

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 \$13b 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.

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Investment Objective

At TGM, we are driven by doing the things that matter, to the Trustees, to the Fund and to its Members, and after over 20 years of tailoring investment solutions for our clients we believe that the most important decision of any Trustee is setting the benchmark position or target allocation of the Fund. This can either be a longer-term Strategic Asset Allocation (SAA) or shorter-term Dynamic Asset Allocation (DAA).

To provide the best outcome for the Fund and its Members, it is equally **important to ensure that the integrity of the SAA or DAA decision is preserved** by maintaining allocations in accordance with the SAA or DAA weights.

By managing the amount of drift of the underlying allocations to the SAA or DAA, and by taking advantage of the inherent volatility and mean reversion of asset classes, a disciplined rebalancing process **provides Trustees strong fiduciary protection** by ensuring that the return and risk profile inherent in the SAA or DAA is maintained and **can also enhance the returns of a fund** whilst managing the level of risk exposure.

Introducing an overlay rebalancing process provides **additional benefits** to a Fund **over a cash-market based rebalancing process**. The use of an overlay provides **lower transaction costs, reduced implementation lags** across assets, and **increased flexibility** in the management of the underlying assets to improve risk adjusted returns such as **portable alpha** and **tax efficient strategies**.

Investment Strategy

TGM's tailored rebalancing overlay provides a disciplined, efficient and low cost means to **manage** the **risk** of a misalignment between a Fund's underlying allocations and its SAA or DAA position and at the same time **capture a rebalancing premium for the Fund**.

A key feature of the TGM process is to work with the client to determine the **optimal rebalancing protocols** to apply for each Fund, such as the threshold deviation of an asset class from its target allocation before rebalancing, and the extent of the rebalancing transaction. TGM uses its **proprietary simulation infrastructure**, to determine the trade-offs between tracking error, transaction costs and return across various rebalancing protocols. TGM is also able to incorporate illiquid assets as part of the rebalancing overlay process, by determining appropriate liquid assets that, as closely as possible, match the return and risk profile of the illiquid asset.

TGM's rebalancing overlay creates flexibility for the timing of any cashflow or cash-market rebalancing for a Fund. TGM is also able to advise on the interaction and optimal protocols between any cashflow and cash-market transactions and the overlay rebalancing process to achieve the most cost effective overall outcome.