PENTAGON
Global Diversified Bond Fund

MANAGED BY ICM

Pentagon Global Diversified Bond Fund

MARCH 2021

THE FUND:

Pentagon Global Diversified Bond Fund Limited is incorporated as an exempted company under the laws of Bermuda and is authorised as an administered fund under the Investment Funds Act 2006 of Bermuda.

OBJECTIVE:

The principal objective of the Fund is to provide shareholders with an opportunity to invest in a portfolio of predominantly investment grade debt and higher yielding securities that produce regular income and long-term capital appreciation.

INVESTMENT APPROACH:

To achieve its investment objectives the Fund invests in debt securities that consist principally of bonds and asset backed securities. The investment focus is on corporate rather than sovereign debt. In order to diversify the Fund's investments, the Fund invests in securities across different countries, currencies, industries and sectors. This allows the investment manager to reduce the risk that the Fund is not exposed to one particular sector or currency and therefore improves the Fund's overall risk adjusted return.

FUND INFORMATION

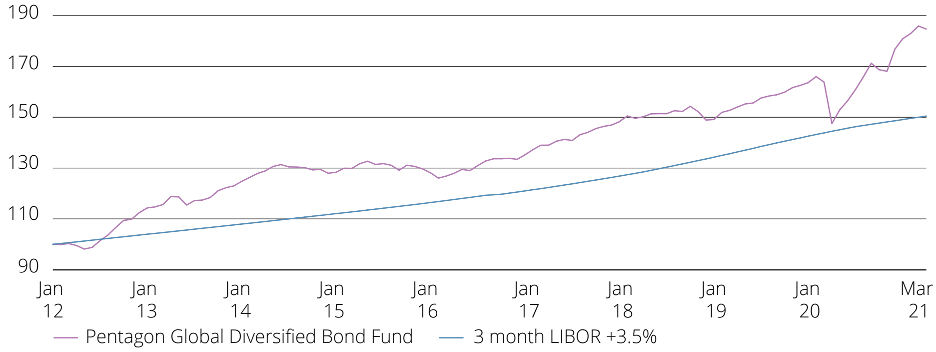
Total Fund Size	$32.48 m
NAV per Share	$133.46
NAV Since Inception Inc Dividend	$184.71
NAV at Launch	$100.00
Underlying Running Yield	4.13%
Effective Duration	3.29
Number of Positions held	42

DIVIDEND INFORMATION

Cumulative Dividend Paid Since Inception	$51.25
Last Dividend Paid (1 October 2020)	$1.50
Targeted Annual Dividend Yield	5.00%
Expected Annual Dividend Yield	4.50%
Next Dividend Pay Date	1 April 2021

PERFORMANCE

SINCE INCEPTION (net of fees) (including dividend)

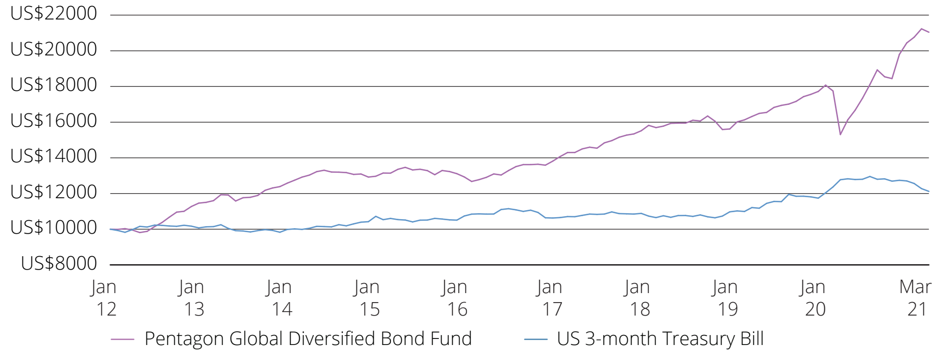


FUND PERFORMANCE

	1 month	YTD*	Last 3 years†	Last 5 years†	Annualised Return since Inception
Absolute Return	-0.9%	2.9%	10.1%	10.5%	8.5%

* Calendar year to date † Annualised return

GROWTH OF US$10,000 SINCE INCEPTION (including dividend)



