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Reasons why abrdrn Global Risk Mitigation Fund

September 2021

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[abrdrn.com](https://www.abrdrn.com)

abrdn Global Risk Mitigation Fund

01 Key Points



- Aims to deliver downside protection against tail-risk of extreme developed market equities movements
- Convex strategy enables positive returns to increase exponentially as developed market equities fall
- Maximises exposure to potential return while providing portfolio protection

02 Why Global Risk Mitigation?



Tail-risk protection is like an insurance policy; the benefits will only become apparent when something bad happens.

But the timing of a tail event or correction is extremely difficult to predict. It suggests insurance protection should be a core allocation. Behavioural finance has also taught us that investors feel losses more deeply than gains. They prefer consistent returns. Therefore, portfolios should seek to mitigate the risks of negative return.

Reducing drawdowns also provides stronger compounded long-term returns.

03 What differentiates the Fund?



The Global Risk Mitigation Fund (GRM) offers investors an efficient hedge to reduce exposure to major developed market equity drawdowns.

There's no single hedging strategy to protect portfolios through an entire sell-off and buying numerous strategies is expensive. Hence GRM combines a range of hedges in one solution, providing protection but with less drag from costs.

GRM is also convex: positive return increases exponentially as developed market equities fall. It offers full transparency of holdings and benefits from increased volatility. It performs at its best when investors need it most.

04 Risk mitigation – beyond bonds



Among the biggest challenges that investors face is finding alternatives to fixed income as a means to manage risk in a portfolio. Traditionally, they have used government bonds to dampen risk while continuing to generate returns.

However, with bond yields at historic lows today, they need to consider other options. What they don't want is to be tied up in assets offering low return potential that are still carrying significant interest-rate risk and inflation risk.

05 Risk mitigation – a better “alternative”



A key role of alternatives is to provide diversification in times of market stress.

However, the performance dispersion across alternatives is wide. While many offer diversification benefits, most disappoint depending on the cause of the equity market sell-off. We built GRM specifically to perform strongly when developed market equities fall. For capital efficiency, it is three-times levered. This enables investors to achieve greater protection with a lower percentage allocation to the strategy. It also offers daily liquidity, allowing investors to monetise gains and reallocate capital quickly.

abrdn Global Risk Mitigation Fund

Key facts

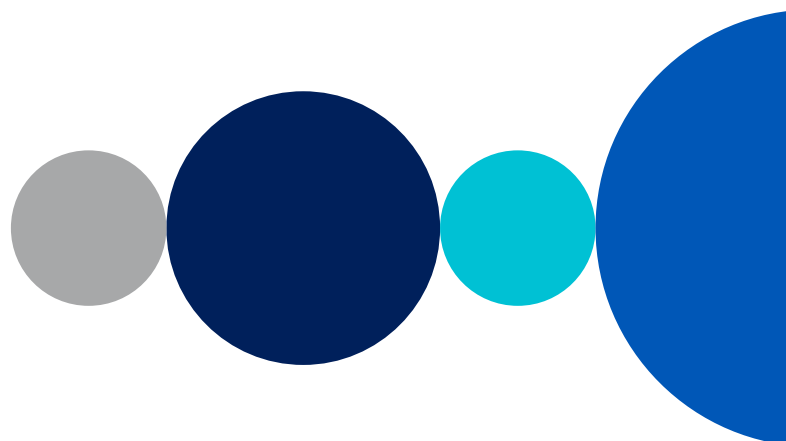
Fund name	abrdn Global Risk Mitigation Fund
ARSN	109 536 414
APIR	EQI4297AU
Management costs comprising:	1.20% pa of the net asset value of the Fund
• Management fee	1.20% pa
• Indirect costs	0.00% pa
Distribution frequency	Annually
Benchmark	The fund does not have a performance benchmark
Min. suggested time frame	Long term – 5 years plus
Mix of asset classes¹	Exposure to the ASI Global Risk Mitigation 3x Index, consisting of a diverse set of underlying strategies which mainly invest indirectly in fixed interest securities, equities, currencies, commodities and derivatives thereon and cash.

The fund is available only to Eligible Investors being (i) Professional Investors, or (ii) investors investing on the recommendation of their appointed licensed financial adviser.

¹ Allocations to these investments are determined in consideration of the Fund's investment objective and liquidity requirements. Please refer to the PDS for more information.

Risk

All investments carry risk. The likely investment return and the risk of losing money is different for each managed fund, as different strategies carry different levels of risk based on the underlying mix of assets. Investors should not make investment decisions based on this document alone. More information on the risks of investing in the Fund is contained in the Product Disclosure Statement, which should be considered before deciding to invest in the Fund.



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