Dear Partners/Investors,

CFM Institutional Systematic Diversified, an equally weighted allocation to CFM's Institutional Systematic suite of products, had estimated net performance of **-0.35%** MTD and **+1.07%** YTD. As of end-February 2016, CFM ISDiversified had leveraged AUM of US$258m, the IS products in total had leveraged AUM of US$613m and CFM firm-wide leveraged AUM stood at US$6.7bn.

MONTHLY RETURN ATTRIBUTION

CFM ISDiversified: -0.35%

Long-Term Trend Following: -0.17%

The commodity and bond sectors led the field this month as trending in energy and bond futures proved lucrative. FX, equity indices and short rate futures were left to play catch up in another volatile month amid concerns over global growth and disinflation and central banks' increasingly ineffective arsenal.

The program continues to be long bonds and benefited from the global flight to quality pattern in February, making the bond sector the best performer of the month. The JGB, in particular, took flight, although presumably more due to the Bank of Japan's January decision to extend their loose policy with a move to negative rates; the program's JGB positioning was the biggest earner in the bond sector. Performance was slightly negative at the short end of the curve. The Bank of Canada's reluctance to cut rates led to losses for the program's Canadian BAX futures positions.

Crude experienced a volatile month, with oil producing nations attempting to multilaterally reduce output, but, following an initial fall, saw out the month flat providing little contribution to performance for the program's short positions. US Natgas futures moved to lows not seen since 1999 against a backdrop of historical storage highs and warm weather forecasts in the US. This environment was good for trending and the energy sub-sector was the best performer for the program, principally due to Natgas. Gold rallied early in February as the dollar collapsed and the market sought a haven from volatility. Precious metals were the worst performing commodity sub-sector in February.

The Yen recovered spectacularly at the beginning of the month following the currency's collapse after the Bank of Japan's surprise move to negative rates in January. The Japanese currency benefitted from an overall dollar fall on the back of poor economic data and doubts over the Fed's future rate hikes, but also a stressed environment generally leads to Yen gains and February was no exception. The currency sector was the worst performing asset class for the program and the Yen was the worst performing currency. The Canadian dollar was the second biggest loser, as the program's short positions suffered with the dollar's tumble and the loonie's relative strength with the Bank of Canada staying put with rates.

Equities tumbled at the start of the month as economic data signaled a tough start to the year and crude continued to fall. The strength of the crude-equity correlation revealed itself once more as a recovery took hold in both in the second half of the month. Equity index performance was flat across most contracts and overall negative, principally due to the program's Nasdaq positions - our trend signal beginning February with long positions, the only index to be long, and flipping mid-month, resulting in overall losses on the contract.

The program's returns remained controlled in February, the risk control system navigating the volatility well. The worst day was February 17, the program returning -1.2%, as Crude began its rebound leading to losses in the energy sector and for Canadian dollar and Mexican Peso shorts. Heading into March, the program is full short equity indices, long bonds and STIR futures, short commodities and long the dollar.

Risk Premia: -0.67%

FX Carry Trade: -0.16%

Heightened volatility in February provided big moves in the world of FX. The themes of the month: a globally falling dollar as bad economic news supported the case for the Fed to hold off on further rate rises; the Yen rising on the back of a flight to quality move; the pound falling following the announcement of the UK's referendum on EU membership.

The biggest losers for the program were the Yen and Swiss Franc shorts. The Yen reversed strongly from its collapse following the Bank of Japan's surprise move into the world of negative rates last month into flight to quality mode, benefitting from a dollar fall, but also appreciating as tension in the market remained high. The Swiss Franc also rose, with it too also being a traditional haven from market volatility. The New Zealand dollar rallied at the start of the month and stayed high providing the program's long positions with its best performance in February.

The risk of the book was well distributed through February with no particular outlier days. The best performance came on February 17, primarily due to a long Mexican Peso position, as the Mexican central bank increased rates by 50bp to protect the currency against a rout created by the weakness of crude.

Short Volatility: -0.51%

February was another volatile month with growth concerns and oil-fueled uncertainty. Equity indices and crude remained close, each falling at month-start and subsequently recovering. The dollar also fell at the start of the month as poor economic data pointed to a less hawkish Fed. Short volatility positions lost in every asset class in February with FX being the worst, followed closely by commodities, while equity index and bond option positions were only slightly negative.

The euro rollercoastered in February, reacting initially to a global dollar move in the first half of the month and subsequently falling in value on the prospects of further ECB easing and a rebound in US industrial production data. The British Pound suffered more in February with the market negatively perceiving the possibility of Brexit, with the date for the UK referendum on the subject fixed to be June 23. Implied volatility in both currencies rose by 50% through the month creating a difficult environment for short volatility positions. Being short FX volatility proved to be a difficult trade in February, euro options being the worst offender for the negative performance.

Crude prices regained mid-month losses to see out the month relatively flat as oil producing countries attempted to get a consensus for a supply cut. This uncertainty was reflected in the implied volatility which spiked at new highs mid-month and remains elevated. Losses in commodity short volatility positioning came predominantly from gold options however, the yellow metal soaring in February, helped by a falling dollar and a global flight to quality. Gold implied volatility also rose, and although it fell a little mid-month, remains elevated heading into March.

Equity index volatility rallied in the first half of the month and subsequently fell back in the second half. Mid-month peak volatility was highest in Europe and Japan with the VIX only reaching 27 points compared to the equivalent Nikkei volatility index reaching 50 points. Despite this heightened volatility, being short Nikkei options delivered positively while other short positions were negative. US ten year bond implied volatility exhibited a similar pattern, peaking mid-month but falling back to levels seen at month-start. Short ten year option positions were slightly negative in February.

