



## Portfolio Commentary

Arabesque Systematic returned 1.14% for the month, compared to 2.88% for the MSCI All Country World Index.

On a sector level, notably Retail Trade, Electronic Technology and Consumer Non-Durables contributed positively to performance. Process Industries, Consumer Durables and Utilities had the highest negative contributions. On a relative basis, the main driver of October's underperformance was the overweight in Utilities and negative stock selections in Electronic Technology. The cash allocation also had a negative effect on performance. With average turnover, the fund decreased its cash position to approximately 11.9% (average of 18.8% in October). The largest exposures are the cash allocation, underweights in Finance and Health Technology and overweights in Utilities and Commercial Services.

The fund has returned 40.4% since inception with a volatility of 9.85%.

## Sustainable and Quantitative

Arabesque follows a quantitative investment approach that integrates sustainability data with financial analysis.

Arabesque Systematic is a balanced global equity fund that allocates daily between equity and cash and integrates performance-oriented sustainability data into its stock selection process. The fund's sustainable equity universe consists of around 3,000 individual stocks that have passed a rules-based screening process. The portfolio of stocks is constructed using a quantitative trend following model as well as fundamental and earnings analysis.

The fund provides risk-controlled equity upside by dynamically allocating into stocks from the sustainable equity universe and cash. The equity exposure can be between 0 and 100%. The fund aims to limit maximum drawdowns to less than 25%.

## Prices

Date	30.10.2019
Currency	USD
Bid/Ask Price	139.21/139.21
Distribution Date	20.03.2019
Distribution Amount	0.50

## Conditions

Minimum Investment	USD 50,000
Management Fees	0.82% p.a.
Performance Fees	None
Other 3rd Party Fees	0.27% p.a.
Profit	Distributing
TER*	1.29%

## Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-5.26%	-1.60%	3.93%	0.21%	2.33%	1.15%	4.23%	-1.37%	1.04%	-4.93%	0.79%	1.12%	1.14%
2017	2.33%	2.15%	2.50%	3.41%	3.39%	-0.18%	2.28%	1.10%	2.25%	2.94%	2.26%	0.47%	27.88%
2018	4.86%	-3.06%	-2.80%	2.36%	3.65%	-0.72%	1.08%	3.60%	-0.25%	-11.00%	0.84%	-5.06%	-7.36%
2019	2.87%	4.00%	0.83%	1.47%	-2.54%	3.89%	1.09%	-1.07%	-0.97%	1.14%			11.01%

## Risk Indicators

	Return (p.a.)	Last 12 Months	Volatility (p.a.)	Sharpe Ratio	Max Drawdown
Fund	6.68%	6.27%	9.85%	0.54	-15.96%
Index	6.68%	14.25%	11.94%	0.45	-19.20%

## Ratings



5 Total Return

5 Consistent Return

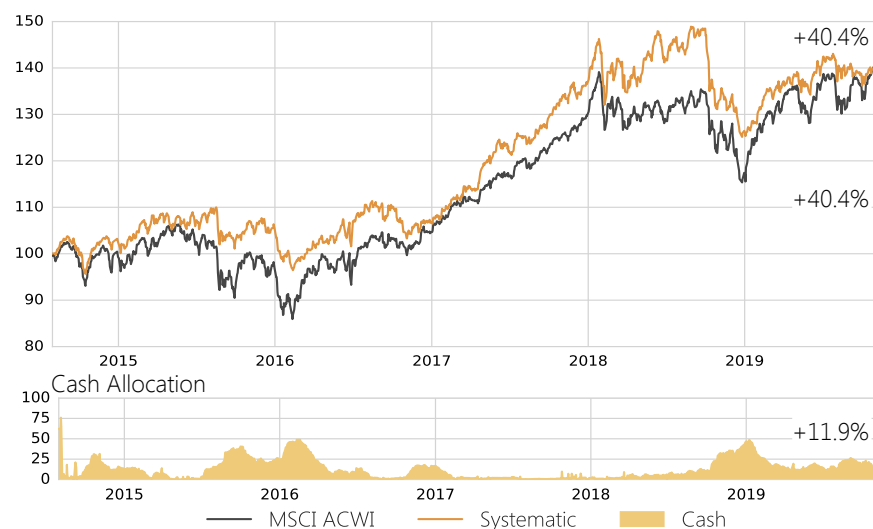
As of 2019-09-30



As of 2019-09-30

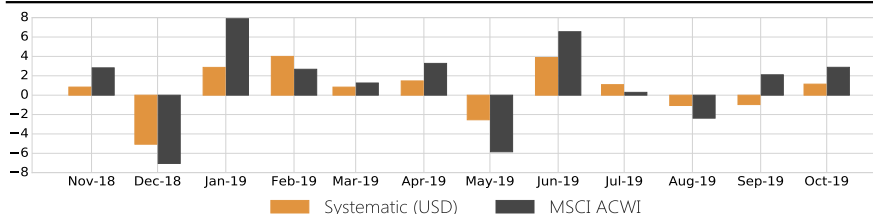
## Performance since Inception

(USD, net of fees, Source: Union Investment Financial Services and MSCI)



