

# CFM ISTrends Trust - Class A Units

Alternative Beta  
February 2019

## 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 [1,7]

|                 |                  |
|-----------------|------------------|
| <b>A\$9147</b>  | Unit Price       |
| <b>+1.10%</b>   | February ROR     |
| <b>-0.22%</b>   | Year to date ROR |
| <b>A\$127m</b>  | FUM IST Trust    |
| <b>US\$1.8b</b> | FUM IST Program  |

## 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 | 0.1 | 0.8 | -2.9 | 0.3 | 0.0 | 2.7 | -1.1 | -4.3 | -3.0 | -2.5 | -10.9 |
| 2019 | -1.3 | 1.1  |     |     |      |     |     |     |      |      |      |      | -0.2  |

## Performance figures (%)

|                          | 3 months | 6 months | Calendar YTD | 1 Year | 2 Years (%pa) | 3 Years (%pa) | Since Inception (%pa) |
|--------------------------|----------|----------|--------------|--------|---------------|---------------|-----------------------|
| CFM ISTrends Trust       | -2.7     | -10.6    | -0.2         | -9.9   |               |               | -2.4                  |
| Offshore strategy in USD | -2.2     | -11.6    | 0.0          | -8.6   | -3.0          | -4.2          | 5.5                   |

## 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:                | Daily [6]  |
| Investor time horizon:  | 3-5 years  |
| Benchmark:              | Nil  |

## CFM overview



## 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

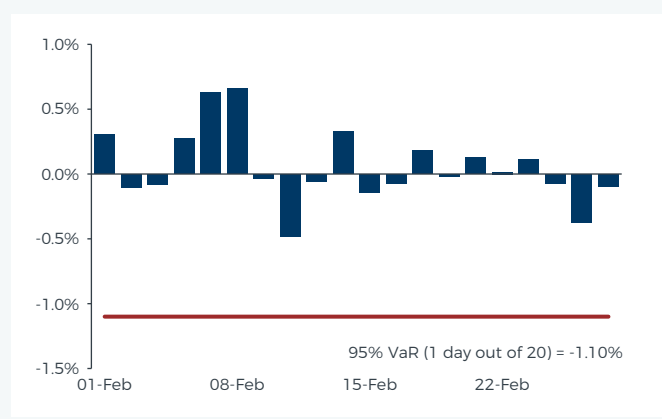
### Risk Management

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

## Daily returns (net)

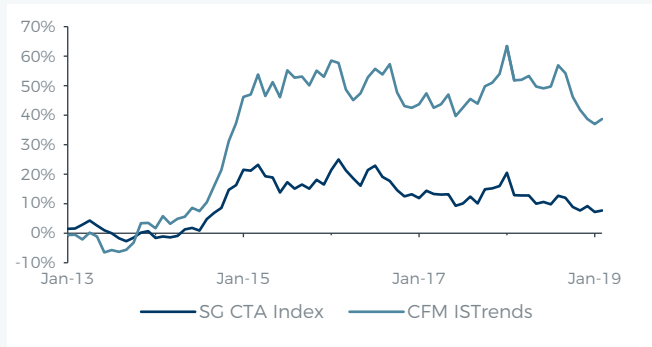


[1] FUM based on the FUM of the ISTrends Program expressed in terms of equivalent risk of 10%.  
 [2] The offshore strategy benchmark fund is CFM ISTrends Fund LP - USD 10%, which has a different fee structure, expenses and a slightly different trading universe compared to CFM ISTrends Trust.  
 [3] 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 fund changed its liquidity from weekly to daily effective 1 June 2018.

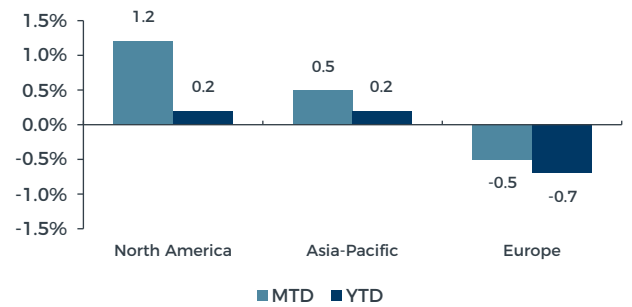
[7] As of 18 May 2018 CFM ISTrends Trust fully redeemed from its Master fund and restarted trading at the level of CFM ISTrends Trust.

