Fund Fact Sheet

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CFM ISDiversified Trust

Alternative Beta
January 2018

Fund objective

CFM Institutional Systematic Diversified (ISDiversified) is a multi-strategy Alternative Beta program which aims to deliver positive returns over the long term with low historical correlation to traditional asset classes. The program is composed of strategies that have been observed to persist over long periods of time and is invested across three strategies: Trends, Equity Market Neutral and Risk Premia.

Key facts [1]

A$1.05053	Unit Price
+0.24%	January ROR
+0.24%	Year to date ROR
A$58m	FUM ISD Trust
US$1.7bn	FUM Master

Key benefits

- A diversified multi-strategy approach
- Risk managed to a target volatility
- Low historical correlation to traditional asset classes
- Aims to provide cost effective access to alternative strategies

ISD Trust monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015											0.0	-0.6	**-0.6**
2016	1.5	-0.2	-0.1	-3.1	0.9	-1.1	1.3	0.5	1.0	-0.2	-1.5	0.2	**-1.1**
2017	-0.3	2.3	-0.5	0.5	-0.2	-1.8	2.8	2.1	-1.2	2.6	-0.3	1.3	**7.4**
2018	0.2												**0.2**

Performance figures (%)

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISDiversified Trust	1.2	4.7	0.2	7.9	2.4		2.6
Offshore strategy in USD	0.0	4.0	-0.6	5.9	1.0	3.2	5.6

Fund details

Inception date:	11 Nov 2015
AIPR:	PIM0034AU
Management fee:	1%
Fund expenses:	Capped at 0.3%
Performance fee:	10%
Buy/sell:	N/A
Min investment:	A$50,000
Distribution frequency:	Yearly as at 30 June
Pricing:	Daily
Investor time horizon:	3-5 years
Benchmark:	N/A

CFM overview

QUANTITATIVE SYSTEMATIC ASSET MANAGER

OFFICES IN **PARIS | LONDON | NEW YORK | TOKYO**

FOUNDED IN **1991**

AUM ACROSS ALL PROGRAMS **US$11.8 BILLION**

CFM approach

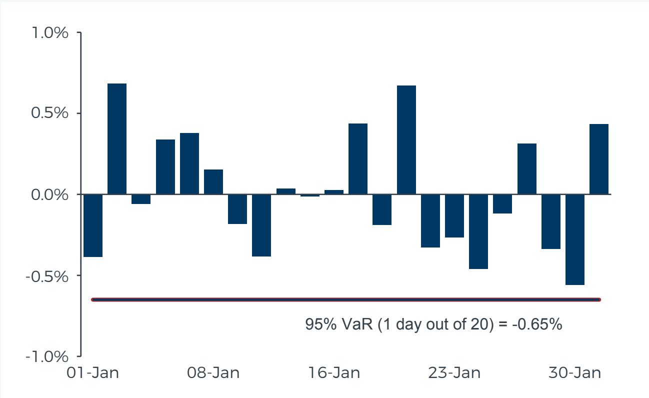
Research
A dynamic research team dedicated to developing new strategies, improving execution algorithms and refining portfolio construction techniques

Technology
Developing proprietary platforms to implement structured trading strategies across key exchanges

Risk Management
An independent risk team providing a multi-layered approach to market and operational risk

Collaboration
A collegiate culture of cross-discipline teams fosters an environment of innovation and performance

ISDiversified Trust daily returns (net) [2]



[1] FUM based on the leveraged equity of the master fund of the Fund, R CFM Diversified Fund, which is trading in accordance with the CFM ISDiversified trading program, as modified to accommodate the rules and restrictions imposed by UCITS, Directive 2014/91/EU such as the restriction to invest in commodities underlyings.

[2] The strategy figures are based on the performance of the offshore fund, CFM Institutional Systematic Diversified Fund LP - USD 6% Volatility ('CFM ISD LP'), which applies a similar trading strategy and target volatility as the Fund. Since June 2017, the performance of the Fund is, however, not fully comparable with that of CFM ISD LP, which includes an allocation to commodities (that is compensated by a slightly lower allocation to the other asset classes), that is not included in the Fund.

