

LOWVOLATILITYSTOCKS

CASTLESTONE LOW VOLATILITY INCOME UCITS FUND

Q4 2019

INVESTING IN LOW VOLATILITY EQUITIES

Overview

- AQA UCITS Fund SICAV plc is licensed in Malta by the Malta Financial Services Authority ("MFSA") as an undertaking for collective investment in transferable securities (UCITS) (the "Scheme").
- Castlestone Low Volatility Income UCITS Fund is a sub-fund within AQA UCITS Fund SICAV plc (the "Fund").
- The Scheme and the Fund are managed by AQA Capital Ltd., a Maltese UCITS Management Company licensed by the MFSA (the "Manager")
- Castlestone Management LLC provides advice in relation to the investments to be made by the Manager in respect of the Fund

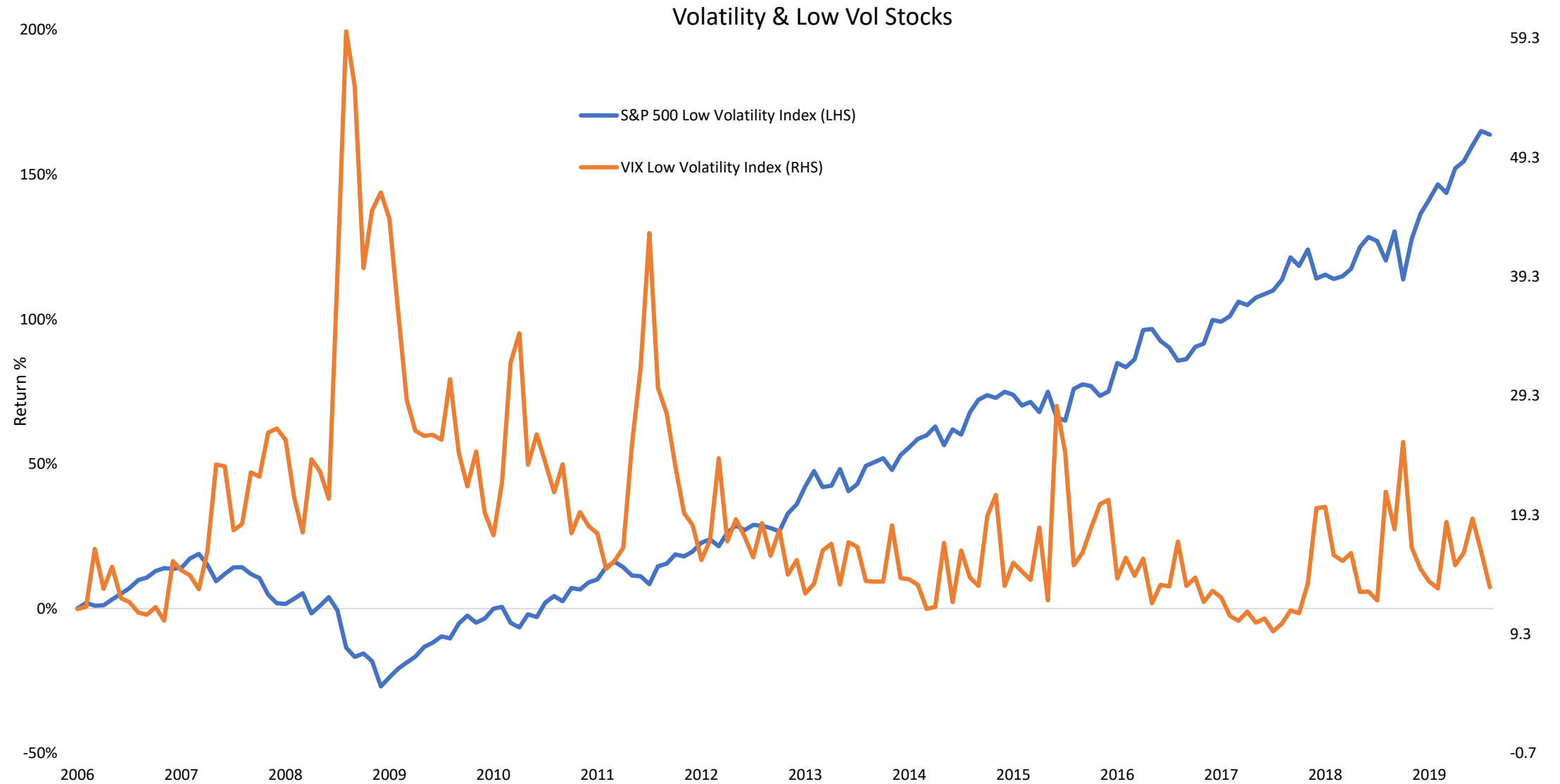
The Fund

