Adviser use only

Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Quarterly performance report - 31 May 2023

Key data

APIR code	FSF3532AU
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	$25.74 million
Exit unit price	1.0185
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

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

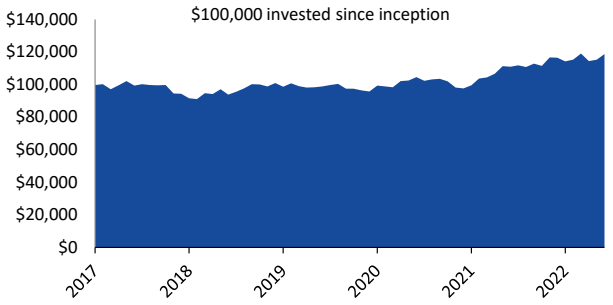
	May	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	2.92%	-0.28%	1.85%	6.96%	6.57%	6.28%	3.62%	3.18%

Performance returns shown on this page indicate past performance only. Past performance is no indication of future performance.

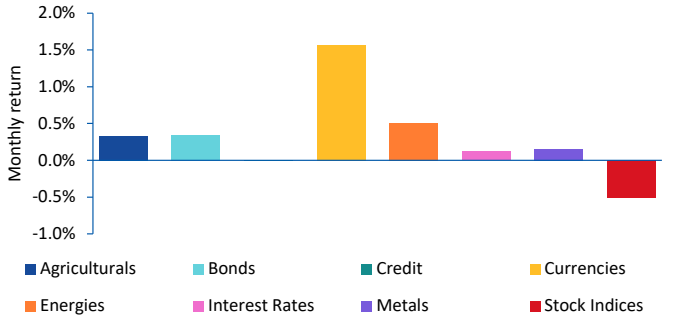
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	10.45%	10.07%	9.02%	8.33%	8.44%

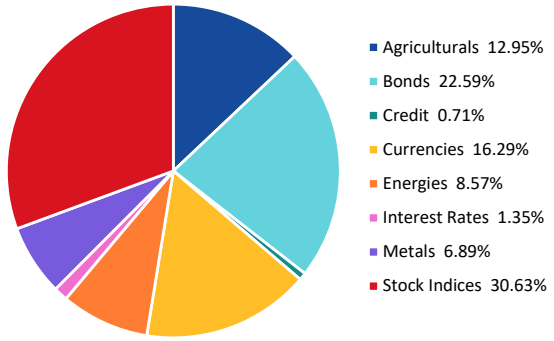
Performance charts



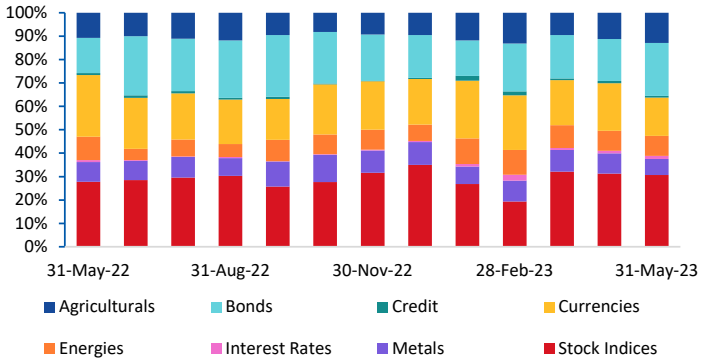
Performance contribution***



Risk allocation snapshot (as at 31-May-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 May. Please refer to the PDS for the actual performance fee paid in the last 12 months to 31 May. 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
FTSE 100 Index	Stock Indices	Short
Australian SPI 200 Index	Stock Indices	Short
US 10Y Note	Bonds	Short

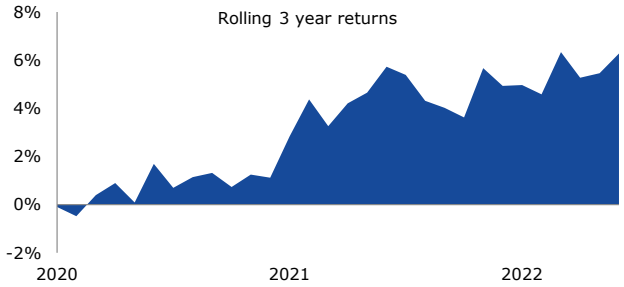
Bottom markets

Market	Sector	Position
Canadian TSE 60 Index	Stock Indices	Long
Soybean	Agriculturals	Long
Australian 10Y Bond	Bonds	Long

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%	0.74%	2.92%								

Rolling returns



Commentary

Markets monitored US debt ceiling negotiations for signs of progress, as fears of a potential default in the US weighed on risk sentiment which supported the US dollar. The Federal Reserve and other major central banks continued their efforts to fight inflation by each issuing widely anticipated rate hikes of 25bps. The outlook for the end of the rate-hiking cycle remained murky. US inflation showed signs of moderating, but the US job market demonstrated it remains very strong. Meanwhile disappointing Chinese economic indicators suggested a flagging economic recovery and Germany fell into technical recession.

The euro was central to the Fund's currency returns this month. The strategy managed to capture euro strength against the Swedish krona and euro weakness against the British pound. Widening rate differentials between Europe and Sweden, resulted in persistent Swedish krona weakness. Conversely the British pound strengthened against the euro as a relatively higher UK inflation implied a more hawkish Bank of England. The Fund incurred losses from stock indices, predominantly from long European stock indices exposures, as prices fell on signs that the economic outlook may be worsening. Losses also came from the Fund's long position in the Canadian TSE 60 index as commodity prices fell and data showed Canadian consumer inflation unexpectedly rose for the first time in a nearly a year.

Performance from the Fund's net short energies exposure came from short positions across natural gas markets, as both supply glut and low demand worries pushed prices lower. Concerns about the health of the global economy contributed to oil demand pessimism, which also led to gains from the Fund's short WTI crude oil position. In agriculturals, profits were largely driven by the Fund's short position in lean hogs as prices continued to slide in response to poor demand for US pork. Elsewhere in commodity markets, the Fund's net short exposure to base metals generated modest gains. Relatively subdued metals demand from China as well as weak Chinese economic data for April, weighed down on prices.

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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