

# TRIPLE3 VOLATILITY ADVANTAGE – CLASS A: QUARTERLY REPORT

31 December 2019

## Performance

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	Since inception <sup>1</sup> % pa
Growth <sup>2</sup>	(0.53)	(1.61)	(6.70)	(2.25)	(2.39)	(2.89)
Distribution <sup>2</sup>	0.00	0.00	0.00	0.00	0.00	0.07
Total <sup>2</sup>	(0.53)	(1.61)	(6.70)	(2.25)	(2.39)	(2.82)

1. Inception Date: 12 May 2014

2. Fund returns are calculated net of management fees. Distribution may include income, realised capital gains, and any return of capital.

**Past performance is not a guide to future performance**

## Fund facts

### Summary

APIR code	GSF0009AU
Inception date	12 May 2014
Fund size: 31 December 2019	\$23.23 million (Class A & S)
Minimum investment	\$25,000
Unit valuation	Sydney Business Day
Applications and withdrawals	Daily
Cum unit prices at 31 December 2019 <sup>1</sup>	Application \$0.8509 Withdrawal \$0.8475
Responsible entity	GSFM Responsible Entity Services Limited

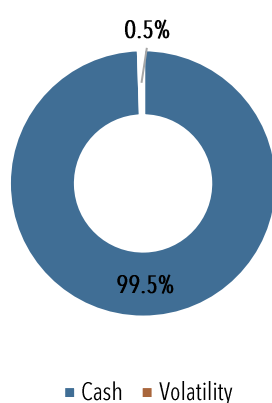
<sup>1</sup>Entry and exit prices for each Business Day available at [www.gsfm.com.au](http://www.gsfm.com.au)

### Fees

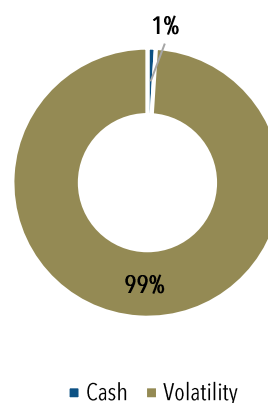
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Management costs <sup>2</sup>	1.45%pa of the Net Asset Value of the Class A units
Performance fee <sup>2</sup>	A Performance Fee is calculated each business day as 20% of the difference between the daily dollar return of the Fund and the daily dollar return of the Performance Benchmark (RBA Cash Rate Target).
Buy/Sell spread	+/- 0.20%

<sup>2</sup>Inclusive of the net impact of GST

### Cash weighting of the Fund 31 December 2019



### Risk weighting of the Fund 31 December 2019



The two pie charts above illustrate that although the majority of the Fund is invested in cash, it is not a traditional 'cash fund'. The majority of the Fund's risk exposure is derived from the volatility component of the investment strategy. More information can be found in 'Investment Strategy and how the Fund is managed' in Section 3 of the Fund's Product Disclosure Statement dated 25 March 2019 available at [www.gsfm.com.au](http://www.gsfm.com.au)

## Fund information

### Fund changes

There have been no material changes to the following since the last monthly update:

- Fund's risk profile
- Fund's investment strategy
- Key investment professionals for the Fund
- Key service providers.

### Fund objective

The Fund aims to generate long-term absolute returns that are negatively correlated to Standard & Poor's 500® (also known as the S&P 500 Index®) (SPX), with an emphasis on positive returns when the SPX experiences falling (or 'bear') markets.

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

The Fund aims to achieve its investment objective by investing a portion of the Fund in CBOE Volatility Index VIX) options (and other volatility related options being SPX options and VXX options) to gain exposure to volatility on the SPX (the volatility component).

## Key investment professionals

### Simon Ho, Chief Investment Officer

Simon founded Triple Three Partners Pty Ltd (Triple3) in 2009. He has over 20 years' industry experience, having held senior options trading and risk management roles at firms including Goldman Sachs London, Merrill Lynch New York, and JP Morgan Singapore. He is involved in various initiatives within the options industry to develop volatility-based products and is a regular options expert contributor to various TV and print media outlets. Simon completed a Bachelor of Social Science (Economics) at the University of New South Wales in 1992.

As the CIO, Simon spends a substantial amount of his time overseeing the management of the Volatility Advantage investment strategy.

### John Zhu, Portfolio Manager

John has over 8 years' experience in financial markets, in both quantitative research and trading. His previous roles include quantitative trading at ABN Amro and Royal Bank of Scotland and options market-making at Optiver. John completed his BSc Honours (First Class) in Applied Mathematics specialising in quantitative finance at Sydney University in 2006, where he won the prestigious University Medal.

John is responsible for implementation of the strategy of the Fund on a day to day basis. John primarily spends his time on investment activities applicable to the Volatility Advantage investment strategy

### Important information

The information contained in this document reflects, as of the date of publication, the views of Triple Three Partners Pty Ltd (Triple3) and sources believed by Triple3 to be reliable. There can be no guarantee that any projection, forecast or opinion in these materials will be realised. The views expressed in this document may change at any time subsequent to the date of issue. GSFM Responsible Entity Services Pty 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. 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 25 March 2019 (PDS) which may be obtained from [www.gsfm.com.au](http://www.gsfm.com.au) or by calling 1300 133 451.

Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. None of GRES, its related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Fund or any particular returns from the Fund. No representation or warranty is made concerning the accuracy of any data contained in this document. This document is issued on 20 January 2020.

The majority of the Fund is invested in cash and cash-like instruments, which include derivatives such as OTC interest rate investment contracts (for example Total Return Swaps) and bank bill futures traded on the Australian Securities Exchange (ASX) (Cash), and is expected to generate cash-like returns in periods where the SPX remains stable or increases only steadily and volatility is low (the cash component).

### Fund review

The US equity market had a very strong 4th quarter of 2019. For the quarter the Volatility Advantage Fund returned -1.61%, while the S&P 500 index returned +8.53% in US dollar terms.

The US equity market rallied to all-time new highs for three months in a row in the last quarter of 2019. Market sentiment was boosted by another interest rate cut by the Federal Reserve in October, sound economic data as well as trade deal optimism towards the end of the year. The VIX index printed as low as 12 and as high as 24 during the period. The VIX index started the quarter in the high teens but only for a short while, and spent most of the period below the 15 level.

The Fund had stayed modestly defensive throughout the quarter, via the purchase of S&P 500 put spreads and VIX call spread structures. Most of these positions well never called into action. We will remain risk averse as the world enters the end of the current cycle.

Please see [www.gsfm.com.au](http://www.gsfm.com.au) for more information about the Triple3 Volatility Advantage Fund