AQR Global Risk Parity UCITS Fund

Factsheet | January 2023

Key Information

Share Class:
B1 (EUR)

Fund Inception Date:
30 August 2012

Share Class Inception Date:
5 June 2015

Fund Size:
$619mm (as of 31 Jan. 2023)

Domicile:
Luxembourg

ISIN:
LU0995952131

Index:
ESTR

Share Price:
118.03 (as of 31 Jan. 2023)

Number of Holdings:[1]
58

Morningstar© Category:
EAA Fund EUR Flexible Allocation - Global

Minimum Subscription:
100k

Investment Management Fee:[2]
0.40%

Administrative & Operating Fee:
0.09%

Performance Fee:
N/A

Local Lux Tax:[3]
0.01%

Fund Overview

Fund Aspects:

Global, long-only and benchmark-agnostic portfolio that seeks to maintain a diversified, risk-balanced portfolio across three main risk exposures: equity risk, nominal interest rate risk and inflation risk.

The Fund is actively managed to maintain a diversified risk exposure across its three main asset categories with over 50 underlying exposures and to keep total portfolio risk as steady as possible.

Seeks to achieve a targeted level of volatility by dynamically sizing notional positions based on forecasts of market risks.

Fund Objective:

The Fund uses a risk budgeting approach (commonly called "risk parity") to combine a large number of liquid global risk premia into a well-diversified portfolio that seeks to provide higher risk-adjusted returns than traditional beta exposures.

There can be no assurance that the Fund will achieve its investment objective.

Umbrella Fund:

The Fund is a sub-fund of AQR UCITS Funds, a Luxembourg based UCITS of which the management company is FundRock Management Company S.A.

Risk Management:

Risk control is built into the portfolio construction process with a focus on maintaining a consistent amount of risk taking.

Portfolio managers, Investment Committee and Risk Management Department actively assess the risk of the Fund.

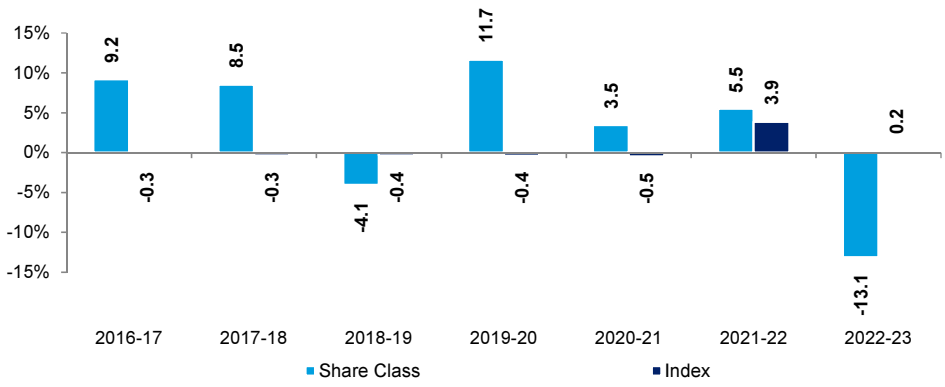
Risk and Reward Profile:

Calculated using historical data which may not be a reliable indicator of the Fund's future risk profile. See Key Investor Information Document (KIID) for details.

Lower Risk Potentially Lower Rewards ← **1** **2** **3** **4** **5** **6** **7** → **Higher Risk** Potentially Higher Rewards

Share Class Performance (Net) as of 31 Jan. 2023[4]

	Share Class	Index[5]
1 Month	2.8%	0.2%
3 Months	2.6%	0.4%
YTD	2.8%	0.2%
1 Year	-13.1%	0.2%
3 Year	-1.7%	1.2%
5 Year	0.3%	0.6%
Since Inception	1.2%	0.3%



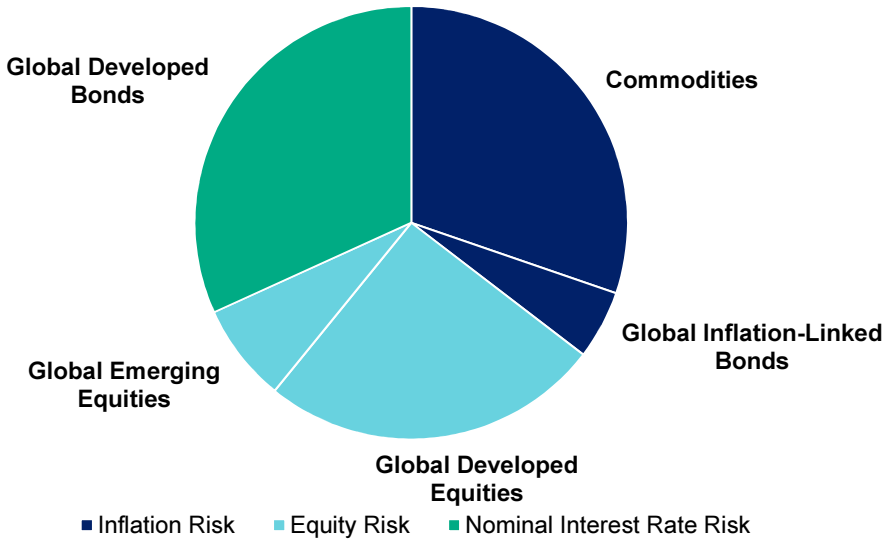
Past performance results in complete 12-month periods (1 February – 31 January)

