

Dear Partners/Investors,

The estimated net performance of **CFM Institutional Systematic Diversified Trust** was **-1.80670%** for June 2017 and **-0.06%** YTD. As specified in the significant event notice previously issued to investors, CFM ISDiversified Trust transferred all its assets from CFM ISDiversified Master Limited into RCFMDiversified Fund (a sub-fund of InRIS PLC) on May 15th 2017.

As of end-June 2017, CFM ISDiversified Trust at 6% volatility had equity of AUD51M, the CFM ISDiversified Program, which includes managed accounts, had AUM of US\$1.8bn in leveraged equity (US\$1.6bn in equity). CFM firm-wide AUM stood at US\$8.5bn in leveraged equity, or US\$6.7bn in equity.

MONTHLY RETURN - CFM ISDIVERSIFIED TRUST: -1.80670%

The returns of RCFM ISDiversified Fund's underlying strategies (Long Term Trend Following, Equity Market Neutral, Risk Premia) represent gross "carve-out" figures resulting from an internal performance attribution process.

Long Term Trend Following: -2.13%*

June was a difficult month for trend following with every asset class detracting from performance. The worst performer was interest rates at both ends of the curve, followed by equity indices, while commodity markets were negative in the grains sub-sector, positive in softs and flat elsewhere. Trend following applied to FX markets was only slightly negative in June.

Interest rates were given a jolt late in the month as the market picked up on central bank sentiment to pull back from loose monetary policy. The ECB underwhelmed markets early in the month by leaving interest rates unchanged, as expected, and announced no change to the central bank's asset purchase program. The Fed's announcement to raise rates mid-month by 25bp had also been widely anticipated and therefore created little response from the markets, the only tweak to the statement came in the form of a downward revision to inflation numbers. However, Mario Draghi delivered an upbeat speech at the ECB's annual conference during the last week of the month that provoked a buying spree in the single currency, bringing it to a 2017 high against the dollar, together with a jump in European yields as the market pre-empted a tapering of asset purchases. The head of the ECB fueled speculation as he stated that the central bank's loose policies would restore inflationary pressures in the Eurozone. Earlier in June, the UK saw inflation hit its highest level since 2013 as the falling value of the pound put ever more inflationary pressure on import prices, adding impetus to the move in interest rates with UK bonds also selling off. The last few days of the month saw a global move south across the world's developed fixed income markets, despite the ECB's best efforts to state that Mr. Draghi had been misunderstood. The move up in yields and down in prices was against the long term trend and therefore detracted from performance for the program.

Equity markets dropped at month-end in response to the perceived central bank unwind from loose policy. The epicentre of the move being in Europe resulted in the biggest sell-off for the Eurostoxx and FTSE markets and these were indeed the worst performers for the month. US markets were slightly negative for the program, while Asian equity indices delivered positively in June. The big mover in FX markets was the Canadian Dollar, which took flight against the greenback on anticipation of future rate hikes from the Canadian central bank.

Heading into the second half of the year, the program remains long equity markets and net long in fixed income albeit with a very mixed bag between longs and shorts in different geographical zones and points on the curve. The program has switched, from last month, to being slightly short dollar and remains slightly short commodities with a diverse bag of longs and shorts. The worst period of performance for the program was the last week of the month, when it lost 1.6% over the 5 days, predominantly on interest rate and equity markets.

Equity Market Neutral: -0.16%*

Momentum: -0.21%*

The US pool was the worst performing region, while the other zones were flat. From an industry sector perspective, Technology and Financial were the best and worst, respectively. No single-name event had significant impact on the total performance.

Value: +0.64%*

The Value program delivered positive performance in June, with the main contribution coming from the US. The portfolio profited from its long position on CA, Inc. stocks on June 21, when the shares of the enterprise software company surged about 15% after the media reported rumors of a merger with privately held BMC Software.

Quality: -0.59%*

The Quality portfolio ended the month negatively, after a string of positive numbers in the first week. Negative contributions came from the biggest pools (US and Europe), while the smaller pools (Australia and Canada) were positive.

The two most notable single-name events of the month were driven by large moves in the share price of Hawaiian Holdings. The traffic statistics reported by the airline company on June 7 caused the stock price to jump more than 10%. A week later, the company was downgraded to 'sell' by analysts as a competitor, United Continental Holdings, said it would increase capacity to Hawaii. This second event induced a 10% drop in the stock price and the loss made by the Quality book almost entirely offset the gain from the first event.

