



# AQR Sustainable Delphi Long-Short Equity UCITS Fund

Factsheet | June 2021

## Key Information

### Share Class:

IAU2 (USD)

### Fund Inception Date:

26 October 2018

### Share Class Inception Date:

3 September 2019

### Fund Size:

\$110mm (as of 30 Jun. 2021)

### Domicile:

Luxembourg

### ISIN:

LU1842778323

### Benchmark:

50% MSCI World (100% Hedged USD)/50% ML 3 Month T-Bill Index

### Share Price:

108.76 (as of 30 Jun. 2021)

### Number of Holdings:<sup>1</sup>

4116 (2261 Long, 1855 Short)

### Morningstar® Category:

EAA Fund Alt - Long/Short Equity - Global

### Minimum Subscription:

200MM

### Investment Management Fee:<sup>2</sup>

0.50%

### Administrative & Operating Fee:

0.14%

### Performance Fee:<sup>3</sup>

15.0%

### Local Lux Tax:<sup>4</sup>

0.01%

## Fund Overview

### Fund Aspects:

The Fund employs a systematic and diversified long/short equity investment strategy that seeks to generate attractive risk-adjusted returns through three primary investment themes.

*Low-Beta:* The tendency for lower-risk stocks to generate higher risk-adjusted returns.

*Quality:* The tendency for higher-quality stocks to generate higher returns than lower-quality stocks.

*Valuation:* The tendency for relatively cheap stocks to outperform relatively expensive ones.

The Fund is managed to target a beta of 0.5 to the MSCI World Index (hedged and net of dividends). The Fund seeks negative carbon exposure and dynamically integrates climate, sustainability and ESG considerations.

### Fund Overview:

The AQR Sustainable Delphi Long-Short Equity UCITS Fund seeks to outperform the equity markets over a full cycle with a moderate level of market exposure. The Fund favors low risk, high quality stocks where safety and risk are identified through a variety of indicators including ESG.

The resulting portfolio is a highly diversified long-short global equity portfolio of large and small cap stocks which will dynamically integrate climate, sustainability and ESG considerations through ESG-related alpha signals, active tilting, active and static screening. The portfolio will also be carbon aware seeking net negative carbon emissions.

### Umbrella Fund:

The Fund is a sub-fund of AQR UCITS Funds, a Luxembourg based UCITS of which the management company is FundRock Management Company S.A.

### Risk Management:

Risk control is built into the Fund's portfolio construction process with a focus on diversification and market beta to mitigate downside risk.

AQR's Risk Management Team and the Fund's portfolio managers actively assess risk of the Fund.

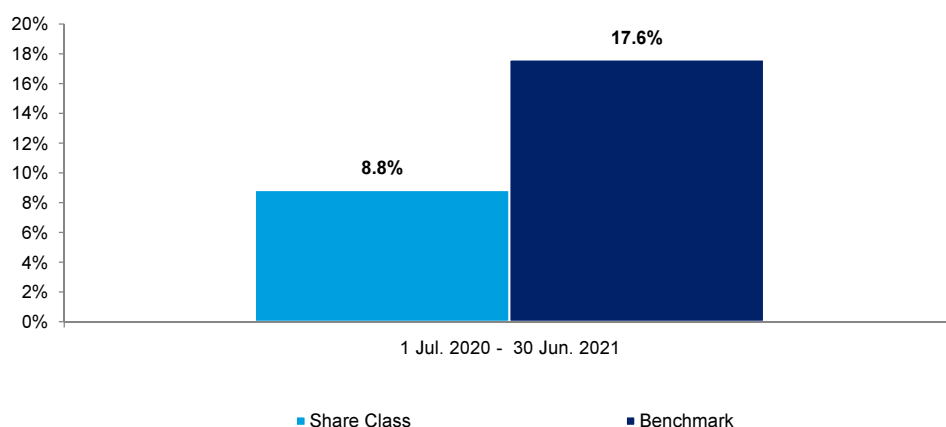
### Risk and Reward Profile:

Calculated using historical data which may not be a reliable indicator of the Fund's future risk profile. See Key Investor Information Document (KIID) for details.



