Fund Fact Sheet

CFM ISTrends Trust - Class A Units

Alternative Beta
February 2018

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Fund objective

CFM Institutional Systematic Trends (ISTrends) is an Alternative Beta program which aims to achieve long term capital appreciation through returns that seek to be uncorrelated with traditional asset classes.

Key facts [1]

A$1.06461	Unit Price
-7.06%	February ROR
-1.39%	Year to date ROR
A$137m	FUM IST Trust
US$1.1bn	FUM Master

Key benefits

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

IST Trust monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017							0.7	1.8	-1.0	3.7	0.7	1.8	**8.0**
2018	6.1	-7.1											**-1.4**

Performance figures (%)

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISTrends Trust	0.4	3.9	-1.4				9.9
Offshore strategy in USD	0.5	4.3	-1.4	3.0	-1.9	1.1	8.4

Fund details

Strategy	A low turnover, long term trend following portfolio that seeks to harvest momentum returns via futures contracts in five asset classes over a universe of approximately 100 individual futures and forwards contracts.
Inception date:	July 1, 2017
AIPR:	PIM1966AU
Management fees:	0.60%
Fund expenses:	Capped at 0.2%
Performance fee:	10%
Buy/sell:	Nil
Min investment:	A$50,000
Distribution frequency:	if any, annually as of 30 June
Pricing:	Weekly
Investor time horizon:	3-5 years
Benchmark:	Nil

CFM overview

QUANTITATIVE SYSTEMATIC ASSET MANAGER

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

FOUNDED IN **1991**

AUM ACROSS ALL PROGRAMS **US$11.1 BILLION**

CFM approach

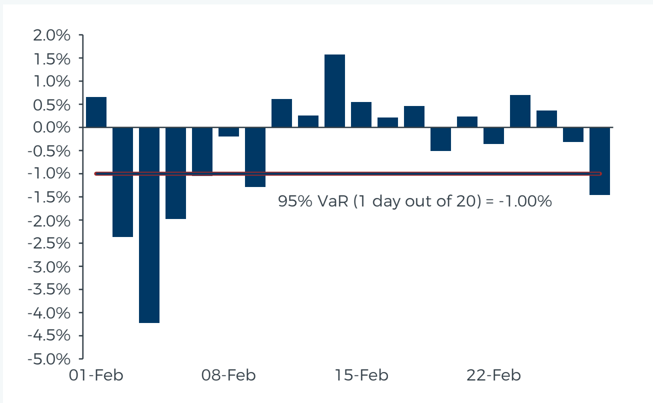
Research
A dynamic research team dedicated to developing new strategies, improving execution algorithms and refining portfolio construction techniques

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

ISTrends Trust daily returns (net)



[1] FUM based on the FUM of the ISTrends Program expressed in terms of equivalent risk of 10%
[2] The offshore strategy benchmark fund is CFM Institutional Systematic Trends Fund LP - USD 10%
[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

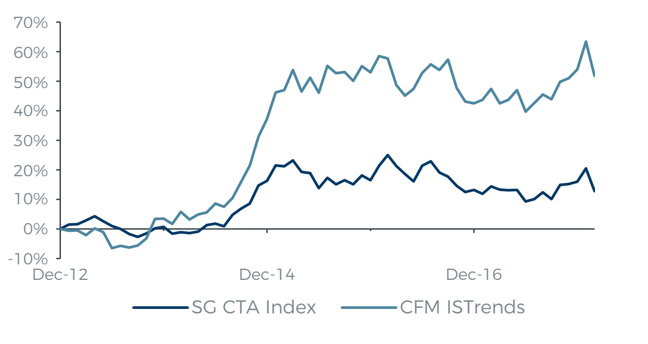
PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS. THERE IS RISK OF LOSS WHEN INVESTING IN A MANAGED ACCOUNT OR A FUND. RETURNS PRESENTED IN THIS DOCUMENT ARE UNAUDITED. ALL OPINIONS AND ESTIMATES INCLUDED IN THIS DOCUMENT CONSTITUTE JUDGMENTS OF CFM AS AT THE DATE OF THIS DOCUMENT AND ARE SUBJECT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

Unless otherwise stipulated, all monthly performance figures are based on the official NAV of CFM ISTrends Trust Class A Units.

