

# ARIA GLOBAL EQUITY ABSOLUTE RETURN FUND

January 2018

**ARIA**  
CAPITAL MANAGEMENT

INTENDED FOR PROFESSIONAL INTERMEDIARIES

The value of investments can fall and you may get back less than you invested. Past performance is not a guide to future performance. Any specific investments mentioned are for illustrative purposes only and are not intended as investment advice.

## FUND INFORMATION

**Benchmark:** 1m LIBOR + 2%

**Sector:** IA Targeted Absolute Return

**Investment objective:** Capital appreciation while controlling risk

**Share class:** C-GBP/EUR/USD\*\*

**ISIN:** MT7000020541 / MT7000020558 / MT7000020566

**Fund name:** ARIA SICAV- Global Equity Absolute Return Fund

**Legal Structure:** UCITS V

**Domicile:** Malta

**Investment Manager:** ARIA Capital Management

**Administrator:** SGGG Fexserv

**Custodian:** Sparkasse Bank (Malta)

**Auditor:** Deloitte

**Management charge:** 0.95% per annum

**Performance fee:** 20% over 1Month Libor+2% subject to high watermark

**Legal Adviser:** Chetcuti Cauchi

**Launch Date:** December 2017

**NAV:** Calculated Weekly

**Min subscription amount:** £1000

**Notice Period:** 2 business days

**Dealing Frequency:** Weekly



## NEBA Financial Solutions

NEBA Financial Solutions is an authorised distributor of ARIA UCITS funds.

**Website:** www.ariacm.com

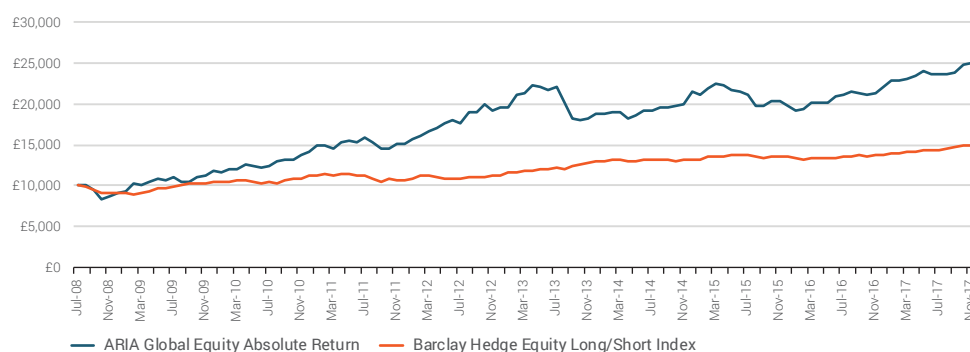
**Email:** sales@ariacm.com

**Telephone:** +971 4 325 2800

## KEY FEATURES

- The Fund seeks to deliver positive absolute returns by taking long and short positions in equity and equity-related instruments that, based on proprietary quantitative models.
- Companies deemed to be 'poor quality' become short positions, and 'high quality' companies the long exposures.
- The Fund seeks to provide higher risk-adjusted returns with lower volatility compared to global equity markets:
  - Strategic market-neutral, long/short and stock selection portfolio
  - Disciplined, systematic approach to stock selection equity markets
  - Tactical tilts to the Fund's equity market exposure throughout market cycle
- International equity universe is ranked according to 'quality' indicators which seek to identify companies with strong, consistent profitability and stable earnings.

