Colonial First State

Adviser use only

aspect capital

Aspect Absolute Return Fund - Class A

Quarterly performance report - 31 December 2020

Key data

APIR code	FSF3532AU
Inception date	5/12/2017
Total Management cost ^	0.65%
Management cost *	0.65%
Performance fee	10.00%
Buy / Sell spread	nil / nil%
Product size	$21.51 million
Exit unit price	0.9775
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.

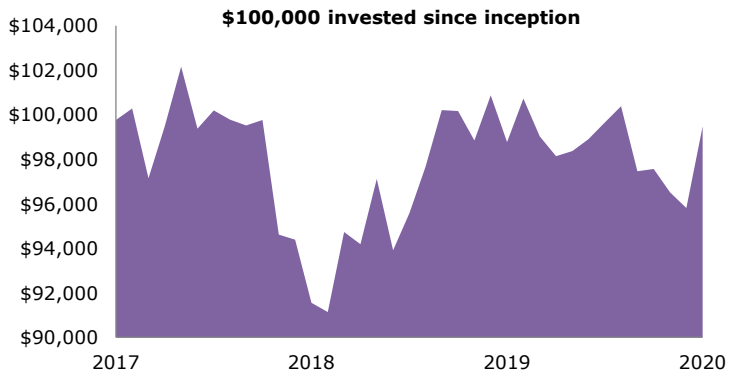
Performance

	December	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
Total Net Return	3.82%	1.96%	-0.18%	0.71%	4.24%	-0.10%		-0.17%

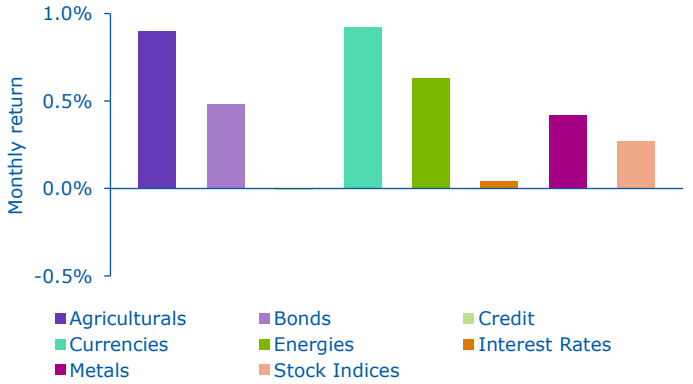
Risk measures

	1 year	2 years	3 years	5 years	Since inception
Fund standard deviation	5.82%	6.79%	7.36%		7.36%

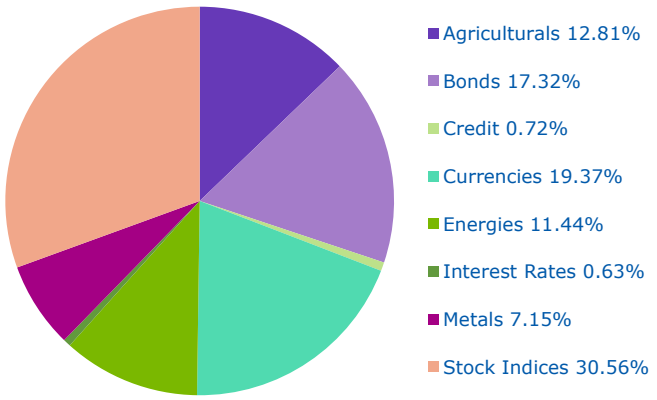
Performance charts



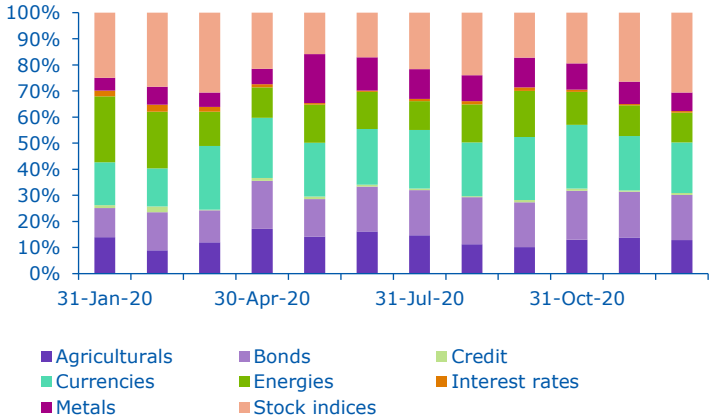
Performance contribution***



Risk allocation snapshot (as at 31 December 2020)**



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 Absolute Return 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 30 June. Please refer to the PDS for the actual performance fee paid in the last 12 months to 30 June. 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
Korean Kospi 200 Index	Stock Indices	Long
Natural Gas	Energies	Short
Soybean	Agriculturals	Long

Bottom markets

Market	Sector	Position
Indian Nifty Index	Stock Indices	Short
Turkish BIST 30 Index	Stock Indices	Short
FTSE China A50 Index	Stock Indices	Variable

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%

Commentary

Risk assets rallied strongly, bolstered by the deployment of several COVID-19 vaccines which fuelled global growth optimism. After months of negotiations, the US signed into law the second largest relief bill in its history and the UK and EU agreed to a post-Brexit trade agreement. Both agreements helped to boost market sentiment further while a global surge in coronavirus cases and hospitalisations counteracted some of these positive developments.

The main themes generating positive performance this month have been continued US dollar weakness as well as rallying commodities, particularly metals and agriculturals. Unsurprisingly, some of the Fund's best performing currency positions were longs in commodity sensitive regions such as Australia, Chile and South Africa. The Fund's long metals exposure generated gains, with the sector overall appreciating in price as the US dollar weakened. Soybeans reached a six-year high on export optimism and supply concerns as dry weather conditions continued in key growing areas in South America, rewarding the Fund's long exposures. In energies, the Fund's short natural gas position made strong gains as forecasters projected warmer trends and reduced heating demand while short positions in crude oil detracted from performance as prices soared as major oil producers agreed to continue production cuts.

Equity markets also appreciated strongly throughout the month, leading to gains from the Fund's small net long exposures. The Fund navigated the fixed income sector well, making gains, as the near-term optimism surrounding vaccinations, additional stimulus measures and a resurgent pandemic wave combined with the positive sentiment throughout the month led to mixed movements across core government bond yields.

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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