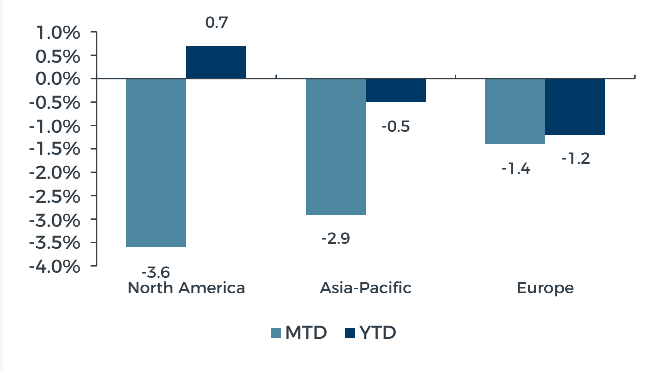
Offshore Benchmark Strategy in USD [2]

February 2018

Cumulative returns since inception



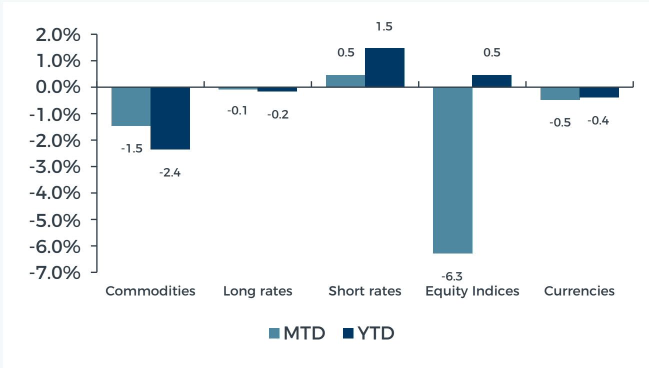
Contribution per geographic zone (gross)



Performance analysis

	Since Inception	Last 12 months
Total Cumulative Return	51.8%	3.0%
Annualized Rate of Return	8.4%	3.0%
% of Positive Months	61.3%	66.7%
Best Month	8.0%	6.1%
Worst Month	-7.1%	-7.1%
Peak to Valley Drawdown	-11.9%	-7.1%
Annualized Standard Deviation	11.7%	13.2%
Sharpe Ratio	0.7	0.2
Correlation[2] between IST and		
SG CTA Index	0.75	0.89
Barclays Global-Agg[3]	0.23	0.03
MSCI World Index[4]	0.13	0.68

Contribution per asset class (gross)



Monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2013	-0.6	0.1	-1.6	2.3	-1.3	-5.5	0.8	-0.6	0.7	2.5	6.8	0.1	**3.5**
2014	-1.8	4.0	-2.4	1.6	0.7	2.9	-1.0	2.8	5.0	4.8	8.0	4.6	**32.7**
2015	6.5	0.5	4.7	-4.7	3.2	-3.4	6.2	-1.6	0.3	-2.0	3.3	-1.4	**11.4**
2016	3.6	-0.5	-5.7	-2.4	1.5	3.7	1.9	-1.2	2.2	-6.1	-3.1	-0.4	**-6.8**
2017	0.8	2.6	-3.3	0.8	2.3	-5.0	2.1	2.1	-1.1	4.1	0.8	2.0	**8.1**
2018	6.1	-7.1											**-1.4**

For further details

Call us
1800-435-788

Email us
cfm@cfmaltbeta.com.au

CFM ISTrends strategies

Trends

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

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

Fund Fact Sheet

CFM ISTrends Trust - Class B Units

INSIGHT.DATA.CLARITY.

Alternative Beta
February 2018

Fund objective

CFM Institutional Systematic Trends (ISTrends) is an Alternative Beta program which aims to achieve long term capital appreciation through returns that seek to be uncorrelated with traditional asset classes.

Key facts [1]

A$1.09404	Unit Price
-12.12%	February ROR
-3.20%	Year to date ROR
A$137m	FUM IST Trust
US$1.1bn	FUM Master

Key benefits

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

IST Trust monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017							1.1	3.0	-1.7	6.2	1.1	3.0	**13.1**
2018	10.2	-12.2											**-3.2**

Performance figures (%)

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISTrends Trust	-0.3	5.2	-3.2				14.4
Offshore strategy in USD	-0.1	5.5	-3.1	3.0	-4.0		-4.3

Fund details

Strategy	A low turnover, long term trend following portfolio that seeks to harvest momentum returns via futures contracts in five asset classes over a universe of approximately 100 individual futures and forwards contracts.
Inception date:	July 1, 2017
AIPR:	PIM8130AU
Management fees:	1.125%
Fund expenses:	Capped at 0.3%
Performance fee:	Nil
Buy/sell:	Nil
Min investment:	A$50,000
Distribution frequency:	if any, annually as of 30 June
Pricing:	Weekly
Investor time horizon:	3-5 years
Benchmark:	Nil