FUND DETAILS

ADMINISTRATION INFORMATION

Minimum Subscription	$50,000
Subsequent Investment	$1,000
Liquidity	Monthly
Unit Purchase Transaction Cost	0.75%
Investment Advisor Fee	0.50%
Administration Fees	c.0.40%
Performance Fee	N/A

KEY DATES

Launch Date	1 January 2012
Year End	30 September 2021
AGM Date	December
Dividend Determination Dates	March, June, September, December

INVESTMENT MANAGER

Pentagon Global Diversified Bond Fund Limited is managed by ICM Limited. ICM is a Bermuda company and has assets under management of over $21.8bn. Further information regarding ICM Limited is available on the company's website at www.icm.limited

INVESTMENT AND RESEARCH TEAM

- Alasdair Younie
- Conor Spencer
- Gavin Blessing
- Ben Hannigan

BOARD

- Greg Reid
- Ray McMahon
- Jon Brunson

FUND LETTER MARCH 2021

What a difference a year makes. We wrote our March 2020 fund letter against a backdrop of economic and market turmoil. One year ago, economies across the world were shutting down at breakneck speed. The S&P 500 had suffered a 33% drawdown at an unprecedented speed. Credit spreads on high yield bonds had blown out to 1000 basis points versus 300 basis points one month earlier with spreads on investment-grade debt widening to 400 basis points compared to 100 basis points earlier in the year. Central Bankers were providing unprecedented monetary stimulus.

This March, we are pleased to say the market continues to rally strongly, and our Fund returned its strongest ever twelve-month period, rising 37.5%, which compares favourably to 23.3% for the US high yield index and 9.3% for the US corporate index. The markets continued their rally for most of Q1 2021 despite some newsworthy sub-plots along the way, including a sell-off in technlogy stocks as the US economy re-opened and the implosion of a prominent investor that wiped off USD 3.6 billion from Credit Suisse's market capitalisation.

Globally, most equity markets continued their rally in March. The S&P was 5.77% higher in Q1 and is 9.9% higher year-to-date at the time of writing. Historically, 9.9% is considered a decent year for US equity markets. The Euro Stoxx 50 was 10.3% higher in Q1 2021, which is the first time in a long time that the European equity markets outperformed their US counterparts. Oil has enjoyed one of its strongest starts to the year for nearly twenty years, rising 22.6% versus a fall of 66% in Q1 2020. The US dollar also performed strongly thanks to several positive growth revisions for US GDP. Over the last year, almost all risk asset classes delivered stellar returns.

In 2021, Government bonds had their worst Q1 for decades, making them the biggest loser so far. The benchmark ten-year US Treasury bond yield rose to 1.7% versus 0.9% at the start of the year. Bond prices move inversely to yield, so bond prices fall as yields rise. By way of example, the price of the US ten-year Treasury bond issued in November 2020 has decreased by 7% since it launched. In March, the market was more sanguine about rate increases, with volatility falling through the month. We believe that any yield increases will be at a slower pace than in February and March. We expect that interest rates will remain relatively low for the foreseeable future, as outlined in our previous Fund letters. In early April, Governor Powell said on 60 Minutes that he wants to see inflation move up to 2% on a sustainable basis for some time before the Federal Reserve Bank will raise rates. The market does not expect the Federal Reserve to raise interest rates until 2023 at the earliest.

In March 2021, the US unemployment rate fell to 6%. Unemployment has been falling steadily since reaching an all-time high of 14.8% in April 2020. Globally, Purchasing Manufacturing Indices (PMI) continue to point towards massive expansion in manufacturing in 2021. In March 2021, the US PMI was 64.7, its highest reading since December 1983 versus the consensus estimates of 61.3. European PMI was 62.5, its highest reading on record.

