AQR Sustainable Delphi Global Equities UCITS Fund

Factsheet | January 2023

Key Information

Share Class:
C2 (GBP)

Fund Inception Date:
4 September 2013

Share Class Inception Date:
2 November 2015

Fund Size:
$78mm (as of 31 Jan. 2023)

Domicile:
Luxembourg

ISIN:
LU1278922882

Benchmark:
MSCI World 100% Hedged to GBP Index (GBP)

Share Price:
178.86 (as of 31 Jan. 2023)

Number of Holdings:[1]
249

Morningstar© Category:
EAA Fund Other Equity

Minimum Subscription:
33mm

Investment Management Fee:[2]
0.32%

Administrative & Operating Fee:
0.09%

Performance Fee:
N/A

Local Lux Tax:[3]
0.01%

Fund Overview

The AQR Sustainable Delphi Global Equities UCITS Fund seeks to outperform the MSCI World Total Return Index with net dividends (currency hedged) on a risk-adjusted basis. 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-only global equity portfolio of large and small cap stocks which dynamically integrates sustainability and ESG considerations through ESG-related alpha signals, active tilting, and active and static screening.

Fund Aspects:

- The Fund seeks to deliver exposure to the low-risk anomaly (the tendency for safer, low-beta stocks to earn higher risk-adjusted returns than high-risk stocks) and the quality phenomenon (profitable, stable companies deliver more attractive risk-adjusted returns, particularly in volatile markets).
- The Fund seeks to maintain a beta of 1 to the benchmark by employing equity futures to modestly increase the notional exposure of the portfolio (employs modest leverage).
- The Fund incorporates AQR's Sustainable process, imposing a static exclusion on certain companies involved in activities related to controversial weapons, tobacco and fossil fuels. At the same time, we dynamically exclude ~10% of issuers with the weakest ESG scores, currently achieved using MSCI ESG ratings. Our Sustainable process also includes a constraint such that the portfolio must achieve a certain percentage improvement in overall ESG rating versus the benchmark – a positive ESG tilt.

Fund Objective:

The Fund seeks to outperform its benchmark (MSCI World Local Net Total Return Index) in a full market cycle by 1% (annual excess returns gross of fees).

There can be no assurance that the Fund will achieve its investment objective.

Further information about the sustainability-related aspects of the Fund is available at https://ucits.aqr.com/Legal-and-Regulatory.

Risk Management:

- Risk control is built into AQR's portfolio construction process with a focus on diversification to mitigate downside risk.
- Portfolio managers and Risk Manager actively assess risk of the Fund.

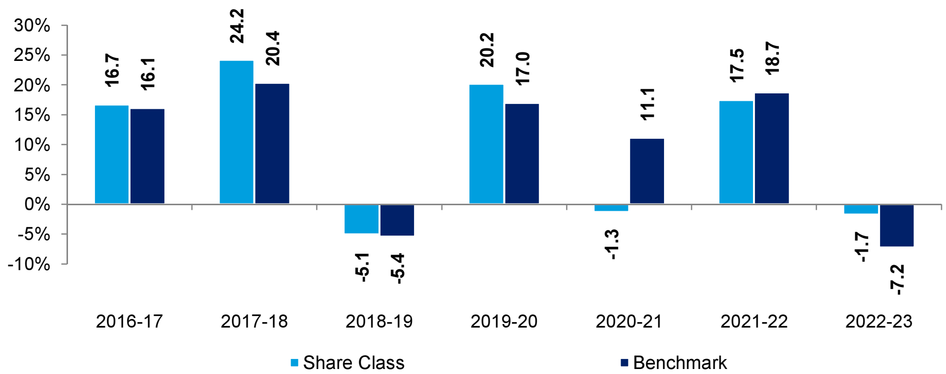
Risk and Reward Profile:

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.

