Colonial First State

Adviser use only

aspect capital

Aspect Absolute Return Fund - Class A

Monthly performance report - 31 May 2021

Key data

APIR code	FSF3532AU	**Investment objective**	To produce consistent absolute returns that are independent of overall movements in traditional stock and bond markets. The fund aims to provide a return greater than the Reserve Bank of Australia cash rate over rolling three-year periods after fees and taxes.
Inception date	5/12/2017		
Total Management cost [1]	0.65%		
Management cost	0.65%		
Estimated performance fee	0.00%		
Performance fee rate[3]	10.00%		
Buy / Sell spread	nil / nil%		
Product size	$25.32 million		
Exit unit price	1.0272		
Distribution Frequency	Half Yearly		
Morningstar ticker	42093	**Minimum suggested timeframe**	At least 5 years

Strategy

Aspect takes a quantitative and systematic approach to investment management. The Fund attempts to capture multiple risk premium factors through exposure to multi-asset derivatives including futures, forwards and swaps. The Fund aims to maximise diversification by spreading risk evenly across the different factors, with no single factor dominating the return profile.

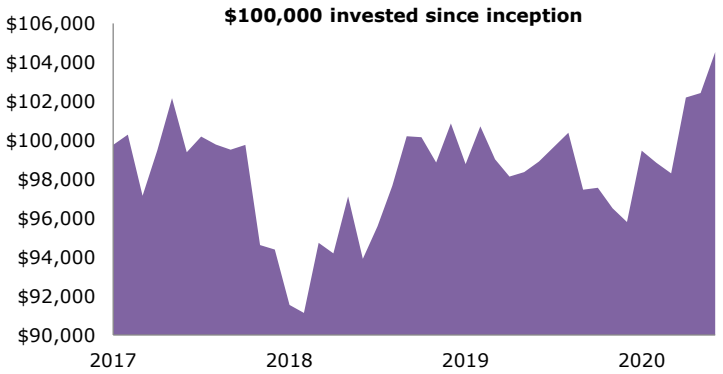
Performance

	May	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	2.06%	6.34%	9.10%	5.69%	5.50%	1.70%		1.28%

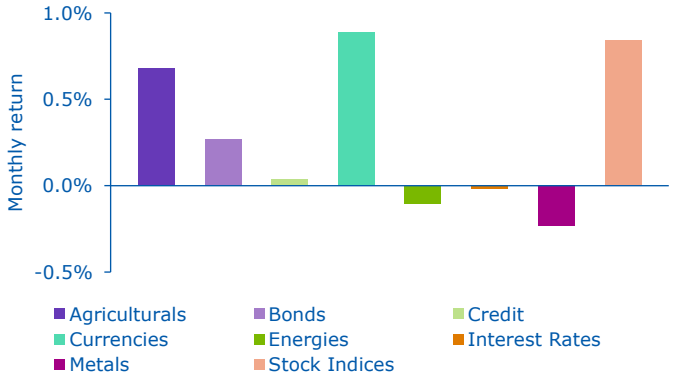
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	6.63%	6.10%	7.12%		7.31%