## Share Class Performance (Net) as of 30 Jun. 2021<sup>5</sup>

	Share Class	Benchmark
1 Month	1.6%	1.0%
3 Months	7.7%	3.8%
YTD	13.4%	7.0%
1 Year	8.8%	17.6%
Since Inception	4.7%	11.5%



<sup>1</sup> Holdings subject to change without notice.

<sup>2</sup> Fees follow a step-down structure. Fees are charged on an investor's net aggregate subscription (subscription minus redemptions) vs. a blended weighted average approach.

<sup>3</sup> Please note performance fees are charged over a cash hurdle measured by the 50% MSCI World (100% Hedged USD)/50% ML 3 Month T-Bill Index for this share class.

<sup>4</sup> Local Lux Tax per annum of Fund's NAV, payable quarterly.

<sup>5</sup> Source: AQR, Bloomberg. Past performance is not a guarantee of future performance. Returns over one year are annualised. For fees, refer to the Key Information section.

Approved as a Financial Promotion for non-MiFID II regulated activities and for Institutional Investors only.

## Top 20 Country Exposures\*

	Fund	Compared to Benchmark	
United States	59.7%		26.0%
Japan	10.2%		6.8%
United Kingdom	8.4%		6.3%
France	6.3%		4.6%
Switzerland	5.8%		4.3%
Sweden	3.5%		3.0%
Germany	3.0%		1.7%
Australia	2.1%		1.0%
Canada	1.6%		0.0%
Netherlands	1.4%		0.8%
Finland	1.4%		1.2%
Italy	1.4%		1.0%
Denmark	1.3%		1.0%
Belgium	1.1%		1.0%
Spain	0.5%		0.2%
Norway	0.5%		0.4%
Hong Kong	0.5%		0.0%
Singapore	0.2%		0.1%
Portugal	0.1%		0.1%
Austria	0.0%		0.0%
<b>Total</b>	<b>109.1%</b>		<b>59.3%</b>

## Sector Exposure\*

	Fund	Compared to Benchmark	
Industrials	21.5%		16.2%
Information Tech	20.2%		9.2%
Financials	15.4%		8.7%
Consumer Staples	13.7%		10.2%
Consumer Disc.	13.4%		7.3%
Health Care	12.3%		6.1%
Materials	6.4%		4.2%
Utilities	5.1%		3.8%
Comm. Services	1.8%		-2.8%
Real Estate	-0.3%		-1.7%
Energy	-0.5%		-2.0%
<b>Total</b>	<b>109.1%</b>		<b>59.1%</b>

## Top 5 Holdings\*

	% of Net Assets
Apple	3.14%
Microsoft	2.88%
Amazon.com	2.24%
Alphabet	1.66%
Adobe	1.48%

## Portfolio Statistics\*\*

	Fund	Benchmark
P/B	2.2	3.1
P/E (trailing)	20.9	24.5
Median Market Cap (\$M)	2,835	20,068
Average Market Cap (\$M)	75,401	371,013
Long Exposure (% of NAV)	3.0	-
Short Exposure (% of NAV)	-1.9	-

\*All Fund holdings and exposures are subject to change and should not be considered a recommendation to buy or sell securities.

\*\*Average P/E ratios of the stocks in the portfolios exclude individual stock earnings-to-price ratios that are negative and the top and bottom 1 percentile of the remaining. Average P/B ratios of the stocks in the portfolios exclude individual stock book-to-price ratios that are negative and the top and bottom 1 percentile of the remaining. Data sources: Compustat, Datastream, Bloomberg, XpressFeed and IBES.

