

## February 2020 Statistics\*

|      |              |           |              |                        |              |
|------|--------------|-----------|--------------|------------------------|--------------|
| YTD  | Month return | AUM (AUD) | Month change | Rolling 12M Volatility | Month change |
| 4.0% | ↓ -2.19%     | 6.9M      | ↑ 0.5M       | 10.38%                 | 0.55pp       |

## Ark Global Fund February 2020 Commentary

## Ark Global Fund performance\*

- February performance was -2.2% for AUD Unhedged units and -4.8% for AUD Hedged units
- Fund One Class B Shares (the underlying investment) have returned +19.5% for the 32 months since inception. Holders of AUD Unhedged units would have received a return of +42.9% for the same period
- The best-performing assets for the month were: Swiss Market Index future (+6.68% of NAV), Canada TSX 60 future (+3.36% of NAV), and FTSE100 future (+1.80% of NAV)
- The worst-performing assets for the month were: Topix future (-4.60% of NAV), Gold future (-7.97% of NAV), and Euro Stoxx 50 future (-8.45% of NAV)

## Global forces in February

There really was only one force in action this February 2020, and that was COVID-19. For most of the first half of this leap year February the market ground up in some sort of fever induced lethargy. However this all changed in the latter half of the month as 'buy the dip' didn't work out well with the S&P500 losing almost 13% from the highs.

The sudden rise in volatility did not suit our systematic model well and was the major reason for the poor February result of Fund One. However the model has since adjusted to the larger market gyrations returning +3.9% in the first week of March 2020 alone, estimated and not confirmed by the administrator. We expect the profitable opportunities to persist and for Fund One to demonstrate its major utility in providing uncorrelated and positive returns in all market conditions, and to reward our current and future investors.

The battle to become the Democratic nominee for president of the United States in the 2020 US presidential election seems something of a sideshow. Michael Bloomberg shows that money can't always buy you popularity, and Joe Biden is apparently a shoo-in paying 1.12 at the time of print. Irrespective of the Democratic nominee it is looking likely we will have four more years of entertainment from the Tariff Man, currently paying 1.65.

## Something to leave you with

Let's answer a question we get asked a lot. What is AI? Well, it depends, but broadly it is any task that that a program can perform, that had a human accomplished it, they would have had to apply intelligence to do so.

General AI, a flexible form of intelligence capable of learning varied tasks as seen in movies, such as Skynet in the Terminator, does not exist and likely will not for many decades to come. Narrow AI is what we see all around us today, systems designed to carry out specific tasks without being explicitly coded to do so, such as Google Translate or recognising tumors from X-ray images.

So what does this mean for us? That's a question for next month.

\* All performance figures are estimates only and are subject to confirmation from the Fund's administrator. The Ark Global Fund was established in August 2019 and all performance data prior to this period has been simulated by using the performance of the underlying investment, Fund One. The simulation does not take into account the impact of bank fees, hedging costs, other expenses, and any uninvested operating cash balances.

## Fundamentals

|                     |              |
|---------------------|--------------|
| AUM (Feb. 29, 2020) | 6.9M AUD     |
| Inception           | Aug. 1, 2019 |
| Structure           | Unit Trust   |
| Domicile            | Australia    |
| UCITS?              | No           |
| Managed account?    | No           |

## Strategy Overview

|                 |                     |
|-----------------|---------------------|
| Type of Fund    | Fund of Funds       |
| Style           | Fund of Hedge Funds |
| Strategy        | None                |
| Methodology     | Quantitative        |
| Region Exposure | World               |

## Contact Details

|         |                      |
|---------|----------------------|
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## Management Team

