



fLAB fUNDS

it's all about Asset Allocation

We believe alpha is a very nice word, everybody talks about it, but only a few have ever seen it. We offer:

fLAB Core, an optimized Betalphing© Asset Allocation Model or how to achieve Alpha through best Beta Selection

fLAB Satellite where Preservation is the main aim. This is a Relative Return Fund with a Minimum Sharpe Ratio Target.



Our approach: It's all about Asset Allocation

In fLAB, Asset Allocation is the centre of all our decisions. We know that the key element to produce consistent returns is building a Disciplined, Global and Flexible Asset Allocation.

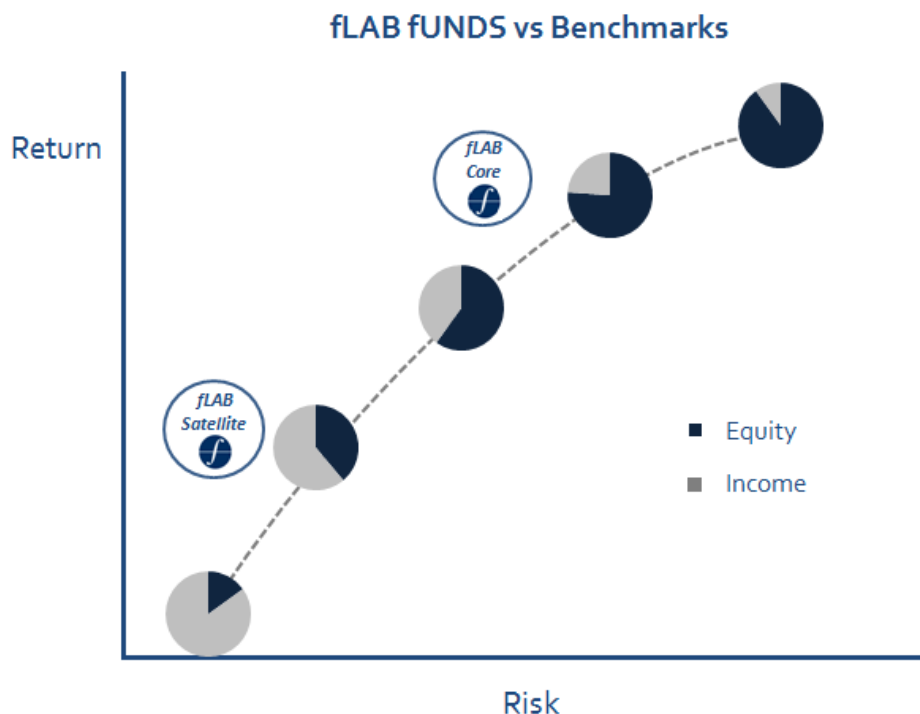
The most important debates in Asset Management in the last years have been regarding the existence/lack of Alpha as well as the fight between Active vs. Passive Management

We don't participate in these endless debates. Moreover, we have created Betalphing©: Active Asset Allocation using Passive Investments, or how to find Alpha through the best Beta Selection



We follow closely every advance in asset allocation, and we have worked hard to separate the wheat from the chaff in emerging industry trends; rewarding true innovations and discarding mere marketing claims.

Our UCITS funds, fLAB Core & Satellite have outperformed their peers since inception in 2009



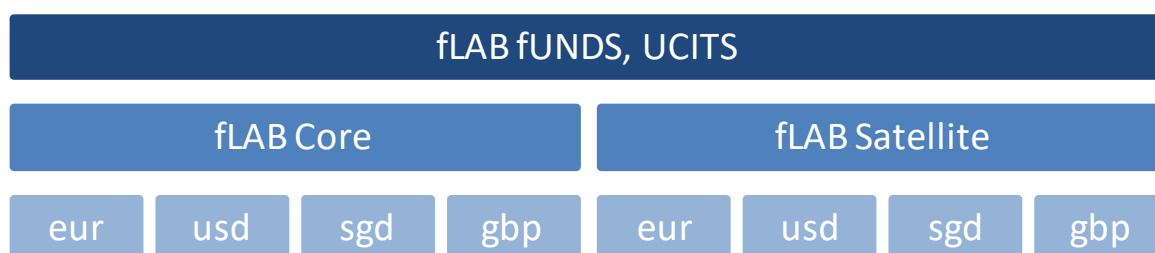
Key Points

1. It's All About Asset Allocation.

fLAB Core provides long-term capital growth through Betalphing©: a dynamic, global flexible strategy, investing in the 3 traditional asset classes (equity, bonds and cash).

fLAB Satellite has Preservation as its main aim. It is a Relative Return Fund with a Minimum Sharpe Ratio Target.

2. Two compartments, 4 currencies



3. The Investment Manager: Pure Capital

Supervised by CSSF, an independent leading asset management company, covering Asset Management, Wealth Management and ManCo Services



4. The Custodian: highest credit rating in Luxembourg



Our Custodian Bank is Spuerkeess ; **Banque et Caisse d'Epargne de l'Etat**,

Ratings: **Aa2/ AA+** by Moodys and S&P.