PERFORMANCE

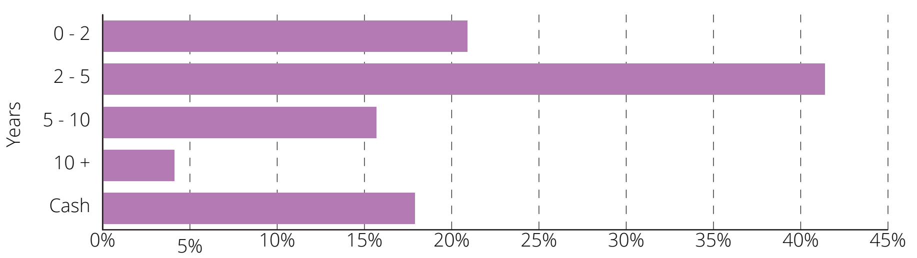
In March, our fund performance was negative 0.9% versus negative 1.4% and positive 0.2% for the US investment-grade and high-yield indices, respectively. So far, in 2021, the Fund has returned 2.9% versus -4.5% and 0.9% for the US investment-grade index and high-yield index, respectively.

In March, half of the Fund's investments increased in value with gains in energy and mining companies offset by declines in technology-related companies. During March, we took profits on some of our technology sector investments that had performed impressively for the Fund. We remain bullish on the technology sector and will reinvest in the future when we see a suitable opportunity. We took profit to potentially minimise downside price volatility by having certain positions grow too large. We rotated into several attractive yielding bonds from companies generating stable and predictable returns, which should be less volatile than some of the Fund's technology-related investments.

OUTLOOK

Our outlook remains positive for the global economy, which will benefit from the vaccination roll-out, pent-up consumer demand, global fiscal stimulus and the most accommodative monetary policy of our lifetimes. We already see the benefits of lower infection rates and lower hospital admissions in countries with higher vaccinations rates.

DURATION SPLIT OF INVESTMENTS



PORTFOLIO SUMMARY

TOP TEN HOLDINGS

		% of gross assets
1	Crédit Agricole 8.25% Perp	5.6
2	Microstrategy 0.75% 2025	5.2
3	Commerzbank AG 8.125% 2023	5.2
4	Phoenix Life 5.75% Perp	4.0
5	Endeavour Mining 3.00% 2023	3.8
6	Just Group 9.375% Perp	3.8
7	Tullow Oil Jersey Ltd 7.0% 2025	3.4
8	Virgin Money 7.875% 2028	3.4
9	Coventry B/Soc. 6.875% Perp	3.3
10	Barclays Bank Plc 7.25% Perp	3.2
TOTAL		**40.8**

SECTOR SPLIT OF INVESTMENTS

Banks	22.9%
Cash	17.9%
Other	12.6%
Insurance	12.1%
Energy	11.3%
Mining	7.2%
E-Commerce	4.9%
Chemicals	2.5%
Auto Manufacturers	2.3%
Healthcare Services	2.1%
Iron/Steel	1.7%
Technology	1.5%
Transportation	1.2%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Britain	31.7%
United States	21.3%
Cash	17.9%
Other	7.0%
France	5.6%
Germany	5.2%
Canada	3.6%
Norway	3.6%
Brazil	2.5%
Luxembourg	1.7%

The UK Debt Management Office recently reported that in 2020, the Bank of England became the largest holder of UK gilts, surpassing the two largest groups of private investors for the first time. The Bank of England's share of bonds surpassed 30% at the end of September 2020. Fiscal spending is no longer dependent on tax receipts but is dependent on the monetary authority funding the executive. Deleveraging by way of bankruptcy, or creative destruction, is no longer an option, and it is now almost sure to come by way of inflation. We are now firmly of the view that monetary authorities cannot raise rates significantly. Leverage in the system remains too great and the dampening effect on economic growth of the debt burden is now much more pronounced.

While inflation may erode returns on government bonds, inflation can be positive for companies that issue high yield bonds,

continued on next page

who will benefit from increasing earnings power and effective deleveraging of their debt obligations.

In March, we added a new oil investment to the portfolio to replace the maturity of one of the Fund's longest and highest performing bonds. In recent weeks, the oil price retraced to USD 61 per barrel from USD 69 at the start of March 2021. ICM views the recent sell-off as a short-term pull-back in an otherwise longer-term oil price rally. We are encouraged by the oil demand indicators in countries with high vaccination rates. Global oil demand is rising despite lockdowns and travel restrictions. ICM expects a meaningful increase in global oil demand in the coming quarter, as evidenced in countries where higher immunity has increased mobility, including flying. Also, the faster pace of vaccination in the US and lavish fiscal stimulus creates further upside price potential. Recently, Goldman Sachs estimated that $1trn of incremental infrastructure spending would boost oil demand in the US by 300,000 barrels of oil per day by 2024. Longer term, we still believe that a structural shortfall in oil supply will emerge due to past underinvestment in supply infrastructure.