Lower Risk Potentially Lower Rewards ←	1	2	3	4	5	6	7	→ **Higher Risk** Potentially Higher Rewards

Share Class Performance (Net) as of 31 Jan. 2023[4]

	Share Class	Benchmark
1 Month	3.6%	6.4%
3 Months	5.1%	6.5%
YTD	3.6%	6.4%
1 Year	-1.7%	-7.2%
3 Year	4.4%	7.0%
5 Year	5.4%	6.2%
Since Inception	8.4%	8.0%



Past performance results in complete 12-month periods (1 February – 31 January)

[1] Holdings subject to change without notice.
[2] Fees follow a step-down structure. Fees are charged on an investor's net aggregate subscription (subscriptions minus redemptions) vs. a blended weighted average approach.
[3] Local Lux Tax per annum of Fund's NAV, payable quarterly.
[4] Source: AQR, Bloomberg. Past performance does not predict future returns. 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.

Country Exposures*

	Fund
United States	65.7%
Japan	8.3%
Australia	4.4%
Switzerland	3.0%
United Kingdom	2.9%
Hong Kong	2.7%
Germany	2.6%
Singapore	2.4%
Norway	1.7%
France	1.6%
Canada	1.5%
Sweden	0.7%
Netherlands	0.6%
Finland	0.6%
Belgium	0.5%
Spain	0.5%
Italy	0.3%
Austria	0.0%
Denmark	0.0%
Ireland	0.0%
Total	**100.0%**

Sector Exposure*

	Fund
Consumer Staples	22.5%
Health Care	20.1%
Financials	13.8%
Information Tech	12.2%
Comm. Services	8.9%
Industrials	7.3%
Utilities	7.0%
Materials	6.7%
Consumer Disc.	0.8%
Energy	0.7%
Real Estate	0.0%
Total	**100.0%**

Top 5 Holdings*

	% of Net Assets
KDDI CORPORATION	1.49%
TELSTRA GROUP LIMITED	1.48%
OVERSEA-CHINESE BANKING CORPORATION LIMITED	1.47%
THE COCA-COLA COMPANY	1.46%
JOHNSON & JOHNSON	1.44%

Portfolio Statistics**

	Fund
Number of Stocks	249
Price Momentum (%)	4.7%
EPS Growth (5 Year)	10.6
P/B	2.6
P/E (trailing)	17.5
Median Market Cap ($M)	30,486
Average Market Cap ($M)	114,519

*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

Sustainable investing is qualitative and subjective by nature, and there is no guarantee that the environmental, social and governance (“ESG”) criteria utilized, judgment exercised, or techniques employed, by AQR will be successful, or that they will reflect the beliefs or values of any one particular investor. Certain information used to evaluate ESG factors or a company’s commitment to, or implementation of, responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete. ESG investing can limit the investment opportunities available to a portfolio, such as the exclusion of certain securities or issuers for nonfinancial reasons and, therefore, the portfolio may perform differently than or underperform other similar portfolios that do not apply ESG factors.

The Fund may use derivatives in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives may not always be successful and cause unit prices to fluctuate which may in turn result in loss to the Fund.

The Fund may invest in less economically developed (known as emerging) markets which can involve greater risks than well developed economies. Amongst other issues, the level of government supervision and market regulation may be less than in more developed economies and could affect the value of your investment. Investment in emerging markets also increases the risk of settlement default.

The Fund may enter into various financial contracts (known as derivatives) with another party. There is a risk that this party may fail to make its payments or become insolvent which may result in the Fund and your investment suffering a loss to the Fund.

The assets in which the Fund invests may be denominated in a currency other than the currency of the units in the Fund and/or the currency of your investment. Currency fluctuations may strongly affect the value of your investment.

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

There are risks involved with investing including the possible loss of principal. Past performance is not a guarantee of future results.

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

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

Investment Approach

The Fund employs a defensive-oriented equity strategy which incorporates value signals and targets a beta of 1.0 to the MSCI World. By applying modest levels of leverage, the strategy seeks to outperform equity benchmarks while taking similar levels of risk. We believe this multi-factor defensive approach offers a diversified and balanced exposure to low-risk stocks at a reasonable price, and can be a diversifying investment within an investor's equity allocation. Like many defensive equity strategies in the marketplace, the strategy utilizes a benchmark agnostic approach in the portfolio construction process to measure risk in total portfolio volatility context, rather than measuring risk relative to a benchmark (i.e. tracking error).