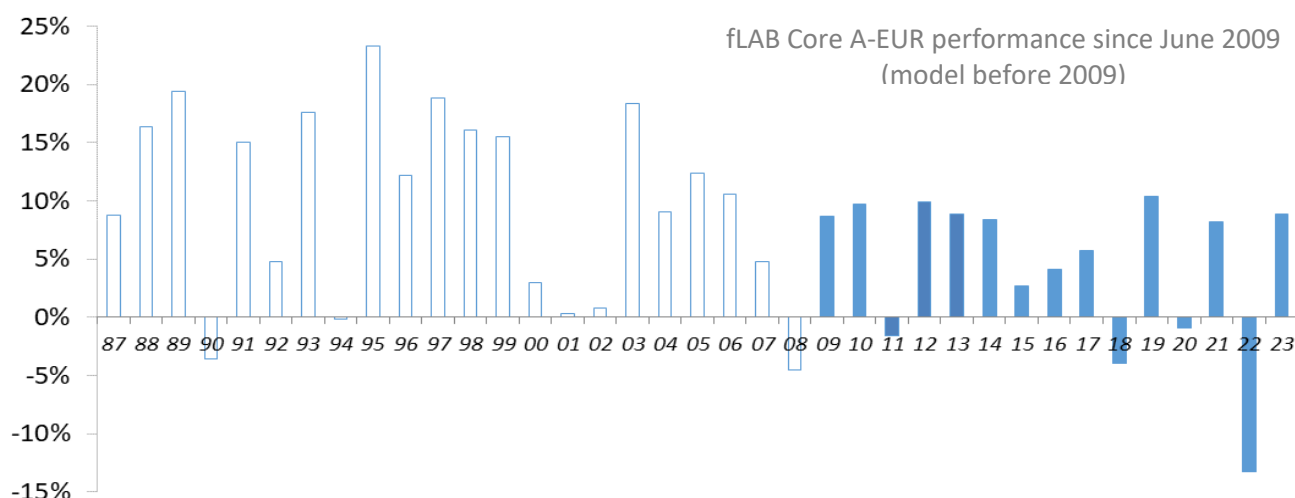
Spuerkeess/ BCEE is ranked as '**One of the 10 safest banks in the world**' by the Global Finance Magazine.

5. The Management Company: Link Fund Solutions is our Luxembourg based UCITS Manco

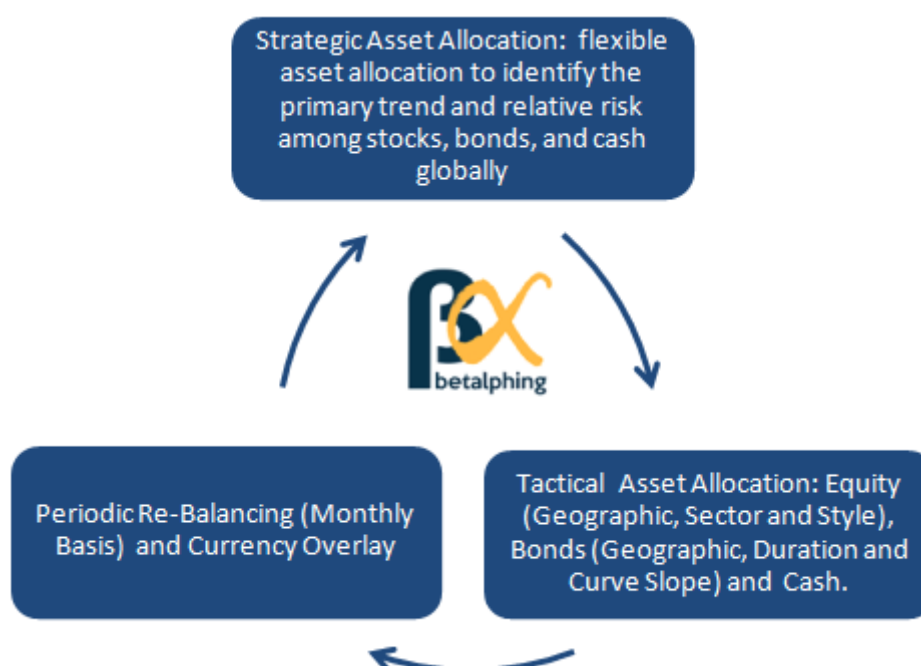


fLAB Core : Global Flexible Asset Allocation Fund

Our long-term allocation to stocks, bonds and cash, based on our goals and our tolerance for risk. Sometimes called investment policy, it shouldn't change just because the market moves up or down.



Betalphing allows investors to outperform a traditional balanced/flexible allocation with a markedly lower volatility and a lower maximum drawdown, through a disciplined, smart and dynamic asset allocation. Betalphing is a **two-steps investment** methodology that aims to generate outperformance over the benchmark (also called "Alpha") through an optimized asset allocation model. **In other words, to get 'Alpha' through the best 'Beta' Allocation**



- 1) Strategically guided monthly asset allocation step:** The 1st layer is the strategic asset allocation between 3 Asset Classes: Equity, Bonds and Cash. Hence the benchmark universe is defined as follows: International equities in local currencies, with weights as defined in the MSCI All Country World Index. International Government Bonds with weights as defined in the Barclays Global Treasury Total Return Index, and cash returns are proxied by an equal-weighted average of the total returns of three-month Treasury securities from the U.S., Japan, U.K., Canada, and the Euro-Zone.

