

# Melbourne Adviser Forum

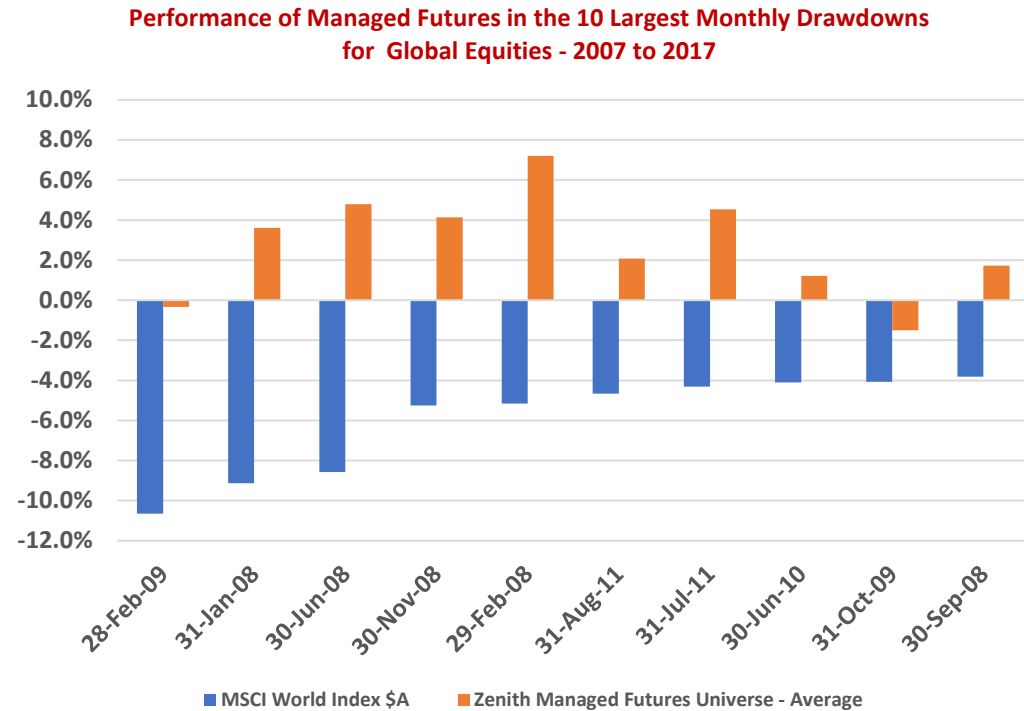
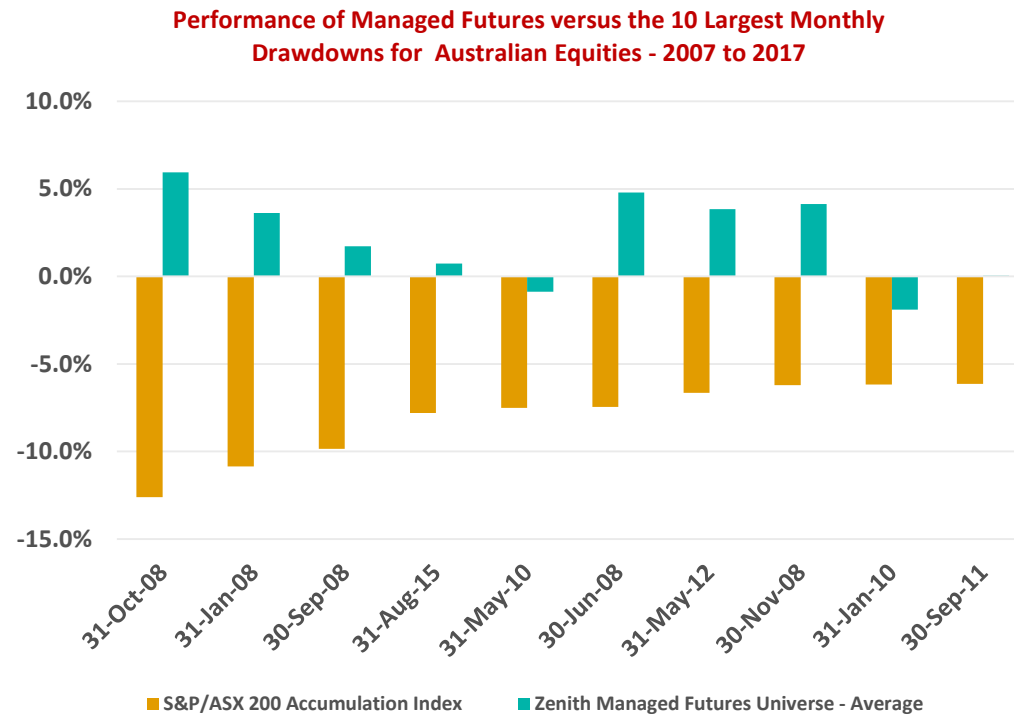
September 2018

# Why Alternative Investments

- Access to non-directional market investment strategies
- Additional sources of return
- Access to other asset classes
- Low correlation and therefore additional diversification with the major asset classes
- Downside market protection

# Alternatives Managed Futures

- Why maintain an allocation to Managed Futures?



Source: Zenith, Bloomberg

# Alternatives

- Based on median manager data (past 10 years including GFC), allocating to Alternatives significantly reduces portfolio volatility and lowers drawdowns, while providing a similar overall return.

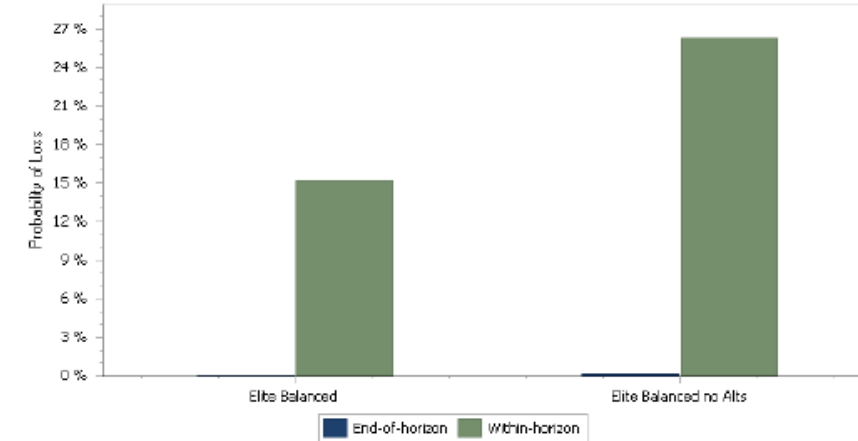
	Elite Blends with Alts	Elite Blends No Alts
Portfolio Return (%p.a.)	7.04	7.03
Portfolio Risk (%p.a.)	6.43	7.59
Return / Risk Ratio	1.09	0.93
Max Drawdown %	17.03	21.12

Source: Zenith

## EXPOSURE TO LOSS

### PROBABILITY OF LOSS

End of horizon probability of loss is the probability of a particular loss at the end of an investment horizon. Within-horizon probability of loss measures the likelihood that an investment will experience a particular loss from inception to any point throughout a horizon.



### Probability of 5.00% Loss , 10-Year Horizon

	Elite Balanced	Elite Balanced no Alts
End-of-horizon	0.01%	0.08%
Within-horizon	15.16%	26.22%

# Alternatives - why now?

- Uncertain investment environment
  - Fed increasing interest rates
  - ECB reducing quantitative easing
  - Aus election and future if imputation
- Rising market volatility
  - Trade tensions
  - Brexit
  - Turkey and impact on emerging markets
  - New governments in Italy & Spain
- Investment market valuations are high

# Portfolio Allocations to Alternatives

Name	Asset Class	Investment Style	Defensive	Moderate	Balanced	Growth	High Growth
CASH							
Cash Account	Cash		20.00%	15.00%			
Sector Total			20.00%	15.00%	0.00%	0.00%	0.00%
FIXED INTEREST							
Sector Total			60.00%	45.00%	40.00%	20.00%	0.00%
AUSTRALIAN SHARES							
Sector Total			7.00%	15.00%	22.50%	30.00%	37.50%
INTERNATIONAL SHARES							

Name	Asset Class	Investment Style	Defensive	Moderate	Balanced	Growth	High Growth
ALTERNATIVES							
Fund 1	Alternatives - Managed Futures	Systematic		2.00%	3.00%	4.00%	5.00%
Fund 2	Alternatives - Global Macro / Absolute Return	Active	3.00%	2.00%	3.00%	4.00%	5.00%
Fund 3	Alternatives - Private Equity	Diversified		2.00%	3.00%	4.00%	5.00%
Sector Total			3.00%	6.00%	9.00%	12.00%	15.00%

DEFENSIVE			80.00%	60.00%	40.00%	20.00%	0.00%
GROWTH			20.00%	40.00%	60.00%	80.00%	100.00%

# Melbourne Adviser Forum

September 2018



# IS YOUR PORTFOLIO PREPARED FOR THE NEXT EVENT?





# Executive Summary



The current bull markets are the longest on record

Equities and bonds = expensive

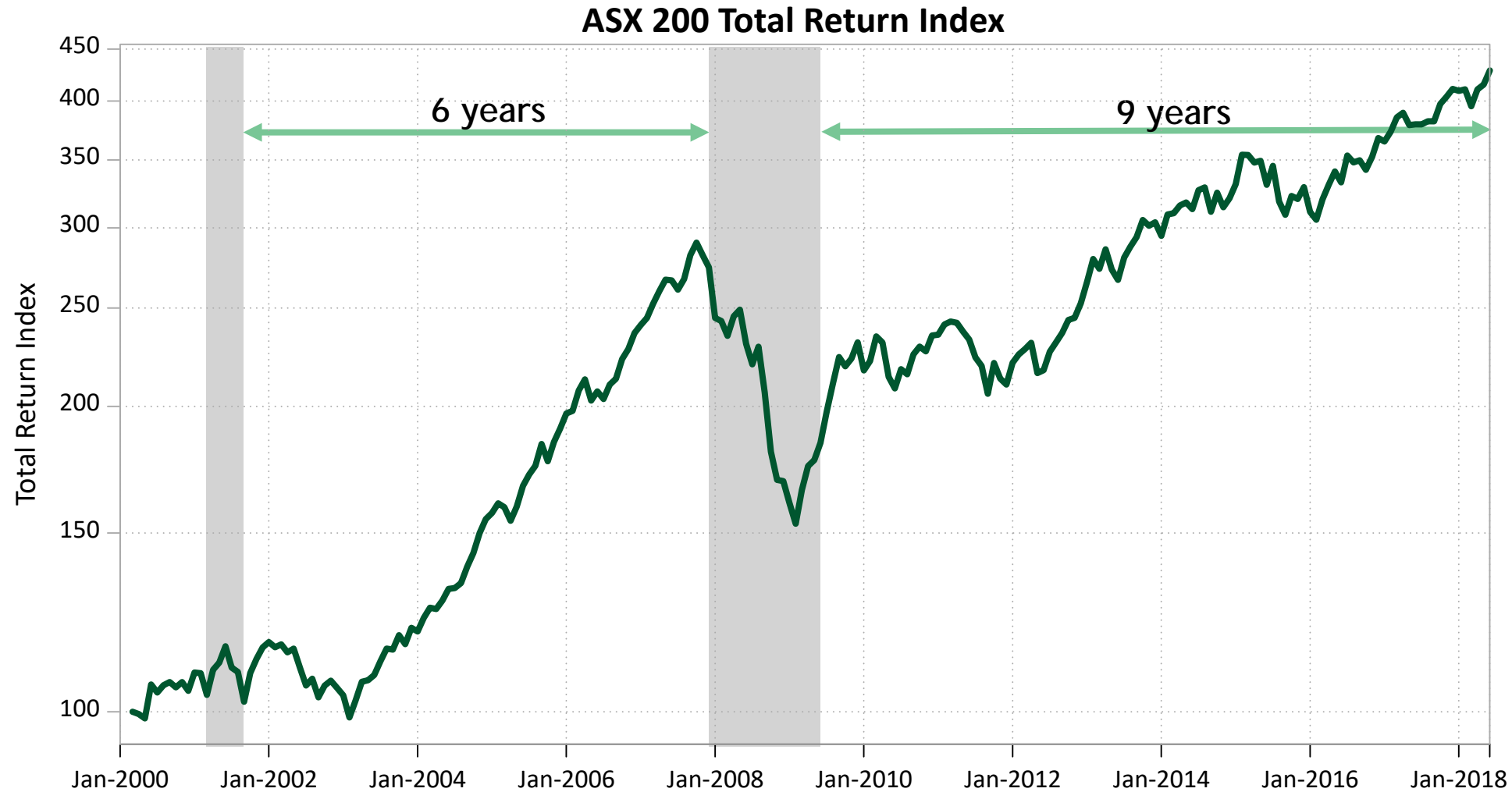
Traditional diversifiers can behave like equities in a crisis

Global macro can be a diversifying absolute return asset



Source: Google Images

# This has been a long equity bull market!



Source: Bloomberg, NBER, Two Trees  
Shaded regions are NBER recessions.

...and an even longer bond bull market!

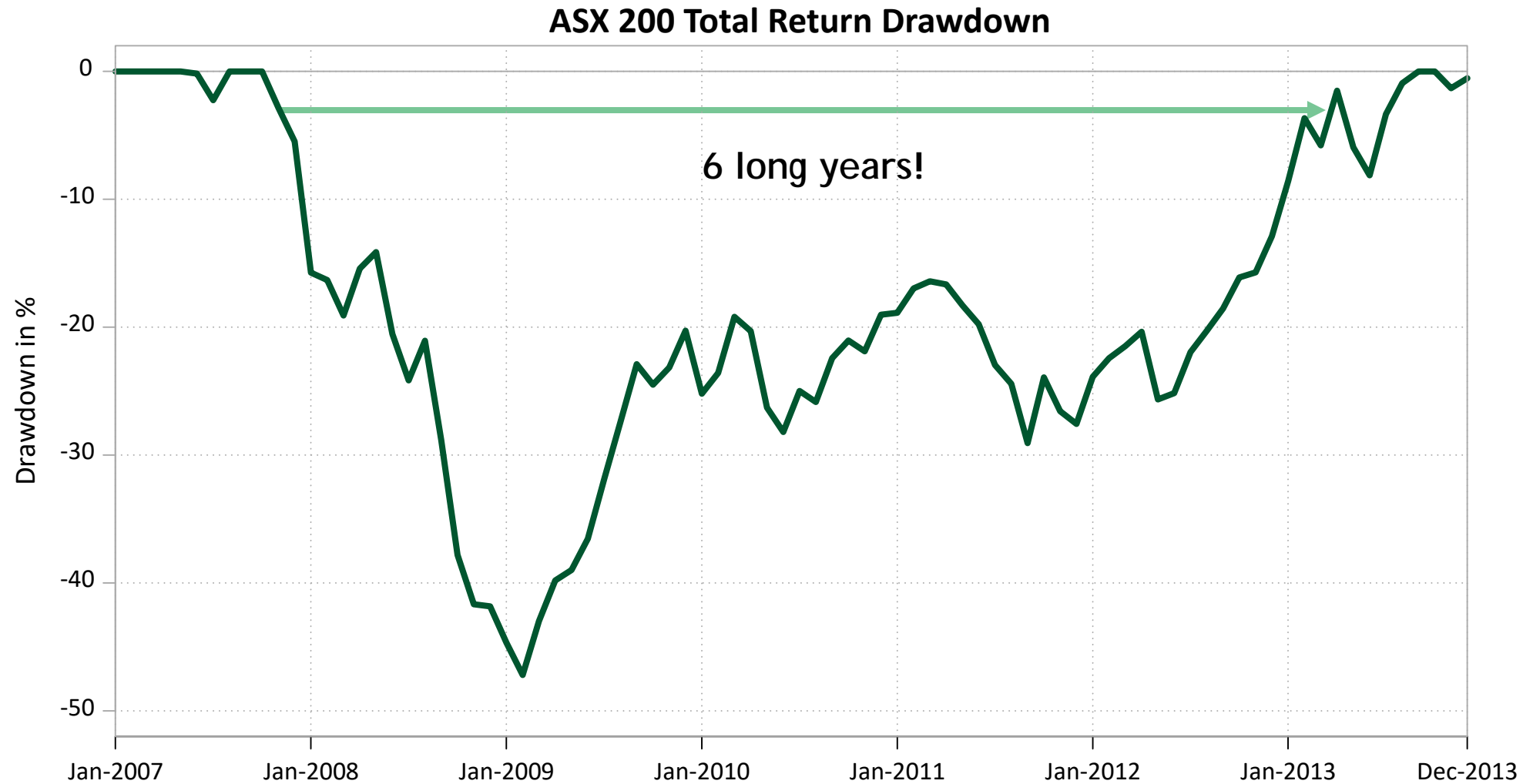


10 year Australian Govt. Bond Yield



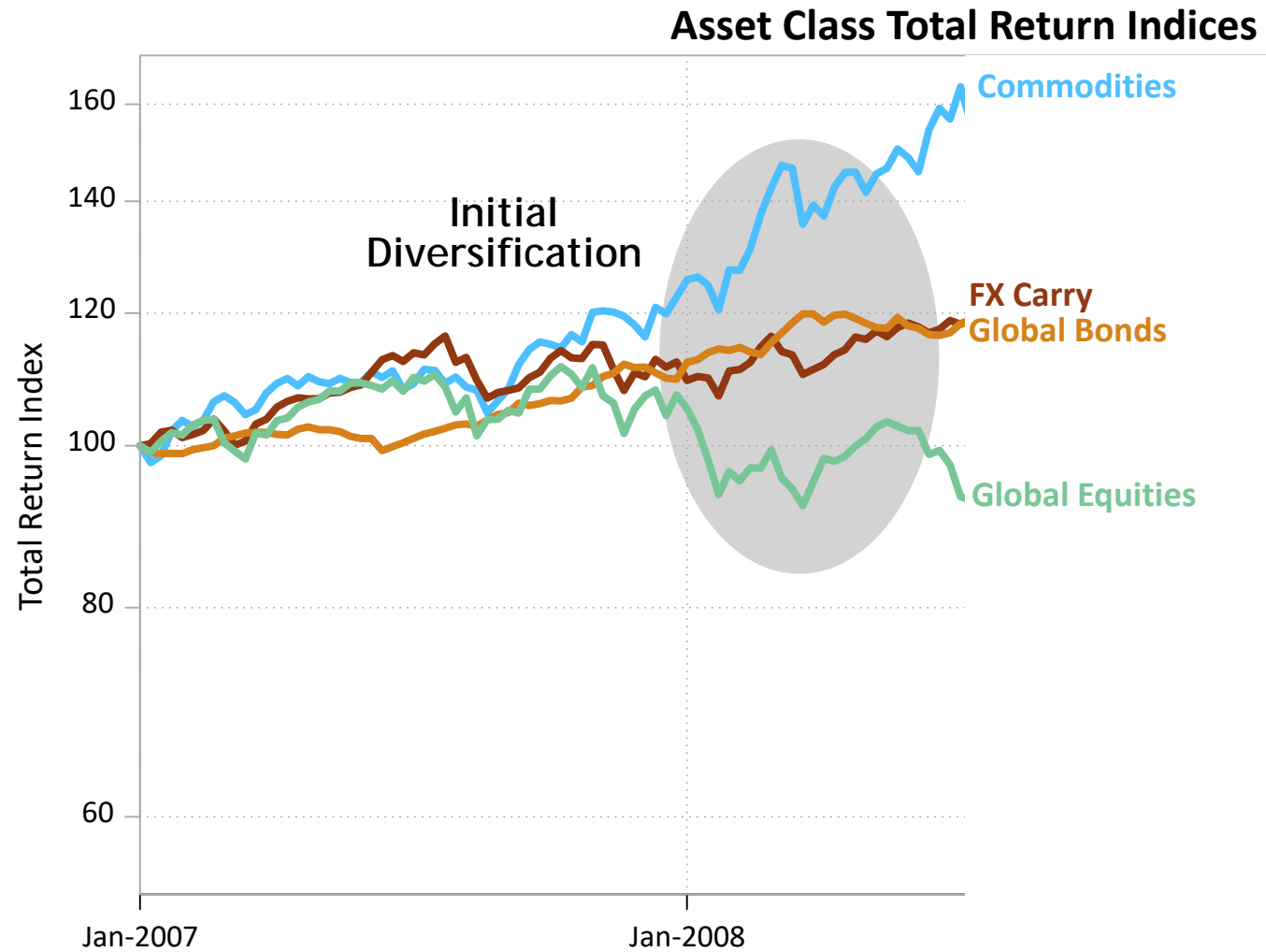
Source: Bloomberg, Two Trees

50% drawdown → 100% return to get square!



