Colonial First State

Adviser use only

aspect capital

Aspect Absolute Return Fund - Class A

Monthly performance report - 31 January 2022

Key data

APIR code	FSF3532AU
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	$30.27 million
Exit unit price	0.9639
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. 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.

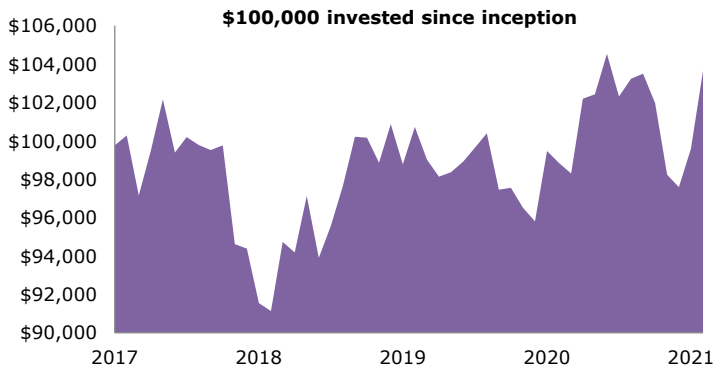
Performance

	January	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	4.07%	5.52%	0.41%	4.86%	1.44%	4.38%		0.87%

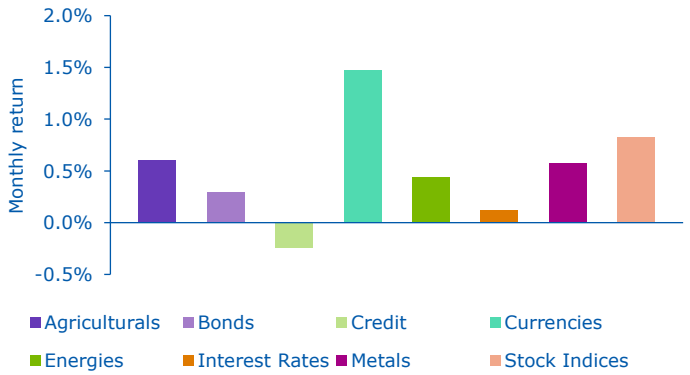
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	7.78%	6.80%	7.15%		7.43%

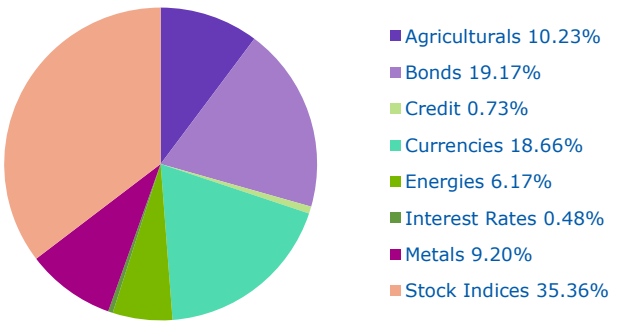
Performance charts



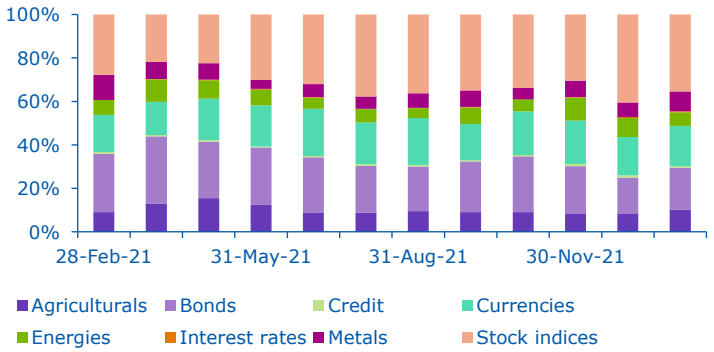
Performance contribution***



Risk allocation snapshot (as at 31 January 2022)**



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.

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Top markets

Market	Sector	Position
Russell 2000 Index	Stock Indices	Short
S&P 400 Midcap Index	Stock Indices	Short
UK 10Y Gilt	Bonds	Short

Bottom markets

Market	Sector	Position
Australian SPI 200 Index	Stock Indices	Long
Swiss Market Index	Stock Indices	Long
Gas Oil	Energies	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%
2022	4.07%												

Commentary

Ongoing concerns around global growth, combined with fears of rising rates from tighter monetary policy, drove major equity markets lower. January saw heightened levels of equity volatility with some indices entering correction territory before recovering slightly in the final trading sessions of the month. Negative sentiment was exacerbated when Federal Reserve Chairman Jerome Powell delivered a more hawkish than expected message during January's FOMC meeting, refusing to rule out a more aggressive string of interest rate rises.

The general global monetary policy normalisation led sovereign bond yields higher. The Fund's net short fixed income exposure was able to successfully capture the downward shift in bond prices as investors fled the asset class. Rising short-term US Treasury yields also helped push the US Dollar higher against most peers, whereas the Euro weakened with the prospect of European rate hikes remaining lower than major counterparts. The Fund's net long US Dollar and net short Euro positions both contributed gains. Meanwhile, the unsettled nature of stock markets, particularly US technology shares, led to losses from the Fund's overall net long but decreasing stock indices sector exposure. Nevertheless, small gains were seen from existing short positions in some Asian and US markets.

Energy prices continued their upwards trajectory fuelled by supply problems in key production countries as well as looming geopolitical tensions surrounding Ukraine. The Fund's established long energy exposure generated gains. The other commodity sectors also provided helpful positive performance as prices overall trended higher.

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

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