Benchmark used is 55-35-10 (this is the typical benchmark for a US Pension Fund)

The model uses two different sub-models: First one decides the Stock allocation. The second, the Bond/Cash allocation.

The inputs to the models are quantitative signals collected monthly, (the model is updated on the first trading day of the month) from 5 types of indicators.

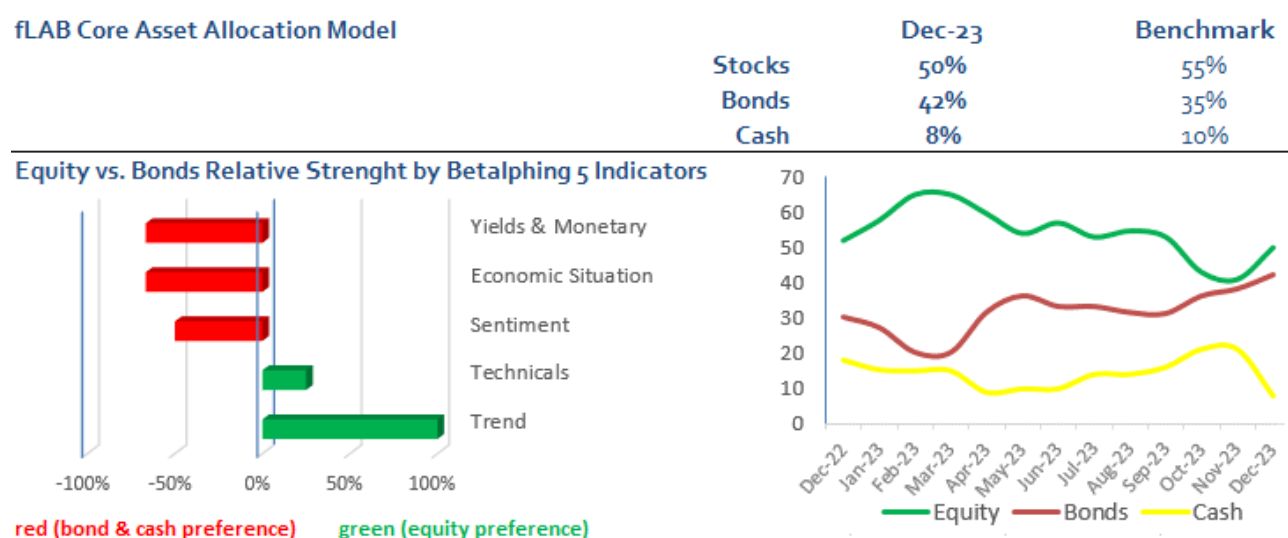
Type of Indicator	Weight in the Model %	
	Stocks vs Bonds	Bonds vs Cash
Valuation	40%	20%
Trend	15%	20%
Economic	15%	20%
Yields & Monetary	15%	20%
Sentiment	15%	20%

Indicators taken from:

MSCI World Stock Total Return Index - Barclays Global Long-Term Government Bond Total Return Index
 Consumer Sentiment = U.S. Conference Board + Japan Consumer + European Commission + U.K. Consumer
 Business Sentiment = U.S. ISM Index, German Ifo Index and Japanese Tankan Survey
 OECD G7 Leading Indicator Index - NY Crude Oil 13 Week Perpetual Futures Contract
 Bloomberg Barclays Baa Corporate Yield - MSCI World Index Earnings Yield
 Equal-weighted average 10-year and 3-mth government interest rates in the U.S., Japan, EuroZone, U.K.
 and Canada - North American Real GDP - Ned Davis Research Group Data
 Stock/Bond Overbought/Oversold Indicator in different time frames - Global Stock and Bond Ratios & Global
 Stock Momentum - P/E, P/B, P/Sales, Sales/Share and comparison with mean as well as Index Fundamental
 Valuation - Moving Average Crosses for Equity and Bond Indices & Overbought, Oversold Indicators
 %of Stocks/Bonds/Markets above Moving Averages: used to identify the direction of the cycle (Bull/Bear)
 Momentum Indicators: it measures the rate of the rise or fall in asset prices

As an example we show **fLAB Core December 2023 Allocation:**

fLAB Core Asset Allocation Model



2) Tactical Asset Allocation Step: Once we have designed the Monthly Asset Allocation, we run our Betalphing sub-models:

- a) The Geo and Sector Equity Models to allocate between Countries and Sectors
- b) The Bond Geographical and Duration Model
- c) The Currency Hedge Overlay Model








We mainly implement Betalphing through:

- Direct investments in Stocks (for USA and Eurozone Areas)
- 10% AUM maximum allocation in UCITS Equity ETFs (Emerging Markets and Pacific ex-Japan geographical investments)
- Index Futures (for UK, Japan, Swiss and Canada exposure)
- Direct investments in Government Bonds (for USA, Eurozone, UK and Japan)
- Bond Futures for Duration, Curve Hedging and Investment Purposes
- World T-Bills, AA deposits and world cash





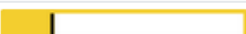
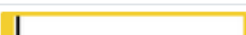