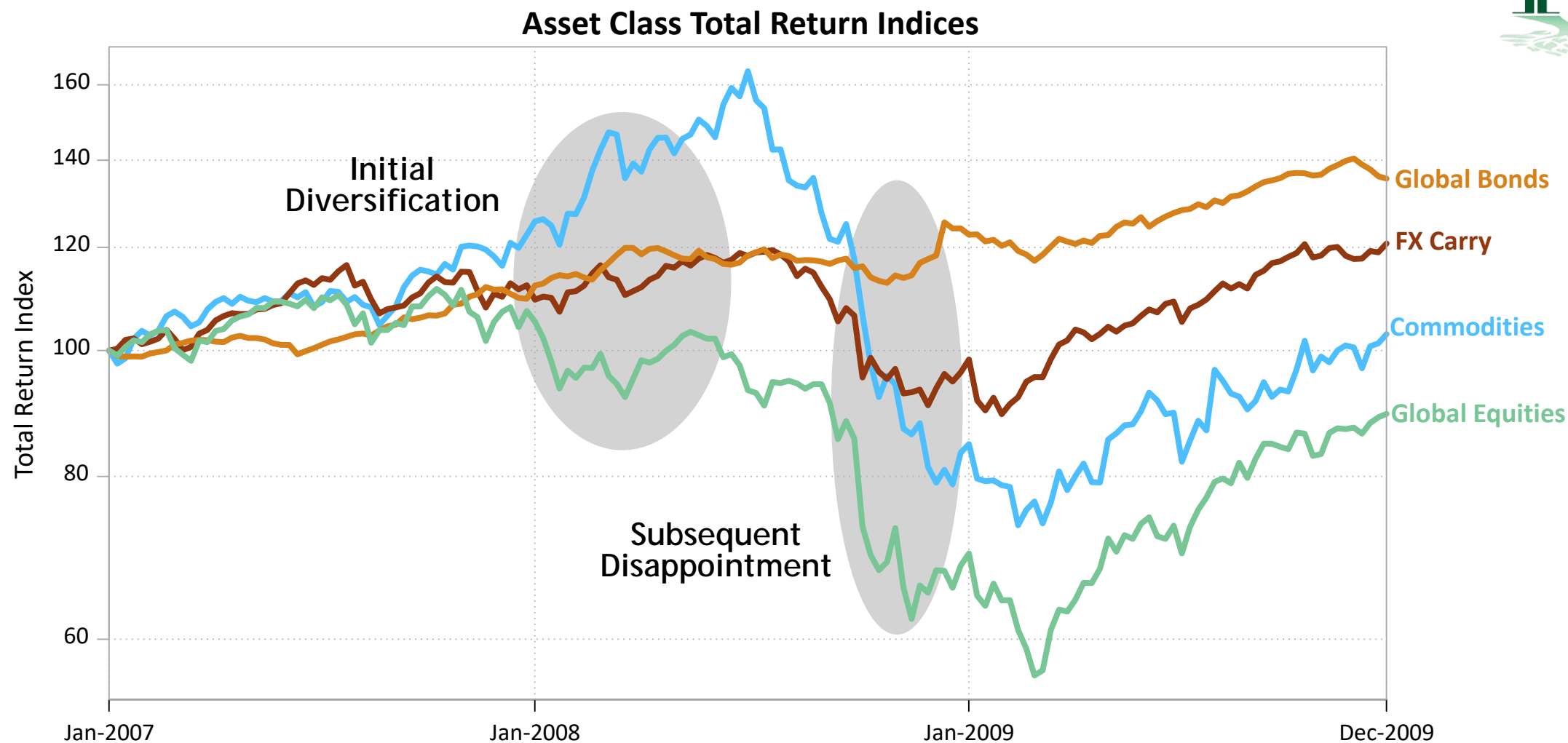
Source: Bloomberg, Two Trees

# How diversified is your portfolio?



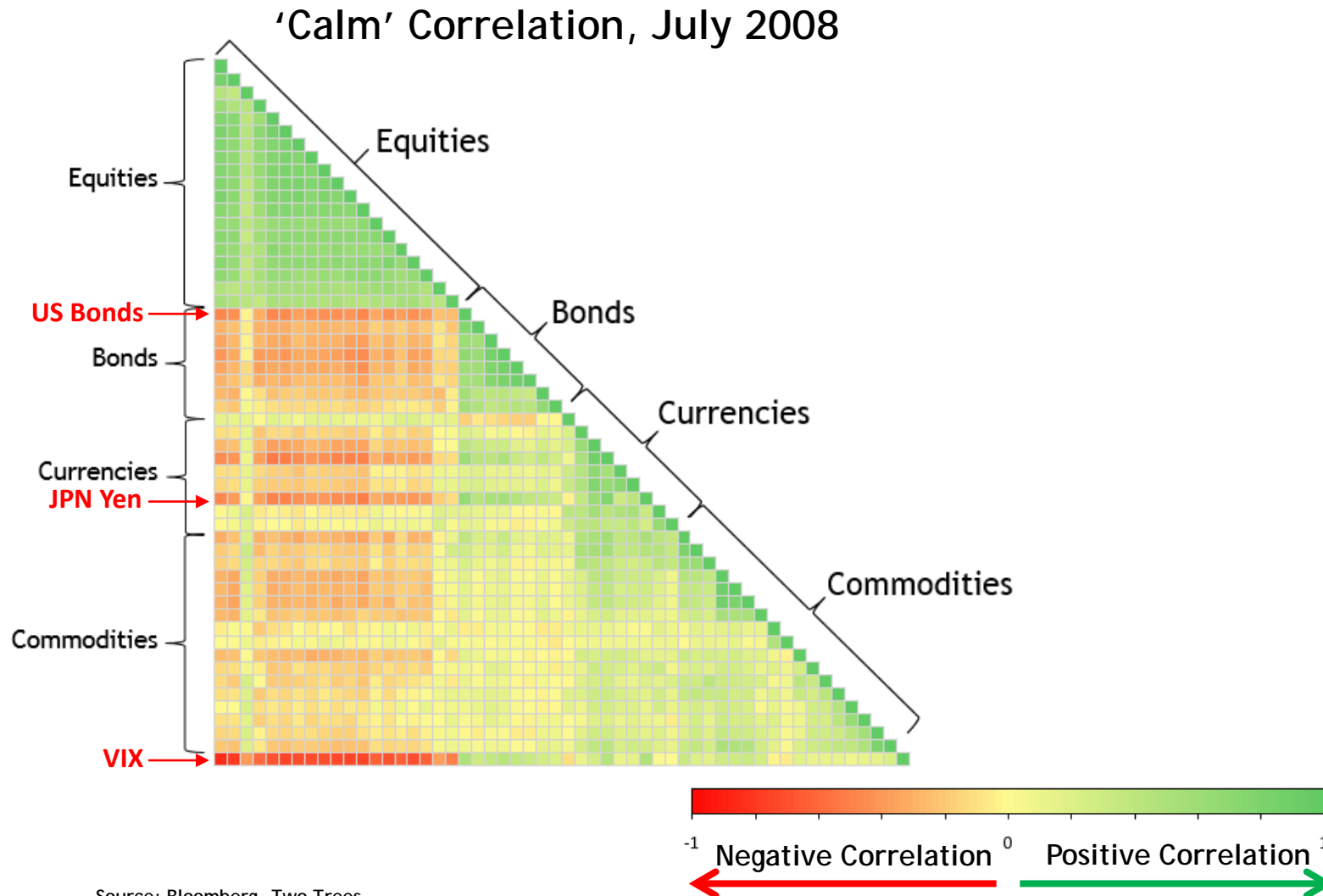
Source: Bloomberg, Two Trees

# How diversified is your portfolio?



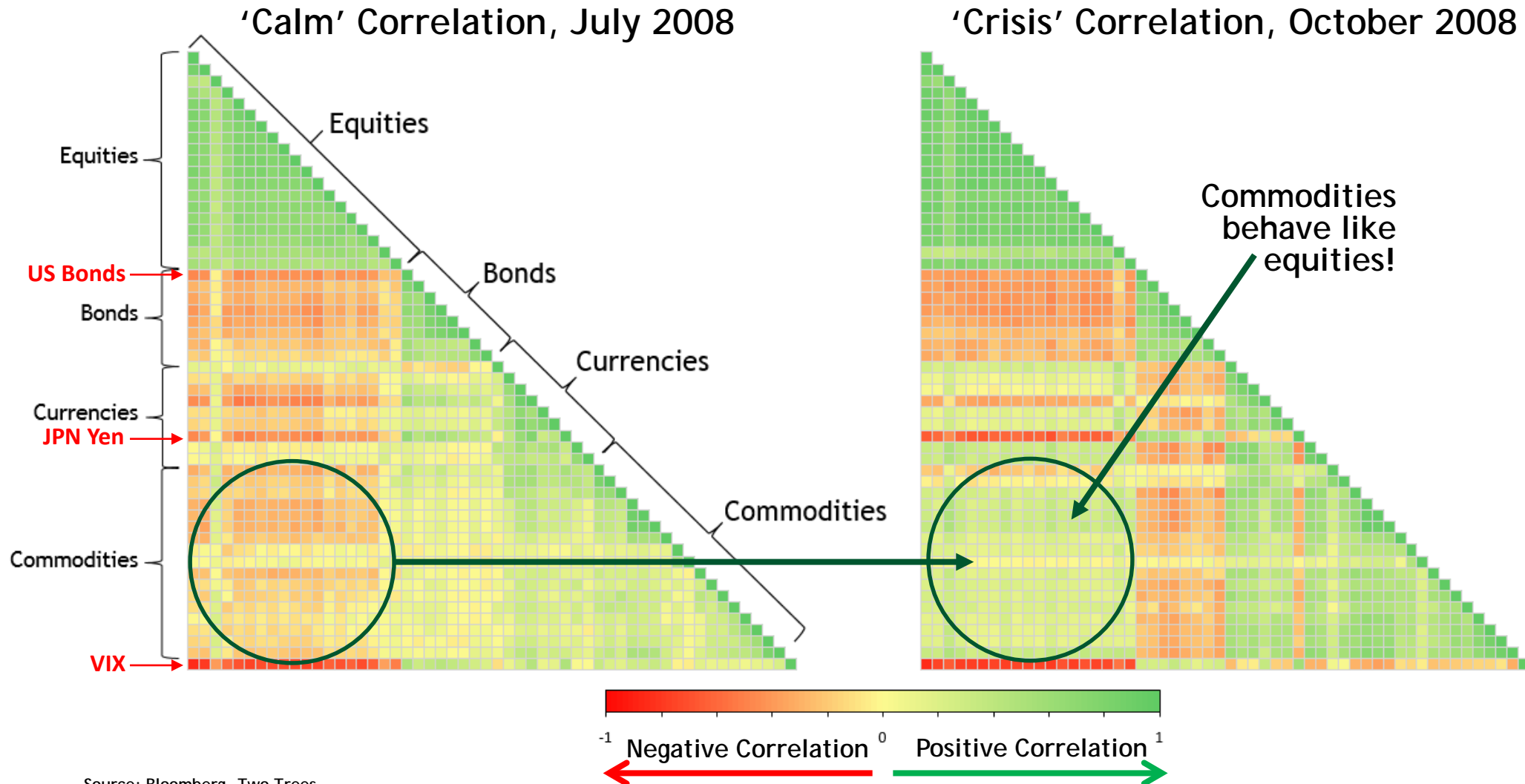
Source: Bloomberg, Two Trees

# Diversification doesn't desert - correlations change!



Source: Bloomberg, Two Trees

# Diversification doesn't desert - correlations change!



Source: Bloomberg, Two Trees



# Story so far



1. Late in the economic cycle
2. Equities and bonds = expensive
3. Drawdowns hurt!
4. Traditional diversifiers can behave like equities during a crisis

# What's the solution?



## Global Macro can diversify your portfolio

Global macro has roots in Tactical Asset Allocation (TAA), and can adjust the total portfolio allocation based on risk-return outcomes.

- Two Trees Global Macro targets:
  - Returns: cash + 8%
  - Volatility: 8% -12% p.a.
  - Consistent absolute returns, low correlation to traditional asset classes
- How do we do it?
  - We trade long & short
  - We trade different asset classes:

# What is global macro investing?

Setting the stage



## Two Trees **isn't**:

- Subjective/Discretionary
- Black Box
- Ultra-High-Frequency

**INSTEAD...**

## Two Trees **is**:

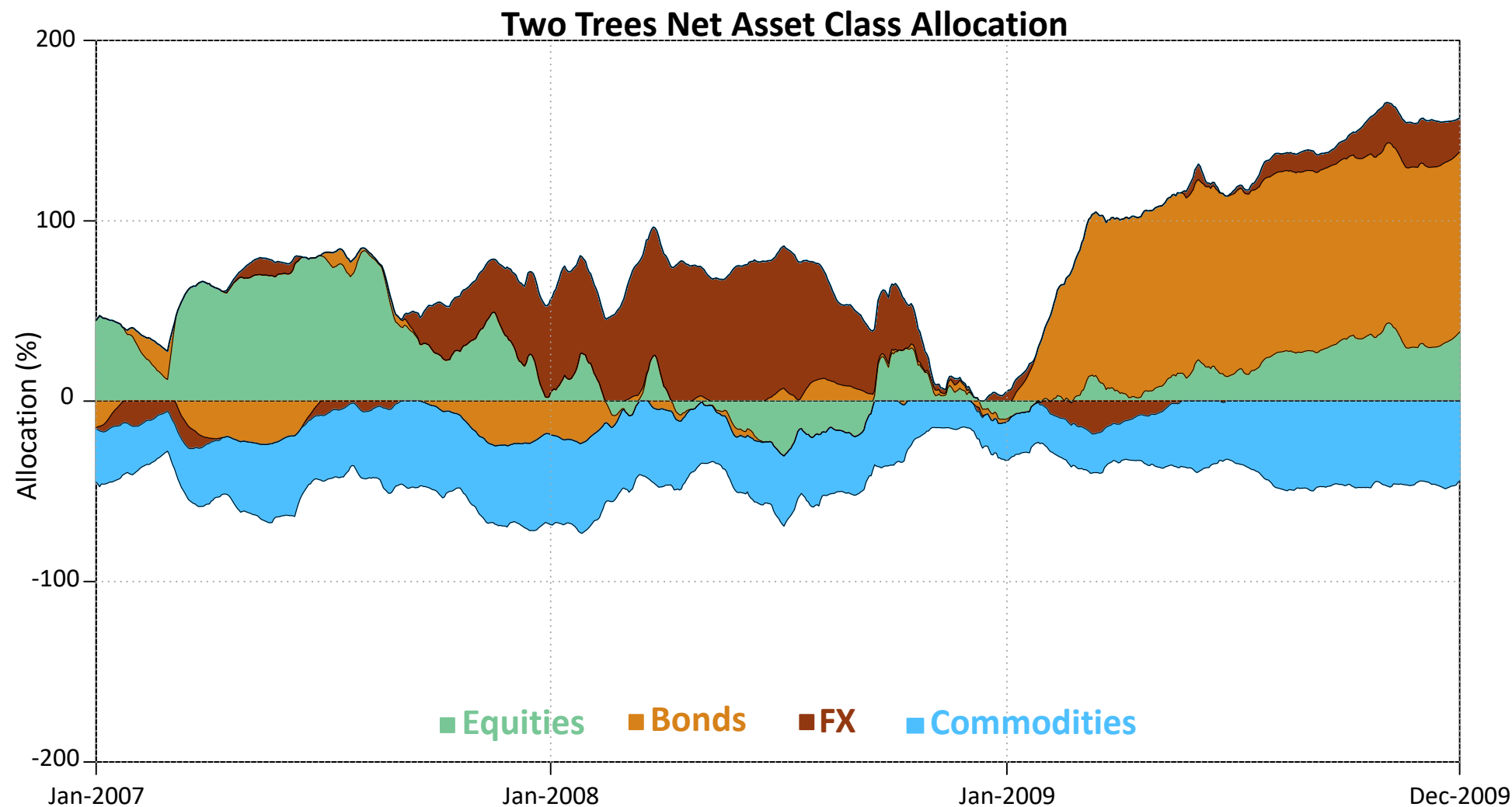
- Systematic
- Based on Economic Fundamentals
- Average Holding Period in Months

