

# Fulcrum Diversified Absolute Return Fund



30 April 2024

I USD Share Class (LU1551069302)

This is a marketing communication for  
professional investors only

## Investment Objective

The Fulcrum Diversified Absolute Return Fund seeks to achieve long-term absolute returns equal to the rate of inflation increased by 3% to 5% in all market conditions over rolling five year annualised periods, with lower volatility than equity markets. In doing so the Fund aims to achieve a positive return on a rolling three year basis.

## Performance



The track record shown represents the net total return from four different time periods, denoted by dotted lines. 1) From 16/09/08 until 31/03/12 performance represents the Fulcrum Diversified Absolute Return strategy, source Fulcrum Asset Management LLP. 2) From 01/04/12 to 28/11/14 the TM Fulcrum Diversified Absolute Return Fund Class C GBP. 3) From 01/12/14 to 31/01/17 the TM Fulcrum Diversified Core Absolute Return Fund Class C GBP. 4) From 01/02/17 the Fulcrum Diversified Absolute Return Fund (UCITS SICAV) Class I USD. NAV source third party administrator. Returns shown prior to 01/02/17 are based on GBP returns, adjusted for the interest differential between USD and GBP cash. Net of management fees. Past performance is not a guide to future performance and future returns are not guaranteed. This Fund cannot be purchased by US investors.

## Returns (Periods over 1 year are annualised)

	April	3 Months	1 Year	3 Years	5 Years	Since Inception
Total Returns (%)	-2.0	2.3	7.5	3.2	4.4	3.6

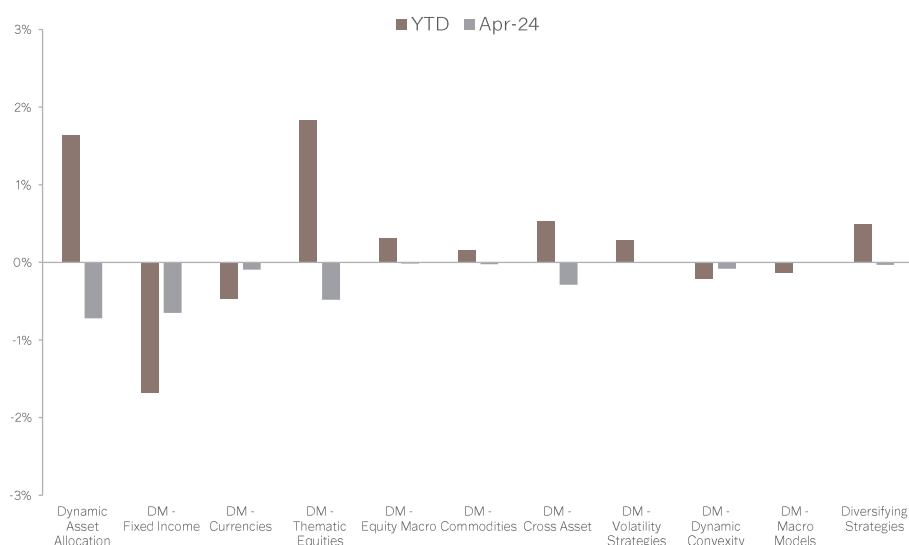
## Calendar Year Returns

	YTD	2023	2022	2021	2020	2019
Total Returns (%)	3.4	1.1	6.9	2.0	7.4	6.0

## 12 Month Rolling Returns to April

	2024	2023	2022	2021	2020
Total Returns (%)	7.5	-3.8	6.2	7.6	5.0

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



Source: Fulcrum Asset Management LLP

<sup>1</sup>DM represents Discretionary Macro Strategies

## Key Facts

Legal Structure	Luxembourg SICAV (UCITS)
Domicile	Luxembourg
Fund Launch	01/02/2017
Fund AUM	\$608m
Strategy AUM	\$6.3bn
Company AUM	\$7.3bn

## Share Class

Share Class	I USD
ISIN	LU1551069302
AMC	0.75%
Ongoing Charge	0.93%
Currency Classes	GBP, USD, EUR, JPY

## Fund Facts

Administrator	J.P. Morgan SE, Luxembourg Branch
Custodian	J.P. Morgan SE, Luxembourg Branch
Depository	J.P. Morgan SE, Luxembourg Branch
Auditor	Ernst & Young Ltd
Pricing	Daily
Dealing Frequency	Daily, 13:00 CET
Report Date – Annual	31 December
Report Date – Interim	30 June



The FE fundinfo Crown Rating relates to this fund. The rating is supplied by the respective independent rating agency and is the latest available at the time this factsheet was issued.

