# Fulcrum Diversified Absolute Return Fund (Australian Unit Trust)



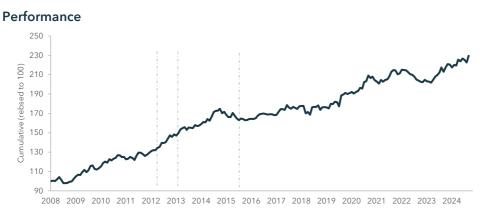
30 April 2025

A AUD Share Class

This is a marketing communication for professional investors only

# **Investment Objective**

The Fulcrum Diversified Absolute Return 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 the Reserve Bank of Australia (RBA) cash rate.



The track record shown represents the net total return from four different time periods: 1) From 16/09/08 until 31/03/12 the Fulcrum Diversified Absolute Return strategy - source Fulcrum Asset Management LLP. 2) From 01/04/12 to 13/12/12 the TM Fulcrum Diversified Absolute Return Fund Class C GBP adjusted for the interest rate differential between AUD\$ cash and GBP cash - source Fulcrum Asset Management LLP. 3) From 14/12/12 to 31/03/15 the TM Fulcrum Diversified Absolute Return Fund Class C AUD. 4) From 01/04/15 the Fulcrum Diversified Absolute Return Fund (Australian unit trust). NAV source third party administrator. Past performance is not a guide to future performance and future returns are not guaranteed.

#### Returns (Periods over 1 year are annualised)

	April	3 Months	1 Year	3 Years	5 Years	Since Inception
Total Returns (%)	3.1	1.2	7.8	2.2	3.9	5.1

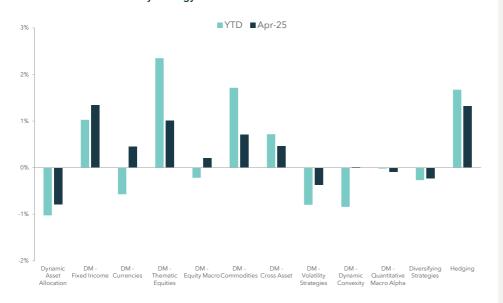
#### Calendar Year Returns

	YTD	2024	2023	2022	2021	2020
Total Returns (%)	2.6	7.5	-1.2	2.9	4.1	7.9

# 12 Month Rolling Returns to April

	2025	2024	2023	2022	2021
Total Returns (%)	7.8	4.3	-5.0	2.7	10.4

#### Performance contribution by strategy<sup>1</sup>



Source: Fulcrum Asset Management LLP

Key Facts	
Legal Structure	Australian Unit Trust
Domicile	Australia
Fund Launch	31/03/2015
Redemption Price	1.0415
Fund AUM	AUD \$1.3bn
Strategy AUM	AUD \$8.9bn
Company AUM	AUD \$11.8bn
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#### **Share Class**

Primary Share Class	A AUD
APIR	ETL0424AU
Management Fee	1.00%
Currency Classes	AUD

#### **Fund Facts**

Administrator	J.P. Morgan Chase Bank, N.A
Custodian	J.P. Morgan Chase Bank, N.A. (Sydney Branch)
Responsible Entity	Ironbark Asset Management (Fund Services) Limited
Valuation Point	Official Market Close
Deal Cut Off	14:00 Australian time
Auditor	KPMG
Dealing Frequency	Daily, 14:00 Australian time
Report Date - Annual	30 June

<sup>&</sup>lt;sup>1</sup> DM represents Discretionary Macro Strategies

#### Market commentary

April began with a surge in policy uncertainty sparked by Trump's announcement of larger-than-expected 'reciprocal' tariffs. Amid a sharp market sell-off, the US administration rolled back its tariffs to 10% for all countries except for China. By the month end, however, China was facing goods tariffs of 145%, while imposing 125% tariffs on the US. These developments were accompanied by heightened volatility across global assets, particularly in the US, which saw simultaneous sell-offs in equities, Treasury bonds and the dollar.

As the month progressed, markets rebounded sharply, helped by talk of potential US-China negotiations as well as assurance from President Trump that he would not seek to fire Federal Reserve (Fed) Chair Powell. While equities ended the month almost unchanged, despite sharp declines mid month, the US dollar depreciated to an 18-month low amid doubts about the stability of the US economy. March US inflation numbers came in lower than expectations, while economic activity showed signs of deteriorating, with weakening sentiment among US consumers and businesses.

Whilst Powell signalled that the Fed would hold interest rates steady until there was "clarity" on the growth and inflation implications of tariffs, the European Central Bank (ECB) cut interest rates further, against a backdrop of weak Euro Area economic activity and a benign inflation outlook.

Global commodities fell sharply as worsening economic sentiment and a surprise increase in oil production from OPEC+ hit oil prices. Precious metals rose further, underpinned by elevated risk aversion.

#### Performance commentary

Despite the challenges presented by volatile markets, April was a good month for the portfolio. Discretionary Macro (DM) positions and dynamic hedging underpinned the performance, while the Dynamic Asset Allocation (DAA) and Diversifying Strategies (DS) sleeves ended the month lower.

The DAA sleeve saw declines over the month from its long positioning in commodities and equities, as might be expected. This was partially offset by an overweight stance in fixed income as global duration rallied, while the portfolio's dynamic equity hedging (put options on the S&P 500) around the mid-month volatility delivered a strong boost to returns. Diversifying Strategies were impacted by the long positioning in equities, while the US dollar position was hit by multiple momentum reversals.

Trading in the Discretionary Macro sleeve was the standout performer in April. In Fixed Income, our tactical duration positioning earlier in the month (long and short), primarily in the US and Germany, provided a good contribution to performance. The performance of Thematic Equities was underpinned by positions set to benefit in the event of a tariff shock. These included short positions in apparel businesses, which faced pressure given their import-heavy business models, and short positions in freight companies and North American trucking companies.

