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Fund Objective

The investment objective is to achieve long term capital appreciation through compound growth by gaining exposure to global exchange-traded futures, forwards and options markets on more than 100 markets.

Fund Manager Winton Capital

Geography Global

Strategy Managed Futures

Fund size \$115m

Fund inception 30th June 2010

Liquidity Daily

AMC 0.85%

Performance fee 18%

SFDR Article 6

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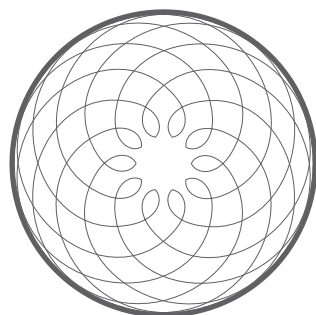
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Short-form report

29th February 2024

Alma Platinum IV Systematic Alpha

Summary

- The fund offer access to Winton's Diversified Macro Strategy, which combines a core Trend Following allocation (75% of risk) with diversifying systematic Macro signals.
- The strategy trades multiple speeds of trend-following models, aiming to benefit from diversification and improve the strategy's responsiveness to sharp reversals.
- Since inception of the UCITS fund, the strategy has produced a robust return stream, annualising at 4.0% with no correlation to traditional assets.

Winton was founded in 1997 by David Harding who had previously co-founded AHL and currently manages c. \$11bn across three core investment programmes: Quantitative Multi-strategy, Diversified CTA and Trend Following. The Alma Platinum IV Systematic Alpha fund offers access to Winton's Diversified Macro Strategy, which has a continuous track record since October 1997, with the UCITS launching in June 2010. The UCITS fund trades more than 100 markets across liquid asset classes: equities, fixed income, commodities, currencies, and credit, as well as trading major alternative markets too. The portfolio comprises a core allocation to directional trend-following systems (75% of risk) and a diversifying allocation to systematic macro signals. Winton's trend-following system is the product of 26 years of R&D and trades at multiple speeds (ranging from days to months) with the aim of improving the strategy's responsiveness to sharp reversals. The diversifying systematic macro systems are traded to generate complimentary returns across various market environments, providing diversification to the portfolio, particularly during those periods where trend systems typically struggle. Winton has traded non-trend signals in the strategy since 2004 and now allocates across more than a dozen signal types, including carry, seasonality, fundamental models, mean reversion, cross-sector relationships, and market dynamics. Their relative weighting in the portfolio changed over time, with the strategy launching in UCITS with a 30% allocation. This trended higher to 45% by early 2020, then reverted back to 25% in recent years, as Winton made the decision to position Diversified Macro more explicitly as a trend-following CTA.

Performance Review

Since fund inception in June 2010, returns have annualised at 4.0% with a volatility of 8.2%, leading to a Sharpe ratio of 0.43 (0.5% RFR). The fund has performed in line with the SG Trend index, which has annualised at 4.3% but with a higher volatility (11.4%). The correlation to global equities and bonds has been pleasingly low (0.03 and -0.09 respectively), while it has been higher vs the SG Trend (0.84). Periods of trend reversal and oscillating markets are particularly challenging for trend followers, and we observed the fund outperforming peers during such instances. Specifically, Winton has developed a range of risk metrics to guide the strategy's exposures in situations where volatility-based measures are not accurate predictors of risk, aiding performance during challenging CTA periods (2011 and 2023), while being close to flat in 2018. Nonetheless, as expected from a CTA strategy, performance can be lumpy, with the fund sustaining a max drawdown of 24.1% in 2020. The fund has rebounded strongly since then capitalising on the strong trend opportunities of recent years.

