Adviser use only

Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Quarterly performance report - 30 June 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	$26.20 million		
Exit unit price	1.0406		
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.

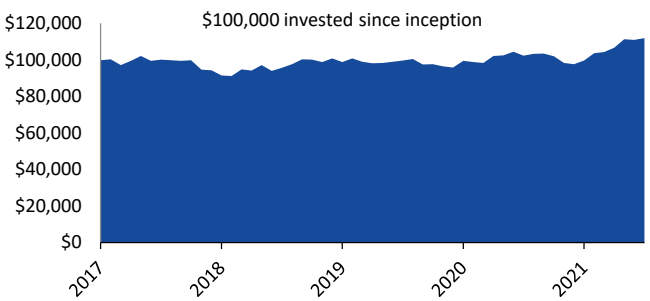
Performance

	June	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	0.80%	4.96%	12.35%	9.38%	5.96%	5.39%		2.49%

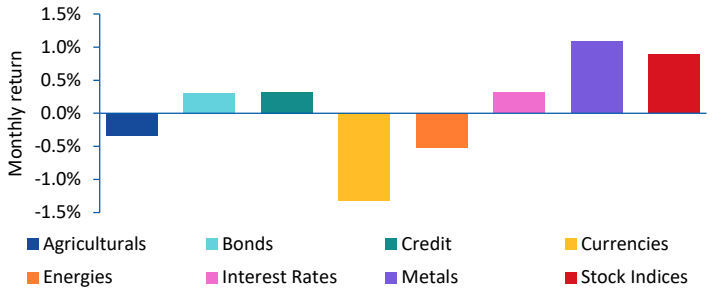
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	9.65%	8.29%	7.67%		7.93%

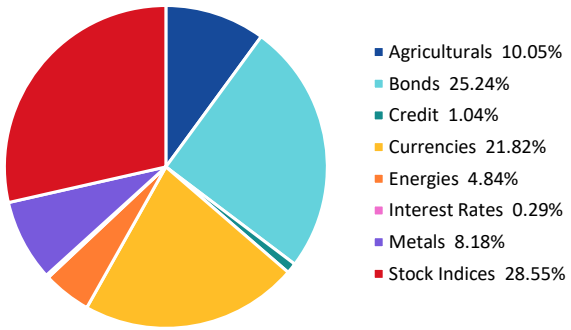
Performance charts



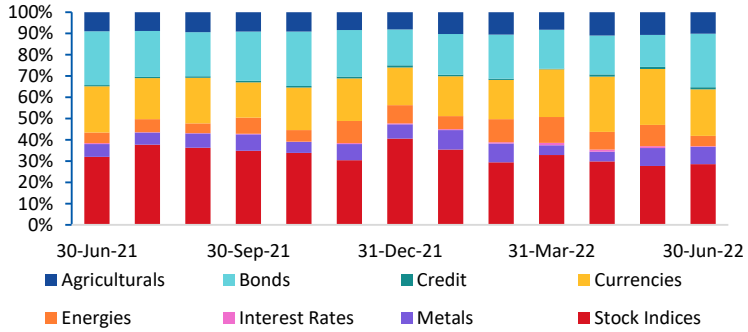
Performance contribution***



Risk allocation snapshot (as at 30-Jun-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 30 June. Please refer to the PDS for the actual performance fee paid in the last 12 months to 30 June. 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
USD / ILS	Currencies	Long
UK 10Y Gilt	Bonds	Short
MSCI EAFE Index	Stock Indices	Short

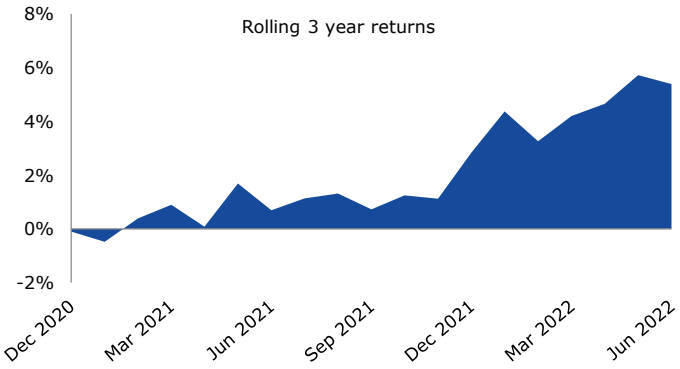
Bottom markets

Market	Sector	Position
USD / CLP	Currencies	Short
Canadian TSE 60 Index	Stock Indices	Long
Italian MIB 40 Index	Stock Indices	Long

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%	0.80%							

Rolling returns



Commentary

Stock markets suffered some of their sharpest falls in months during the initial weeks of the period before staging a partial comeback, somewhat paradoxically on poor data releases. After major central banks continued their unanimous rate hikes with increasing aggressiveness, including a 75bps rate rise from the Federal Reserve, gauges of economic strength registered lower causing a rally in equities whilst simultaneously sending yields lower as fears of overtightening dissipated.

The Fund's short positioning in fixed income continued to be a dominant driver of positive performance. The ongoing task of central banks globally to stave off runaway inflation led to further rate hikes which in turn lifted sovereign yields. However, like stock indices, bond yields also partially retraced their movements in the second half of the month. Even with the late-stage recovery, US equities still registered their worst decline in the first half of a year in decades. Other regions fared similarly as the possibility of recession weighed heavily on investor sentiment resulting in gains from the Fund's short positions. In currencies, US dollar strength showed little signs of abating in June aiding the Fund's well established long position.

Unlike their financial counterparts commodity markets proved more challenging. Prices wavered but predominantly moved against prior trends as global growth concerns curtailed demand expectations. Improved growing conditions in markets also added downward pressure to agricultural prices, hurting the Fund's long positions.

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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