Risk Premia: +0.09%*

FX Carry Trade: -0.04%*

FX carry positioning produced negative performance in June with adverse moves in the Euro and the Canadian dollar detracting from performance, while the Mexican Peso and New Zealand dollar moved in the direction of the carry. The negative performance of the book came predominantly from the FX majors in June, with less developed markets delivering positively but not enough to offset the negative performance of their more developed counterparts. The Euro was weakened mid-month, by a dovish Mario Draghi staying put with an unchanged loose policy stance. The last week of the month saw a Euro rally as the ECB president delivered a bullish speech on the performance of the EU economy and on the prospects for a return of inflation. The move led to negative performance for the program with the Euro being a funding currency. The Canadian dollar also took flight in June on the back of speculation that the Canadian central bank will raise rates. The Loonie is also a funding currency and the move therefore also detracted from performance for the program. The Mexican Peso continued on its post-Trump election northward trajectory in June, contributing positively to FX Carry performance on its way. The New Zealand dollar moved north on the back of good economic performance and future central bank rate rises. The worst period for performance came in the last week of the month when the program lost 0.4%.

Short Volatility: +0.13%*

June was positive for the risk controlled, diversified, systematic short, delta-hedged option program. All positions delivered positively through the month with the exception of the Nikkei 225 and S&P 500 options. The big news of the month was undoubtedly the sell-off in fixed income markets at month-end on the back of market perception that central bank unwinds of loose policy were imminent. The VIX stayed low through June and only slightly increased at month-end. Equivalent implied volatility indices in Japan and Europe increased somewhat more but not enough to create a significant difference to performance. The increase in implied volatility was notable in US 10-year options. This increase, however, still led to the best performance of the month coming from the program's short delta-hedged 10-year treasury option positioning. The results of the UK general election seemed to make little difference to the markets with performance in GBP options being slightly positive. An increase in Euro implied volatility was more marked at month-end with performance on Euro options, nevertheless, remaining positive. The worst period of performance was the last week of the month, when the program lost 0.2%.

Please feel free to contact us for any additional information or with any questions you may have.

The Board: Jean-Philippe Bouchaud, Philippe Jordan, Laurent Laloux, Marc Potters, Jacques Saulière

*Note : * gross carved-out figures*

Unit Price **A\$.98318**
 June ROR **-1.81 %**
 Year to date ROR **-0.06 %**
 FUM ISD Trust **A\$51m**
 FUM¹ Master **US\$940m**

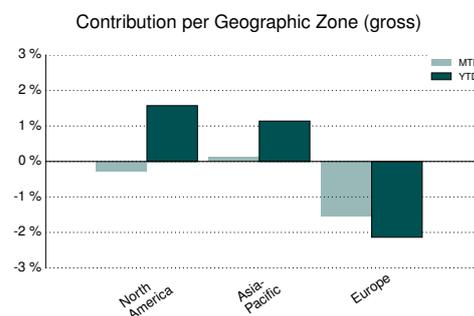
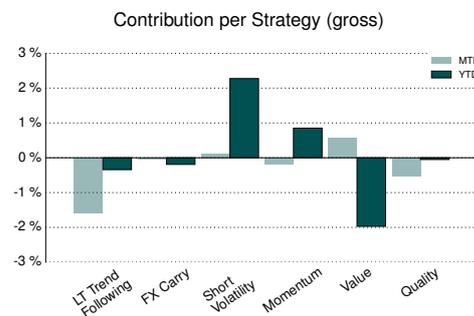
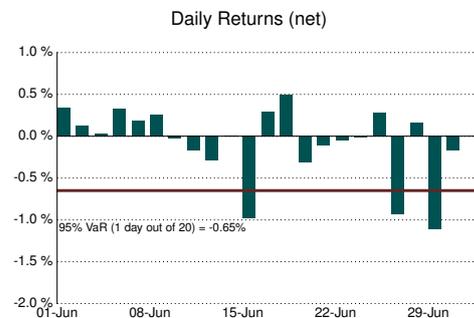
Estimated Monthly Report - June 2017

Fund Details

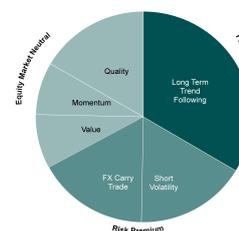
Fund Objective	To achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Fund targets a Sharpe Ratio exceeding 0.8 over the investment cycle.
Benchmark	N/A
Inception Date	11 Nov 2015
APIR	PIM0034AU
Mgt Fee	1 %
Performance fee	10 %
Buy/sell	N/A
Min Investment	\$ 50,000
Distribution frequency	Yearly as at 30 June
Pricing	Weekly
Investor time horizon	3 - 5 years

