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

As of 31 March 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.

Guido Baltussen, Pim van Vliet, Thibault Lair, Lodewijk van der Linden
Fund manager since 07-08-2018

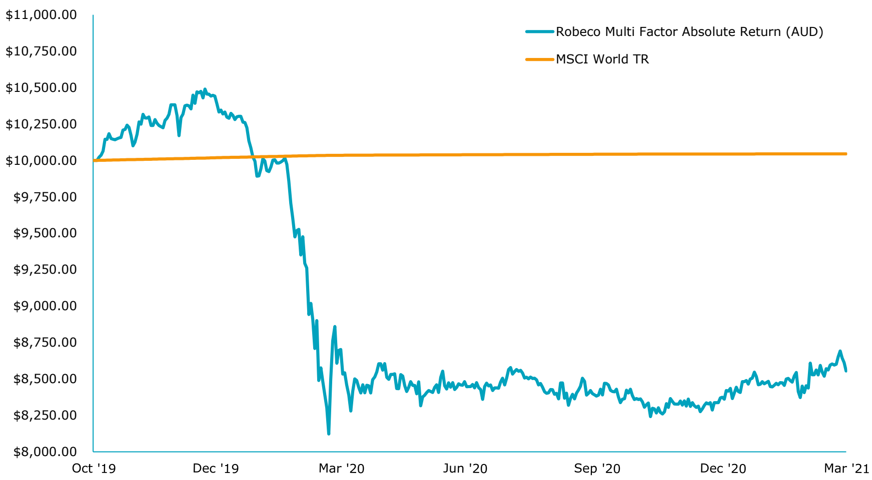
Net Performance (AUD)%

	Fund	Index
1 month	2.18%	0.00%
3 month	2.15%	0.01%
6 month	2.05%	0.03%
1 year	-1.70%	0.10%
Calendar to date	2.15%	0.01%
Performance since inception*	-10.07%	0.30%

*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 $ 1,711
Daily tradable	Yes
Responsible entity	Equity Trustees Limited

Fees

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

Manager's Comments

Performance

The fund realized attractive performance in March. Momentum and Carry were strong, followed by Low risk and Value. Quality was flat, while Flow detracted. From an asset class perspective equity selection contributed the most, followed by currency allocation, credit allocation and equity allocation. Government bond allocation detracted while credit selection and commodity allocation were 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

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

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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	☑	☐	☐
Engagement	☑	☐	☐
ESG Integration	☑	☐	☐
Exclusion	☑	☐	☐

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%

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

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 (presented in Figure 10) 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 'naive' 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.

Portfolio Holdings

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 3 and the figures on the next page contain summary positioning graphs around the end of Q4 2020. As can be seen, the portfolio is spread over asset classes and markets, widely diversified in terms of holdings, holding 1114 distinct names in the portfolio per the end of Q4.

	Number of Positions	Leverage
Single-Name Stocks	375	0%
Single-Name Corp. Bonds	671	0%
Cash Bonds	3	0%
Equity Futures	17	154%
Bond Futures	10	246%
CDX	4	38%
Commodities	25	9%
FX Forwards	9	95%
Total	1114	541%

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