**Aspect Capital Absolute Return Fund**

**Re. Requested Inclusion into the Approved Product List**

**Date:** 19/08/2024

**Asset Class:** Alternatives  
**Fund Type:** Defensive Alternatives – trend following (momentum / carry / value)  
 **Description:** Maximise diversification across three uncorrelated investment themes; Momentum, Carry and Value. Asset class exposure includes Agriculture 6%, Bonds 26%, Credit 2%, Energy 10%, Currency 15%, Interest Rates 1%, Metals 7%, Stocks 33%. Aspect Absolute Returns has had 10M FUM flow in the last 12 months, and 32M FUM flow over 2 years. Whilst Aspect Diversified Futures has had 174M FUM flow over 12 months, and 204M FUM flow over 24 months.   
  
**Parent:** A London-based hedge fund founded by Anthony Todd and Dominic Rozier. Aspect Capital has been in operation since 1997, Absolute Return Fund inception date March 2018.  
 **People Opinion:** Anthony Todd (founder), has been involved since inception. Dominic Rozier, another co-founder, has also had a long tenure with the firm. Aspect Capital values continuity and expertise.  
 **Process Opinion:** Maintaining small exposure to any individual contract, across an array of asset classes, through three distinct investment styles (momentum, carry, value), whilst using quant models and triggers - Aspect Capital have differentiated themselves from other Alternative strategies we employ within our SMA.  
 **Return Profile Opinion:** The Absolute Return Fund underperformed Aspect Diversified Futures, and Winton Global Alpha (other trend following strategies) on a cumulative basis over 1,3,5 years. But consistently had LESS downside risk, and LESS volatility on a calendar year basis. It finished 6th out of 37 defensive alternative managers when assessed against historical 3-year cumulative returns.

Calendar year returns – poor performing years:  
2018 ADF -15%, Winton -1%, ARF -8%  
2020 ADF -3%, Winton -17%%, ARF +1%  
 **Product Terms Opinion:** 1.20% Management Fee, 20% Performance Fee over RBA with high water mark. Fees are high.

**Platform Availability:** CFS and HUB24, not on Netwealth currently.   
 **Overall Opinion:** Reasonable option, providing pops of alpha and uncorrelated returns. Great exposure to an array of different asset classes using momentum, carry and value. Better protection relative to peers during down markets. Concerns are, for same fees we could get exposure to ADF strategy (higher cumulative return and higher volatility), also fees are high.

Atchison