

January 24, 2019

ABN 63 116 232 154  
AFSL 298 626

## **Ironbark Global Diversified Alternatives Fund (APIR DEU0109AU) Notice of Change of Investment Manager**

On or around 1<sup>st</sup> April 2019, the Ironbark Global Diversified Alternatives Fund ('Fund') will be renamed the Ironbark GCM Global Macro Fund. Ironbark intends on delegating the investment management of the strategy to Graham Capital Management ('Graham').

### **Why are we making this change?**

As Responsible Entity of the Fund, Ironbark has been closely monitoring the performance and risk outcomes of the investment strategy and believe that, over both the short and longer-term time periods, the current Investment Manager, K2 Advisors ('K2'), has not achieved the stated objectives of the Fund on behalf of investors.

We believe that the process and philosophy by which K2 manage the strategy is unlikely to benefit investors over the long-term, particularly in light of challenging market conditions that are believed to continue for the foreseeable future.

We believe it is in the best interest of investors to appoint an Investment Manager that we are confident is more likely to meet both the stated investment objectives of the Fund and better meet the needs of investors.

Following an extensive due diligence process, we have decided to appoint Graham Capital Management as Investment Manager of the strategy. Graham Capital Management have an extensive track record of providing strong and consistent returns for their investors that have low correlation to both debt and equity markets.

### **What does this mean?**

- Management Fees for the Fund will be reduced
- There will be NO changes to the asset class exposure
- There will be NO change to the timing of distributions which will continue to be annual
- There will be NO change to the Fund's buy/sell spread
- There will be a minimal change to the Fund's investment objective
- There will be a change to the Fund's investment strategy which is outlined on the following page
- There will be a slight increase to the targeted volatility

### **How will the Fund be managed?**

Graham Capital Management has an extensive history of delivering robust diversifying solutions for investors.

This is achieved by employing a quantitative macro strategy that seeks to capture diversified sources of returns across global equities, bonds, currency and commodity markets, that:

- Is designed to be uncorrelated to traditional debt and equity markets as well as other alternative strategies,
- Seeks to deliver consistent returns with a targeted volatility of 10%,
- Can provide significant portfolio diversification benefits,
- Provides a diversified alternative exposure by investing across four key strategy areas that each behave differently in various market environments.

### **Why Graham Capital Management?**

At Ironbark we strongly believe that Australian investors should have access to robust daily liquid alternative strategies, particularly in light of the current market environment. Our decision to appoint Graham Capital

Management is a reflection of our commitment to ensure that our investment managers continue to meet the needs of current investors.

Following a thorough investment manager selection process, Graham Capital Management was selected as the most appropriate manager as we believe:

- The investment team is well placed to meet the Fund's investment objectives and deliver strong results over medium and long-term time periods
- The strategy has exhibited a strong track record of delivering returns that are lowly correlated to both debt and equities over difficult market environments consistently
- The investment approach is highly rated by local and global asset consultants

Net Returns (%)	3 Month	6 Month	1 Year (p.a)	2 Year (p.a)	3 Year (p.a)	4 Year (p.a)
GCM Global Macro Strategy <sup>1</sup>	4.78	6.10	14.06	12.50	10.27	8.68
Ironbark Global Diversified Alternatives	-4.64	-4.11	-6.67	-1.70	-0.76	-0.37
Bloomberg AusBond Bank 0+Y TR	0.48	0.99	1.92	1.84	1.91	2.02
MSCI World NR	-11.01	-4.60	1.42	7.20	7.48	8.47

Source: Morningstar Direct. As at 31 December 2018. Past performance is not an indicator of future results. Net returns are stated in Australian dollar terms.

We are delighted to be working with Graham Capital Management as the Investment Manager of the Fund and extend this unique investment approach to investors, whilst preserving the Fund's asset class exposure and broader investment objective.

If you have any questions in respect to any of the information above, please contact the Ironbark Client Services team on 1800 034 402.

A new Product Disclosure Statement ('PDS') and Application Form for the Fund will be available on the Ironbark website, [www.ironbarkam.com](http://www.ironbarkam.com), once the change has been implemented on or around 1<sup>st</sup> April 2019.

Yours sincerely,

Ironbark Asset Management (Fund Services) Limited

#### Important Information

The Ironbark Global Diversified Alternatives Fund ('the Fund') which is referred to in this document is issued by Ironbark Asset Management (Fund Services) Limited ABN 63 16 232 154 AFSL 298626, a wholly owned subsidiary of Ironbark Asset Management Pty Limited ABN 53 136 679 420 AFSL 341020 ('Ironbark'). This document is not an offer of securities or financial products, nor is it financial product advice. As this document has been prepared without taking account of any investors' particular objectives, financial situation or needs, you should consider its appropriateness having regard to your objectives, financial situation and needs before taking any action. All indices are copyrighted by and proprietary to the issuer of the index. Although specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness.

<sup>1</sup>The GCM Global Macro Strategy AUD (Net) ('strategy') is based on the Graham Quant Macro Series A USD track record. The Australian unit trust is hedged back to USD and this is a fair reflection of the AUD performance. The strategy was inceptioned 1 November 2014. The performance record from January 2016 to present, reflects the actual net performance of Series A of the Graham Global Investment Fund SPC Ltd - Quant Macro Segregated Portfolio. From November 2014 to December 2015, the performance record reflects the pro forma rates of return of a proprietary account trading the strategy. For all periods returns reflect management fees of 0.50% of equity on an annual basis, incentive fees of 12% of net quarterly trading profits, expenses of 0.25% per annum, annual volatility of 10% and interest income on unencumbered cash at the Treasury Bill rate, assuming a fully-funded account. No assurance can be made that any assumptions used in calculating the pro forma performance would not have a material impact on the performance presentations. For all periods, returns have additionally been netted of the Ironbark Unit Trust Management Fee of 0.9700% p.a. For illustrative purposes only.