

CFM ISTrends Trust - Class A Units

Alternative Beta
October 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

A\$98285	Unit Price
-3.83%	October ROR
+7.21%	Year to date ROR
A\$104m	FUM IST Trust [1]
US\$2.1bn	FUM ISTrends [1]

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 (%) [2]

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	2.9	0.6	-0.4	4.8	2.9	4.6	-3.9	-3.8			7.2

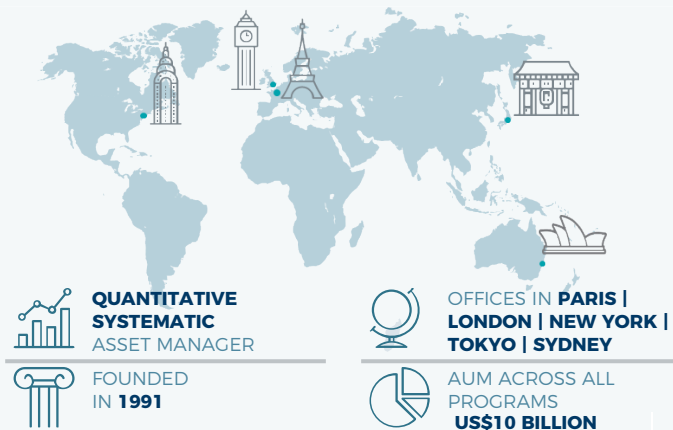
Performance figures (%) [2]

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISTrends Trust	-3.3	3.9	7.2	1.4	-1.0		1.3
Offshore strategy in USD	-2.6	6.6	11.2	5.6	1.5	1.5	6.6

Fund details

Strategy	A low turnover, long term trend following portfolio that seeks to harvest momentum returns via futures contracts in different 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 [2]
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

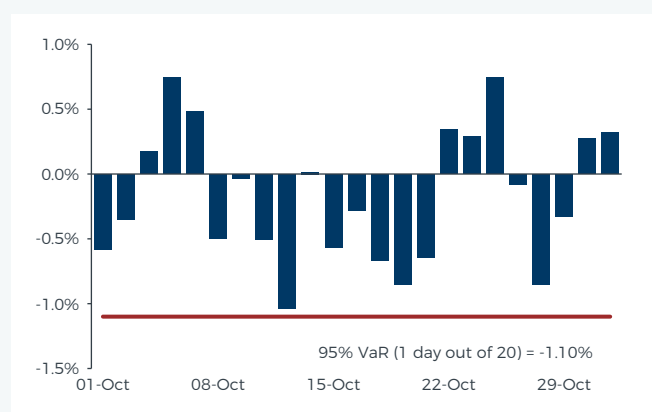
Risk Management

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

Collaboration

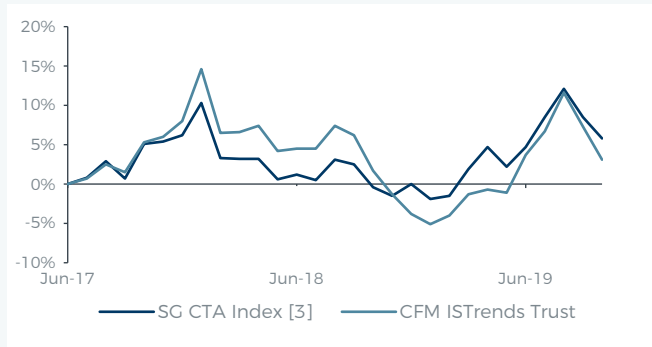
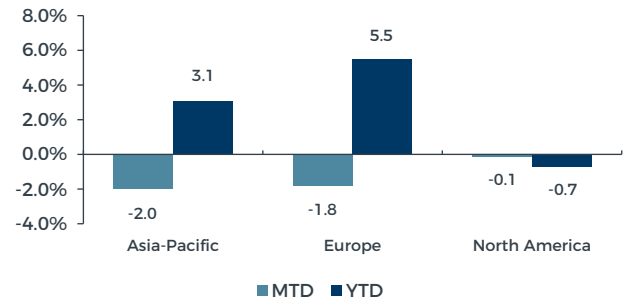
A collegiate culture of cross-discipline teams fosters an environment of innovation and performance

Daily returns (net)

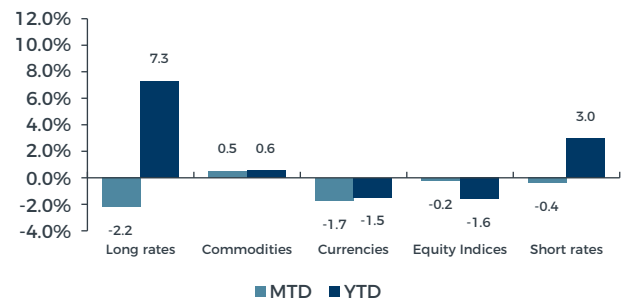


Unless otherwise stipulated, all monthly performance figures are based on the official NAV of CFM ISTrends Trust Class A Units. Returns are net of management and incentive fees.