Fig 1: Fund Performance: Alma Platinum IV Systematic Alpha (4 year)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-0.5	-3.4	-4.8	-0.5	-3.5	-3.6	-2.0	-3.1	0.2	-0.1	-1.2	4.7	-16.5
2021	0.0	3.2	0.6	2.3	2.5	-1.5	0.9	0.6	1.0	1.1	-4.8	1.4	7.2
2022	2.3	3.0	7.6	3.6	-0.5	0.6	-1.9	2.6	2.7	0.4	-3.0	0.5	18.7
2023	-0.3	2.7	-2.9	3.4	2.0	2.8	-0.3	1.3	2.5	0.5	-0.7	-1.1	10.1
2024	2.5												2.5

Source: Winton Capital, FE Analytics. Performance is for the I1C USD Class (LU0462954479).

Alma Platinum IV Systematic Alpha

Investment Process

Systematic trend following is the core signal allocation, accounting for 75% of undiversified risk and consists of a blend of multiple oscillators based on exponentially-weighted moving-average crossovers, with lookback periods ranging from days to months. This setup includes a tilt to faster models in equity indices in order to improve the strategy's responsiveness to stock market reversals. The strategy does not assume that trends will last forever and incorporates features designed to mitigate losses when markets reverse. A non-linear response function modulates the overall trend signal based on the strength of the trend indicator. The strategy also sizes positions inversely to volatility, which means it takes profits systematically when large price moves lead to an increase in the underlying market's volatility. The remaining 25% of risk is allocated to systematic macro signals that can complement the core trend-following strategy. Winton has traded non-trend signals in the strategy since 2004 and now allocates across more than a dozen signal types. When setting non-trend signal weights, Winton assesses factors such as backtested and out-of-sample performance; correlations with trend following and other systems; risk metrics and capacity. Ensuring that trend following remains the predominant driver of positioning is also key and means that risk in the non-trend component is distributed broadly across signals. Multi-asset carry is the largest non-trend signal allocation and was applied to currencies in the strategy from 2005 and to commodities and fixed income from 2011. The other non-trend signals can be grouped broadly into the following five styles: mean-reversion, fundamental models, seasonality, futures market dynamics and cross-sector relationships.

Risk Management

The strategy employs features to mitigate investment risk, including a non-linear response to manage overextended trends, inverse-volatility weighting for position sizing, system brakes against rapid rebalancing, and non-trend signals to smooth portfolio returns.

Fees and Management

The I Class is priced at 0.85% with a 18% performance fee, which is in line vs. peers. The strategy has been traded by Winton since 1997, with the process benefiting from the firm's extensive R&D. The UCITS currently has \$115m in assets, while the overall Diversified CTA bucket at Winton manages \$3.9bn.

Outlook and Recommendation

The Alma Platinum IV Systematic Alpha provides UCITS investors with access to the Winton Diversified Macro strategy, which has been traded by Winton since 1997 and has benefited from the extensive efforts the firm has put into developing its Trend following capabilities alongside its expertise in broader systematic macro signals. Since inception the fund has performed well and has provided investors with the expected defensive qualities of a Trend following allocation. Further, the role of the diversifying signals has helped overcome some of the main headwinds of classic trend following (range-bound markets). While there have been periods of significant underperformance, recent changes to strategies weightings have been beneficial.

Fig 2: Track Record (since Inception)

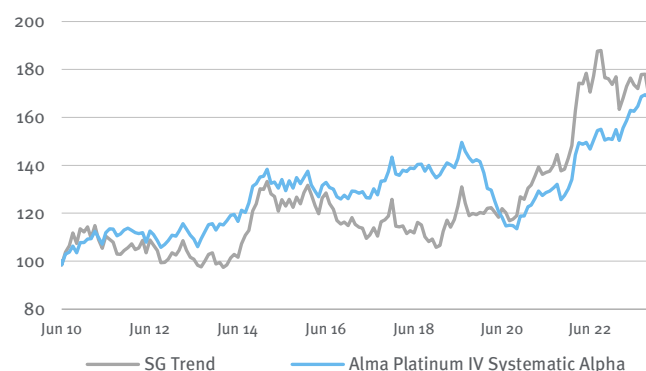


Fig 3: Risk Return (5 year)