[3] Correlation coefficients are calculated using daily time series

[4] HFRX Global Hedge Fund Index

[5] Barclays Capital Global Aggregate Bond Index USD Hedged Standard Leverage

[6] MSCI World Index USD Daily Total Return Net

PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS. THERE IS RISK OF LOSS WHEN INVESTING IN A MANAGED ACCOUNT OR A FUND. RETURNS PRESENTED IN THIS DOCUMENT ARE UNAUDITED. ALL OPINIONS AND ESTIMATES INCLUDED IN THIS DOCUMENT CONSTITUTE JUDGMENTS OF CFM AS AT THE DATE OF THIS DOCUMENT AND ARE SUBJECT TO CHANGE WITHOUT NOTICE.

Unless otherwise specified, all monthly performance figures are based on the official NAV of CFM ISDiversified Trust.

Performance analysis

	Since Inception	Last 12 months
Total Cumulative Return	24.8%	5.9%
Annualized Rate of Return	5.6%	5.9%
% of Positive Months	57.1%	50.0%
Best Month	4.4%	2.8%
Worst Month	-3.3%	-1.8%
Peak to Valley Drawdown	-4.3%	-2.1%
Annualized Standard Deviation	5.5%	5.4%
Sharpe Ratio	1.0	0.9
Correlation[3] between ISD and		
HFRX Global HF[4]	0.33	0.44
Barclays Global-Agg[5]	0.13	0.01
MSCI World Index[6]	0.24	0.48

Monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-2.1	2.5	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	-1.6	0.1	**-2.1**
2017	-0.3	2.4	-0.6	0.5	-0.2	-1.8	1.6	2.5	-1.3	2.8	-0.6	1.2	**6.2**
2018	-0.6												**-0.6**

CFM ISDiversified strategies

Trends

Long Term Trend Following
Seeks to extract returns from momentum across four asset classes with equal risk allocation to each

Portfolio construction uses a proprietary, adapted mean variance optimisation technique

Risk Premia

Universal Carry
Long high-yielding assets; short low-yielding assets

Short Volatility
Short delta-hedged options at targeted 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

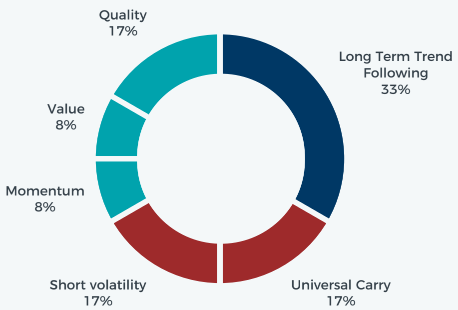
Universal Value*

Seeks to exploit value from the mean-reversion of prices on the timescale of years.

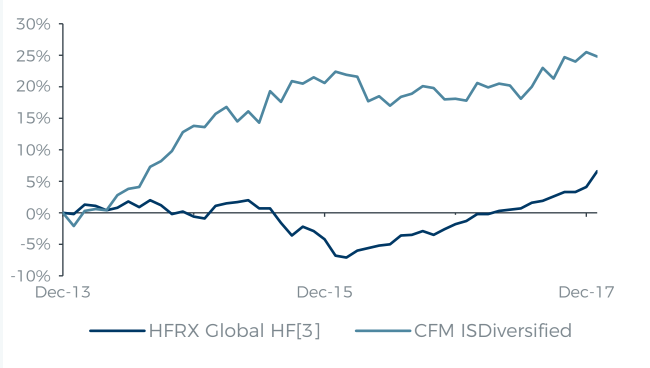
The program buys/sells cheap/expensive instruments in the futures/FX universe relative to both price based and fundamental value metrics.

Portfolio construction uses a proprietary, adapted mean variance optimisation technique.

