

# Morningstar Alpha Strategies Fund

previously Ibbotson Alpha Strategies Trust

## Risk Profile

Moderate

## Investment Horizon

5 years

## Inception

28 September 2007

## Fund Size \$Mil

220.0

Estimated frequency of annual negative return over a 20 year period 2 to less than 3

## Investment Objective

To maximise performance relative to the benchmark (UBS Bank Bill Index) over rolling five year periods.

## Multi-Manager Fund

A multi-strategy portfolio of hedge fund strategies invested across a range of specialist managers.

Available to wholesale investors.

## Strategic Investment Mix

100% long-term exposure to hedge fund strategies.

## Key Attributes

High conviction portfolio construction.

Exposure to leading hedge fund investment managers.

Complementary source of returns for portfolios invested in equities and fixed income.

Adds a new source of returns that may not be present in an existing diversified portfolio.

Diversification benefit in periods of negative equity market returns.

Low correlation to traditional asset classes.

The ability to identify exceptional managers throughout the world is assisted by our access to global resources.

## Operations

Limits on Transacting

Monthly applications  
Redemptions processed  
each calendar quarter subject  
to 3 months notice and  
12 months lock-up period

Unit Pricing

Monthly

Management Fee <sup>2</sup>

1.23%

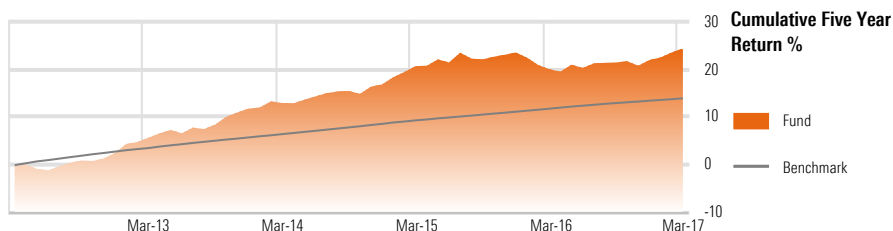
Performance Fee <sup>3</sup>

10.25%

Buy/Sell Spread <sup>4</sup>

0.15% / 0.15%

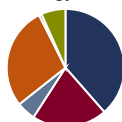
## Performance <sup>1</sup>



Total Return %	3 Months	6 Months	1 Year	3 Years (pa)	5 Years (pa)
Fund (Net of Fees)	2.01	2.42	3.64	3.26	4.47
Benchmark	0.44	0.88	1.94	2.30	2.65
Active Return	+1.57	+1.54	+1.71	+0.97	+1.82

## Portfolio Analysis <sup>2</sup> 31-03-17

### Strategy Allocation %



Market Neutral	38.5
Hedged Equity	20.6
Event Driven	5.2
Macro	28.2
Hedged Credit	0.7
Cash	6.7

### Geographic Allocation %



Asia Pacific Inc Japan	45.4
UK/Europe	15.6
United States	17.4
Cash	6.7
Emerging Markets	14.8

## Benefits of including alpha strategies in a diversified portfolio

The Fund has been designed from a 'total portfolio perspective' and allows easy implementation of a sophisticated mix of absolute return strategies. The Fund is a complementary investment for a diversified portfolio, offering:

- Enhanced diversification: reduces reliance on mainstream asset classes and introduces strategies which behave differently to equity and fixed interest markets
- Improved and consistent performance: potential for higher and more consistent returns over a full market cycle

## Notes

1. Performance measures are expressed after fees, costs and taxes are deducted. Fund inception date 28 September 2007. Past performance is not indicative of future performance.

2. The Management fee is inclusive of GST.

3. The Performance fee is based on the outperformance above the benchmark of the Fund, subject to a high watermark – that is any negative performance is recouped prior to the Performance fee being charged, and this is an additional cost to investors. Refer to the disclosure document for more information on fees.

4. The sell spread may be higher in some limited circumstances. Refer to the disclosure document for more information.

## Morningstar's Investment Principles



**We put investors first.** We believe the firms that put investors first win in the long term because their investors win.

Since 1984, Morningstar, Inc. has been helping investors reach their financial goals. Our fiduciary duty to our principals is paramount.

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**We're independent-minded.** To deliver results, we think it's necessary to invest with conviction, even when it means standing apart from the crowd.

Our research shows that making decisions based on fundamental analysis, rather than short-term factors and sentiment, delivers better long-term investment results.

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**We invest for the long term.** Taking a patient, long-term view helps people ride out the market's ups and downs and take advantage of opportunities when they arise.

Investing with a multi decade horizon aligns with investors focus on increasing their purchasing power over their lifetimes.

The long term is the only period where fundamental, valuation driven investing works.

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**We're valuation-driven investors.** Anchoring decisions to an investment's fair value — or what it's really worth — can lead to greater potential for returns.

Valuation-driven investing through a long-term focus on the difference between price and intrinsic value enables investors to get more than they're paying for.

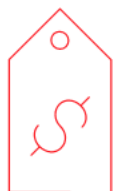
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**We take a fundamental approach.** Powerful research is behind each decision we hold, and we understand what drives each investment we analyse.

Fundamental investing incorporates a focus on the future earnings of an investment and not its prospective price change.

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**We strive to minimise costs.** Controlling costs helps investors build wealth by keeping more of what they earn.

Investment returns are uncertain, but costs are not.

Lower costs allow investors to keep more of their returns.

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**We build portfolios holistically.** To help manage risk and deliver better returns, truly diversified portfolios combine investments with different underlying drivers.

Portfolios should be more than the sum of their parts.

True diversification can have a powerful impact on a portfolio's risk-adjusted returns — but simply holding more investments isn't the same as true diversification.