CFM overview

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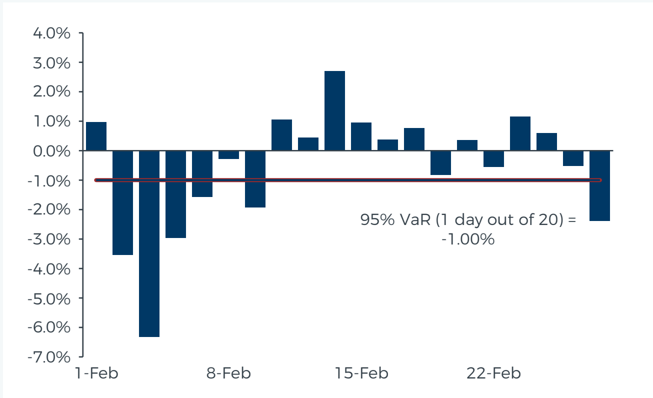
ISTrends Trust daily returns (net)



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[2] The offshore strategy benchmark fund is CFM Institutional Systematic Trends Fund LP - USD 10%
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[4] Barclays Capital Global Aggregate Bond Index USD Hedged
[5] MSCI World Index USD Daily Total Return Net

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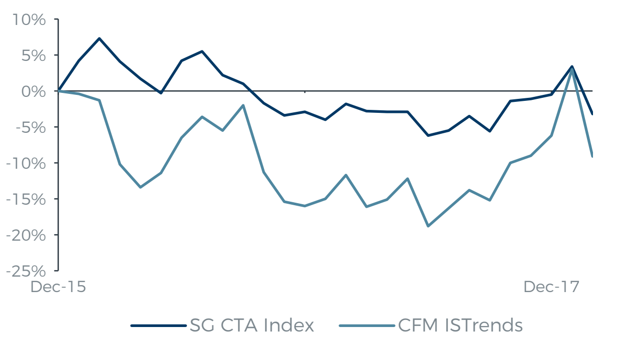
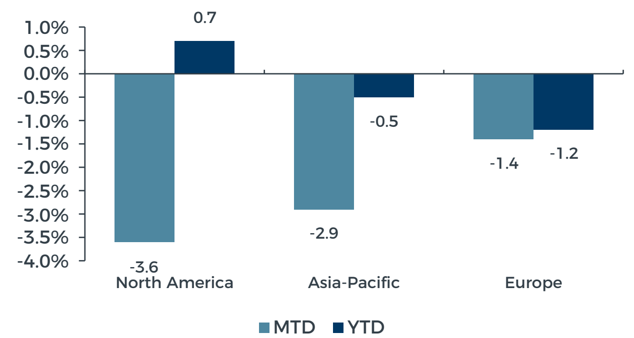
Offshore Benchmark Strategy in USD [2]

February 2018

Cumulative returns since inception



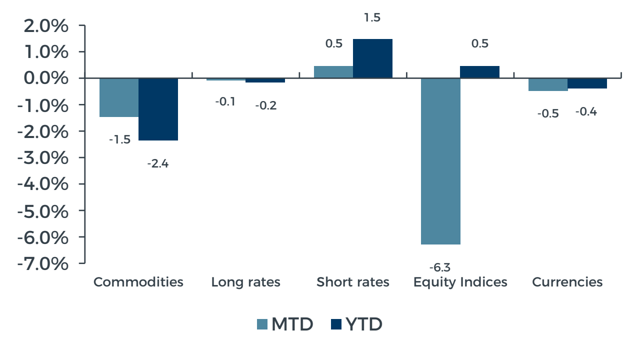
Contribution per geographic zone (gross)



Performance analysis

	Since Inception	Last 12 months
Total Cumulative Return	-9.1%	3.0%
Annualized Rate of Return	-4.3%	3.0%
% of Positive Months	53.8%	66.7%
Best Month	9.8%	9.8%
Worst Month	-11.7%	-11.7%
Peak to Valley Drawdown	-18.8%	-11.7%
Annualized Standard Deviation	18.1%	20.8%
Sharpe Ratio	-	0.2
Correlation[3] between IST and		
SG CTA Index[]	0.8	0.89
Barclays Global-Agg[4]	0.24	0.02
MSCI World Index[5]	0.04	0.69

Contribution per asset class (gross)



Monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016	-0.4	-0.8	-9.0	-3.6	2.3	5.6	3.2	-2.0	3.7	-9.5	-4.6	-0.7	**-16.0**
2017	1.2	3.8	-4.9	1.2	3.4	-7.6	3.1	3.0	-1.7	6.2	1.1	3.0	**11.6**
2018	9.8	-11.7											**-3.1**