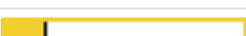

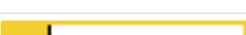

We are actively managing our Asset Allocation. When we have to choose the vehicles to implement our strategy, we have found that the very best option is to find the best Betas for each part of the portfolio: Equity Geo + Equity Sector + Bond Geo + Bond Curve Tranch

Betalphing Models (not current allocation):

a) Equity models

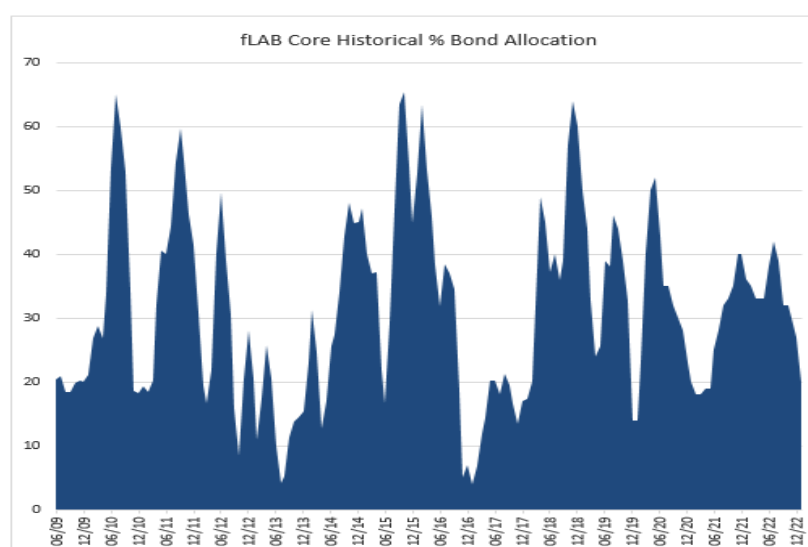
GLOBAL EQUITY ALLOCATION		Recommended Allocation	Benchmark	Weight
U.S.		61%	61,3%	Market
Europe ex. U.K.		14%	12%	Over
Emerging Markets		11%	11,2%	Market
Pacific ex. Japan		6%	3,1%	Over
Japan		3%	5,4%	Under
Canada		3%	3,2%	Market
U.K.		2%	3,8%	Under



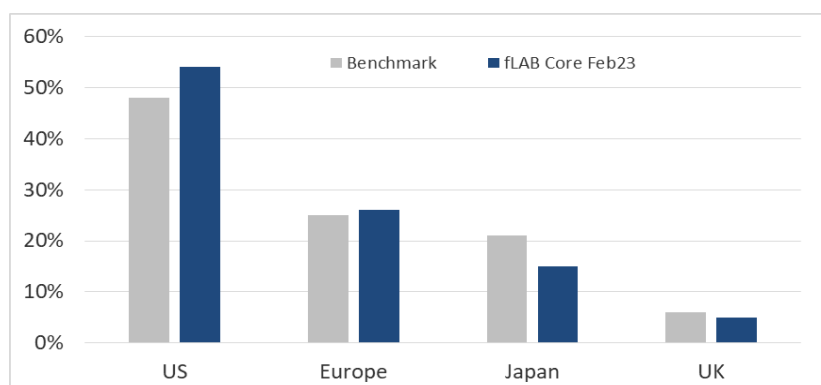
U.S. SECTOR		Recommended Allocation	Benchmark	Weight
Financials		14%	10,8%	Over
Materials		4%	2,6%	Over
Energy		5%	4,5%	Over
Consumer Discretionary		10%	11,4%	Market
Communication Services		9%	8,6%	Market
Real Estate		2%	2,7%	Market
Utilities		3%	2,8%	Market
Consumer Staples		7%	7,3%	Market
Information Technology		27%	26,7%	Market
Industrials		8%	8%	Market
Health Care		11%	14,4%	Under

b) Bond Models:

Allocation Model



Geographical Model



Duration Model

	Value	Weight	Effective Date
Bond Duration (%)	100	Market	2022-11-17
10-2 Yield Curve (bp)	-82	Neutral	2022-11-17
	Current	Support	Resistance
10-Year Treasury Notes	3.77	4.00	3.35
			2023-02-01