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## Compounded returns since inception



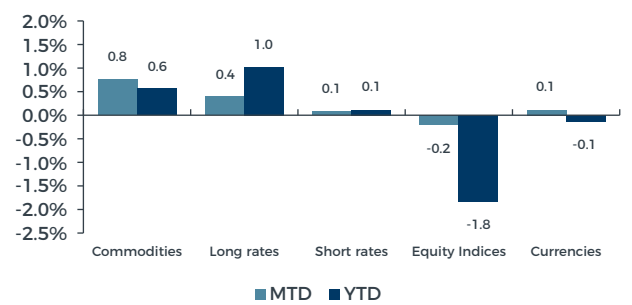
## Contribution per geographic zone (gross)



## Performance analysis

|                                 | Since Inception | Last 12 months |
|---------------------------------|-----------------|----------------|
| Total Compounded Return         | 38.7%           | -8.6%          |
| Annualized Rate of Return       | 5.5%            | -8.6%          |
| % of Positive Months            | 58.1%           | 41.7%          |
| Best Month                      | 8.0%            | 4.8%           |
| Worst Month                     | -7.1%           | -5.2%          |
| Peak to Valley Drawdown         | -16.1%          | -12.7%         |
| Annualized Standard Deviation   | 11.4%           | 8.8%           |
| Sharpe Ratio                    | 0.5             | -              |
| Correlation [2] between IST and |                 |                |
| SG CTA Index                    | 0.75            | 0.78           |
| Barclays Global-Agg [3]         | 0.18            | -0.20          |
| MSCI World Index [4]            | 0.15            | 0.23           |

## 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 | 0.1  | 0.9  | -2.4 | -0.4 | 0.4  | 4.8  | -1.7 | -5.2 | -3.0 | -2.2 | -9.9  |
| 2019 | -1.3 | 1.3  |      |      |      |      |      |      |      |      |      |      | 0.0   |

## For further details



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## 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.

### Important Disclosures

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# CFM ISTrends Trust - Class B Units

Alternative Beta  
February 2019

## 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.

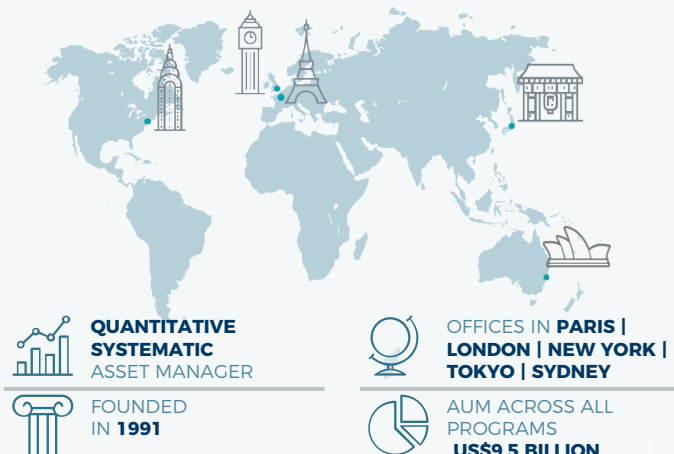
## Key facts [1,7]

|                   |                  |
|-------------------|------------------|
| <b>A\$0.85967</b> | Unit Price       |
| <b>+1.57%</b>     | February ROR     |
| <b>-0.52%</b>     | Year to date ROR |
| <b>A\$127m</b>    | FUM IST Trust    |
| <b>US\$1.8bn</b>  | FUM IST Program  |

## 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

## CFM overview



## 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 | -12.1 | 0.0 | 1.2 | -4.5 | 0.4 | -0.1 | 4.0 | -1.7 | -6.4 | -4.5 | -3.8 | -17.6 |
| 2019 | -2.1 | 1.6   |     |     |      |     |      |     |      |      |      |      | -0.5  |

## Performance figures (%)

|                          | 3 months | 6 months | Calendar YTD | 1 Year | 2 Years (%pa) | 3 Years (%pa) | Since Inception (%pa) |
|--------------------------|----------|----------|--------------|--------|---------------|---------------|-----------------------|
| CFM ISTrends Trust       | -4.3     | -16.0    | -0.5         | -15.4  |               |               | -4.5                  |
| Offshore strategy in USD | -3.6     | -17.8    | -0.2         | -13.7  | -5.7          | -7.4          | -7.4                  |