- The Fund will seek to allocate its assets to a portfolio of United States listed, exchange-traded equities, which in the aggregate, have lower volatility characteristics relative to the broader U.S. equity market.
- The Fund is daily traded, long-only, liquid and unleveraged.
- The Investment Advisor believes that low volatility equities are a good substitute for S&P 500 benchmarked funds as market volatility has increased over 2018 and 2019.
- The Fund can generate an additional source of income by collecting a premium received by writing (selling) covered call options against underlying securities as well as by receiving dividends.

SAMPLE HOLDINGS



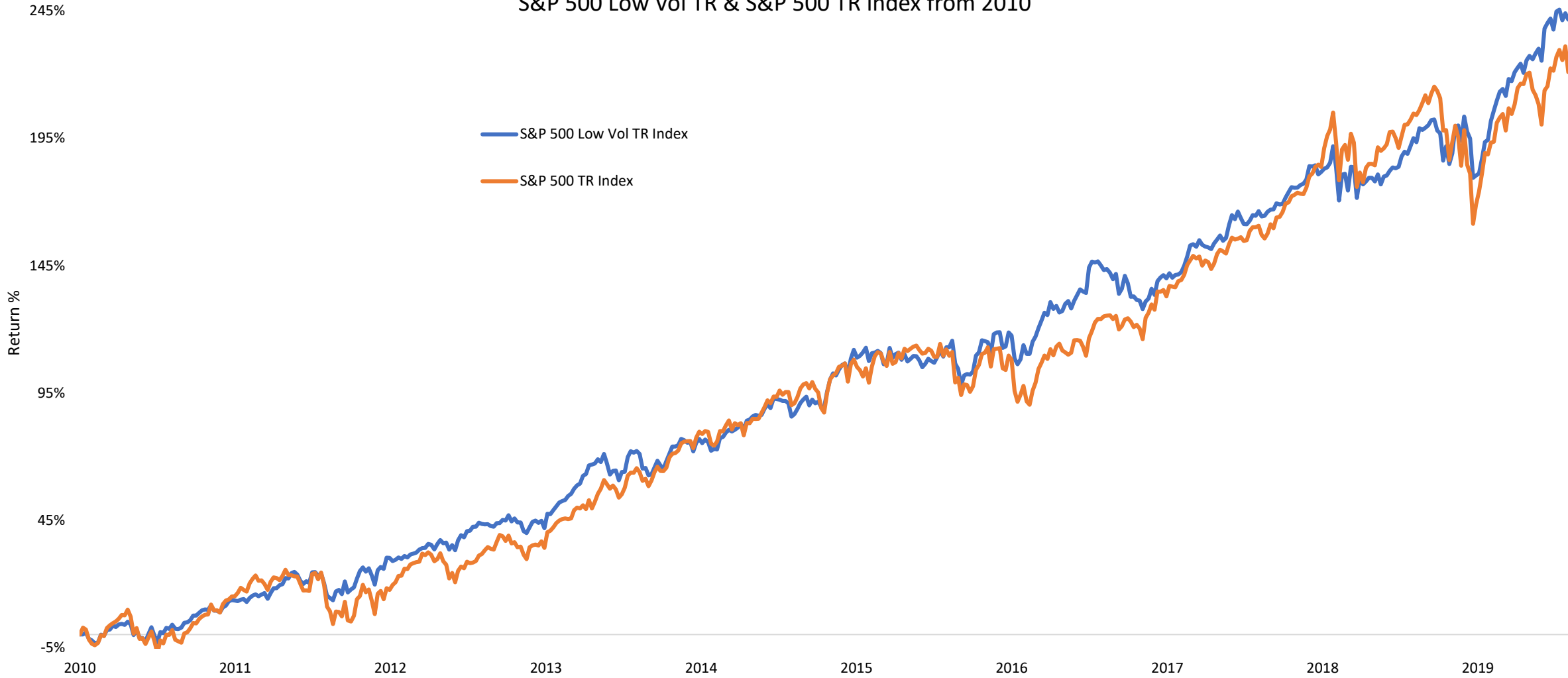
VOLATILITY HAS INCREASED



Source: Data sourced from Bloomberg 27/10/2006 – 31/10/2019. Chart by Castlestone Management
Note: Past performance cannot be relied on as a guide to future performance.

