

## International Long/Short Equity

# AIM SABRE DYNAMIC EQUITY UCITS - B

### INVESTMENT POLICY

AIM Sabre Dynamic Equity aims to generate a growth of capital based on quantitative investment strategies. The sub-fund implements synthetic long and short equity positions at the same time.

Defined as equity absolute return investment strategies, the long and short positions are built to benefit from the inefficiencies of equity markets.

### MARKET OUTLOOK

Monthly Performance	2,08%
2017 Performance	11,47%

The Fund had its best month year to date, returning +2.08%.

As we progress through the final quarter of 2017, we are pleased that the fund has achieved returns in line with our annual target expectations. The strong performance from the fund's core market neutral stock selection books and, particularly of the Earnings Momentum and Information Advantage factors shows that investors are picking stocks rationally and focussing on company fundamentals. Our process will always work well in such circumstances. The persistent low volatility is also benefitting the Variable Bias driver, as markets continue to rise, providing a useful performance boost from both market direction and magnified long book alpha.

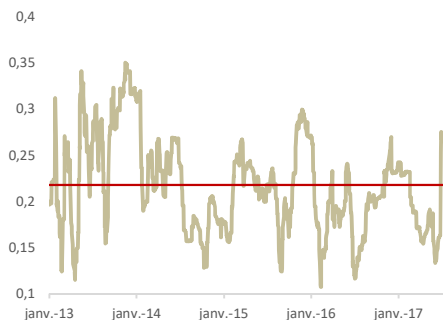
We are confident that our dynamic and multi-faceted process will continue to cope well and reward our investors.

### STATISTICS

Since UCITS inception :

Cumulated performance	30,33%
Annualised performance	9,30%
Annualised volatility	8,18%
Sharpe ratio	1,17
Sortino ratio (annualised)	1,76
Maximum Drawdown	-9,59%
Daily gain frequency	56%
1-year performance	9,79%

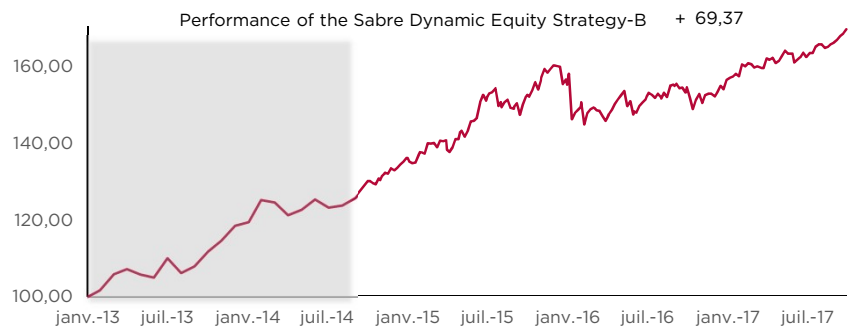
### VARIABLE BIAIS



### FUND FACTS

ISIN code	LU1366216296
BBG code	AIMSABB LX
NAV	130,33
Currency	EUR
Fund AUM	20 975 206
Unit AUM	19 118 244
Legal structure	UCITS
Inception date of the fund	05/11/2014
Inception date of part B	05/11/2014
Min. initial subscription	100,000 EUR
Min. subsequent subscription	1 unit
Valuation frequency	Weekly-Friday
Subscription/Redemption	Before 11:00am (Lux)
Settlement	D+2
Custodian	CACEIS Bank
Accounting manager	CACEIS Fund Administration
Exit fee	None
Fixed management fee	0,90%
Performance fee	20% including tax of the Fund's performance, provided that the Fund outperforms and complies with the high water mark principle

### NET PERFORMANCE



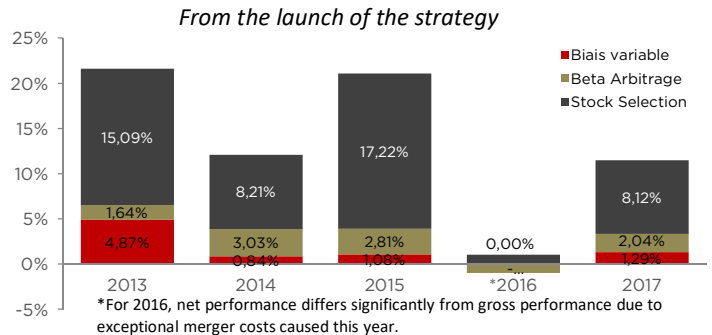
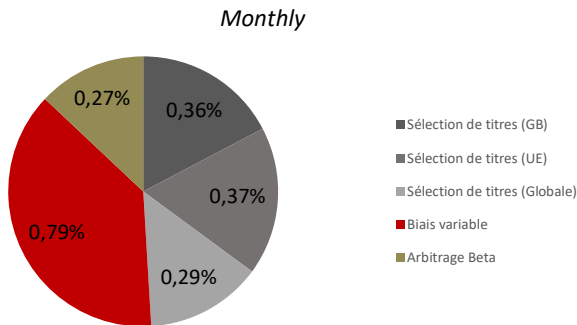
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YEAR
2013		1,72%	4,08%	1,25%	-1,31%	-0,78%	4,78%	-3,50%	1,67%	3,49%	2,56%	3,32%	18,35%
2014	0,81%	4,82%	-0,50%	-2,67%	1,19%	2,17%	-1,70%	0,41%	1,63%	3,48%	0,18%	1,96%	12,17%
2015	2,34%	1,12%	1,67%	-1,24%	3,29%	2,12%	4,32%	-0,96%	-0,80%	2,59%	2,42%	2,53%	21,10%
2016	-3,14%	-3,70%	-0,23%	-1,72%	3,99%	-2,75%	2,73%	-0,44%	2,21%	-0,26%	-1,12%	-0,40%	-5,03%
2017	2,80%	0,62%	1,42%	1,48%	-0,36%	-0,24%	0,85%	2,02%	0,29%	2,09%			11,47%

The above grey area shows the net performance derived from the Sabre Dynamic Equity Strategy (not UCITS) from 31/01/2013 to 31/10/2014.