## 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:                   | 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:                | Daily [6]  |
| Investor time horizon:  | 3-5 years  |
| Benchmark:              | Nil  |

## 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

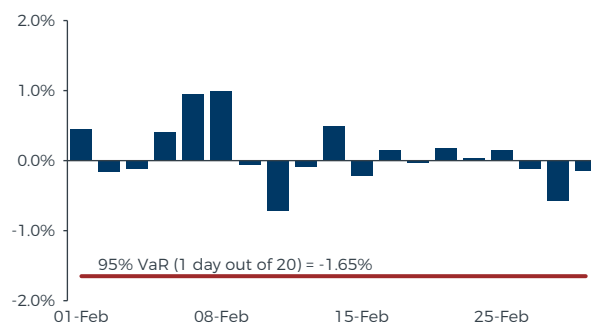
### Risk Management

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

## Daily returns (net)



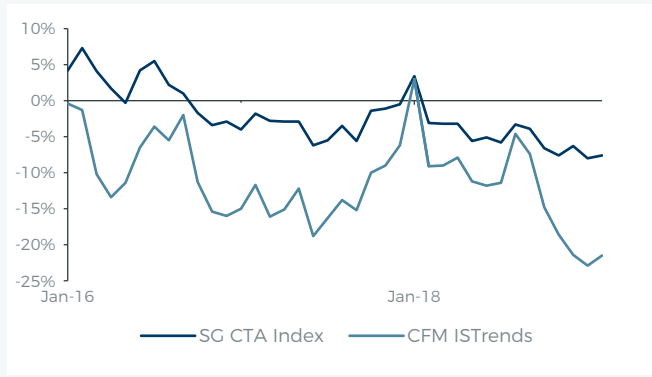
[1] FUM based on the FUM of the ISTrends Program expressed in terms of equivalent risk of 10%  
 [2] The offshore strategy benchmark fund is CFM ISTrends Fund LP - USD 15%, which has a different fee structure, expenses and a slightly different trading universe compared to CFM ISTrends Trust.  
 [3] Correlation 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.  
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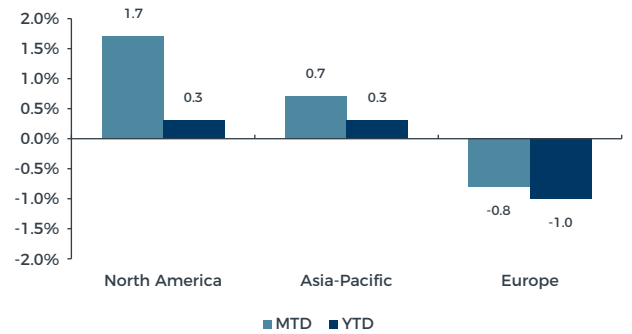
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Unless otherwise stipulated, all monthly performance figures are based on the official NAV of CFM ISTrends Trust Class B Units.

## Compounded returns since inception



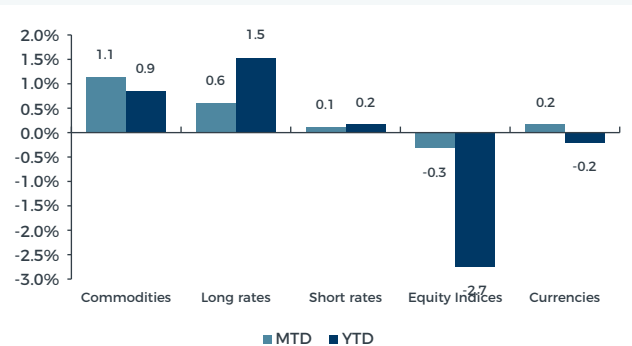
## Contribution per geographic zone (gross)



## Performance analysis

|                                 | Since Inception | Last 12 months |
|---------------------------------|-----------------|----------------|
| Total Compounded Return         | -21.5%          | -13.7%         |
| Annualized Rate of Return       | -7.4%           | -13.7%         |
| % of Positive Months            | 50.0%           | 41.7%          |
| Best Month                      | 9.8%            | 7.7%           |
| Worst Month                     | -11.7%          | -7.9%          |
| Peak to Valley Drawdown         | -25.2%          | -19.2%         |
| Annualized Standard Deviation   | 16.7%           | 13.6%          |
| Sharpe Ratio                    | -               | -              |
| Correlation [2] between IST and |                 |                |
| SG CTA Index                    | 0.79            | 0.78           |
| Barclays Global-Agg [3]         | 0.14            | -0.20          |
| MSCI World Index [4]            | 0.10            | 0.23           |

