

# darling macro fund. dmf.

April, 2019

## About the fund

The Darling Macro Fund pursues a global macro strategy, which aims to dynamically allocate long and short exposure across many liquid markets within 4 major global asset classes: Equities, Bonds, Commodities and Currencies.

The objectives of the Darling Macro Fund are to generate risk adjusted positive returns over the medium to long term, which are less correlated to the movements in core equity and bond allocations.

The fund is aiming to achieve:

1. A return of 9 % net of costs p.a. in excess of the Australian cash rate over a rolling 5-year period, as measured by RBA Cash Rate.
2. Annual volatility measured over the same 5-year rolling period is expected to be 15 % pa.
3. Materially lower drawdown risk than equities over the medium term.
4. Low to moderate correlation to a strategic asset allocation of equities and bonds (70:30) over the medium term.
5. Easily observable valuations and high liquidity.

Performance		1 mth	3 mth	6 mth	Cytd	1 Year	3 Year	SinceInception
Darling Macro Fund	Class A	-1.6%			-1.6%			-1.6%
	Class B	N/A			N/A			N/A
	RBA Cash plus 9%	0.9%			0.9%			0.9%

## Risk and Attribution

Volatility		11.9%			11.9%			11.9%
Correlations	SAA Index	-0.13			-0.13			-0.13
Performance Attribution	Equity	0.6%			0.6%			0.6%
	Bond	-1.7%			-1.7%			-1.7%
	Short Bond	-0.1%			-0.1%			-0.1%
	FX	0.0%			0.0%			0.0%
	Agri	-0.7%			-0.7%			-0.7%
	Energy	0.0%			0.0%			0.0%
	Other including cash	0.4%			0.4%			0.4%
Risk allocations	Equity	16.6%						
	Bond	81.6%						
	FX & Commodity	1.9%						

**Notes:**  
Performance is net of all management fees  
Risk and attribution is based on Class A performance  
SAA Index is comprised 70% of equities and 30% bonds.  
Refer to disclosures for important information  
Refer to the Information Memorandum for further detail

Source: Darling Macro (347 Darling Pty Ltd)

## Commentary

### A brief review of markets ....

Company earnings released in April seemed to confirm that the US economy continues to grow above trend and tempered calls for interest rates to be cut. Economic data in Europe suggest that prices and activity may be rebounding from a weak period, while data from Japan and Korea was poor. Oil benefited from the US not renewing its waiver on the Iran oil import ban.

The rebound in equities was sustained through April, and there were gains across every region. Interest rate sensitive equities such as real estate fell. Investment grade credit and high yield spreads tightened. Government bonds fell. Oil rose, other commodities fell. The US dollar rose. China equities were volatile as investors tried to discern policy makers next move to support growth.

Equity volatility and correlations have fallen back into the lowest decile since 2007. Of the equity styles, value outperformed quality, low volatility and momentum.

### Risk allocations

The strategy's risk allocation is tilted to bonds, across the US, Germany and Japan, across each of the three speeds

### Performance and attribution

In April, the Darling Macro Fund class A units generated -1.6%.

While April was the first month for the fund, the underlying investment strategy has generated 15.2% year to date.

Losses from higher allocations to bonds were not offset by gains in equities. The best performing strategies were blends of equity, gold and US bonds, while the worst were blends of oil, US bonds and Japanese bonds. The slow speed sub portfolios outperformed the moderate and fast moving portfolios.

### And finally.....

The Darling Macro Fund launched this month. The funds asset allocation will rebalance according to trends in performance, volatility and correlation between 30 global markets which we believe drive diversification and return potential. We are proudly the first investors in the new fund. Many thanks to our investors and service partners who have helped us get to this point.

## Key Details

Type of fund: The Darling Macro Fund is an unregistered managed investment scheme for the purposes of the Corporations Act

Eligible investor: Any offer or invitation to acquire Units in the Darling Macro Fund will only be extended to a person if the person has first satisfied the Investment Manager and the Trustee that the person is a Wholesale Client.

Information Memorandum: The IM is dated 28 March 2019

Inception: 1 April 2019

Investment Management fees: Class A 1% pa of NAV. Class B 0.5% pa of NAV plus 10% of the cumulative performance of the Fund (after the Management Fee but before the deduction of Performance Fees (paid or accrued) above the Performance Hurdle.

Performance hurdle: RBA Cash Rate

## Disclosures

This information has been prepared without taking account of any individual's objectives, financial situation or needs. Therefore, it is recommended, before acting on any information contained herein that you consider whether it is appropriate to your specific circumstances. Also, before using 347 Darling Pty Ltd (ABN 38 604 854 999) you should obtain and read our disclosure document relating to any financial product issued by 347 Darling Pty Ltd.

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Investment returns are not guaranteed as all investments carry some risk. The value of an investment may rise or fall with the changes in financial markets.