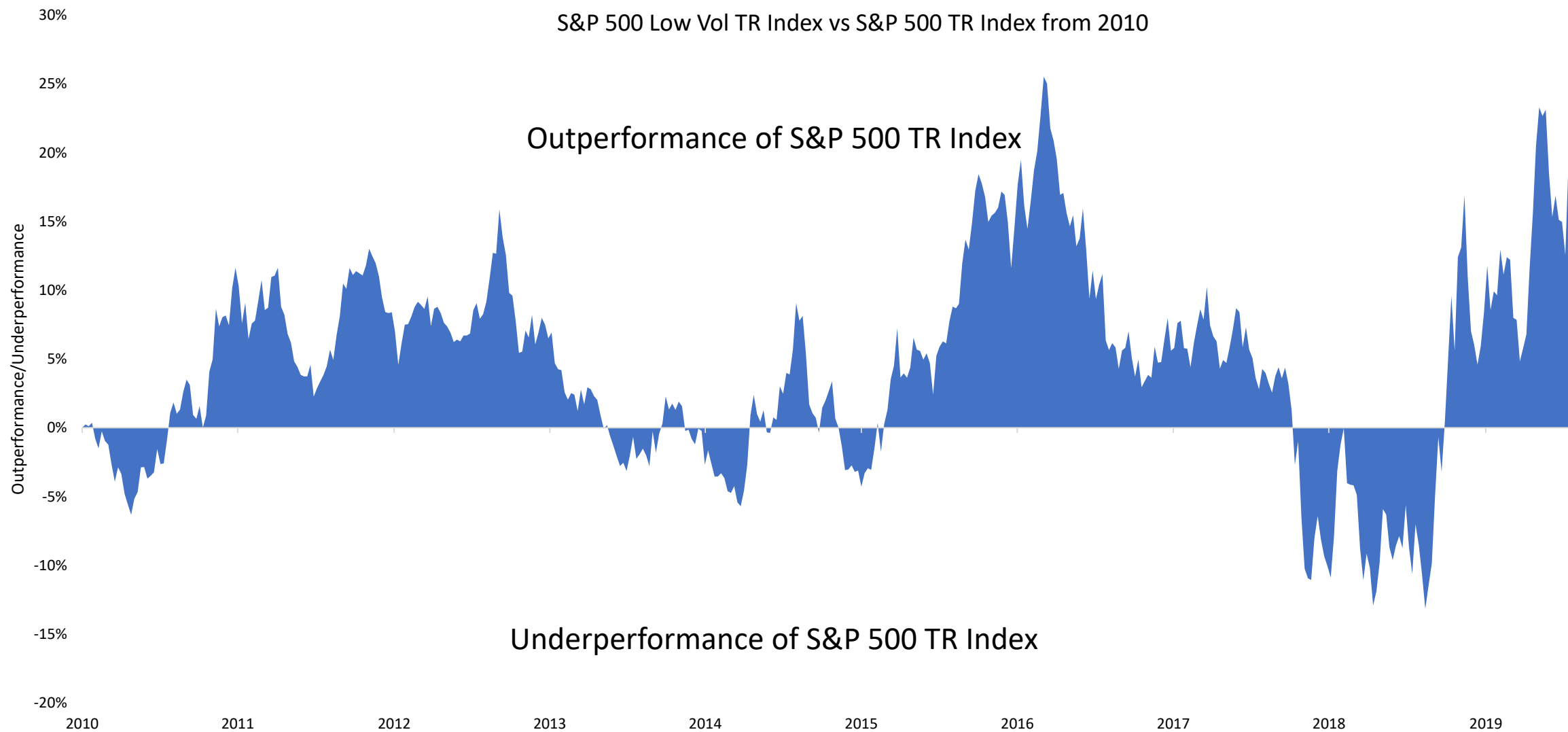
S&P 500 LOW VOL TR INDEX & S&P 500 TR INDEX