CFM ISDiversified Strategies

Futures	Long Term Trend Following: momentum in five asset classes
Risk Premia	FX Carry Trade: long high-yielding currencies; short low-yielding currencies Short Volatility: short delta-hedged options at constant risk
Equity Market Neutral	Momentum: long term trend on stock residuals Value: long value (low price to fundamentals) and short growth (high price to fundamentals) Quality: assessing stock quality using fundamental data



Risk Allocation by Strategy



Monthly Returns since Inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015											0.0	-0.5	-0.5
2016	1.5	-0.2	-0.1	-3.1	0.9	-1.1	1.3	0.5	1.0	-0.2	-1.5	0.1	-1.1
2017	-0.3	2.3	-0.5	0.5	-0.2	-1.8							-0.1

Performance Figures (%)

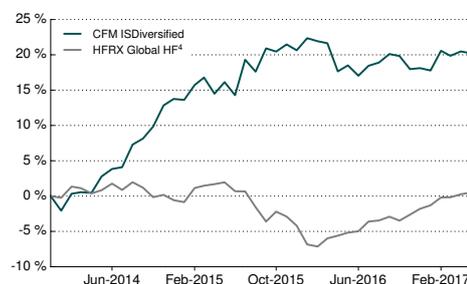
	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (annualised)
CFM ISDiversified Trust ²	-1.5	-0.1	-0.1	1.2			-1.0
Offshore strategy in USD ³	-1.5	0.0	0.0	0.9	1.6	4.4	4.9

OFFSHORE STRATEGY IN USD ³

Performance Analysis

	Since Inception	Last 12 months
Total Cumulative Return	18.1 %	0.9 %
Annualized Rate of Return	4.9 %	0.9 %
% of Positive Months	57.1 %	50.0 %
Best Month	4.4 %	2.4 %
Worst Month	-3.3 %	-1.8 %
Peak to Valley Drawdown	-4.3 %	-2.1 %
Annualized Standard Deviation	5.5 %	4.0 %
Sharpe Ratio	0.8	0.1
Correlation ⁵ between ISDiversified and		
HFRX Global HF ⁴	0.32	0.36
Barclay's Global Agg ⁶	0.15	0.26
MSCI World Index ⁷	0.23	0.36

Cumulative Returns since Inception



Monthly Returns since Inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-2.1	2.4	0.2	-0.1	2.3	1.0	0.2	3.1	0.8	1.6	2.7	0.8	13.8
2015	-0.1	1.9	0.9	-2.0	1.4	-1.6	4.4	-1.4	2.8	-0.4	0.8	-0.7	6.1
2016	1.4	-0.4	-0.2	-3.3	0.7	-1.2	1.2	0.4	1.0	-0.2	-1.5	0.1	-2.1
2017	-0.3	2.4	-0.6	0.5	-0.2	-1.8							0.0

CONTACTS

Tel: 1800-435-788

web: CFMAltBeta.com.au

e-mail: cfm@cfmaltbeta.com.au

IMPORTANT DISCLOSURES

This document is issued by Capital Fund Management LLP ("CFM LLP") in relation to the CFM Institutional Systematic Diversified Trust (the "Fund"). Pursuant to ASIC Class Order 03/1099, CFM LLP, the investment manager of the Fund, is exempt from the requirement to hold an Australian financial services license under the Corporations Act. CFM LLP is regulated by the UK Financial Conduct Authority under the law of England and Wales, which differ from Australian laws. The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 ("Perpetual") is the trustee of, and issuer of units in the Fund. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund. CFM LLP accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the applicable Product Disclosure Statement of the Fund. Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. An investment in the Fund carries significant risk of loss. Neither CFM LLP nor Perpetual guarantee repayment of capital or any particular rate of return from the Fund. Neither CFM LLP nor Perpetual give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of CFM LLP as at the date of this document and are subject to change without notice.

¹ FUM based on the equity of the R CFM Diversified Fund.

² Returns based on the official NAV of CFM Institutional Systematic Diversified Trust - AUD 6% Volatility.

³ The benchmark fund is CFM Institutional Systematic Diversified Fund LP - USD 6% volatility

⁴ HFRX Global Hedge Fund Index

⁵ Correlation coefficients are calculated using daily time series

⁶ Barclays Capital Global Aggregate Bond Index USD Hedged Standard Leverage

⁷ MSCI World Index USD Daily Total Return Net