[1] Holdings subject to change without notice.
[2] Fees follow a step-down structure. Fees are charged on an investor's net aggregate subscription (subscriptions minus redemptions) vs. a blended weighted average approach.
[3] Local Lux Tax per annum of Fund's NAV, payable quarterly.
[4] Source: AQR, Bloomberg. Past performance does not predict future returns. Returns over one year are annualised. For fees, refer to the Key Information section.
[5] The Fund is actively managed. The Index is not being used in reference to the management and/or implementation of the investment policy of the Fund, the referenced Index is used for the calculation of performance fees and/or as a point of comparison only.

Approved as a Financial Promotion for non-MiFID II regulated activities and for Institutional Investors only.

Fund Characteristics

Target Risk Allocation:



Source: AQR. For illustrative purpose only. There is no guarantee that the target risk allocations will be achieved and actual allocations may be significantly different than that shown here. The illustrative allocation above does not represent the actual allocation of any AQR client account, fund or strategy. Please read important disclosures at the end of this document.

Principal Risks

The Fund provides exposure to physical goods (known as commodities). Commodity prices react, among other things, to economic factors such as changing supply and demand relationships, weather conditions and other natural events, the agricultural, trade, fiscal, monetary, and other policies of governments and other unforeseeable events all of which may affect your investment.

The Fund will invest in bonds, and asset-backed and mortgage backed-securities. There is a liquidity risk with these investments as they cannot always be bought or sold quickly enough to prevent or minimize a loss due to a lack of marketability.

The Fund may enter into various financial contracts (known as derivatives) with another party. There is a risk that this party may fail to make its payments or become insolvent which may result in the Fund and your investment suffering a loss.

The Fund may invest in bonds, the value of which depends on the issuer being able to make its payments. There is always a risk that the issuer will fail to do so and this may result in your investment suffering a loss. This risk increases where the Fund invests in bonds which may not be recognised or which are rated below investment grade by major rating agencies or which are backed by more risky assets such as mortgages.

The Fund may use derivatives in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives may not always be successful and cause share prices to fluctuate which may in turn result in loss to the Fund.

The Fund may invest in less economically developed (known as emerging) markets which can involve greater risks than well developed economies. Amongst other issues, the level of government supervision and market regulation may be less than in more developed economies and could affect the value of your investment. Investment in emerging markets also increases the risk of settlement default.

Your investment in the Fund is not guaranteed and is at risk. You may lose some or all of your investment.

The Fund relies upon the performance of the investment manager of the Fund. If the investment manager performs poorly the value of your investment is likely to be adversely affected.

More information in relation to risks in general may be found in the “Risk Factors” section of the prospectus.

Investment Approach

The Fund uses a risk budgeting approach to combine a large number of liquid, global risk premia into a diversified portfolio, which aims to provide positive total returns. We seek assets that we believe are liquid, provide a positive expected return and some portfolio diversification benefit over the long term. The Fund seeks to balance the allocation of risk across asset classes (as measured by forecasted volatility and other proprietary measures) when building a diversified portfolio. This means that lower-risk asset classes (such as global nominal and inflation-linked government bonds) will generally have higher capital allocations than higher-risk asset classes (such as global developed and emerging market equities). The Fund targets a volatility of 10% and an equal risk allocation from each of the three following major risk sources: equity risk, fixed income risk, and inflation risk, which consists of allocations to commodities and inflation-linked bonds.

