

CFM IS Trends Trust

ARSN 619 479 453

Annual Financial Statements

For the period from 14 June 2017 (date of constitution)
to 30 June 2018

CFM IS Trends Trust

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These financial statements cover CFM IS Trends Trust as an individual entity.

The Responsible Entity of CFM IS Trends Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831).

The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia.

CFM IS Trends Trust

Management and Administration

Responsible Entity	The Trust Company (RE Services) Limited Level 18, Angel Place, 123 Pitt Street Sydney, NSW 2000 Australia
Investment Manager	Capital Fund Management LLP 64 St James's Street London, SW1A 1NF United Kingdom
Administrator and Custodian	The Hong Kong and Shanghai Banking Corporation Limited, Sydney Branch HSBC Securities Services Australia Level 36, Tower 1 International Towers Sydney 100 Barangaroo Avenue Sydney, NSW 2000
Investment Advisor	Capital Fund Management S.A 23, rue de l'Université 75007 Paris France
Independent auditor	KPMG Level 38, Tower 3 International Towers Sydney 300 Barangaroo Avenue Sydney, NSW 2000

CFM IS Trends Trust

Directors' Report

The Trust Company (RE Services) Limited (ABN 45 003 278 831), the Responsible Entity (the "Responsible Entity") of the CFM IS Trends Trust (the "Trust"). The directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Trust for the period 14 June 2017 to 30 June 2018.

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

The Trust invested funds in accordance with the provisions of the Trust Constitution and its Product Disclosure Statement dated 01 June 2018.

The Trust was constituted on 14 June 2017 and commenced operations on 14 July 2017.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year except for the below.

Effective from 1 June 2018 the Trust changed the structure from a feeder to a standalone entity, and the Trust's investment objective changed to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Trust aims to give effect to this objective by investing in accordance with the quantitative trading strategies developed by the Investment Advisor. The net assets not invested in the quantitative trading strategy will be held as cash, cash equivalents or interest bearing instruments.

Prior to 1 June 2018 the Trust's investment objective was to achieve a long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Trust aimed to give effect to this investment objective by investing approximately 2/3 of the Net Asset Value (NAV) of Class A Units and the full NAV of Class B Units in the AUD denominated Class G Shares of CFM Institutional Systematic Trends Master Limited (the "Master Fund").

Directors

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Andrew Cannane	Resigned as Director on 23 February 2018
Glenn Foster	
Christopher Green	
Michael Vainauskas	
Andrew McIver	Alternate Director for Michael Vainauskas*
Vikki Riggio	Appointed as Alternate Director for Christopher Green on 24 November 2017 Resigned as Alternate Director for Andrew Cannane on 23 February 2018 Resigned as Alternate Director for Christopher Green on 20 April 2018 Appointed as a Director on 20 April 2018
Rodney Ellwood	Resigned as Alternate Director for Christopher Green on 24 November 2017
Gillian Larkins	Appointed Alternate Director for Glenn Foster on 14 July 2017
Neil Wesley	Resigned as Alternate Director for Glenn Foster on 14 July 2017
Phillip Blackmore	Appointed as Alternate Director for Christopher Green and Vicki Riggio on 6 July 2018

CFM IS Trends Trust

Directors' Report (continued)

Review and result of operations

During the year, the Trust invested in accordance with the investment objective and guidelines as set out in the governing documents of the Trust and in accordance with the provision of the Trust's Constitution.

Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	<i>14 June 2017 to 30 June 2018</i>		
	<i>14 June 2017 to 30 June 2018</i>		
	<i>Total</i>	<i>Class A</i>	<i>Class B</i>
Operating profit before financing costs attributable to unitholders (\$'000)			1,879
			<hr/>
<i>Distributions</i>			
Distributions paid (\$'000)	6,694	2,790	3,904
			<hr/>
		<i>30 June 2018</i>	
		<i>Class A</i>	<i>Class B</i>
		\$	\$
Distribution (per unit)		0.0506	0.0799

Significant changes in state of affairs

The Trust changed its structure from a feeder to a standalone entity with effect from 1 June 2018 and prior to 1 June 2018 the Trust was a feeder fund which invested in a Master Fund. The Trust also changed its weekly liquidity to daily from 1 June 2018. The cut-off time for accepting applications and redemptions is now 12pm (Sydney Time) on the intended dealing day. Following this change, the Trust is in a position to provide same day processing for applications and redemptions received by 12pm Sydney Time on a business day.

A new prospectus was issued by CFM IS Trends Trust to reflect the structural change. In the opinion of the directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial period. Further details are disclosed in Note 1.

CFM IS Trends Trust

Directors' Report (continued)

Matters subsequent to the end of the financial period

Phillip Blackmore was appointed as an alternate director for Christopher Green and Vicki Riggio on 6 July 2018.

Other than the matter noted above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Fees paid to and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust's property during the period are disclosed in Note 5 to the financial statements.

No fees were paid out of Trust's property to the Directors of the Responsible Entity for the period 14 June 2017 to 30 June 2018.

The number of units in the Trust held by the Responsible Entity or its associates as at the end of the financial period are disclosed in Note 12 to the financial statements.

Units in the Trust

The movement in units on issue in the Trust during the financial period is disclosed in Note 10 of the financial statements.

