



# AQR International Defensive Style Fund

12/31/2018

Performance as of 12/31/2018

|                               | QTD     | YTD     | Annualized Total Return |       |       | Since Inception<br>(07/09/2012) |
|-------------------------------|---------|---------|-------------------------|-------|-------|---------------------------------|
|                               |         |         | 1 Yr                    | 3 Yr  | 5 Yr  |                                 |
| Class I Shares: ANDIX         | -10.07% | -10.34% | -10.34%                 | 3.80% | 2.36% | 5.18%                           |
| Class N Shares: ANDNX         | -10.15% | -10.61% | -10.61%                 | 3.53% | 2.09% | 4.91%                           |
| Class R6 Shares: ANDRX        | -10.08% | -10.21% | -10.21%                 | 3.91% | 2.47% | 5.32%                           |
| MSCI World ex USA (Net) Index | -12.78% | -14.09% | -14.09%                 | 3.11% | 0.34% | 5.52%                           |

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Call 1-866-290-2688 or visit [www.aqrfunds.com](http://www.aqrfunds.com) for current month-end performance. Performance shown prior to a share class's inception date reflects the historical performance of the Fund's Class I shares, calculated using the fees and expenses of the Class N or Class R6 shares, respectively.

## Country Exposures (%)\*

|                                 | Int'l<br>Def Style<br>Fund | MSCI World<br>Ex-USA<br>(Net) Index | Fund -<br>Index |
|---------------------------------|----------------------------|-------------------------------------|-----------------|
| Australia                       | 8.8%                       | 6.3%                                | 2.5%            |
| Austria                         | 0.1%                       | 0.2%                                | -0.1%           |
| Belgium                         | 1.5%                       | 0.9%                                | 0.6%            |
| Canada                          | 12.0%                      | 8.7%                                | 3.3%            |
| Denmark                         | 2.5%                       | 1.6%                                | 0.9%            |
| Finland                         | 1.8%                       | 1.0%                                | 0.9%            |
| Spain                           | 1.1%                       | 2.8%                                | -1.8%           |
| Sweden                          | 4.0%                       | 2.5%                                | 1.5%            |
| Switzerland                     | 4.3%                       | 7.9%                                | -3.6%           |
| United Kingdom                  | 10.9%                      | 15.5%                               | -4.6%           |
| Japan                           | 29.4%                      | 22.5%                               | 7.0%            |
| Netherlands                     | 1.6%                       | 3.1%                                | -1.6%           |
| New Zealand                     | 0.0%                       | 0.2%                                | -0.2%           |
| Norway                          | 2.0%                       | 0.7%                                | 1.3%            |
| Portugal                        | 0.0%                       | 0.1%                                | -0.1%           |
| Singapore                       | 3.9%                       | 1.2%                                | 2.6%            |
| France                          | 7.0%                       | 10.1%                               | -3.2%           |
| Germany                         | 4.4%                       | 8.0%                                | -3.7%           |
| Hong Kong                       | 4.5%                       | 3.6%                                | 0.9%            |
| Ireland                         | 0.0%                       | 0.5%                                | -0.5%           |
| Israel                          | 0.0%                       | 0.5%                                | -0.5%           |
| Italy                           | 0.4%                       | 2.1%                                | -1.7%           |
| <b>Total Equity Investments</b> | <b>100.0%</b>              | <b>100.0%</b>                       | <b>0.0%</b>     |

\*Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities. Any ETFs held by the Fund are accounted for in the country and sector exposures by the index's underlying holdings.

## Sector Exposure (%)\*

|                                 | Int'l<br>Def Style<br>Fund | MSCI World<br>Ex-USA<br>(Net) Index | Fund -<br>Index |
|---------------------------------|----------------------------|-------------------------------------|-----------------|
| Communication Services          | 9.5%                       | 5.4%                                | 4.1%            |
| Consumer Discretionary          | 12.9%                      | 10.6%                               | 2.3%            |
| Consumer Staples                | 18.2%                      | 11.0%                               | 7.3%            |
| Energy                          | 3.4%                       | 7.1%                                | -3.6%           |
| Financials                      | 12.3%                      | 21.2%                               | -9.0%           |
| Health Care                     | 8.8%                       | 10.3%                               | -1.5%           |
| Industrials                     | 13.5%                      | 13.9%                               | -0.4%           |
| Information Technology          | 4.4%                       | 5.8%                                | -1.4%           |
| Materials                       | 6.3%                       | 7.7%                                | -1.4%           |
| Real Estate                     | 0.0%                       | 3.5%                                | -3.5%           |
| Utilities                       | 10.7%                      | 3.6%                                | 7.0%            |
| <b>Total Equity Investments</b> | <b>100.0%</b>              | <b>100.0%</b>                       | <b>0.0%</b>     |

## Top Ten Holdings (%)\*

| Security          | % of Net Assets |
|-------------------|-----------------|
| Woolworths Grp    | 1.2%            |
| Telstra Corp      | 1.1%            |
| BCE               | 1.0%            |
| KDDI              | 1.0%            |
| Diageo            | 0.9%            |
| L'Oreal           | 0.9%            |
| CLP Holdings      | 0.9%            |
| Nestle            | 0.9%            |
| Roche Hldg        | 0.9%            |
| AGL Energy        | 0.8%            |
| <b>Total Fund</b> | <b>9.7%</b>     |

