Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Quarterly performance report - 31 January 2023

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 ^	0.98%		
Management cost *	0.62%		
Estimated Performance Fee	0.36%		
Performance fee	10.00%		
Buy / Sell spread	nil / nil		
Product size	$25.06 million		
Exit unit price	0.9885		
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.

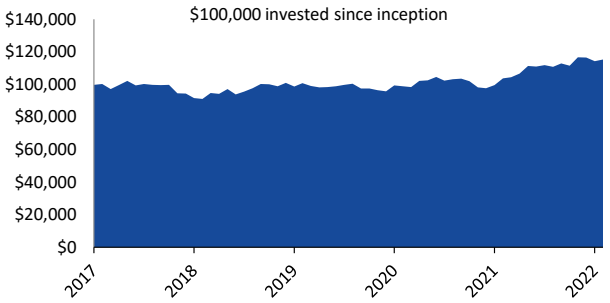
Performance

	January	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	0.86%	-1.23%	3.96%	11.17%	7.97%	4.58%	2.82%	2.79%

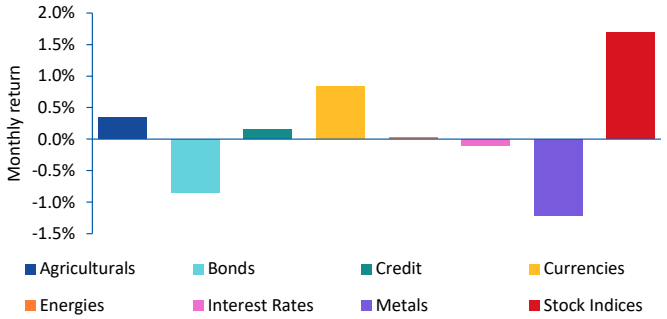
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	9.52%	8.96%	8.06%	8.05%	8.00%

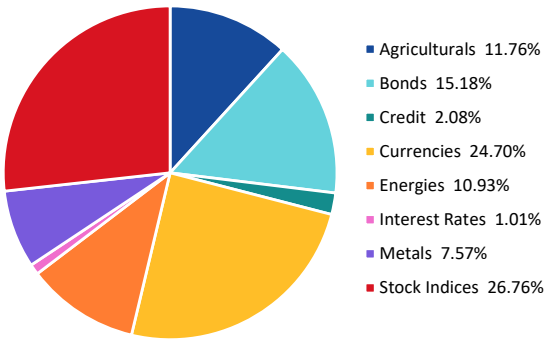
Performance charts



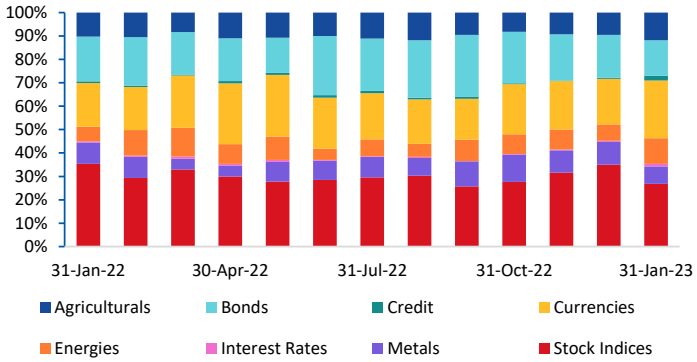
Performance contribution***



Risk allocation snapshot (as at 31-Jan-2023)**



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 January. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 January. 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

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Colonial First State

Top markets

Market	Sector	Position
Australian SPI 200 Index	Stock Indices	Long
Italian MIB 40 Index	Stock Indices	Long
Swiss Market Index	Stock Indices	Long

Bottom markets

Market	Sector	Position
Gold	Metals	Short
Canadian 10Y Bond	Bonds	Variable
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%	1.79%	-1.20%	4.65%	-0.08%	-1.99%	14.71%
2023	0.86%												

Rolling returns

Commentary

Despite continued hawkish rhetoric from the Federal Reserve and European Central Bank, risk assets rallied and bond yields fell as cooling inflation raised hopes of a reduction in the size of future rate rises. The positive sentiment in financial markets was further boosted by the reopening of China's economy following a relaxation of Covid restrictions and by unusually mild weather in Europe, which helped the region to avoid an energy crisis over the winter.

The Fund's net short fixed income exposure incurred the majority of losses during the month. Government bond prices rose in unison due to an expected shift in the pace of rate hikes. In currencies, the Fund's net long exposure to the euro resulted in gains, as there were hopes that moderating energy prices could help Europe avoid a severe recession. The Fund made a small gain in stock indices, as it increased its net exposure in response to an upward trend in the sector.

In commodities, the Fund's gains in energies came from short positions in natural gas markets, where prices fell sharply due to high European inventory levels and a reduction in demand. The agriculturals sector made a small loss, notably from a short position in coffee, as prices increased due to supply concerns. In metals, the Fund's net short exposure at the start of the month led to losses as prices rose in response to a weakening US dollar.

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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