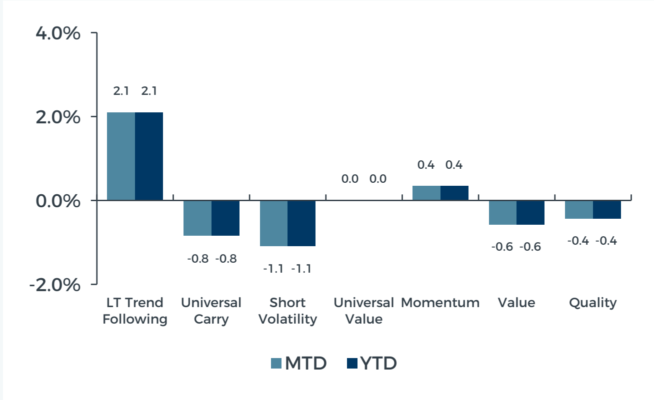
Risk allocation by strategy



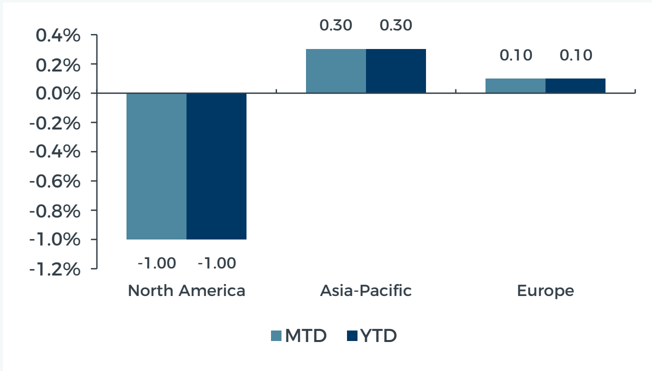
Cumulative returns since inception



Contribution per strategy (gross)



Contribution per geographic zone (gross)



For further details

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* The Universal Value strategy was added in January 2018 with a 1% assets weight and will be increased progressively to a target of 10% of strategy weight.

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Key performance figures

Performance	FUM		
+0.2433% Monthly Return	**AUD$58m**	(AUD$58m equity)	ISDiversified Trust FUM (6% vol)
+0.2433% YTD Return	**US$3.6bn**	(US$3.1bn equity)	ISDiversified Program FUM (6% vol)
	US$11.8bn	(US$9.6bn equity)	Firm-wide FUM

The returns of R CFM Diversified Fund's underlying strategies (Trends, Equity Market Neutral, Risk Premia, Universal Value) represent gross "carve-out" figures resulting from an internal performance attribution process.

Performance report

Trends: +3.91%

Global financial markets kicked-off the year with significant gains across regions and industries, propelling the Long Term Trend Following program into firm positive territory. Equity Indices were the best performing sector for the program, with only 5 negative return days during the month.

Both US, and nearly all DM Equities delivered healthy returns (MSCI World up 5.2%; MSCI Emerging Markets up 8.3%) This despite US lawmakers' flirting with, and stumbling into a subsequent short-lived Federal government shut down. Our long position in the S&P 500 was the best performing contract over the month, as the benchmark cranked out a string of record closures, gaining 5.6% over the period (and a third consecutive positive monthly performance). The narrative was mostly universal, with all contracts up, bar our short positions in the Spanish IBEX, which was marginally down (and the worst performing contract), and an unremarkable near-flat month for the FTSE (as UK equities had a more muted January on account of a strengthening pound).