## Portfolio Statistics\*

|                          | Int'l<br>Def Style<br>Fund | MSCI World<br>Ex-USA<br>(Net) Index | Int'l<br>Def Style<br>Fund      | MSCI World<br>Ex-USA<br>(Net) Index |
|--------------------------|----------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| # of stocks              | 410                        | 1,012                               | 13,138                          | 9,358                               |
| EPS Growth (5 Year)      | 8.08                       | 9.53                                | 33,645                          | 55,839                              |
| P/B                      | 1.83                       | 1.47                                | 0.81                            | 1.00                                |
| P/E (trailing 12 months) | 15.17                      | 13.11                               | <b>Total Fund Assets (\$MM)</b> | <b>200</b>                          |
| Debt/Equity              | 0.47                       | 0.86                                |                                 | <b>N/A</b>                          |

\*Please see following page for Portfolio Statistic details & definitions

## About the Fund

### Investment Objective:

Seeks Total Return.

### Reasons to Invest:

The Fund seeks to provide exposure to International stock markets with lower volatility than its stock market benchmark.

The Fund's strategy seeks to provide downside protection with upside potential through active stock selection, risk management and diversification.

### Key Advantages:

#### Experienced Management Team

AQR's core investment and research team has been together since the early 1990s.

#### Trading Infrastructure

Customized liquidity-providing algorithms help minimize transaction costs.

#### Cutting Edge Research

AQR is a thought leader on low-risk, high-quality investing with an ongoing commitment to research and development.

### Investment Approach

- The Fund pursues a “defensive” strategy that provides exposure to International stock markets with lower volatility and draw-downs relative to its stock market benchmark through active stock selection, risk management and diversification.
- The investment universe for the Fund is comprised of International equities, including large-cap, mid-cap and small-cap companies.
- The Fund seeks to invest in lower beta stocks of companies with stable businesses, high profitability, low operating and financial leverage, lower earnings-per-share variability and other measures of quality.
- These stocks generally are less volatile than the market average, and are expected to produce higher risk-adjusted returns over a full market cycle than market indexes.
- The Fund utilizes a proprietary optimization process and a number of sophisticated trading techniques to manage transaction costs.

### Definitions

The Morgan Stanley Capital International World ex-USA Index is a market capitalization weighted index composed of companies representative of the market structure of 23 Developed Market countries in North America, Europe and the Asia/Pacific Region, excluding the USA. One cannot invest directly in an index.

**Beta:** A measure of systematic risk of a stock or a portfolio.

**Debt/Equity:** A leverage measure of a company’s net debt to book value of equity ratio.

**P/B (Price to Book Ratio):** A valuation ratio of a company’s current share price compared to its book value.

**P/E (Price to Earnings Ratio):** A valuation ratio of a company’s current share price compared to its per-share earnings.

**EPS Growth (5 Year):** The growth of the earning per share over the last five years.

**Volatility:** Annualized standard deviation of the past 12 month daily returns of a given security or index.

### Fund Facts

|                 | Ticker | CUSIP     | Inception Date | Investment Minimum* | 12b-1 Fee | Gross Expense Ratio | Net Expense Ratio** |
|-----------------|--------|-----------|----------------|---------------------|-----------|---------------------|---------------------|
| Class I Shares  | ANDIX  | 00203H693 | 7/9/12         | \$5 Million         | None      | 0.68%               | 0.56%               |
| Class N Shares  | ANDNX  | 00203H743 | 7/9/12         | \$1 Million         | 0.25%     | 0.93%               | 0.81%               |
| Class R6 Shares | ANDRX  | 00191K401 | 9/2/14         | \$50 Million        | None      | 0.58%               | 0.46%               |

\*Investment minimums are waived to fee-based advisors and certain other investors. Some financial intermediaries may impose different or additional eligibility and minimum requirements for Class R6 shares. See the Prospectus for additional details.

\*\*The Adviser has contractually agreed to waive its management fee and/or to reimburse expenses of the Fund at least through January 28, 2019.

### PRINCIPAL RISKS

*Past performance is no guarantee of future results. An investment in the Funds involves risk, including loss of principal.*

*Foreign and Emerging Market investing involves special risks such as currency fluctuations and political uncertainty. Funds that emphasize investments in small and mid-cap companies generally will experience greater price volatility. The Adviser from time to time employs various hedging techniques, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.*

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*An investment in the Fund is subject to risks, including the possibility that the value of the Fund’s portfolio holdings may fluctuate in response to events specific to the companies in which the Fund invests, as well as economic, political or social events in the United States or abroad.*

**An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. To obtain a Prospectus or Summary Prospectus containing this and other information, please call 1-866-290-2688 or download the file from [www.aqrfunds.com](http://www.aqrfunds.com). Read the Prospectus or Summary Prospectus carefully before you invest. There is no assurance the stated objective(s) will be met. [AQR006330 Exp: 07/31/2020] © AQR Funds distributed by ALPS Distributors, Inc.**

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The Fund may attempt to increase its income or total return through the use of securities lending, and it may be subject to the possibility of additional loss as a result of this investment technique.

### Fund Managers



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