Since 05/11/2014, the net performance of the actual UCITS Fund is used. Strategies implemented in both vehicles are precisely the same. Merger fees have been charged on the UCITS Fund in 2016.

Past performance is not necessarily a guide to future performance.

**PERFORMANCE ATTRIBUTION PER STRATEGY**



Each of the three principle drivers of the process; Stock Selection, Variable Bias & Beta Arbitrage contributed.

Following a flat contribution from Stock Selection in September, this component resumed its status-quo as the strongest performer of the three principal drivers. Each of the three regional Stock Selection books delivered similarly good levels of performance. It's notable that the UK book did well, following a general lacklustre showing through most of 2017 to date. The Variable Bias driver benefited from rising equity markets and delivered a considerable boost to performance. Meanwhile, the Beta Arbitrage driver performed respectably, following a flat to slightly negative showing in recent months.

**1. VARIABLE BIAS**

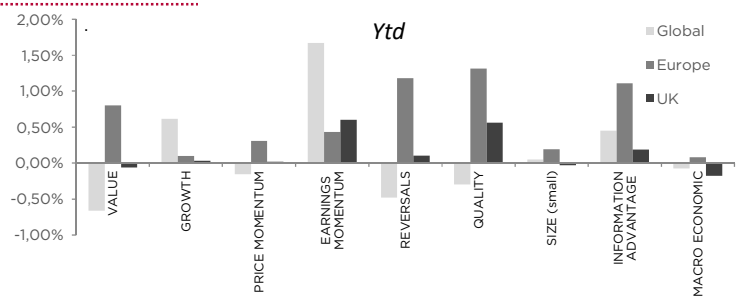
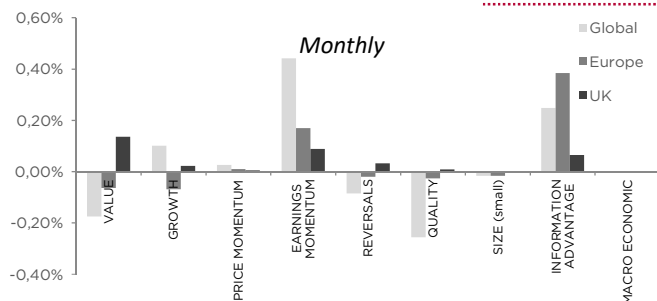
The very benign risk environment we have all become used to showed no sign of abating in October. Consequently, the Variable Bias indicator, composed of a range of quantitative risk metrics, continued to favour a net long position towards the upper end of our target beta range. The net bias ranged from 25% at the end of September to 28% mid-month, falling back towards 25% as October drew to a close. Thus, the continued rise of European and US Stock markets over the month contributed well to the fund's performance. The boost in long book alpha from gearing up the long Stock Selection books relative to the short also helped.

**2. BETA ARTBITRAGE**

In October, Beta Arbitrage did quite well. The long term expectation is that Beta Arbitrage driver will deliver positively, regardless of monetary environment and risk appetite. This is because the driver's long (low beta) side is leveraged up to have the same overall beta as the short (high beta) side to create the overall long/short Beta Arbitrage Style portfolio. In doing this, the natural relationship between risk and return for both sides naturally implies a long term positive risk premium. Also, when market volatility spikes Beta Arbitrage tends to do well, as investors flock to low volatility names, thereby often acting as a 'hedge' in potentially uncertain periods.

As a result, it is always desirable that the fund maintains some exposure to Beta Arbitrage. Due to the recent lack of trend in the Driver's performance, the fund's allocation to it has settled down to its long term strategic weighting of around 15% of gross. Our dynamic weighing procedure will, of course, increase/decrease this if it identifies a more discernible upward/downward trend in the Driver's performance.

**3. STOCK SELECTION**



Although each market neutral Stock Selection book did well, performance was concentrated in two Styles: Earnings Momentum and Information Advantage. Other Styles were largely ignored with very modest or slightly negative showings.

As with July and August this year, a good proportion of the companies in our stock universe reported results during October. In fact, approximately a quarter of our European companies and half our US companies issued reports. Our proprietary Information Advantage Style centres on trading around Earnings, Revenue and Guidance announcements. A high number of companies reporting therefore provide a greater opportunity set for this Style to prosper which might go some way to attributing this Style's superior showing. By a similar argument, a flow of company results is likely to cause more stock analysts to change their ratings on the companies and therefore benefit Earnings Momentum which focusses on upgrades/downgrades. The strong performance from these two Styles, over and above the other ones, clearly indicates that investors were focussed on companies' top and bottom lines, their expectations of these and 'The Street's' reaction to them. This indicates a very rational approach by investors in their stock selection, focussed heavily on companies' profitability and outlook.

The process's allocation to the Information Advantage Style is generally high as this set of proprietary factors is the strongest and amongst the most consistent source of Style attribution through time. However, the particularly positive trend of these, and Earnings Momentum factors, in July and August has caused our dynamic weighting process to increase allocation to them further, which clearly benefitted us in October.

**DISCLAIMER**

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