

# CdR Systematic Absolute Return Fund

A sub-fund of CdR Multi Alternative Solutions ICAV

## Investor Report October 2021

### FUND DETAILS

**Launch Date**  
13.09.2017

**Strategy AuM:** US\$67m  
**Fund AuM:** US\$30

**Domicile:** Ireland

**Strategy**  
Systematic Absolute Return: Alternative Risk Premia

**Target Performance**  
8% net annualised over the cycle

**Target Volatility**  
8 - 12% target per annum as measured by realised volatility

**Management Fees per annum**  
Class F: 0.60% (seed investors)  
Class B: 0.80%  
Class C: 0%, 15% performance fee  
Class A: 0% (CdR employees)

**Subscriptions**  
Monthly

**Redemptions**  
Monthly with 1 month notice

**Gate**  
Hybrid 20% per month (non-stacked), clean-up clause 6 months

**Minimum Investment**  
1 million Euro (or equivalent in \$, GBP)

### Service Providers

**Administrator:**  
SS&C Financial Services (Ireland) Limited (GlobeOp)

**Prime Broker:**  
Credit Suisse (Irish Branch of Credit Suisse AG, subsidiary of Credit Suisse Group AG)

**Auditor:**  
Pricewaterhouse Coopers

**Depository:**  
Bank of America Custodial Services (Ireland) Limited

**Legal Advisor:**  
Dechert

**Status**  
Open

**Fiscal Year-End**  
31<sup>st</sup> December

### PERFORMANCE SUMMARY (USD Class A and USD Class C net) \*

Share Class	MTD Return	YTD Return	12-month Return	1TD Return	NAV / Share	Volatility SI*	Annualised SI* Sharpe	12 mth Vol*	12 mth Sharpe*
USD A Class	1.09%	10.28%	16.19%	18.90%	118.90	5.11%	0.59	5.34%	3.05
USD C Class	0.94%	0.84%	N/A	0.84%	100.84	N/A	N/A	N/A	N/A
**USD Combined Class	0.94%	10.12%	16.02%	18.73%	N/A	5.11%	0.58	5.27%	3.02

\* 12 mth vol and 12 mth Sharpe are 12-month trailing Volatility and 12-month trailing Sharpe based on monthly observations. Risk free rate used in Sharpe calculation is the 1-month US OIS (overnight indexed swap) rate. SI=Since Inception. Class F was launched in February 1st 2018 and was shown on this report until September 1st 2020 when the share class was redeemed. Class F is still open for investment. \* Class C USD was launched June 1<sup>st</sup> 2021 hence the 12-month and SI statistics are not yet available.

\*\* Class A (to May 31st 2021) then Class C from June 1st onwards when Class C launched

### HISTORICAL PERFORMANCE (USD Class A net Sept 2017 – May 2021, USD Class C thereafter) \*

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2021</b>	-0.15	2.60	2.08	2.93	1.44	-1.47	-0.68	1.66	0.42	0.94			<b>10.12</b>
<b>2020</b>	0.07	-1.00	-0.70	-0.09	-1.42	-1.51	1.18	0.50	-0.08	0.35	1.61	3.68	<b>2.48</b>
<b>2019</b>	-1.74	-0.05	2.18	1.61	0.08	1.92	1.45	1.44	-2.70	-1.38	0.44	0.77	<b>3.95</b>
<b>2018</b>	1.63	-3.21	-0.72	-0.26	-1.04	0.76	0.21	3.15	-0.85	-0.12	-1.03	0.68	<b>-0.91</b>
<b>2017</b>									-0.01	2.16	-0.45	0.42	<b>2.12</b>

\* Net performance for Class A is shown here from September 2017 to May 2021 as that was the share class in existence therefore has the longest track record. Class C USD was launched in June 2021 and the majority of the AUM within the fund is in that share class hence the reporting from June 2021 onwards is Class C USD. Class A shares are only available to CdR employees. Class A shares do not have a management fee. Class F, Class B and Class C shares are also being offered. Class F shares have a management fee of 0.60% and are available to seed investors. Class B shares have a management fee of 0.80% per annum. Class C shares do not pay a management fee but have a 15% performance fee. Because of management and performance fees, the performance for Class F, Class B and Class C will be lower than Class A. Class F was launched in February 1st 2018 and was shown on this report until September 1st 2020 when the share class was redeemed. Class F is still open for investment.