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.

Compounded returns since inception

Contribution per geographic zone (gross)

Performance analysis

	Since Inception	Last 12 months
Total Cumulative Return	3.1%	1.4%
Annualized Rate of Return	1.3%	1.4%
% of Positive Months	57.1%	50.0%
Best Month	6.1%	4.8%
Worst Month	-7.1%	-3.9%
Peak to Valley Drawdown	-17.1%	-7.6%
Annualized Standard Deviation	10.6%	10.9%
Sharpe Ratio	0	0
Correlation [4] between IST and		
SG CTA Index [3]	0.63	0.77
Barclays Global-Agg [5]	0.06	0.44
MSCI World Index [6]	0.24	-0.04

Contribution per asset class (gross)

For further details


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Footnote definitions

1. FUM based on the FUM of the ISTrends Program expressed in terms of equivalent risk of 10%.
2. The fund changed its liquidity from weekly to daily effective 1 June 2018. As of 18 May 2018 CFM ISTrends Trust fully redeemed from its Master fund and restarted trading at the level of CFM ISTrends Trust.
3. 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.
4. SG CTA Index USD Daily (ticker: NEIXCTA).
5. Correlation coefficients are calculated using daily time series.
6. Barclays Capital Global Aggregate Bond Index USD Hedged.
7. MSCI World Index USD Daily Total Return Net.

Important Disclosures

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CFM ISTrends Trust - Class B Units

Alternative Beta
October 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

A\$0.95113	Unit Price
-6.09%	October ROR
+10.06%	Year to date ROR
A\$104m	FUM IST Trust [2]
US\$2.1bn	FUM ISTrends [2]

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 (%) [2]

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	4.2	0.8	-0.6	7.2	4.6	7.7	-6.5	-6.1			10.1

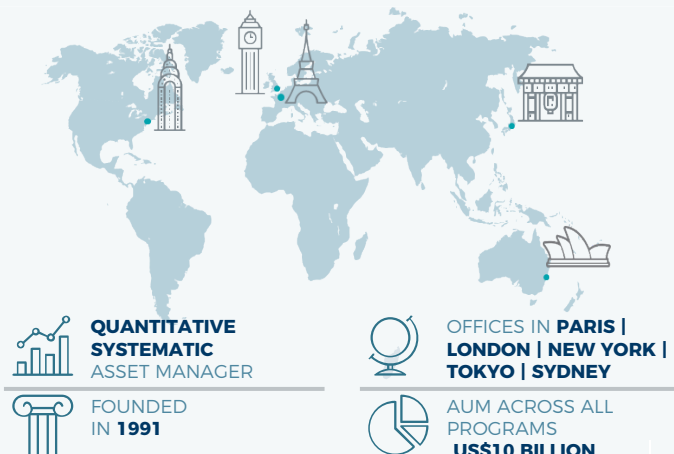
Performance figures (%) [2]

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISTrends Trust	-5.4	5.4	10.1	1.1	-2.8		1.1
Offshore strategy in USD	-4.6	9.4	16.2	7.2	0.7	1.0	-2.3

Fund details

Strategy	A low turnover, long term trend following portfolio that seeks to harvest momentum returns via futures contracts in different 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 [2]
Investor time horizon:	3-5 years
Benchmark:	Nil

CFM overview



CFM approach

Research

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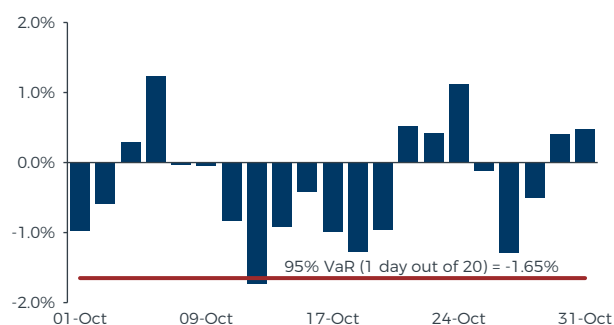
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Collaboration

