Colonial First State

Adviser use only

aspect capital

Aspect Absolute Return Fund - Class A

Quarterly performance report - 30 June 2021

Key data

APIR code	FSF3532AU
Inception date	5/12/2017
Total Management cost[1]	0.65%
Management cost	0.65%
Estimated performance fee[2]	0.00%
Performance fee rate[3]	10.00%
Buy / Sell spread	nil / nil%
Product size	$26.20 million
Exit unit price	0.9514
Distribution Frequency	Half Yearly
Morningstar ticker	42093

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.

Minimum suggested timeframe At least 5 years

Strategy

Aspect takes a quantitative and systematic approach to investment management. The Fund attempts to capture multiple risk premium factors through exposure to multi-asset derivatives including futures, forwards and swaps. The Fund aims to maximise diversification by spreading risk evenly across the different factors, with no single factor dominating the return profile.

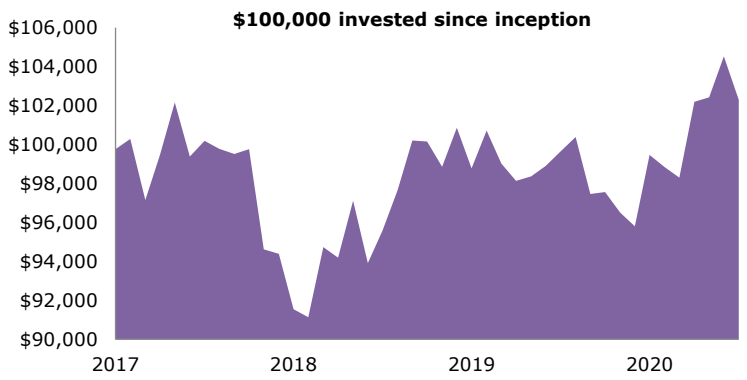
Performance

	June	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	-2.13%	0.10%	2.84%	2.65%	3.46%	0.70%		0.64%

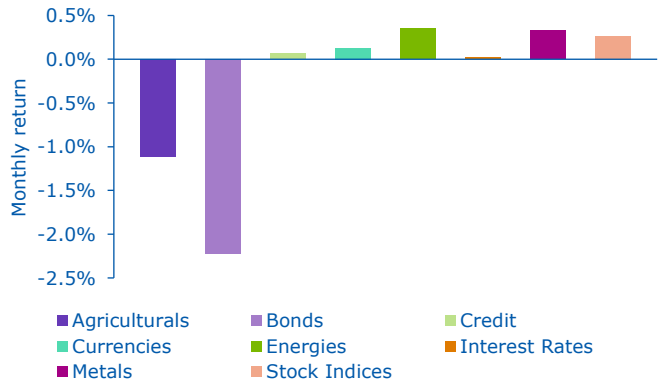
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	7.07%	6.28%	7.22%		7.32%

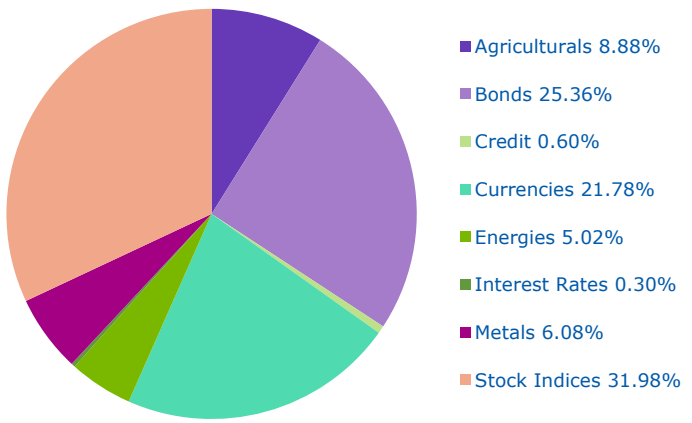
Performance charts



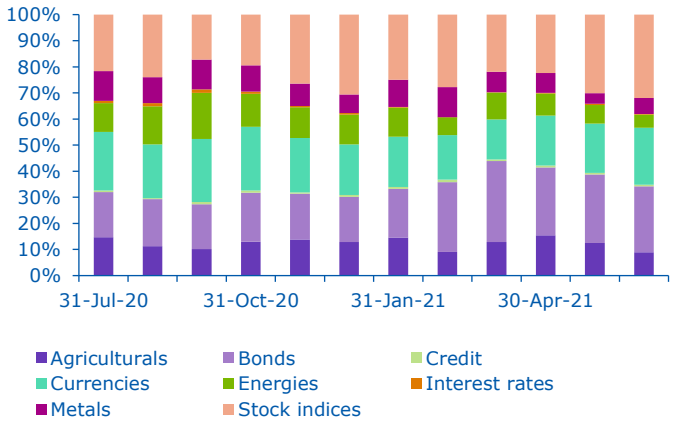
Performance contribution***



Risk allocation snapshot (as at 30 June 2021)**



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.

[1] Includes estimated performance fees.

[2] This estimated performance-related fee is based on the net performance of the fund for the 12 months to 30 June 2020. As past performance is no indicator of future performance, the performance fee, if any, charged in the future may differ.

[3] Calculated on the dollar value of performance above the Reserve Bank of Australia cash rate after management fees. Please refer to the current PDS for more information about calculation of performance fees.

** 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 Absolute Return Fund. This performance is based on information believed to be accurate. It has not been audited by a third party.

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Top markets

Market	Sector	Position
Australian 10Y Bond	Bonds	Long
Canadian TSE 60 Index	Stock Indices	Long
AUD Future	Currencies	Short

Bottom markets

Market	Sector	Position
US 30Y Ultra Long Bond	Bonds	Short
Lean Hogs	Agriculturals	Long
NASDAQ 100 Index	Stock Indices	Short

Net monthly performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017													-0.24%
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%							

Commentary

The Federal Reserve surprised markets with hawkish rate projections which caused major yield curves to flatten. Investors also temporarily pulled out of the popular reflation trade. Markets subsequently steadied and US stock markets rallied to all-time highs amid President Biden's new infrastructure deal. Towards the end of the month, investors balanced economic growth prospects against rising inflationary pressures and the spread of the highly infectious Delta coronavirus variant.

The Fund found itself on the wrong side of the yield curve flattening as short positions in longer dated bonds detracted from performance. The potential for higher interest rates boosted the dollar index versus major peers which led to losses for the Fund's net short US Dollar position. Fiscal stimulus and central bank assurances outweighed the impact of strong inflation prints to lift major stock markets and the VIX index fell back to pre-pandemic levels.

Energies rose and oil prices neared three-year highs following signs of stronger demand optimism and increasing chances of supply deficits caused by reduced investment in the sector. In agriculturals, lean hog prices lowered due to falling US wholesale prices for pork products and news of rapidly rising hog numbers in China. Gold and other major metals declined on the back of the robust dollar sentiment and after expectations for a faster pace of policy tightening.

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 colonialfirststate.com.au/investments

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