### COMMENTARY

#### Markets

October saw some strong performance specifically in the global equity prices and generally in most asset markets. This was despite global troubles with supply chains, labour shortages, the continuing energy crisis and inflationary concerns triggering more interest rate hike expectations, which failed to dampen down investor enthusiasm for equities.

Market Indices: (all indices quoted are total return in USD unless stated):

Equities: The MSCI World index was up 5.69% in October and the MSCI EM was up 1.00%. The MSCI Frontier market index was up 4.02%. The S&P500 index was up 7.01% while the Eurostoxx 50 index was up 4.91% (5.20% in local terms). The FTSE 100 index was up 3.82% (2.21% in local terms). For the Asian markets, the Nikkei 225 index was down -4.18% (-1.90% in local terms) and the Hang Seng was up 3.35% (3.27% in local terms).

Fixed Income/ Credit: The US10-year Future fell -0.69%, the UK Gilt Future fell -0.18%, French-OAT Future fell -1.18% and Euro-Bund (Germany) Future fell 1%. Corporate IG Bonds (represented by the Barclays Global Aggregate Corporate IG Index) were up 0.03%, and Corporate HY Bonds (represented by the iBoxx HY bond index) were down -0.31%. Commodities performed strongly, with the S&P GSCI index up by 5.80%.

#### SAR Fund:

The performance of the Fund for October was up +0.94% (Class A and C USD combined, net of all trading, transaction fees) bringing the YTD performance to +10.12%. The correlation to equities (as measured by the MSCI World Index) since the Fund's inception in 2017 remains low at 0.15. The expected volatility of the Fund was running at approximately 7% at the end of October.

The Fund was profitable across equities and commodities and made small losses in bonds, currencies, and credit. Equities led the profit generation, posting good performance across strategies and mainly in the developed markets. Commodities also had a good month and performed particularly well in agriculture, energy, and industrial metals while negative returns were recorded in livestock and precious metals. Currencies detracted from the overall performance posting losses across all regions except Asia Pacific while credit ended the month almost flat.

Viewing the performance by strategy, gains were generated in trend following and volatility while losses were made in value and carry. Both trend following and volatility were profitable in equities and commodities with agriculture being the standout performer. Carry was profitable across currencies and commodities while credit carry mildly detracted from returns. However, losses in bonds dominated the performance of the strategy. Bond value had a difficult month while the StatArb strategies ended the month almost flat.

By market type, esoteric and standard assets contributed in accordance with their risk contributions. Currently, esoteric markets account for 11% of the risk as an overextension in several markets has led to exposure reduction.

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The performance contribution by premia during the month was as follows:

- Trend: 1.75%
- Volatility and Cross Premia (FX Vol) 0.15%
- Statistical Arbitrage: -0.01%
- Value: -0.35%
- Carry: -0.45%

The performance contribution by asset class during the month was as follows:

- Equities: 1.05%
- Commodities: 0.67%
- Credit: -0.01%
- Currencies: -0.28%
- Bonds/Fixed Income: -0.34%

We continue to innovate, research, approve, test, and integrate several new strategies to implement them throughout 2021 including stat arb Europe, UK and Latam and an expansion of the volatility strategy into commodities.

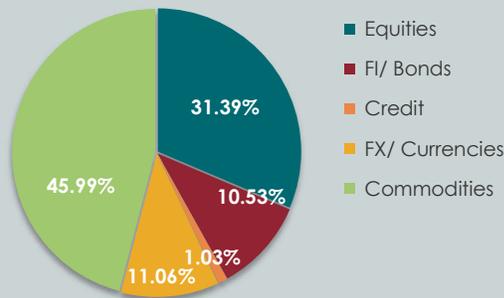
In other notable news, we are delighted that SAR has been shortlisted for two HFM Quant awards, best multi-alternative risk premia fund and best multi-strategy quant fund, alongside some outstanding industry peers <https://www.hfmconnect.global/posts/hfm-european-quant-performance-awards-2021-shortlist-announced>