The value of the Trust's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

CFM IS Trends Trust

Directors' Report (continued)

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

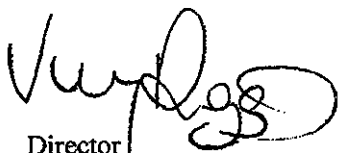
Rounding of amounts by thousand to the nearest dollar

The Trust is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Financial/Directors' report. Amounts in the Financial/Directors' report have been rounded by thousand to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited
Sydney
13 September 2018

CFM IS Trends Trust

Report of the Investment Manager

For the period from 14 June 2017 (date of constitution) to 30 June 2018

At financial year-end, the NAV's and the performance of the respective CFM IS Trends Trust share classes were:

As at 30 June 2018

	Net asset value per Share	Rate of Return
CFM IS Trends Trust, Class A	0.99622	4.55%*
CFM IS Trends Trust, Class B	0.98524	6.18%*

*Special Distribution ex-date 30 April 2018 amounts per unit account respectively for class A and class B, 5.06 cents and 7.99 cents.

During the accounting period, the Trust continued to trade in accordance with the CFM Institutional Systematic Trends Program as directed by the Investment Advisor.

Development of AUM

The total nominal equity managed by Capital Fund Management S.A. and its affiliates increased from US\$8,269m as of 30 June 2017 to US\$10,857m as of 30 June 2018. CFM Institutional Systematic Trends Program's nominal equity increased from US\$639m as of 1 July 2017 to US\$1,223m as of 30 June 2018.

Return attribution

The CFM Institutional Systematic Trends Trading Program's year-to-date performance was positive for the period from 1 July 2017 to 30 June 2018.

Risk management

During the accounting period, the daily VaR (95%) limit of the CFM Institutional Systematic Trends Program of 1% was reached 15 days out of 260 trading days during year 2017-2018. The CFM Institutional Systematic Trends Program experienced its worst performing day with a net daily loss of 4.15% on 5 February 2018. The best performing days occurred on 4 January 2018 with a net daily gain of 1.62%.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of The Trust Company (RE Services) Limited (the Responsible Entity) of CFM IS Trends Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of CFM IS Trends Trust for the period from 14 June 2017 to 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jessica Davis

Partner

Sydney

13 September 2018

CFM IS Trends Trust

Statement of Financial Position

As at 30 June 2018

(Expressed in AUD)

	Note	30 June 2018 \$'000
Assets		
Cash and cash equivalents	7 (b)	108,897
Subscriptions receivable		129
Interest receivable		74
Receivable from the Investment Manager	5	96
Investments in financial assets held for trading	9	<u>4,227</u>
Total assets		<u>113,423</u>
Liabilities		
Redemption payable		32
Accrued expenses		14
Management fees payable	5	703
Performance fees payable	5	183
Investments in financial liabilities held for trading	9	<u>2,956</u>
Total liabilities		<u>3,888</u>
Net assets attributable to unitholders – liability	10	<u>109,535</u>

The accompanying notes are an integral part of these financial statements.

CFM IS Trends Trust

Statement of Comprehensive Income

For the period from 14 June 2017 (date of constitution) to 30 June 2018
(Expressed in AUD)

	Note	14 June 2017 to 30 June 2018 \$'000
Income		
Interest income		138
Net loss from investments in financial assets and liabilities held for trading	3	(4,175)
Net gain from investments in financial assets at fair value through profit or loss	4	6,916
Net foreign currency gain on monetary assets and liabilities		<u>9</u>
Net investment profit		<u>2,888</u>
Operating expenses		
Management fees	5	703
Performance fees	5	183
Operating expenses	5	51
Other expenses		<u>72</u>
Total operating expenses		<u>1,009</u>
Operating profit		<u>1,879</u>
Finance costs attributable to unitholders		
Distributions to unitholders		<u>6,694</u>
Decrease in net assets attributable to unitholders liability (total comprehensive income)		<u>(4,815)</u>

The accompanying notes are an integral part of these financial statements.

CFM IS Trends Trust

Statement of Changes in Equity

For the period from 14 June 2017 (date of constitution) to 30 June 2018

Under AASB 132 *Financial Instruments: Presentation*, Net assets attributable to unitholders is classified as a liability rather than equity. As a result, there was no equity at the start or end of the year.

The accompanying notes are an integral part of these financial statements.

CFM IS Trends Trust

Statement of Cash Flows

For the period from 14 June 2017 (date of constitution) to 30 June 2018
(Expressed in AUD)

	Note	14 June 2017 to 30 June 2018 \$'000
Cash flows from operating activities:		
Payments for investments at fair value through profit and loss		(186,211)
Payment for investments held for trading		(5,446)
Proceeds from sale of investments at fair value through profit and loss		193,127
Interest received		64
Other operating expenses paid		<u>(205)</u>
Net cash used in operating activities	7 (a)	<u>1,329</u>
Cash flows from financing activities:		
Proceeds from subscription of units		110,402
Payments on redemption of units		(729)
Distributions paid		<u>(2,114)</u>
Net cash from financing activities		<u>107,559</u>
Net increase in cash and cash equivalents		108,888
Cash and cash equivalents at beginning of the period		-
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>9</u>
Cash and cash equivalents at end of the period	7 (b)	<u>108,897</u>
Non-cash financing activities		
Non-cash financing activities carried out during the year on normal commercial terms and conditions included:		
Reinvestment of distributions		4,580

The accompanying notes are an integral part of these financial statements.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

1. General

CFM IS Trends Trust (the “Trust”) is an individual entity. The Trust was constituted on 14 June 2017 as a registered managed Investment Scheme under the *Corporations Act 2001* and commenced operations on 14 July 2017. The Trust will terminate on the day which is 2 days before the 80th anniversary of the date of the Constitution (being 14 June 2017) unless terminated earlier by the Responsible Entity or required under the Corporations Act.