In Currencies, a long Japanese yen position provided a positive contribution. We continue to view the yen as an attractive alternative to the 'risk-free' US Treasury bond, as well as it being cheap. Other positive contributions came from the Brazil Macro position (rates and currency) in Cross Asset, pleasingly with a low correlation to our other positions, the tactical trading of oil in the Commodities sleeve, and a tactical long UK equities position in the Equity Macro sleeve.

Volatility Strategies were challenged by losses from dividend and equity dispersion, each impacted by isolated events triggered by heightened equity market volatility.

#### Positioning & Outlook

#### Dynamic Asset Allocation

There was a sharp fall in the allocation to equities, led by a surge in volatility that was only partially offset by an increase in expected returns coming from more attractive valuations. The commodity positioning also fell significantly due to heightened volatility and expectations of weaker global growth. The bond allocation was more stable, as an increase in volatility was countered by more attractive expected returns coming from a lower forecast path for short-term interest rates.

#### **Discretionary Macro**

In Fixed Income, we ended April with a generally long duration stance after much intramonth tactical trading. The duration is focused mainly on the US, where we anticipate some return to normalcy in the US Treasury markets, alongside our Brazilian rates position and some tactical duration in the UK. In Brazil, we see the potential for a rally in local duration, given very elevated real yields, combined with a stabilising macroeconomic backdrop.

In Currencies, we moved to a short orientation in the US dollar in early April. This is primarily concentrated in long Japanese yen positioning, though this is expressed primarily through non-dollar crosses. We see the yen as a cheap currency that is likely to be one of the targets of US policy to help address trade imbalances in goods, a key objective of the US administration.

Elsewhere, we maintain our long exposure to precious metals in Commodities, although we have been adjusting our exposure actively, and we remain cautious on oil.

#### **Diversifying Strategies**

The trend-following model has reduced risk across assets following multiple large trend reversals, and positioning in equities, commodities, credit and the US dollar are now close to flat. The exposure to fixed income has risen into positive territory but remains moderate on a historical basis.

#### Overall

Overall, our positioning remains defensive with selective participation in markets where opportunities have arisen. Amid significant uncertainty in global economic and policy developments, however, we remain nimble in our positioning, with significant diversification across strategies as well as hedging against emergent risks.

# Fixed Income - US and Canadian Rates Commodities - Long-dated Oil Currencies - Japanese Yen Equity Macro - UK Equities Thematic Equities - Idiosyncratic 0.8% 0.7% 0.7% 0.5%

Top 5 performance contributors and detractors

DAA - Commodities -0.7%

-1.0%



-0.6%

-0.2%

0.6%

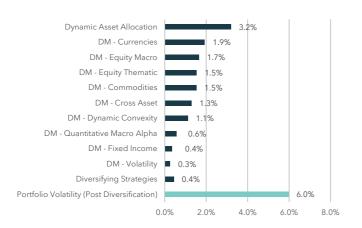
1.0%

0.2%

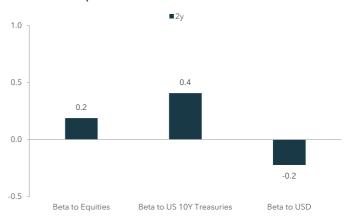
Source: Fulcrum Asset Management LLF

Top positions by strategy	Risk Contribution
DM - Currencies - Japanese Yen	2.0%
DAA - Equities - Climate Change	1.7%
DM - Commodities - Precious Metals	1.7%
DM - Cross Asset - Brazil Macro	1.1%
DM - Equity Macro - Long Emerging Markets	0.9%
DAA - Equities - North America	0.8%
DAA - Fixed Income	0.8%
DM - Equity Macro - UK Equities	0.8%
DM - Dynamic Convexity - Commodities	0.7%
DAA - Commodities	0.7%

#### Risk by strategy

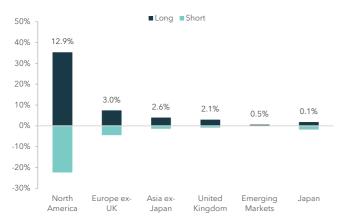


#### Portfolio Beta Exposures<sup>2</sup>



# Portfolio exposures

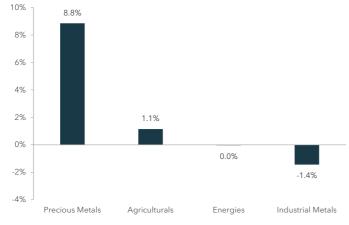
# Equity - Net exposures by Region (21.1%)



#### Fixed Income - Duration exposure (2.4 years)



# Commodities - Net exposures by commodity (8.5%)



#### Currencies - Net exposures, top 5 long/short



#### **Material matters**

There have been no material changes to the Fund in terms of key service providers, the risk profile, investment strategy or changes to individuals in the investment team who play a key role in the investment decisions of the Fund.

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 currently exhibits two or more characteristics of a hedge fund, being:

- complexity of investment strategy or structure;
- · use of leverage;
- use of derivatives;
- use of short selling;
- charges a performance fee.

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#### Risk Summary

Leverage techniques may be used by the fund. A relatively small price movement in an underlying asset may amplify losses and the fund may be exposed to losses which are greater than the initial amount invested. Any derivatives usage can result in substantial losses to the fund where expectations as to how a derivative will perform prove to be incorrect or inefficient, or in adverse market conditions. Losses may occur if an organisation through which the fund transacts becomes insolvent or fails to meet its obligations. This risk may be reduced by obtaining assets as collateral from these organisations. For a full explanation of specific risks and the fund's overall risk profile, as well as all its share classes, please refer to the PDS, available on the firm's website.

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