Dear Partners/Investors,

CFM Institutional Systematic Diversified, an equally weighted allocation to CFM's Institutional Systematic suite of products, had estimated net performance of **+1.43%** MTD. As of end-January 2016, CFM ISDiversified had leveraged AUM of US$248m, the IS products in total had leveraged AUM of US$565m and CFM firm-wide leveraged AUM stood at US$6.5bn.

MONTHLY RETURN ATTRIBUTION

CFM ISDiversified: +1.43%

Long-Term Trend Following: +1.14%

Interest rate sectors at both ends of the curve and currencies led the way in January trend performance. Equity indices delivered negative performance due to a handful of developed market longs, while commodity trends were good in the energy markets and mixed elsewhere.

2016 started on the back foot with the worst first day start to the year since 2001 for the S&P 500. The month-start volatility was triggered by an almost 7% fall in China's Shanghai Composite Index on 4 January with subsequent weakness in the Renminbi accompanied by a widening spread between onshore and offshore exchange rates. A collapse in crude prices under the weight of the glut of oil producing nations and the arrival of Iranian oil to the market place following the lifting of sanctions also adversely affected market sentiment. Equity and crude correlation is now at 28%, showing how low oil prices currently act as a drag on the global economy. Equities finished the month negatively, with positive performance from short positions insufficient in offsetting losses from longs in the most developed economy indices: S&P, NASDAQ, Nikkei and DAX.

Market stress drove German, American and Japanese bonds higher, while central banks played their part with a dovish statement from the ECB and, in particular, the BoJ, pushing rates into negative territory and providing further support to bonds and to equity indices at month-end. The BoJ surprised markets with its forthright action, the Yen swinging violently from rising with the initial flight-to-quality regime at the beginning of the month, to investors shunning its newly unattractive interest rate following the announcement. Long positions in bonds and STIR futures made the interest rate sector the best performer of the month.

Commodity and China-sensitive currencies also sold off through January, providing good performance for the trend in the Australian and New Zealand dollar and also for the Mexican Peso. The British pound dropped, providing positive performance for short positions, as the market became wary of the possibility of Brexit from the EU. The continuing deterioration in energy prices proved profitable for trending. Brent crude dropped below $35 per barrel for the first time since 2004 as Iran came back to the market, following economic sanctions, thus contributing further to the glut. Other commodity markets proved more difficult to navigate for the trend as prices generally stayed directionless.

The best day for the program was 15 January with performance coming equally from all sectors, with the exception of flat performance on equity indices, as crude and equities sold off and bonds rose at close to the peak of the January market stress. There were no particularly big negative days in January. February sees all equity indices, with the exception of the mini NASDAQ, in a short position, while all bonds and STIR contracts remain long. The program also remains globally long dollar and short commodities.

Risk Premia: -0.82%

<u>FX Carry Trade: -0.51%</u>

January market tension translated into negative performance for the FX carry; the worst performing currency was the Mexican Peso, followed closely by the New Zealand Dollar. Both currencies, China, oil and commodity sensitive, fell in a month dominated by volatility originating predominantly in China and the program's long positions suffered as a result. The best performing currencies were short positions in the British Pound and the Swiss Franc; the British pound dropped on speculation of a potential Brexit from the EU. The program's short Canadian Dollar positions finished the month flat, following good performance until the country's central bank announcement; the Bank of Canada surprising the market by leaving rates unchanged at its mid-month meeting. January 7 and 15 were the biggest negative days for the program and delivered a similar level of negative performance. Both days were tense risk-off/flight-to-quality affairs with Crude and equities falling and bonds rising.

23 rue de l'Université - 75007 Paris - France - T. +33 1 49 49 59 49 - F. +33 1 47 70 17 40 - cfm@cfm.fr - www.cfm.fr

Short Volatility: -0.32%

Tension in the markets proved difficult for short volatility positions to navigate with the program losing in all sectors except currencies. The worst performer was commodity volatility followed closely by equity index volatility.

Oil continued its precipitous decline through the month, as oil pumping nations continued to glut out. Supply is also now being further augmented by tankers setting sail from a newly sanction free Iran. Crude implied volatility spiked in January, with the CBOE/NYMEX WTI Volatility Index reaching a high of 67 points, representing an increase of almost 50% since the end of 2015. Being short Crude volatility proved the worst performer in January.

Equity index volatility rose at the beginning of the month with the dramatic declines in stocks triggered by the Chinese sell off but also a general risk-off tone, with oil falling ever further towards prices not seen since 2004. The VIX rose to a high point of 27 points mid-month, somewhat short of the August high, with equity volatility generally being higher in Asia. This is a difficult environment for a short volatility book and the program's mini S&P volatility positions were the second worst performer.

Bonds took flight in January, as is customary for this type of market stress, but central banks were fairly active in January as well, playing their part in pushing prices higher. The program's short 10 year volatility positions also lost money. The program's short currency volatility positions meanwhile returned overall flat performance with Euro positioning providing uplift that was offset by negative British pound performance, as British pound volatility rose pending the result of the referendum on a possible Brexit.

Equity Market Neutral: +1.11%

Momentum: -0.01%

The Momentum program was slightly negative this month, despite relatively good performance in Europe. The most notable single-name event was on Under Armour, Inc., on 28 January when the shares of the global retail distribution company rose by 22% after they reported better-than-expected Q4 fiscal revenues. As the market value of the company had increased consistently last year, the system held a long position and made a profit from the jump.