Past performance is not a reliable indicator of future results.

## Market commentary

Markets experienced a broad reversal in April, with both global equities and bonds ending the month lower. Elevated US inflation readings dampened hopes of imminent interest rate cuts. On the activity front, US GDP data surprised to the downside for the first quarter, though other indicators including consumption, investment and employment pointed to a still robust growth backdrop.

The Euro Area saw signs of a material improvement in growth and, at their April meeting, the ECB continued to signal imminent rate cuts based on substantial progress on inflation as well as signs of moderating wage growth. Officials at the Bank of England (BoE) were more divided on the outlook for inflation, with the Governor and Deputy Governor expressing confidence that the 2% target would soon be met sustainably even as the Chief Economist cited worries around inflation persistence.

Despite recently raising interest rates for the first time in 17 years, the Bank of Japan (BoJ) faced market pressure over its relatively loose policy stance, helping the yen to a multi-decade low and coinciding with significant weakness in domestic equities. In China, there were continued signs of a recovery in the manufacturing sector, though activity in the household and construction sectors remained weak.

The upward reassessment of US inflation and interest rates helped push the dollar up, while commodities also ended the month higher, led by a surge in industrial metals prices. Precious metals rose slightly over the month and oil ended the month flat after a short-lived jump at the beginning of April.

## Performance commentary

The fund returned -2.0% in April, with Dynamic Asset Allocation (DAA) and Discretionary Macro (DM) the main detractors while Diversifying Strategies (DS) had a small negative.

Within Dynamic Asset Allocation, losses were led by a long exposure to equities and bonds, although this was partially offset by long commodity holdings. Diversifying Strategies were impacted by trend reversals in equity markets, though this was partially offset by gains from currencies strategies.

In Discretionary Macro, Thematic Equities detracted as reduced risk appetite across markets resulted in the reversal of momentum, with relative winners year-to-date underperforming. We maintained the positioning in our major themes amidst strong fundamentals and a positive earnings season. Our long Japanese equities position also suffered in this reversal, although the holding of Japanese banks in Equity Macro benefitted from the steepening of the Japanese yield curve.

In Fixed Income, our long UK gilts position was challenged by a continuing rise in yields, mainly led by a hotter than expected inflation data print for the month of March, despite dovish BoE rhetoric. Currencies had a small loss on the month, with small negative contributions from several tactical views (including long AUD and short CNH versus the US dollar), more than offsetting the positive contribution from our short euro position.

Overall the reward to our Commodities positions was flat on the month, as was the Volatility strategy. Despite gains in the dispersion strategy, there were losses in the S&P call ratio and dividends sleeves.

## Positioning & Outlook

In Dynamic Asset Allocation, the equity allocation decreased over the month, led by an uptick in equity market volatility and a downward revision to future expected returns, given stretched valuations. Meanwhile, the commodity allocation stabilised at an overweight level, helped by robust global growth and market sentiment.

Within DM Fixed Income, we maintain a generally long duration stance, focused primarily on the long end of the UK rates curve. Our own inflation forecast, and that of the BoE, sees significant energy-led disinflation in the near term that, combined with weak growth expectations, should provide the space for rate cuts this year.

On the Currencies side, we maintain a long dollar orientation. With US growth and inflation continuing to come in strong, we could see further policy divergence versus other markets, in particular China and the rest of emerging Asia. With implied foreign exchange volatility remaining low, the payoffs from relatively small moves are significant.

