



# AQR Sustainable Long-Short Equity Carbon Aware Fund

3/31/2023

Performance as of 3/31/2023

	Inception Date	QTD	YTD	Annualized Total Return			
				1 Yr	3 Yr	5 Yr	Since Inception
Class I Shares: QNZIX	12/16/2021	3.69%	3.69%	8.04%	N/A	N/A	15.71%
Class N Shares: QNZNX	12/16/2021	3.69%	3.69%	7.84%	N/A	N/A	15.47%
Class R6 Shares: QNZRX	12/16/2021	3.68%	3.68%	8.09%	N/A	N/A	15.84%
Custom Benchmark*	12/16/2021	4.42%	4.42%	-1.76%	N/A	N/A	-2.53%

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.

\*Consists of 50% MSCI World Index + 50% Merrill Lynch 3 Month T-Bill Index.

## ESG Scores\*

	Long Score	Short Score
ESG	7.2	6.3
E	6.3	5.8
S	5.3	4.8
G	6.1	6.0

## Portfolio Statistics

# of long holdings	999
# of short holdings	929
Long Exposure (% of NAV)	262.5
Short Exposure (% of NAV)	185.8
<b>Total Fund Assets (\$MM)</b>	<b>27</b>

## Sector Exposure (%)

	Long	Short	Net
Communication Services	11.7%	-11.7%	0.0%
Consumer Discretionary	39.9%	-30.0%	9.9%
Consumer Staples	19.8%	-14.9%	4.9%
Energy	6.8%	-1.5%	5.3%
Financials	38.6%	-21.6%	17.0%
Health Care	26.2%	-20.7%	5.5%
Industrials	51.8%	-33.5%	18.3%
Information Technology	36.1%	-18.4%	17.7%
Materials	17.5%	-15.6%	1.9%
Real Estate	8.6%	-6.4%	2.2%
Utilities	5.5%	-11.5%	-6.0%
<b>Total</b>	<b>262.5%</b>	<b>-185.8%</b>	<b>76.7%</b>

Does not include futures exposures.

## Top Five Long Equity Holdings

	% of Net Assets
MICROSOFT CORPORATION	2.4%
APPLE INC.	2.1%
AMAZON.COM, INC.	1.7%
Novartis Inc.	1.4%
Mizuho Financial Group, Inc.	1.4%

## Carbon Footprint\*\*

<b>Longs Scope 1</b>	245.2
Longs Scope 2	83.4
<b>Total Longs (Scope 1+2)</b>	<b>328.7</b>
Shorts Scope 1	385.7
Shorts Scope 2	38.1
<b>Total Shorts (Scope 1+2)</b>	<b>423.7</b>
<b>Net (Total Longs - Total Shorts)</b>	<b>-95.1</b>

## Country Exposures

	Long	Short	Net
Australia	7.5%	-3.5%	4.0%
Belgium	0.9%	-0.7%	0.2%
Canada	9.0%	-5.4%	3.6%
Denmark	2.8%	-1.9%	0.9%
Finland	1.7%	-0.7%	1.0%
France	10.2%	-7.0%	3.2%
Germany	7.2%	-6.4%	0.8%
Hong Kong	3.5%	-2.1%	1.4%
Italy	5.6%	-5.2%	0.4%
Japan	45.4%	-36.2%	9.2%
Netherlands	4.0%	-2.2%	1.8%
Norway	1.5%	-0.9%	0.6%
Singapore	1.9%	-0.3%	1.6%
Spain	3.5%	-2.6%	0.9%
Sweden	5.3%	-3.7%	1.6%
Switzerland	6.4%	-5.0%	1.4%
United Kingdom	12.3%	-7.2%	5.1%
United States	133.8%	-94.8%	39.0%
<b>Total</b>	<b>262.5%</b>	<b>-185.8%</b>	<b>76.7%</b>

## Top Five Short Equity Holdings

	% of Net Assets
Ferrari N.V.	-1.3%
TOYOTA MOTOR CORPORATION	-1.2%
ADIDAS AG	-1.1%
Cellnex Telecom S.A.	-0.9%
DENSO CORPORATION	-0.9%

## About the Fund

The Fund invests long and short across global equity markets, integrating certain Environmental, Social, and Governance ("ESG") considerations into its security selection and portfolio construction processes and seeking to hedge climate risks.

By incorporating shorting, or selling a borrowed security and buying it back later, this Fund may offer potential benefits over a long-only ESG approach.

## Investment Objective:

Seeks capital appreciation.

## Reasons to Invest:

### Diversifying and Sustainable Sources of Return

This Fund seeks to provide exposure to companies with positive ESG characteristics as well as to multiple sources of return that may not be available through a traditional investment strategy.

### Stronger Expression of ESG Views

Compared to long-only approaches that may prohibit exposure to a company with poor ESG characteristics, shorting it may allow investors to more effectively achieve ESG goals, such as reducing the carbon footprint of their portfolio.

### Seeks to Hedge Against Climate Risk

The portfolio incorporates multiple metrics of climate exposure, such as carbon emissions and fossil fuel reserves, in an effort to hedge against climate-type investment risks.

## ESG at AQR

Although ESG has recently become a more prominent focus in the United States, AQR has used ESG-related signals in our investment models since inception in 1998. We believe that a quantitative approach allows us to process and utilize more ESG data and offer more transparent ESG integration in asset selection.

As a leader in systematic, sustainable investing, AQR continues to expand our commitment to ESG through research, product innovation, and industry partnerships.

