

Robeco Multi Factor Absolute Return Fund (AUD) – Class B

As of 30 April 2021

Robeco Multi Factor Absolute Return Fund (AUD) – Class B is a systematic absolute return strategy. The fund harvests a highly diversifying set of factor premiums across a wide set of asset classes, aiming for attractive returns across market scenarios and low long-run correlation to the traditional asset classes.



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Fund manager since 07-08-2018

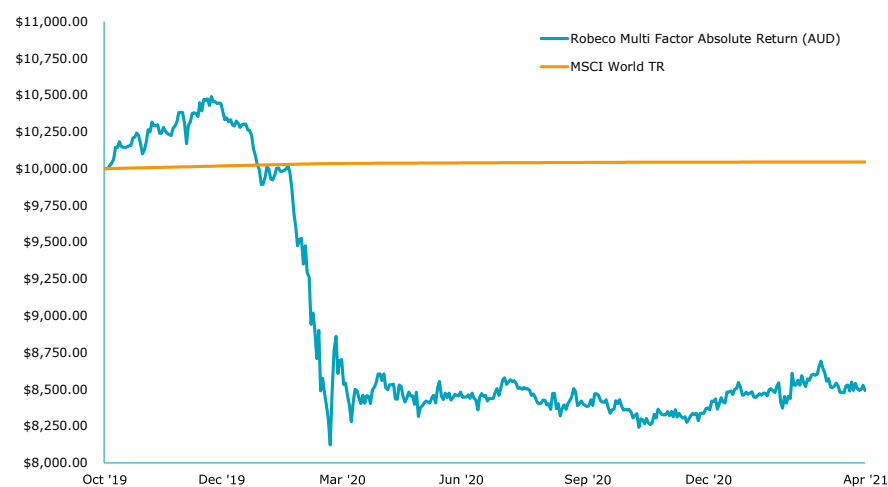
Net Performance (AUD)%

	Fund	Index
1 month	-0.74%	0.00%
3 month	0.33%	0.01%
6 month	1.59%	0.02%
1 year	-1.32%	0.09%
Calendar to date	1.40%	0.01%
Performance since inception*	-10.00%	0.28%

*Annualised (for periods longer than one year)

Fund return after fees, before taxes. Past performance is not a reliable indicator of future performance.

Net Performance Growth of \$10,000



Fund inception date 26 August 2019

Reference Index

ICE BofA Merrill Lynch AUD Currency Overnight Deposit Offered Rate Index

Key Information

APIR Code	ETL6152AU
Type of fund	Asset Allocation
Currency	AUD
Fund inception date	26/08/2019
Total size of fund	AUD \$ 1,698
Daily tradable	Yes
Responsible entity	Equity Trustees Limited

Fees

Management fee	0.83%
Buy/Sell spread	0.15% / 0.11%

Manager's Comments

Performance

After starting the year strong, April was a more challenging month for factor premiums. While Low risk, Quality, Momentum and Carry all posted positive returns, Flow and especially Value detracted. From an asset class perspective, credit allocation contributed the most, followed by government bond allocation and equity allocation. Main detractor was currency allocation, followed by equity selection. Credit selection and commodity allocation were both close to flat.

Investment Objective

The aim of the Fund is to provide long term capital growth and low long-run correlation to the traditional asset classes by harvesting factors across all major asset classes in a risk-balanced and ESG-aware manner.

Factor Premiums

We have expanded the dataset underlying our foundational paper Global Factor Premiums¹ (forthcoming Journal of Financial Economics) to include recent years 2017-2020. We revisited the relevant conclusions and present the 220+ years cumulative performance charts in figure 3. This chart presents the return of a multi asset implementation of key global factor premiums across equities, bonds, currencies and commodities. The study has important investment implications as the study shows that global factor premiums are very persistent, robust phenomena that offer sizable opportunities for investors. Further, global factor premiums are robustly present across various markets states and offer strong diversification benefits to traditional asset classes.

Low-risk	Value	Momentum	Quality	Carry	Flow
"Be conservative"	"Buy low, sell high"	"Follow the trend"	"Pursue sound fundamentals"	"Collect income"	"Exploit supply & demand"
Low-risk assets offer higher risk-adjusted returns than high-risk assets	Low valued assets outperform expensively valued assets	Recent winners outperform and recent losers underperform	High quality names outperform assets with low quality	High yielding assets outperform low yielding assets	Accommodating asset flows is rewarding

ESG integration policy

Environmental, Social and Governance (ESG) factors are systematically integrated in our highly disciplined investment process in several ways. Firstly, the portfolio's ESG score is substantially better than the market. This score is developed by sustainability expert RobecoSAM. Also the environmental footprint on greenhouse gas emissions, energy consumption, water use and waste generation is expected to be substantially lower than the market. Furthermore, we apply an extensive exclusion list covering various controversial sectors or business practices and we continuously monitor our universe for companies with corporate governance issues, major litigations or regulatory risk. Finally, we conduct proxy voting and engagement activities to improve companies' behavior on ESG themes. Our enhanced form of ESG integration ensures we avoid the risk of being overexposed to less sustainable companies and captures financially material mid- to long term risks and opportunities like corporate governance and climate change.

SI fund classification

	Yes	No	N/A
Voting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engagement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Strategic allocation



Factor	
Low-risk	10%
Value	20%
Momentum	25%
Quality	25%
Carry	10%
Flow	10%



Asset class	
Stocks	25%
Credits	5%
Equity indices	20%
Government bonds	20%
Credit indices	10%
Currencies	15%
Commodities	5%

Broad exposure to different factors and asset classes is important for achieving stable returns. To this end, we build a portfolio that is well-diversified across factors and asset classes at all times. We steer our strategic risk allocation to enhanced risk parity. This approach aims at equalizing the risk contributions of the different factors and asset classes, optimizing diversification to achieve our goal of generating stable returns. We strategically deviate from 'naïve' risk parity by incorporating additional information, such as breadth (we can invest for example in 5,200 stocks), return potential and portfolio considerations such as tail risks and leverage restrictions, achieving an optimal allocation of risk for the portfolio.

Robeco. Strategic risk allocation over factors and markets, these percentages are targets and realised volatility contributions move around their targets over time.

Our portfolio achieves the above strategic risk allocation by holding a large chunk of the portfolio in stocks and single-name credits, both via direct cash investments. On top of that the funds holds a liquid and sizable cash pool that underlies derivatives-based hedging and factor positions. Table 2 and the figures on the next page contain summary positioning graphs around the end of Q1 2021. As can be seen, the portfolio is widely diversified across individual securities, asset classes and markets.

	Number of Positions	Leverage
Single-Name Stocks	417	0%
Single-Name Corp. Bonds	682	0%
Cash Bonds	2	0%
Equity Futures	17	153%
Bond Futures	10	304%
CDX	4	70%
Commodities	25	12%
FX Forwards	9	119%
Total	1166	657%

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