Adviser use only

Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Quarterly performance report - 31 May 2022

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	6/12/2017		
Total Management cost ^	0.76%		
Management cost *	0.62%		
Estimated Performance Fee	0.14%		
Performance fee	10.00%		
Buy / Sell spread	nil / nil		
Product size	$27.21 million		
Exit unit price	1.0323		
Distribution Frequency	Half Yearly		
Morningstar ticker	42093	**Minimum suggested timeframe**	At least 5 years

Strategy

The option aims to maximise diversification by spreading risk evenly across three uncorrelated investment themes; Momentum, Carry and Value, with no single theme dominating the return profile. The strategy employs a quantitative process to determine a view of the opportunities across the three investment styles. By maintaining a comparatively small exposure to any individual contract, Aspect achieves sector and contract diversification, thereby exploiting a wide range of opportunities and maximising expected long-term risk-adjusted returns.

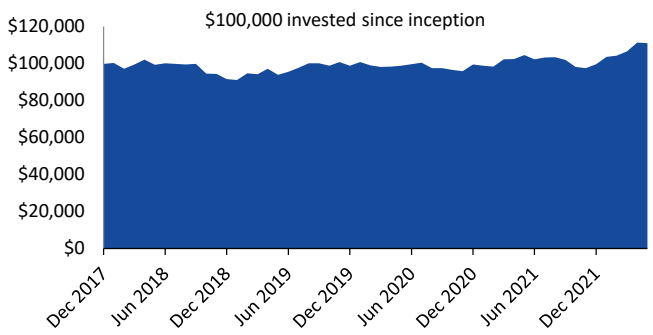
Performance

	May	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	-0.30%	6.40%	13.74%	6.19%	5.94%	5.73%		2.35%

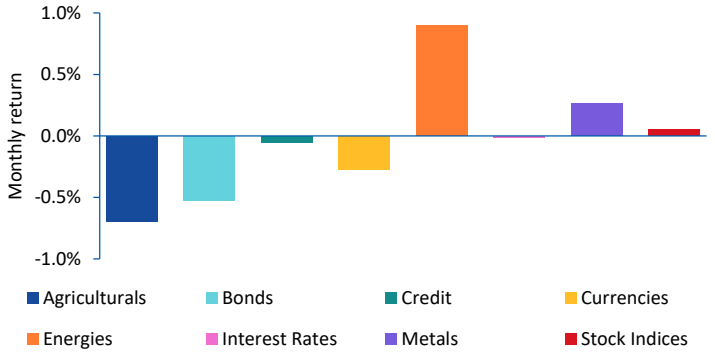
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	9.69%	8.23%	7.60%		7.92%

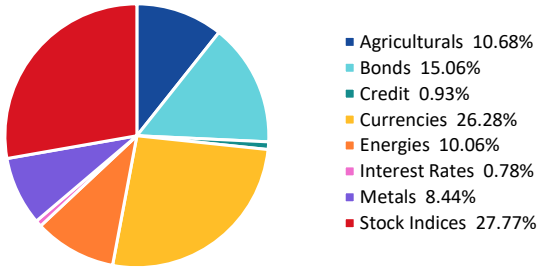
Performance charts



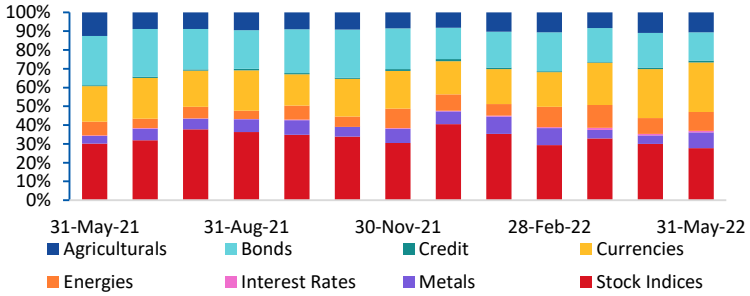
Performance contribution***



Risk allocation snapshot (as at 31-May-2022)**



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.

** 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 Diversified Futures Fund. This performance is based on information believed to be accurate. It has not been audited by a third party.

^ This estimated performance fee has been calculated on a per annum basis from the fund's inception (December 2017) to 31 May. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 May. As past performance is no indicator of future performance, the performance fee, if any, charged in the future may differ.

* Calculated on the dollar value of positive performance (less carried forward negative performance) generated on the futures and forwards trading accounts.

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Top markets

Market	Sector	Position
Reformulated Gasoline	Energies	Long
MXN Future	Currencies	Long
EUR / PLN	Currencies	Short

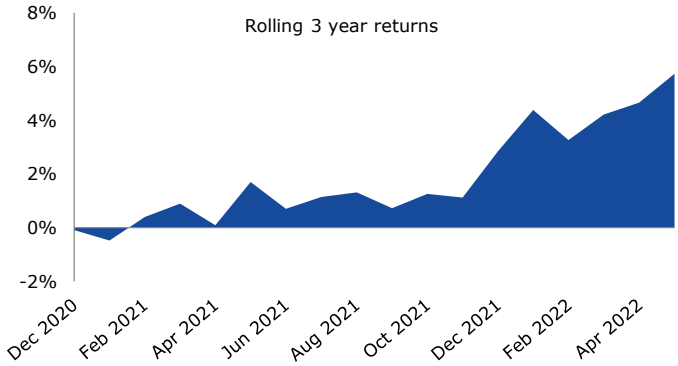
Bottom markets

Market	Sector	Position
Australian SPI 200 Index	Stock Indices	Variable
Gas Oil	Energies	Short
CAD Future	Currencies	Short

Net monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017													
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%	-2.13%	0.90%	0.26%	-1.48%	-3.67%	-0.65%	2.05%	0.12%
2022	4.07%	0.65%	2.19%	4.44%	-0.30%								

Rolling returns



Commentary

Forceful market gyrations coincided with investors questioning whether the US economy would remain as robust and monetary policy as aggressive as previously imagined. Recession fears stoked flights to safety however some of these moves were offset by a resurgence in risk appetite later on in the month. Elsewhere, the European Central Bank signalled the end of negative interest rates by the end of the third quarter as inflation continued to surge. Energy supply concerns persisted with the European Union's proposal to ban Russian oil imports.

Global sovereign yields fluctuated between safe haven demand linked to growth slowdown prospects and tough inflation data, and this ultimately resulted in gains from short fixed income exposures. Despite touching a 20-year high, the US dollar index declined amidst softer US economic data whilst the Euro rallied on hawkish monetary policy leading to some losses. Rallies in Latin American currencies led to profitable long exposures amid strong economic activity in the face of concerted monetary tightening. After a lengthy losing streak, stock markets staged a late comeback following reports that US inflation rates may be slowing, and optimism associated to easing lockdowns in China.

In commodities, seasonally heightened demand for cooling and US domestic transportation alongside below-average inventories boosted long natural gas and reformulated gasoline positions respectively. Global growth anxiety kept a lid on industrial metals, resulting in losses for long metals exposure.

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 www.cfs.com.au/investments

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