## CUMULATIVE PERFORMANCE OF 10,000 GBP\*



Source: ARIA, Altsoft, Bloomberg

## DISCRETE PERFORMANCE\*

|      | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2018 | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| 2017 | 3.63%  | -0.08% | 1.36%  | 1.33%  | 2.28%  | -1.27% | 0.17%  | -0.60% | 1.03%  | 4.40%  | 0.36%  | 0.00%  | 13.21% |
| 2016 | -3.28% | 1.24%  | 3.72%  | -0.10% | 0.45%  | 3.50%  | 1.25%  | 1.09%  | -0.20% | -1.14% | 0.61%  | 3.51%  | 10.93% |
| 2015 | -1.69% | 2.91%  | 3.19%  | -1.38% | -1.97% | -1.60% | -1.28% | -6.50% | -0.52% | 3.02%  | 0.10%  | -2.15% | -7.98% |
| 2014 | 0.91%  | 0.77%  | -0.40% | -3.77% | 1.53%  | 3.17%  | 0.82%  | 2.08%  | -0.52% | 1.49%  | 0.31%  | 8.36%  | 15.31% |
| 2013 | 0.57%  | 7.88%  | 0.83%  | 4.86%  | -0.72% | -2.56% | 2.56%  | -9.07% | -9.38% | -0.91% | 0.97%  | 2.36%  | -3.93% |
| 2012 | 4.75%  | 2.65%  | 3.50%  | 1.54%  | 4.41%  | 1.22%  | -2.08% | 7.75%  | 0.38%  | 4.82%  | -3.24% | 1.08%  | 29.67% |
| 2011 | 5.54%  | 0.80%  | -3.42% | 5.79%  | 0.85%  | -0.71% | 3.75%  | -3.51% | -5.55% | 0.89%  | 4.03%  | -1.13% | 6.78%  |
| 2010 | -1.44% | 2.59%  | 1.41%  | 4.91%  | -1.75% | -2.27% | 2.23%  | 4.67%  | 1.36%  | -0.46% | 4.90%  | 2.15%  | 19.48% |

## IMPORTANT DISCLOSURES

\*The Performance figures are based on the performance of the FA AR Global Equity Absolute Return Fund, until December 2017, which is an offshore OEIC which predates the UCITS 5 ARIA Diversified Alternative Assets fund. There may be tax, regulatory, diversification or other trading limits specific to the UCITS legislation which means that the offshore fund's previous returns are not a reliable indication of future returns. Please note there may be additional third party fees applicable based on the manner in which you access the strategy (financial adviser fees for example) which are not factored into the return data. Past Performance of any kind, actual or simulated, is not a reliable indicator of future performance.

\*\* FX exposures are hedged at fund level in order that performance is equalised across currency classes.

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## INVESTMENT HIGHLIGHTS

 Long/ Short Equity Investing

 High quality vs low quality

 Low volatility

 Systematic approach

 Good companies outperform bad over the long run

## INVESTING RATIONALE

**Absolute Return strategy:** The Fund seeks to earn a positive total return over a full market cycle regardless of market conditions or general market direction.

**High quality vs low quality:** Over time, better companies outperform poorer companies generating returns which are insulated from market direction.

**Low volatility:** Average net market exposure ranges between -10% and plus 15% long, with both long and short positions in typical asset allocation.

**Consistency in process:** Actively managed asset allocations are updated monthly, whilst using ETFs to minimise costs.

**Global diversification:** Means gaining exposure to a globally diverse mix of companies, both long and short.

## CUMULATIVE PERFORMANCE

|                      |         |
|----------------------|---------|
| 1 year               | 17.19%  |
| 3 year               | 25.24%  |
| 5 year               | 29.41%  |
| Since Inception (TR) | 149.37% |

Source: ARIA, Altsoft, Bloomberg

## FUND EXPOSURES

### Top long holdings

|                                       |       |
|---------------------------------------|-------|
| Allianz SE                            | 0.93% |
| AXA SA                                | 0.93% |
| Allstate                              | 0.93% |
| Travelers Companies inc               | 0.93% |
| Pudential Financial Group             | 0.93% |
| Muenchener Ruechversicherungs Gesells | 0.93% |
| Aviva PLC                             | 0.93% |
| Legal & General PLC                   | 0.93% |

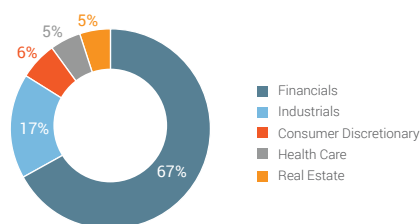
Source: ARIA, Altsoft, Bloomberg

## FUND PERFORMANCE

|                              |        |
|------------------------------|--------|
| 1 month                      | 0.36%  |
| YTD                          | 13.22% |
| 1 year                       | 17.19% |
| 3 year (Ann.)                | 7.79%  |
| Since Inception (Ann.)       | 12.54% |
| Volatility (Since inception) | 10.29% |