S&P 500 Low Vol TR & S&P 500 TR Index from 2010



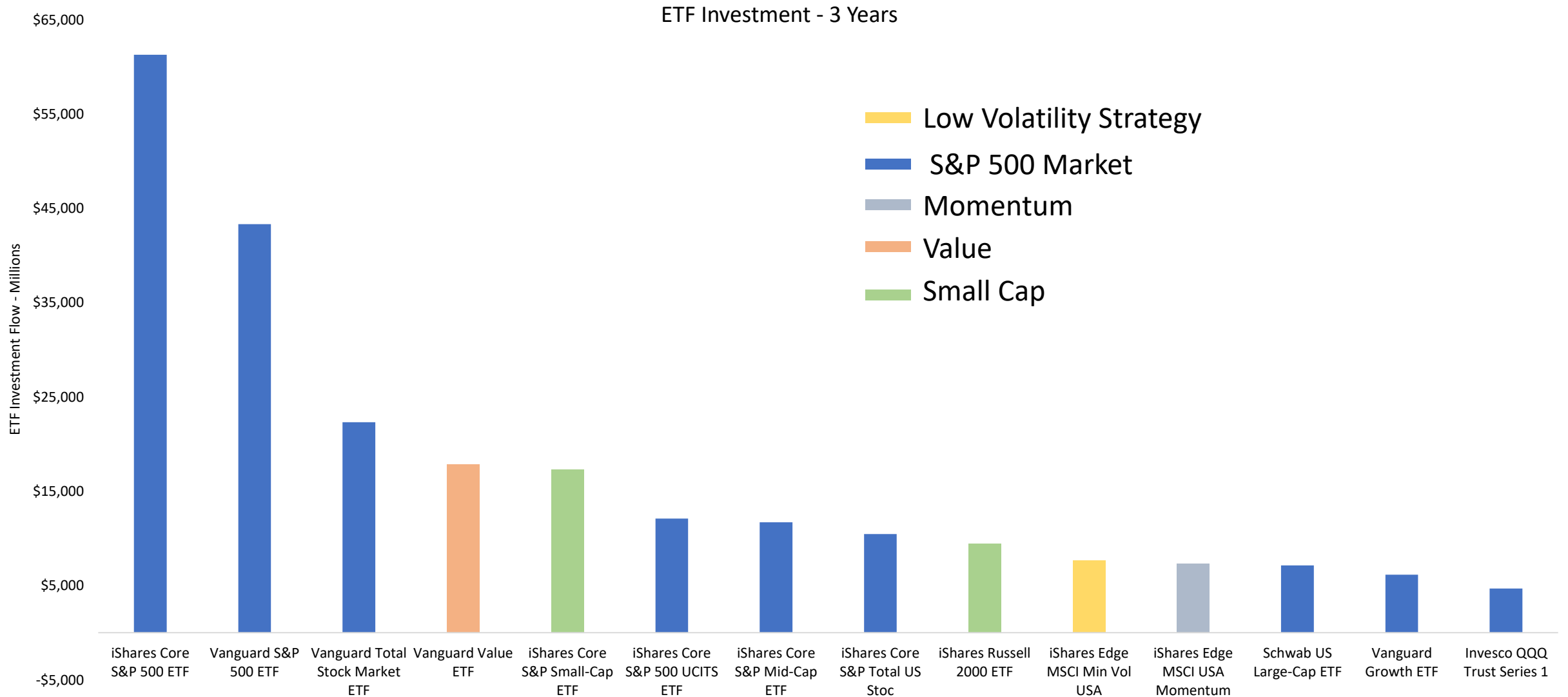
Source: Data sourced from Bloomberg 05/11/2010 – 31/10/2019. Chart by Castlestone Management
Note: Past performance cannot be relied on as a guide to future performance.

S&P 500 LOW VOL TR INDEX VS S&P 500 TR INDEX



Source: Data (S&P Low Vol Index performance figures minus S&P 500 Index performance figures) from Bloomberg 05/11/2010 – 30/07/2019. Chart by Castlestone Management
Note: Past performance cannot be relied on as a guide to future performance.