Despite the month's volatility, the distribution of returns for the program remained within the expected statistical envelope. The tension in the markets, however, provided three negative days of note. The worst day occurred on February 11, the program losing 2.6%, when gold implied volatility was at the height of its rally and losses arose mainly due to the program's gold option positions. The program lost 2.3% on February 3 and 2.1% on February 8, both days being primarily due to short euro positions as euro implied volatility took flight.

Equity Market Neutral: +0.49%

Momentum: -0.64%

The global momentum sell-off at the beginning of the month had a strong impact on month-end performance, which was negative on all geographical pools. The best and worst industry sectors were Consumer, Non-Cyclical, and Consumer, Cyclical, respectively. The most notable single-name event was on February 23, when share prices of the US biotech company, PTC Therapeutics, declined as much as 60% and allowed the Momentum program to profit from its short positions. This drop was the market reaction to the PTC announcement that it had received a Refuse to File letter from the United States Food and Drug Administration regarding PTC's New Drug Application for Translarna for the treatment of muscular dystrophy.

Value: +0.63%

Value was strongly anti-correlated to Momentum through the last month and ended up in positive territory in the US, while being slightly negative in Europe and Japan. The most impressive single-name event was on LinkedIn on February 5, when shares of the professional social network plunged 42% after a disappointing Q4 earning call. This led to an overall slide in technology stocks, along with declines among cloud computing companies. As a consequence of the move, the Value cluster made a profit from its short positions.

Quality: +0.50%

The Quality cluster performed well in the US and Europe, while it was negative in Japan. The best and worst sectors were Industrial, and Utilities, respectively. The LinkedIn drop led to a positive performance for the program, which held short positions based on balance-sheet indicators. This month the Quality cluster has undergone a small revamp, formalizing the construction of the strategy into three sub-clusters – profitability, accruals and earnings momentum. This implementation is consistent with those found in the academic and broker literature and results in a slight reduction in trading frequency, falling to 1% of the gross market value or equivalently a 100 day turnover for the portfolio. The correlation with the previous implementation remains high.

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 ISDiversified Trust
Systematic Alternative Beta

February ROR	**-0.24 %**
Year to date ROR	**+1.28 %**
FUM[1] ISD Trust	**A$25m**
FUM[1] ISD Strategy	**US$258m**

Estimated Monthly Report - February 2016

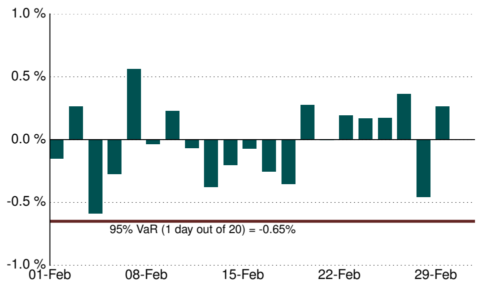
Fund Details

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$25m US$258m

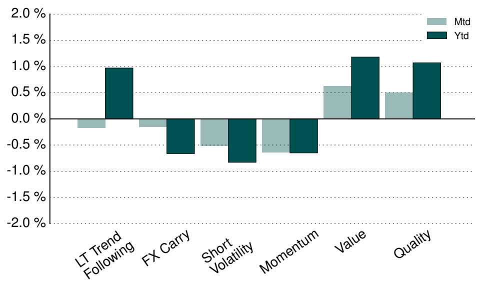
CFM ISDiversified Strategies

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

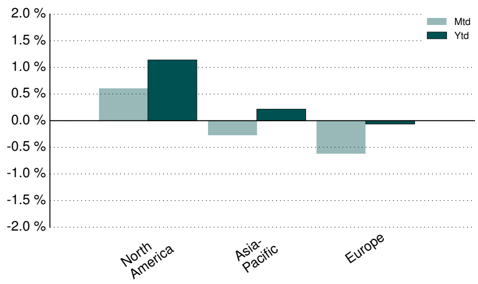
Daily Returns (net)



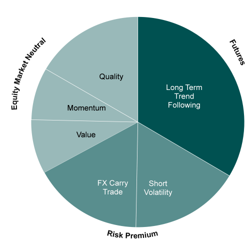
Contribution per Strategy (net)



Contribution per Geographic Zone (gross)



Risk Allocation by Strategy



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	-0.2											1.3

Performance Figures (%)

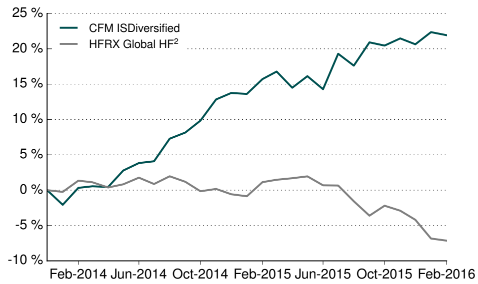
	1 month	3 months	Calendar YTD	1 Year	2 Years (annualised)	Since Inception (annualised)
CFM ISDiversified Trust [7]	-0.2	0.7	1.3			2.2
Benchmark offshore strategy in USD [6]	-0.4	0.4	1.1	5.4	10.2	9.6

BENCHMARK OFFSHORE STRATEGY IN USD [6]

Performance Analysis

	Since Inception	Last 12 months
Total Cumulative Return	21.9 %	5.4 %
Annualized Rate of Return	9.6 %	5.4 %
% of Positive Months	65.4 %	50.0 %
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	1.64	0.82
Correlation[3] between ISDiversified and		
HFRX Global HF[2]	0.41	0.24
Barclay's Global Agg[4]	0.09	0.32
MSCI World Index[5]	0.28	0.09

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											1.1

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IMPORTANT DISCLOSURES

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

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