Adviser use only

Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Quarterly performance report - 31 July 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	$26.07 million		
Exit unit price	0.9848		
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.

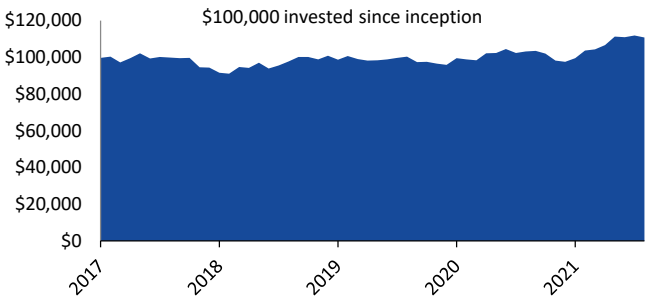
Performance

	July	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	-0.95%	-0.45%	6.94%	7.37%	5.07%	4.31%		2.24%

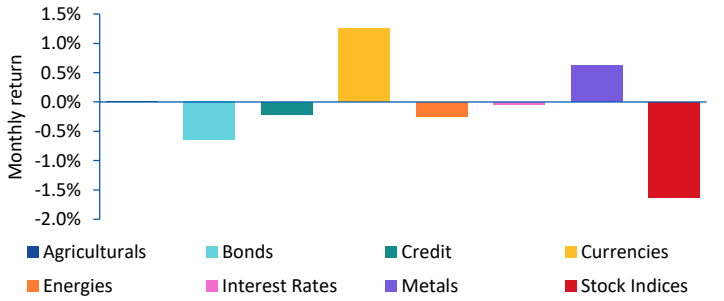
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	9.53%	8.36%	7.72%		7.91%

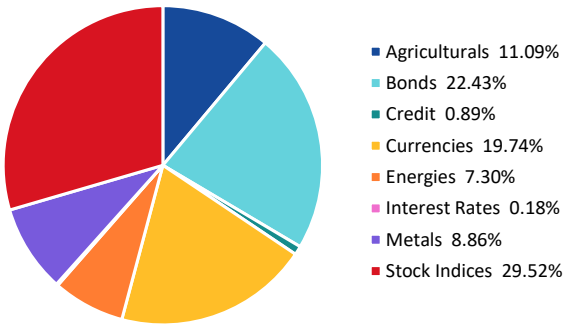
Performance charts



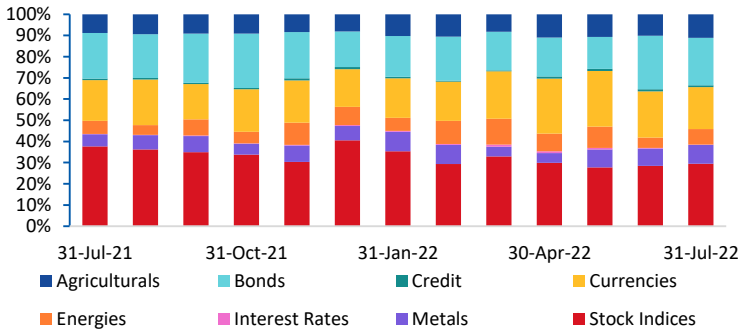
Performance contribution***



Risk allocation snapshot (as at 31-Jul-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 July. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 July. 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
Australian SPI 200 Index	Stock Indices	Long
German 10Y Bund	Bonds	Long
French 10Y OAT	Bonds	Variable

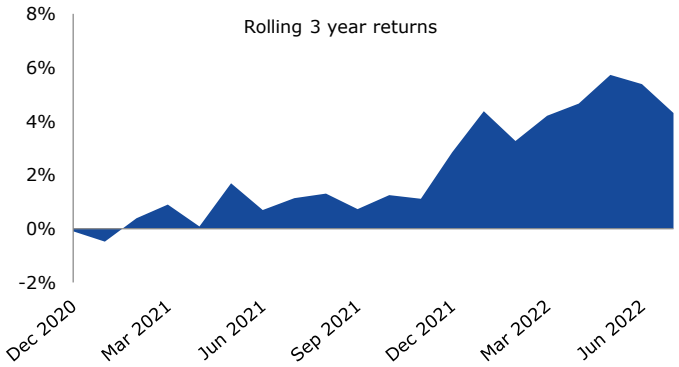
Bottom markets

Market	Sector	Position
Canadian 10Y Bond	Bonds	Short
FTSE China A50 Index	Stock Indices	Long
Swedish OMX Index	Stock Indices	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%	0.80%	-0.95%						

Rolling returns



Commentary

Global economic growth concerns intensified as the world's largest economy contracted for a second consecutive quarter, an inverted US Treasury yield curve signalled a possible impending recession, and business data from major nations surprised on the downside. The gloomy outlook led investors to predict that the pace of rate hikes by central banks would need to be scaled back, despite persistently rising inflationary pressures.

The Fund's net short exposure in bonds caused the majority of losses, as safe-haven demand increased for the asset. Stocks rallied even with the recessionary headwinds as a projected slowdown in rate rises increased optimism, leading to losses for the Fund's net short stock indices exposure. In the currencies sector, the euro reached parity against the US dollar as the European Central Bank was forced to stay as dovish as possible to counter economic shocks from the war in Ukraine. The Fund profited from short positions in the euro as the currency weakened.

Overall returns from commodity sectors were generally muted. However, some gains were captured in energy markets, most notably from the Fund's long position in natural gas whose price was bolstered by record high temperatures across the United States. While in Europe, German power costs accelerated higher as Russia restricted gas flows into the region due to the ongoing energy stand-off, benefiting the Fund's long position.

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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