Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Quarterly performance report - 31 March 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	$24.92 million		
Exit unit price	0.9823		
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.

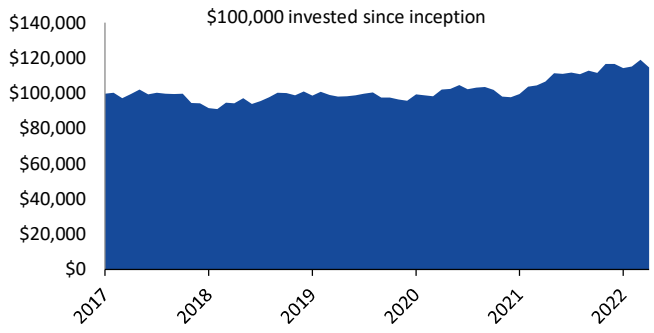
Performance

	March	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	-3.83%	0.22%	2.72%	7.41%	5.85%	5.27%	2.85%	2.58%

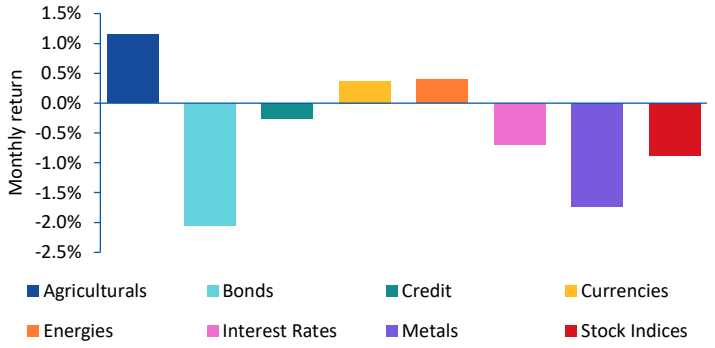
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	10.60%	9.93%	8.81%	8.35%	8.43%

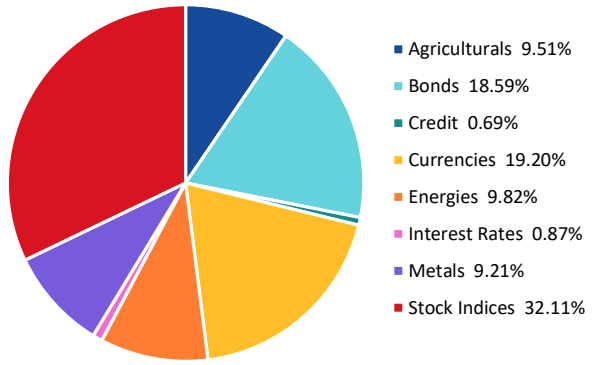
Performance charts



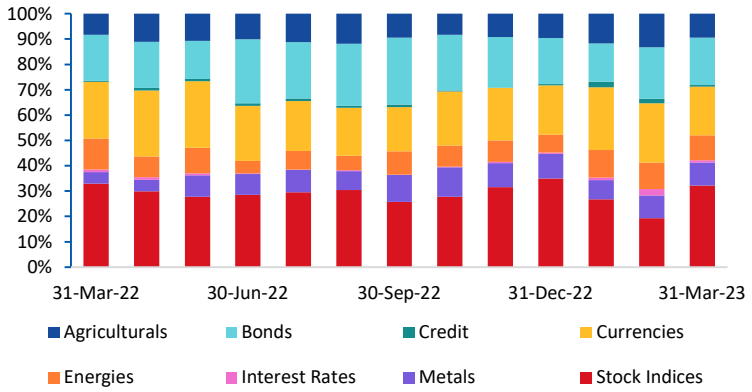
Performance contribution***



Risk allocation snapshot (as at 31-Mar-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 March. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 March. 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 10Y Bond	Bonds	Long
Swedish OMX Index	Stock Indices	Variable
EUR / NOK	Currencies	Long

Bottom markets

Market	Sector	Position
US 10Y Note	Bonds	Short
Gold	Metals	Short
Canadian 10Y Bond	Bonds	Variable

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%	3.33%	-3.83%										

Rolling returns

Commentary

Market consensus abruptly changed direction in response to the failure of Silicon Valley Bank, the largest bank failure since Washington Mutual in 2008. The news fuelled fears of contagion risk in the global banking sector and highlighted the potential difficulties rising interest rates could pose to economies. As a result, the fixed income sector experienced extreme volatility as government bond yields posted their largest daily fall in decades.

Prior to the shift in sentiment, the Fund made gains from appropriately sized and intuitive positions based on the enduring interest rate hiking cycle narrative. However, the extraordinary reversal in fixed income yields over a handful of days began to dominate losses. The Fund's systematic measures of risk and faster trend filters responded swiftly to the sudden increase in volatility and change in trend direction. As the interest rate risk shock subsided, performance started to recover slightly towards the end of the month.

Losses came primarily from financial markets, particularly in the fixed income sector as short positions were impacted by the drop in government bond yields. The stock market sell-off caused by banking sector fears and a flight to safety, resulted in losses for the Fund's long positions. In commodity markets, prices in general fell as economic uncertainty weighed on demand. The Fund's net short exposure in the energy sector generated gains, particularly from a short position in Natural Gas.

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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