# Two Trees market universe

54 liquid listed indices

	Equity Index Futures	Bond Futures	Currency Forwards	Volatility Futures	Commodity Futures	
NORTH AMERICA						
Canada	TSX 60	CGB 10 year bond	CAD	VIX	Energy	Crude oil
United States	S&P 500 Nasdaq 100	CBT 10 year note				Gasoline RBOB Heating oil Natural gas
ASIA & AFRICA					Metals	Gold Silver Copper
Australia	ASX 200	SFE 10 year bond	AUD		Grains	Soybeans
Hong Kong	Hang Seng					Soybean oil Wheat Corn
India	Nifty				Meats	Lean hogs
Japan	TOPIX	OSE JGB 10 year bond	JPY			Live cattle
Korea	Kospi200				Softs	Cocoa
New Zealand			NZD			Coffee 'C'
Singapore	MSCI Singapore					Cotton No.2
South Africa	Top 40					Sugar #11
Taiwan	MSCI Taiwan					
EUROPE						
Euro		Euro Bund	EUR			
France	CAC 40	OAT French Bond				
Germany	DAX 30					
Italy	MIB 30	BTP Italian Bond				
Netherlands	AEX					
Norway			NOK			
Spain	IBEX 35					
Sweden	OMX 30		SEK			
Switzerland	SMI		CHF			
UK	FTSE 100	UK 10 year Gilts	GBP			

# Don't be static - be dynamic!

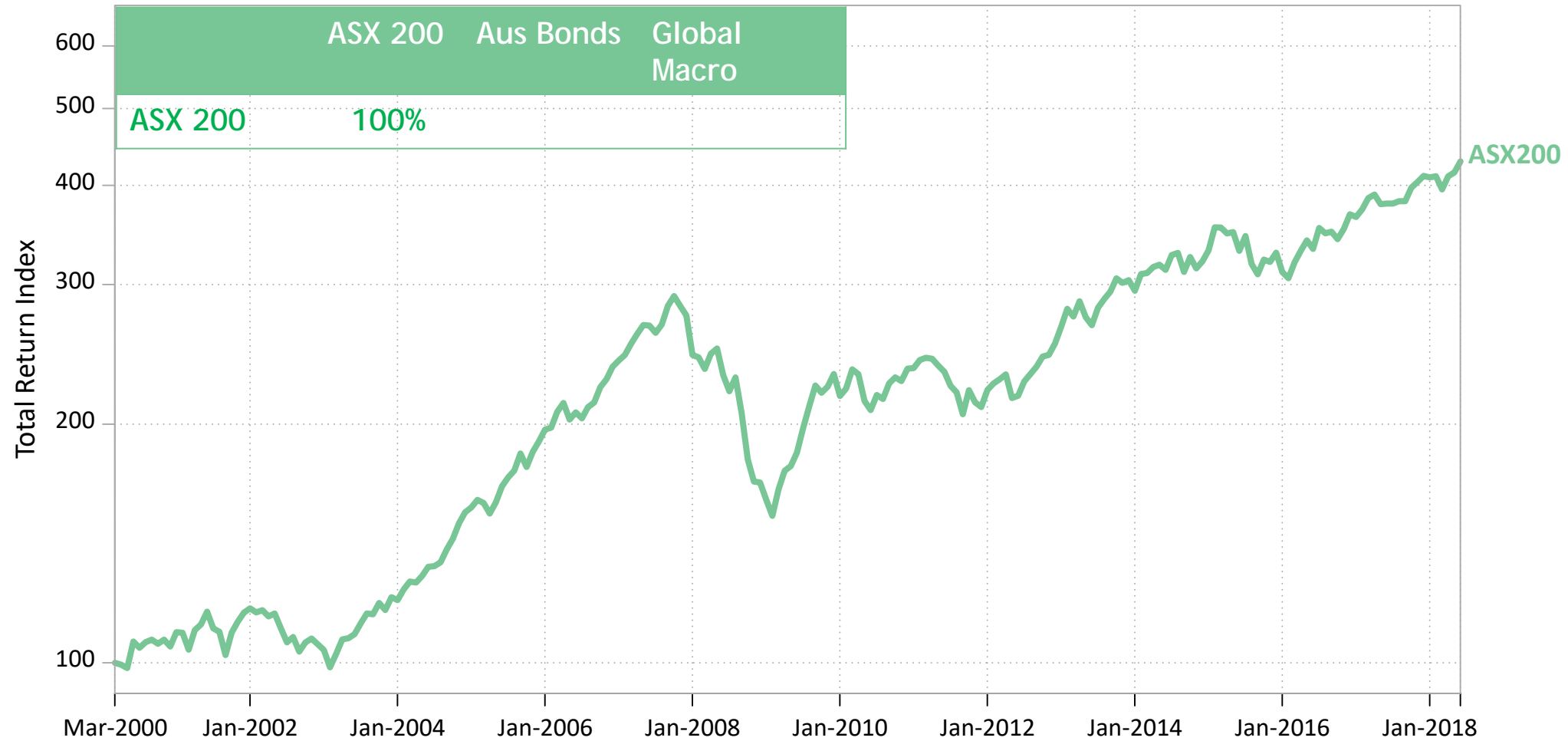


Source: Bloomberg, Two Trees

Simulations performed using standard Two Trees assumptions and parameters. Simulated past performance is not predictive of future performance.

# Global Macro can diversify traditional portfolios

## Balanced Fund Performance

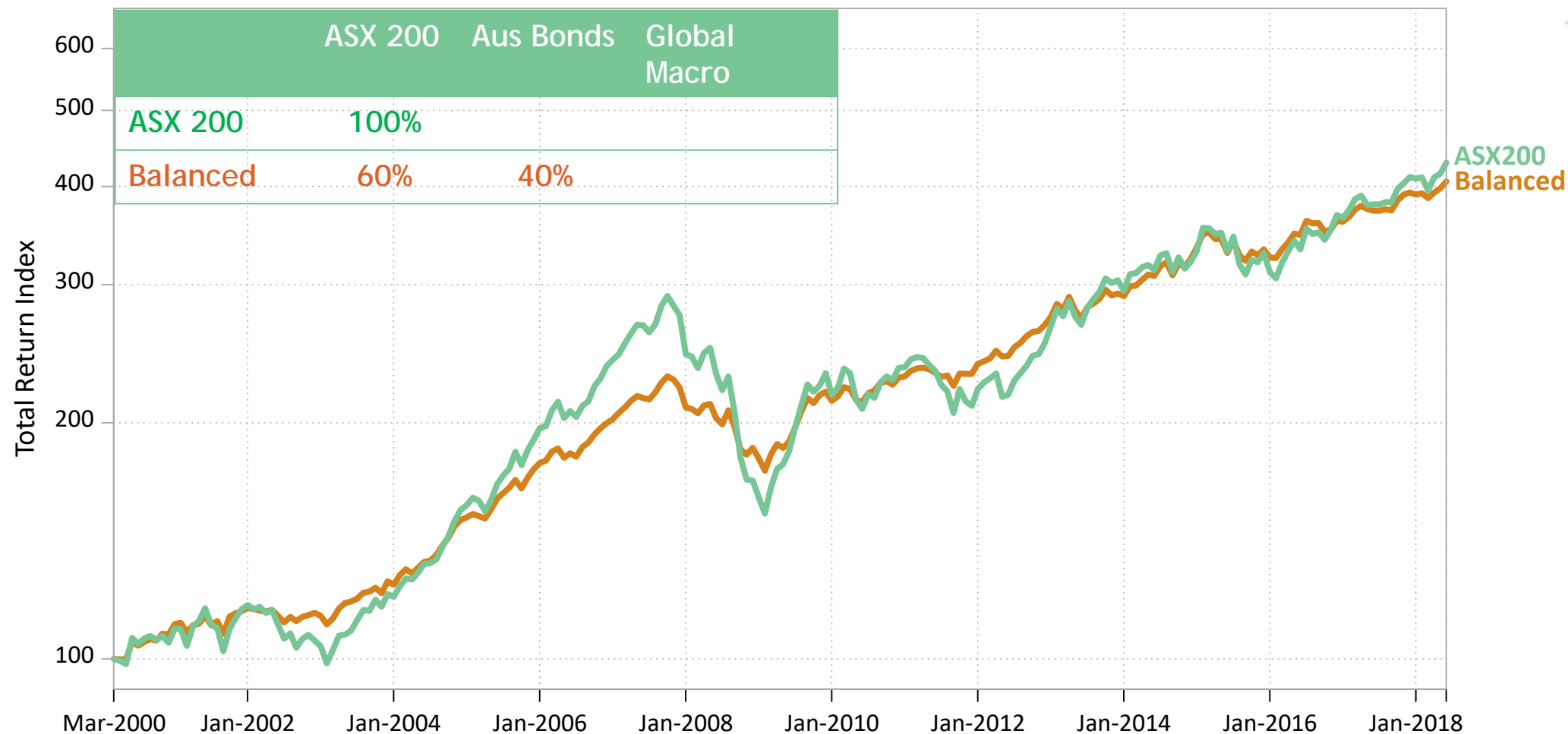


Source: Bloomberg, Datastream, Two Trees

Simulations performed using standard Two Trees assumptions and parameters. Simulated past performance is not predictive of future performance

# Global Macro can diversify traditional portfolios

## Balanced Fund Performance

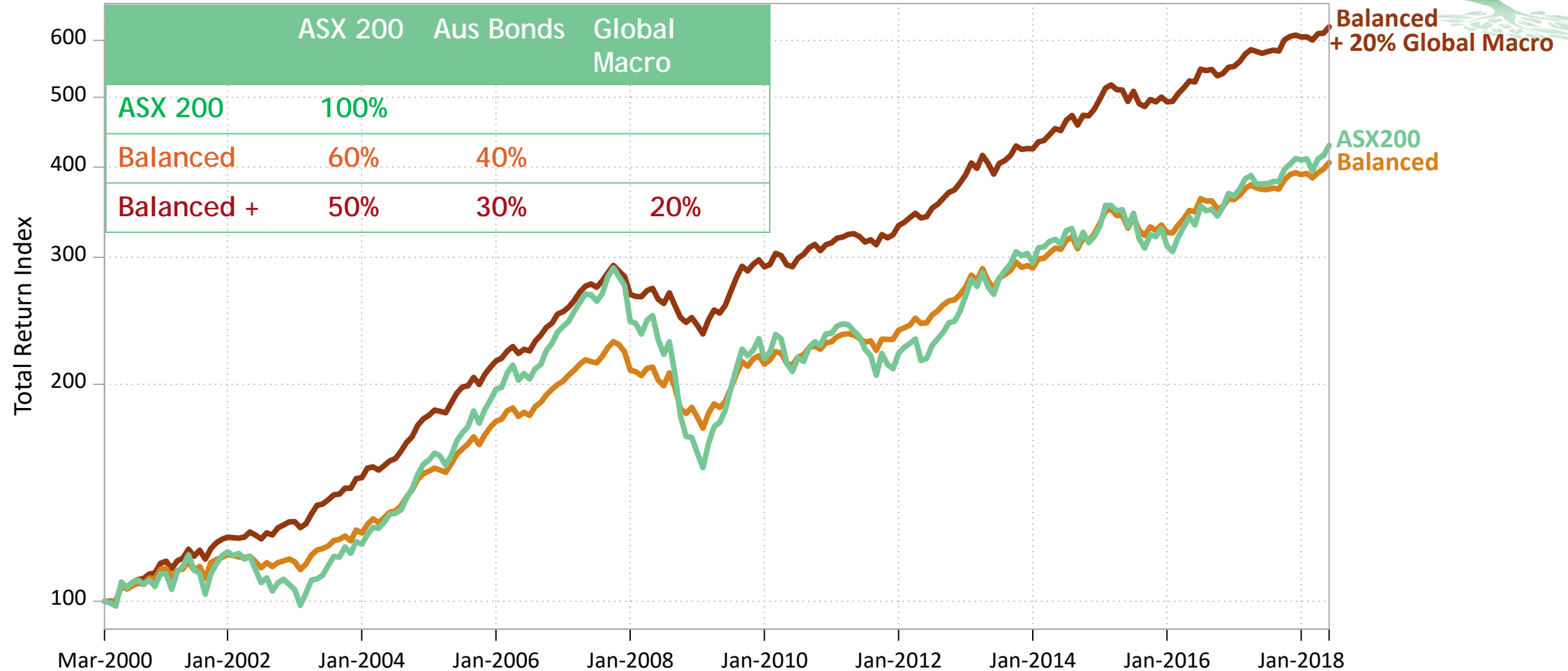


Source: Bloomberg, Datastream, Two Trees

Simulations performed using standard Two Trees assumptions and parameters. Simulated past performance is not predictive of future performance. 'Balanced' is 60% ASX 200 and 40% 10Y Australian Government Bonds.

# Global Macro can diversify traditional portfolios

## Balanced Fund Performance



Source: Bloomberg, Datastream, Two Trees

Simulations performed using standard Two Trees assumptions and parameters. Simulated past performance is not predictive of future performance. 'Balanced' is 60% ASX 200 and 40% 10Y Australian Government Bonds. 'Balanced + 20% Global Macro' is 50% ASX 200, 30% 10Y Australian Government Bonds and 20% Two Trees Global Macro Fund.

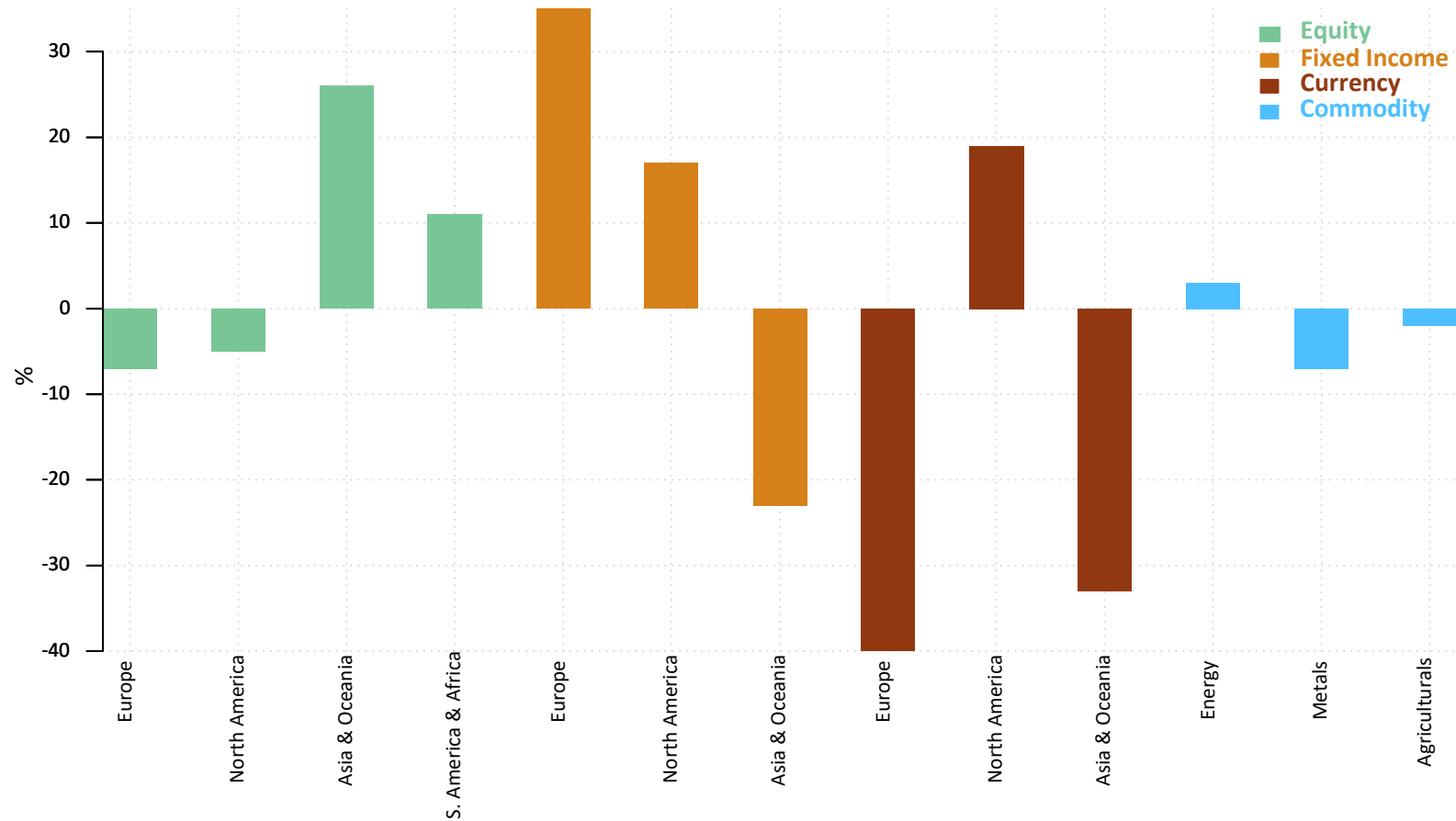


# Current portfolio positioning

Spreading risk within and across asset classes



Portfolio Net Allocation: 2018-07-31



Source: Bloomberg, Two Trees

# Current Portfolio Positions

Digging under the aggregates



**Equities:** SHORT Japanese equities, LONG Singaporean equities

- Singaporean equities have a more positive forecast than the Japanese equities, driven by a better value forecast
- Hedge two correlated assets

**Bonds:** LONG European bonds, SHORT Japanese bonds

- European bonds have a more positive forecast, driven by higher yield forecasts

**Currencies:** SHORT the Swiss Franc against the USD

- Our models have the CHF as poor value and poor momentum

**Commodities:** SHORT Lean Hogs, LONG Live Cattle

- Cattle and Hogs are correlated, though cattle has a better return forecast

# Summary



The current bull markets are the longest on record

Equities and bonds = expensive

Traditional diversifiers can behave like equities in a crisis

Now is the time to add Global Macro to your portfolio



Source: Google Images

# Pinnacle Distribution Team



## Australia - Institutional

Andrew Chambers	0414 742 935
Megan Jenner	0484 327 227
Nina Redfern	0439 010 179
Eu-Jene Teng	0414 742 935

## Australia - Advisers

Adrian Whittingham	0412 050 457
Matthew Dell	0423 793 456
Mark Cormack	0417 412 524
Matthew Holberton	0414 244 556
Gerald Willeston	0404 123 490
Clinton D'Silva	0402 123 648

## Australia office

Level 35  
60 Margaret Street  
Sydney, NSW, 2000

## UK/Europe

Ben Cossey	+44 2039 319 577
Nick Keem	+44 7795 841 437

## New Zealand

David Batty	+64 21 288 0303
-------------	-----------------

## General/Investor enquiries

Phone: 1300 010 311  
Email: [distribution@pinnacleinvestment.com](mailto:distribution@pinnacleinvestment.com)

## UK office

Suite 6.12, Nova North  
11 Bressenden Place  
London, SW1E 5BY

# Disclaimer



## Disclaimer

This presentation has been prepared by Pinnacle Investment Management Limited ACN 109 659 109, AFSL 322140 (Pinnacle) and Two Trees Investment Management Pty Limited ACN 616 424 170, AFSL 502096 (Two Trees). The information contained in this presentation is for information purposes only and has been prepared for use in conjunction with a verbal presentation and should be read in that context.