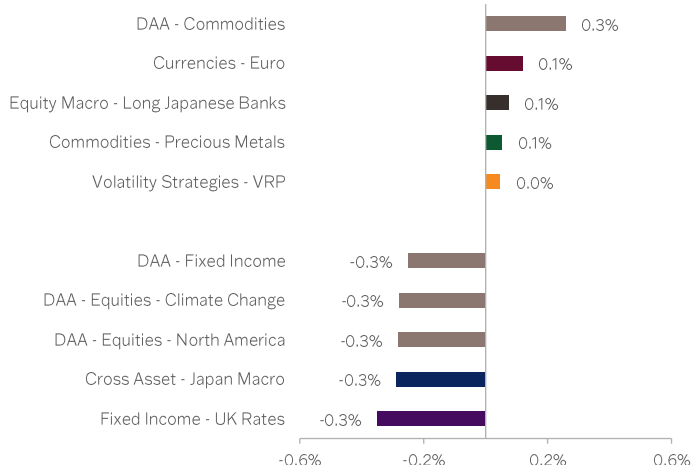
Within the Commodities sleeve, we have recently increased our exposure to precious metals. As well as providing an important near-term hedge against geopolitical tensions, alongside our US dollar exposure, we have a constructive medium-term view of the asset class as central banks around the globe seek to diversify their reserve holdings.

In Equities, we remain constructive amidst better-than-expected earnings. In the Thematic Equities sleeve, the power consumption of AI dedicated data centers is surging, and we expect to see significant capex opportunities for electric utilities. We are long US electric utilities and equipment.

We continue to hold hybrid options structure designed to pay off in the event of joint declines in equity and bond markets and outright protection against equity market declines.

Overall, we hold slightly above average equity exposure, but remain nimble in our positioning, with significant diversification across strategies as well as hedging against emergent risks.

## Top 5 performance contributors and detractors



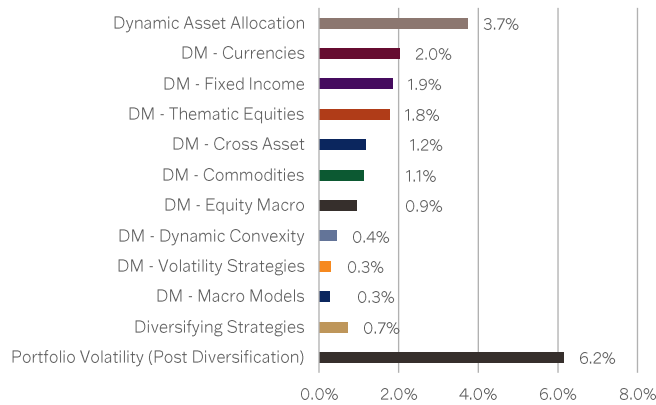
## Top positions by strategy

## Risk Contribution

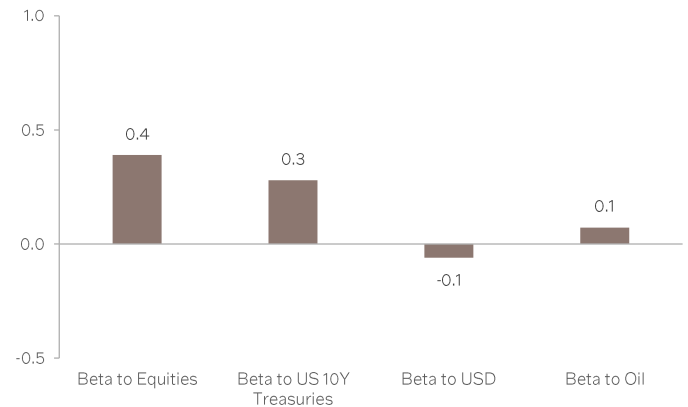
DM - Fixed Income - UK Rates	1.4%
DAA - Equities - Climate Change	1.3%
DM - Cross Asset - Japan Macro	1.2%
DM - Commodities - Precious Metals	1.2%
DAA - Equities - North America	1.0%
DAA - Commodities	0.9%
Diversifying Strategies	0.7%
DM - Currencies - Euro	0.6%
DAA - Fixed Income	0.6%
DM - Currencies - UK Pound	0.6%

