Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Monthly performance report - 31 August 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	$26.49 million		
Exit unit price	1.0024		
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.

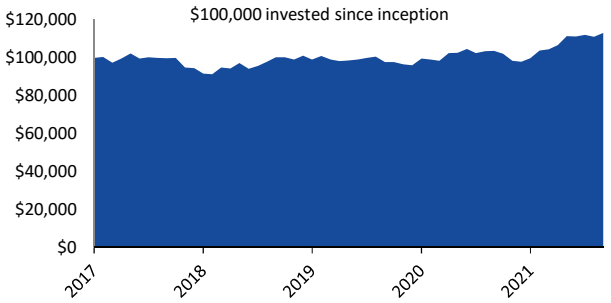
Performance

	August	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	1.79%	1.64%	8.14%	9.01%	7.59%	4.02%		2.58%

Risk measures

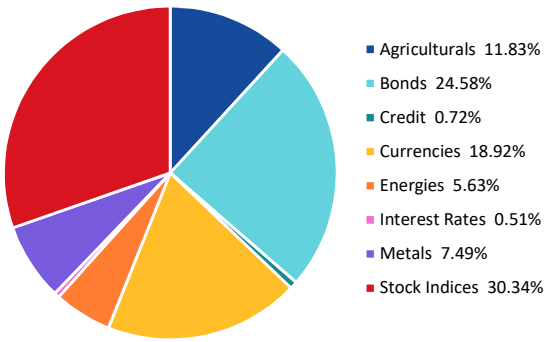
	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	9.75%	8.50%	7.69%		7.93%

Performance charts

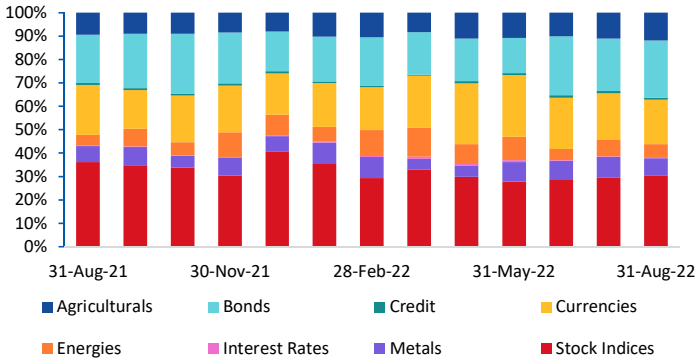


Performance contribution***

Risk allocation snapshot (as at 31-Aug-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 August. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 August. 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
Canadian 10Y Bond	Bonds	Short
US 10Y Note	Bonds	Short
Korean 10Y Bond	Bonds	Short

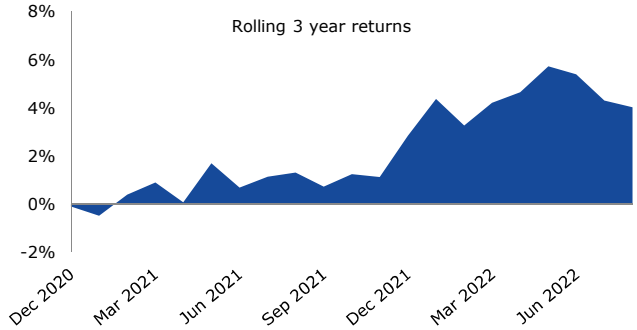
Bottom markets

Market	Sector	Position
French 10Y OAT	Bonds	Long
German 10Y Bund	Bonds	Long
EUR / GBP	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%	0.80%	-0.95%	1.79%					

Rolling returns



Commentary

The Fund returned 1.79% in August. Many of the prominent macro themes present throughout the year made no attempt to subside during August, namely: recessionary fears, the battle against runaway inflation and a European energy crisis. The continued efforts of central banks globally to control inflation and the associated repercussive effects on markets caused sovereign bond yields to resume their ascent upwards, whilst equities pared their multi-week advance, ultimately finishing the month lower.

In financials, the stock indices sector led gains, mainly from short exposures, as equity bourses felt the effects of a market fearful of recession. In bonds, US Treasury yields initially rose following positive economic data releases but were propelled higher by hawkish comments from Fed Chair Jerome Powell during the annual Jackson Hole symposium at the end of the month. Other bond yields behaved similarly, further highlighting the global nature of the difficulties faced. The shift higher in yields led to positive performance from the Fund's short fixed income positions. The anticipation of additional rate hikes from the Fed also led the US dollar to gain against most major peers benefitting the Fund's net long exposure.

In commodities, gains were generated in short metal positions as recessionary fears stoked demand concerns, dragging prices lower. Whereas the agricultural and energy sectors were loss making.
Performance by theme: momentum and carry were positive, whilst value detracted.

Want more information?

To find out more about this Fund, please contact your local Business Development Manager, Adviser Services on 13 18 86 (8:30am to 6pm Sydney time) or visit www.cfs.com.au/investments

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