Global interest rate markets were all but flat in January. Our short position on the US 2-year note was the best performing contract, with the 10-year tenor (short) also providing strong positive performance as the US Treasury market came under renewed pressure with yields on the 2 and 10-year tenors rising 26 and 30 basis points respectively. The US macroeconomic picture remains strong, but December data maintained mixed signals: non-farm payrolls were lacklustre (148,000 new jobs created – missing the estimate of 190k and below the 271k revised figure of November), and GDP for Q4 came in at 2.6% (missing expectations of 3% and below the strong 3.2% recorded in Q3). Inflation expectations are becoming elevated, as strong economic conditions, low unemployment rate (4.1%), and higher wages are expected to feed into higher prices during 2018. Our long position in the German 5-year 'Bobl' was the biggest detractor for the sector. With Treasuries selling off, and the Bank of Japan announcing on January 9 that it has trimmed purchases of 10-to-25 year debt by Yen 10bn to Yen 190bn, investors mulled over the European Central Bank's (ECB) likely response to its own bond buying scheme. Eurozone unemployment also fell to a 9-year low, with the jobless rate standing at 8.7%. The biggest impetus for rising yields came on January 11 as the ECB released the minutes of its December meeting, committing to review its forward guidance later this year, with the central bank likely to end its asset purchases in September. Deemed more hawkish by markets, the euro was sharply higher and German bonds suffered.

Currencies were unremarkably flat amidst the most notable move in January of an unrelenting slide in the greenback. With growth outside the US expected to strengthen, and US Treasury Secretary Steven Mnuchin stating on January 24 that "a weaker dollar is good for us", the dollar continued to fall: 3.3% and 4.9% against the euro and the pound respectively and reaching a three-year low against the euro. This came after a 12.4% and 8.6% yearly decline against the same two currencies in 2017. The euro, the best performing contract for January, is being supported by the oft-mentioned Eurozone recovery, reflected in the Markit Eurozone Composite PMI, which printed 58.8 for January – approaching a near decade high (preliminary, and in line with economists' estimates). Our short position in the Swiss franc, especially following comments by Swiss National Bank chairman Thomas Jordan that the franc is "highly valued" and "we have to use interventions to maintain reasonable monetary conditions" sent the currency to a multi-year high on January 25.

Equity Market Neutral: -0.78%

The beginning of the New Year got off to an uninspired start, with the EMN strategy slightly down. Performance was perfectly split between positive and negative trading days, with the biggest gains coming during the week of January 15, swiftly followed by 4 successive down days during the week of January 22. The shift overlapped with a strong risk-off move across all regions, especially on January 19, and most clearly seen in the US.

The Technology sector featured strongest globally, with 12 out of the top 50 best single day returns coming from Tech names. Conversely, the Communications, Consumer, Cyclical and Non-Cyclical sectors each had 9 of the 50 worst single day performing stocks.

The program's statistically factor neutral position maintains marginal long positions in the Technology (further reduced from December 2017); and Consumer, Cyclical, Basic Materials and Financial sectors (all slightly increased). The strategy's short position in Consumer, Non-Cyclical and Industrial sectors (short exposure in both marginally increased) were also maintained, as other sector exposures remain low.

Momentum: +0.42%

Continuing its robust performance from 2017, the Momentum cluster offered strong positive performance in January. All regions (with the exception of Japan) contributed positively to the performance, but were predominantly led by European equities (in particular a strong showing in the Technology and Financial sectors).

The Financials and Industrial sectors were the best performing sectors across all regions, with Energy and Utilities as the biggest detractors.

Value: -0.84%

Not unlike in 2017, the Value cluster suffered negative returns going into 2018, and was the worst performing Cluster in January. European, US, and Japanese equities all detracted from overall performance, while UK equities fared best (helped by, notably, stocks in the Consumer, Non-Cyclical and Industrial sectors that picked-up strongly on January 23). The Canadian and Australian markets were near-flat.

The sole sectors eking out a few basis point gains were Consumer, Non-Cyclical, Basic Materials, and Financials. All others were down, led by Consumer, Non-Cyclical (especially in Europe, with the exception of the UK).

Quality: -0.37%

The Quality Cluster ended the month in negative territory. Moving in a narrow, near flat range until January 19, the cluster was abruptly pulled down by US equities. This drawdown in US equities was mostly due to the Consumer, Non-Cyclicals sector, with most other sectors (except Industrials and Technology) also ticking down. Other regions were less affected, with Canadian and UK markets garnering the best performance.

European (also predominantly due to the Consumer, Non-Cyclical sector, albeit with the pullback occurring somewhat after January 19) and Japanese markets (owing to an underperforming Industrial sector) were the worst performing regions.

