

## The Investment Manager

Tactical Global Management (TGM) provides tailored investment solutions for clients including rebalancing and currency hedging overlays, systematic global macro and currency alpha strategies, and a low volatility equities strategy. We manage over \$25b across our investment products, including execution services, using exchange traded futures, options, ETFs, swaps and forward foreign exchange contracts. TGM is also supporting and promoting Sustainable Impact Investing opportunities in both Australia and developing countries and provides access to sustainable global equities through its global sustainable (SDG) equities strategy. We have extensive experience in managing investment programs for institutional clients globally including pension funds, insurance companies, fund managers, banks, endowments, and charities.

## Contact

Stephen Goode  
 Chief Executive Officer  
 Direct +61 7 3239 2713  
 Mobile +61 413 054 994  
[stephen.goode@tgm-au.com](mailto:stephen.goode@tgm-au.com)  
[www.tgm-global.com](http://www.tgm-global.com)

## Investment Objective

Investing in overseas assets creates a currency risk exposure for the portfolio. A key decision for a client is to determine an appropriate target or strategic hedge ratio to either accept or mitigate the currency risk. TGM's Dynamic Currency Overlays add value by dynamically adjusting the individual currency hedge ratios around the client's target ratio based on currency forecasts while controlling for volatility.

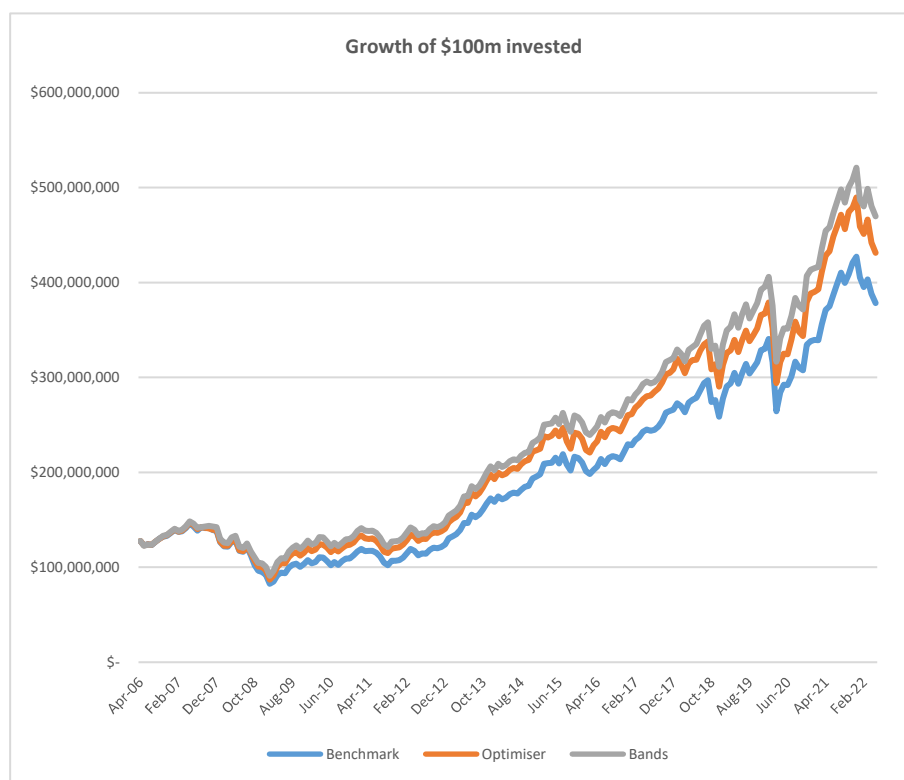
## Investment Strategy

TGM's Dynamic Currency Overlay process uses proprietary quantitative models for forecasting currencies combined with volatility and momentum indicators to dynamically adjust currency hedge ratios relative to the client's target hedge ratio levels, to generate additional risk adjusted returns.

TGM offers two approaches of its Dynamic Currency Overlay process. The first was developed in response to clients having **bands** set with target levels for the currency and once they are hit for a new hedge ratio to be implemented. The second is to use an **optimiser** that results in more frequent incremental risk-adjusted changes in hedge ratios.

## Performance<sup>1</sup>

	Benchmark <sup>2</sup>	Optimiser <sup>3</sup>	Bands <sup>3</sup>
<b>1 month</b>	-2.57%	<b>-2.43%</b>	<b>-2.21%</b>
<b>3 months</b>	-4.32%	<b>-4.44%</b>	<b>-4.44%</b>
<b>6 months</b>	-10.10%	<b>-9.94%</b>	<b>-7.55%</b>
<b>1 year</b>	0.89%	<b>-0.39%</b>	<b>2.51%</b>
<b>3 years (p.a.)</b>	8.83%	<b>9.71%</b>	<b>10.06%</b>
<b>5 years (p.a.)</b>	9.05%	<b>9.02%</b>	<b>9.72%</b>
<b>10 years (p.a.)</b>	12.91%	<b>12.95%</b>	<b>13.40%</b>
<b>Annualised Return<sup>4</sup></b>	8.06%	<b>8.89%</b>	<b>9.43%</b>
<b>Annualised Volatility<sup>4</sup></b>	12.04%	<b>12.30%</b>	<b>11.93%</b>
<b>Return/Risk Ratio<sup>4</sup></b>	0.67	<b>0.72</b>	<b>0.79</b>



<sup>1</sup> The performance numbers are total returns in that they include both equity and currency return components. The returns are net of transaction costs but gross of management fees. Note that the performance numbers are based on out-of-sample currency forecasts from TGM's dynamic currency overlay process.