## Last 12m Performance (%)

(USD, net of fees, Source: Union Investment Financial Services and MSCI)



## General Information

ISIN	LU1023699983	Inception Date	01.08.2014
WKN	A1XCPR	Management Company	IPConcept (Luxemburg) S.A.
Bloomberg	ARASYUS LX	Custodian Bank	DZ Privatbank S.A.
Fund Structure	SICAV	Fiscal Year	01.01. - 31.12.
Investment Focus	Sustainable, Global Equities	Long Term	MSCI AC World Index NR
		Benchmark	

\* The Total Expense Ratio (TER) generally includes all expense items charged to the fund.





## Investment Process

- The Arabesque sustainable equity universe has approximately 3,000 stocks screened via a multi-stage selection process based on Arabesque S-Ray®.
- Arabesque S-Ray® is designed to streamline vast amounts of ESG data, and can be used in three unique ways to evaluate companies: (1) GC Score: an assessment of each company based on the normative principles of the United Nations Global Compact. (2) ESG Score: a sector specific analysis of each company's performance on material ESG issues. (3) Preferences Filter: an optional process to examine business involvements against individual investor values.
- From the Arabesque sustainable equity universe, a quantitative investment model selects equities that have been trending upwards. The weight of each stock in the portfolio is approximately 1%. An active risk management process is used to dynamically allocate between equities and cash.
- The fund does not use derivatives, leverage nor shorting.

## Opportunities

- Potential of high risk-adjusted returns.
- Exposure to stocks that have been screened for their Environmental and Social impact as well as their Governance practices.
- Risk reduction through an active risk management process that dynamically allocates capital between equities and cash.

## Risks

- Exposure to market-related price fluctuations and losses.
- Exchange rate risks in the equity and cash holdings.
- The value of the fund shares may fall below the price at which the investor acquired the shares.

## About Arabesque

- Arabesque was founded in June 2013 and is authorised and regulated by the Financial Conduct Authority (FCA).
- The majority of Arabesque is owned by its founders and employees.
- Arabesque Management and Advisory Boards are composed by global leaders in the field of sustainable investing and quantitative finance.
- By combining sophisticated and systematic investment processes with values of the UN Global Compact and the Principles of Responsible Investment (PRI), Arabesque aims to make sustainable investing financially attractive.

## Asset Allocation

Shares	88.1%
Liquidity	11.9%



## Top-10-Holdings

% of Total Assets

McGrath RentCorp	1.2%	Herman Miller, Inc.	1.1%
Atlas Copco AB Class A	1.1%	Radian Group Inc.	1.1%
WellCare Health Plans, Inc.	1.1%	KLA Corporation	1.1%
JB Hi-Fi Limited	1.1%	LaZBoy Incorporated	1.0%
Federal Signal Corporation	1.1%	Cintas Corporation	1.0%

## Market Capitalization

% of Total Equities

Large Cap (> \$15bn)	36.1%
Mid Cap (\$2.5bn – \$15bn)	39.2%
Small Cap (< \$2.5bn)	24.7%



## Country Allocation

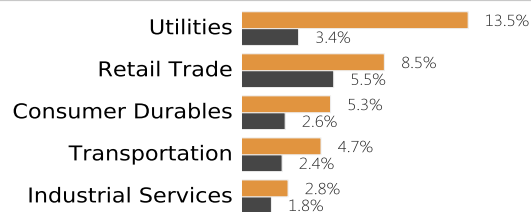
Based on Domicile, % of Total Assets

United States	58.6%	China	1.9%
Japan	4.8%	Mexico	1.9%
Bermuda	3.8%	Germany	1.8%
Netherlands	2.0%	Canada	1.8%
Australia	2.0%	Switzerland	1.7%

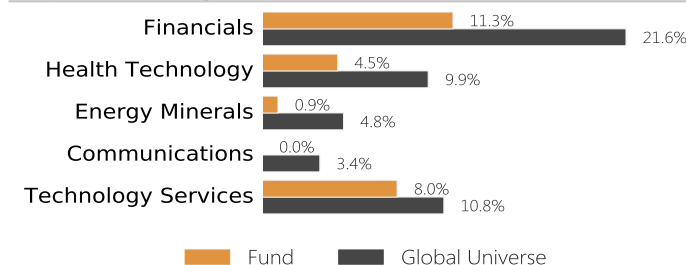
## Sectors

% of Total Assets

### Top Overweighted



### Top Underweighted



Legend: Fund (orange), Global Universe (dark grey)

Source: Union Investment Financial Services, Factset



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