The Trust’s investment activities are managed by Capital Management Fund LLP (the “Investment Manager”) and The Trust Company (RE Services) Limited (the “Responsible Entity”). The Investment Manager has appointed Capital Fund Management SA (the “Investment Advisor”) as an investment advisor to the Trust. The Responsible Entity is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia.

Effective from 1 June 2018 the trust changed the structure from a feeder to a standalone entity, and the Trust’s investment objective changed to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Trust aims to give effect to this objective by investing in accordance with the quantitative trading strategies developed by the Investment Advisor. The net assets not invested in the quantitative trading strategy will be held as cash, cash equivalents or interest bearing instruments.

Prior to 1 June 2018 the Trust’s investment objective was to achieve a long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Trust aimed to give effect to this investment objective by investing approximately 2/3 of the NAV of Class A Units and the full NAV of Class B Units in the AUD denominated Class G Shares of the Master Fund.

The Trust follows the quantitative CFM IS Trends trading program (the “Program”), designed by the Investment Advisor, which is a managed futures program pursuing a long-term trend following strategy by trading in listed futures contracts on medium and long-term bonds, short-term interest rates, stock indices, currencies and commodities as well as derivatives on credit, volatility and foreign exchange.

The administration of the Trust has been delegated to The Hong Kong and Shanghai Banking Corporation Limited, Sydney Branch.

The financial statements were authorised for issue by the directors of the Responsible Entity on 13 September 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in Australian Dollars.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

Basis of accounting

The annual financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001* in Australia. The Trust is a for-profit unit trust for the purpose of preparing the financial statements.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months after the end of each reporting period in relation to these balances cannot be reliably determined.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Trust also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Trust. The directors' assessment of the impact of these standards (to the extent relevant to the Trust) and interpretations is set out below:

AASB 9 Financial Instruments (and applicable amendments) (effective for financial reporting periods beginning on or after 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has also introduced revised rules around hedge accounting and impairment. The standard is available for early adoption.

The Responsible Entity does not expect this standard to have a significant impact on the recognition and measurement of the Trust's financial instruments as they are carried at fair value through profit or loss and held for trading. The derecognition rules have not been changed from the previous requirements and the Trust does not apply hedge accounting at present, however it may apply hedge accounting in the future.

AASB 15 Revenue from Contracts with Customers (effective for financial reporting periods beginning on or after 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue and AASB 111 Construction Contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

2. Significant accounting policies (continued)

New accounting standards and interpretations (continued)

AASB 15 Revenue from Contracts with Customers (effective for financial reporting periods beginning on or after 1 January 2018) (continued)

The Trust's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Responsible Entity does not expect the adoption of the new revenue recognition rules to have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Foreign currency translation

Functional and presentation currency

In view of the Trust's operations, the amounts shown in these financial statements are presented in Australian Dollars (\$) which is the Trust's functional and presentation currency. Management considers the Australian Dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net foreign currency (loss)/gain on monetary assets and liabilities".

Financial instruments

Classification

(i) Financial assets and liabilities held for trading

Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification. The Trust does not designate any derivatives as hedges in a hedging relationship.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

2. Significant accounting policies (continued)

Financial instruments (continued)

Classification (continued)

(i) Financial assets and liabilities held for trading (continued)

The Trust may effect trades in derivative taking a short exposure to underlying positions as a speculative position or as a part of a hedging strategy and does not effect short sales per se. Short trades are defined as transactions in which a person sells a security, which it does not own (by borrowing such security), in anticipation of a decline in the market value of the security. Short exposure positions taken through derivatives are classified as financial liabilities at fair value through profit or loss.

(ii) Financial assets and liabilities designated at fair value through profit or loss

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These may include investments in exchange traded equity securities, listed unit trusts and listed property trusts.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

The information on the fair value basis is provided internally to the Trust's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

Recognition/derecognition

The Trust recognises financial assets and liabilities on the date it becomes party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognized on the date the Trust becomes party to the sale contractual agreement (trade date).

Measurement

At initial recognition, a financial asset or liability is measured at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently all financial assets and liabilities are measured at fair value without any deduction for estimated future selling cost. Gains and losses arising from changes in the fair value measurement are included in profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Details on how the fair value of financial assets and financial liabilities is determined are disclosed in Note 9.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

2. Significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Trust at any time for cash based on the redemption price, which is equal to a proportionate share of the Trust's NAV attributable to the unitholders.

The units are carried at the redemption amount that is payable at statement of financial position date if the holder exercises the right to put the unit back to the Trust. This amount represents the expected cash flows on redemption of these units.

