy Global Fund Management

Davy Group was established in 1926 and is Ireland's leading provider of wealth management, asset management, capital markets and financial advisory services. Davy Global Fund Management ("DGFM") is an a entity of Davy Group. DGFM are distributor with Lowes Financial Management as sub distributor to the Fund and also provides operational support and oversight to Lowes UK Defined Strategy Fund. DGFM are authorised and regulated by the Central Bank of Ireland.

More information on the above parties and the roles they play can be found in the Prospectus relating to the Fund which can be obtained at www.UKDSF.com

Further information

The information provided in this document has been provided for information purposes only and should not be regarded as a recommendation to buy or sell the Lowes UK Defined Strategy Fund. Any investment should be made on the basis of the information contained within the Prospectus, Fund Supplement, Key Investor Information Document (KIID), and the Supplementary Information Document (SID), available from UKDSF.com and only available in English.

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 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 information within this document does not relate to the personal circumstances of any one individual. It is recommended that investors seek independent advice, where necessary, before making any decision to invest or indeed, to subsequently disinvest, especially where there are doubts about the suitability of this investment for you.

The information relating to taxation is intended to be general in nature and the tax treatment of any investment in this Fund will depend on the individual circumstances of each investor and the method of investing and may be subject to change in the future.

Lowes has taken all reasonable steps to identify conflicts of interest that may exist in our role as investment manager to the Fund and financial adviser to our clients, who may have invested in the Fund. We have policies in place to ensure that your interests as investors in the Fund remain paramount over those of our own. In recognition of this any portion of the Fund management fees that would ordinarily be due to Lowes in respect of an investment in the Fund will not be paid to Lowes but in the first instance these fees will be used to cap the OCF (Ongoing Charge Figure) of the Fund to 1%, with any remainder redirected to UK registered charities selected by the Lowes Charity Committee.

Any views expressed within this document are those of Lowes Investment Management at the date of issue which may be subject to change. Lowes UK Defined Strategy Fund is a sub-fund of Skyline Umbrella Fund ICAV which is authorised and regulated by the Central Bank of Ireland.

No representation or warranty, expressed or implied, is given as to the accuracy or completeness of the information contained within this document, as expressed by Lowes Investment Management. No liability is accepted by Lowes Investment Management for any errors, omissions or inaccuracy of any information contained within this document.

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