

## Fund Returns

Oct-16 -0.02%

YTD -1.22%

## Monthly Commentary

## Description

The PWM II - LiquidAlts UCITS fund is an open ended SICAV composed of multiple absolute return UCITS funds ('Selected Funds'). The asset allocation will be implemented through quantitative and qualitative assessments conducted by the Hedge Fund Advisory Team ('Portfolio Selection Agent'). The selected funds are fully approved by Product Research and Selection through Deutsche Asset Management's due diligence process.

## Fund Information

Domicile	Luxembourg
Share Class	A (restricted)
ISIN	LU0509970066
WKN	A1CYSQ
Inception	3, October 2010
Total assets	USD 44mn (31/10/16)
NAV	USD 98.26

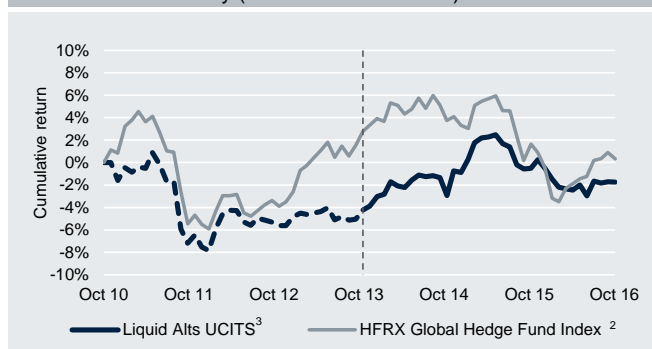
Fees<sup>1</sup>

Management Fee	0.10%
Performance Fee	None

## Dealing Information

Subscription	Weekly (Wednesday, T-3)
Redemption	Weekly (Wednesday, T+4)
Fund Passporting Status (Registered in)	Austria, Finland, Germany, Luxembourg, Italy, Netherlands, Sweden, Singapore, Switzerland and Spain
Minimum investment	USD 1,000

## Performance History (Oct 2010 to Oct 2016)



For the most part October will likely be remembered as the month where 'Hard Brexit' concerns truly jumped into the spotlight and Sterling related assets suffered as a result. Politics was a fairly consistent theme during the month however with the US Presidential Election campaign also attracting plenty of attention.

Looking across assets, Sterling related investments really stand out in October. Unsurprisingly the negative news flow had a big impact on the currency with Sterling dropping -6% during the month from around \$1.30 to the low \$1.20's. Negative sentiment also hurt Gilts which in local currency terms dropped -4% however in USD hedged terms plummeted -10%. It was a similar story for UK equities which were up 1% in local terms but -5% in USD terms.

It wasn't just Gilts which suffered in bond markets however. With markets also reassessing inflation expectations, EU Sovereigns (-4%), Bunds (-4%) and Spanish Bonds (-4%) all suffered. Treasuries (-1%) outperformed but we're still weaker during the month. Those moves had another obvious knock on in credit markets too although performance was reasonably resilient despite the rates selloff. US credit outperformed with indices finishing flat to -1% during the month while European indices were broadly -1% to -3% with ECB purchases still evidently having a positive impact and helping out-perform rates. Interestingly EUR higher beta HY and sub-fins outperformed more. Speaking of financials, banks had a decent month. European Banks were +9% in local terms and +6% in USD terms no doubt supported by better than expected earnings to some degree, and also the positive correlation to the move higher for bond yields. Other equity markets were more mixed however. The FTSE MIB, Nikkei and IBEX were all +2% in USD terms while the DAX (-1%), S&P 500 (-2%) and Stoxx 600 (-3%) were more disappointing.

In October, the LiquidAlts UCITS (USD - Class A) fund was down -2bps (YTD: -1.22%). At the end of the month, 5 out of the 15 managers were in positive territory. Global Macro Discretionary (+42bps) and Market Neutral - Equity managers (+26bps) drove the positive performance while Systematic Futures/CTA and Event Driven exposures ended the month on the negative side (respectively -43bps, -18bps). Equity Long/Short and Credit Long/ Short allocations ended the period relatively flat.

The bulk of the losses came from FORT Global UCITS Funds and DB Platinum IV Systematic Alpha (Winton). Systematic Futures/CTA's had a poor month with negative performance widespread across portfolios. Long exposures to fixed income, equities and oil didn't help the strategies. Event Driven managers also posted negative gains as spread generally widened; no particular deal collapse driving this risk re-pricing move.

On the positive side, Global Macro Discretionary managers had a good month; particularly IPM Systematic Macro. The portfolio's short in UK Gilts was the main driver of the performance. Additional gains came from the long US T-Note and JGB positions. It was also a good month for their relative equity portfolio as long FTSE, MIB and IBEX against shorts in SMI and S&P500.

## Key Risks

- The Fund is a non principal protected investment. 100% of an investor's capital will be at risk.
- The portfolio of Selected Funds may change over time at the sole discretion of the Portfolio Selection Agent.
- The Selected Funds are complex and may use derivatives to take long or short positions. The use of derivatives involve a high level of risk as derivatives can be highly leveraged, highly volatile, and may magnify losses.
- As the Fund may employ complex strategies, it is intended only for knowledgeable investors who are able to understand and evaluate both the investment strategy and its inherent risks (such understanding and evaluation may be gained through advice from a professional advisor).
- The Selected Funds are hedge funds. Investing directly or indirectly in hedge funds involves special considerations not typically associated with investing in other securities, including, but not limited to the potential for higher fees, lack of strategy transparency and lack of diversification. Investors should therefore be experienced with investments in hedge funds or investment products linked to hedge funds.