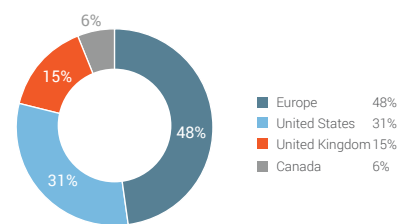
## ASSET & GEOGRAPHICAL ALLOCATION

### Sector asset allocation



Source: ARIA, Altsoft, Bloomberg

### Geographical asset allocation



## RISK STATISTICS

|                         | GEAR    | Cash    | Fixed Inc | Property | Equities | Commod. | Hedge funds |
|-------------------------|---------|---------|-----------|----------|----------|---------|-------------|
| Annualised Vol          | 12.54%  | 0.27%   | 9.13%     | 21.79%   | 16.34%   | 17.50%  | 5.62%       |
| Sharpe ratio            | 0.80    | 5.70    | 0.66      | 0.16     | 0.40     | -0.48   | -0.06       |
| Correlation to Equities | 0.29    | -0.45   | 0.38      | 0.72     | 1.00     | 0.69    | 0.82        |
| Max Drawdown            | -18.98% | 0.00%   | -20.25%   | -56.18%  | -44.35%  | -60.80% | -20.20%     |
| % positive months       | 63.39%  | 100.00% | 62.50%    | 54.46%   | 63.39%   | 48.21%  | 61.61%      |

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## PORTFOLIO MANAGEMENT TEAM