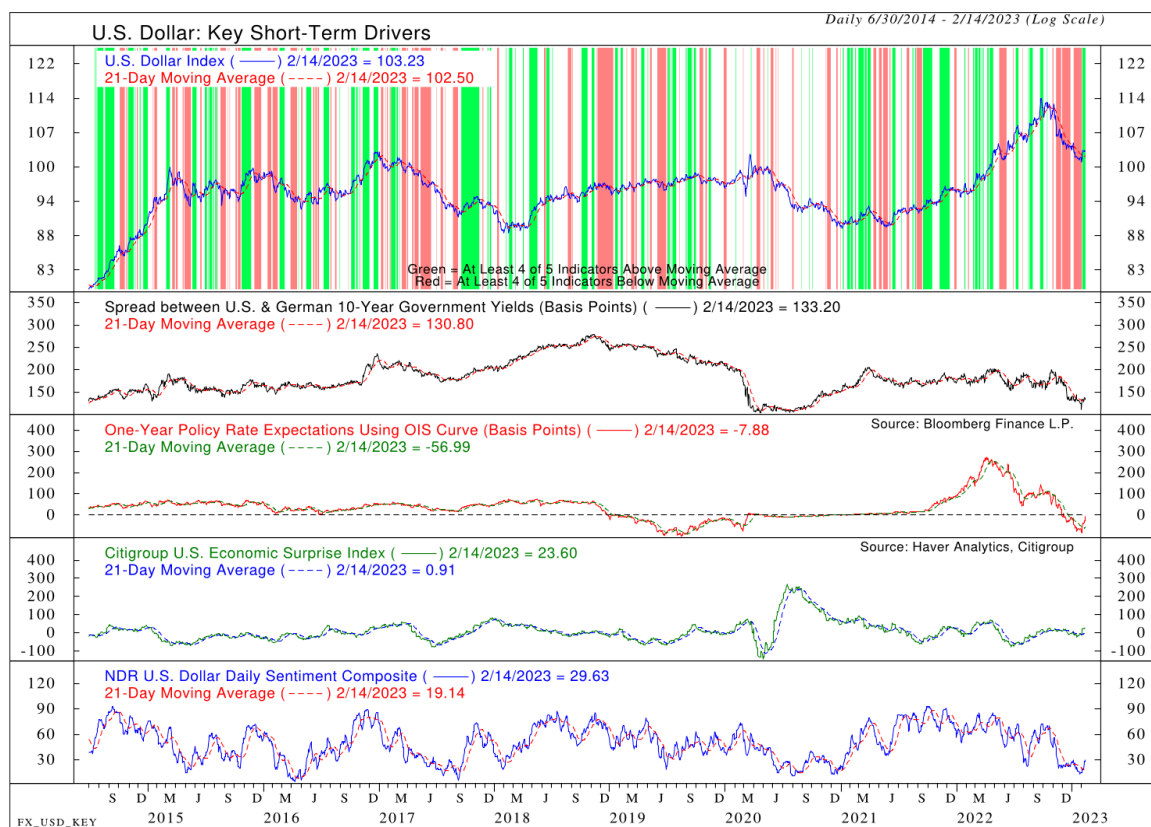
c) Currency Hedge Overlay Model

In currency markets, it is essential to identify the short-term turning points and to get in line with the new trends as they get underway. In fLAB Core, our main currency risk is our natural exposure to USD.

As far as US Equity Market and US Government Bond Market are the main components in our Equity and Bond Benchmarks (slightly above 50% of the overall portfolio), USD becomes the currency with the highest risk attribution.

In order to decide whether we hedge part of our USD Exposure we've found that the most reliable and risk-averse approach is one that is based on objectively-determined timing models:

- 1) Moving average cross-overs
- 2) Moving average and momentum slopes
- 3) Relative strength and deviation from trend indicators, along with others such as US Dollar Index analysis and its Key Short-Term Drivers:



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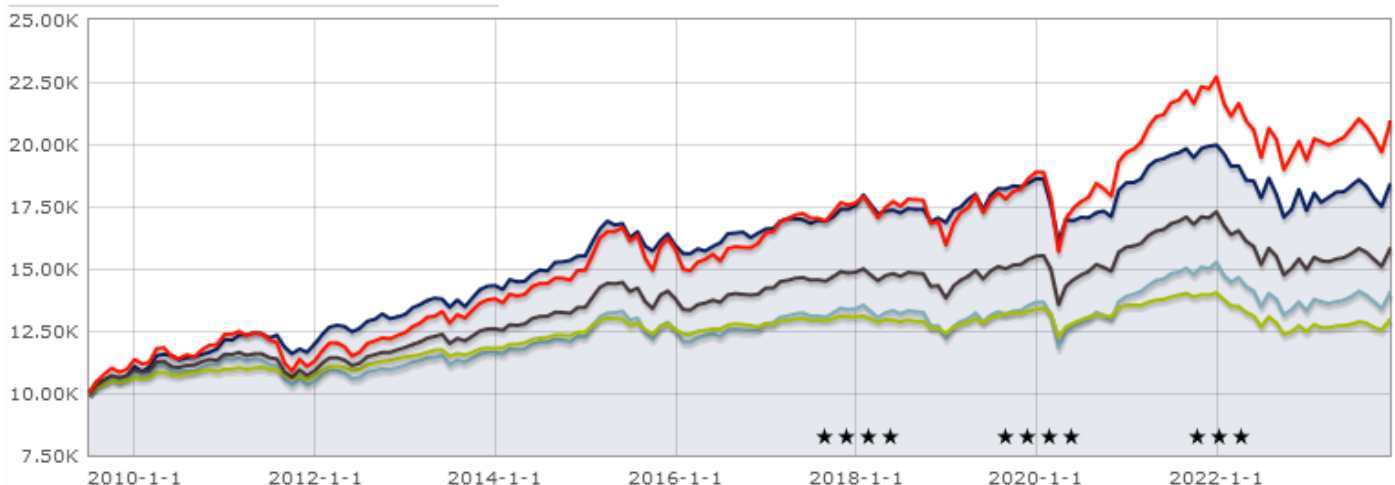
fLAB Core outstanding performance since inception

fLAB Core A, June 2023



fLAB Core A-EUR vs. Morningstar Mixed Indices (EUR) since Inception (June 2009)