Risk Premia: -2.75%

Universal Carry: -1.25%

The generalized Carry strategy had a challenging month, dragged down universally across all sectors. January saw only 6 positive trading days, with losses scattered throughout the month.

Bonds were the worst performing sector, with negative performance across most regions and markets. Our long positioning on the US curve, however, served up the most negative returns, specifically the US 5-year tenor (the worst performing contract over the period). US Treasuries yields rallied across the entire curve, with the 5-year yield rising 31 basis points during the month. An environment characterized by a convergence in tightening monetary policies, lower dollar, and inflation expectations picking up made for a perfect cocktail to nudge yields higher. Some reprieve came from our short position in the 5-year German tenor, the yield of which, following its US peer in near-perfect unison, rose 31 basis points.

Returns were less uniform within Equity indices, with positive, yet modest performances across all regions including from long positions on the Hang Seng, French CAC 40, and Australian AEX. Notable negative returns from our short position in the DAX (up 2.1%); and MSCI Emerging Market (up 8.3%) indices were however all complicit in dragging the overall returns into negative territory. Our short position in the Nasdaq index were nevertheless the largest single detractor in the sector as the technology-heavy index broke a string of records along its sister US Indices.

Short Volatility: -1.51%

January proved to be a testing month for our Short Vol strategy, with markets having much to digest coming out of the New Year holiday season: buoyant sentiment indicators; universally strong GDP figures and favorable labour market dynamics. The strategy saw only 3 positive daily performances in the month as markets rallied and the dollar declined against all of its largest trading partners' currencies. Implied volatility, as measured by the CBOE VIX index, reached a 5-month high of 14.79 points on January 30, up from a low of 9.15 points on January 3 (and up 22.6% over the month). Meanwhile, the demand for volatility protection in equity markets followed suit, as the BofA GFSI Skew index reached a six-week high, also on January 30, of -0.02; up from a low of -0.54 on January 8 (levels greater/less than 0 indicate more/less stress than normal).

Equity Indices were the biggest detractor over the period, with, especially, our delta hedged options on the S&P 500 taking on heavy losses. The strategy lost most on January 26 as US markets reached record-highs (S&P 500 gained 1.2% on the day), on the back of a renewed decline in the dollar. The S&P 500 would go on to tally 14 record closes for the month.

Our positioning in the Nikkei garnered a few basis points, despite the Japanese markets kicking of the year in exuberant fashion: on the first trading day of 2018, when, returning from an extended New Year break, the index jumped 3.3% - its best one day performance in 26 years.

The reversal in fortune for Equity Indices' performance was mirrored in the FX sector. Euro volatility saw a marked uptick following, amongst others, hawkish comments by ECB president Draghi and a fistful of positive macroeconomic data for the Eurozone. The pound also staged a rally on renewed optimism in Brexit negotiations that seem to be coming to a head. UK GDP grew by 0.5% in Q4 2017, and the labour market strengthened (Jobless Claims of 8,600 in December staying within a historical average range and down from the peak of mid-2017), all contributing to a significant spike in volatility. Losses in both the Equity and FX sectors (in an effort to decorrelate the Short Vol portfolio from the index) were amplified by short beta hedge positioning alongside rallying indices.

Universal Value: +0.01%

This month saw the introduction of the Value strategy into the program on 18 January. Performance was largely positive during the first trading month for this strategy, with only 3 out of the 9 trading days offering negative returns. The strategy trades in three asset classes, i.e. Global Interest Rates, FX, and Equity Indices of which only the latter was marginally down and Short Term Interest Rates all but flat.

Currencies emerged as the best performing sector, with our long position on a selection of G7 currencies all showing positive gains. The pattern was similar amongst G7-21 FX markets amidst a US dollar that saw a marked decline since the beginning of the period.

Our short positioning in US Equity Indices, specifically the S&P 500, made this sector the worst performer in the strategy's first month of trading. With the S&P 500, along with other major US benchmarks reaching a flurry of record intra-day and closing highs, the sector fell into the red.