Philosophy - Risk Parity

The Fund's investment thesis is built upon the observations that risk-adjusted returns of traditional asset classes are more similar than they are different and that investing in each market pays off but not necessarily at the same time. This leads to a straightforward conclusion: adding a risk-balanced portfolio to a traditional asset allocation should increase its risk-adjusted return and provide much needed diversification. Additionally, the Fund's approach is based in part on the observation that it is very difficult to predict which asset class will do best (on a risk-adjusted basis) over either short- or long-term horizons. The Fund relies on the continued appreciation of traditional asset classes, diversification and active risk management, which keeps the portfolio diversified across different market environments and the level of portfolio risk in line with investors' risk preferences, to generate returns over the long term. The Fund's risk-balanced approach seeks to allow all asset classes to equally and meaningfully contribute to portfolio risk and return as well as maintain a consistent risk profile and diversification at each point in time. This contrasts with most asset allocation strategies in which the exposure to equities dominates the risk of the portfolio and for which changes in total portfolio risk are often an incidental outcome of changes in market risk. We believe the Fund's approach is a better solution for gaining diversified long-only exposure to various asset classes.

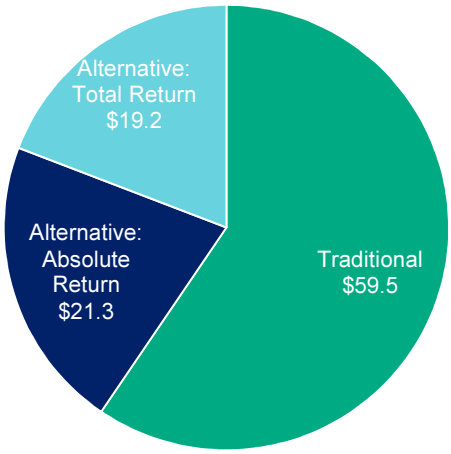
Company Profile

At a Glance:

AQR is a global investment management firm dedicated to delivering results for our clients. At the nexus of economics, behavioral finance, data and technology, AQR's evolution over two decades has been a continuous exploration of what drives markets and how it can be applied to client portfolios. The firm is headquartered in Greenwich, Connecticut, with offices in Bangalore, Frankfurt, Hong Kong, London, and Sydney.

Assets Under Management[5]

Total Assets: $100.0bn



Portfolio Managers



John Liew, Ph.D.
Founding Principal, AQR
Ph.D., M.B.A., University of Chicago
B.A., University of Chicago



Lars Nielsen
Principal, AQR
M.S., B.S., University of Copenhagen



Yao Hua Ooi
Principal, AQR
B.S., B.S., University of Pennsylvania



John Huss
Principal, AQR
S.B., Massachusetts Institute of Technology



Michael Mendelson
Principal, AQR
M.B.A., UCLA
S.M., S.B. (3), Massachusetts Institute of Technology

[5] Approximate as of 31 Jan. 2023. Includes assets managed by AQR and its advisory affiliates.

Disclosures

This is a marketing communication. Please refer to the Prospectus, KIID and (where applicable) KID for more information on general terms, risks and fees. Investors should only invest in the Fund once they have reviewed the Prospectus, KIID and (where applicable) KID, the most recent versions are available free of charge, in English and in your local language at AQR UCITS Funds, c/o HedgeServ (Luxembourg) S.à r.l1st Floor, Infinity Building, 5 Avenue John F. Kennedy, L-1855, Grand Duchy of Luxembourg, along with the annual and semi-annual report and articles (each in English). Investors may wish to consult an independent financial advisor for personal and specific investment advice before investing. Only the information provided in the Prospectus and the KIID is legally binding. Not all share classes are available for investment in all countries. The Prospectus as well as a summary of investor rights are available in English. The relevant KIID is available in Danish, Dutch, English, French, German, Icelandic, Italian, Norwegian, Spanish, Swedish, and depending upon the specific fund, Greek and Portuguese. These documents are available at: https://ucits.aqr.com/ Please refer to the Prospectus, KIID and (where applicable) KID for more information on and fees.

The information set forth herein has been obtained or derived from sources believed by AQR Capital Management, LLC ("AQR") to be reliable. However, AQR does not make any representation or warranty, express or implied, as to the information's accuracy or completeness, nor does AQR recommend that the attached information serve as the basis of any investment decision. This document has been provided to you solely for information purposes and does not constitute an offer or solicitation of an offer, or any advice or recommendation, to purchase any securities or other financial instruments, and may not be construed as such. This document is intended exclusively for the use of the person to whom it has been delivered by AQR and it is not to be reproduced or redistributed to any other person.

This document is not research and should not be treated as research. This document does not represent valuation judgments with respect to any financial instrument, issuer, security or sector that may be described or referenced herein and does not represent a formal or official view of AQR.

The views expressed reflect the current views as of the date hereof and AQR does not undertake to advise you of any changes in the views expressed herein. It should not be assumed that AQR will make investment recommendations in the future that are consistent with the views expressed herein, or use any or all of the techniques or methods of analysis described herein in managing client accounts. AQR and its affiliates may have positions (long or short) or engage in securities transactions that are not consistent with the information and views expressed in this document.

