Adviser use only

Aspect Absolute Return Fund - Class A

Colonial First State

aspect capital

Monthly performance report - 28 February 2022

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 ^	0.76%		
Management cost *	0.62%		
Estimated Performance Fee	0.14%		
Performance fee	10.00%		
Buy / Sell spread	nil / nil		
Product size	$26.87 million		
Exit unit price	0.9702		
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.

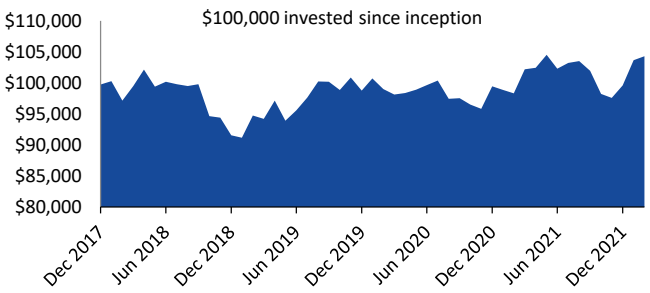
Performance

	February	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	0.65%	6.90%	0.80%	6.12%	2.64%	3.26%		1.00%

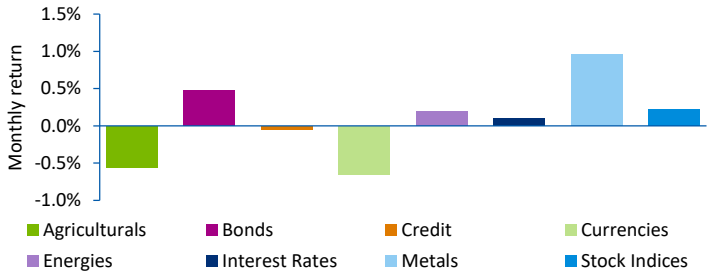
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	8.21%	7.16%	7.01%		7.56%

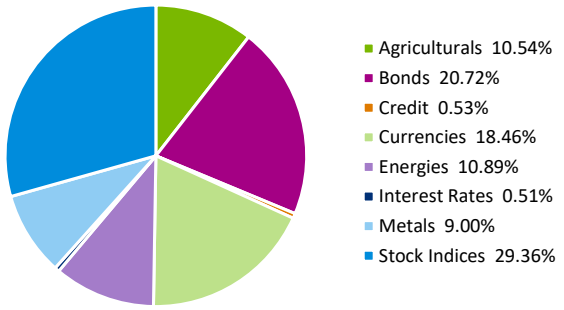
Performance charts



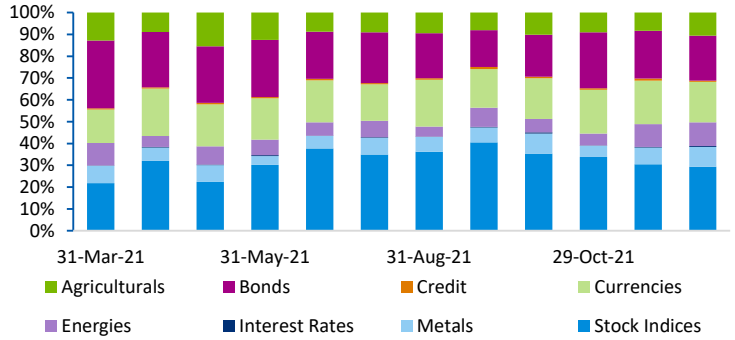
Performance contribution***



Risk allocation snapshot (as at 28-Feb-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.

** 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 28 February. Please refer to the PDS for the actual performance fee paid in the last 12 months to 28 February. 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
Aluminium	Metals	Long
Nickel	Metals	Long
WTI Crude Oil	Energies	Long

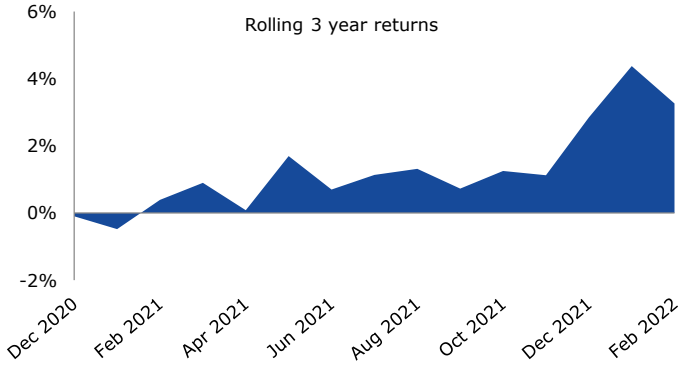
Bottom markets

Market	Sector	Position
Australian 3Y Bond	Bonds	Long
Gas Oil	Energies	Short
Wheat	Agriculturals	Short

Net monthly performance (%)

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

Rolling returns



Commentary

The month was marred by a rapid escalation of the crisis in Ukraine, which deteriorated as Russia deployed military within the region. In response to the invasion, world leaders swiftly imposed severe sanctions on Russia. Markets reacted with major stock indices falling deep into correction territory, commodity prices soaring, and volatility in US Treasury markets spiking to their highest level in two years.

Despite the concerted flight to safety, direction in government bonds was dominated by multi-decade high inflationary prints, elevating yields and making gains for the Fund's net short exposure. In the stock indices sector, the continuing fluctuation in sentiment led to large intraday swings in markets, with the Fund's dynamically changing and often offsetting positions generating muted returns. In currencies, the Fund incurred losses predominantly from its short Australian dollar and long central European currencies positions, such as the Polish zloty, Hungarian forint and Czeck koruna.

Commodity markets rallied over fresh fears of supply shortages. Oil prices rose above $100 a barrel for the first time since 2014 and European natural gas prices surged, rewarding the Fund's net long energy exposure. The Fund's long US natural gas position, however, made losses after a government report forecast milder temperatures, resulting in price declines. Metal and grain markets heavily exported by Russia, such as aluminium and corn, reached multi-year highs, generating profits for the Fund's long positions.

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 www.cfs.com.au/investments

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