## Principal Risks

The use of derivatives, forward and futures contracts and commodities exposes the Fund to additional risks including increased volatility, lack of liquidity and possible losses greater than the Fund's initial investment as well as increased transaction costs. Commodity prices react, among other things, to economic factors such as changing supply and demand relationships, weather conditions and other natural events, all of which may affect your investment.

Concentration generally will lead to greater price volatility.

The Fund is exposed to the currency markets which may be highly volatile. Large price swings can occur in such markets within very short periods and may result in your investment suffering a loss.

The Fund is exposed to concentration risk as it may have increased exposure to a particular asset, reference rate or index. A fall in value of the asset, reference rate or index can result in a greater loss to the Fund which may be more than the amount borrowed or invested.

Diversification does not eliminate the risk of experiencing investment losses.

An investor considering the Funds should be able to tolerate potentially wide price fluctuations. The Funds are subject to high portfolio turnover risk as a result of frequent trading, and thus will incur a higher level of brokerage fees and commissions, and cause a higher level of tax liability to shareholders in the Funds.

Your investment in the Fund is not guaranteed and is at risk. You may lose some or all of your investment.

The Fund relies upon the performance of the investment manager of the Fund. If the investment manager performs poorly the value of your investment is likely to be adversely affected.

More information in relation to risks in general may be found in the "Risk Factors" section of the prospectus.

## Investment Approach

### Philosophy

The Fund employs a diversified alternative strategy that seeks total returns similar to equity markets, while taking less market beta, through three primary investment themes: low beta, quality and value. We take fundamental investing concepts (e.g. Price to Book ratio) and other economic indicators to obtain relative views on securities. These systematic investing concepts are known as signals or factors. We combine many similar or correlated signals into themes (e.g., Value) and combine themes to create our overall model. On any given day, the signals in our model create a list of aggregate relative rankings or preferences for security over-weights and under-weights known as a model view. We align client portfolios to this model view through a process called rebalancing (which to us implies optimization), where we are conscious of trading costs, risks and other limitations (also known as constraints). Throughout the process, our guiding principles are using sound and comprehensive research to inform our judgment around signals, implementing that judgment in a systematic fashion, with a strong focus on diversification and efficiency.

### Investment Process

*Determine strategy risk allocations:* Based on liquidity, correlations and forecasted model efficacy.

*Select investment universe for each strategy:* The investment universe is based on liquidity considerations and screens to exclude certain stocks.

*Evaluate attractiveness of stocks:* Rate each stock relative to their peers, rate each peer group, and combine into final rating.

*Portfolio construction:* The modified optimization process seeks to mitigate some optimization pitfalls. There are constraints imposed based on live trading experience.

*Trading and rebalancing:* Conditional rebalancing based on alpha decay. A research-based trading approach to help minimize transaction costs.

### Reasons to Invest

*Consistent Exposure to Main Themes:* A significant portion of the alpha generated by many investors, like Warren Buffett, has come from maintaining exposure to selected investment theme<sup>6</sup>. The Strategy implements this principle through its focus on the low beta, quality and value themes.

*Disciplined Investment Process:* The Strategy uses a systematic, rules-based approach to select securities, which are evaluated based on historically-proven drivers of return.

*Absolute Outperformance:* While incorporating low beta and quality signals into model, the Strategy utilizes leverage seeking to translate better risk-adjusted returns into absolute outperformance.

## Portfolio Managers



**Michele Aghassi, Ph.D., CFA**  
Principal, AQR  
Ph.D., Massachusetts Institute of Technology  
B.S., Brown University



**Andrea Frazzini, Ph.D.**  
Principal, AQR  
Ph.D., Yale University  
M.S., London School of Economics  
B.S., University of Rome III