DEMAND FOR ETF BY EQUITY STRATEGY

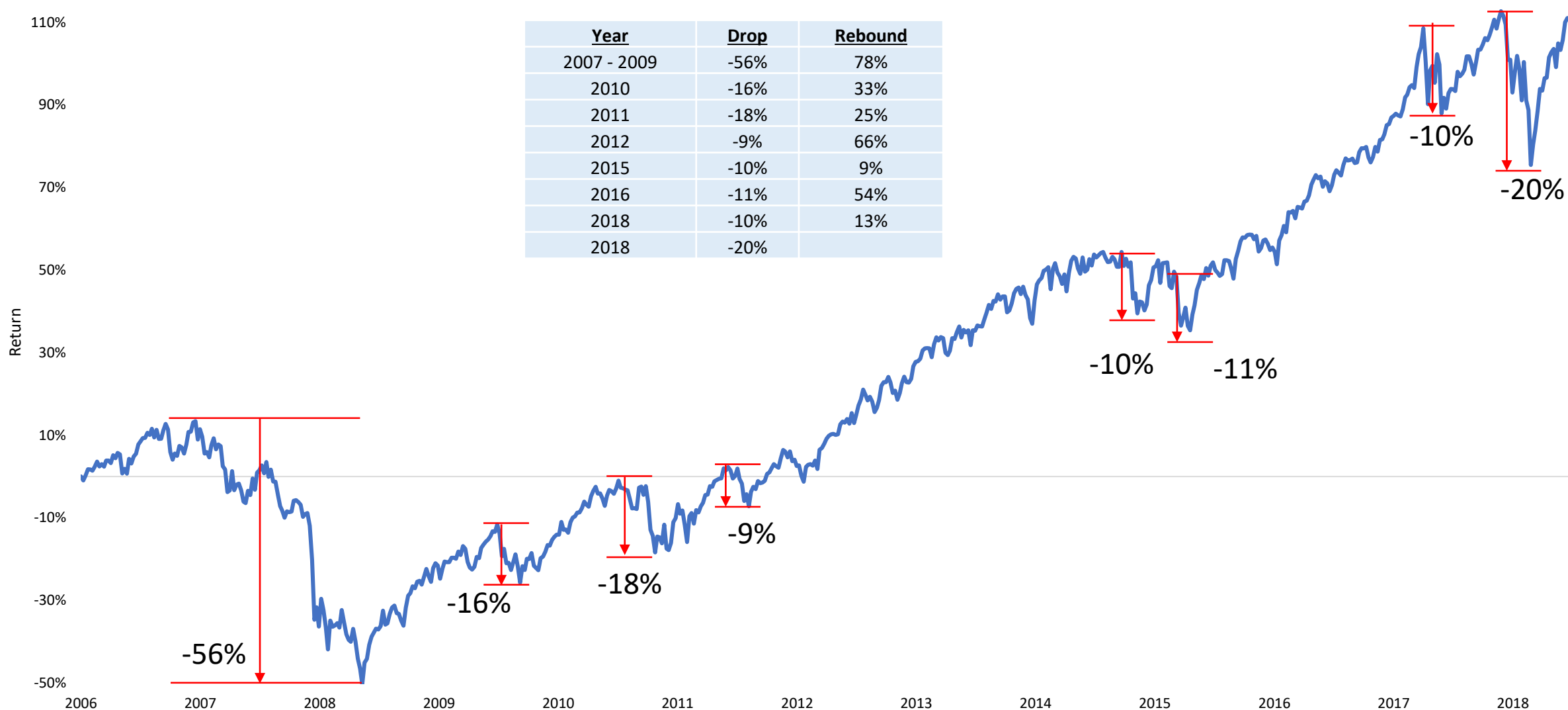


Source: Data from Bloomberg.
 3 year Historical Investment Flow to 23/09/2019
 Chart by Castlestone Management
 Note: Past performance cannot be relied on as a guide to future performance.