## 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 | 0.1  | 1.2  | -3.6 | -0.7 | 0.5 | 7.7  | -3.0 | -7.9 | -4.6 | -3.4 | -16.2 |
| 2019 | -2.0 | 1.8   |      |      |      |      |     |      |      |      |      |      | -0.2  |

## For further details



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## CFM ISTrends strategies



### Trends

#### Long Term Trend Following

Seeks to extract returns from momentum across five asset classes with equal risk allocation to each

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## Key performance figures

| Performance     |                        | FUM              |                    |                                |
|-----------------|------------------------|------------------|--------------------|--------------------------------|
| <b>+1.1031%</b> | Class A Monthly Return | <b>A\$127m</b>   | (A\$103m equity)   | ISTrends Trust FUM (10% vol)   |
| <b>-0.2244%</b> | Class A YTD Return     | <b>US\$1.8bn</b> | (US\$1.5bn equity) | ISTrends Program FUM (10% vol) |
| <b>+1.5690%</b> | Class B Monthly Return | <b>US\$9.5bn</b> | (US\$7.8bn equity) | Firm-wide FUM                  |
| <b>-0.5223%</b> | Class B YTD Return     |                  |                    |                                |
| <b>+0.42%</b>   | SG CTA Monthly Return  |                  |                    |                                |
| <b>-1.47%</b>   | SG CTA YTD Return      |                  |                    |                                |

## Performance report

- ▶ February 11 acted a breakpoint in the period as US-China trade talks got underway. Positive sentiment on these trade negotiations spurred on equity and commodity markets. The MSCI World index gained 2.8% over the month.
- ▶ Fed Minutes released February 20 (of the January 30 meeting) revealed a picture of uncertainty over the trajectory of monetary policy, with officials unclear over the “appropriate” target range for the Fed funds rate later in 2019. Subsequently, the dovish tone of the Fed remaining “patient” boosted appetite for risk assets, with the S&P gaining 3% (3.2% for the total return variant).
- ▶ Fears over a Chinese economy slow-down has remained a key worry for international markets. Economic growth has dipped below the Chinese target (slightly, from 6.5% to 6.4%), with domestic demand, and the lingering trade negotiations acting to fray nerves. The Chinese have announced various stimulus initiatives to invigorate more growth.

### Trends

The Trend strategy performed well, with all asset classes contributing positively except Equity Indices.

The Commodity sector did best, with all sub-sectors ending in the black, bar Energy, where our short position in Gasoline detracted most (the contract gained 10.7% over the month – most gains coming post February 11 as US-Chinese trade tensions thawed and Saudi Arabia reduced output. Our long position in Palladium provided the most positive returns as the metal reached fresh all-time highs on a powerful cocktail of dwindling supply and higher demand (with tightening emissions standards, Palladium is in high demand as a key component in catalytic converters for automobiles).

Bonds were positive, with most gains coming from our short positioning on key US tenors, notably the US 2-year which saw most gains coming during the week of February 8 and again during the final week (although the note traded in a tight range). Our long position in the US 5-year, was, on the contrary, the worst performer in this asset class as the yield rose slightly. Short Term Interest Rates were marginally better than flat, in large part thanks to our long position in the Australian 90-day Bank Bill contract, the yield of which sank 19 basis points.

The program’s net long dollar position against a basket of G7 currencies made gains, especially against the Australian dollar, when, during the first week, the Reserve Bank of Australia (RBA) signalled a much more dovish outlook with various analysts expecting a rate cut by August from the current 1.5%. The Aussie finished down 2.5% against the greenback at month-end. The net long dollar position, however, was slightly worse than flat against a selection of minor and emerging market currencies.

Equity Indices found itself in the red, dragged down by short positioning in, predominantly, the Dax, mini S&P, and mini Russell. The German benchmark gained 2.5% on optimism over the US-China trade talks (being heavily stacked by export-exposed constituents). The S&P 500 and Russell 2000 both made strong gains (3% and 5% respectively) on the Fed signalling a continued dovish stance, and speculation over a positive resolution regarding the US-China trade war.

At the start of March, the program maintains net long Bond, Short Term Interest Rate, and dollar positioning. The positioning on Equity Indices has moved from net short, to flat. Meanwhile, the Commodity sector remains slightly short.