The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This information is for general information only. Please note that, in providing this presentation, we have not considered the objectives, financial position or needs of any particular recipient. We strongly suggest that investors consult a financial advisor prior to making an investment decision.

This presentation is strictly confidential and is intended for the exclusive benefit of the institution to which it is presented. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express consent of Pinnacle and Two Trees.

Two Trees AFSL 502096 is the investment manager of the Two Trees Global Macro Fund ARSN 620 185 159 (Fund). Interests in the Fund are issued by Pinnacle Fund Services Limited (ABN 29 082 494 362, AFSL 238371) the Responsible Entity. You should consider the Product Disclosure Statement (PDS) in its entirety before making an investment decision. The current PDS of the Fund can be found at <http://www.twotreesim.com/funds-overview/>.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Any opinions or forecasts reflect the judgment and assumptions of Pinnacle, Two Trees and their representatives on the basis of information at the date of publication and may later change without notice. Past performance is not a reliable indicator of future performance.

To the maximum extent permitted by law, Pinnacle and Two Trees disclaim all liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this presentation.





**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS



# Partners Group Global Multi-Asset Fund

September 2018



PCI Pharma Services | Private Equity

For use with institutions only – not for use in the United States

## Partners Group Global Multi Asset Fund

The Partners Group Global Multi Asset Fund provides clients with access to private markets in an innovative structure, that can be accessed directly or via platform

### Leading private markets manager

- Partners Group is a leading innovator in the semi-liquid private market space, providing **direct access** for clients to **daily priced private markets investments**

### True portfolio diversification

- A private markets portfolio can include **return seeking** investments and those generating a **reoccurring yield**, including: private equity, private debt, private infrastructure and private real estate

### Key considerations for market suitability

- The program is designed to sit as one-stop private markets solution in an investor's portfolio: **to diversify, reduce overall equity beta and act as an additional element of return-generation**

### Innovative investor friendly structure

- **Daily liquid, Australian domiciled managed fund structure.**



# Global private markets investment management

## Private markets focus

**AUD 106 billion<sup>1</sup>** AuM in private equity, private debt, private real estate, private infrastructure

## Strong resources

Over **1,000 employees<sup>2</sup>** representing approximately **60 nationalities** across **19 offices**

## Independent

Combined, **employees** are the **largest shareholder**

## Stable & transparent

**Long-term** incentive structures  
**Listed** on the SIX Swiss Exchange<sup>4</sup>



## Wide network

>**450** direct investments<sup>3</sup>  
>**800** private markets investment partners  
>**300** advisory board seats

## Integrated approach

**Direct, secondary and primary investment** capabilities across private markets

## Tested risk management

**Chief Risk Officer** and a dedicated team of portfolio and risk managers

## Client focused structuring

In-house team of over **50 professionals<sup>2</sup>** offering customized structuring, legal and tax services

<sup>1</sup> Unaudited, inclusive of all Partners Group affiliates, as of June 30, 2018.

<sup>2</sup> Team figures as of June 30, 2018.

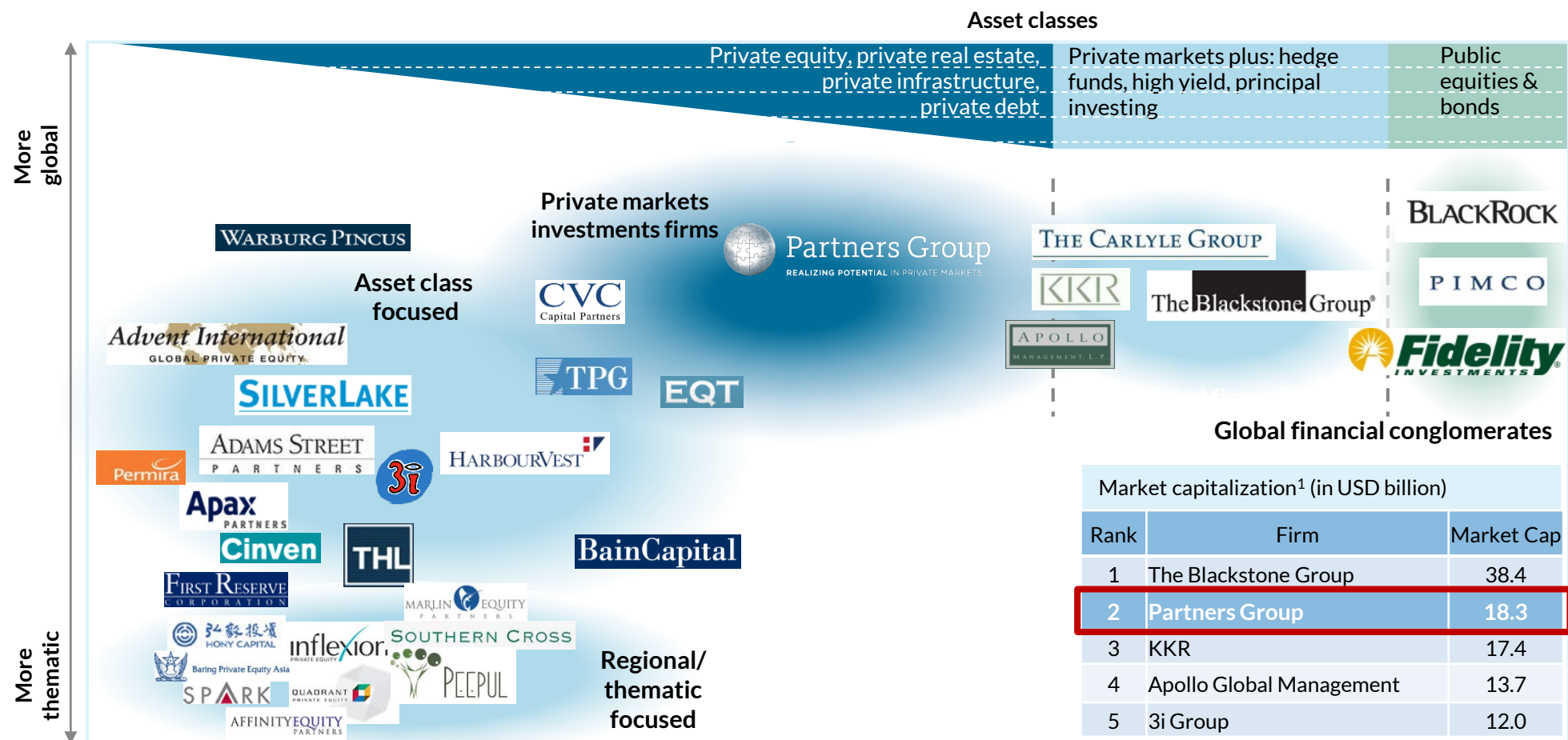
<sup>3</sup> Does not include corporate senior debt.

<sup>4</sup> Partners Group Holding AG is listed on the SIX Swiss Exchange.





# Partners Group's market positioning



Note: this graph does not purport to be final and complete and is shown for illustrative purposes only. There are many more market participants which could be named and positioning of the logos is based on Partners Group's assessment and might not correspond with the participants' assessments. For illustrative purposes only. <sup>1</sup> Bloomberg as of 31 December 2017.  
Source: Partners Group (December 2017)



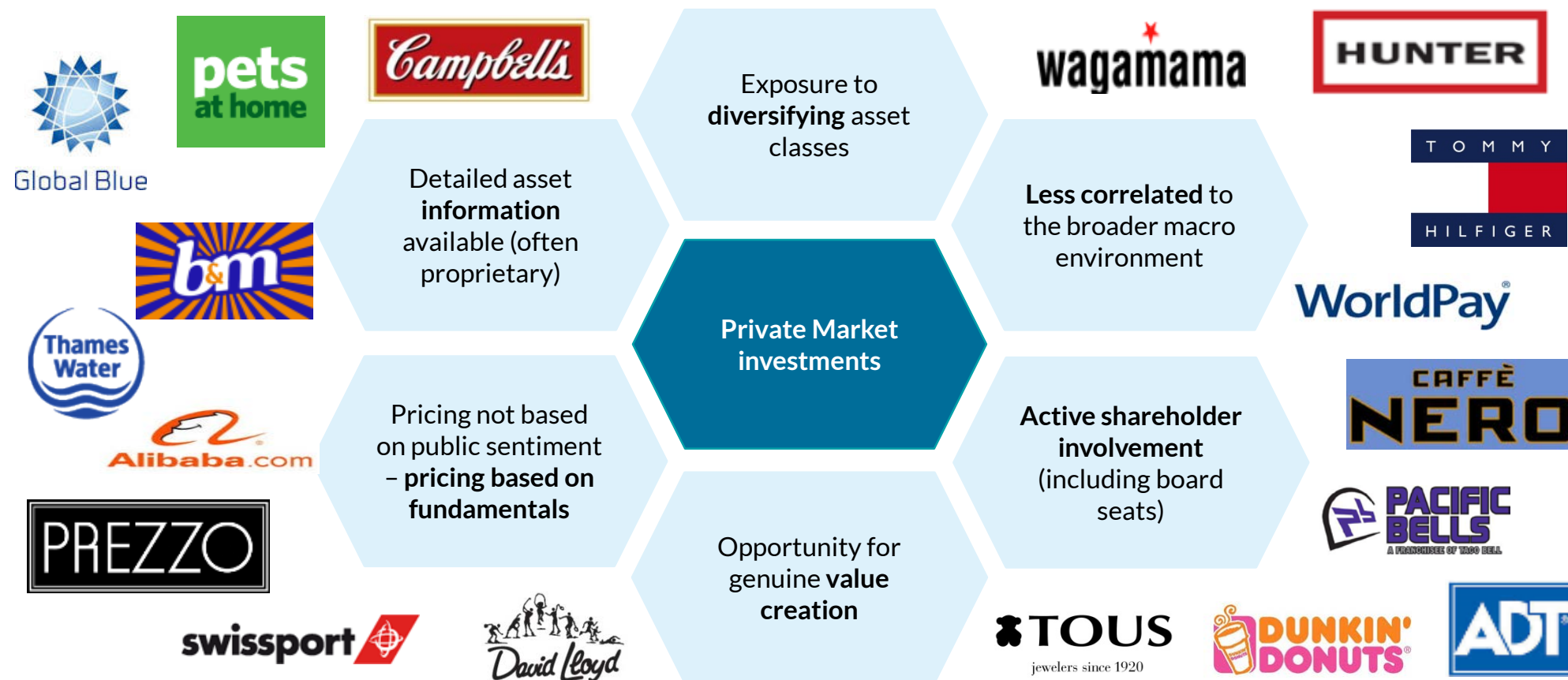
**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

# Table of contents

1	Why private markets?
2	Partners Group Global Multi-Asset Fund
3	Investment themes
4	Fund performance
5	Summary



# Why invest in private markets?



Private markets provide opportunity to generate greater long-term returns – critical for investors to reach retirement goals



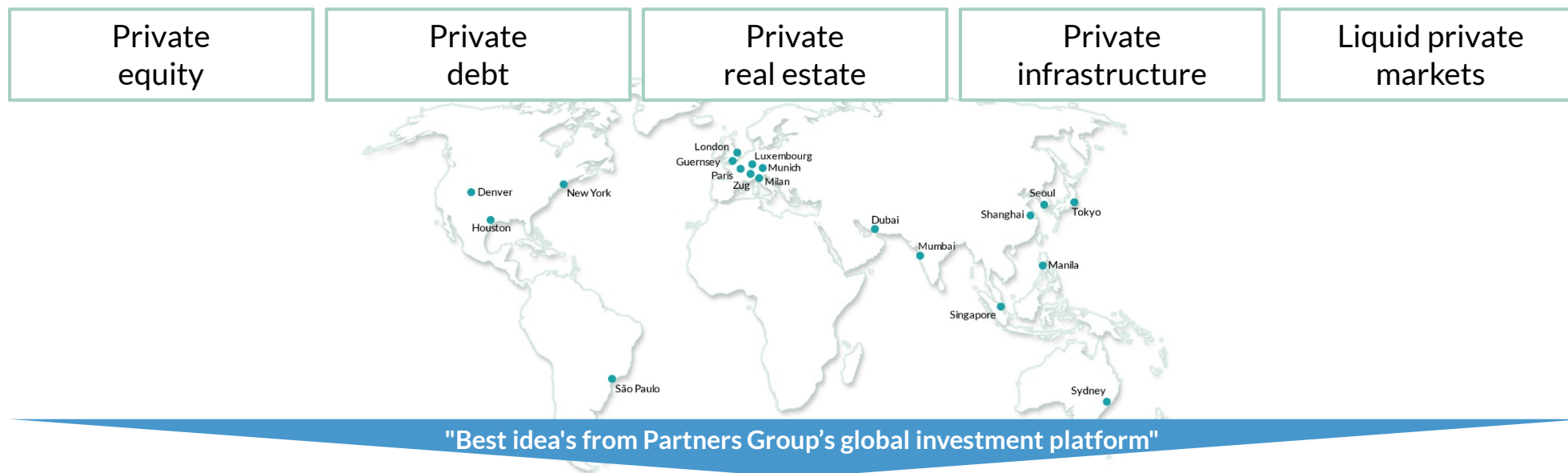
**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

# Table of contents

1	Why private markets?
2	<b>Partners Group Global Multi-Asset Fund</b>
3	Investment themes
4	Fund performance
5	Summary



## Access to Partners Group's global investment platform



### Partners Group Global Multi Asset Fund

- **Relative value investing:** fully diversified global private markets portfolio providing access to direct and secondary investments
- **Experience:** >15 years proven track record in managing semi-liquid private market solutions through the cycle
- **Market viability:** full compatibility with operational and regulatory requirements

Leverages on Partners Group global reach across private market asset classes



## A differentiated fund offering

	Partners Group Global Multi-Asset Fund <sup>1)</sup>	Classical diversified private equity vehicle
Access	<ul style="list-style-type: none"> <li>Immediate exposure to a diversified private market portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Typically for institutional investors with high minimum investment</li> </ul>
Asset Allocation	<ul style="list-style-type: none"> <li>Dynamic with focus on relative value through secondaries and directs</li> </ul>	<ul style="list-style-type: none"> <li>Static</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>Daily liquidity subject to net redemptions being limited to 10% of NAV per day, 25% of NAV per any rolling 30d period and 40% of NAV per any rolling 365d period<sup>2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Illiquid with 10-12 years lock-up period</li> </ul>
Administration	<ul style="list-style-type: none"> <li>Managed fund structure with daily dealing and distributions</li> </ul>	<ul style="list-style-type: none"> <li>The need to process capital calls and distributions</li> </ul>

Partners Group Global Multi-Asset Fund offers an innovative way to access the private market asset class

Diversification does not ensure a profit or protect against loss. 1) Further details are available in the fund's product disclosure document. 2) Redemption requests that will be processed on a dealing day are limited to 10% of NAV per day, 25% of NAV over 30-day period, and 40% of NAV over 12-month period. Prospective investors must be aware of the potential limitations of their ability to withdraw from the fund. Neither the Responsible Entity nor the Investment Manager provide any guarantee concerning the liquidity of the fund or the ability of an investor to withdraw its investments. Details of the redemption limits and limited redemption arrangements are set out in the fund's product disclosure document.