S&P 500 DROPS MET BY REBOUNDS

S&P 500 Index Drops and rebounds from 2006

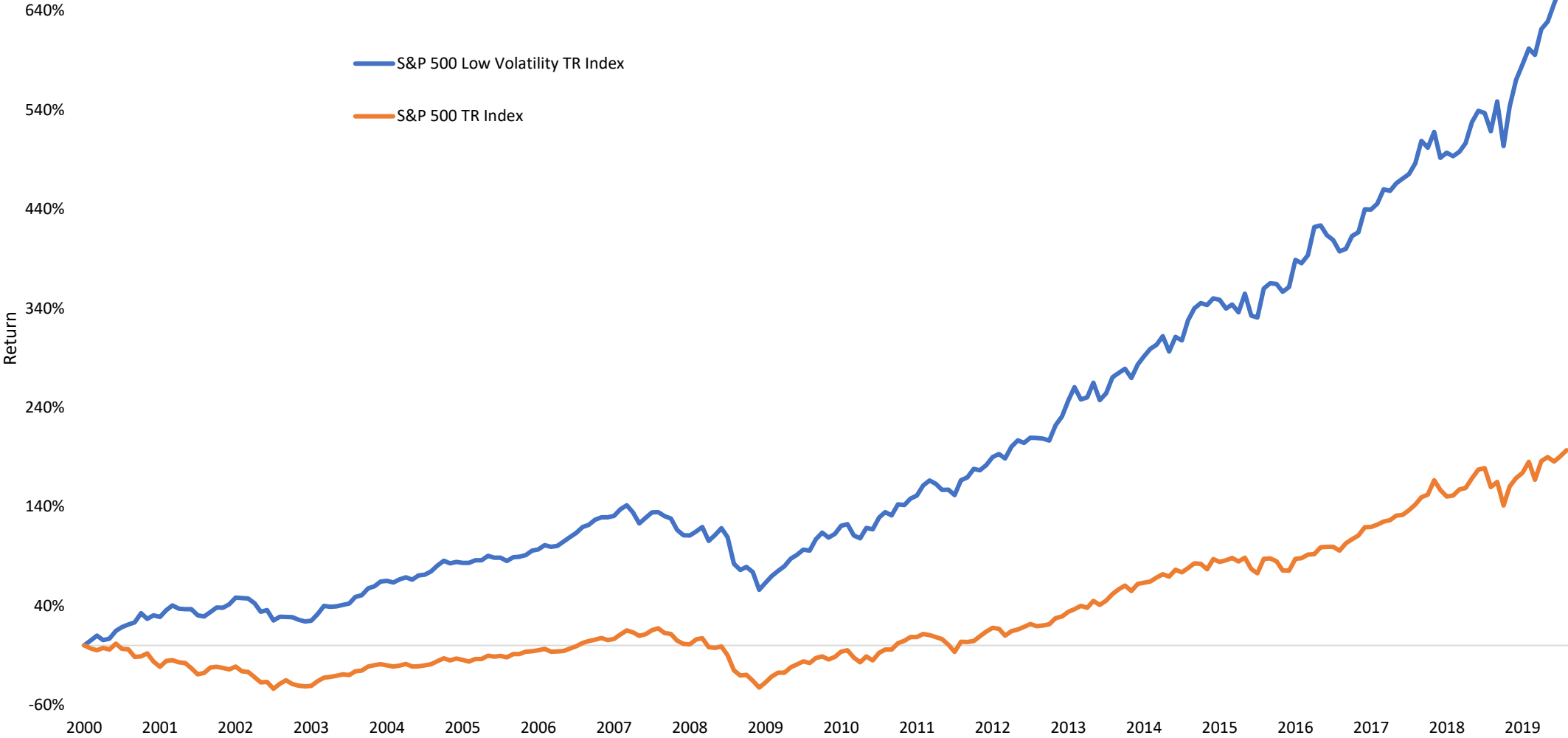
<u>Year</u>	<u>Drop</u>	<u>Rebound</u>
2007 - 2009	-56%	78%
2010	-16%	33%
2011	-18%	25%
2012	-9%	66%
2015	-10%	9%
2016	-11%	54%
2018	-10%	13%
2018	-20%	



Source: Data (S&P 500 Index return) sourced from Bloomberg 27/10/2006 – 29/04/2019. Chart by Castlestone Management
 Note: Past performance cannot be relied on as a guide to future performance.

LOW VOLATILITY STRATEGY OUTPERFORMS – LONG RUN

Low Volatility Strategy from 2000



Source: Data from Bloomberg 01/01/2000 – 31/10/2019. Chart by Castlestone Management
Note: Past performance cannot be relied on as a guide to future performance.