In accordance with AASB 132 Financial Instruments: Presentation, the units issued by the Scheme are puttable instruments and do not satisfy the exemption available for them to be classified as equity as they have units with different contractual features; therefore the units are classified as a financial liability. Refer to Note 10 for further details.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost, less provision for impairment. Given the short term nature of most receivables, the nominal amount approximates fair value.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

2. Significant accounting policies (continued)

Other receivables

Other receivables are the receivables from the Fund Manager to the Trust. These are the expenses relating to administration fees, professional fees and out of pocket expenses of the Trust, which is born by the Fund manager on behalf of the Trust. Other receivables are not quoted in an active market and are subsequently measured at amortised cost, less provision for impairment. Given the short term nature of other receivables, the nominal amount approximates fair value.

Payables

Payables are accrued expenses, subscriptions received in advance for units not yet issued, redemption monies owing by the Trust which are unpaid at period end, distribution payable, management fee payable and performance fee payable. Amounts are generally paid within ninety days of being accrued for. Given the short term nature of most payables, the nominal amount approximates fair value.

Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed

Income and expenses

Interest income is recognised in the Statement of Comprehensive Income for interest earned on the cash held during the period. All income and expenses including audit fees, management fees, administration fees and performance fees are accounted for on an accrual basis.

Taxation

Investors in the Trust are expected to be entitled to the entire income of the Trust, and the Trust should thus not be liable to Australian Income tax under present tax legislation. If the Trust incurs a loss, there will not be any distributions to Investors and losses expected to be carried forward to the next fiscal period (subject to applicable tax rules). The Trust is not expecting to make a managed investment trust capital gains tax election and is expecting to post realised profits and losses mainly in its revenue account. Investors should expect to receive a yearly report of their share of the Trust's assessed income. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them. The benefits of franking credits and foreign tax paid are passed on to unitholders, providing certain conditions are met.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including the fair value of investments, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the period. Management believes that the estimates utilised in preparing its financial statements as reasonable and prudent, however actual results could differ from those estimates.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

2. Significant accounting policies (continued)

Distributions

In accordance with the Trust's Product Disclosure Statement, the Trust distributes income adjusted for amounts determined by the Responsible Entity to unitholders by cash or reinvestment.

3. Net loss from investment in financial assets and liabilities held for trading

*14 June 2017 to
30 June 2018
\$'000*

Net realised loss from investments in financial assets and liabilities held for trading	(5,446)
Net unrealised gain from investments in financial assets and liabilities held for trading	1,271
Net loss from investments in financial assets and liabilities held for trading	<u>(4,175)</u>

4. Net gain from investments in financial assets at fair value through profit or loss

*14 June 2017 to
30 June 2018
\$'000*

Net realised gain from investments in the financial assets held at fair value through profit or loss	6,916
Net unrealised (loss)/gain from investments in the financial assets held at fair value through profit or loss	-
Net gain from investments in financial assets at fair value through profit or loss	<u>6,916</u>

5. Fees and expenses

Management fees

The Investment Manager receives a Management fee, calculated and accrued on each Pricing Day and is paid monthly in arrears, in the amount of 0.6% and 1.125% per annum (including GST net of RITCs) of the NAV of Class A and Class B units respectively. Management fees of \$703,323 were charged during the period 14 June 2017 to 30 June 2018 and \$703,323 is payable at the period end.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

5. Fees and expenses (continued)

Performance fees

The Investment Manager receives a Performance fee calculated and accrued on each Pricing Day, payable at the end of the performance period in an amount of 10% (including GST net of RITCs) of the trading profits of Class A units. Class B units are not subject to Performance Fees. Trading Profits are calculated based on the change in the NAV of a Class (excluding the management fees and performance fees for the pricing period), less any carry forward loss. Performance fees may also be crystallised by a redemption of units when the class of units has a carry forward profit. Performance fees of \$183,159 were charged during the period 14 June 2017 to 30 June 2018 and \$183,159 is payable at the period end.

Other expenses

The Investment Manager will bear all expenses of the Trust (excluding the Management fee and the Performance fee), when such expenses exceed 0.20% and 0.30% per annum (including GST net of RITCs) of the NAV of the Trust for Class A and Class B Units respectively.

Operating expenses of \$50,626 were charged during the year ended 30 June 2018. Expenses above the Expense Cap were borne by the Investment Manager. As at 30 June 2018, a net value of \$95,802 is receivable from the Investment Manager. Refer to Note 12, management fees and other expenses are capped at 0.8% and 1.425% per annum of the NAV of the Trust for Class A and Class B respectively.

	<i>14 June 2017 to 30 June 2018</i> \$'000	Amount in % of the average NAV
Invoices paid by the Trust during the period	147	0.17%
Amount to be reimbursed by Manager	(96)	0.11%
	<hr/>	
Net operating expenses charged to the Trust	51	0.06%

*Prior to 1 June 2018, ongoing expenses charged through the master fund are capped at 15 bps.

Below all detailed expenses invoices of the Trust (not charged to the Trust).

	<i>14 June 2017 to 30 June 2018</i> \$'000	Amount in % of the average NAV
Administration fees	35	0.04%
Legal fees	89	0.10%
Out of pocket fees	3	0.00%
Registration fees	4	0.01%
Responsible entity fees	14	0.02%
Tax reporting fees	2	0.00%
	<hr/>	
	147	0.17%

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

5. Fees and expenses (continued)

Trustee fees

The Responsible Entity receives trustee fees based on incremental fees of the monthly NAV, subject to a minimum annual fee.

Trustee fees are part of the operating expenses. Trustee fees, inclusive of GST, during the period 14 June 2017 to 30 June 2018 was \$53,227 and \$13,492 is payable at the period end.

