

*The Triple3 Volatility Advantage Fund provides investors access to the potential diversification benefits of volatility.*

## ABOUT THE FUND

### Investment objective

The Fund aims to generate long-term absolute returns that are negatively correlated to the Standard & Poor's 500® (SPX), with an emphasis on positive returns when the SPX experiences falling (or bear) markets. It's expected the investment strategy will perform best when the SPX is falling, and volatility is high.

### Investment philosophy

Volatility represents a statistical measure of the dispersion of returns for a given security or market index.

The word volatility is often used interchangeably with words associated with risk. Although it is typically portrayed as a bad thing, volatility can provide diversification benefits to an investment portfolio.

With low correlation to other asset classes, notably equities, volatility is an asset class which can be used to enhance returns and manage risk. The Fund provides investors access to the potential diversification benefits of volatility.

## ABOUT TRIPLE3 PARTNERS

Triple3 is a recognised expert in its field of volatility research and investment. 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.



**SIMON HO**  
CIO & Portfolio  
Manager



**JOHN ZHU, CFA**  
Head of Quantitative Research &  
Portfolio Manager

Years' experience: 24+ yrs

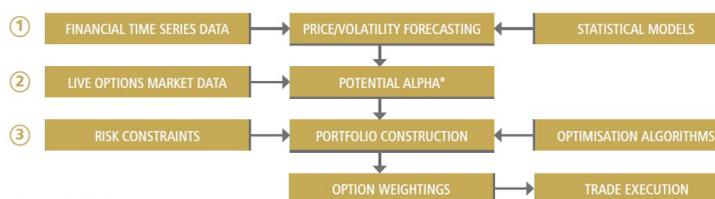
10+ yrs

Founder Triple3 Partners, involved in various initiatives within the options industry to develop volatility-based products and indices

BSc Honours (First Class) in Applied Mathematics, specialising in quantitative finance at Sydney University in 2006, where he won the prestigious University Medal

## INVESTMENT APPROACH

In managing the Triple3 Volatility Advantage Fund, the team adopts a three step investment process.



Source: Triple3 Partners

\* Potential Alpha is identified by comparing model values to market prices

### Three step process

1. Quantitative models are used to systematically analyse historical price movements in US-based volatility indices. The models generate forecasts of options prices and volatilities for the investment universe.

2. The team compares the forecasts generated by the mathematical models to the live options market data, to determine which options appear under-priced and which overpriced; this enables them to identify potential alpha opportunities.
3. The team then uses a portfolio algorithm to determine the optimal combination of options for the portfolio so that:
  - the chance of generating a positive return is maximised
  - the risk constraints of the Fund are adhered to
  - where possible, the returns from buying and selling the options will be negatively correlated to the SPX in falling (bear) markets.

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A portfolio of options is then constructed, with trading instructions advised by the portfolio algorithm.

## FUND INFORMATION

### FUND FACTS AND FEES

APIR CODE	GFS0009AU
INCEPTION DATE	12 MAY 2014
MINIMUM INVESTMENT	\$25,000
UNIT VALUATION	DAILY
APPLICATIONS/WITHDRAWALS	DAILY
DISTRIBUTIONS	QUARTERLY
RESPONSIBLE ENTITY	GSFM RESPONSIBLE ENTITY SERVICES LIMITED
INVESTMENT MANAGER	TRIPLE THREE PARTNERS PTY LTD
CUSTODIAN & ADMINISTRATION	J.P. MORGAN CHASE BANK N.A. (SYDNEY BRANCH)
UNIT REGISTRY	MAINSTREAM FUND SERVICES
CLEARER	GOLDMAN SACHS INTERNATIONAL
ESTABLISHMENT FEE	NIL
CONTRIBUTION FEE	NIL
WITHDRAWAL FEE	NIL
MANAGEMENT COSTS	1.45% 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
PERFORMANCE BENCHMARK	RBA CASH RATE TARGET
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.

### For more information about the Triple3 Volatility Advantage Fund

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### Important information

GSFM Responsible Entity Services Limited ABN 48 129 256 104 AFSL 321517 (GRES) is the responsible entity of the Triple3 Volatility Advantage Fund ARSN 168 796 718 (Fund) and is the issuer of this information. GRES 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 GRES, as responsible entity of the Fund.

Before making an investment decision in relation to a Fund, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs. Prospective investors should read and consider the Product Disclosure Statement for the Fund dated 25 March 2019, which can be obtained by contacting GSFM Pty Ltd on 1300 133 451 or at [www.gsfm.com.au](http://www.gsfm.com.au). This document is issued on 15 May 2019.

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