

# Fulcrum Diversified Absolute Return Fund

## OBJECTIVE

The Fulcrum Diversified Absolute Return Fund ('the Fund') aims to achieve long-term absolute returns in all market conditions over a rolling five-year period, with lower volatility than equity markets and in excess of inflation.

<b>APIR</b>	ETL0424AU	<b>ARSN</b>	601 830 353
<b>INCEPTION DATE</b>	31 March 2015	<b>INVESTMENT MANAGER</b>	Fulcrum Asset Management LLP

## Overview

The Fund was transitioned to Ironbark Asset Management (Fund Services) Limited ('Ironbark') as Responsible Entity in March 2021.

In seeking to achieve its aim of long-term absolute returns, the Fund will hold a diversified portfolio, typically consisting of exposures to equities, fixed income, commodities, alternatives and cash. In order to maximise risk-adjusted returns the Fund relies on four primary sources of return: (1) asset class timing, (2) relative value opportunities, (3) alternatives, and (4) hedging, with the relative weightings actively managed by the Fulcrum Investment Committee.

The Fund is classified as a hedge fund in accordance with the Australian Securities and Investments Commission, Regulatory Guide 240 'Hedge funds: Improving disclosure'. This classification is based on the fact that the Fund exhibits two or more characteristics of a hedge fund, the characteristics being:

- aims to generate returns that are not highly correlated to published indices;
- charges a performance fee (including at the underlying fund level);
- uses leverage;
- uses derivatives; and/or
- uses short selling.

Ironbark Asset Management (Fund Services) Limited ('Ironbark') as responsible entity of the Fund, is required to provide investors with extra information on the Fund. For further information about the Fund, please see Ironbark's website [www.ironbarkam.com](http://www.ironbarkam.com).

## Financial year net returns (%)<sup>1</sup>

The performance figures in the table below represent the Fund's annual investment returns, net of fees and charges, for the yearly periods shown. A yearly period is the financial year ('FY'), from 1 July to 30 June of the relevant period.

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Fund	9.53	7.73	1.01	3.33	3.56

## Liquidity<sup>2,3</sup>

The percent of underlying portfolio assets able to be converted into cash as at 30 June 2021 is as follows:

	1 to 10 days	> 10 days to 30 days	> 30 days to 6 months	< 1 year	> 1 year
Fund	100%	100%	100%	100%	100%

The liquidity of the Fund is determined by the liquidity of the Underlying Fund. The majority of assets expected to be traded and held by the Underlying Fund are liquid. Ironbark and Fulcrum currently expect that the Fund will be able to realise at least 80% of the Fund's assets at the value ascribed to those assets in calculating the Fund's NAV within 10 days, however assets are generally realised within 8 days.

<sup>1</sup> Past performance is not indicative of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distributions.

<sup>2</sup> The estimated time required to sell the asset at the value ascribed to that asset in the Fund's net asset value as of 30 June 2021.

<sup>3</sup> The data herein reflects an estimated liquidity in relation to the underlying investments within the Fund; the analysis does not look through to the underlying security level. The analysis includes redemption frequency plus notice period. The liquidity terms for the investor may differ substantially. There are no assurances that such liquidity estimates will reflect the actual liquidity of the Fund.

### Strategy allocation (%)<sup>1</sup>

As at 30 June 2021, the asset allocation of the Fund was per the table below:

Asset class	Allocation weight
Developed Rates (10-year equivalent)	-39.4
Emerging Market Equities	1.4
Asia ex-Japan Equities	1.6
UK Equities	2.6
Emerging Market Rates	3.0
European ex-UK Equities	3.5
Fixed Income Absolute Return Strategies	4.2
Japanese Equities	4.9
Diversifying Strategies	7.3
Commodities	7.9
North American Equities	18.9
Short Term Government Bonds	84.1
<b>Total</b>	<b>100.0</b>

### Leverage and short selling (%)

The Fund will not borrow directly to generate returns but can contain implicit leverage through the use of futures for investment purposes. It is not anticipated that gross leverage will exceed 500% of the NAV, while net leverage (total long positions minus total short positions) will normally range between 80% to 200% of the NAV.

The Fund will not short sell, however it may obtain short positions through derivatives.

### Liabilities and maturity profile

As at 30 June 2021, the Fund does not have any liabilities.

<sup>1</sup> Based on market exposure of cash settled investments, futures and options. Source: Fulcrum Asset Management LLP. The strategy allocations for the Underlying Fund may change from time to time and may differ from the current PDS.

### Derivative counterparties (%)

The Fund may invest in derivatives for investment purposes and for efficient portfolio management. The use of derivatives can result in gains and losses to the Fund. The Investment Manager aims to manage derivative risk by entering into derivative contracts with reputable counterparties, subject to due diligence.

The derivative counterparties engaged by the Fund for the 12 month period to 30 June 2021 were as per the table below:

Counterparty	Allocation weight
Citigroup Inc	0.75%
Goldman Sachs	-0.01%
JPMCB	4.18%
JPMS plc	1.23%

### Changes to key service providers

The Fund was transitioned to Ironbark as Responsible Entity in March 2021. Link Fund Solutions Pty Limited was appointed as the provider of unit registry services for the Fund on 22<sup>nd</sup> December 2020. During the 2021 financial year, there were no other changes to the key service providers of the Fund.

This information is current as at the date of this document and provided as a guideline only, it may be subject to change. No recommendation or advice has been given as to whether any investment or strategy may be suitable for you.

Issued by Ironbark Asset Management (Fund Services) Limited ABN 63 116 232 154 AFSL 298626 ('Ironbark') is the responsible entity for the Fund(s) referred to in this document. The relevant offer document is available from [www.ironbarkam.com/our-funds/](http://www.ironbarkam.com/our-funds/) or by calling Ironbark on 1800 034 402. You should consider the offer document before making an investment decision to acquire or to continue to hold units in the Fund. Ironbark and its representatives believe that the information in this document is correct at the time of compilation, but no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors or omissions (including responsibility to any person due to negligence) is accepted by Ironbark. This document contains general information only and is not intended to represent specific investment or professional advice. The information does not take into account an individual's personal financial circumstances. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Ironbark. No part of this material may be reproduced or distributed in any manner without the prior written permission of Ironbark.

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