**James Hindmarch**  
Portfolio Manager



**Matt Brittain**  
Portfolio Manager



**Paul Magro**  
Independent Risk Manager

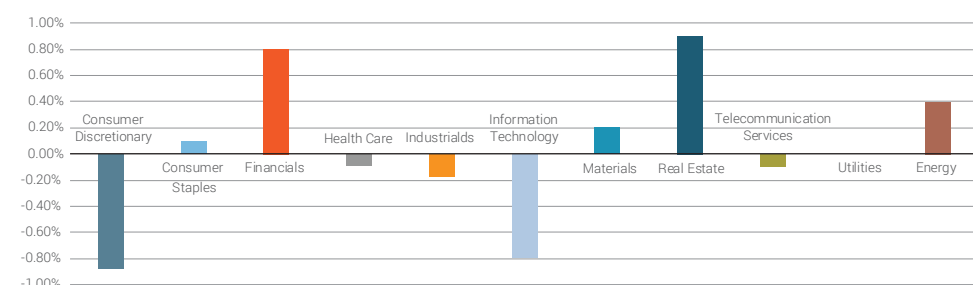


**James Ward**  
Portfolio Analyst



**Steven Goldin**  
Portfolio Manager

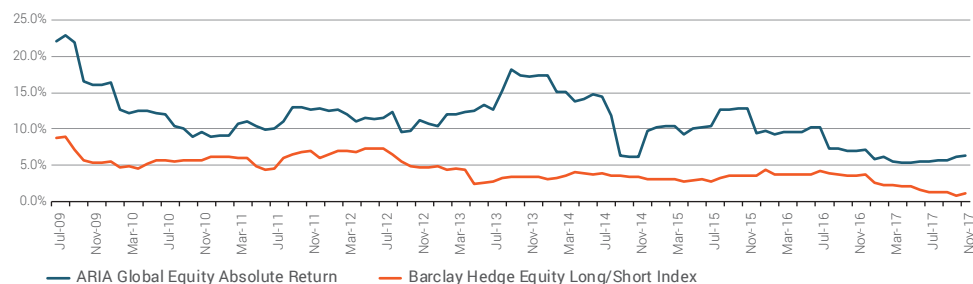
## ATTRIBUTION ANALYSIS



Source: ARIA, Altsoft, Bloomberg

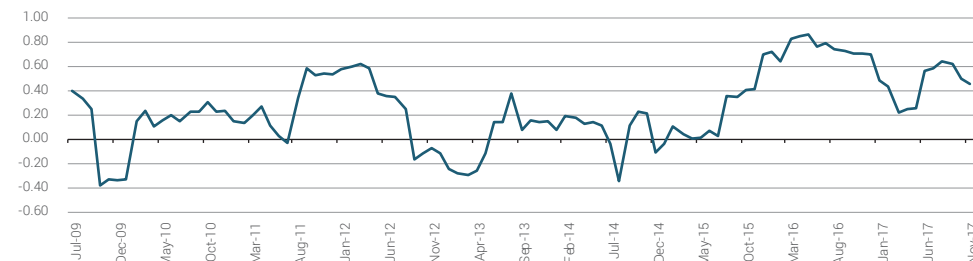
## ROLLING PERFORMANCE ANALYSIS

### Rolling 12 months annualised volatility



Source: ARIA, Altsoft, Bloomberg

### Rolling 12 months annualised correlation to MSCI World



Source: ARIA, Altsoft, Bloomberg

## GLOSSARY

**Volatility:** Standard deviation is a statistical measurement which, when applied to an investment fund, expresses its volatility, or risk. It shows how widely a range of returns varied from the fund's average return over a particular period.

**Volatility Targeting:** Means portfolios are managed to a certain level of risk, which is defined by a given volatility target number. This usually means a rolling target range.

**Market Drawdown:** Represents the worst possible return over a specified period. E.g. Buying at the maximum price over the period and selling at the worst.

**MSCI World:** MSCI World is an index which includes exposure to global stock markets including the US, UK, Europe and SE Asia which provides a relevant reference for how global markets are performing.

**Sharpe Ratio:** This is a commonly-used measure which calculates the level of a fund's return over and above the return of a national risk-free investment, such as cash or Government bonds. The ratio is an indication of the amount of excess return generated per unit of risk.

**Barclay Hedge Equity Long /Short Index:** Index comprised of funds which are equity-oriented on both the long and short sides of the market. The objective is not to be market neutral. Managers have the ability to shift from value to growth, from small to medium to large capitalization stocks, and from a net long position to a net short position. Managers may use futures and options to hedge. The focus may be regional or sector specific but must report net of fees to be included.

**FTSE 100:** This is an index that measures the performance of the shares of the top 100 largest companies listed on the London Stock Exchange.

## RISK CONSIDERATIONS

Please carefully consider the below risks in addition to the more detailed description in the Prospectus and Offering Supplement entitled "Risk Factors".

- **Market risk:** The value of assets in the Fund are typically dictated by a number of factors, including the confidence levels of the market in which they are traded.
- **Operational risk:** Material losses to the Fund may arise as a result of human error, system and/or process failures, inadequate procedures or controls.
- **Liquidity risk:** The Fund may not always find another party willing to purchase an asset that they want to sell which could impact their ability to meet redemption requests on demand.
- **Exchange rate risk:** Changes in exchange rates may reduce or increase the returns an investor might expect to receive independent of the performance of such assets. If applicable, investment techniques used to attempt to reduce the risk of currency movements (hedging), may not be effective. Hedging also involves additional risks associated with derivatives.
- **Custodian risk:** Insolvency, breaches of duty of care or misconduct of a custodian or sub-custodian responsible for the safekeeping of the Fund's assets can result in a loss to the Fund.
- **Derivatives risk:** Certain derivatives may result in losses greater than the amount originally invested.
- **Counterparty risk:** A party that the Funds transact with may fail to meet its obligations which could cause losses.
- **Emerging markets risk:** Emerging markets are likely to bear higher risk due to lower liquidity and possible lack of adequate financial, legal, social, political and economic structures, protection and stability as well as uncertain tax positions.
- **Volatility risk:** An investment in the Fund can expose investors to higher volatility levels than is normally associated with "balanced" investment strategies, therefore the value of their investment may be subject to significant changes in the short term.
- **Leverage risk:** The Fund may operate with leverage. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested. A leveraged portfolio may result in large fluctuations in the value of the Fund and therefore entails a high degree of risk including the risk that losses may be substantial.
- **Historical performance data:** The composition of each strategy is determined by reference to historical data. However, past performance is not an indicator of future performance. The performance of a market may differ to that indicated by a mathematical formula based on historical data, which in turn may adversely affect the value of your investment.

## IMPORTANT DISCLOSURES

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