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

# Global Multi-Asset Fund: private market "all season" portfolio

## Liquidity portfolio

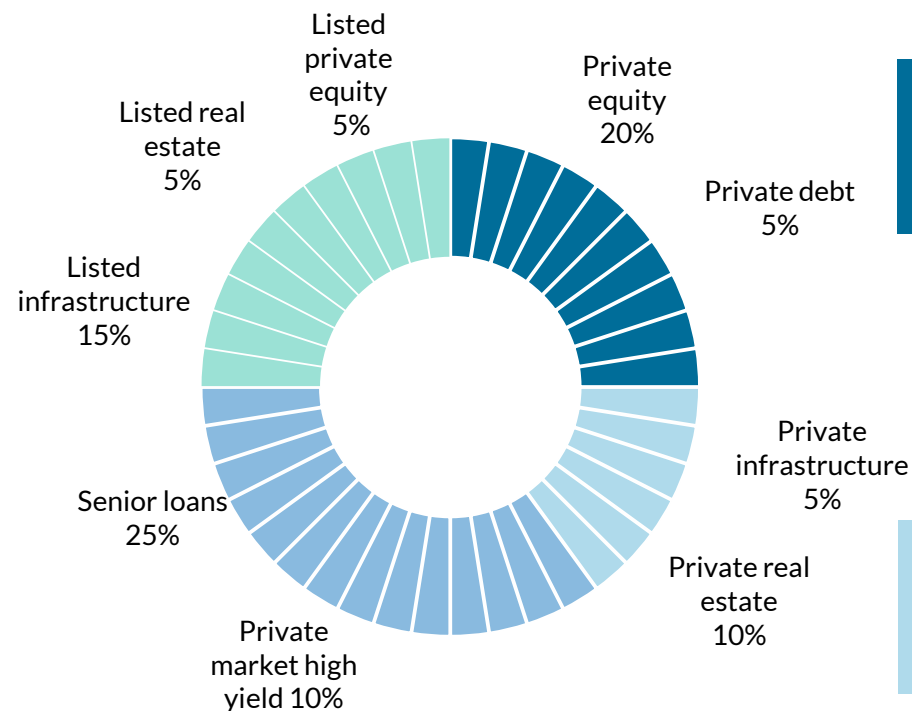
Target return: 3 - 6%

Daily liquid

## Credit portfolio

Target return: 5 - 8%

Liquid over 1-12 months



## Private equity portfolio

Target return: 12 - 17%

Typical holding period: 3 - 4 years

## Real assets portfolio

Target return: 10 - 15%

Typical holding period: 4-5 years

## Resulting characteristics

Generates  
alpha

Reduced  
equity beta

Low duration  
risk

Contractual  
yield

Inflation  
protection

Portfolio  
diversification

Reduced  
volatility

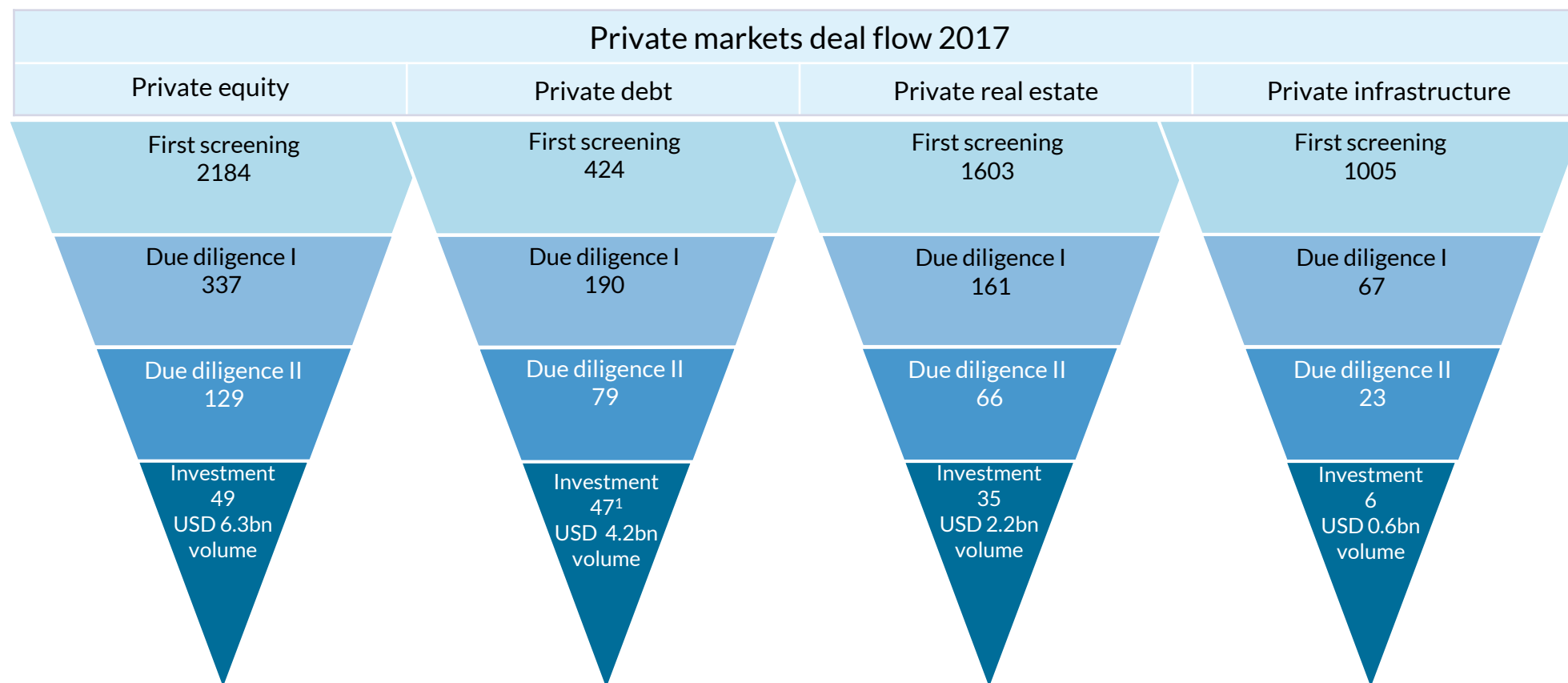
Targeting net return of 8-10%

Source: Partners Group (2017). There is no assurance that target returns will be achieved. Net of underlying fees and gross Partners Group fees.



Partners Group  
REALIZING POTENTIAL IN PRIVATE MARKETS

## Strong deal flow allows for relative value investing and selectivity



Partners Group's solutions are able to select from the platforms' global deal flow

Source: Partners Group as of 31 December 2017

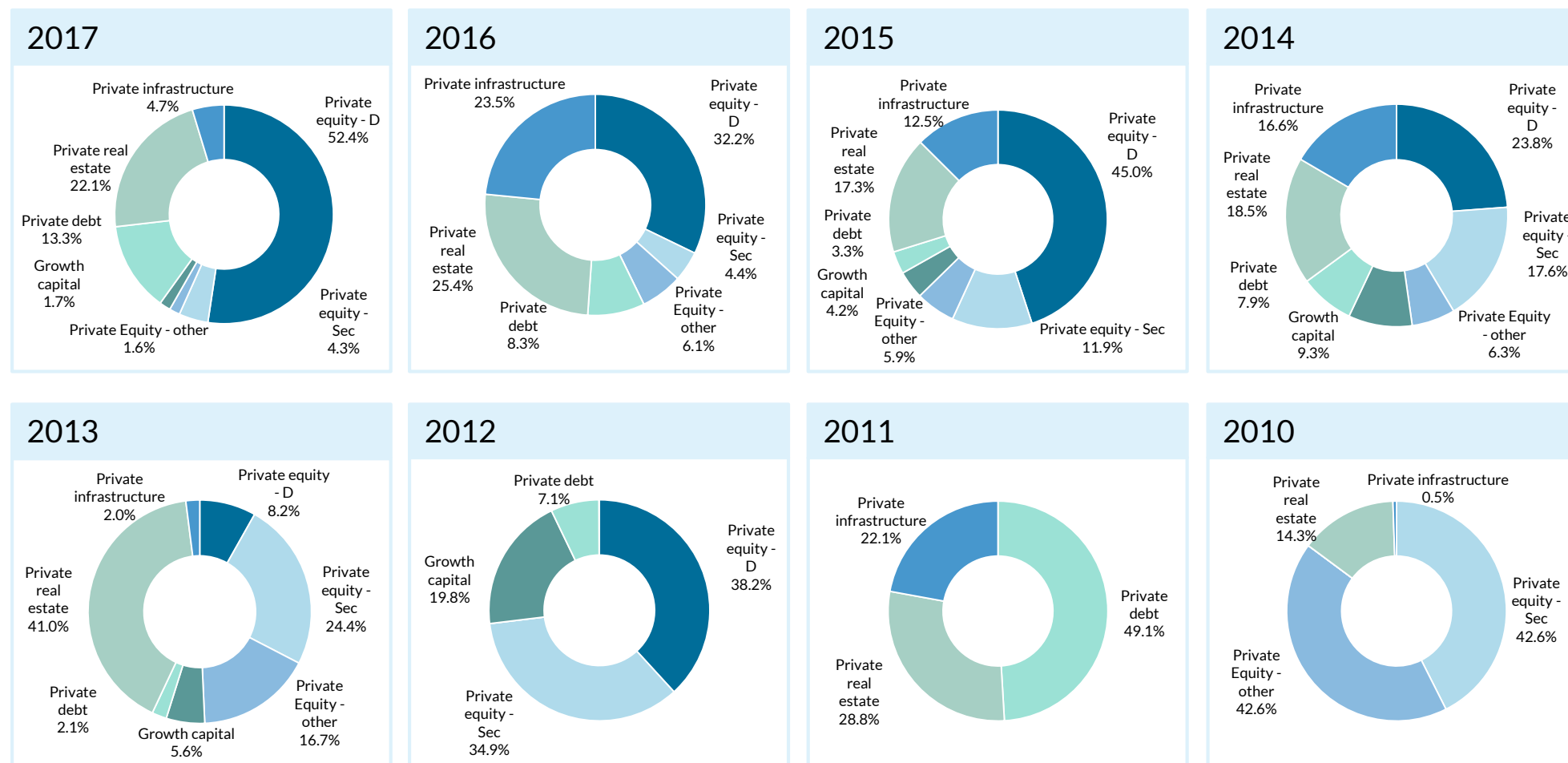
Note: preliminary and estimated figures. <sup>1</sup> The number of credits does not include liquid loans in the syndicated debt market.



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS



## Relative value implementation - new money deployed by asset class: The Partners Fund example



Source: Partners Group, Pie charts show percentages drawdowns out of total to investment by asset class relative to overall private markets investments executed in any given year (excluding first lien senior loans). Data as of 31 December 2017. The allocation could vary in the future depending on varying circumstances and there is no obligation on the fund to maintain these percentages.



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

# Table of contents

1	Why private markets?
2	Partners Group Global Multi-Asset Fund
3	<b>Investment themes</b>
4	Fund performance
5	Summary



# Key investment strategies and transformative trends: private equity

## Private equity

- **Platform companies** – acquire companies and lead add-on acquisition program for platform build-out
- **Category winners** – companies that are leaders in their industry in terms of market share or growth
- **Defensive leaders** – niche leaders with strong defensive capabilities

## Specialization & digitalization



### Market opportunity:

Trend towards specialization and digitalization of services, in parallel to the Industry 4.0 trend

### Relative value / investment focus:

- Focus on companies offering digitally-enabled manufacturing solutions
- In business services, TMT and consumer sectors, identify companies that pair specialized expertise in a process or product with digital solutions

## Outsourcing



### Market opportunity:

Growing demand for outsourcing of services to acquire expertise or for cost containment

### Relative value / investment focus:

- Exploit trend towards cost optimization solutions, such as business process outsourcing (e.g. non-core functions) and software
- Identify specialist service providers in niche segments

## Early & international education



### Market opportunity:

Private education operators across the entire education stream, serving markets with poor perception of public education quality and strong desire for international education

### Relative value / investment focus:

- Focus on Pre-K and K-12 and pathway education providers with a structured and differentiated curriculum
- English-language education in EMs

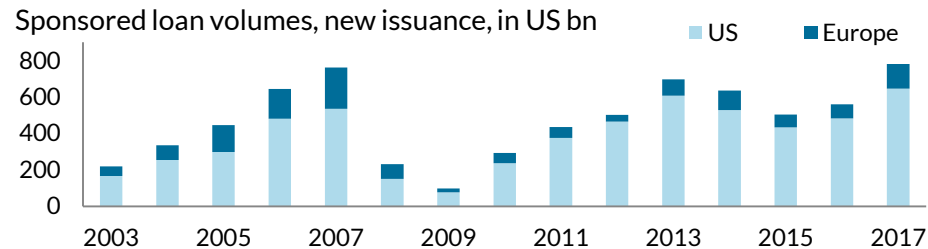


# Private debt: buoyant market but still reasonably disciplined

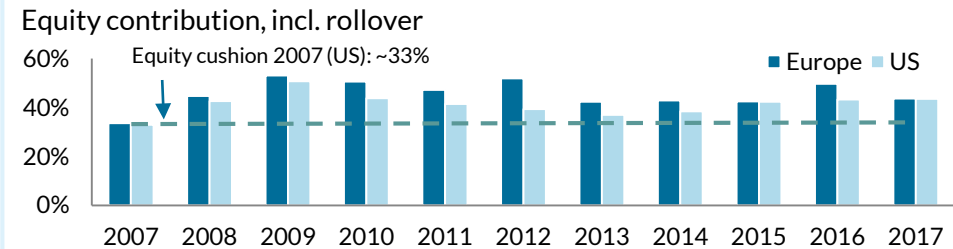
## Private debt

- **Creative structures** – offer flexible and tailor-made capital structures
- **Target attractive sub-sectors** – where capital market lacks relevant depth of experience
- **Buy-and-build strategies** – support successful management teams in their buy-and-build strategy

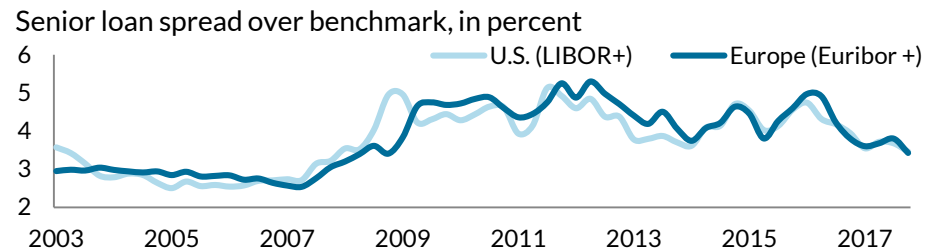
## Strong issuance of sponsored loan volumes



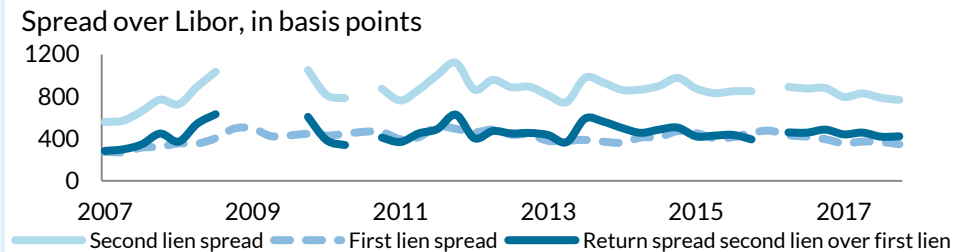
## Equity cushions are much more robust than in 2007



## Tighter spreads but still above pre-crisis



## Second lien to first lien loan spread ratio attractive<sup>1</sup>



<sup>1</sup> Data shows US senior and second lien spreads based on Libor.

<sup>2</sup> Source: Partners Group, Q4 2017 S&PLCD Quarterly review



# Key investment strategies and transformative trends: private real estate

## Private real estate

- **Buy below replacement cost** – reposition assets with low valuations in rebounding markets
- **Buy, fix and sell** – target older assets in good locations in need of owner-oriented asset management
- **Develop core** – selectively develop properties in markets with strong long-term fundamentals

### Demographic shifts



#### Market opportunity:

Drive towards urbanization (EMs) and shift towards affordable locations (advanced world)

#### Relative value / investment focus:

- Focus on global cities with strong employment & population growth
- Develop affordable class A / update class B apartments
- Generate return from construction, lease up & sale

### New urbanism



#### Market opportunity:

Trend towards 'work-live-play' in areas with high population / employment growth

#### Relative value / investment focus:

- Invest in modern, centrally located offices offering high amenity & good public transport within near vicinity
- Acquire vacancy and rental streams where we can move rents up and capture market growth

### Growth of e-commerce



#### Market opportunity:

Global growth of online and multi-channel retail

#### Relative value / investment focus:

- Emergence of XXL logistics units near major transport interchanges
- Smaller 'last mile' logistics units located in urban centres
- Underweight the majority of bricks-and-mortar retail



# Key investment strategies and transformative trends: private infrastructure

## Private infrastructure

- **Market-leading platforms** – build scale in fragmented markets with potential for consolidation
- **Build core** – focus on specific types of infrastructure supported by strong long-term fundamentals
- **Value enhancement potential** – enhance operational value with growth and efficiency improvements

### Global growth of renewable energy



#### Market opportunity:

USD >5tn of renewable energy investment required in the next 10 years

#### Relative value / investment focus:

- Strong regulatory support while cost-competitiveness continues to increase
- We focus on renewable energy platforms in attractive markets

### Communication infrastructure



#### Market opportunity:

Annual IP traffic will more than double by 2020, reaching 2.3tn GB (1.1tn as of 2016)

#### Relative value / investment focus:

- Inelastic demand and supportive regulatory environment create strong sector tailwinds
- We focus on projects profiting from high entry barriers and we build on our existing platforms

### Commodity/power price correction



#### Market opportunity:

>USD 300bn of natural gas infrastructure capital expenditure is expected over the next 20 years in North America

#### Relative value / investment focus:

- Broad demand and supply driven infrastructure not dependent on basin-specific upstream risks
- We focus on portfolios of contracted assets underpinned by favorable demand and/or supply economics

There is no assurance that the above market projections will materialize. For illustrative purposes only.  
Source: Partners Group Private Markets Navigator, Outlook 2018, Partners Group research (2017), Bloomberg New Energy Finance "2030 Market Outlook" report (June 2014).



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS



# Investment examples - Private equity & debt portfolio

## 1 Direct equity (North America)



**KinderCare** - one of the largest American childcare groups and providers of early childhood education

### Value creation initiatives:

- Improve center-level performance with new system and incentive changes
- Drive corporate sales by increasing presence in under represented markets
- Execute M&A in highly fragmented market

## 2 Direct equity (Europe)



**Foncia** - market leading property management service provider with a highly resilient business model

### Value creation initiatives:

- Organic growth through cross-selling
- Consolidation of fragmented sector
- Optimize costs by creating shared services

## 3 Private debt (North America)



**Acrisure** - retail insurance brokerage that provides insurance and risk management solutions

### Characteristics:

- Consolidator within the fragmented middle market segment that has made 100+ acquisitions since 2013
- Partners Group has a long-standing relationship with Acrisure



# Investment examples - Real assets portfolio

## 1 Real estate secondary (Europe)



**Project Fersen** – a tail-end real estate portfolio of retail, hotel, office and logistic assets across Sweden and Finland.