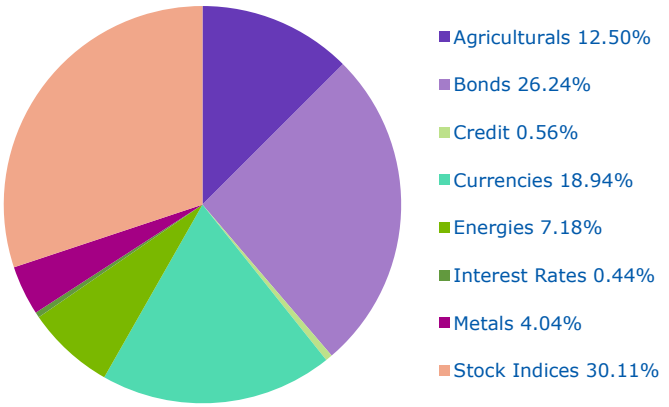
Performance charts



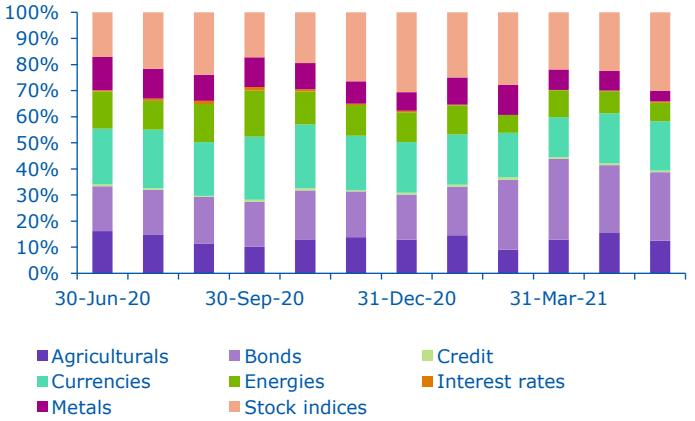
Performance contribution***



Risk allocation snapshot (as at 31 May 2021)**



Risk allocation by sector (last 12 months)**



All returns are calculated on an annualised basis using exit price to exit price with distributions reinvested, net of management costs, transaction costs. All return calculations exclude any individual taxes payable by the investor and all other fees and rebates disclosed in the relevant product disclosure statements available on our website or by calling us. The 'distribution' component is the amount paid by the way of distribution, which may include net realised capital gains.

[1] Includes estimated performance fees.

[2] This estimated performance-related fee is based on the net performance of the fund for the 12 months to 30 June 2020. As past performance is no indicator of future performance, the performance fee, if any, charged in the future may differ.

[3] Calculated on the dollar value of performance above the Reserve Bank of Australia cash rate after management fees. Please refer to the current PDS for more information about calculation of performance fees.

** Portfolio risk is broken down by sector at each point in time based on the proportion of total undiversified value-at-risk from each sector; correlation effects are not taken into account.

*** The sector performance contribution displayed in this graph is intended to be indicative and give an estimate of winning and losing components of the Fund. It does not include management fees, cash and other expenses and as such, will not add up to the aggregate Fund performance. All performance figures contained in this document refer to the Aspect Absolute Return Fund. This performance is based on information believed to be accurate. It has not been audited by a third party.

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Top markets

Market	Sector	Position
Lean Hogs	Agriculturals	Long
USD / ZAR	Currencies	Short
USD / INR	Currencies	Short

Bottom markets

Market	Sector	Position
Coffee	Agriculturals	Short
Silver	Metals	Short
Gold	Metals	Short

Net monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017													-0.24%
2018	0.52%	-3.12%	2.41%	2.68%	-2.72%	0.82%	-0.41%	-0.26%	0.25%	-5.16%	-0.25%	-3.00%	-8.23%
2019	-0.45%	3.94%	-0.57%	3.11%	-3.31%	1.78%	2.17%	2.62%	-0.05%	-1.31%	2.04%	-2.08%	7.89%
2020	1.98%	-1.69%	-0.89%	0.23%	0.55%	0.76%	0.74%	-2.92%	0.10%	-1.07%	-0.73%	3.82%	0.71%
2021	-0.63%	-0.55%	3.96%	0.22%	2.06%								

Commentary

Risk assets continued their year-long rise. However, mixed economic data releases from the US caused markets to waver throughout the month. Inflation worries continued to prevail amongst investors, yet Federal Reserve officials attempted to calm markets by sending reassuring dovish tones. This accommodative messaging caused the US Dollar to weaken against major peers as it struggled to abate its recent slide.

The Fund's net short US Dollar position captured the ongoing weakness of the world's reserve currency, mainly against commodity currencies and the British Pound. The US Dollar has now almost entirely erased gains it made at the start of the year. A mid-month wobble, caused by the highest monthly core consumer price rise in years and associated inflation fears, could not prevent stock markets rising by month-end. Prices were pushed higher by the continued easing of lockdown restrictions and a strong PMI data release out of Europe, aiding the Fund's net long exposure. Fixed income positions finished the month slightly down as small gains in long positions in shorter dated bonds were offset by losses in short exposures.

Long commodity exposures continue to provide profits. The Fund's long lean hogs position was the best performing market as the reopening of restaurants across the US pushed pork demand higher. In energies, gas oil and gasoline prices rose on fears of supply shortages due to a cyberattack on a major US fuel pipeline operator, benefitting the Fund's long exposures. Metal markets joined other commodities with prices rising as the reopening of economies continues to drive up demand. The Fund's net long metal exposure gained.

Want more information?

To find out more about this Fund, please contact your local Business Development Manager, Adviser Services on 13 18 86 (8am to 7pm Sydney time) or visit colonialfirststate.com.au/investments

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