EICO FUNDS SICAV
P L C

Annual Portfolio Manager Report

Period under review:

Year 2020

1. *Review of fund performance and investment strategy for the period under review*

From 01/01/20 Up today the fund performance is

- For class A : - 20.583 % with NAV at 874.083
- For class B : - 20.748 % with NAV at 865.338
- For class C : - 20.913 % with NAV at 856.506
- For class D : - 20.995 % with NAV at 851.328
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2020 is a year that will go down history, in February when we began to talk about COVIS-19, a virus that had appeared in China, no one imagined what devastating effect it would have shortly thereafter. An impact that will be studied and treated for a long time in the books of history, medicine, sociology, politics, philosophy, finance and economics, nothing in history has had such a global and transversal impact. 2019 ended with the main world indices at their highest, with implied volatility at their lowest, with extremely compressed bond rates and an incredibly low risk premium.

From 2019 we had started using a new and extremely complex options strategy that could have guaranteed us interesting results in all market scenarios and that only in one case could have led us to have a strong negative fluctuation that should have been absorbed, according to our studies within about 18/24 months from the minimum. We were therefore aware that in a market with extreme and very rapid volatility peaks, higher than those occurred in the previous 20 years (and therefore extremely unlikely), we would have suffered a strong fluctuation, estimated at around -50%; this was the only case in which the speed of adaptation of the strategy would have been exceeded by the speed of the market. We had worked hard on this scenario and on its management, managing to transform a weakness into the strength of the strategy. Precisely by exploiting the high levels of volatility to reposition ourselves on instruments that would have guaranteed the return to our objectives in a fairly short time and above all regardless of the evolution of the markets.

In the last week of February 2020, volatility increased over 170% more than the worst-case scenario ever seen at the time and our strategy, as expected, experienced the incredible spike in volatility, but as mentioned, we were ready to handle this situation too. We knew that only a very violent increase in volatility could cause us a strong negative swing, but we also knew that we could use that high volatility to recover and return to guarantee our clients the medium-term return we aim for. Following the violent collapse, the strategy ran its course, shifting our positioning as expected on those instruments that more than us had suffered the enormous leap in volatility.

At that time, the ideas were unclear on the effects that COVID-19 could have on the economy and on the markets and for this reason, with a view to maximum protection, we considered it appropriate to position ourselves on instruments that on the one hand had a reasonably long term to go beyond resolution of the pandemic and its effects and on underlying that had all the characteristics to be able to survive in such stress.

The best instruments that responded to our vision at that time were structured products on which an excellent diversification was made both by issuer and underlying. On the underlying, however, greater weight was given to the banking, oil & gas, auto and insurance sectors, all securities that we considered solid enough to be able to survive possible severe stress. In the following months we underperformed the market both due to a volatility which remained high and because the underlying assets we selected had been little appreciated if not penalized.

In November, following the confirmation of the arrival of vaccines, we had a big leap due mainly to the appreciation of those "value" stocks that were most present in our products. Compared to our simulations we are now better positioned, and this is only the beginning. In such complex markets, our strategies, supported by our technology, will be able to express their maximum added value.

We are aware that to express our maximum performance potential we will need a return to lower than current volatility levels, but we are in no hurry and still high levels of volatility will allow us to further optimize our positioning and performance over the medium term. For us this is a particularly important moment, we will be able to demonstrate how alternative and effective our strategies are.

We close a year with an unsatisfactory result, the worst in our history and for this reason we are not happy, but we are also aware that our positioning will lead us in a reasonable time to recover losses and lost earnings. The recovery will therefore not be a coincidence but the result of a long and complex work that allowed us to face and overcome such a situation. In such a difficult year the whole team has shown compactness, tenacity, and ability to react. 2020 therefore leaves us a bitter taste for the result but excellent sensations and expectations for the future.

2. *Review of fund performance and investment strategy for the period under review*

We expect 2021 to be the year in which we can demonstrate what we have worked for years; to be "ANTIFRAGILE", we will have to demonstrate how not only we reacted, but we strengthened ourselves, demonstrating how the collapse suffered in February is just a negative swing that will soon be forgotten.

We remain mainly positioned in structured products, with maturities of 3/5 years, we will take advantage of moments of market stress to increase positions thanks to the substantial liquidity still available (around 18%) and we will gradually lighten the positions in case of achievement of our objectives.

At the same time, we will begin to use the NEW daily index future STRATEGY in an increasingly substantial way, which aims to achieve absolute returns regardless of market trends and which should lead to more and more performance and stability over time. We will be able to take direct positions on some stocks and / or commodities that we believe are undervalued but will still have little relevance.

We will have to be able to endure moments of sustained volatility, however, being aware that it will be precisely those moments that will give us the opportunity to build a portfolio capable of giving us excellent results over the medium term.