A SAMPLE FROM THE CONSTITUENTS OF THE S&P LOW VOL INDEX

Stock	Ticker	Country	Industry	Sector	Market Cap \$bn	Beta	Div Yield
APPLE INC	AAPL US Equity	US	Technology	Computers	868	1.42	1.50
ACCENTURE PLC-A	ACN US Equity	US	Technology	Computer Services	95	0.96	1.87
AUTOMATIC DATA	ADP US Equity	US	Consumer, Non-cyclical	Commercial Serv-Finance	52	1.07	1.96
CROWN CASTLE INT	CCI US Equity	US	Financial	REITS-Diversified	43	0.50	3.94
CISCO SYSTEMS	CSCO US Equity	US	Communications	Networking Products	169	1.25	3.40
CHEVRON CORP	CVX US Equity	US	Energy	Oil Comp-Integrated	216	0.60	3.79
DUKE ENERGY CORP	DUK US Equity	US	Utilities	Electric-Integrated	62	0.44	4.04
CONS EDISON INC	ED US Equity	US	Utilities	Electric-Integrated	27	0.39	3.21
GENERAL MILLS IN	GIS US Equity	US	Consumer, Non-cyclical	Food-Misc/Diversified	30	0.72	3.77
GENERAL MOTORS C	GM US Equity	US	Consumer, Cyclical	Auto-Cars/Light Trucks	62	1.00	3.49
IBM	IBM US Equity	US	Technology	Computer Services	143	0.64	3.91
JOHNSON&JOHNSON	JNJ US Equity	US	Consumer, Non-cyclical	Medical-Drugs	375	0.65	2.41
COCA-COLA CO/THE	KO US Equity	US	Consumer, Non-cyclical	Beverages-Non-alcoholic	196	0.52	3.22
ELI LILLY & CO	LLY US Equity	US	Consumer, Non-cyclical	Medical-Drugs	91	0.77	2.52
MCDONALDS CORP	MCD US Equity	US	Consumer, Cyclical	Retail-Restaurants	135	0.69	2.43
MEDTRONIC PLC	MDT US Equity	US	Consumer, Non-cyclical	Medical Instruments	109	0.84	2.28
ALTRIA GROUP INC	MO US Equity	US	Consumer, Non-cyclical	Tobacco	123	0.79	4.10
MERCK & CO	MRK US Equity	US	Consumer, Non-cyclical	Medical-Drugs	152	0.61	3.39
MICROSOFT CORP	MSFT US Equity	US	Technology	Applications Software	645	1.36	2.01
ANNALY CAPITAL M	NLY US Equity	US	Financial	REITS-Mortgage	13	0.57	10.40
PAYCHEX INC	PAYX US Equity	US	Technology	Data Processing/Mgmt	23	0.91	3.14
PG&E CORP	PCG US Equity	US	Utilities	Electric-Integrated	29	0.52	3.71
PEPSICO INC	PEP US Equity	US	Consumer, Non-cyclical	Beverages-Non-alcoholic	157	0.59	2.93
PFIZER INC	PFE US Equity	US	Consumer, Non-cyclical	Medical-Drugs	207	0.66	3.68
PROCTER & GAMBLE	PG US Equity	US	Consumer, Non-cyclical	Cosmetics & Toiletries	219	0.45	3.20
PUBLIC STORAGE	PSA US Equity	US	Financial	REITS-Storage	36	0.31	3.86
REPUBLIC SVCS	RSG US Equity	US	Industrial	Non-hazardous Waste Disp	22	0.81	2.12
SOUTHERN CO	SO US Equity	US	Utilities	Electric-Integrated	52	0.46	4.45
AT&T INC	T US Equity	US	Communications	Telephone-Integrated	207	1.00	5.81
TJX COS INC	TJX US Equity	US	Consumer, Cyclical	Retail-Major Dept Store	44	0.71	1.79
UNITED PARCEL-B	UPS US Equity	US	Industrial	Transport-Services	102	0.98	2.81
VERIZON COMMUNIC	VZ US Equity	US	Communications	Telephone-Integrated	196	0.84	4.96
EXXON MOBIL CORP	XOM US Equity	US	Energy	Oil Comp-Integrated	353	0.63	3.79
					Avg. Market Cap \$170	Avg. Beta 0.78	Avg. Div Yield 3.30%

