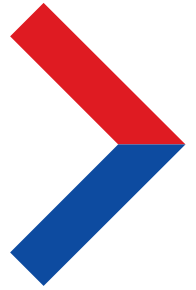


# Aspect Absolute Return

## Aspect Capital



Achieve absolute returns with a growth fund that's designed to perform independently to traditional equity and bond markets.

Absolute return investing is a long-held strategy among institutional investors for boosting investment returns and reducing overall risk. It creates portfolios that can provide consistent absolute returns that are independent of movements in traditional equity and bond markets.

To do this successfully, a fund manager must be able to systematically analyse opportunities across a large number of markets to identify, capture and combine different sources of alpha, while simultaneously balancing risk to achieve stable and consistent returns.

As a pioneer in systematic investing, Aspect Capital is able to use its modelling and quantitative capabilities to capture a diverse set of enhanced risk premia factors (the assumed risk that you expect to be compensated for in the form of a premium) through exposure to multi-asset derivatives including futures, forwards and swaps. By spreading risk evenly across the different factors, with no single factor dominating the return profile, the manager is able to take profits when markets are both rising and falling – an investment approach that has a low correlation to traditional asset classes over the long term.

## Why invest with Aspect Capital?

UK-based Aspect Capital was founded in 1997 by Anthony Todd and Martin Lueck, who together have over 80 years' experience in quantitative investing. The company now has offices in London and the USA and employs over 140 investment professionals.



### Pioneers in systematic investing

Early users of computer modelling, now managing over \$12.9bn as at February 2024.



### Disciplined and repeatable process

Quantitative and systematic, model-based approach



### Research and development

Continuous research and development producing innovation for investors

## Why is this Fund different?

The Aspect Absolute Return Fund (the Fund) uses a risk parity approach to portfolio construction that which aims to maximise diversification by spreading risk evenly across the portfolio. Trading evenly across each of the three factors that drive portfolio performance (momentum, value and carry), while maintaining a comparatively small exposure to any individual market, allows the Fund to achieve true market and contract diversification. The benefit for your clients is that they can access a wide range of opportunities with the potential to maximise long-term risk-adjusted returns.

### Using the Fund in client portfolios

Depending on your client's objectives, the Fund could potentially enable you to:

- provide an alternate source of growth that is not reliant on a positive market outlook,
- set up a defensive hedge for clients concerned about market volatility.

## Investment process

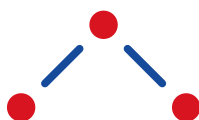
The Fund invests in the most liquid global financial and commodity futures, currency forwards and other derivative contracts such as cleared over-the-counter (OTC) interest rate swaps. The derivative contracts are categorised into seven separate sectors (asset classes): agriculturals, bonds, currencies, energies, metals, short-term interest rates, and stock indices. A quantitative process is used to collect, process and analyse market data in order to determine the model's view of the risk premia opportunities in each market in the portfolio. A wide range of market data is analysed using proprietary statistical tools to identify and exploit persistent risk premia in market behaviour.



### Step 1

#### Market and statistical analysis

Quantitative process analyses market data while model and proprietary statistical tools determine the risk premia in each market.



### Step 2

#### Portfolio construction

The Fund takes out a small exposure to individual contracts to achieve sector and contract diversification and spread risk across the eight factors.



### Step 3

#### Portfolio management

Positions are managed to maintain diversification, maximise expected long-term risk-adjusted returns and minimise unintentional currency exposure.

## Reasons to invest

### Absolute return focus

The Fund's investment strategy and focus enable returns that are independent of overall movements in traditional equity and bond markets. This can improve diversification within a portfolio while reducing overall risk.

### Match your clients' preferences

Some clients can hesitate to invest in traditional asset classes due to historically high prices and price volatility. Combining traditional asset classes with an uncorrelated absolute return fund can establish a defensive hedge.

### Diversified and diversifying

Trading across the three factors enables the Fund to capture profit, regardless of market conditions, giving the Fund independence from traditional market performance.

### Liquidity and transparency

The Fund's underlying assets are valued daily using transparent, independent and publicly available pricing sources. The Fund offers daily liquidity and is Australian dollar based.

## Strong research rating



## Fund facts

|                                   |   |
|-----------------------------------|---|
| <b>Established</b>                | 5 December 2017   |
| <b>Benchmark</b>                  | RBA cash rate   |
| <b>Style</b>                      | Absolute return alternative investments   |
| <b>Investment objective</b>       | To produce consistent absolute returns that are independent of overall movements in traditional equity and bond markets. The fund aims to provide a return greater than the Reserve Bank of Australia cash rate over rolling three-year periods after fees and taxes. |
| <b>Investment horizon</b>         | At least 5 years  |
| <b>Investible universe</b>        | >230 liquid futures, FX forwards and cleared OTC swaps  |
| <b>Cash limit</b>                 | N/A   |
| <b>Management fee<sup>1</sup></b> | 0.60% p.a. Class A<br>0.83% FirstChoice Wholesale Personal Super and Pension<br>0.80% FirstChoice Wholesale Investments   |
| <b>Performance fee</b>            | 1.22% p.a.  |
| <b>Buy/sell spread</b>            | Nil   |
| <b>Entry/exit fees</b>            | Nil   |
| <b>Minimum investment</b>         | \$25,000 Class A<br>\$20,000 FirstChoice Wholesale Pension<br>\$1,000 FirstChoice Wholesale Investments<br>Nil FirstChoice Wholesale Personal Super   |
| <b>APIR code</b>                  | FSF3532AU Class A<br>FSF5242AU FirstChoice Wholesale Investments<br>FSF2832AU FirstChoice Wholesale Personal Super<br>FSF9679AU FirstChoice Wholesale Pension   |

1 Please refer to the Product Disclosure Statement (PDS) for further details on fees and other costs that may apply.

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aspect capital 

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## Find out more

To find out more about this fund, please contact your local Business Development Manager, call Adviser Services on **13 18 36** (8:30am to 6pm Sydney time) or visit **[www.cfs.com.au/investments](http://www.cfs.com.au/investments)**

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