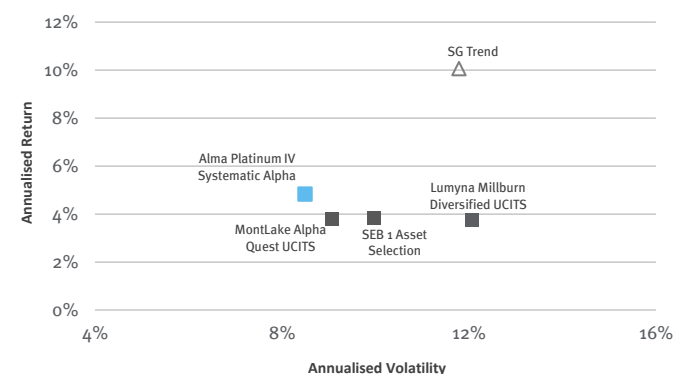
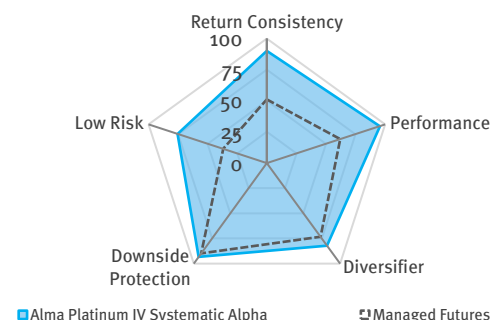


Fig 4: Spider Diagram (36M, as of Q4 2023)



Source: Financial Express Analytics, Kepler Partners

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Alma Platinum IV Systematic Alpha

Appendix: Fund Performance: Alma Platinum IV Systematic Alpha (since Inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010												4.0	4.0
2011	-0.1	1.5	0.1	2.8	-2.2	-2.6	4.5	1.5	0.1	-2.4	0.9	1.5	5.2
2012	0.8	-0.7	-0.8	-0.4	0.4	-3.5	4.3	-1.3	-2.3	-2.6	1.1	1.4	-3.7
2013	2.3	-0.4	2.0	2.8	-1.9	-2.2	-1.3	-2.9	3.1	2.8	2.4	0.5	7.0
2014	-2.4	2.3	-0.4	1.6	1.9	0.3	-2.4	3.9	-0.7	3.3	5.6	0.8	14.4
2015	2.1	0.2	2.1	-4.3	0.4	-1.9	2.8	-3.5	3.2	-2.3	3.4	-1.9	-0.1
2016	1.9	1.9	-4.1	-2.1	-1.7	3.6	1.1	-1.6	-0.5	-2.5	-0.8	1.3	-3.6
2017	-1.2	2.5	0.0	-0.7	0.5	-2.0	-0.1	3.0	-2.0	4.5	0.1	2.9	7.7
2018	4.4	-4.9	-0.4	1.6	-0.4	1.1	-0.2	1.2	0.1	-2.0	1.7	-2.1	-0.3
2019	-1.7	1.0	1.8	1.8	-0.5	-0.9	2.7	4.8	-2.6	-1.9	-1.2	0.7	3.9
2020	-0.5	-3.4	-4.8	-0.5	-3.5	-3.6	-2.0	-3.1	0.2	-0.1	-1.2	4.7	-16.5
2021	0.0	3.2	0.6	2.3	2.5	-1.5	0.9	0.6	1.0	1.1	-4.8	1.4	7.2
2022	2.3	3.0	7.6	3.6	-0.5	0.6	-1.9	2.6	2.7	0.4	-3.0	0.5	18.7
2023	-0.3	2.7	-2.9	3.4	2.0	2.8	-0.3	1.3	2.5	0.5	-0.7	-1.1	10.1
2024	2.5												2.5

Source: Winton Capital, FE Analytics. Performance is for the I1C USD Class (LU0462954479).

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