

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

As of 28 February 2022

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

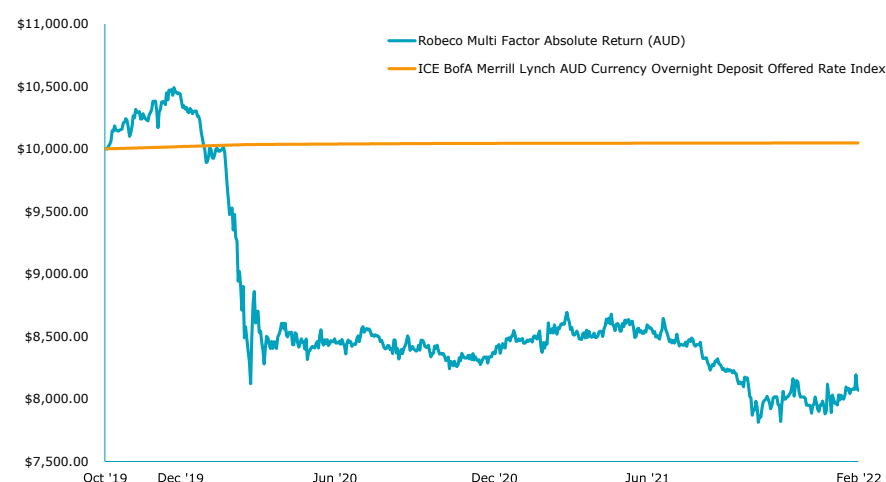
Net Performance (AUD)%

	Fund	Index
1 month	0.95%	0.00%
3 month	1.50%	0.01%
6 month	-3.59%	0.02%
1 year	-3.46%	0.03%
Calendar to date	1.50%	0.01%
Performance since inception*	-8.53%	0.20%

*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 \$ 1,615
Daily tradable	Yes
Responsible entity	Equity Trustees Limited

Fees

Management fee	0.79%
Buy/Sell spread	0.17% / 0.15%

Manager's Comments

Performance

February was a strong month for factor premiums. Carry was the strongest factor, followed by Momentum and Flow. Low-risk, Value and Quality detracted from performance. From an asset class perspective equity selection, equity allocation, government bond allocation, credit allocation and commodity allocation all performed positively. Currency allocation and credit selection detracted.

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

The fund harvests six factor premiums; value, momentum, low-risk, quality, carry and flow. These factors have strong risk adjusted performance, are robust to falsification, are persistent, explainable and executable. The fund utilizes enhanced factor exposures that mitigate unrewarded risks and efficiently deal with transaction costs. We optimize harvesting efficiency by utilizing a substantial investable universe, including 4,500 different equities, 15,000 different corporate bonds and over 50 liquid derivatives. Factor premiums are present in every major market as well as across markets. Bundling them in one strategy provides a highly diversified, academically founded and robust return generating solution.

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

The fund systematically incorporates sustainability in the investment process via exclusions, ESG integration, ESG and environmental footprint targets, as well as engagement. The fund does not invest in companies that are in breach of international norms or where its activities have been deemed detrimental to society following Robeco's exclusion policy. Financially material ESG factors are integrated in the portfolio construction to ensure the ESG score per asset class is better than that of the reference index. In addition, the environmental footprint of the asset class is made lower than that of the benchmark by restricting the GHG emissions, water use and waste generation. In addition, where a company is flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement.

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



Asset class	Percentage
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. The above table and the figures to the right contain summary positioning graphs around the end of the quarter. As can be seen, the portfolio is widely diversified across individual securities, asset classes and markets.

	Number of Positions	Leverage
Single-Name Stocks	429	0%
Single-Name Corp. Bonds	638	0%
Cash Bonds	2	0%
Equity Futures	17	160%
Bond Futures	10	277%
CDX	4	63%
Commodities	25	13%
FX Forwards	9	140%
Total	1134	654%

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The Fund's Target Market Determination is available here <https://www.eqt.com.au/insto/>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.