**Ronen Israel**  
Principal, AQR  
M.S., Columbia University  
B.S., B.A.S., University of Pennsylvania



**Lars Nielsen**  
Principal, AQR  
M.S., B.S., University of Copenhagen

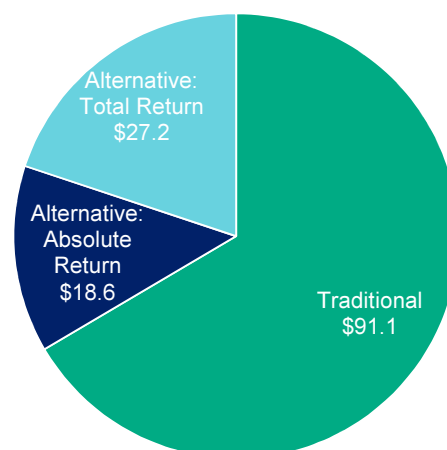
## Company Profile

### At a Glance:

AQR is a global investment management firm dedicated to delivering results for our clients. At the nexus of economics, behavioral finance, data and technology, AQR's evolution over two decades has been a continuous exploration of what drives markets and how it can be applied to client portfolios. The firm is headquartered in Greenwich, Connecticut, with offices in Bangalore, Hong Kong, London, Munich, and Sydney.

## Assets Under Management<sup>7</sup>

Total Assets: \$136.9bn



<sup>6</sup> Buffett's Alpha, Frazzini, Kabiller, and Pedersen (2013). Through using Berkshire Hathaway stock regression statistics on data from January 1997 – August 2017, we find that Buffett's 18.0% returns can be composed into 4.0% Alpha, 2.3% Low Beta, 3.1% Quality, 1.2% Value and 7.3% Market returns. Market is defined as the U.S. equity market factor from Kenneth French's data library. Low Beta is the "Betting-Against-Beta" (BAB) factor as defined in Frazzini and Pederson (2014) from AQR's data library. Quality is the "Quality-Minus-Junk" (QMJ) factor as defined in Asness, Frazzini and Pederson (2015) from AQR's data library. Value is defined as the HML factor from Kenneth French's data library. Past performance is not a guarantee of future performance. Please read important disclosures at the end of this document.

<sup>7</sup> Approximate as of 30 Jun. 2021. Includes assets managed by AQR and its advisory affiliates.

## Disclosures

Please refer to the Prospectus and KIID for more information on general terms, risks and fees. Investors should only invest in the Fund once they have reviewed the Prospectus and KIID, which most recent versions are available free of charge, in English and in your local language at AQR UCITS Funds, c/o HedgeServ (Luxembourg) S.à r.l., 2c, rue Albert Borschette, L-1246 Luxembourg, along with the annual and semi-annual report. Investors may wish to consult an independent financial advisor for personal and specific investment advice before investing. Only the information provided in the Prospectus and the KIID is legally binding. Not all share classes are available for investment in all countries.

Copies of the prospectus, the latest annual or semi-annual report, the articles (each in English) or the KIIDs (in English or German) are available free of charge from the local agent, Marcard, Stein & Co AG, Ballindamm 36, 20095 Hamburg, Germany.

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Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

Definition: The MSCI World (100% Hedged USD) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed markets' country indices throughout the world. Benchmark returns are not covered by the report of independent verifiers.

Definition: The index measures the rate of return an investor would realize when purchasing a single U.S. 3-month treasury bill, holding it for one month, selling it, and rolling it into a newly selected issue at the beginning of the next month.

Where the benchmark is not being used in reference to the management and/or implementation of the investment policy of the Fund, the referenced benchmark is used for the calculation of performance fees and/or as a point of comparison.

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The Prospectus as well as a summary of investor rights are available in English. The relevant Key Investor Information Document is available in Danish, Dutch, English, French, German, Icelandic, Italian, Norwegian, Spanish, Swedish. These documents are available at: <https://ucits.aqr.com/>

Please note that the management company may decide to terminate the arrangements made for the marketing of the Fund in any country where it has been registered for marketing.

As of February 8, 2021 the AQR Delphi Long-Short Equity UCITS Fund was renamed AQR Sustainable Delphi Long-Short Equity UCITS Fund.