● fLAB Fund SICAV Core A : 18.42K ● Mixtos Flexibles EUR - Global [Categoría] : 14.09K
 ● Mixtos Defensivos EUR - Global : 12.99K ● Mixtos Moderados EUR - Global : 15.85K
 ● Mixtos Agresivos EUR - Global : 20.95K



In this graph we compare fLAB Core A, the institutional share class fund (0.66% management fee) with the Morningstar Category of Flexible Funds, Defensive Funds, Mixed Funds and Aggressive Funds, showing excellent results since inception (June 09).

fLAB Core-A Performance since 2009

'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23
8.71	9.76	-1.55	9.93	8.85	8.36	2.69	4.15	5.77	-3.94	10.43	-0.87	8.24	-13.22	5.51

Annual Yield Since Inception
4.12



fLAB Core ESG Approach



Equity

The investment process includes ESG factors using a “best-in-class” approach in order to identify those companies with the best practice and standards in terms of ESG and sustainable development for inclusion in the Sub-Fund’s portfolio. ESG criteria is integrated as part of the quantitative investment process for stock selection.

fLAB Core uses S&P Global ESG Rank. This ranking classifies Companies from 100 to 0.

fLAB Core will not be invested in any US or Eurozone company under the 33% rank.

S&P Global Corporate Sustainability Assessment has recently acquired the Robeco SAM business. This is an annual evaluation of companies’ sustainability practices. Each year over 7,300 companies around the world are assessed. The CSA focuses on criteria that are both industry-specific and financially material and have been doing so since 1999



Bonds

The Investment Manager will also use the MSCI ESG Government Rating for government bonds and will not invest in bonds with rating under BB as rated by the MSCI ESG Government Rating. MSCI ESG Government Ratings identify a country’s exposure to and management of environmental, social, and governance (ESG) risk factors and explain how these factors might impact the long-term sustainability of its economy. By providing a long-term view on sustainability the ratings aim to complement traditional government debt analysis for analysing a country’s credit worthiness

MSCI ESG Government Ratings covers approximately 99% of the Treasuries/World Sovereign Bonds.

Classifies Countries from AAA to CCC (7 grades).

fLAB Core will not invest in government bonds with rating under BB.



Current Average ESG Ratings

Equity: 79.65 / 100 in S&P Global CSA

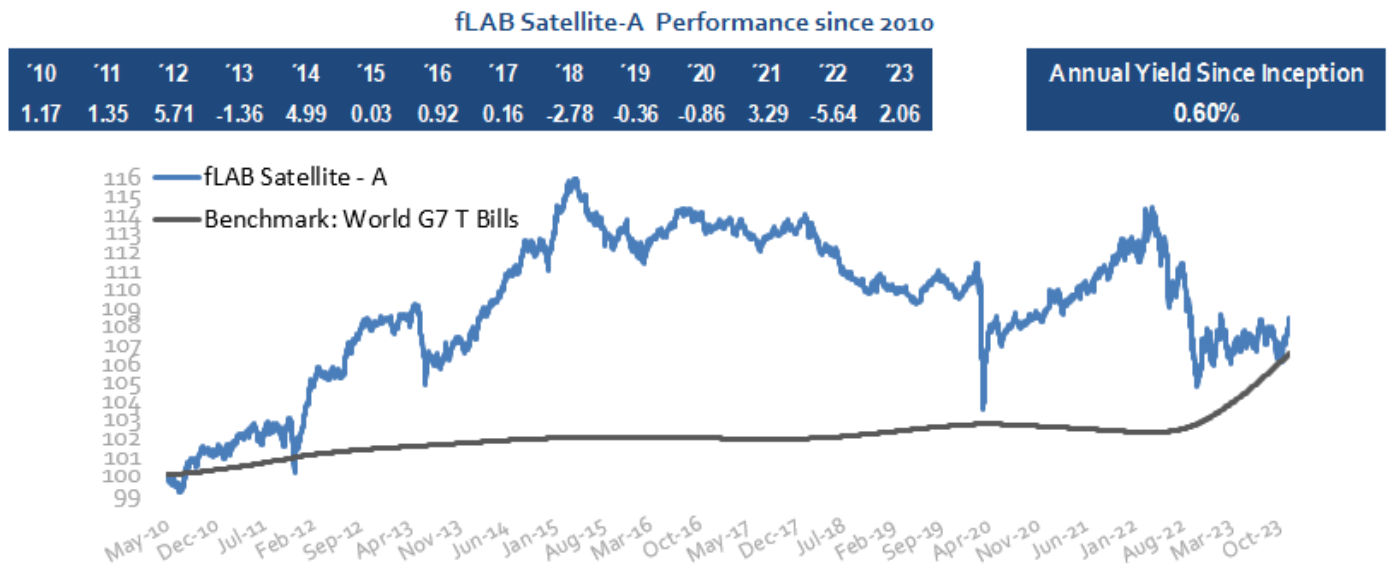


Bonds: 5.85 / 10 MSCI ESG Quality Score : A rating



fLAB Satellite : Relative Return Fund

Composed by a short-term fixed income diversified portfolio + an overlay of ETFs that invest in other asset classes as a hedge to adverse market movements and in order to produce a stable pattern of returns.