The information contained herein is only as current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Charts and graphs provided herein are for illustrative purposes only. The information in this document has been developed internally and/or obtained from sources believed to be reliable; however AQR does not guarantee the accuracy, adequacy or completeness of such information. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision.

There can be no assurance that an investment strategy will be successful. This document should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

The investment strategy and themes discussed herein may be unsuitable for investors depending on their specific investment objectives and financial situation. Please note that changes in the rate of exchange of a currency may affect the value, price or income of an investment adversely.

No representation or warranty, express or implied, is made or given by or on behalf of AQR or any other person as to the accuracy and completeness or fairness of the information contained in this document, and no responsibility or liability is accepted for any such information.

There is no guarantee, express or implied, that long-term return and/or volatility targets will be achieved. Realized returns and/or volatility may come in higher or lower than expected. Past performance does not predict future returns. Diversification does not eliminate the risk of experiencing investment losses.

There is a risk of substantial loss associated with trading commodities, futures, options, derivatives and other financial instruments. Before trading, investors should carefully consider their financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when trading futures commodities, options, derivatives and other financial instruments one could lose the full balance of their account. It is also possible to lose more than the initial deposit when trading derivatives or using leverage. All funds committed to such a trading strategy should be purely risk capital.

Please note that the management company may decide to terminate the arrangements made for the marketing of the Fund in any country where it has been registered for marketing.

Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

Definition: ESTR (Euro Short Term Rate) is an effective overnight interest rate computed as a weighted average of all overnight unsecured lending transactions in the interbank market in euros.

Where the benchmark is not being used in reference to the management and/or implementation of the investment policy of the Fund, the referenced benchmark is used for the calculation of performance fees and/or as a point of comparison.

The fees and charges paid by the Fund will reduce the return on your investment. Certain costs paid by the Fund will be charged in USD and exchange rate fluctuations may cause these costs to increase or decrease when converted into your local currency.

© Morningstar 2023. All rights reserved. Use of this content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is no guarantee of future results.

Information for United Kingdom investors:

The information set forth herein has been prepared and issued by AQR Capital Management (Europe) LLP, a UK limited liability partnership with its office at Charles House 5-11, Regent St., London, SW1Y 4LR, which is authorised and regulated by the UK Financial Conduct Authority ("FCA"). This factsheet is a financial promotion and has been approved by AQR Capital Management (Europe) LLP.

Information for EEA investors:

AQR in Germany and the European Economic Area is AQR Capital Management (Germany) GmbH, a German limited liability company (Gesellschaft mit beschränkter Haftung; "GmbH"), with registered offices at Maximilianstrasse 13, 80539 Munich, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin"), with offices at Marie-Curie-Str. 24-28, 60439, Frankfurt am Main und Graurheindorfer Str. 108, 53117 Bonn to provide the services of investment advice (Anlageberatung) and investment broking (Anlagevermittlung) pursuant to the German Banking Act (Kreditwesengesetz; "KWG"). The Complaint Handling Procedure for clients and prospective clients of AQR in Germany and the European Economic Area can be found here: https://ucits.aqr.com/Legal-and-Regulatory.

Information for Swiss investors:

This document is an advertising document. The Swiss Representative of the Fund is Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, +41 22 705 11 78, Internet: www.carnegie-fund-services.ch. The Swiss Paying Agent of the Fund is Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva, Switzerland.

Information for Singapore investors:

The offer or invitation of the shares of the Fund, which is the subject of the Prospectus, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act 2001 of Singapore (the "SFA") or recognized under section 287 of the SFA. The Fund is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and the shares are not allowed to be offered to the retail public. Each of the Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

The Prospectus has not been registered as a prospectus with the MAS. Accordingly, the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Information for Hong Kong investors:

This material may not be copied, reproduced, republished, posted, transmitted, disclosed, distributed or disseminated, in whole or in part, in any way without the prior written consent of AQR Capital Management (Asia) Limited (together with its affiliates, "AQR") or as required by applicable law.

This material and the information contained herein are for educational and informational purposes only and do not constitute and should not be construed as an offering of advisory services or as an invitation, inducement or offer to sell or solicitation of an offer to buy any securities, related financial instruments or financial products in any jurisdiction.

Investments described herein will involve significant risk factors which will be set out in the offering documents for such investments and are not described in this document. The information in this document is general only and you should refer to the final Prospectus for complete information. To the extent of any conflict between this document and the Prospectus, the Prospectus shall prevail.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution and if you are in any doubt about any of the contents of this document, you should obtain independent professional advice.