All Portfolio Statistics are subject to change. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities. Definitions on next page.

\*Source: AQR, MSCI. Fund ESG scores are calculated by AQR using MSCI ratings for each individual stock the Fund has exposure to (without adjustment by AQR) and are the sum product of this MSCI ESG individual stock rating and the weight of each stock in the Fund's portfolio. As of April 30, 2022, companies are rated by MSCI based on a scale from 0-10 with company scores of 7.143-10 being considered leaders, scores of 2.857-7.143 considered average and scores of 2.857 or less considered laggards (overlap in score ranges are due to rounding). MSCI ratings are subject to change at any time at the discretion of MSCI. For additional information regarding the methodology used by MSCI to rate companies, please go to <https://www.msci.com/our-solutions/esg-investing/esg-ratings>. This analysis only considers individual stock exposures within the Fund's long portfolio and short portfolio, respectively.

\*\*Source: AQR, MSCI, Trucost. Carbon Footprint represents the total tonnage of CO2 equivalent (Scope 1 + Scope 2) emissions per one million dollars invested. Net / Index reflects Carbon Footprint (longs minus shorts) as a multiple of MSCI WORLD. A negative Net / Index ratio indicates negative net exposure to carbon emissions at the fund level.

## Investment Approach

### Screen Investment Universe

- Static Filters
- Dynamic Filters

### Further Rank Stocks Based on Additional ESG Characteristics



Build Investment View of Positions Using ESG and Other Signals

Implement Portfolio

**Identify the Investment Universe:** Using third party data, the Fund Managers seek to limit long exposure to certain companies and industries.

- **Static ESG Filters** seek to prohibit the purchase of industries with particularly poor ESG characteristics, such as tobacco, controversial weapons, and fossil fuels.
- **Dynamic ESG Filters** seek to prohibit the purchase of companies ranked approximately in the bottom 10% for their ESG characteristics.

**Evaluate Attractiveness:** Fund Managers use ESG characteristics, determined using a combination of AQR models and third party ESG ratings data, to identify the extent to which each position is exposed to, and how well it manages, a range of ESG issues (e.g., greenhouse gas emissions, employee relations, bribery and corruption).

**Construct the Portfolio:** Quantitative investment factors such as value, momentum, quality, and sentiment are used to generate a portfolio favoring companies and industries with attractive characteristics and shorting those with worse characteristics based on the investment model, inclusive of ESG signals. The resulting portfolio maintains a net long exposure to global equity markets.

## Fund Facts

	Ticker	CUSIP	Inception Date	Investment Minimum*	12b-1 Fee	Gross Expense Ratio	Net Expense Ratio**
Class I Shares	QNZIX	00191K310	12/16/2021	\$5 Million	None	4.07%	1.31%
Class N Shares	QZNX	00191K328	12/16/2021	\$1 Million	0.25%	4.32%	1.56%
Class R6 Shares	QNZRX	00191K294	12/16/2021	\$50 Million	None	4.05%	1.21%

\*Investment minimums are waived or reduced for certain investors. Some financial intermediaries may not offer Class R6 Shares or may impose different or additional eligibility and minimum investment requirements. See the Prospectus for additional details.

\*\*The Adviser has contractually agreed to reimburse operating expenses of the Fund at least through April 30, 2023.

### PRINCIPAL RISKS:

**Investing in securities that meet ESG criteria may result in the fund forgoing otherwise attractive opportunities, which may result in underperformance when compared to funds that do not consider ESG factors.**

This Fund is new and has a limited operating history.

The Fund's use of derivative instruments and short positions exposes the Fund to additional risks, such as increased volatility, risk of default by the counterparty to the transaction and possible losses greater (sometimes substantially) than the Fund's initial investment as well as increased transaction costs. Investments in foreign and emerging markets involves risks not associated with investments in US markets, such as currency fluctuations and political and regulatory uncertainty. Funds that have exposure to mid and small-cap companies generally will experience greater price volatility. The Adviser employs various hedging techniques. It is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.

Sustainable investing is qualitative and subjective by nature, and there is no guarantee that the environmental, social and governance ("ESG") criteria utilized, judgment exercised, or techniques employed, by AQR will be successful, or that they will reflect the beliefs or values of any one particular investor. Certain information used to evaluate ESG factors, including, but not limited to, the carbon emissions of the companies to which the Fund has exposure, or a company's commitment to, or implementation of, responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete. ESG investing can limit the investment opportunities available to a portfolio, such as the exclusion of certain securities or issuers for nonfinancial reasons and, therefore, the portfolio may perform differently than or underperform other similar portfolios that do not apply ESG factors.

Please review the Fund's prospectus for additional details regarding the risks associated with an investment in the Fund.

This Fund is not suitable for all investors. An investor considering the Funds should be able to tolerate potentially wide price fluctuations.

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.

There are risks involved with investing including the possible loss of principal. Past performance does not guarantee future results. Diversification does not eliminate the risk of experiencing investment losses. This document is intended exclusively for the use of the person to whom it has been delivered by AQR and it is not to be reproduced or redistributed to any other person without AQR's written consent.

The Morgan Stanley Capital International World (MSCI) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets. The ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index consists of U.S. Treasury Bills maturing in 90 days. Indexes are unmanaged, and one cannot invest directly in an index.

**Please refer to the prospectus or summary prospectus for complete information regarding all risks associated with the fund. 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 carefully before you invest. There is no assurance the stated objectives will be met.**

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**Not FDIC Insured - No Bank Guarantee - May Lose Value**

## Fund Managers



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