As mentioned, Asset Allocation is the center of all our decisions. We know that the key element to produce consistent returns is building a Disciplined, Global and Flexible Asset Allocation.

We know **Absolute Return Funds are quite popular, but we think most of them are quiet inefficient**. They were created when interest rates were between 3% and 5%. At that time, offering Libor+200bp was usual and achievable if the Manager had the right skills.

However, when World Risk-Free Rates are around 0% or even negative, we think that offering this type of Absolute Return Funds, trying to deliver hundred times the current Risk Free Rate is not feasible.

Risk-free rates change. **We cannot affirm we will achieve T-Bills + 3%, under any level of risk-free rate. We have to adapt our target dynamically.** That's why the excess return we try to obtain above T-Bills changes, as we adapt to different levels of maximum accepted volatility.

We have created a **new fund concept: a Relative Return Fund with a Minimum Sharpe Ratio Target**. In a game of non-stable correlations, fLAB Satellite role is to try and find the best combination between assets to provide positive relative returns. In essence, fLAB Satellite target is to maximize the Sharpe Ratio.

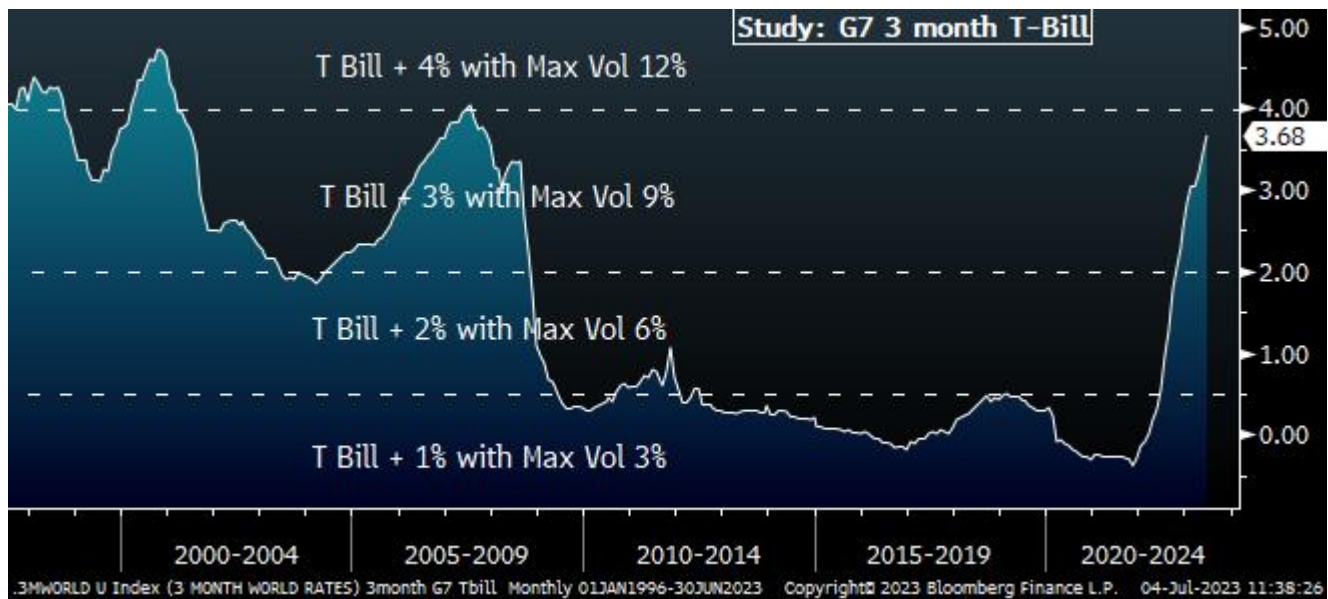
Our minimum projected Sharpe Ratio will be always 0.33:
(sharpe ratio = excess return above T-Bills / Volatility)



$$S = \left(\frac{R_p - R_f}{\sigma_p} \right)$$

R_f Rate of Return of the Portfolio
 R_p Risk-Free Rate
 σ_p Standard Deviation (Risk) of the Portfolio

World basket of G7 3-Month Treasury Bills over the last 20 yr



We are currently here

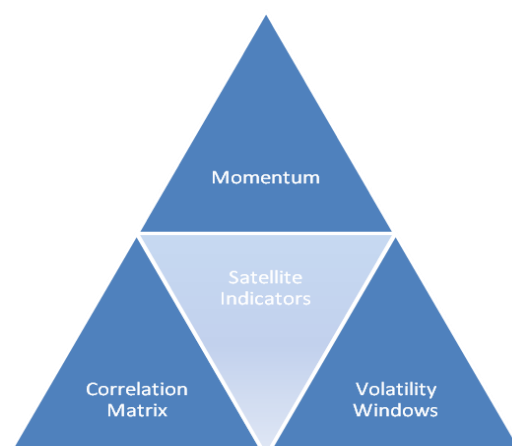
When G7 3Months Treasury Bills	< 0.50%	0.50% 2.00%	2.00% 4.00%	> 4%
Target above G7 T Bills	+1	+2	+3	+4
Maximum Volatility	3%	6%	9%	12%

The most important part of fLAB Satellite Portfolio is a Fixed Income Portfolio. Then we may add an overlay of liquid assets, mainly through ETFs: Commodities (Metal, Energy, Agriculture, Precious Metals), Currency Products, Inflation Linked, High Yield, Convertible Bonds, Credit Markets, Equity Strategies, and a few more sub-assets





We will add these other assets ETFs to the fixed income risk-off portfolio, only if our fLAB Satellite Indicators allow us to do so. We have to maintain the Sharpe Ratio over the promised threshold. We use 3 type of indicators to evaluate if we can add those ETFs:



- 1) In House Momentum Indicators of each asset class (ETFs/ETNs) to be added at several terms, short-term (1 month) and mid-term (between 3 and 6 months depending on the input).
- 2) Correlation Matrix between the assets included in fLAB Satellite and the traditional ones, and also correlation and covariance between all assets.
- 3) Volatility of all the assets and of the aggregated one.