The strategy's stock selection process utilizes three primary investment themes:

Low-Beta: stocks with lower sensitivity to aggregate market fluctuations (lower volatility and beta below 1.0)

Quality: stocks with lower sensitivity to fluctuations in economic activity (i.e. low fundamental risk)

Valuation: stocks that appear cheaper relative to fundamentals

The large allocation to signals favoring "low-risk" securities will result in a portfolio with a time-varying beta to global equities below 1.0. Therefore, to help realize the desired overall beta of 1.0 to equity markets, the strategy generally invests in equity index futures.

We add constraints to the process to enhance diversification and help ensure that the portfolio does not take on large unintended bets (e.g. to momentum or other risk factors) through market cycles.

The strategy also hedges currency exposure to help investors avoid uncompensated risks in the portfolio associated with currency fluctuations.

The strategy is a diversified long-only equity strategy which seeks to deliver exposure to the low-risk anomaly and the quality phenomenon. The portfolio aims to offer a similar overall risk level to the capitalization-weighted market index (MSCI World Index) with a higher overall return; we add a futures overlay on top of the portfolio to bring the portfolio's overall beta relative to the MSCI World index to 1.

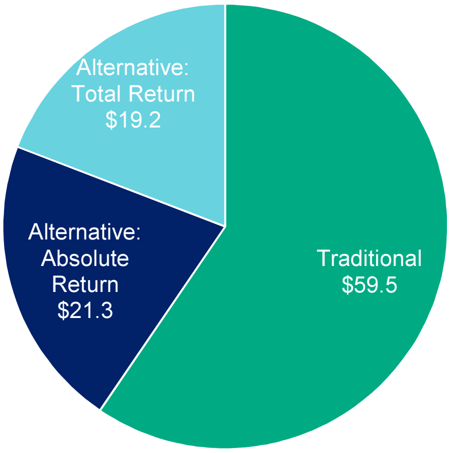
Company Profile

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, Frankfurt, Hong Kong, London, and Sydney.

Assets Under Management[5]

Total Assets: $100.0bn



Portfolio Managers

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

Michele Aghassi, Ph.D., CFA
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Ph.D., Massachusetts Institute of Technology
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[5] Approximate as of 31 Jan. 2023. Includes assets managed by AQR and its advisory affiliates.

Disclosures

This is a marketing communication. Please refer to the Prospectus, KIID and (where applicable) KID for more information on general terms, risks and fees. Investors should only invest in the Fund once they have reviewed the Prospectus, KIID and (where applicable) KID, the 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.l1st Floor, Infinity Building, 5 Avenue John F. Kennedy, L-1855, Grand Duchy of Luxembourg, along with the annual and semi-annual report and articles (each in English). 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. The Prospectus as well as a summary of investor rights are available in English. The relevant KIID is available in Danish, Dutch, English, French, German, Icelandic, Italian, Norwegian, Spanish, Swedish, and depending upon the specific fund, Greek and Portuguese. These documents are available at: https://ucits.aqr.com/ Please refer to the Prospectus, KIID and (where applicable) KID for more information on and fees.

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There is a risk of substantial loss associated with trading commodities, futures, options, derivatives and other financial instruments. Before trading, investors should carefully consider their financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when trading futures commodities, options, derivatives and other financial instruments one could lose the full balance of their account. It is also possible to lose more than the initial deposit when trading derivatives or using leverage. All funds committed to such a trading strategy should be purely risk capital. Investors should note that UCITS funds will not trade in commodities.

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.

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 to GBP Index (GBP) 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.

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.

The fees and charges paid by the Fund will reduce the return on your investment. Certain costs paid by the Fund will be charged in USD and exchange rate fluctuations may cause these costs to increase or decrease when converted into your local currency.

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