We would further like to announce that during October we launched a standalone Commodities Alpha strategy investing in the standard 24 GSCI commodities and the 30+ esoteric commodities in which SAR currently trades. We believe that there is a strong case for, and the appetite from, investors to allocate to long/ short commodities as a standalone allocation given certain factors including:

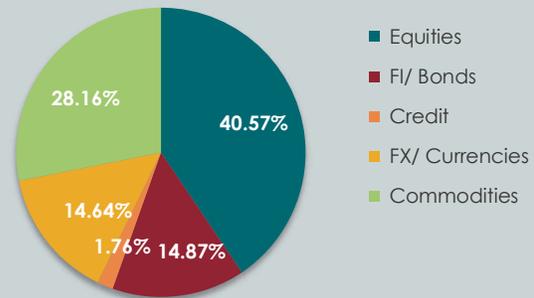
- We believe that commodities should benefit from an upturn in the commodity cycle, as well as from the green recovery and trends in electrification
- Such environment should provide a rich opportunity set for a trend following approach
- Associated increase in dispersion and volatility should benefit the carry and volatility strategies
- Inflation participation
- The long/short profile of the strategy is expected to provide downside protection in times of short-term corrections and drawdowns

Should you have interest in discussing the newly launched strategy, please do not hesitate to contact us.

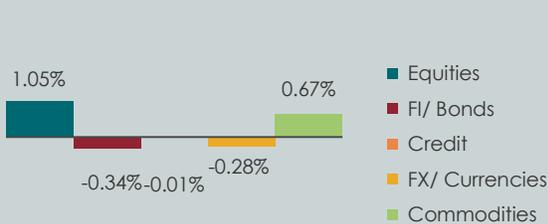
**Risk Contribution by Asset Class (MTD)**



**Risk Contribution by Asset Class (average YTD)**



**P&L Attribution by Asset Class (MTD)**



**P&L Attribution by Asset Class (YTD)**



**RISK INFORMATION: FUND SPECIFIC LIMITS**

Limits		Current Level (as at month end)	
Value at Risk: VaR (1-day 99 <sup>th</sup> percentile historical)*	3% max loss	-2.81%	✓
Credit Risk: Single Issuer-loss on issuer default (equity to 0, Credit to 0 recovery) *	5% NAV	0.20%	✓
Counterparty Risk: Financing and derivative counterparties rating	BBB- (or equivalent)	A1/A	✓
Counterparty Risk: Credit exposure to counterparties (excluding depository, custodian, prime broker and futures clearer): Mark-to-Market	10% NAV max	2.08%	✓
Counterparty Risk: Credit exposure to counterparties (excluding depository, custodian, prime broker and futures clearer): Potential Future Exposure (t+1 scenario)	20% NAV max	2.10%	✓
Liquidity Risk: Funding liquidity. Free cash to cover the VaR and doubling of margin rates		Yes	✓
Liquidity Risk: Asset liability management: ability to liquidate 20% of the portfolio within 1 month		Yes	✓

\*See page 4 for full description of VaR

\*\* Index positions (both credit and equity) are not decomposed and do not contribute issuer risk to this limit

**AIFMD REGULATORY LEVERAGE LIMITS AND CONTRACTUAL LIMITS**

Leverage and Securities Financing	Limit	Current Level (as at month end)	
Gross Leverage	5000% NAV	593.78%	✓
Commitment Leverage	1500% NAV	574.97%	✓
Maximum NAV Supporting Securities Financing Transactions	100% NAV	1.67%	✓

**RISK GUIDELINES: VaR Analysis (% of NAV)**

Portfolio 1% VaR	Portfolio 1% CVaR
-2.81%	-4.40%
-838,342USD	-1,314,317USD

**FAS 157\***

Level	%
Level 1*	84.34%
Level 2*	15.66%
Level 3	0%

\* Level 1 Assets are short-dated US Treasuries held as a cash equivalent. Level 2 assets examples are FX Forwards, Interest Rates Swaps (IRS) and Volatility Swaps.

