

Dear Partners/Investors,

CFM Institutional Systematic Diversified Trust, an equally weighted allocation to CFM's Institutional Systematic suite of products, had estimated net performance of **-0.2393%** MTD.

As of end-January 2017, at 6% volatility, the CFM ISDiversified Strategy had AUM of US\$636m, the ISD Program, which includes managed accounts, had AUM of US\$1.5bn, while CFM firm-wide AUM stood at US\$7.5bn.

Laurent Laloux will officially join us on the Board of Directors of the firm in Q2 2017 and become our CPO (Chief Product Officer), in order to better align our IT resources with our heavy research agenda. He will continue to oversee our Equity strategies in a transitional capacity. Going forward we will redesign our research effort into 3 teams:

1. **Alpha** team headed by Julien Kockelkoren, co-Head Gilles Zerah and Research Head - Yves Lempérière.
2. **Alternative Beta**: Strategy Head - Philip Seager and Research Head - Stefano Ciliberti.
3. **Execution**: Head - Joachim de Lataillade (in charge of Alternative Beta Best Execution) and Co-Head - Zoltan Eisler (in charge of Alpha Best Execution).

Marc Potters has been building models, managing research teams and increasingly been involved in the general management of the firm since 1995, which has inevitably caused him to focus less on fundamental research. He has chosen to take a temporary step back from the day-to-day management of the firm to once again dedicate himself to the challenges offered by fundamental research. He will be joining Terence Tao at UCLA in Los Angeles in the fall of 2017 as an adjunct professor, and will be working on some of the most advanced research projects of our era. Marc will remain co-CEO and will be back in Paris in the summer of 2018.

MONTHLY RETURN - CFM ISDIVERSIFIED TRUST: -0.2393%

The returns of CFM ISDiversified'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: +0.28%

The program was positive in January with only interest rates delivering negatively. The commodity and equity index sectors were the main positive contributors to performance. 2017 got off to an interesting start as US President Donald Trump's inauguration put US diplomatic relations, infrastructure projects and border control policy into the world's headlines.

The program's positioning in equity indices brought the most positive performance in January, in particular due to long positions in US and Asian indices. The biggest contributor was the Nasdaq 100 in the US, with the S&P 500 not far behind, while in Asia, longs in Taiwan, Hong Kong and Korea also performed well. The Hang Seng, in particular, had a stellar start to the year, rising 6% in sympathy with a rising stock market in mainland China. Commodity markets also provided good conditions for trend following in being the second best performer in January. The best performing sub-sector was softs, followed by metals. Certain infrastructure related commodities have been given a boost since the advent of the Trumpflation promise of extra US infrastructure spending. In January this translated into a boost for long Copper positions while precious metals detracted, principally due to short positions in Platinum and Gold, both reacting inversely to the month's dollar decline. TOCOM Rubber contracts continued to rally, creating positive cashflow for the program's longs while the NYBOT's Coffee and Cotton provided good performance for soft commodity longs.

The interest rate sector detracted from performance, primarily due to long positioning in German sovereign bond futures. German inflation numbers ticked up in January reducing pressure on the ECB to pursue aggressive easing policies and German bond prices correspondingly fell through the month, despite a dovish ECB. The currency sector provided flat performance for the program with the British Pound being the main detractor. Positioning remains short in Sterling, consistent with the price pattern of a depreciating pound post-Brexit while the second half of January saw a rising British currency detracting from performance. The best contributing currencies for the program were due to Australian and New Zealand dollar longs.

Heading into February, positioning remains net long in equity indices, net short bonds although the program remains long German bonds, well diversified in the commodity sector with a close to zero net exposure and overall long US dollars. Performance was well distributed through the month with no particular outliers in either direction.

Equity Market Neutral: -0.62%

Momentum: +0.47%

The Momentum strategy was positive in all geographic zones this month; the best and worst industry sectors were Basic Materials and Financial, respectively. The system made a profit on 18 January when shares in publishing company Pearson Plc tumbled as much as 28% in trading after the company cut its profit forecast in an unscheduled announcement.

Value: -0.76%

The Value program suffered across all geographical pools and all industry sectors this month. On 9 January, the shares of AMAG Pharmaceuticals, a biopharmaceutical company primarily focused on maternal health, fell by more than 30% when management provided investors with a smaller-than-expected estimate for the full-year revenue, triggering an analysts' downgrade for the stock; the Value program held a long position which led to a loss.

Quality: -0.33%

The Quality cluster's performance was mixed this month: down in US, up in Japan, and flat in Europe. Best and worst sectors were Industrial, and Consumer, Cyclical, respectively. The program had its worst single-name performance on 19 January when the shares of Zodiac Aerospace jumped more than 20% after the aircraft manufacturer Safran SA agreed to buy the French aeronautical company. On the positive side, the portfolio benefited from the tender offer made by Johnson & Johnson on 26 January to acquire the Swiss biopharmaceutical company Actelion Ltd, whose share value appreciated by a 20% premium after the news was announced.