Whilst market valuations are becoming more stretched, we believe that the economic fundamentals that underpin these valuations will remain intact for some time yet to come. Despite this, as valuations become more stretched, we will likely see more price volatility as uncertainty increases around correct valuation levels. In simple terms, the higher the price of an asset, the more sensitive its price to those factors that determine its valuation. Given our view on current market valuations, we are now more focused on achieving most of our performance from top-class individual bond selection and interest return and less from broad directional market movements. We have achieved strong outperformance in the past through our high conviction strategy. We believe we can continue to achieve strong returns by remaining true to our proven investment process.

RATINGS SPLIT OF INVESTMENTS

NR	29.72%
BBB-	24.00%
Cash	17.86%
BBB	11.37%
BBB+	4.39%
BB	4.05%
CCC+	3.40%
B+	2.74%
BB+	2.47%

FUND ANALYTICS (SINCE INCEPTION)

Average Credit Quality	BBB+
Sharpe Ratio (Risk Free Ref: US 3mth T-Bill)	1.07
Annualised Standard Deviation	7.26%
Information Ratio	0.62
Correlation to Treasuries	-0.24
Correlation to IG Corporates	0.62
Correlation to HY Corporates	0.82
% Periods Up:	72
% Periods Down:	28

OTHER FUND INFORMATION

Domiciled	Bermuda
Currency	USD
Minimum Subscription	$50,000
Distributions	Quarterly
Investment Advisor	ICM Ltd
Custodian	Royal Bank of Canada
Fund Administrator	Horseshoe Fund Services Limited
Auditors	KPMG
Legal Advisors	Conyers, Dill & Pearman Ltd

TEAM BIOGRAPHIES

ALASDAIR YOUNIE

Alasdair Younie joined ICM in 2010, is a Director of ICM Limited and is based in Bermuda. Alasdair has extensive experience in financial markets and corporate finance, and he is responsible for the day to day running of the Somers Group. Alasdair qualified as a chartered accountant with PricewaterhouseCoopers and subsequently worked for six years in the corporate finance division of Arbuthnot Securities Limited in London. Alasdair graduated from Bristol University with a BSc in Economics and Economic History in 1998 and is a Member of the Institute of Chartered Accountants in England and Wales.

GAVIN BLESSING

Gavin Blessing joined ICM in 2012 to lead its Fixed Income division. Gavin has over 20 years of experience managing investments for clients in the financial capital markets. Prior to joining ICM he worked at Goldman Sachs Asset Management in London for over 10 years as a Credit Research Analyst and Portfolio Manager. Gavin holds a BComm degree from University College Dublin, is a CFA Charterholder and is a member of the Institute of Chartered Accountants in Ireland. **gavin.blessing@icm.limited**.

CONOR SPENCER

Conor Spencer has worked in financial markets for over 12 years. Prior to joining ICM, Conor worked as a Senior Credit Research Analyst And Fixed Income Portfolio Manager at Dexia S.A. Prior to joining Dexia, Conor lectured Management Science and Statistics in Dublin Institute of Technology.

BEN HANNIGAN

Ben Hannigan joined ICM as a Fixed Income Analyst based in Dublin. Previously Ben was at Davy stockbrokers, where he worked on the investment team responsible for managing the Multi Asset Fund of Funds product. Before this he worked as a data analyst in KPMG from 2012 through to 2016. Ben graduated with an honours degree in Management Science from DIT, Ireland in 2012. He is a Member of the Institute of Chartered Accountants in Ireland and he is a CFA Charterholder.

Further information regarding Pentagon Global Diversified Bond Fund Limited (including prospectus and subscription agreement) is available from Gavin Blessing, gavin.blessing@ ICM.limited.

Alternatively, Pentagon Global Diversified Bond Fund subscription forms are available from Horseshoe Fund Services, Wessex House, 45 Reid Street, Hamilton, HM12, Bermuda www.horseshoeglobal.com or from Donnell Steede, donnell@horseshoeglobal.com