6. Remuneration of Auditors

For the period 14 June 2017 to 30 June 2018, the following operating expenses were incurred by the Trust for the services provided by the auditor and \$27,127 is payable at the period end. Remuneration of Auditors are part of the operating expenses

	<i>14 June 2017 to 30 June 2018 \$'000</i>
Audit of financial statements	24
Taxation Services	6
	<hr/>
Total remuneration	30

7. Reconciliation of operating profit to net cash outflow from operating activities

(a) Reconciliation of operating loss to net cash outflow from operating activities

	<i>14 June 2017 to 30 June 2018 \$'000</i>
Operating profit for the period	1,879
Purchase of investments held at fair value through profit or loss	(186,211)
Net proceeds from payment for investments held for trading	(5,446)
Proceeds from sale of investments held at fair value through profit or loss	193,127
Net loss on investments in financial assets and liabilities held for trading	4,175
Net gain on financial instruments held at fair value through profit or loss	(6,916)
Net loss on foreign exchange	(9)
Net change in receivables and other assets	(170)
Net change in payables and other liabilities	900
	<hr/>
Net cash outflow from operating activities	1,329

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

7. Reconciliation of operating profit to net cash outflow from operating activities (continued)

(b) Cash and cash equivalents at the end of the period

	<i>30 June 2018 \$'000</i>
Cash at bank	94,391
Cash held with brokers	14,506
	<hr/>
	108,897
	<hr/>

8. Financial instruments and associated risk

The Trust's overall risk management program focuses on ensuring compliance with the governing documents of the Trust and seeks to realise the risk target of the Trust. Financial risk management is carried out by the Investment Manager.

The discussion in this note relates to the risks of the Trust on the basis of the Trust's direct investments.

The Responsible Entity of the Trust has a compliance framework integrated into the day to day operations of the Responsible Entity Services team, a Corporate Trust (CT) business unit, with the Responsible Entity.

The Responsible Entity has in place a framework to identify, control, report and manage compliance and business obligations, and to ensure that the interests of unitholders in the Trust are protected.

This framework includes:

- Detailed policies and procedures available electronically on an intranet site;
- Committee and board reporting;
- Staff training,
- Formal Service Provider agreements;
- Regular compliance reporting by the Investment Manager, Investment Administrator and Custodian (the "Service Providers");
- Monitoring visits of Service Providers; and
- Monitoring of Responsible Entity Services compliance in accordance with Perpetual's Risk and Control Self-Assessment Program.

Responsible Entity Services is ultimately responsible for compliance monitoring. The Responsible Entity Services business unit includes the roles of General Manager Managed Fund Services, Head of Responsible Entity Services, Senior Risk Manager, Senior Manager Corporate Clients and Manager Corporate Clients.

Responsible Entity Services undertakes on-site monitoring of the Scheme's service providers, focusing on the general control environment and investment management, administration and custodial functions as provided to the Responsible Entity of the Scheme. This is conducted to ensure that the service providers continue to satisfy their obligations as detailed within the relevant service agreement entered into with the Responsible Entity.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

8. Financial instruments and associated risk (continued)

The Responsible Entity has established a Compliance Committee which is responsible for developing and monitoring the Scheme's compliance monitoring policies, including those related to its activities. Compliance monitoring policies and systems are reviewed periodically to reflect changes in market conditions and the Scheme's activities.

A risk management framework has been established by the Scheme's Investment Manager who conducts regular assessment processes in order to ensure that procedures and controls are adequately managing the risks arising from the Scheme's investment activities.

The framework includes:

- An IT based risk management system that is integrated with the investment process;
- Operational and Investment Policies covering operational and investment risk management;
- Investment policies and processes detailing the procedures for entering into transactions;
- Trading Authorisations detailing the authorities at the Investment Advisor for trading on the behalf of the Trust;
- The Investment Manager only trading on the behalf of the Trust on an agency basis;
- Holding of free cash at the Custodian;
- Holding of all investments at the Custodian;
- Investment Committee processes to monitor and manage portfolio risk;
- Daily reconciliation of Scheme trades, positions and cash flows;
- Daily procedures to undertake fair value remeasurement of Scheme financial assets and liabilities; and
- Detailed compliance monitoring and reporting provided to the Responsible Entity of the Scheme.

As mentioned in Note 1 the Trust's investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes, by investing in the quantitative trading strategies developed by the Investment Manager's "CFM IS Trends trading" investment program.

The Trust also has exposure to market risk, credit risk and liquidity risk through the Trust's investments.

The Trust's investing activities expose it to various types of risk that are associated with the financial investments and markets in which it invests. The Trust's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

a) Market risk

Market risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. In accordance with the Trust's policy, the Investment Manager monitors the Trust's investments on a continuous basis and ensures that the Trust is invested as per the investment objectives in the Trust.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

8. Financial instruments and associated risk (continued)

a) Market risk (continued)

(i) Interest rate risk (continued)

The interest rate risk arises from the effects of fluctuations in the prevailing level of market interest rates on securities holdings, derivatives, bank balance and cash held with brokers.