### Characteristics:

- Buy-out of pre-crisis program
- Mature, diversified portfolio with value-added features
- Income-driven return profile

## 2 Infrastructure direct (Americas)



**Fermaca** - Fermaca builds, owns and operates pipelines and other related energy assets in Mexico

### Characteristics/value creation:

- Strong management team
- Expand customer base by contracting new gas supply clients
- Improve efficiency by institutionalizing internal functions

## 3 Listed infrastructure (USA)



**American Water Works** - provider of drinking water, wastewater and other water-related services in 47 states

### Characteristics:

- Privatization and consolidation in the water industry
- Non-cyclical cash flows
- Attractive, ROE based regulation
- Best in class operations



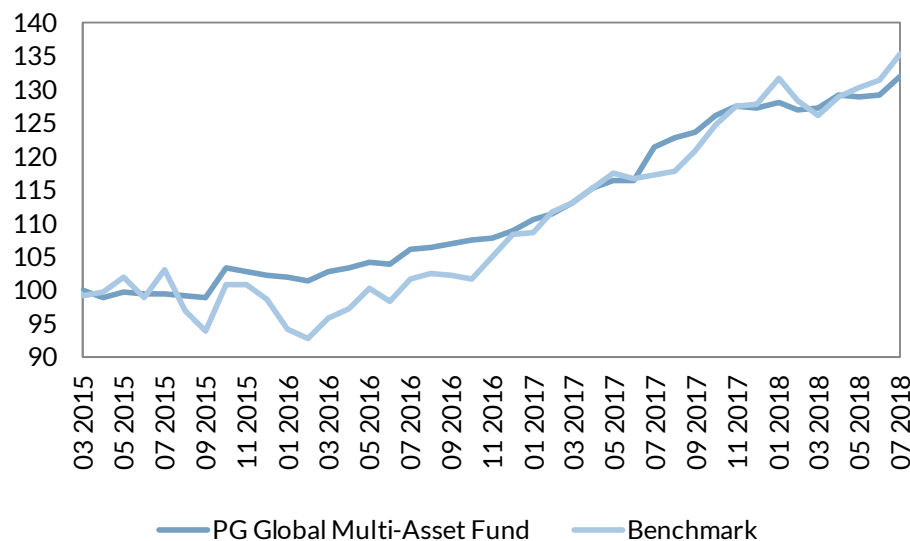


# Table of contents

1	Why private markets?
2	Partners Group Global Multi-Asset Fund
3	Investment themes
4	<b>Fund performance</b>
5	Summary

## PG Global Multi-Asset Fund: performance

### NAV development



### Risk/return characteristics

	PG Global Multi-Asset Fund	MSCI World <sup>1</sup>
Return (since inception)	31.9%	35.4%
Return p.a.	8.6%	9.4%
YTD	3.8%	5.9%
Volatility	<b>4.1%</b>	9.0%
Max. draw down	<b>-2.7%</b>	-15.7%
Equity correlation	0.40	n/a
Beta to equity	<b>0.15</b>	n/a

1 mth	3 mths	6mths	1 yr	2 yrs	Since Inception
(%)	(%)	(%)	(%)	(%pa)	(%pa)
2.17%	2.29%	3.10%	8.76%	11.67%	8.64%

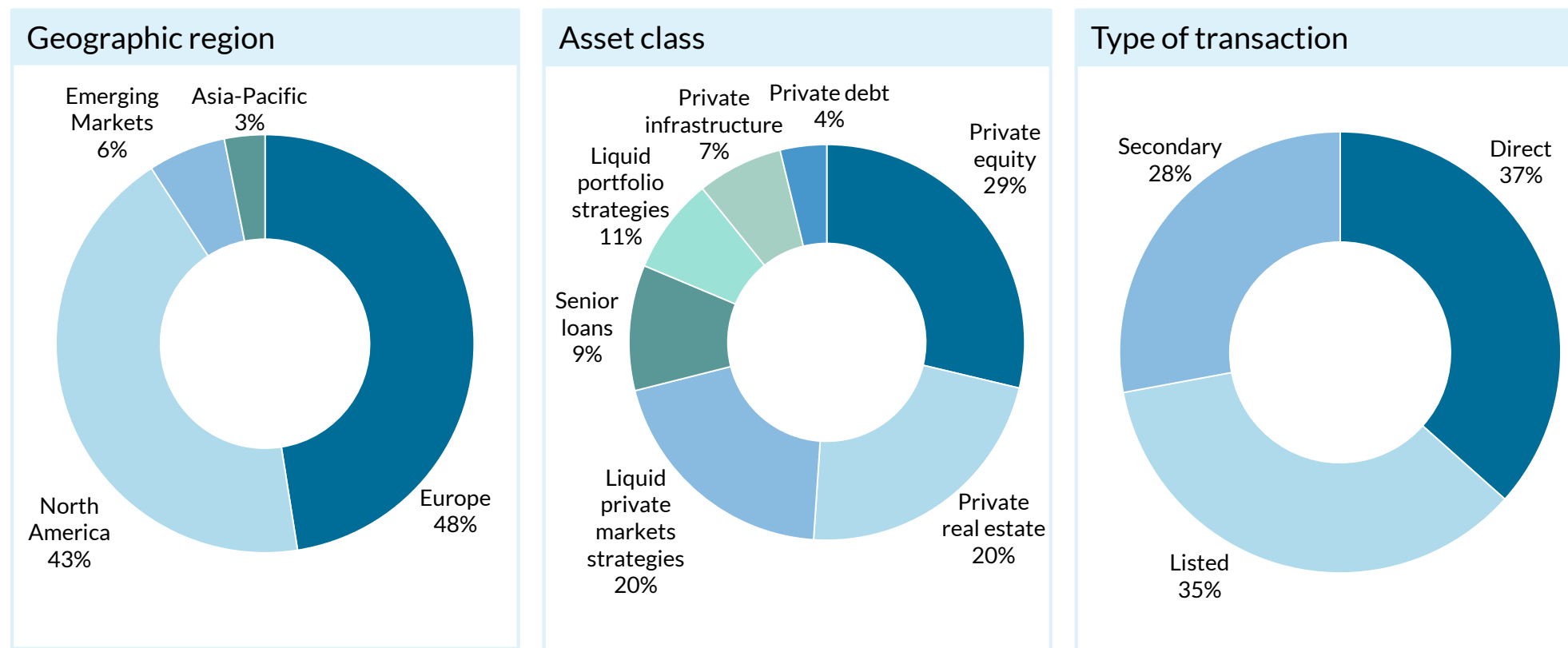
Strong performance since inception with low volatility and low beta

Past performance is not indicative of future results. For illustrative purposes only. Source: Partners Group and Bloomberg as of 31 July 2018. PG Global Multi-Asset Fund performance figures are net of Partners Group and underlying manager fees. 1 MSCI World 70% Hedged to AUD Net Total Return comprises 70% MSCI World hedged in AUD (Bloomberg: WHANOHAN)+ 30% MSCI World local unhedged (Bloomberg: NDDUWI). The inclusion of this benchmark is used for comparison purposes and should not be construed to mean that there will necessarily be a correlation between the fund/investment return and the benchmark.



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

## PG Global Multi-Asset Fund: current asset allocation



Partners Group Global Multi-Asset Fund is a global diversified "all weather" portfolio with significant allocations to direct and secondary investments



## The Partners Fund performance

Monthly performance in % (net of all fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003	-0.0	0.6	0.1	1.0	1.1	-0.2	-0.9	0.2	0.7	1.8	0.2	1.4	6.2
2004	1.3	1.7	0.3	-2.0	-0.4	-0.1	-0.7	0.1	1.8	0.6	3.1	2.0	7.6
2005	-1.2	1.9	-0.6	-0.6	0.5	1.1	1.2	0.5	4.3	-1.8	0.3	1.1	7.0
2006	2.7	0.1	1.6	2.7	-1.1	0.0	0.1	-0.2	1.7	1.8	1.7	1.0	12.6
2007	0.1	0.3	1.0	4.6	1.4	0.5	1.3	-0.4	2.9	2.0	-1.9	0.0	12.3
2008	-2.1	0.4	-1.2	0.6	1.2	0.3	-1.4	-2.0	-3.7	-1.2	-4.9	-1.8	-14.7
2009	-2.9	-1.9	-0.4	-7.5	0.1	-1.8	2.1	1.4	4.4	1.2	0.7	2.5	-2.6
2010	0.1	0.5	3.4	0.7	-0.9	0.9	2.0	0.2	3.2	1.5	0.4	4.2	17.4
2011	0.6	0.9	3.2	2.7	0.5	0.6	0.5	-0.1	-0.9	2.7	-0.7	-0.1	10.2
2012	1.1	0.8	0.8	1.1	-1.4	0.4	0.4	0.2	0.7	0.2	0.8	1.2	6.5
2013	2.8	0.3	0.4	1.0	1.0	1.3	0.9	0.4	1.3	1.2	0.3	1.8	13.5
2014	0.1	1.5	2.3	1.2	0.1	1.6	1.2	0.0	1.1	1.4	0.4	0.4	12.0
2015	0.2	1.0	0.9	1.3	0.4	1.1	0.6	-0.2	0.0	2.2	0.0	0.7	8.5
2016	0.4	-0.6	1.9	1.4	0.5	1.1	1.2	0.0	1.3	0.5	0.6	0.8	9.5
2017	1.6	0.2	0.8	1.7	0.6	1.4	1.9	0.1	1.5	0.4	0.4	0.4	12.6
2018	1.2	-0.3	0.4	0.4	-0.1	2.0	1.2						5.0

Attractive returns with moderate volatility

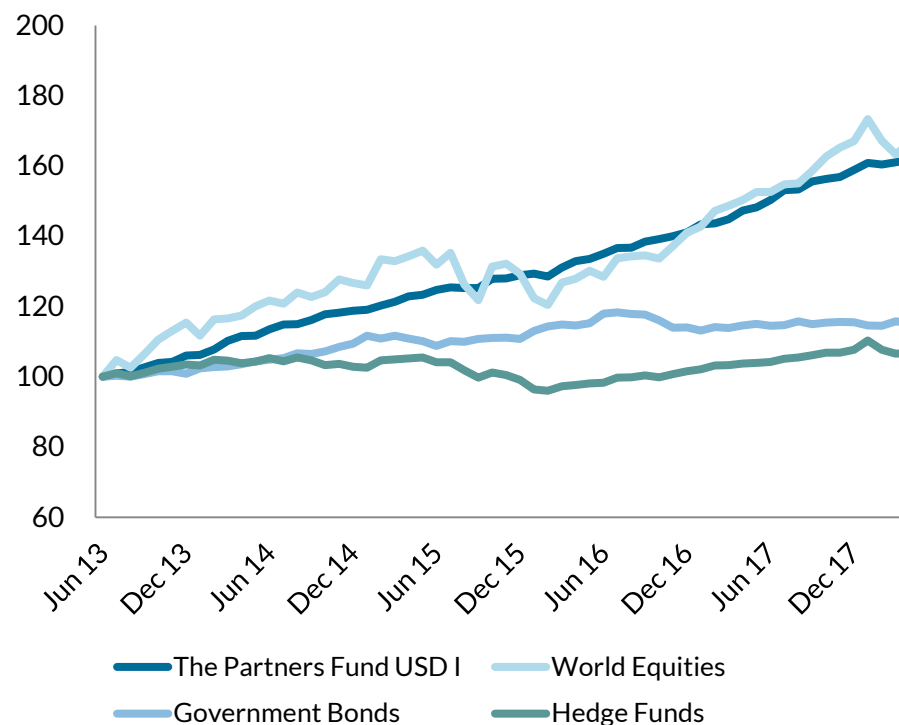
Past performance is not indicative of future results. For illustrative purposes only. Source: Partners Group, The Partners Fund USD I class as of 31 July 2018



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

## Partners Fund - Attractive track record: last 5 years

### NAV development



### Risk/return characteristics

Last 5 years	The Partners Fund	Hedge Funds	World Equities	Government Bonds
Annualized return	10.5%	1.3%	11.1%	2.9%
Cumulative return	64.8%	6.8%	69.2%	15.6%
Max DD	-0.6%	-8.9%	-11.4%	-4.3%
Volatility	<b>2.3%</b>	3.6%	9.2%	2.8%
Equity correlation	0.42	0.87	1.00	-0.14
Beta to equity	<b>0.11</b>	0.34	1.00	-0.04
Alpha over equity	9.3%	-2.3%	0.0%	3.5%

### Attractive risk/return profile and substantial alpha creation

Past performance is not indicative of future results. For illustrative purposes only. Source: Partners Group, The Partners Fund USD I class as of 30 June 2018, net of all fees. For Hedge Funds the HFRX Global, World Equities the MSCI World Equity Index and Government Bonds the Citi WGBI Local Index as of 30 June 2018 were used. There is no assurance that similar results will be achieved. The inclusion of this index/benchmark is used for comparison purposes and should not be construed to mean that there will necessarily be a correlation between the fund/investment return and the index/benchmark.



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

# Table of contents

1	Why private markets?
2	Partners Group Global Multi-Asset Fund
3	Investment themes
4	Fund performance
5	<b>Summary</b>

# Partners Group Global Multi-Asset Fund



## Strong partner

- Access to the Partners Group platform, a leading independent private markets investment manager with a global presence
- The manager has invested in private and public markets since 1996

## Global approach

- Global relative value approach across asset classes and regions aiming to identify the most attractive opportunities
- Significant yield and liquidity through allocation to a broad range of private market related credit and listed investments

## Investment approach with a private market angle

- Benefit from insight on global relative value and industry trends from a AUD >106bn private market investment platform
- Target attractive risk-adjusted net return with significant diversification benefits to traditional investments<sup>1)</sup>

## Innovative semi-liquid structures

- Daily liquidity at NAV subject to a max of 10% net redemptions per day, 25% per month and 40% p.a.
- Available direct with 20k
- Platforms - Macquarie Wrap, BT Wrap/Panorama, HUB24, Netwealth and CFS FirstWrap

1) There is no assurance that target returns will be achieved. Diversification does not assure a profit or protect against loss.



# Disclaimer

This material has been prepared solely for purposes of illustration and discussion. Under no circumstances should the information contained herein be used or considered as an offer to sell, or solicitation of an offer to buy any security. Any security offering is subject to certain investor eligibility criteria as detailed in the applicable offering documents. The information contained herein is confidential and may not be reproduced or circulated in whole or in part. The information is in summary form for convenience of presentation, it is not complete and it should not be relied upon as such. Any interests referenced herein have not been and will not be approved or disapproved by the U.S. Securities and Exchange Commission or by the securities regulatory authority of any U.S. state or any other relevant jurisdiction, and no other authority or commission has passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense. All information, including performance information, has been prepared in good faith; however, Partners Group makes no representation or warranty express or implied, as to the accuracy or completeness of the information, and nothing herein shall be relied upon as a promise or representation as to past or future performance. This material may include information that is based, in part or in full, on hypothetical assumptions, models and/or other analysis of Partners Group (which may not necessarily be described herein), no representation or warranty is made as to the reasonableness of any such assumptions, models or analysis. Any charts which represent the composition of a portfolio of private markets investments serve as guidance only and are not intended to be an assurance of the actual allocation of private markets investments. The information set forth herein was gathered from various sources which Partners Group believes, but does not guarantee, to be reliable. Unless stated otherwise, any opinions expressed herein are current as of the date hereof and are subject to change at any time. All sources which have not been otherwise credited have derived from Partners Group. No representation is being made that any account or fund will or is likely to achieve profits or losses similar to the results being portrayed herein. The gross annual rate of returns represents the compound annual rate of return ("IRR") before management fees, organizational expenses and the general partner's allocation of profit, but in some instances (where indicated), net of the underlying general partner's fees and expenses. The net annual rate of return represents the IRR after management fees, organizational expenses and the general partner's allocation of profit. Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets, market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein. Nothing contained herein should be deemed to be a prediction or projection of future performance of any investment. Certain information contained in this presentation constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any investment may differ materially from those reflected or contemplated in such forward-looking statements.

**Material notes to investors based in Australia** Partners Group (UK) Limited (ABN 41 130 021 484) is authorized and regulated by the Financial Conduct Authority under UK law, which differs from Australian law and is exempt from the requirement to hold an Australian financial services license.

**Material notes to investors based in Brazil** This document has been prepared exclusively for the purpose of providing information, and it is not to be considered as an offer for the sale of any security. The securities may not be offered, sold, redeemed or transferred in Brazil, as any public offering or distribution of securities in Brazil is not legal without prior registration with CVM. Persons wishing to offer or acquire securities in Brazil should consult their own counsel as to the applicability of the registration requirement or any exemption therefrom.

**Material notes to investors based in Canada** This material is presented to investors on behalf of Partners Group AG. Statements herein do not necessarily pertain to Partners Group (USA) Inc., an affiliate of Partners Group AG. Partners Group (USA) Inc. is registered as an exempt market dealer and portfolio manager under the securities laws of each of the Provinces of Canada. For information specifically regarding Partners Group (USA) Inc., please contact us.

**Material notes to investors based in the People's Republic of China** This material is presented to investors by Partners Group (Shanghai) Co., Ltd. on behalf of Partners AG. Partners Group (Shanghai) Co., Ltd is not representing any other entity. Any products referenced herein have not been submitted to or approved/verified by or registered with the China Securities Regulatory Commission or other relevant governmental authorities in the PRC. Such products may not be offered, sold or delivered or available for reoffering, resale or redelivery directly or indirectly to any person in the PRC, other than in full compliance with the relevant laws and regulations of the PRC. PRC investors are responsible for obtaining all relevant government regulatory approvals/licenses, verifications and/or registrations.





# Disclaimer

**Material notes to investors based in the Dubai International Financial Centre** This material relates to a financial product which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any prospectus or other documents in connection with this financial product. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The financial product to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the financial product. If you do not understand the contents of this document you should consult an authorized financial adviser.

**Material notes to investors based in France** This information material is presented to investors at their request by Partners Group (France) SAS, which is regulated by the French Securities and Exchange Commission ("Autorités des marchés financiers", "AMF") as a result of its status of a French financial advisor ("Conseiller en investissements financiers") through its membership to professional associations ("Anacofi and Anacofi-Cif") under N° E002832. Partners Group (France) SAS is acting on behalf of Partners Group AG and certain of its affiliates. Any product referred to in this information material will be either a non-French non-harmonized open end investment collective scheme or a non-French closed-ended fund for the purposes of the Monetary and Finance Code of the Republic of France ("MFC"). Any product will not be submitted to or approved/verified by or registered with AMF. The promotion of any product and the distribution of any associated material is accordingly restricted by law. The open end investment collective schemes may be promoted only to qualified investors at their request. The placement of the closed-ended funds may only be undertaken towards qualified investors acting for their own account through a private placement. The shares or the interests thus acquired in any product cannot be distributed or resold directly or indirectly to the public otherwise than in accordance with the provisions of the MFC. Potential investors should consult their own authorized financial advisor.

**Material notes to investors based in Hong Kong:** The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The shares / units of the collective investment scheme(s) mentioned may not be offered or sold by means of any document in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "CO") or which do not constitute an offer to the public within the meaning of the CO. The shares / units of the collective investment scheme(s) mentioned in this document are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO. **The content of this material is directed at "professional investors" as defined in the SFO and any rules made under the SFO, only.** Therefore, neither the information made available in this document shall be construed as a distribution in or from Hong Kong to any person other than "professional investors" as defined in the SFO and any rules made under the SFO.

**Material notes to investors based in Italy** The fund is not a UCITS fund and it has not nor will be filed with the Italian authorities for authorization of an offering of interests in Italy. Failing authorization any offer of interests in the Italian jurisdiction is prohibited under applicable laws and regulations. This memorandum does not constitute an offer to sell or a solicitation of any offer to buy the interests in the Italian jurisdiction. Pursuant to this memorandum, the interests may not be offered and a circular, advertisement or other document or offering material relating to such interests, may not be published, distributed or made available in the Republic of Italy or to any Italian resident investor in circumstances which would be in breach of relevant Italian laws and regulations. This memorandum may be made available to a person in Italy only upon the express and unsolicited request of such person who has contacted the Fund or its sponsor or placement agent on his or her own initiative.

**Material notes to investors based in Japan** The registration number for Partners Group AG in Japan is Kanto Financial Bureau No. 2141 (Financial Instruments Business). Partners Group AG is a member of the Japan Investment Advisers Association. The Financial Instruments Mediation Assistance Center ("FINMAC") is the appropriate financial arbitrator for any complaints or disputes regarding the firm's Type II Financial Instruments Business and Investment Advisory Business. (FINMAC Phone: +81 3 3667 8009 Fax: +81 3 3669 9833).

