Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Monthly performance report - 31 October 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	$26.90 million		
Exit unit price	1.0365		
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.

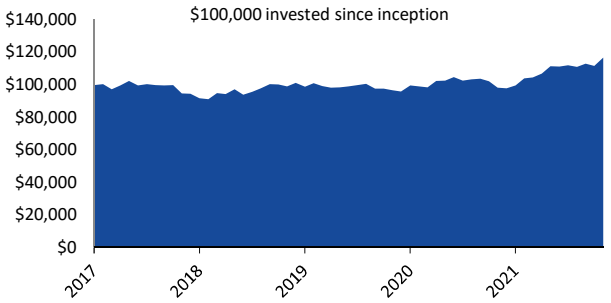
Performance

	October	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	4.65%	5.25%	4.78%	18.76%	9.94%	5.67%		3.19%

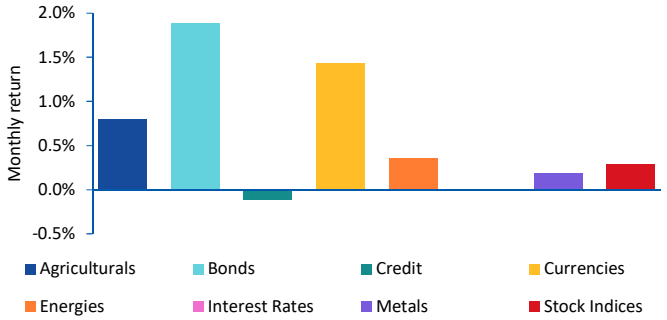
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	9.84%	8.85%	7.93%		8.02%

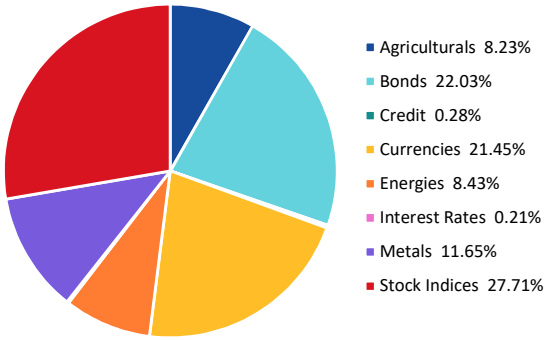
Performance charts



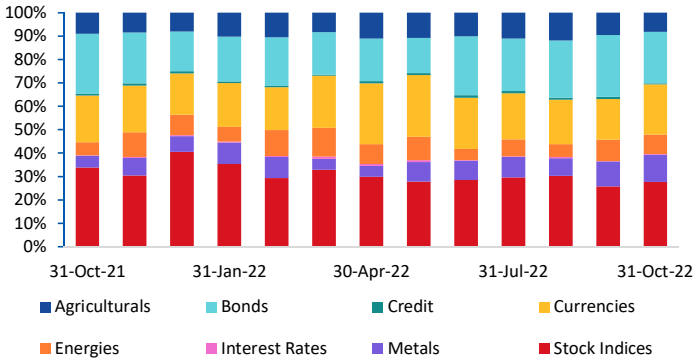
Performance contribution***



Risk allocation snapshot (as at 31-Oct-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 October. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 October. 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.

Aspect Absolute Return Fund - Class A

Monthly performance report - 31 October 2022

Colonial First State

Top markets

Market	Sector	Position
Italian MIB 40 Index	Stock Indices	Long
UK 10Y Gilt	Bonds	Long
EUR / PLN	Currencies	Short

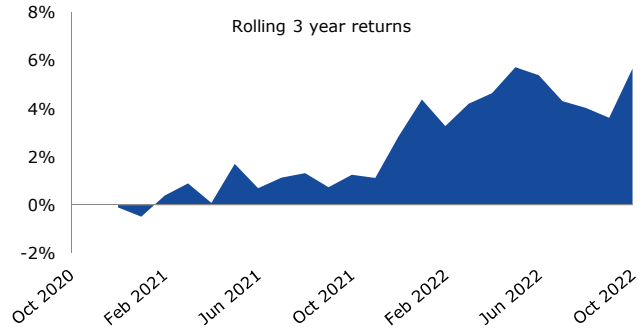
Bottom markets

Market	Sector	Position
FTSE China A50 Index	Stock Indices	Long
Dow Jones Industrial Average	Stock Indices	Short
WTI Crude Oil	Energies	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%	-1.20%	4.65%			

Rolling returns



Commentary

Broad-based acceleration in core inflation continued as CPI prints from major regions arrived above consensus and the European Central Bank delivered another widely expected 75 bps rate hike. As the month progressed, there were some reversals in previous trends amid speculation that central banks may consider reducing the pace of rate hikes in order to maintain stability in the global financial system. This view was bolstered by smaller than expected rate hikes in Australia and Canada and signs of cooling US labour demand. UK's U-turn on fiscal tax cuts and appointment of new Prime Minister Rishi Sunak were well received by markets but uncertainties around financial and energy crises ahead of winter remained throughout Europe.

Some sovereign bond yields temporarily paused their ascent and bonds rallied during the second half of the month as investor hopes grew for a year-end Federal Reserve pivot, seen to be necessary to avoid monetary overtightening. Despite this, short positioning in longer dated US Treasuries made gains. In currencies, the US dollar retreated, particularly against the Euro after economic data such as housing and manufacturing started to reflect the impact of monetary tightening so far. The yen weakened on policy divergence and attempts at currency interventions. Gains came from the Polish zloty which firmed against the euro amid risk-on sentiment and the pause in rising gas prices. Third quarter earnings season began better than expected and this boosted developed market equities leading to gains from long positioning. Meanwhile, Chinese stock markets faltered amid renewed COVID lockdowns and short positioning made gains.

Gains were made in energies as oil prices rallied amid tight supply as OPEC+ agreed to cut production by 2 million barrels per day whilst global gas prices tumbled amid unseasonably warm weather. In agriculturals, coffee futures fell linked to improving weather for Brazilian coffee crops and globally weakening demand for many major commodities. In metals, precious metals staged a late rally on the back of lower yields and a weaker dollar, boosting the appeal of the non-interest-bearing assets and this led to losses in silver positioning.

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

Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) is the trustee of the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557 and issuer of FirstChoice range of super and pension products. Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL) is the responsible entity and issuer of products made available under FirstChoice Investments and FirstChoice Wholesale Investments. This document is based on current requirements and laws as at the date of the report. While all care has been taken in preparing the information contained in this report (using reliable and accurate sources), to the extent permitted by law, no one including AIL and CFSIL accept responsibility for loss suffered by anyone from reliance on this information. This document provides general information for the adviser only and is not to be handed on to any investor. It doesn't take into account anyone's individual objectives, financial situation, needs or tax circumstances. You can find the Target Market Determinations (TMD) for our financial products at www.cfs.com.au/tmd which include a description of who a financial product might suit. You should read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) before making any recommendations to a client. The PDS and FSG can be obtained from www.cfs.com.au or by calling us on 13 18 36. Stocks mentioned are for illustrative purposes only and are not recommendations to you to buy sell or hold these stocks. We may change asset allocation, manager allocation and securities within the option at any time. Past performance is not an indicator of future performance for this option.