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CFM ISTrends Trust

Alternative Beta
February 2018

Key performance figures

Performance	
-7.0549%	Class A Monthly Return
-1.3918%	Class A YTD Return
-12.1215%	Class B Monthly Return
-3.2007%	Class B YTD Return
-6.35%	SG CTA Monthly Return
-2.69%	SG CTA YTD Return

FUM		
A$137m	(A$111m equity)	ISTrends Trust FUM (10% vol)
US$2.5bn	(US$2.0bn equity)	ISTrends Program FUM (10% vol)
US$11.1bn	(US$9.0bn equity)	Firm-wide FUM

Performance report

Trends

After a solid start to 2018, the program delivered negative returns, as markets stuttered in the first week of February. Global financial markets, taking a cue from US markets that showed how sensitive they have become to swings in expectations of interest rate increases, posted steep declines, notably during the week of February 5. Wide consensus suggests that the genesis for the sell-off was, in all likelihood, the better than expected wage increase in the (positive) January Employment Situation report. Wages increased by an annualized rate of 2.9% (seasonally adjusted), fanning an already jittery market that expected inflation pressure to prompt a more aggressive trajectory of rate increases. The belief is that the Fed will be unable to stick to their “gradual normalization” path that they have been touting. The turmoil that followed was classic herd behaviour, combined with a large unwinding of short-volatility bets.

Equity indices, the most publicized victim of the sell-off, saw, for example the S&P 500 and MSCI World Index down 5.2% and 5.6% respectively for the week ending February 9, and 3.9% and 4.3% respectively for the month. Our mostly long positioning in global equity indices was, as a result of the sell-off, the biggest casualty and worst performing sector over the period. The program posted six straight negative days starting February 2, but, nevertheless, posted more positive than negative trading days overall, as markets recovered towards month-end, notably after US inflation figures for January beat estimates on the upside. This acted as a push into positive territory – mainly thanks to our short positioning on the short-end of US treasuries as bond markets sold off. Inflation was arguably the key metric markets were awaiting (notably PCE, the Fed’s preferred measure), as it has been deemed the bogeyman since wage increases stoked fears of a faster tightening cycle, and, higher bond yields that will depress the present value of hitherto solid corporate earnings. Those fears, for the moment at least, have been realised, as prices increased by 0.5% MoM in January – the most in five years.

Our long position in the S&P 500 provided the biggest losses, followed by our long position in the Hang Seng. Short positions in the FTSE, Dax, and Spanish IBEX, however, garnered a few basis points for the program.

The program’s risk control protocol reduced the net long exposure during the month, along with a flip from a net long to a net short position on the Eurostoxx, CAC40, and Toronto Composite indices.

Commodities were, similar to Equity Indices, down for the month lead by the Energy sector where our long position in Brent (down 5.9% for the month) was the biggest detractor. Some of these losses were offset by our short position in Crude – the highly correlated contract of Brent, which our proprietary portfolio optimization tool, based on the strength of the optimization predictors, exploits by amplifying inconsistencies in the trend characteristics between these (and other) highly correlated contract pairs. All other sectors also ended the period in the black, except Precious Metals, where our short position in Silver reaped some gains after the metal sank 5.3% during the month.

Global interest rate markets also navigated a choppy February session, with much talk of US Treasury yields reaching multi-year highs. Yields were given more fuel on February 21, as the US Fed released the minutes of its January policy meeting, revealing a belief of the US economy strengthening its momentum, as participants “anticipated that the rate of economic growth in 2018 would exceed their estimates of its sustainable longer-run pace”. Buttressing the argument of further increases in short-term interest rates, the US two-year yield touched a nine-year high of 2.28% whilst the 10-year tiptoed ever closer to the 3% mark. Our long position in the US Ultra Bond (30-year) came in as the biggest casualty of the rate jumps, whilst our short position on the shorter end of the scale (notably the German 2-year Schatz) managed to contribute positively to the program. Short Term Interest Rates were the only positive sector, owing, in large part, to our short position in the eurodollar.

Currencies were slightly down as rising yields, along with investors postulating additional interest rate rises this year, stoked the dollar to its best monthly showing since November 2016 (the dollar was up 1.7% as measured by the DXY, or dollar index). Our long position in the euro was subsequently the main detractor of the sector, as the single currency lost 1.8% against the dollar, owing, largely, to the evolving yield story in the US. Our long position in the Yen was the best performing contract as the Japanese currency surged to ¥106.5 against the greenback mid-month, a 15-month high, in a probable flight to quality trade.

At the start of March, the program maintains its net long Equity indices position, whilst a net short Bonds and STIR futures position is maintained. The Commodity sector remains all but flat and we retain a net long dollar position.