

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

As of 30 November 2020

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	-0.12%	0.01%
3 month	-0.93%	0.03%
6 month	-0.33%	0.06%
Calendar to date	-20.05%	0.26%
Performance since inception*	-14.60%	0.37%

*Annualised (for periods longer than one year)

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

Reference Index

ICE BofA Merrill Lynch AUD Currency Overnight Deposit Offered Rate Index

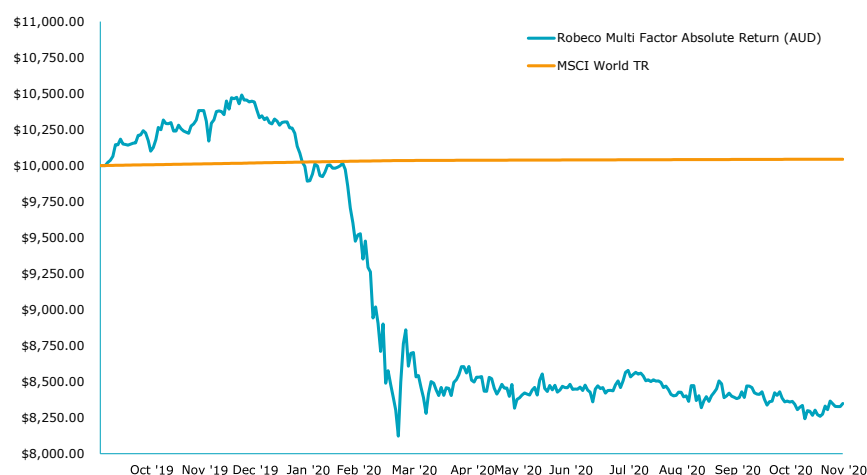
Key Information

APIR Code	ETL6152AU
Type of fund	Asset Allocation
Currency	AUD
Fund inception date	26/08/2019
Total size of fund	AUD \$ 1,670
Daily tradable	Yes
Distribution paid	Yes
Responsible entity	Equity Trustees Limited

Fees

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

Net Performance Growth of \$10,000



Fund inception date 26 August 2019

Manager's Comments

Performance

Over November the Fund exhibited close to neutral performance. Main positive contributors were Quality, Flow and Momentum, while Value and Carry detracted, with Low risk ending the month close to neutral. Equity selection, Credit selection, Commodities, Credit allocation and Currency allocation were all positive, but performance was for a large part offset by detractors government bond allocation and equity allocation.

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

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

Strategic risk allocation: Factors



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

Strategic risk allocation: Asset Classes



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

The fund harvests factor premiums in all major markets using several proven factor strategies and targets a reasonably aggressive risk profile. For this purpose we target a well-diversified liquid portfolio that invests in equities (developed & emerging markets), fixed income (government and corporate bonds) and liquid derivatives across the major markets. At the selection level (equities and fixed income), we focus on the harvesting of proven factor premiums above the general market risk premium, through bottom-up security selection. Within equities the investible universe includes small, mid and large-caps across regions, countries, sectors and industry groups. Within credits we include high yield and investment grade. At the allocation level, our factor strategies result in a top-down allocation to markets. We use liquid derivatives to invest in equity indices, credit indices, currencies, and government bonds. Combined, the solution provides efficient and enhanced exposure to factor premiums across asset classes and markets. The portfolio has close to zero long term correlation to traditional asset classes by taking long/short positions and through hedging the equity market beta and interest rate risk.

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

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, and besides that, holding a liquid and sizable cash pool that underlies derivatives-based hedging and factor positions. Figure 7 below contains a summary of positioning graphs around the end of Q3 2020. As can be seen, the portfolio is widely diversified in terms of holdings, holding 1154 distinct names in the portfolio per the end of Q3.

	Number of Positions	Leverage
Single-Name Stocks	411	0%
Single-Name Corp. Bonds	631	0%
Cash Bonds	3	0%
Equity Futures	17	165%
Bond Futures	14	224%
CDX	0	0%
Commodities	25	8%
FX Forwards	19	101%
Total	1120	499%

Disclaimer

This document has been prepared and issued in Australia by Robeco Hong Kong Limited ("Robeco") (ARBN 156 512 659), which is exempt from holding an Australian Financial Services License pursuant to ASIC Class Order O3/1103. Robeco is regulated by the Securities and Futures Commission under the laws of Hong Kong and those laws may differ from Australian laws. This document is distributed only to "wholesale clients" as that term is defined under the Corporations Act 2001 (Cth). This document is not for distribution or dissemination, directly or indirectly, to any other class of persons. It is being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any purpose. Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298, AFSL 240975) is a subsidiary of EQT Holdings Limited, which is a publicly listed company on the Australian Securities Exchange (ASX: EQT). Equity Trustees is the Responsible Entity of the Robeco Multi Factor Absolute Return Fund (AUD) (ARSN 634 759 363). This document is neither an offer to sell or a solicitation of any offer to acquire interests in any investment. The information contained in this document is of a general nature only and is not intended to be securities or financial product advice and should not be relied upon as such. In preparing this document, Robeco, have not taken into account the investment objectives, financial situation and needs of any particular person. Before making any investment decision, you should consider whether the investment is appropriate in light of those matters. Neither Robeco, Equity Trustees nor any of its related parties, their employees or directors ("We") provide warranty as to the accuracy, reliability and completeness of the information in this document and you rely on this information at your own risk. To the maximum extent permitted by law, we disclaim all liability to any person relying on the information contained in this document in respect of any loss or damage (including consequential loss or damage) however caused which may be suffered or arise directly or indirectly in respect of such information. Past performance is not a reliable indicator of future performance. The return of capital is not guaranteed. Applications can only be accepted on an application form attached to a current Product Disclosure Statement. The information in this publication is derived from sources considered to be reliable.