Risk Premia: +0.06%

FX Carry Trade: -0.36%

Performance was negative in January with Australian dollar positioning being the best performer while positions on the Turkish Lira detracted most. The newly inaugurated US president, Donald Trump, tried to talk down the value of the dollar in January with even a hawkish Janet Yellen unable to reverse the course of the greenback. The Australian dollar took flight through the month on the back of the US dollar weakness and higher commodity prices, generating positive cash flow for the program's long positions. The Euro rose in value in January, detracting from performance, moving against the program's short positions in the financing currency. The Turkish Lira has been suffering over the past few months and January continued the theme as the currency fell to new lows against a backdrop of security concerns and a slowing economy. The Turkish president, Recep Tayyip Erdogan, declared war on speculators, asking the central bank to thwart currency speculators. The Brazilian Real rallied through January and brought positive performance for the program's longs. The currency was given a lift by the country's central bank, who bought 750mio dollars' worth of currency swaps, with the promise of more to come, a move that more than compensated for the larger than expected interest rate cut. The worst day of the month was on 5 January, primarily due to strong moves north for the triumvirate of European majors – the Euro, the Swiss Franc and the British Pound.

Short Volatility: +0.42%

Performance was positive for short hedged option positions on every underlying except the British Pound. Continued uncertainty regarding the form of the UK's Brexit from the EU created a spike in Sterling implied volatility mid-month, which, in turn, created a challenging environment for a short volatility position; losses were nonetheless small. Short Euro option positions delivered positively on the other hand, with implied volatility falling throughout the month. The best performing sector was equity index volatility, with shorts bringing positive performance across all underlyings. S&P 500 option positioning brought the most performance, followed by DAX and Eurostoxx options in Europe and Nikkei options in Japan. Despite an uncertain political environment, the VIX remained low through January and short option positions were profitable. Commodity option shorts also provided positive performance in equal amounts between Gold and Crude positions. Performance was well distributed through the month, with no particular outlier days.

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

Unit Price A\$.98126
 January ROR -0.26 %
 Year to date ROR -0.26 %
 FUM ISD Trust A\$49m
 FUM¹ ISD Strategy US\$636m

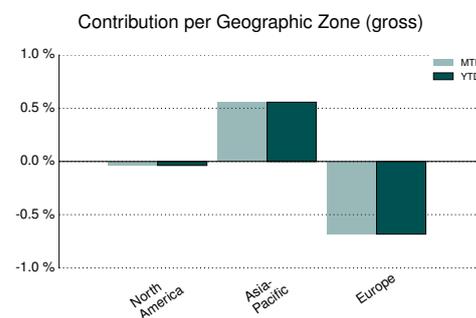
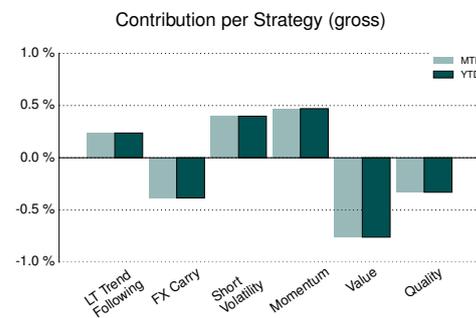
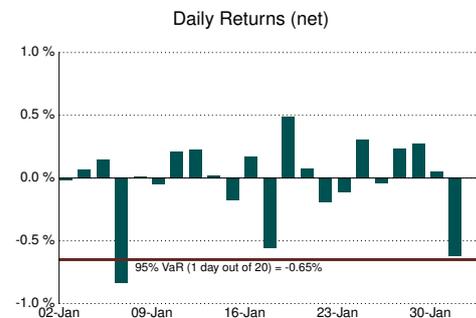
Estimated Monthly Report - January 2017

Fund Details

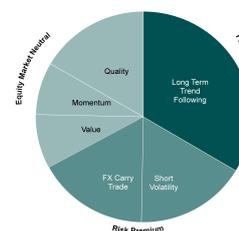
Fund Objective	To achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Fund targets a Sharpe Ratio exceeding 0.8 over the investment cycle.
Benchmark	N/A
Inception Date	11 Nov 2015
APIR	PIM0034AU
Mgt Fee	1 %
Performance fee	10 %
Buy/sell	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												-0.3

Performance Figures (%)

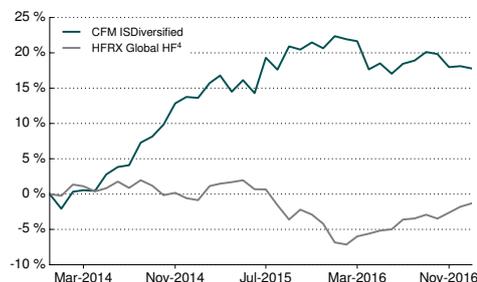
	3 months	6 months	Calendar YTD	1 Year	2 Years (annualised)	Since Inception (annualised)
CFM ISDiversified Trust ²	-1.6	-0.3	-0.3	-2.8		-1.5
Offshore strategy in USD ³	-1.7	-0.6	-0.3	-3.7	1.8	5.5

OFFSHORE STRATEGY IN USD ³

Performance Analysis

	Since Inception	Last 12 months
Total Cumulative Return	17.8 %	-3.7 %
Annualized Rate of Return	5.5 %	-3.7 %
% of Positive Months	59.5 %	41.7 %
Best Month	4.4 %	1.2 %
Worst Month	-3.3 %	-3.3 %
Peak to Valley Drawdown	-4.3 %	-4.3 %
Annualized Standard Deviation	5.6 %	4.3 %
Sharpe Ratio	1.0	-
Correlation ⁵ between ISDiversified and		
HFRX Global HF ⁴	0.31	0.02
Barclay's Global Agg ⁶	0.16	0.35
MSCI World Index ⁷	0.21	-0.03

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												-0.3

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IMPORTANT DISCLOSURES

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¹ FUM based on the leveraged equity of the Master fund of CFM ISDiversified.

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