Value: +0.55%

Value models performed very well in the US and were flat elsewhere. Industry-wise, the best and worst contributions came from Consumer, Non-Cyclical and Financial, respectively. The good performance of the Value cluster this month is mainly due to the low-risk models, which were able to take advantage of the volatile market environment.

Quality: +0.57%

The Quality program was positive across all geographical areas, with the best contributions coming from Japan and the US. The best and worst sectors were Industrial and Technology, respectively. The worst single-name loss of the month was on the Under Armour Inc. event mentioned above, as the system turned out to be short on 28 January. However, the program made a sizeable profit out of the 15% down-move of Harman International Industries on the same day, after the audio products technology company reported disappointing results for the previous quarter.

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

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

CFM

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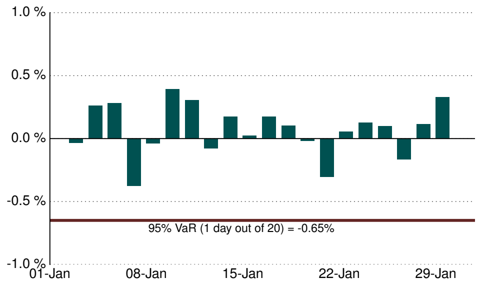
CFM ISDiversified Trust
Systematic Alternative Beta

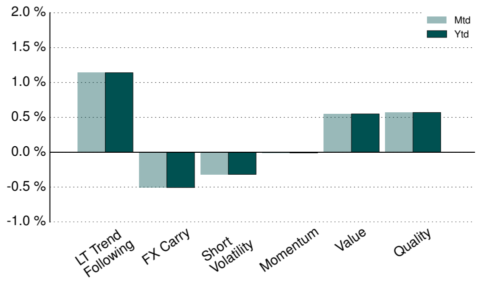
Estimated Monthly Report - January 2016

January ROR	**+1.53 %**
Year to date ROR	**+1.53 %**
FUM ISD Trust	**A$29m**
FUM ISD Strategy	**US$248m**

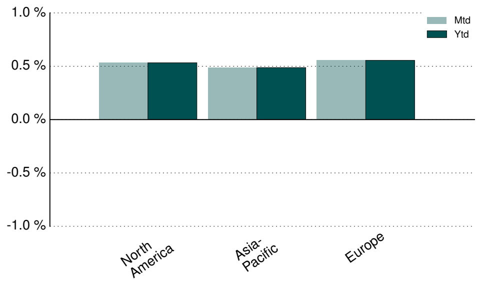
Daily Returns (net)



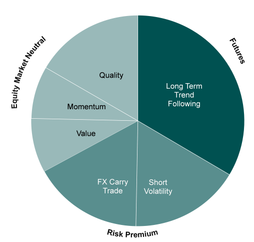
Contribution per Strategy (net)



Contribution per Geographic Zone (gross)



Risk Allocation by Strategy



Fund Details

Fund Objective	The Fund's investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Fund attempts to achieve this objective by investing equally weighted in three underlying multi-strategy portfolios: trend following, equity market neutral, and risk premia.
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
FUM * Fund A$ * Firm wide strategy	 A$29m US$248m

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

Monthly Returns since Inception (%) [6]

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015											0.0	-0.5	-0.5
2016	1.5												1.5

Performance Figures (%)

	1 month	3 months	Calendar YTD	1 Year	2 Years (annualised)	Since Inception (annualised)
CFM ISDiversified Trust [6]	1.5	1.0	1.5			3.9
Benchmark offshore strategy in USD [5]	1.4	1.6	1.4	7.7	11.8	10.2

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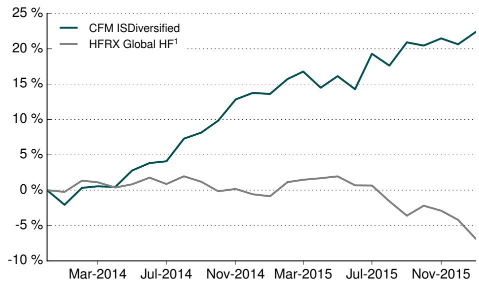
BENCHMARK OFFSHORE STRATEGY IN USD [5]

Performance Analysis

	Since Inception	Last 12 months
Total Cumulative Return	22.4 %	7.7 %
Annualized Rate of Return	10.2 %	7.7 %
% of Positive Months	68.0 %	58.3 %
Best Month	4.4 %	4.4 %
Worst Month	-2.1 %	-2.0 %
Peak to Valley Drawdown	-2.1 %	-2.1 %
Annualized Standard Deviation	5.7 %	6.6 %
Sharpe Ratio	1.7	1.1
Correlation[2] between ISDiversified and		
HFRX Global HF[1]	0.42	0.26
Barclay's Global Agg[3]	0.07	0.31
MSCI World Index[4]	0.31	0.12

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												1.4

CONTACTS
Tel: 1800-435-788
web: CFMAltBeta.com.au
e-mail: cfm@cfm.fr

IMPORTANT DISCLOSURES

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1 HFRX Global Hedge Fund Index
2 Correlation coefficients are calculated using daily time series
3 Barclays Capital Global Aggregate Bond Index USD Hedged
4 MSCI World Index USD Daily Total Return Net
5 The benchmark fund is CFM Institutional Systematic Diversified Fund LP - USD Standard Leverage
6 Returns based on the official NAV of CFM Institutional Systematic Diversified Trust - AUD Standard Leverage

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SIGNATORY
May '15