The Trust's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

30 June 2018

	<i>Floating interest rate \$'000</i>	<i>Fixed interest rate \$'000</i>	<i>Non bearing interest rate \$'000</i>	<i>Total \$'000</i>
Assets				
Cash and cash equivalents	58,897	50,000	-	108,897
Subscriptions receivable	-	-	129	129
Interest receivable	-	-	74	74
Other receivables	-	-	96	96
Investments in financial assets held for trading	-	-	4,227	4,227
	<u>58,897</u>	<u>50,000</u>	<u>4,526</u>	<u>113,423</u>
Liabilities				
Redemption payable	-	-	32	32
Management fees payable	-	-	703	703
Performance fees payable	-	-	183	183
Accrued expenses	-	-	14	14
Investments in financial liabilities held for trading	-	-	2,956	2,956
	<u>-</u>	<u>-</u>	<u>3,888</u>	<u>3,888</u>

The following table estimates the sensitivity of the Trust's annual operating profits and net assets attributable to unitholders to interest rate risk. The sensitivity rate is based on management's best estimate of a reasonably possible movement in interest rates. Management has determined that a fluctuation in interest of 50 basis points is reasonably possible, considering the economic environment in which the Trust operates.

	<i>Increase By 50 bps \$'000</i>	<i>Decrease By 50 bps \$'000</i>
30 June 2018		
Sensitivity of interest income and changes on net assets attributable to unitholders	294	(294)

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

8. Financial instruments and associated risk (continued)

a) Market risk (continued)

(iii) Currency risk

Currency risk, as defined in AASB 7 *Financial Instruments*, arises as the value of monetary assets and monetary liabilities denominated in currencies other than AUD fluctuate due to changes in foreign exchange rates.

The Investment Manager monitors the exposure on all foreign currency denominated assets and liabilities, and the Trust's policy is to manage the Trust's exposure to foreign exchange movements (both monetary and non-monetary) by entering into foreign exchange hedging transactions. The Investment Manager believes that through hedging, the Trust's sensitivity to movements in foreign exchange rates is minimised.

The Trust operates internationally and holds both monetary and non-monetary assets denominated in currencies other than AUD. AASB 7 *Financial Instruments* considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk, not foreign currency risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the Trust's assets and liabilities denominated in other currencies:

	<i>CAD</i> <i>\$'000</i>	<i>CHF</i> <i>\$'000</i>	<i>EUR</i> <i>\$'000</i>	<i>GBP</i> <i>\$'000</i>	<i>HKD</i> <i>\$'000</i>	<i>JPY</i> <i>\$'000</i>	<i>SGD</i> <i>\$'000</i>	<i>USD</i> <i>\$'000</i>
Assets								
Cash and cash equivalents	(372)	3	209	(234)	(443)	(234)	(352)	(398)
Interest receivable	-	-	1	-	-	-	-	1
Investments in financial assets held for trading	-	5	1,348	27	10	70	2	2,711
	<u>(372)</u>	<u>8</u>	<u>1,558</u>	<u>(207)</u>	<u>(433)</u>	<u>(164)</u>	<u>(350)</u>	<u>2,314</u>
Liabilities								
Accrued expenses	1	-	3	1	1	1	-	6
Investments in financial liabilities held for trading	123	-	270	21	-	190	-	2,229
	<u>124</u>	<u>-</u>	<u>273</u>	<u>22</u>	<u>1</u>	<u>191</u>	<u>-</u>	<u>2,235</u>
Net assets	<u>(496)</u>	<u>8</u>	<u>1,285</u>	<u>(229)</u>	<u>(434)</u>	<u>(355)</u>	<u>(350)</u>	<u>79</u>

The table below summarises the impact of increase or decrease of key exchange rates on the exposure table above, to which the Trust is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 5% with all other variables held constant.

	<i>CAD</i> <i>\$'000</i> +/-	<i>CHF</i> <i>\$'000</i> +/-	<i>EUR</i> <i>\$'000</i> +/-	<i>GBP</i> <i>\$'000</i> +/-	<i>HKD</i> <i>\$'000</i> +/-	<i>JPY</i> <i>\$'000</i> +/-	<i>SGD</i> <i>\$'000</i> +/-	<i>USD</i> <i>\$'000</i> +/-
Impact on operating profit/net assets attributable to unitholders	25	-	64	11	22	18	18	4

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

8. Financial instruments and associated risk (continued)

a) Market risk (continued)

(iv) Currency risk (continued)

The Manager has used their view of what would be a “reasonable possible shift” in the exchange rate to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impact could be positive or negative. The modelled changes in exchange rates % are revised annually depending on the Manager’s current view of exchange rate volatility and other relevant factors.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Trust, other than derivatives, the Trust’s exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the reporting period.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase of the securities has been received by the broker. The trade will fail if either party fails to meet its obligations.

There are no financial assets that are past due or impaired, or would otherwise be past due or impaired. Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Trustee on a regular basis as deemed appropriate. In accordance with the Trust’s policy, the Investment Manager monitors the Trust’s credit position on a regular basis.

The Trust’s financial assets which are potentially subject to concentration of credit risk consist principally of bank deposits and financial assets and financial liabilities held with the custodian or with other financial institutions. The table below summarises the assets placed with banks and custodian.

	<i>\$'000</i>	<i>Credit rating</i>	<i>Source of credit rating</i>
Custodian			
Deutsche Bank	15,777	BBB+	S&P
The Hong Kong and Shanghai Banking Corporation Limited	94,391	AA-	S&P

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

8. Financial instruments and associated risk (continued)

c) Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Trust is exposed to liquidity risk on all of its investments through its investment. As at 30 June 2018, the Investment Manager believes that the Trusts's positions are in liquid instruments that can be liquidated without any significant market impact given that the investments are redeemable on a daily basis at fair value during normal market conditions.

