abrdn Global Risk Mitigation Fund

Monthly Factsheet

31 March 2024

Investment objective

The Fund aims to provide investors with a complementary diversifying strategy that delivers strong positive returns when developed equity markets experience material declines and volatility is high.

Portfolio securities

The majority of the Fund's investment exposure will be via a Swap provided by the Swap Counterparty which provides synthetic exposure to the GRM Strategy, consisting of a diverse set of underlying strategies which mainly invest indirectly in fixed interest securities, equities, currencies, commodities and derivatives thereon and cash that provide diversification and so help facilitate the lowering of the investors overall risk profile. These underlying strategies have exposure to instruments with embedded leverage including futures, options, swaps, forwards and other derivatives. In addition the underlying strategies, include a number of relative value strategies that can generate positive returns without taking on directional market risk. These relative value strategies offset the cost of owning hedging (or protection) strategies and in doing so enhance the returns of the Fund. Due to the extensive use of derivatives, the Fund may at times have substantial money market or cash holdings which are held as collateral. The Fund's level of return and risk is expected to differ materially from that of a global equity fund. The Fund is expected to realise negative returns during periods of material rises and low volatility in developed equity markets. Therefore the Fund is intended to mitigate other investment exposures an investor may have in their overall portfolio.

Performance

Cumulative and annualised performance - 31/03

	1 month	3 months	6 months	Year to date	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception (p.a.)
Fund (Net)[1] (%)	-0.77	-5.26	-10.91	-5.26	-19.34	N/A	N/A	-10.68
Fund (Gross)[2] (%)	-0.67	-4.98	-10.38	-4.98	-18.37	N/A	N/A	-9.62
Benchmark (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1]Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.
[2]Gross performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors only. Retail investors should refer to net returns.

Past performance is not a reliable indicator of future results.

Key Facts

Launch date	Oct 2021
Fund size[1]	AUD 2.9M
Income payable	30 Jun
Management costs	1.20% pa of the net asset value of the Fund comprising: Management Fee 1.20% pa, Indirect costs 0.00% pa
Buy/Sell spread[2]	+0.90%/-0.90%
Minimum initial investment	A$ 50,000
Base currency	AUD
Annualized Volatility (Since Launch)	4.51%
APIR	EQI4297AU
ISIN	AU60EQI42976
Bloomberg	ABGRMAI AU
Fund code	LK6S
Domicile	Australia

[1] The method of calculating the Fund's net asset value is disclosed in our unit pricing policy which can be viewed or downloaded from our website, www.abrdn.com.au
[2] We may vary or waive the buy/sell spreads without notice when it is appropriate to protect the interests of existing investors and if permitted by law.

Key risks

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. Risks specific to the Fund include, but are not limited to, those listed below. 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:

(a) Derivatives risk

(b) Equity risk

(c) Interest rate risk

(d) Commodity Risk

(e) Credit risk

(f) Volatility Risk

Strategy returns – March 2024

Defensive factors	-0.19%
First risk	-0.95%
Systematic trend following	-0.16%
Tail risk	0.20%

Strategy contributions – March 2024

Defensive factors	-0.09%
First risk	-0.26%
Systematic trend following	-0.03%
Tail risk	0.02%

Strategy returns – since inception

Defensive factors	8.04%
First risk	-32.38%
Systematic trend following	15.14%
Tail risk	-9.06%

Strategy contributions – since inception

Defensive factors	3.56%
First risk	-9.27%
Systematic trend following	2.38%
Tail risk	-1.03%

Notional asset allocation

Defensive factors	48.05%
First risk	26.60%
Systematic trend following	16.31%
Tail risk	9.08%

Risk weighted asset allocation

Defensive factors	48.03%
First risk	37.55%
Systematic trend following	10.98%
Tail risk	3.44%

Source: abrdn, BNP Paribas, 31 March 2024.

The Fund invests in the 3x leveraged GRM strategy. Data of "strategy returns" and "risk weighted asset allocation" are based on the unlevered GRM strategy; data of "strategy contributions" and "notional asset allocation" are based on the 3x levered GRM strategy.

Past performance is not a guide to future results. GRM index ticker is ENHAGRMA.
Risk based on notional allocations weighted by 50 day realised volatility. Category contributions are gross of rebalancing costs and fees, net of trading costs. BNP Paribas is the Index Sponsor and Calculation Agent for ENHAGRMA Excess Return Index.

Derivatives usage

Derivatives are used by the Fund in accordance with the investment objective, investment strategy, and risk profile of the Fund. The majority of the Funds investment exposure will be via a total return swap with the Swap Counterparty to achieve synthetic exposure to the GRM Strategy. The Investment Manager may alter the exposure to the underlying strategies by adjusting their composition within the GRM Strategy. The underlying strategies themselves employ advanced derivative strategies to gain investment exposure.

Market Commentary

Equity markets continued their positive momentum in March with the MSCI World up over 3% to a new all-time high. The stock market rally showed signs of broadening out with gains more evenly spread across regions and sectors as multiple regional stock indices, including the Euro Stoxx 50, Nikkei 225, and Indian Sensex, also registered new all-time highs during the month. The S&P 500 equal weighted index outperformed the S&P 500 market cap weighted index with cyclical sectors including energy, materials, and financials leading the rally. Despite US inflation prints for January and February coming in hotter than anticipated, and despite the FOMC raising its inflation projections for the coming year, the Committee announced it still expected to cut interest rates by 75 basis points over the remainder of 2024, in-line with its prior guidance. The indication from the Fed that the Committee would be willing to "look through" the stronger than previously anticipated inflation data and continue on its trajectory of easier monetary policy provided a strong boost to financial markets. Gold prices surged 9% over the month rising above $2,200 an ounce to a fresh record high, copper prices rose to a new 12mth high, and WTI crude oil prices gained over 6% to levels more than 20% above the lows registered in late 2023 (albeit still well below the 2022 highs). Outside of the US the Swiss National Bank announced a surprise cut in interest rates by lowering the deposit rate from 1.75% to 1.5%, and the Bank of Japan announced its first interest rate increase since 2007, lifting its overnight borrowing rate above zero for the first time since 2016. Despite the rate increase the Bank of Japan provided dovish guidance on further tightening and the Japanese yen weakened versus both the US Dollar and the Euro over the month.

The GRM strategy had a modest negative return in March. The month was notable in that while equities rallied strongly, implied volatility held firm, suggesting a pick up in demand for options as equity markets rise in to uncharted territory. Volatility positions in First Risk were broadly flat while index put strategies with directionally short exposure to equity indices incurred losses. Performance across Defensive Factors was mixed with an overall return close to flat. Equity Reversal and Commodity Carry strategies were positive while Yield Curve Steepener and Short index Call strategies detracted over the period. Trend strategies also delivered mixed performance. Commodity Trend strategies had gains in energy commodities but losses on short positions in industrial metals. FX Trend had gains on short Yen and Swiss Franc positions but losses on long positions in European currencies versus the US Dollar. Tail Risk strategies had very little impact on the month with no strategy losing or gaining more than 10 basis points during the month. Positioning was little changed over the month, we remain positioned for a steepening of the US yield curve and an increase in volatility across asset classes.

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