Past performance is not indicative of future returns. This information is intended for informational purposes only and does not constitute investment advice, a recommendation, an offer or solicitation. Note: The fund was renamed DB PWM II LiquidAlts UCITS on Dec 1st 2014. Prior to this it was known as DB PWM II - Absolute Return Fund.

<sup>1</sup> For more information, a Key Investor Information Document (KIID) is available at any time, free of charge, at the following address: 2, boulevard Konrad Adenauer, L-1115 Luxembourg, or can be downloaded from [www.oppenheim.lu](http://www.oppenheim.lu)

<sup>2</sup> The HFRX Global Index is an investable hedge fund index. It is composed of 55 open ended hedge funds

<sup>3</sup> Solid line refers to the period since 1st October 2013 when the Hedge Fund Advisory team at Deutsche Asset Management took over the portfolio management of the fund. Prior to the date represented by the dotted line, the fund was managed by a different team with a different investment process. (Further information is available on request)

Past performance is not a reliable indicator of future results. Source: Deutsche Asset Management.

Please refer to the important notice on the final page of this document. Past performance is shown net of all fees.

All information as of 31 October 2016 unless otherwise specified.



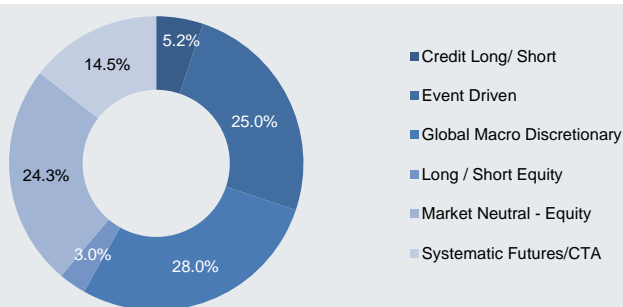
## DB PWM II

LiquidAlts UCITS October 31<sup>st</sup>, 2016

### Fund Monthly Returns<sup>4</sup> (Oct 2010 to Oct 2016)



### Allocation (breakdown by strategy)



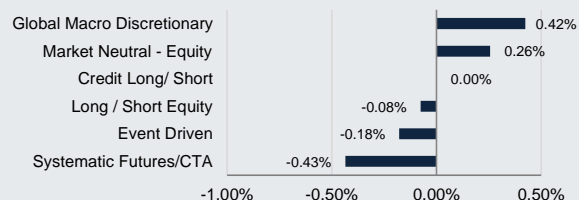
### Top 5 Positions

Name	Strategy	Weight
Marshall Wace TOPS UCITS	Market Neutral Equity	11.1%
GFS UCITS Fund Trend Macro	Global Macro Discretionary	7.9%
Schroder Two Sigma	Market Neutral Equity	7.0%
JP Morgan Global Macro Opportunities	Global Macro Discretionary	6.8%
DB Platinum IV Systematic Alpha	Systematic Futures/CTA	6.8%

### Fund Performance Statistics

	Since Oct 2013	Since Inception
Cumulative return	3.49	-1.74
Annualised return (%)	1.12	-0.29
Standard deviation (%)	2.84	3.36
Sharpe ratio	0.30	-0.16
Correlation to HFRX	0.65	0.75
Maximum drawdown (%)	-5.31	-8.65
Months in maximum drawdown	13	8
Months to recover	NA	39
Downside-deviation (below 10%)	3.51	4.26
Last 1 month (%)	-0.02	-0.02
Last 3 months (%)	-0.08	-0.08
Last 6 months (%)	0.75	0.75
Last 1 year (%)	-1.24	-1.24
Last 3 years (annualised) (%)	0.86	0.86
Largest monthly return (%)	2.27	2.27
Largest monthly loss (%)	-1.64	-4.32
Positive months (%)	51.35	47.95

### Monthly Strategy Contribution



### Fund Net Monthly Performance (%)<sup>4</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-0.92	-0.75	-0.14	-0.14	0.49	-0.99	1.34	-0.17	0.11	-0.02			-1.22
2015	1.18	1.47	0.42	0.09	0.20	-0.79	-0.28	-1.57	-0.37	0.06	0.75	-0.77	0.35
2014	0.21	1.16	-0.39	-0.16	0.70	0.46	-0.16	0.10	-0.16	-1.64	2.27	-0.13	2.22
2013	0.37	-0.13	0.12	0.16	0.36	-1.15	0.33	-0.36	0.11	0.87	0.37	0.87	1.91
2012	2.20	1.37	0.31	-0.03	-1.10	-0.27	0.65	-0.18	-0.19	-0.31	-0.02	0.83	3.27
2011	-0.41	0.47	-0.11	1.39	-1.05	-1.46	-0.03	-4.32	-1.33	0.78	-1.15	-0.35	-7.43
2010										0.01	-1.60	1.15	-0.46

<sup>4</sup> Dark blue bars/Grey boxes refer to the period since 1st October 2013 when the Hedge Fund Advisory team at Deutsche Asset Management took over the portfolio management of the fund. Prior to this date represented by the light blue bars/white boxes, the fund was managed by a different team with a different investment process.

Note: The fund was renamed DB PWM II LiquidAlts UCITS on Dec 1st 2014.

This material is intended for informational purposes only and does not constitute investment advice, a recommendation, an offer or solicitation. Allocations are subject to change without notice.

Past performance is no guarantee of future results. No assurance can be given that the investment objective will be achieved.

Data Source: Deutsche Alternative Asset Management (UK) Limited, Sal. Oppenheim Asset Management as Administrator.

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## DB PWM II

LiquidAlts UCITS, October 31<sup>st</sup>, 2016

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