

Triple3 Volatility Advantage Fund

GRANT SAMUEL
FUNDS MANAGEMENT



FACT SHEET

Volatility is a unique asset class that offers a largely untapped source of alpha for investors' portfolios. With low correlation to other asset classes, notably equities, volatility can be used to enhance returns and manage risk. The Triple3 Volatility Advantage Fund (the Fund), managed by Triple Three Partners Pty Ltd (Triple3) provides investors access to the potential diversification benefits of volatility.

Investment objective

The Fund aims to generate long-term absolute returns that are negatively correlated to equities.

Investment strategy

The Fund is a volatility-focused strategy designed to capture alpha from liquid exchange-traded VIX¹ options. It aims to generate long-term absolute returns that are negatively correlated to the S&P 500 Index[®] (SPX)².

As illustrated in Figure 1, typically the more equities fall, the faster volatility (i.e. the VIX) rises. It has what's called a 'convex' payoff profile – the more the S&P500 Index falls, the harder and faster the VIX tends to rise.

It is expected that the investment strategy will perform best in periods where the S&P500 (SPX) is falling and volatility is high. In periods where the SPX remains stable or increases only steadily, the Fund aims to generate cash-like returns.

Investment process

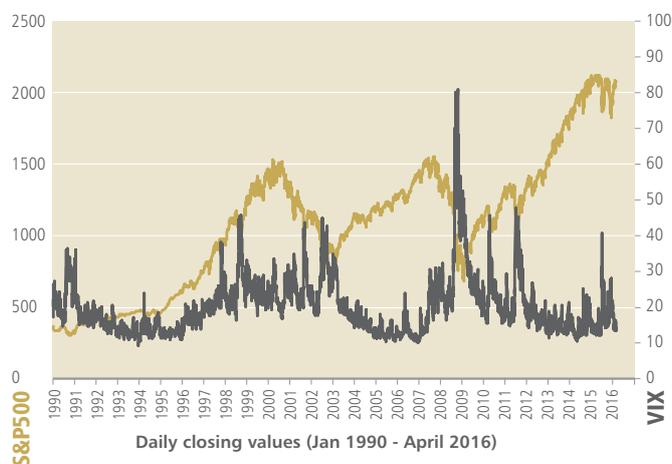
The Triple3 Volatility Advantage Fund is actively managed and invests in VIX options and cash. Volatility is the key input in calculating an option's price. It represents the expected variability in the underlying asset from a point in time until maturity of the option.

Mathematical models are used to detect and exploit pricing inefficiencies in the options market. Triple3's proprietary forecast volatility models show that for differing market states, the S&P500 volatility is mispriced, where, for certain market states it has been priced more expensively than it should have, whereas for other states it has been priced more cheaply.

Since 1990, implied volatility of the S&P500 – as represented by the VIX – has been higher than the subsequent realised volatility 88% of the time, providing an opportunity to exploit this mispricing to generate alpha.

In managing the Fund, Triple3 has strong risk management protocols. While there are risks associated with using options, the Manager mitigates this risk by ensuring that the aggregate of all bought and sold call or put options is positive or zero.

Figure 1: The S&P500 vs VIX: 1990-2016



Source: Triple3 Partners, Yahoo Finance & CBOE. Past performance is not a guide to future performance.

1 The CBOE Volatility Index[®] (VIX[®]) is a Registered Trademark of the Chicago Board Options Exchange (CBOE)

2 Standard & Poor's and S&P are registered trademarks of Standard & Poor's Financial Services LLC (S&P), a part of McGraw Hill Financial Inc.

FUND FACTS	
APIR CODE	GSF0009AU
INCEPTION DATE	12 MAY 2014
MINIMUM INVESTMENT	\$25,000
UNIT VALUATION	DAILY
APPLICATIONS AND WITHDRAWALS	DAILY
DISTRIBUTION FREQUENCY	QUARTERLY
RESPONSIBLE ENTITY	GRANT SAMUEL FUND SERVICES LIMITED
INVESTMENT MANAGER	TRIPLE THREE PARTNERS PTY LTD
CUSTODIAN AND ADMINISTRATION	J.P. MORGAN CHASE BANK N.A.
UNIT REGISTRY	FUNDBPO PTY LTD
CLEARER	GOLDMAN SACHS INTERNATIONAL
ESTABLISHMENT FEE	NIL
CONTRIBUTION FEE	NIL
WITHDRAWAL FEE	NIL
MANAGEMENT COSTS	1.45% P.A. + EXPENSE RECOVERY, CAPPED AT 0.10% P.A.
PERFORMANCE FEE	20% OF THE DIFFERENCE BETWEEN THE DAILY DOLLAR RETURN OF THE FUND AND THE DAILY DOLLAR RETURN OF THE PERFORMANCE BENCHMARK
BUY/SELL SPREAD	BUY +0.20% / SELL -0.20%

How is this Fund different to other alternative funds?

In recent years a range of alternative strategies have been used to provide portfolio diversification. This Fund differs from other alternative products in that:

- Volatility is inversely related to equity index prices, especially when there are large moves; other asset classes have been shown to become more closely correlated to equities during severe market movements
- With low correlation to other asset classes, volatility can be used to enhance returns and manage risk
- Volatility is less susceptible to liquidity constraints when markets drop; in fact, this is when volatility is at its most liquid
- Access to capital – the Fund is priced daily, with applications and withdrawals processed each business day.

The Triple3 Volatility Advantage Fund was the first options-based volatility strategy available to Australian retail investors. It provides exposure to an asset class that would otherwise be difficult for an individual investor to access.

The investment manager

Triple3 is a recognised expert in its field of volatility research and investment. At 31 March 2016, it managed \$372 million in volatility strategies.

Renowned for both its depth of experience and investment rigour, the investment team has spent seven years developing its volatility strategy, including the quantitative forecasting techniques and portfolio algorithms that underpin the strategy.

For more information about the Triple3 Volatility Advantage Fund

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Important information

Grant Samuel Fund Services Limited ABN 48 129 256 104 AFSL 321517 (Grant Samuel Funds Services) is the responsible entity of the Triple3 Volatility Advantage Fund ARSN 168 796 718 (Fund) and is the issuer of this information. Grant Samuel Fund Services has appointed Triple Three Partners Pty Ltd ABN 20 135 656 236 AFSL 337236 as the investment manager of the Fund. Class A Units in the Fund are available for issue by Grant Samuel Fund Services, as responsible entity of the Fund.

This information has been prepared without taking account of the objectives, financial situation or needs of individuals. Before making an investment decision in relation to the Fund, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs and read and consider the product disclosure statement for the Fund dated 20 July 2015 (PDS). The PDS may be obtained by calling 1300 133 451 or from www.gsfm.com.au.

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. Purchasing options may result in a loss of the premium paid plus any commissions or transaction costs. Selling an option may entail considerably greater risk than purchasing options and requires a margin deposit. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of the premium amount. This document is issued on 6 June 2016. ©2016 Grant Samuel Fund Services Limited.