



PLATYPUS SYSTEMATIC GROWTH FUND

Fund Profile

A highly diversified, long only style fund with a factor tilt towards momentum that is typically overweight in small cap stocks.

Fund Facts

Investment objective	To outperform the S&P/ASX 300 Accumulation Index (before fees and expenses) over an investment cycle, with less downside risk, over a rolling three-year period.
Benchmark index	S&P/ASX 300 Accumulation Index
Investment style	The portfolio is well diversified; generally holding between 80-110 stocks and has a historical tracking error in the range of 2-5%. It will also generally be overweight small capitalisation stocks. More alpha is expected to be added in down markets due to the superior risk profile of the portfolio relative to the benchmark.
Investment process	<pre> graph TD A[S&P/ASX 300 Investment universe] --> B[Data collection and cleaning] B --> C[Momentum filter (approx 120-150 stocks)] C --> D[Fundamental filter (approx 100-130 stocks)] D --> E[Pre-risk adjusted portfolio] D --> F[Risk factors] D --> G[Benchmark weights] E --> H[Optimisation (obtain global minimum risk)] F --> H G --> H H --> I[Systematic portfolio (approx 80-110 stocks)] </pre>
Risk management	Each stage of the investment process is designed to reduce the risk profile of a momentum factor tilt. The fundamental filter ensures the portfolio is biased towards high quality stocks. Platypus then applies a range of dynamic risk factors and an optimiser to produce a minimum risk portfolio from the selected basket of stocks. The end result is a portfolio that typically has a lower volatility than the S&P/ASX 300 Accumulation Index.
APIR code	AUS0036AU
Fund inception	November 2009
Minimum initial investment	\$5,000
Management costs	0.4124% p.a. of the net asset value of the Fund; plus Recoverable Expenses (estimated to be 0.1045% of the net asset value of the Fund each financial year ended 30 June)
Buy/Sell spread	0.20% / 0.20%
Distributions	Half-yearly
Advice fee	Available
Performance	Refer to the Fund Update for the most recent performance and ratings information.

Differentiators

The Platypus Systematic Growth Fund:

- has been uniquely built using empirical evidence and Australian academic research to capture the key drivers of the Australian share market
- has a risk profile that is stable through time, with a tracking error consistently between 2.5-5%
- is expected to add more alpha in down markets due to the superior risk profile of the portfolio relative to the benchmark, and
- has a five-year live track record of consistent outperformance against its objective.

Philosophy

The Platypus systematic process is designed to create a low-cost, risk controlled diversified exposure to factors that are proven to add value in the Australian equities market. This Fund is based on the fundamental beliefs that:

- Market capitalisation weighted indices are suboptimal portfolios that are prone to pro-cyclical concentration risks that build and collapse over a cycle.
- Several factors tend to drive the performance of the Australian equity market through a cycle. A risk-controlled diversified exposure to these factors produces a portfolio that can outperform the index, while offering consistency of style and a stable risk profile.

Empirical evidence and academic research show that growth and momentum are persistent drivers of the Australian equity market performance. The Fund uses these factors to reweight the index thus exploiting the main drivers of Australian equities, whilst improving on the risks inherent in the published benchmark indices.

Platypus' Strength in Unity

Platypus Asset Management is an active, high conviction boutique manager specialising in Australian equities. Founded in 1998, Platypus formed a joint venture relationship with Australian Unity Investments in 2006. This structure preserves the entrepreneurship, independence and flexibility of a boutique investment house whilst offering the professionalism, support and resources of a major corporation with a long-term focus.

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Important Information

Wholesale Units and Retail Units in the Platypus Systematic Growth Fund (Fund) are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFSL No. 234454. The appointed investment manager is Platypus Asset Management Pty Ltd ABN 33 118 016 087, AFSL No. 301294.

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How the Fund fits in a portfolio

- The Fund complements traditional cap-weighted index strategies or actively managed strategies.
- Academic studies show momentum-biased portfolios (such as this Fund) blend well with value strategies.
- The Fund is expected to outperform in trending markets (either up or down) while delivering more muted outperformance in sideways tracking markets.
- Due to the Fund's quality bias, it is expected to underperform at the turning point of extreme bear markets, when lower quality stocks tend to strongly rally.

An experienced team



PETER BROOKE
Head of Quantitative Investments

Peter joined Platypus Asset Management in January 2008.

In addition to managing the quantitative portfolios, Peter is responsible for all aspects of quantitative research at Platypus. From May 2006, Peter worked as a quantitative analyst with MIR Investment Management. During this period, he worked on various research projects and in quantitative portfolio management.

Peter has a Master of Science in Physics and Astronomy from the University of Durham, UK and a PhD in Physics from Macquarie University, Sydney.

Strengthened by