A fund of this type cannot keep high correlations to any particular Assets. In the last yearly period (December 22 – December 23), our Correlation Matrix has been:





1 year Correlation Matrix: fLAB Satellite vs:

<i>MSCI World</i>	<i>World Govies</i>	<i>World Inv.Gr.</i>	<i>World HY</i>	<i>Euro/USD</i>	<i>Commdty Ind</i>	<i>Gold Spot</i>	<i>Hedge F Index</i>	<i>fLAB CORE</i>
<i>0.50</i>	<i>0.32</i>	<i>0.16</i>	<i>0.60</i>	<i>0.46</i>	<i>0.14</i>	<i>0.44</i>	<i>0.21</i>	<i>0.76</i>

The product (UCITS): fLAB FUNDS, Core & Satellite

- **Base Currency:** EUR , also available in USD, GBP and SGD (hedged share classes)
- **Management fee: fLAB Core** 0.66% (EUR A share & Clean Shares in EUR & USD) ; 1.66% (EUR B share); 1.16% (EUR C share & Hedged share classes: H-USD, H-GBP and H-SGD); 1.50 (K shares EUR & USD)
fLAB Satellite 0.66% (EUR A share & Clean Shares in EUR & USD) ; 1.16% (EUR B share); 0.91% (EUR C share & Hedged share classes: H-USD, H-GBP and H-SGD); 1.25 (K shares EUR)
- **Performance fee:** a percentage of the annual performance of the compartment:
5% (A share and Clean Shares); 10% (B share); 7.5% (C share, H-USD, H-GBP, H-SGD, K-EUR -except Satellite- and K-USD shares) all subject to a high watermark principle.
- **Subscription & Redemption fee:** 0%
- **Management Company:** Link Fund Solutions - **Investment Manager:** Pure Capital - **Depository Bank:** BCEE, Aa2/AA+
- **Regulator:** CSSF - **Registrar & Transfer Agent:** EFA - European Fund Administration - **Auditor:** Ernst & Young
- **Net Asset Value, Reporting & Liquidity:** daily

	Core	fLAB CORE	ISIN Code	Bloomberg	Management Fee
	eur Institutional	share A EUR	LU0415020451	LUFLCOA LX	0.66%
	eur clean share	clean share EUR	LU1805616502	FLCCLEC LX	0.66%
	eur platform	share C EUR	LU1353746792	LUFLCCE LX	1.16%
	eur	share B EUR	LU0415023042	LUFLCOB LX	1.66%
	eur Kronos	share K EUR	LU2025521027	LUFLCOK LX	1.50%
	usd clean share hedg	clean share H USD	LU1805616684	FLCLUHCLX	0.66%
	usd hedged	share H USD	LU0847086583	LUFLCOC LX	1.16%
	usd hedged Kronos	share K H USD	LU2025521373	FLSFCKU LX	1.50%
	sterling hedged	share H GBP	LU1353746875	LUFLCHG LX	1.16%
	singapore \$ hedged	share H SGD	LU0847086401	LUFLCOD LX	1.16%

	Satellite	fLAB SATELLITE	ISIN Code	Bloomberg	Management Fee
	eur Institutional	share A EUR	LU0415025179	LUFLSAA LX	0.66%
	eur clean share	clean share EUR	LU1805616767	FLSCLEC LX	0.66%
	eur platform	share C EUR	LU1353746958	LUFLSCE LX	0.91%
	eur	share B EUR	LU0415027464	LUFLSAB LX	1.16%
	eur Kronos	share K EUR	LU2025521530	FLSFSKE LX	1.25%
	usd clean share hedg	clean share H USD	LU1805616841	FSCLUHCLX	0.66%
	usd hedged	share H USD	LU0847086740	LUFLSAC LX	0.91%
	sterling hedged	share H GBP	LU1353747097	LUFLSHG LX	0.91%
	singapore \$ hedged	share H SGD	LU0847086666	LUFLSAD LX	0.91%

How to BUY fLAB Core & fLAB Satellite?

- Directly through Pure Capital, EFA, Fundsettle, Allfunds, Inversis or MFEX platforms for clients in Europe.
Allfunds International and Private Banks in Singapore
- Through you Private Banking representative. fLAB FUNDS available in most well-known Private Banks
- Sending a mail to info@flabfunds.com, and you will receive a Subscription Form

The funds are registered in Luxembourg, Switzerland and Spain. Also included in MAS Singapore list of restricted schemes to be offered to Accredited Investors

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