

Stalwart Holdings announces the allocation of ISIN GB00BQ683V10 to its Performance Linked Bonds

Bonds were first issued by the company in 2020 and have principal adjusted according to the performance of the AI-driven investments made by Stalwart

LONDON, UNITED KINGDOM, May 13, 2024 /EINPresswire.com/ -- [Stalwart Holdings](#), a vertical fintech group based in the United Kingdom responsible for developing Artificial Intelligence models behind [successful quantitative hedge fund strategies](#), has announced that its Performance Linked Bonds (PLBs) have been allocated the ISIN number GB00BQ683V10 by the London Stock Exchange.



These bonds are a tax-efficient, transparent, liquid and low cost alternative for professional and sophisticated investors"

Luiz Loyola

The PLBs are perpetual and were first issued by the subsidiary Stalwart Holdings UK LLP in August 2020 as part

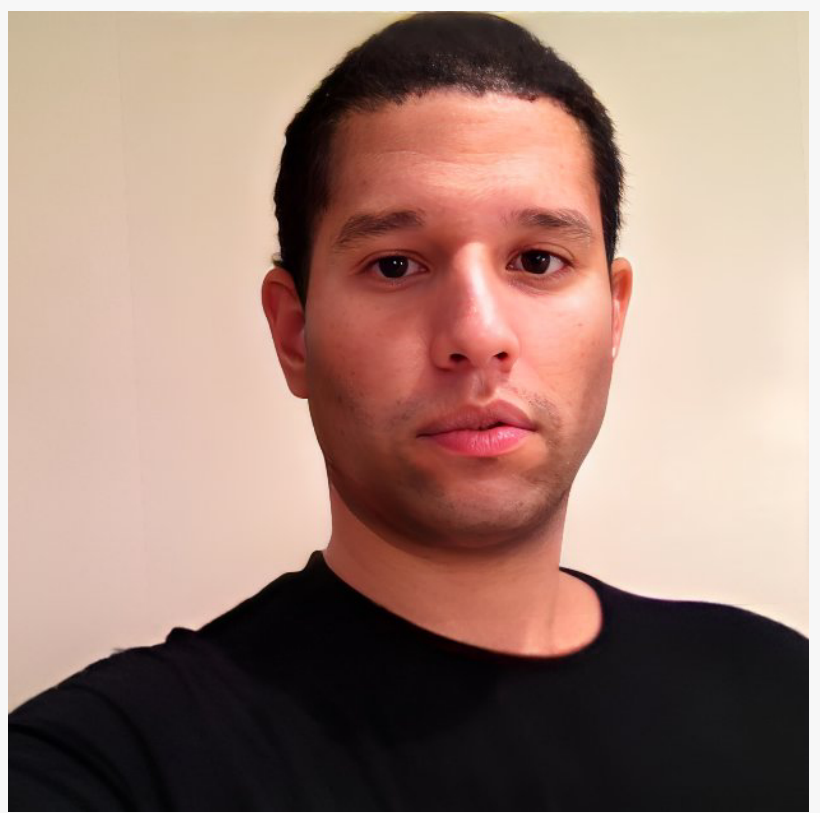
of a private placement deal. These are debt instruments with the same legal structure of normal corporate bonds, but whose principal is indexed to the performance of the quantitative strategies ran by Stalwart Holdings UK LLP in its regulated capacity. The bonds pay no regular interest coupon.

Stalwart Holdings UK LLP is regulated as an internally managed alternative investment fund who is a body corporate but not a collective investment scheme, in line with the UK Alternative Investment Managers Regulations. As opposed to the well-known structure followed by hedge funds where there is a segregation between the investment company (the fund) and the management company, Stalwart Holdings created a different legal structure where there is only one company involved with the investment management business.

The company – Stalwart Holdings UK LLP – has equity capital as at the 8th May 2024 of slightly over one million British Pounds (USD 1.25 million) funded entirely by its managing partner and CEO, [Fabio Dias](#). The equity capital is systematically invested following multiple model-driven strategies, and the return of those strategies forms part of the statutory profits of the company. However, the company also issues corporate bonds that pay no interest and whose principal is indexed by the performance of the same model-driven strategies where the equity capital of the

company is invested.

The proceeds of any bond issuances are sent to a segregated account that has a legal charge in favour of all bondholders. The segregated account is then managed using the automated models that drive the indexation formula of the bonds, guaranteeing that there is no discrepancy between the indexation of the bonds and the value of the collateral assets securing the issuance. Stalwart Holdings UK LLP charges a fixed percentage amount of the collateral assets to fund the business management expenses and the excess over the expenses actually incurred is incorporated into the statutory profits of the company. But there are no performance fees, as opposed to most of the hedge funds in the market.



Luiz Loyola, non-Executive director at Stalwart Holdings

Stalwart Holdings claims to be a world-first, but they see several advantages in the model that justify the innovation. “Fintech companies are known to innovate and disrupt, and we are no different,” says Luiz Felipe Carvalho Loyola, a non-Executive Director at Stalwart Holdings responsible for internal compliance matters.

“There are four big advantages in the legal structure that we are following, and all the four big advantages translate into a much better experience for the investors in our bonds,” explains Loyola.

“First, you have operational simplicity, which translates into tax advantages for our investors. As the investor is just buying a corporate bond issued by a fintech company, they will have none of that requirement for yearly tax filing that comes from being the LP of a limited partnership. They are buying bonds issued by a business to fund business operations, the same way as buying bonds issued by Goldman Sachs. Also, because the bonds are index-linked with no regular interest payment, the tax treatment is the one of an exchange-traded note (ETN), and if the investor holds our bonds for long enough, they will have to pay only long-term capital gains tax on the principal gains, which in most jurisdictions gives very advantageous tax rates.”

“Second, you have the transparency that you would expect from buying bonds at the open markets. The transactions are settled through a central securities depository – like if you bought

a stock traded in the New York Stock Exchange. And the issuer publishes regular financial statements to the public, being scrutinised by the entire market, not just by its investors like in the case of traditional hedge funds.”

“Third, you have daily liquidity provision. As everything we do is automated and the collateral backing these bonds comprises of publicly traded assets, we can provide daily or near-daily liquidity to bond investors. And if a good secondary market develops, the liquidity can improve even further. We are in the process of getting these bonds listed at a recognised exchange in the European Union.”

“And finally, you also have lower costs. After the whole structure has been set up and we got comfortable with the path we had taken, gone are all the costs with legal advisory. And because we are not offering a collective investment scheme – we are offering index-linked bonds with a defined and observable index driving the principal – a lot of the regulatory compliance burden is reduced. This translates into lower fees to the investors in our bonds. We don’t even charge performance fees, because our business model is competitive enough for us to live off only the management fees,” completes Loyola.

According to Stalwart Holdings, the next step after getting an ISIN for its PLBs is to get them listed at the Vienna Stock Exchange (VSE). The VSE is known to maintain a bond-friendly market, providing a reputable trading venue for bonds issued by issuers from all over the world.

-- About Stalwart Holdings --

Stalwart Holdings is a vertical fintech company based in the UK. The company’s investment management subsidiary is registered with the Financial Conduct Authority as a Small Alternative Investment Fund Manager under registration number 931562. The company's mission is to enable sophisticated investors to participate in hedge fund strategies with reduced costs and no performance fees, delivering returns above the industry average by applying AI and fully automated processes. The company was founded by Dr Fabio Dias, a PhD in Econometrics by the University College London, ranked as one of the top 10 world universities.

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