Colonial First State

Adviser use only

aspect capital

Aspect Absolute Return Fund - Class A

Quarterly performance report - 31 December 2021

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	5/12/2017		
Total Management cost [1]	0.76%		
Management cost	0.62%		
Estimated performance fee [2]	0.14%		
Performance fee rate [3]	10%		
Buy / Sell spread	nil / nil%		
Product size	$28.73 million		
Exit unit price	0.9262		
Distribution Frequency	Half Yearly		
Morningstar ticker	42093	**Minimum suggested timeframe**	At least 5 years

Strategy

Aspect takes a quantitative and systematic approach to investment management. Aspect has no market sector or directional preference, and markets are selected on the basis of diversification, liquidity and transaction costs. The fund 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. It has exposure to over 230 of the most liquid global financial and commodity futures, currency forwards and other derivative contracts. 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.

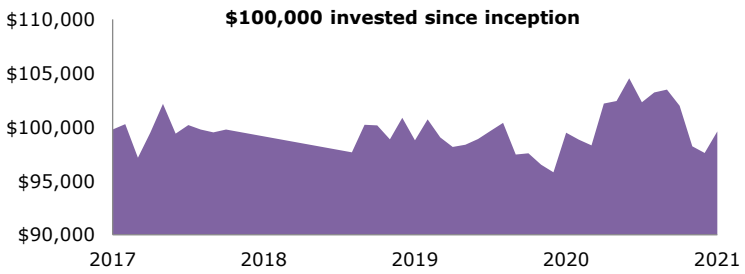
Performance

	December	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	2.05%	-2.33%	-2.65%	0.12%	0.41%	2.85%		-0.10%

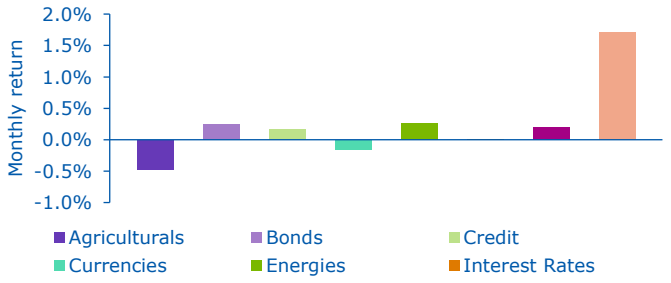
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	6.82%	6.34%	6.82%		7.23%

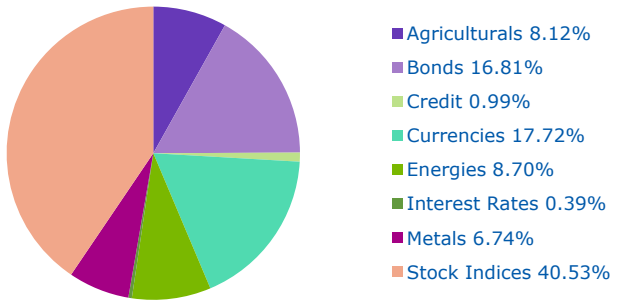
Performance charts



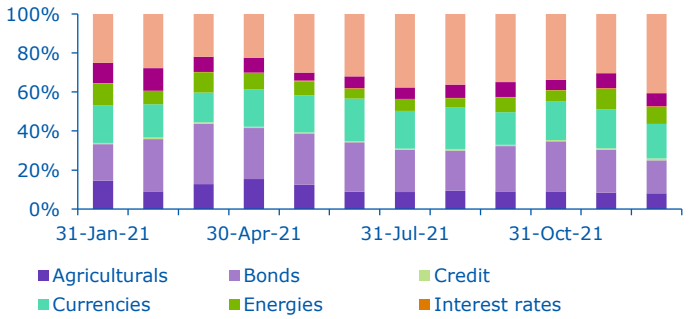
Performance contribution***



Risk allocation snapshot (as at 31 December 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 fee.

2 This estimated performnace-related fee is based on the fee payable for the five years to 30 June 20 and is used as an indicator of the future level of this fee.

3 Calculated on the dollar value of performance above the Reserve Bank of Australia cash rate after management fees. Please refer to the PDSfor more information about the 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 Diversified Futures Fund. This performance is based on information believed to be accurate. It has not been audited by a third party.

Aspect Absolute Return Fund - Class A

Quarterly performance report - 31 December 2021

Top markets

Market	Sector	Position
Swiss Market Index	Stock Indices	Long
Reformulated Gasoline	Energies	Long
Canadian TSE 60 Index	Stock Indices	Long

Bottom markets

Market	Sector	Position
S&P 400 Midcap Index	Stock Indices	Short
Heating Oil	Energies	Short
Soybean Meal	Agriculturals	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%	0.90%	0.26%	-1.48%	-3.67%	-0.65%	2.05%	0.12%

Commentary

The Fund returned 2.05% in December. The month began with continued concerns about the rapid spread of the Omicron coronavirus variant, forcing many countries to introduce tighter lockdown restrictions. Risk sentiment quickly improved however, as data indicated that symptoms appeared milder than initially thought and booster vaccines could provide strong protection. As economic prospects brightened stock markets finished 2021 strongly, attaining double-digit gains for the third year in a row. Elsewhere, government bond yield direction remained driven by central bank rhetoric as sticky inflation led to hawkish signals, sending rates higher.

In financials, stock markets reached record highs further buoyed by positive economic and labour data, with the upward trend creating robust gains for the Fund's net long stock indices exposure. The Fund's bond sector created small gains, with profits from shorts offsetting losses from longs. Whilst in currencies, the resurgence of risk appetite led to losses from the Fund's net short Australian dollar exposure.

In commodities, slight profits were made in the energies sector, in particular from long positions in reformulated gasoline and crude oil markets, as prices sharply rose due to an anticipated uptick in demand and falling inventories. The agriculturals sector made a loss, notably from short positions in soybean and soybean meal, whose prices hit multi-month highs as dry and hot weather in South America stoked supply concerns.

Performance by theme: carry, momentum and value were all positive.

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 cfs.com.au/investments

Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL) is the issuer of FirstChoice Personal Super, FirstChoice Wholesale Personal Super, FirstChoice Pension, FirstChoice Wholesale Pension, FirstChoice Employer Super offered from the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557. It also issues interests in products made available under FirstChoice Investments and FirstChoice Wholesale Investments. This document has been prepared by CFSIL based on its understanding of current regulatory requirements and laws as at the date of the report. While all care has been taken in the preparation of this document (using sources believed to be reliable and accurate), to the maximum extent permitted by law, no person including CFSIL accepts responsibility for any loss suffered by any person arising from reliance on this information. This information is for the adviser only and is not to be handed on to any investor. It does not take into account any person's individual objectives, financial situation or needs. The Target Market Determination (TMD) for our financial products can be found at www.cfs.com.au/tmd and include a description of who a financial product is appropriate for. You should read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) before making any recommendations to a client. Clients should read the PDS and FSG before making an investment decision and consider talking to a financial adviser. 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.