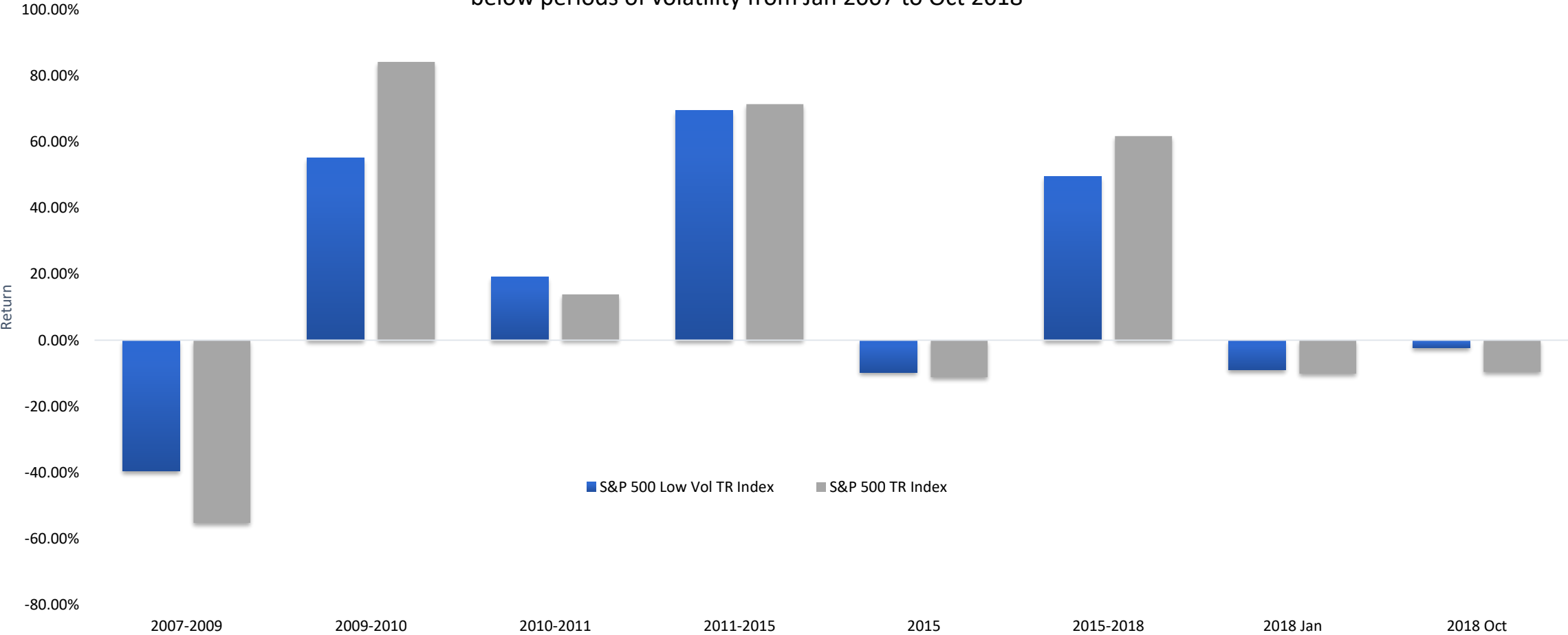
Source: Information sourced from Bloomberg and www.us.spindices.com, data as of 31/10/2019. Table by Castlestone Management. Please note that the S&P 500 Low Vol Index is made up of 100 individual companies. The above sample was chosen by the Investment Advisor, based on the brand awareness, ie. the most well-known brand names in the index. The above should not be considered as an indication to the proposed holdings of the Castlestone Low Volatility Income UCITS Fund

Note: Past performance cannot be relied on as a guide to future performance.

CAPTURES MORE UPSIDE VS DOWNSIDE DURING PERIODS OF VOLATILITY

Upside vs Downside

The S&P 500 Low Vol TR Index captures 68% (2/3rds) of the downside and 95% of the upside of the S&P 500 TR Index over the below periods of volatility from Jan 2007 to Oct 2018



Source: Data (Total Return) sourced from Bloomberg 01/01/2007 – 31/10/2018. Chart by Castlestone Management
Note: Past performance cannot be relied on as a guide to future performance.

DISCLAIMER

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