The Trust is exposed to same day redemptions of redeemable participating units at the holder's option, from 1 June 2018. In order to meet any redemption requests, the Trust will realise some or all of its investments. However, the Responsible Entity does not envisage that the contractual maturity of the redeemable participating units will be representative of the actual cash outflows, as holders of these instruments.

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the end of the period end date to the contractual maturity date. The amounts are gross and undiscounted.

30 June 2018

	<i>Less than 1 month \$'000</i>	<i>1 - 3 months \$'000</i>	<i>Over 3 months \$'000</i>	<i>Total \$'000</i>
Non-derivative liabilities				
Redemption Payable	32	-	-	32
Management fees payable	-	703	-	703
Performance fees payable	-	-	183	183
Accounts payable and accrued expenses	14	-	-	14
Net assets attributable to unitholders – Liability	-	-	109,535	109,535
	<u>46</u>	<u>703</u>	<u>109,718</u>	<u>110,467</u>

9. Financial assets and liabilities at fair value held for trading

The carrying amounts of all the Trust's financial assets and financial liabilities at the end of each reporting period approximated their fair values as all financial assets not fair valued are short term in nature.

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

9. Financial assets and liabilities at fair value held for trading (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investment is recorded at the NAV per share in the Trust as reported by the Investment Manager of the Trust.

The following table analyses within the fair value hierarchy the Trust’s financial instruments measured at fair value, carried on the Statement of Financial Position.

Fair value of financial instruments as at 30 June 2018

	<i>Level 1</i> <i>\$'000</i>	<i>Level 2</i> <i>\$'000</i>	<i>Level 3</i> <i>\$'000</i>	<i>Total</i> <i>\$'000</i>
Investments in financial assets held for trading				
Futures contract	4,227	-	-	4,227
	<hr/>	<hr/>	<hr/>	<hr/>
	4,227	-	-	4,227
	<hr/>	<hr/>	<hr/>	<hr/>
Investments in financial liabilities held for trading				
Futures contract	2,956	-	-	2,956
	<hr/>	<hr/>	<hr/>	<hr/>
	2,956	-	-	2,956
	<hr/>	<hr/>	<hr/>	<hr/>

The pricing for the majority of the Trust's investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchanges, and therefore classified within level 1, include active listed equities and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. The level 2 instruments include investment-grade corporate bonds, and over-the-counter derivatives. Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include certain unlisted unit trusts and corporate debt securities. As observable prices are not available for these securities, the Trust has used valuation techniques to derive fair value.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

9. Financial assets and liabilities at fair value held for trading (continued)

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions (e.g. redemption restrictions). Valuations for these investments may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Typically, prices of units in unlisted managed investment trusts that are either published on the investment manager's website and/or circulated among market participants as executable quotes are categorised as level 2.

Where a valuation model technique is used, the Trust considers other liquidity, credit and market risk factors, and adjusts the model as deemed necessary. There have been no changes to the valuation techniques used for financial instruments classified as levels 2 and 3.

10. Unit capital

The authorised unit capital of the Trust comprised of Class A and Class B units.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 7, the Trust endeavours to invest its capital in appropriate investments, whilst maintaining sufficient liquidity to meet redemption requests. Liquidity is augmented by holding liquid investments, and notice periods for redemption requests.

The Trust's capital during the reporting period were as follows:

	14 June 2017 to 30 June 2018				Total \$'000
	Class A Units '000	Class B Units '000	Class A \$'000	Class B \$'000	
Opening balance	-	-	-	-	-
Applications	58,518	52,737	61,027	54,084	115,111
Redemptions	(723)	-	(761)	-	(761)
Decrease in net assets attributable to	-	-	(2,689)	(2,126)	(4,815)
Closing balance	57,795	52,737	57,577	51,958	109,535

11. Commitments or contingencies

At the period end, the Trust had no commitments or contingencies.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

12. Related parties

Responsible Entity

The Trust's investment activities are managed by Capital Management Fund LLP and The Trust Company (RE Services) Limited. The Responsible Entity is incorporated and domiciled in Australia. The registered office of the Responsible Entity is Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000, Australia.

The Trust does not have employees in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the key management personnel.

Key management personnel

(a) Directors

The directors of The Trust Company (RE Services) Limited during the financial period or since the end of the period and up to the date of the report are as follows:

Andrew Cannane	Resigned as Director on 23 February 2018
Glenn Foster	
Christopher Green	
Michael Vainauskas	
Andrew McIver	Alternate Director for Michael Vainauskas
Vikki Riggio	Appointed as Alternate Director for Christopher Green on 24 November 2017 Resigned as Alternate Director for Andrew Cannane on 23 February 2018 Resigned as Alternate Director for Christopher Green on 20 April 2018 Appointed as a Director on 20 April 2018
Rodney Ellwood	Resigned as Alternate Director for Christopher Green on 24 November 2017
Gillian Larkins	Appointed Alternate Director for Glenn Foster on 14 July 2017
Neil Wesley	Resigned as Alternate Director for Glenn Foster on 14 July 2017
Phillip Blackmore	Appointed as Alternate Director for Christopher Green and Vicki Riggio on 6 July 2018

(b) Key management personnel unitholdings

No key management personnel of the Responsible Entity held units in the Trust as at 30 June 2018.