**Material notes to investors based in Korea** This document has been prepared exclusively for the purpose of providing information, and it is not to be considered as an offer for the sale of any security. The securities may not be offered, sold, redeemed or transferred in Korea, as any public offering or distribution of securities in Korea is not legal without prior registration with the Korean Financial Services Commission. Please note that Partners Group Singapore Pte. Ltd., Korea Branch is not a licensed entity in Korea.



# Disclaimer

**Material notes to investors based in Singapore:** Partners Group (Singapore) Pte. Ltd. holds a Capital Markets Services Licence (Fund Management) of the Monetary Authority of Singapore (MAS), Licence No. CMS1000493-1. The collective investment scheme(s) mentioned in this document is/are not authorised or recognised by the Monetary Authority of Singapore (MAS) and units in the scheme(s) are not allowed to be offered to the retail public. The content of this document is directed solely at persons who are "institutional investors" as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or "relevant persons" as defined in section 305(5) of the SFA.

**Material notes to investors in Sweden** This marketing material has not and will not be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this marketing material may not be made available, nor may the interests offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not constitute an offer to the public in Sweden under the Swedish Financial Instruments Trading Act (1991:980) or the Swedish Investment Funds Act (2004:46).

**Material notes to investors based in Switzerland** The paying agent in Switzerland for the collective investment scheme is Credit Suisse AG (Mailing address: Credit Suisse AG, Paying Agent Services, TSZA42, P.O. Box 100, CH-8070 Zurich) and the representative is Partners Group AG (Mailing address: Partners Group AG, Zugerstrasse 57, 6341 Baar, Switzerland). The Prospectus, Articles of Association and further information documentation, such as the annual and half-yearly reports as well as the information on the historical performance of the Fund (if any) may be obtained free of charge at the registered office may be obtained from General Counsel's office - Partners Group AG.

**Material notes to investors based in the United Kingdom** The products outlined in this communication are controlled investments for the purposes of the financial promotion restriction under section 21 of the Financial Services and Markets Act 2000 ("FSMA") and are unregulated collective investment schemes for the purposes of section 238 of FSMA. This communication is exempt from the general restriction under sections 21 and 238 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is made only to or directed only at persons to whom it may lawfully be distributed.

**Material notes to investors based in the United States of America** Any interests referenced herein may not be sold, transferred or resold (i) except as permitted under the constituent documents of that fund and (ii) in accordance with applicable securities laws, including the US Securities Act of 1933, as amended, and the US Investment Company Act of 1940, as amended. This presentation may relate to investments managed by any of the following: (i) Partners Group AG, which is not registered with the SEC as an investment adviser pursuant to the US Investment Advisers Act of 1940, as amended (the "Advisers Act"); (ii) Partners Group (USA) Inc., which is registered as an investment adviser pursuant to the Advisers Act or (iii) another Partners Group advisory affiliate. Please contact us for more information regarding how specific assets may be managed within the Partners Group enterprise.

D.v. 1.6.2016



**Partners Group**  
REALIZING POTENTIAL IN PRIVATE MARKETS

September 2018

# An ABC of trend following

Presented by **Steve Shepherd**  
Head of Asia Pacific

Proprietary and confidential - not for redistribution

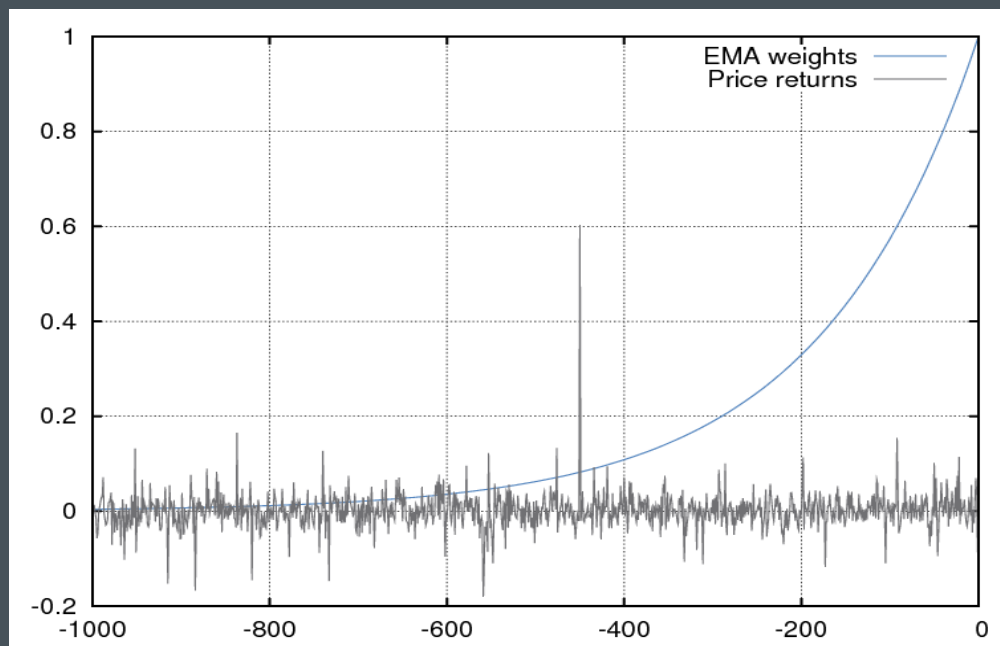
# Agenda

- 1 What is trend following?
- 2 Trend following and raison d'être: Why do we believe in it?
- 3 You want trend following in your portfolio because...
- 4 What to expect from a trend following strategy
- 5 CFM: ISTrends Trust Class A and Class B
- 6 To take away

## What is trend following: Let's start with the basics!

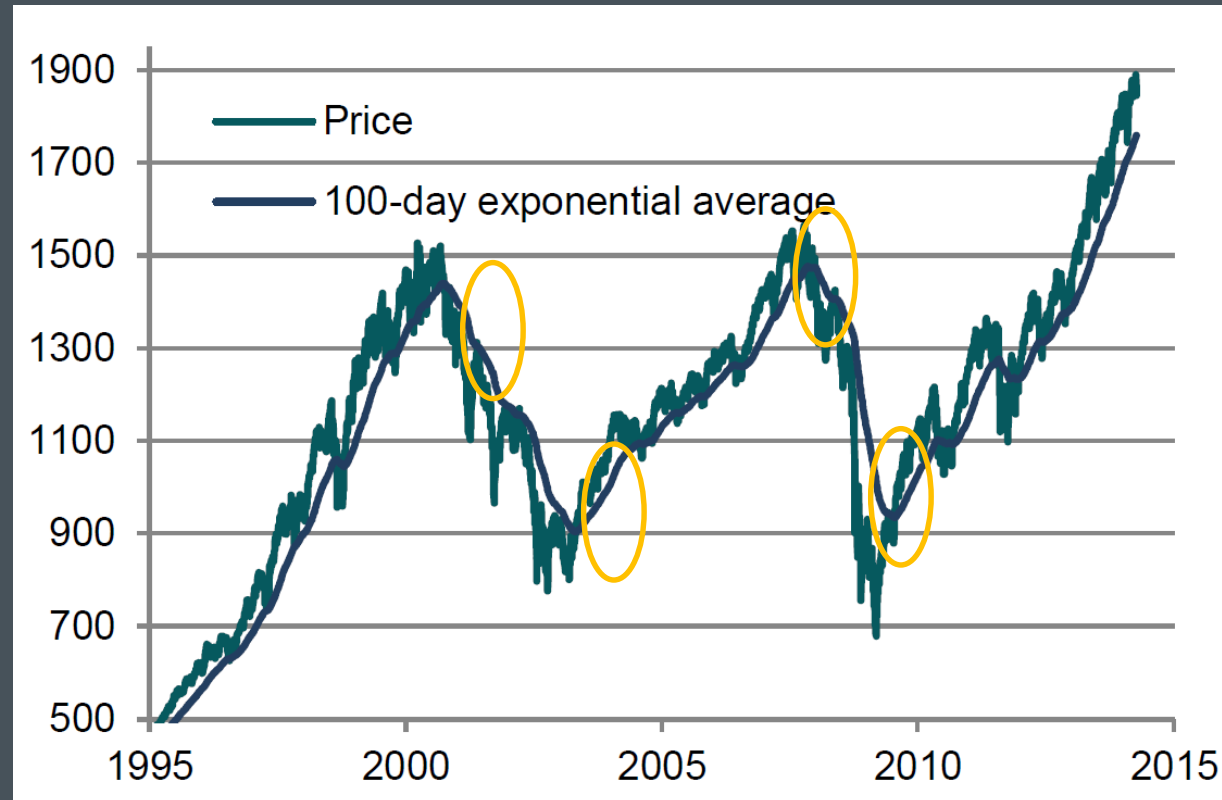
- ▶ We can define a trend following signal as  $TF = p - \bar{p}$ . (The average can, as you might imagine, be an EMA.)
- ▶ This predictor can be rearranged as  $TF = p - EMA(p) = EMA(\delta p)$  which is defined as follows:

$$TF_{\tau}(t) = EMA_{\tau}(\delta p(t)) = \sum_{t' < t} e^{-t'/\tau} \delta p(t') = \sum_{t' < t} w_{t'} \delta p(t')$$



## What is trend following: Moving on to trend following for real people!

- ▶ Price increases are followed by further increases and price declines by further price declines
  - > Simply stated, we want to buy when things are going up, and sell when they are going down!





# What is trend following: Perspective - Trend following is everywhere!

*Many studies (and experience) show that humans have a strong propensity to follow trends ...*

## ► Fashion trends: from the boring to the outrageous



The everyday salaryman in uniform



“Stars like Jonah Hill, Shia LaBeouf, Post Malone, Wiz Khalifa and Justin Bieber dress like dorm-room slackers, supercharged with AmEx black cards.”  
- WSJ Aug 27/18

# What is trend following: Perspective - Trend following is everywhere!

*Many studies (and experience) show that humans have a strong propensity to follow trends ...*

## ► Food trends: Why do we line up?





# What is trend following: Perspective - Trend following is everywhere!

***Many studies (and experience) show that humans have a strong propensity to follow trends ...***

- ▶ Music trends: Waiting to see *The Beatles*, Melbourne, June 1964



## What is trend following: Perspective - Trend following is everywhere!

*Many studies (and experience) show that humans have a strong propensity to follow trends ...*

### ► Housing trends: San Francisco in the '60s



“

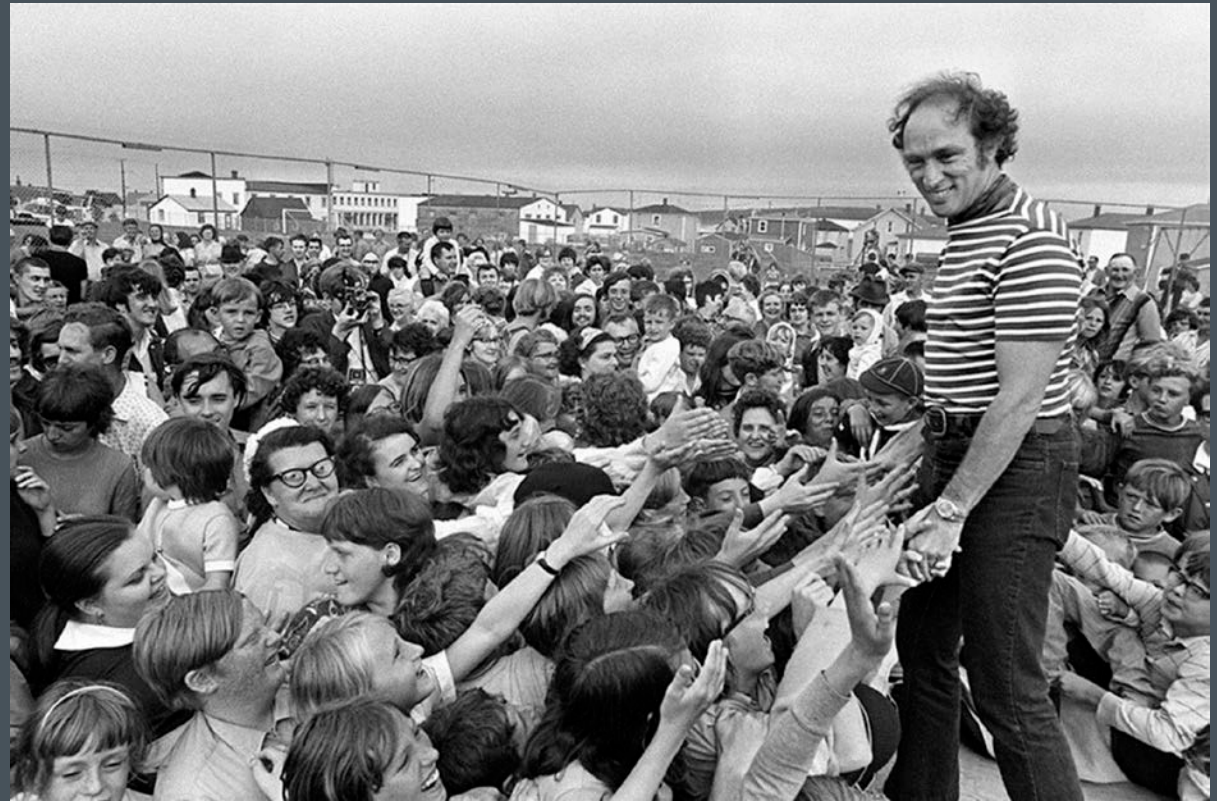
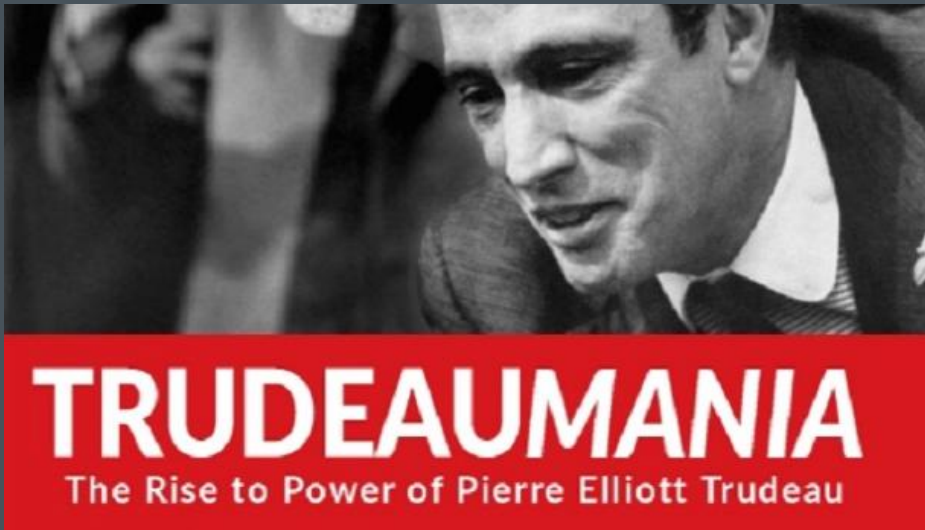
Little boxes on the hillside  
Little boxes made of ticky-tacky  
Little boxes on the hillside  
Little boxes all the same  
There's a green one and a pink one  
And a blue one and a yellow one  
And they're all made out of ticky-tacky  
And they all look just the same

**Malvina Reynolds**

# What is trend following: Perspective - Trend following is everywhere!

*Many studies (and experience) show that humans have a strong propensity to follow trends ...*

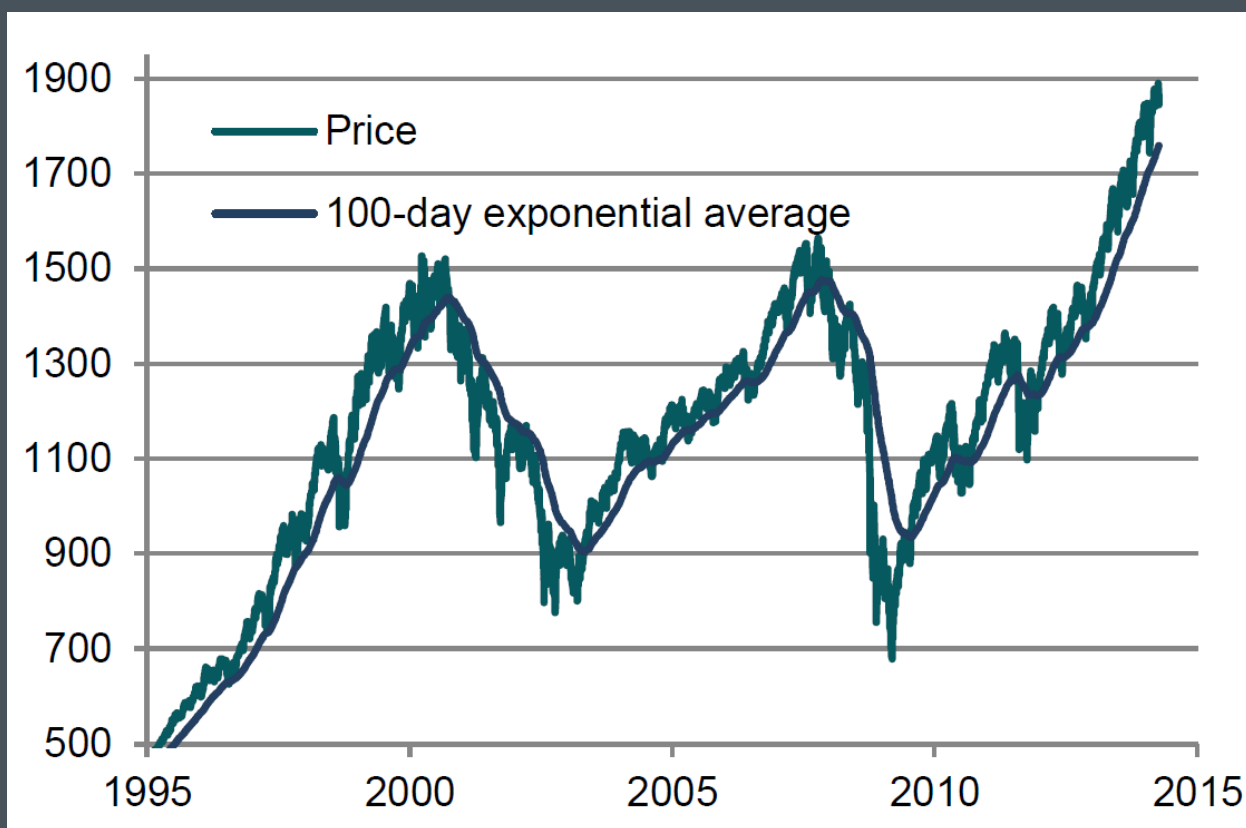
## ► Political trends: Canada in the 70s



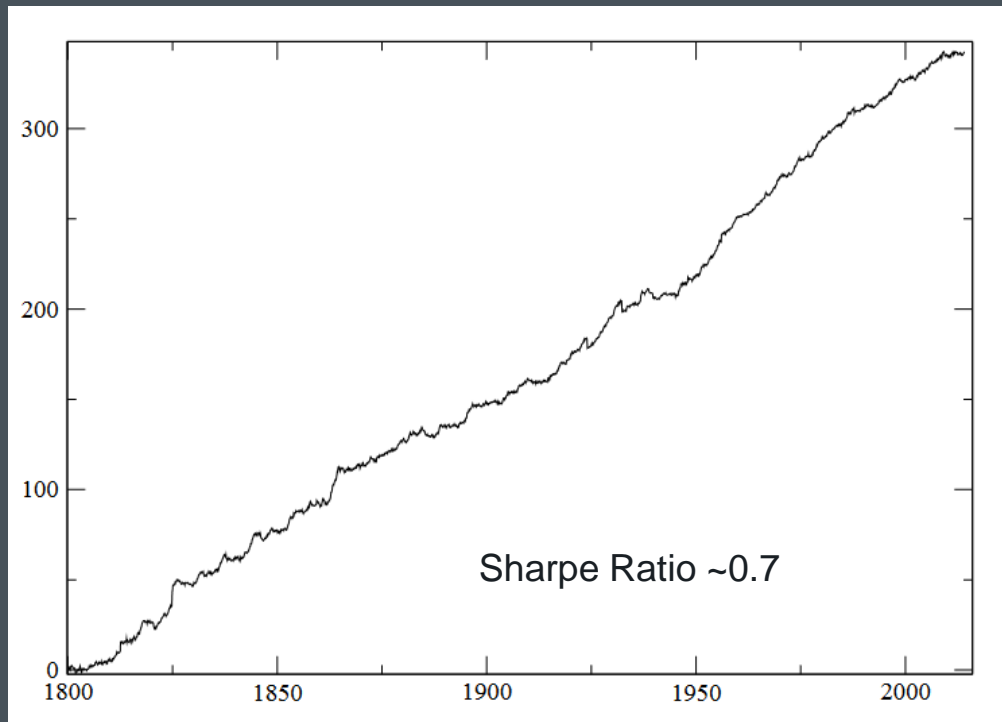
## What is trend following: Perspective - Trend following is everywhere!