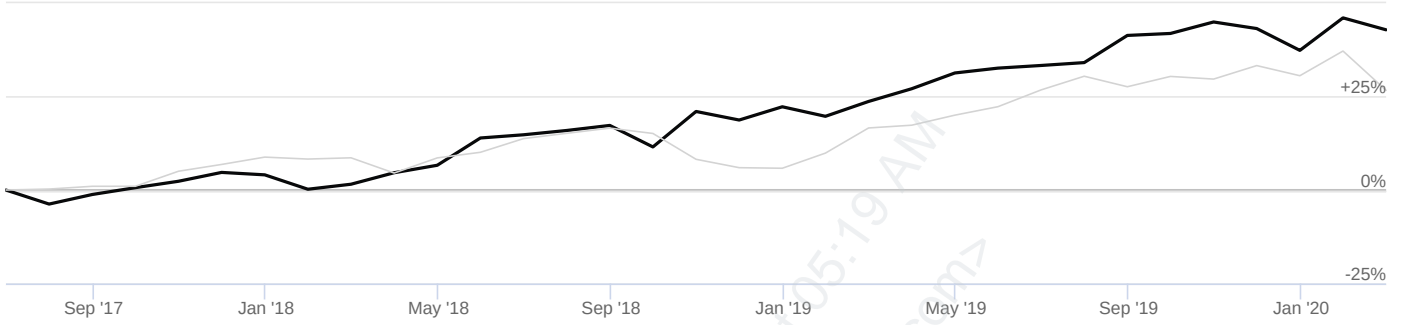
|          |               |
|----------|---------------|
| Director | Mike Gilbert  |
| Director | Clint Maddock |

Statistics - Since Inception\*

|                              | CAGR   | Volatility | Sharpe | Max DD | Alpha  | Beta |
|------------------------------|--------|------------|--------|--------|--------|------|
| Ark Global Fund              | 14.32% | 10.94%     | 1.12   | -5.24% | 11.68% | n/a  |
| Morningstar Australia GR AUD | 9.27%  | 10.40%     | 0.74   | -9.22% | -      | -    |

Cumulative Returns since Inception\*

■ Ark Global Fund ■ Morningstar Australia GR AUD



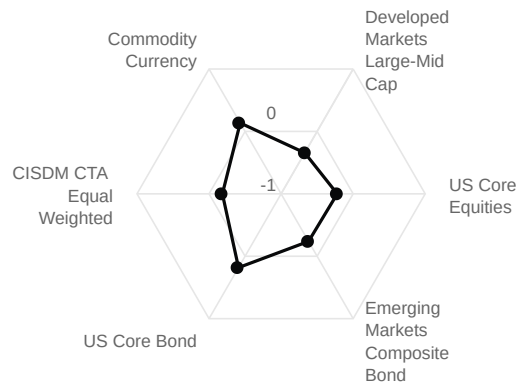
Monthly Returns over the Last 4 Years\*

|      | JAN    | FEB    | MAR   | APR   | MAY   | JUN   | JUL    | AUG   | SEP    | OCT   | NOV    | DEC    | YTD    |
|------|--------|--------|-------|-------|-------|-------|--------|-------|--------|-------|--------|--------|--------|
| 2017 | -      | -      | -     | -     | -     | -     | -3.75% | 2.66% | 1.85%  | 1.70% | 2.32%  | -0.62% | 4.07%  |
| 2018 | -3.70% | 1.34%  | 3.03% | 1.91% | 6.85% | 0.75% | 1.00%  | 1.17% | -4.91% | 8.51% | -1.89% | 2.99%  | 17.51% |
| 2019 | -2.09% | 3.32%  | 2.75% | 3.32% | 0.99% | 0.54% | 0.58%  | 5.42% | 0.37%  | 2.16% | -1.21% | -4.08% | 12.34% |
| 2020 | 6.33%  | -2.19% | -     | -     | -     | -     | -      | -     | -      | -     | -      | -      | 4.00%  |

Volatility and Tail Risk

|                                     | Ark Global Fund | Morningstar Austral... |
|-------------------------------------|-----------------|------------------------|
| Annualized Volatility               | 10.94%          | 10.40%                 |
| Annualized Gain Volatility          | 7.52%           | 5.65%                  |
| Annualized Loss Volatility          | 5.00%           | 8.65%                  |
| Annualized Downside Volatility (5%) | 5.81%           | 8.62%                  |
| Skewness                            | 0.12            | -0.90                  |

Correlations to Morningstar Indices



Volatility and Tail Risk

|          | Ark Global Fund | Morningstar Austral... |
|----------|-----------------|------------------------|
| Kurtosis | 0.11            | 1.25                   |

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