Source: Fulcrum Asset Management LLP

## Risk contribution by strategy

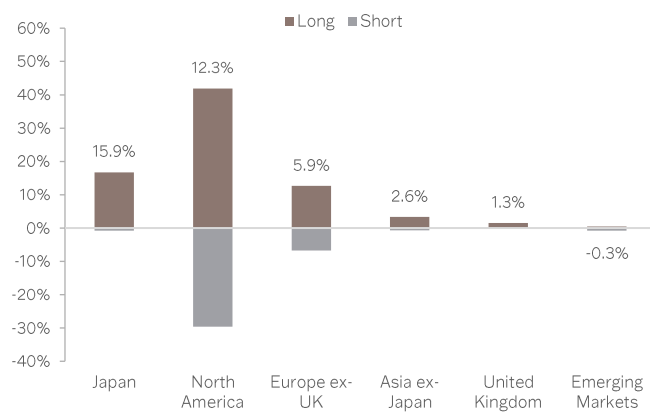


## Portfolio Beta Exposures

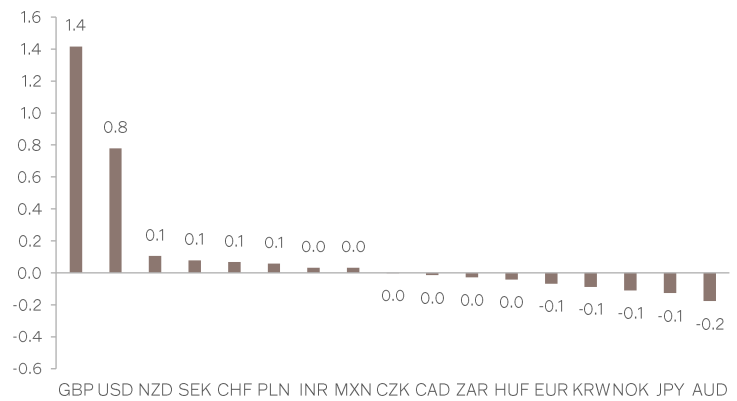


## Portfolio exposures

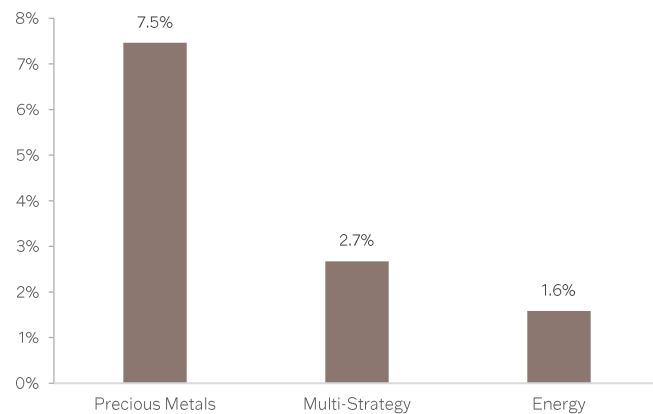
## Equity – Net exposures by Region (37.6%)



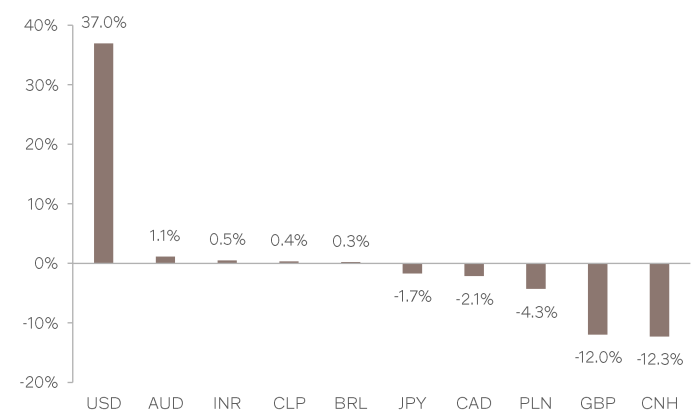
## Fixed Income – Duration exposure (1.9 years)



## Commodities – Net exposures by commodity (11.7%)



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



## 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 Prospectus, available on the firm's website.

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