(c) Investment Manager and related fees

Effective from 1 June 2018 the trust changed the structure from a feeder to a standalone entity, and the Trust's investment objective changed to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Trust aims to give effect to this objective by investing in accordance with the quantitative trading strategies developed by the Investment Advisor. The net assets not invested in the quantitative trading strategy will be held as cash, cash equivalents or interest bearing instruments.

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

12. Related parties (continued)

(d) Investment Manager and related fees (continued)

Prior to 1 June 2018 the Trust's investment objective was to achieve a long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes. The Trust aimed to give effect to this investment objective by investing approximately 2/3 of the NAV of Class A Units and the full NAV of Class B Units in the AUD denominated Class G Shares of the Master Fund.

With the exception of Capital Fund Management LLP, all direct service providers are domiciled in Australia. Capital Fund Management LLP has appointed Capital Fund Management SA as a trading advisor and is paid by Capital Fund Management LLP. Capital Fund Management LLP is affiliated to Capital Fund Management SA. None of the other service providers are related parties to one another nor does the Responsible Entity believe that any material agreements to which the Trust has entered could be considered not to have been negotiated on an arm's length basis. Fees paid to the Investment Manager are disclosed in Note 5.

Under the terms of the Trust's Disclosure documents, management fees and certain other fees are capped at 0.8% and 1.425% per annum of the NAV of the Trust for Class A and Class B respectively, accruing daily and payable in arrears. Where actual expenses are in excess of this cap such expenses will be paid by the Investment Manager. The Investment Manager will reimburse to the Trust any excess that may have been paid out of the assets of the Trust. The fees are inclusive of GST and net of any applicable input tax credits and reduced input tax credit. In addition to this a performance fee of 10% of the trading profits of Class A units is payable and Class B Units are not subject to performance fees.

Costs covered by the cap include management fees to the Investment Manager and trustee fees to the Responsible Entity, costs associated with custody and administration of the Trust, costs associated with the provision of legal and tax services for the Trust, audit fees and any other incidental expenses.

For the period ended 30 June 2018, the Investment Manager will reimburse a total of \$146,429 to the Trust.

The transactions during the period and amounts receivable/payable at the end of the period between the Trust, the Responsible Entity and the Investment Manager are as follows:

	<i>14 June 2017 to 30 June 2018 Fees \$'000</i>
Management fees paid/payable for the period	703
Performance fees paid/payable for the period	183
Trustee fees paid for the period	53
Aggregate amounts receivable from the Investment Manager for the period	147
Trustee fees payable for the period	13

CFM IS Trends Trust

Notes to the Financial Statements

For the period from 14 June 2017 (date of constitution) to 30 June 2018

12. Related parties (continued)

(c) Related party unitholdings

Details of investments in the Trust by Capital Fund Management SA follow:

For the period ended 30 June 2018

Class A

	Number of opening units '000	Number of closing units '000	Market Value \$'000	% of holding	Number of acquired units \$'000	Number of disposed units \$'000
Capital Fund Management SA	-	105	105	0.18%	105	-

Class B

	Number of opening units '000	Number of closing units '000	Market Value \$ \$'000	% of holding	Number of acquired units \$'000	Number of disposed units \$'000
Capital Fund Management SA	-	108	106	0.20%	108	-

There are no other transactions with related parties other than those in the normal course of business.

13. Subsequent events

Phillip Blackmore was appointed as an alternate director for Christopher Green and Vicki Riggio on 6 July 2018.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Statement of Financial Position as at 30 June 2018 or on the results and cash flows of the Trust for the period ended on that date.

CFM IS Trends Trust

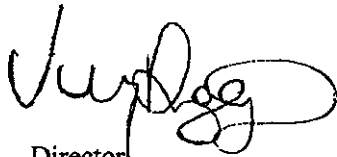
Directors' Declaration

For the period from 14 June 2017 (date of constitution) to 30 June 2018

In the opinion of the directors of The Trust Company (RE Services) Limited, the Responsible Entity of CFM IS Trends Trust:

- (a) the annual financial statements and notes, set out on pages 8 to 31, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and Interpretations issued by the Australian Accounting standards Board and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2018 and of its performance for the financial period ended on that date;
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable, and
- (c) Note 2 confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Director
Sydney

13 September 2018



Independent Auditor's Report

To the unitholders of CFM IS Trends Trust

Opinion

We have audited the **Financial Statements** of CFM IS Trends Trust (the Trust).

In our opinion, the accompanying Financial Statements of the Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Trust's** financial position as at 30 June 2018 and of its financial performance for the period from 14 June 2017 to 30 June 2018; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Statements comprises:

- Statement of financial position as at 30 June 2018;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the period from 14 June 2017 to 30 June 2018;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Trust in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in CFM IS Trends Trust's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. This includes the Management and Administration details, Director's Report and Report of the Investment Manager. The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's report were the Management and Administration details, Directors' Report and Report of the Investment Manager.



Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Statements

The Directors of The Trust Company (IRE Services) Limited (the Responsible Entity) are responsible for:

- preparing the Financial Statements that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the *Auditing and Assurance Standards Board* website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.

KPMG

Jessica Davis

Partner

Sydney

13 September 2018