<sup>2</sup> MSCI World Index ex Australia, hedged at 50% AUD.

<sup>3</sup> These are total returns in that they include the underlying equity market return (MSCI World Index ex Australia) plus the AUD currency hedge return. The returns are net of transaction costs but exclude management fees. Note that the performance numbers are based on out-of-sample currency forecasts from TGM's current currency process.

<sup>4</sup> Return numbers are for the period April 2005 to May 2022.

Tactical Global Management Limited ("TGM") is regulated by Australian Securities and Investment Commission (ASIC). TGM is registered with the SEC as an Investment Advisor.

While efforts have been made to ensure the soundness and accuracy of the information in this document, no representation is given or responsibility taken as its accuracy or completeness. Neither TGM nor its employees, directors or associates will be liable for any loss or damage arising as a result of any recipient relying on this document (except to the extent that any liability cannot be excluded). Past performance is not necessarily a guide to future performance. The value of investments in TGM's products can go down as well as up as a result of market and currency fluctuations and an investor may not receive back the amount they invested. This document has been prepared for general information only. You should not act on the basis of this document without considering whether it is appropriate to your investment needs, objectives and financial circumstances or consulting a securities or investment adviser. This report is for information purposes only and is not intended as an offer or solicitation with respect to the sale or purchase of any investment product. Anyone wishing to invest in one of TGM's products must obtain and read the current offering document.

## The Investment Manager

Tactical Global Management (TGM) provides tailored investment solutions for clients including rebalancing and currency hedging overlays, systematic global macro and currency alpha strategies, and a low volatility equities strategy. We manage over \$25b across our investment products, including execution services, using exchange traded futures, options, ETFs, swaps and forward foreign exchange contracts. TGM is also supporting and promoting Sustainable Impact Investing opportunities in both Australia and developing countries and provides access to sustainable global equities through its global sustainable (SDG) equities strategy. We have extensive experience in managing investment programs for institutional clients globally including pension funds, insurance companies, fund managers, banks, endowments, and charities.

## Contact

Stephen Goode  
Chief Executive Officer  
Direct +61 7 3239 2713  
Mobile +61 413 054 994  
stephen.goode@tgm-au.com  
[www.tgm-global.com](http://www.tgm-global.com)

## Investment Process

TGM's Dynamic Currency Overlay process uses proprietary quantitative models for forecasting currencies combined with volatility and momentum indicators to dynamically adjust currency hedge ratios around the client's target hedge ratio levels and generate additional risk adjusted returns.

The investment process incorporates the following features:

- Combination of Macroeconomic Fundamental and Valuation models;
- Dynamic allocation of weights between the models depending on the regime; and
- Momentum indicators are incorporated resulting in an asymmetry that enhances risk-adjusted returns.

TGM's dynamic currency overlay investment process also captures mechanisms that tend to improve portfolio returns at times of falling international equity markets, thereby reducing return drawdowns associated with investing in international equities.

## Portfolio Construction

Two approaches to portfolio construction are offered, namely using an optimiser and a bands approach. Both approaches produce similar results over the longer run, the key difference being the optimiser generates continuous smaller incremental changes to the strategy and the bands approach larger less frequent discrete changes.

### Dynamic Currency - Optimiser

Portfolio construction is based on a proprietary optimisation process that determines the optimal hedge ratio to improve the return/risk profile of the underlying fund, relative to the benchmark hedge. This approach is characterised by continually adjusting the hedge ratios across the portfolio to optimise returns whilst controlling risk.

### Dynamic Currency – Bands

Portfolio construction is based on hedge ratio bands strategically set to capture deviations relative to forecast fair value. This approach can be configured to work for a variety of client target or benchmark hedge ratios. The Bands approach captures movements in the underlying currency relative to its fair value. As the currency reaches fair value, the hedge ratio converges to the client's target hedge ratio.

Tactical Global Management Limited ("TGM") is regulated by Australian Securities and Investment Commission (ASIC). TGM is registered with the SEC as an Investment Advisor.

While efforts have been made to ensure the soundness and accuracy of the information in this document, no representation is given or responsibility taken as its accuracy or completeness. Neither TGM nor its employees, directors or associates will be liable for any loss or damage arising as a result of any recipient relying on this document (except to the extent that any liability cannot be excluded). Past performance is not necessarily a guide to future performance. The value of investments in TGM's products can go down as well as up as a result of market and currency fluctuations and an investor may not receive back the amount they invested. This document has been prepared for general information only. You should not act on the basis of this document without considering whether it is appropriate to your investment needs, objectives and financial circumstances or consulting a securities or investment adviser. This report is for information purposes only and is not intended as an offer or solicitation with respect to the sale or purchase of any investment product. Anyone wishing to invest in one of TGM's products must obtain and read the current offering document.