*Many studies (and experience) show that humans have a strong propensity to follow trends ...*

► And, of course, the markets!



## Trend Following and *raison d'être*: Why do we believe in it as a strategy?



**Stock indices (1800), Bonds (1918), Currencies (1973),  
Commodities (1800)**

Source: CFM

**Persistence:** *Over 200 years of evidence*

**Plausibility:** *Clearly a salient human behavioural trait*

**Robustness:** *Works on every asset class, across many implementations*

**Scalability:** *Slow turnover and high instrument liquidity reduce trading costs and risk of crowding*



## You want trend following in your portfolio because: *It has attractive risk characteristics*

### ► Attractive risk characteristics versus other common portfolios

Measure of Risk	Trend Following	Hedge Funds	Global Equities	Global Fixed Income	60/40 Portfolio
Annualised Volatility	8.7%	6.2%	15.5%	5.8%	10.2%
Maximum Drawdown	-11.6%	-21.4%	-53.7%	-10.1%	-36.1%
Date of Max Drawdown	Sep 13	Feb 09	Feb 09	Oct 08	Feb 08
Length of Max Drawdown (months)	42	35	69	23	46

Source: AIMA Managed Futures, Bloomberg, Societe Generale, Hedge Fund Research, AIMA Research. Based on monthly return data between January 2000 and December 2016.

The following indices were used: Global Equities – MSCI World Total Return; Global Fixed Income – Barclays Global Aggregate; Managed Futures – Societe Generale CTA Index; Hedge Funds – HFRI Fund Weighted; 60 / 40 Portfolio – 60% MSCI World Total Return and 40% Barclays Global Aggregate.

You want trend following in your portfolio because: *It adds diversification, notably in periods of stress*

► A diversifying source of returns in periods of stress

Event	Date	S&P500 (%)	Trend Following (%)
<b>87 Crash</b>	Oct-Nov 87	-28.4	-3.0
<b>Lehman collapse</b>	Aug-Nov 08	-24.5	5.9
<b>Euro crisis</b>	May-Sep 11	-17.0	2.1
<b>Mexico crisis</b>	Dec 81 – Feb 82	-10.5	2.3
<b>2<sup>nd</sup> Gulf War</b>	Dec 02 – Mar 03	-10.2	3.9
<b>Sub Prime Crisis</b>	Nov 07 – Feb 08	-10.2	2.5
<b>Russian Crisis</b>	Aug-Sep 98	-9.3	-0.3
<b>9/11</b>	Sep 01	-8.2	1.5

Source: CFM

You want trend following in your portfolio because: *Diversification improves portfolio risk adjusted returns*

- ▶ Low correlation to other asset classes (equities, bonds, infrastructure, property) and a healthy Sharpe Ratio make possible a more efficient portfolio

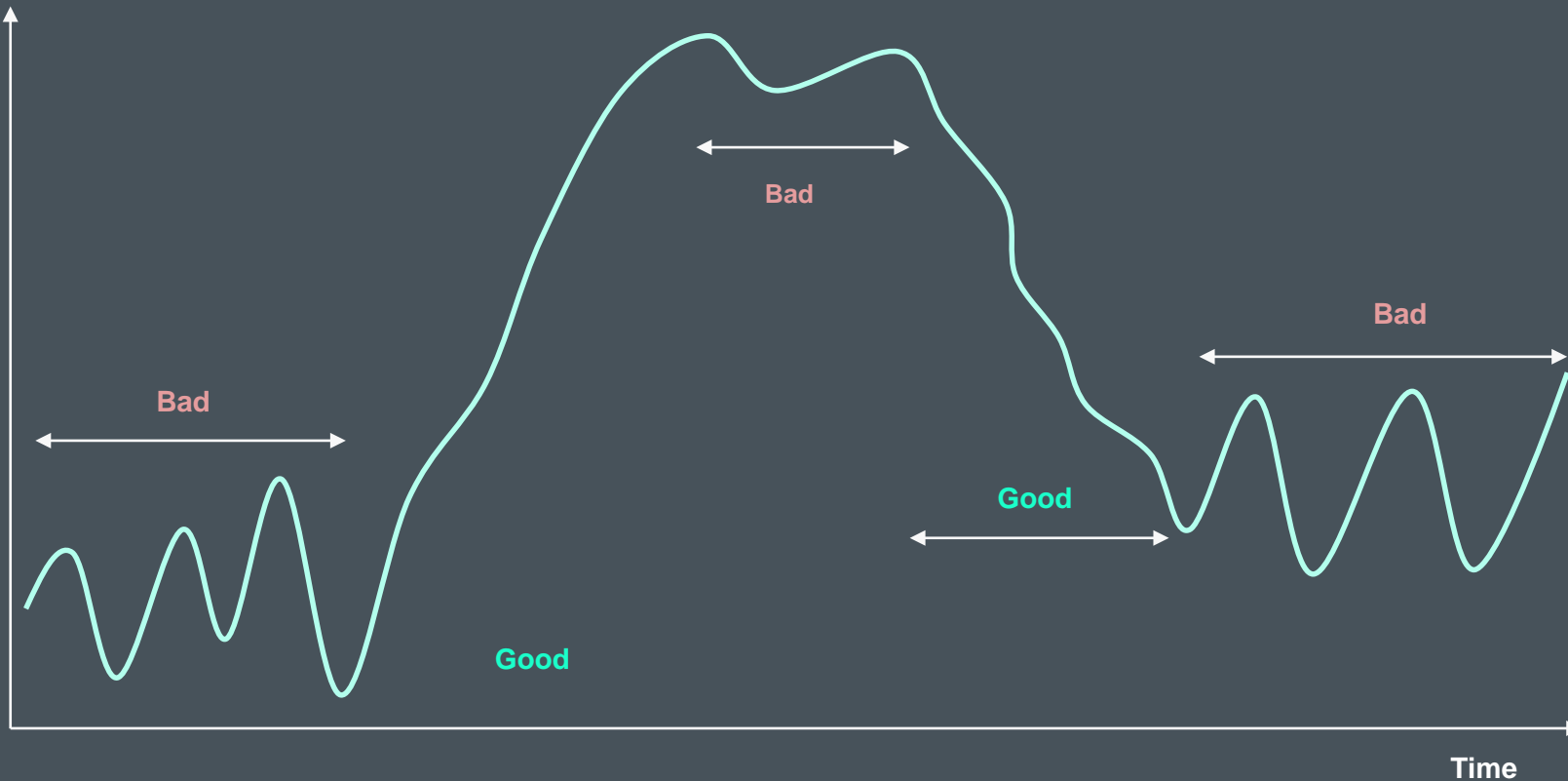


Source: Investopedia



## What to expect from a trend following strategy: *Best to have appropriate expectations!*

- Like every investment strategy, trend following can go through difficult times



## What to expect from a trend following strategy: *A few things you should know*

- ▶ **Trend following can lag when markets go sideways, or are range-bound**
- ▶ **Instantaneous correlations can vary widely: this is a *directional* strategy, so you may be long or short one or more markets. As a result,**
  - > Trend following is not a market hedge: sudden gaps in the market may incur drawdowns!
- ▶ **As with any strategy (significant volatility, modest Sharpe Ratio), large drawdowns can occur**
  - > This may sometimes be hard to understand and, hence, challenging to explain to your clients!

## What to expect from a trend following strategy: *Performance may vary widely from one year to the next!*

### Monthly returns of CFM ISTrends LP (Offshore USD benchmark strategy, 10% volatility†)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2013	-0.6	0.1	-1.6	2.3	-1.3	-5.5	0.8	-0.6	0.7	2.5	6.8	0.1	3.5
2014	-1.8	4.0	-2.4	1.6	0.7	2.9	-1.0	2.8	5.0	4.8	8.0	4.6	32.7
2015	6.5	0.5	4.7	-4.7	3.2	-3.4	6.2	-1.6	0.3	-2.0	3.3	-1.4	11.4
2016	3.6	-0.5	-5.7	-2.4	1.5	3.7	1.9	-1.2	2.2	-6.1	-3.1	-0.4	-6.8
2017	0.8	2.6	-3.3	0.8	2.3	-5.0	2.1	2.1	-1.1	4.1	0.8	2.0	8.1
2018	6.1	-7.1	0.1	0.9	-2.4	-0.4	0.4	4.9*					2.1*

- Month-end estimate, subject to revision

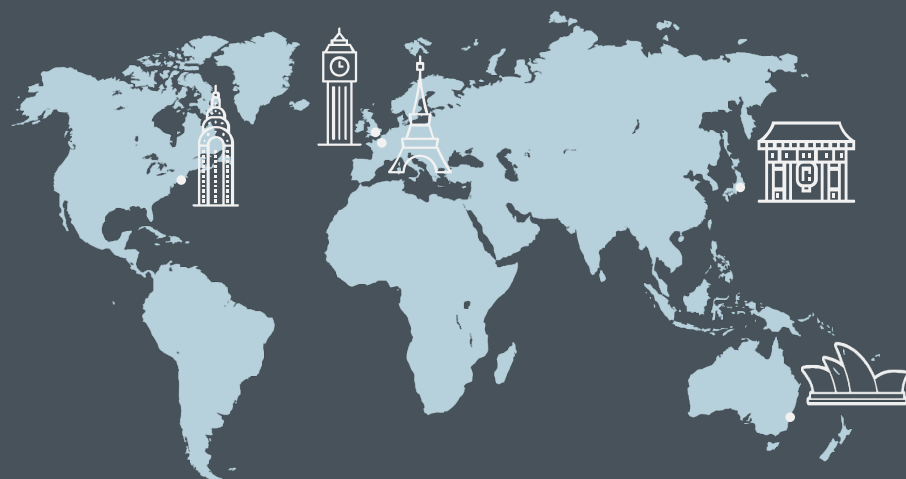
† The offshore benchmark strategy is CFM ISTrends Fund LP - USD 10%, which has a different fee structure, expenses and a slightly different trading universe relative to CFM ISTrends Trust

# CFM ISTrends Trust Class A and Class B provide top tier, yet low cost, options to diversify your portfolio

	CFM ISTrends Class A (10% Volatility)	CFM ISTrends Class B (15% Volatility)
<b>Ratings</b>	Lonsec: Highly recommended Zenith: Recommended	Lonsec: Highly recommended Zenith: Rating in process
<b>Asset Classes</b>	Bonds, Currencies, Short Term Interest rates, Commodities, Equities (100+ markets)	
<b>Fees and Expenses</b>		
<b>Management Fees</b>	0.60% p.a.	1.125% p.a.
<b>Capped Fund Expenses</b>	0.20% p.a.	0.30% p.a.
<b>Performance Fees</b>	10% above zero	Nil
<b>Buy Sell Spread</b>	Nil	Nil
<b>Pricing &amp; Distributions</b>	Daily & Annual	
<b>Platforms</b>	Hub24, Netwealth, Powerwrap	Hub24

# Founded in 1991 CFM is a global leader in quantitative/systematic investment management

## Global reach



### BASED IN PARIS

WITH OFFICES IN LONDON | NEW YORK | TOKYO | SYDNEY

WE TRADE LIQUID  
INSTRUMENTS  
ACROSS GLOBAL  
MARKETS INCLUDING  
FUTURES  
EQUITIES  
BONDS  
OPTIONS  
SPOT & FORWARD FX  
CREDIT

## Firm



**220+**  
EMPLOYEES



**30+**  
NATIONALITIES

WHO SHARE A CULTURE OF  
**INNOVATION**  
**COLLABORATION**  
**HUMILITY**

## Our approach

**QUANTITATIVE  
SYSTEMATIC  
ASSET  
MANAGER**

## History



**27** YEARS



FOUNDED  
**1991**

## Trading

**US\$10.7** **AUM**  
**BILLION**

 **US \$5.7 BILLION**

 **US \$5.0 BILLION**

## Investment process

RESEARCH AND  
TECHNOLOGY  
ENABLE OUR



SCIENTIFIC  
APPROACH  
**TO FINANCE**

## To take away

### ► Trend following

- > is a persistent, robust, behaviourally driven investment strategy
- > provides diversification to portfolios, even during periods of market stress
- > offers sometimes lumpy return streams

### ► Diversified portfolios can

- > provide improved risk / return profiles
- > offer a smoother path of returns and improved investment outcomes

### ► CFM

- > is a world class provider of diversifying investment strategies, including trend following
- > offers a top tier, yet cost effective, portfolio diversification option via CFM ISTrends Trust, at a choice of two volatility targets: Class A (10%) and Class B (15%)

# Disclaimer

## IMPORTANT DISCLOSURES

This document is being provided at the request of the recipient for information and discussion purposes only. This document is issued by CFM North America, Inc (“CFM NA”) in its capacity of general partner and commodity pool operator of CFM Institutional Systematic [] Fund LP (the “Fund”). Capital Fund Management SA (“CFM SA”) is the investment adviser of the Fund (CFM NA and CFM SA are hereinafter collectively referred to as "CFM"). CFM SA is registered as an investment adviser with the US Securities and Exchange Commission and as a Commodity Trading Advisor and Commodity Pool Operator with the US Commodity Futures Trading Commission (the "CFTC"). The Fund has not been registered under the US Securities Act of 1933 (the "1933 Act"), nor under any US state securities laws and may therefore not be sold to any US Persons (within the meaning of Rule 902 or Regulation S under the 1933 Act), except by any transaction exempt from registration under US securities laws. The Fund has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “1940 Act”), pursuant to regulatory interpretations of Section 7(d) thereunder, which permit the Fund to be sold to certain US investors in reliance on Section 3(c)(7) of the 1940 Act. Consequently, Investors will not be afforded any of the protections of the 1940 Act.

This document is being issued by CFM NA, acting as general partner and commodity pool operator (under certain exemptions pursuant to CFTC Rule 4.7) of the Fund, only to persons who each will be required to certify that it is (i) an “accredited investor” as defined in Regulation D under the 1933 Act and (ii) a “qualified purchaser” as defined in Section 2(a)(51) of the 1940 Act, and therefore also a “qualified eligible person” for purposes of CFTC Rule 4.7. This document is a confidential communication and solely for the use of the person to whom it was addressed. This document is not addressed to any other persons and may not be used by them for any purpose whatsoever. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund.

CFM accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the offering documentation of the Fund. CFM does not guarantee repayment of capital or any particular rate of return from the Fund. CFM does not give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of CFM as at the date of this document and are subject to change without notice.

Any description or information involving investment strategies, processes or allocations is provided for illustrations purposes only, may not be fully indicative of any present or future investments and is not intended to reflect anticipated performance. Targets or objectives, including with respect to returns, volatility or leverage, if any, are used for measurement or comparison purposes only. Such targets or objectives reflect subjective determinations based on a variety of factors, including, among others, investment strategy, prior performance, volatility and leverage measures and expectations and market conditions. There can be no assurance that such targets or objectives will be met over any particular time horizon. Performance may fluctuate as can volatility and leverage. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance.

Unless otherwise indicated, performance results are net of applicable fees and expenses and presume reinvestment of income. All of the figures presented in this document are unaudited. No representation is made that the risk management, investment process, trading performance, investment objectives or the control of operational risks, credit risks and other risks involved in any trading strategy of the Fund or CFM will or are likely to be achieved or successful or that any fund or underlying investment will make any profit or will not sustain losses. Any measure of risk is inherently incomplete and does not account for all risks or even all material risks such as risks due to unforeseen catastrophic events. Investment in the Fund carries significant risk of loss.

Any statements regarding market events, future events or other similar statements constitute only subjective views, are based upon expectations or beliefs, involve inherent risks and uncertainties and should therefore not be relied on. Future evidence and actual results could differ materially from those set forth, contemplated by or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are or will prove to be accurate or complete in any way.

PLEASE NOTE THAT AN INVESTMENT IN THE FUND CAN INVOLVE SIGNIFICANT RISKS AND SHOULD BE REGARDED AS HIGHLY SPECULATIVE IN NATURE. THE VALUE OF AN INVESTMENT MAY GO DOWN AS WELL AS UP AND THERE MAY BE SIGNIFICANT RISK OF LOSS. THERE IS NO GUARANTEE OF TRADING PERFORMANCE AND PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

## NOTES TO HYPOTHETICAL PERFORMANCE INFORMATION

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY FUND OR ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.