**HISTORICAL SCENARIO ANALYSIS (HYPOTHETICAL STRESS TESTS)**

Lehman Default	-15.96%
2009 Market Drop	-5.20%
2009 Market Rally	9.43%
Greek Crisis I	-12.98%
Greek Crisis II	-5.06%
Russia/ LTCM	-6.93%
Tech Bubble Bursting	-1.31%

Please note that scenarios are static scenarios, assuming that the portfolio is fixed and does not react, rebalance, or adjust as a reaction to the event. The portfolio is daily traded and so we would expect the portfolio to react to live circumstances and adjust accordingly.

**CORRELATIONS\***

SAR Fund Correlation to MSCI World	0.15
SAR Standard Markets to SAR Esoteric/ EM Markets	0.33

\* Correlation statistics are from launch of Fund September 2017 until October 30<sup>th</sup>, 2021. These are based on daily observations excluding the period from March 23<sup>rd</sup> 2020 to April 14<sup>th</sup> 2020 when the portfolio was significantly de-risked.

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## RISK DEFINITIONS

**VaR:** The Value at Risk (VaR) is a statistical estimate of the potential loss the portfolio may suffer. It is calculated using a 2-year observation period for the data, is a 1-day holding period and is calculated at the 99th percentile using the historical simulation method.

**CVaR:** The conditional VaR (CVaR, also called Expected Tail Loss, ETL) is the average of the losses in excess of the VaR in the historical simulation.

The Historical scenarios estimate the performance of the portfolio at various points of high market volatility and are typically deemed to last for approximately one month:

Exact Dates	Start	End
Lehman Default	12-Sep-08	10-Oct-08
2009 Market Drop	04-Feb-09	04-Mar-09
2009 Market Rally	09-Mar-09	03-April-09
Greece Crisis I	22-Jul-11	09-Aug-11
Greece Crisis II	07-Aug-15	04-Sep-15
Russia/ LCTM	18-Aug-98	04-Sept-98
Tech Bubble Bursting	10-Mar-00	14-April-00

## ADDITIONAL SHARE CLASSES\* (CLASS B AND CLASS F ARE ALSO AVAILABLE FOR INVESTMENT BUT NOT ACTIVE CURRENTLY)

## HISTORICAL PERFORMANCE (USD Class A net, launched September 2017)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2021</b>	-0.15	2.60	2.08	2.93	1.44	-1.47	-0.68	1.66	0.42	1.09			<b>10.28</b>
<b>2020</b>	0.07	-1.00	-0.70	-0.09	-1.42	-1.51	1.18	0.50	-0.08	0.35	1.61	3.68	<b>2.48</b>
<b>2019</b>	-1.74	-0.05	2.18	1.61	0.08	1.92	1.45	1.44	-2.70	-1.38	0.44	0.77	<b>3.95</b>
<b>2018</b>	1.63	-3.21	-0.72	-0.26	-1.04	0.76	0.21	3.15	-0.85	-0.12	-1.03	0.68	<b>-0.91</b>
<b>2017</b>									-0.01	2.16	-0.45	0.42	<b>2.12</b>

## HISTORICAL PERFORMANCE (USD Class C net, launched June 2021)

%						Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2021</b>						-1.47	-0.68	1.66	0.42	0.94			<b>0.84</b>

\* Net performance for Class A is shown here from September 2017 to October 2021 as that was the share class in existence therefore has the longest track record. Class C USD was launched in June 2021 and the majority of the AUM within the fund is in that share class hence the reporting from June 2021 onwards is Class C USD. Class A shares are only available to CdR employees. Class A shares do not have a management fee. Class F, Class B and Class C shares are also being offered. Class F shares have a management fee of 0.60% and are available to seed investors. Class B shares have a management fee of 0.80% per annum. Class C shares do not pay a management fee but have a 15% performance fee. Because of management and performance fees, the performance for Class F, Class B and Class C will be lower than Class A. Class F was launched in February 1st 2018 and was shown on this report until September 1st 2020 when the share class was redeemed. Class F is still open for investment.



## CONTACT

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