

## SouthPeak

### about us

specialist volatility manager  
providing alpha and protection

we aim to deliver attractive  
outperformance with low  
correlation to bonds and equities

## Alternative Alpha Fund

### goal

consistent positive  
returns

strong performance  
in large equity falls

### how

harvest differentiated alpha from strategies that  
we believe are attractive and sustainable

risk manage the alpha strategies and include  
cost-effective tail protection, aiming to provide  
positive returns in large equity falls

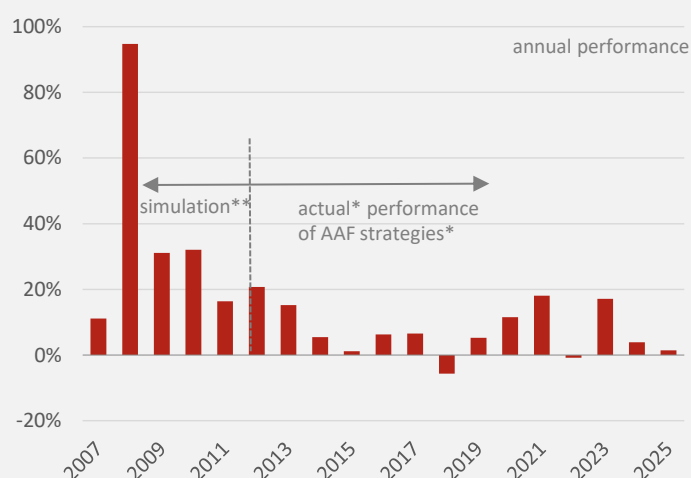
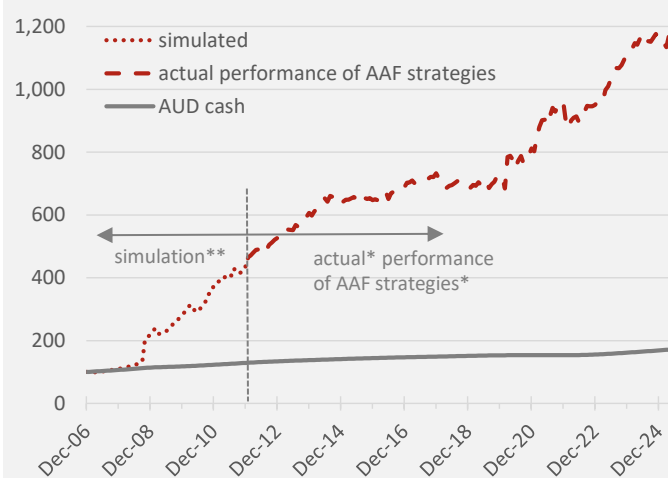
## why invest in the SouthPeak Alternative Alpha Fund?

designed for investors seeking attractive **growth returns** with **defensive diversification**, **regular income** and **daily liquidity**  
a different approach for investors concerned that bonds may not diversify portfolios as reliably going forward

## SouthPeak experience

## strategies used since early 2012

actual\* and simulated\*\* performance of the strategies in the Alternative Alpha Fund



	3 months	1 year	3 years	5 years	since Feb 2012	since Jan 2007**
AAF*	2.5%	2.7%	8.8% p.a.	8.3% p.a.	7.2% p.a.	14.4% p.a.
cash	1.0%	4.4%	3.6% p.a.	2.2% p.a.	2.1% p.a.	3.0% p.a.

\*See important information on the next page. Strategy returns from Feb 2012 are estimated from the actual returns of the AAF's strategies in SouthPeak's real diversification funds. Fund returns are in AUD and gross of fees but net of estimated expenses. Returns are estimated, unaudited and subject to adjustment.

\*\*Returns prior to Feb 2012 are simulated. Cash returns are the Australian Bank Overnight Cash Rate, RBACTRD Index.

Past performance is not an indicator of future performance. Source: Bloomberg, SouthPeak.



## our investment approach

differentiated, defensive, systematic

SouthPeak seeks to **harvest attractive and differentiated returns from global volatility markets** using a proprietary systematic approach that has been used and refined over more than a decade.

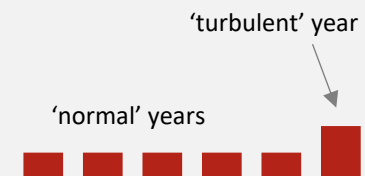
We use the tail-wind provided by the **volatility risk premium** (akin to selling insurance) to drive returns in 'normal' market conditions.

We then incorporate dynamic risk management and dedicated protection strategies, so the portfolio **becomes more defensive when markets become 'turbulent'**.

This combination aims to deliver consistent positive returns and strong performance in large equity shocks.

### target outperformance profile

consistent positive returns with strong performance in large equity falls



## why use volatility for outperformance?

we believe **predictability** and **sustainability** are paramount to generating consistent returns

## role in portfolios

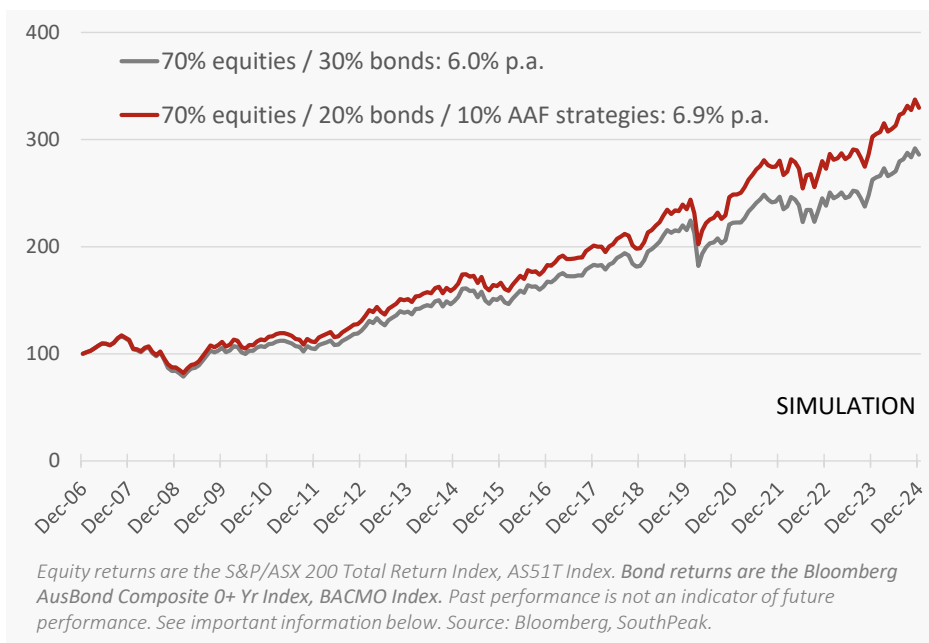
The aim of adding volatility strategies to a balanced portfolio is to create an investment with stronger expected returns while retaining defensiveness.

To illustrate, the graph compares a balanced portfolio of Australian equities and bonds to a portfolio that moves 10% of its assets from bonds to the volatility strategies used by the SouthPeak Alternative Alpha Fund.

Over the period examined, the simulated portfolio with volatility strategies would have performed better in the two largest equity falls (2008 and 1Q2020) while earning an additional 0.9% p.a. over the whole period.

For further information see

<https://www.southpeakim.com/insights>



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## Contact us

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INVESTMENT MANAGEMENT