



## Portfolio Commentary

Arabesque Systematic returned -7.54% for the month, compared to -9.45% for the MSCI All Country World Index.

On a sector level all sectors contributed negatively to performance, especially Finance, Utilities and Consumer Non-Durables. On a relative basis the main drivers of December outperformance were the cash allocation and the overweight of Utilities. With average turnover the fund increased its cash position to around 47%. The largest exposures continue to be the cash allocation, underweights in Electronic Technology and Finance and an overweight in Utilities.

The fund has returned 6.4% since inception of the share class.

## 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

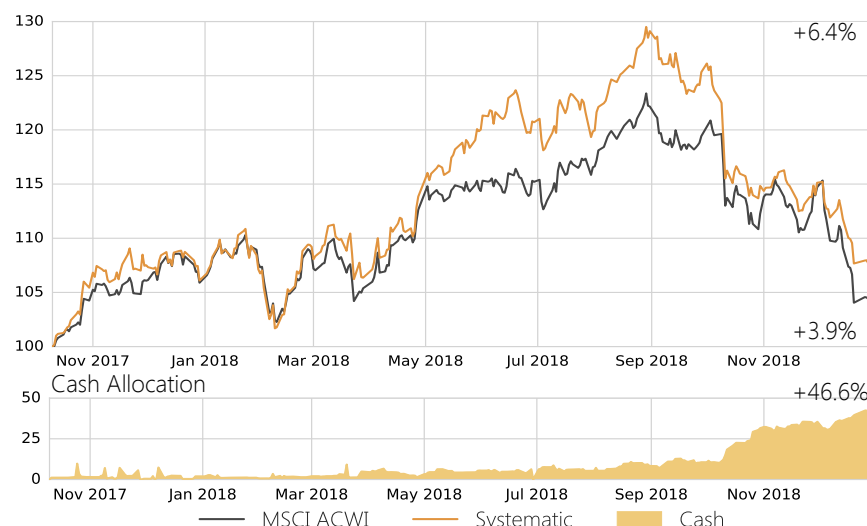
Date	01.01.2019
Currency	SEK
Bid/Ask Price	106.20/106.20
Distribution Date	20.03.2018
Distribution Amount	0.25

## Conditions

Minimum Investment	SEK 5,000
Management Fees	0.82% p.a.
Performance Fees	None
Other 3rd Party Fees	0.27% p.a.
Profit	Distributing
TER*	1.38%

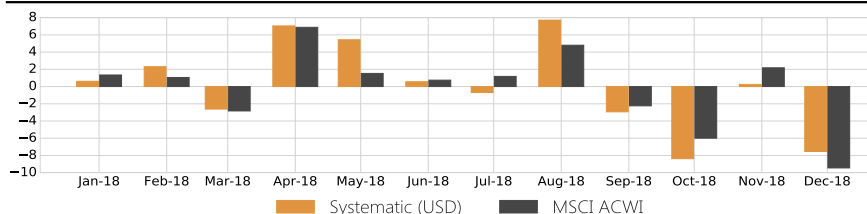
## Performance since Inception

(Source: Union Investment Financial Services and MSCI)



## Last 12m Performance (%)

(Source: Union Investment Financial Services and MSCI)



## General Information

ISIN	LU1653149309	Inception Date	11.10.2017
WKN	A2DU7R	Management Company	IPConcept (Luxemburg) S.A.
Bloomberg	-	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	

## Monthly Performance

(SEK, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017										5.43%	1.97%	-1.31%	6.10%
2018	0.61%	2.30%	-2.61%	7.04%	5.43%	0.56%	-0.69%	7.72%	-2.93%	-8.37%	0.25%	-7.54%	0.32%

## Risk Indicators

(SEK, net of fees)

	Return (p.a.)	Last 12 Months	Volatility (p.a.)	Sharpe Ratio	Max Drawdown
Fund	5.12%	0.32%	16.52%	0.34	-17.81%
Index	3.08%	-1.91%	14.34%	0.25	-15.81%

## Awards

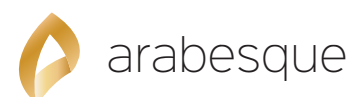


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\* The Total Expense Ratio (TER) generally includes all expense items charged to the fund.

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Note: Official NAVs are based on the last closing prices prior to the valuation day. For the purpose of this report the prices are moved back one day so that the performance is comparable to the index. Unless otherwise stated, all data is as of 31 December 2018.





## 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	53.4%
Liquidity	46.6%



## Top-10-Holdings

% of Total Assets

Atlassian Corp. Plc Class A	1.1%	OGE Energy Corp.	1.1%
Alarm.com Holdings, Inc.	1.1%	Baxter International Inc.	1.0%
Hong Kong & China Gas Co.	1.1%	Church & Dwight Co., Inc.	1.0%
Eli Lilly and Company	1.1%	HOYA CORPORATION	1.0%
Argo Group International	1.1%	First Financial Bankshares	1.0%

## Market Capitalization

% of Total Equities

Large Cap (> \$15bn)	25.9%
Mid Cap (\$2.5bn – \$15bn)	19.4%
Small Cap (< \$2.5bn)	54.7%



## Country Allocation

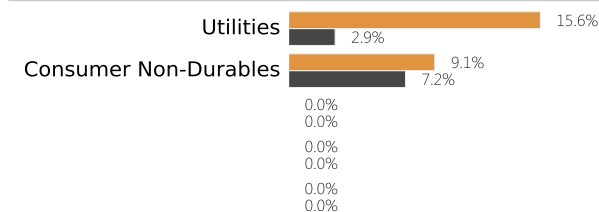
Based on Domicile, % of Total Assets

United States	36.0%	Bermuda	1.1%
Japan	7.5%	Canada	1.0%
United Kingdom	3.5%	France	1.0%
Hong Kong	2.6%	Netherlands	0.8%

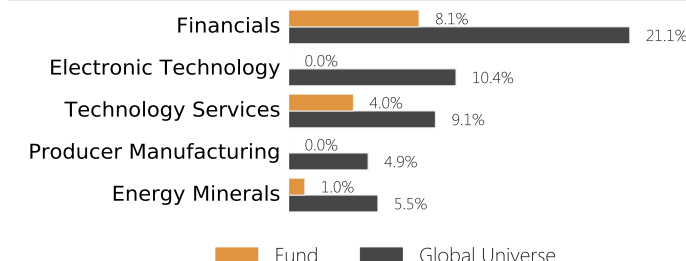
## Sectors

% of Total Assets

### Top Overweighted



### Top Underweighted



Source: Union Investment Financial Services, Factset



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