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

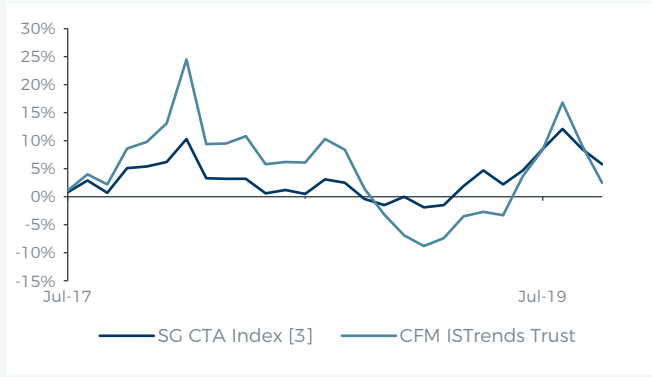
Daily returns (net)



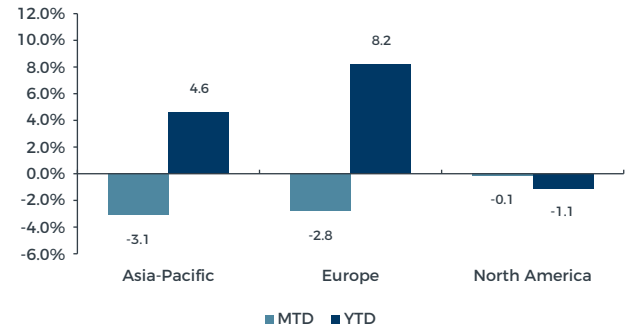
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Compounded returns since inception



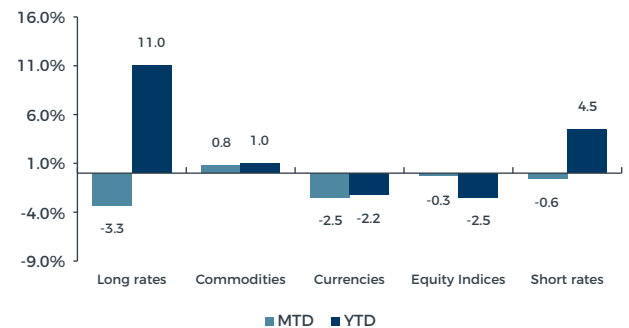
Contribution per geographic zone (gross)



Performance analysis

	Since Inception	Last 12 months
Total Cumulative Return	2.5%	1.1%
Annualized Rate of Return	1.1%	1.1%
% of Positive Months	57.1%	50.0%
Best Month	10.2%	7.7%
Worst Month	-12.1%	-6.5%
Peak to Valley Drawdown	-26.8%	-12.2%
Annualized Standard Deviation	17.2%	17.2%
Sharpe Ratio	0	0.1
Correlation [4] between IST and		
SG CTA Index [3]	0.82	0.76
Barclays Global-Agg [5]	0.12	0.47
MSCI World Index [6]	0.33	-0.04

Contribution per asset class (gross)



For further details



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6. Barclays Capital Global Aggregate Bond Index USD Hedged.
7. MSCI World Index USD Daily Total Return Net.

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Key performance figures

Performance		FUM	
-3.8287%	Class A Monthly Return	\$A104m leveraged FUM / \$A88m equity	ISTrends Trust (10% vol)
+7.2132%	Class A YTD Return	US\$2.1bn leveraged FUM / US\$1.7bn equity	ISTrends Program (10% vol)
-6.0854%	Class B Monthly Return	US\$10bn leveraged FUM / US\$8.2bn equity	Firm-wide
+10.0603%	Class B YTD Return		
-2.41%	SG CTA Monthly Return		
+5.98%	SG CTA YTD Return		

Performance report

- ▶ October and Q4 got underway in rough-and-tumble style for equities: poor US manufacturing data (US ISM Manufacturing Index fell to 47.8 in September – its lowest level in 10 years and below the 50 mark that economists expected), along with Brexit uncertainty drove the S&P 500 to close 1.2% and 1.8% lower on October 1 and 2 respectively.
- ▶ However, the rest of the month proved positive for risk assets as a ‘mini trade deal’ and the outlook on US-China trade negotiations improved. The S&P went on to close at a record high on October 28, and gained 2% over the month.
- ▶ A risk-on environment weighed heavily on the US dollar. The greenback fell the most in nearly two years on positive developments related to both the lingering trade war (US-China having restarted negotiations) and protracted Brexit talks (the UK and Europe having reached a newly negotiated deal). The dollar sank 2% against a basket of G7 currency peers.
- ▶ The US Federal Reserve (Fed) effected their third interest rate cut of 2019 on October 30.



Trends

The Long Term Trend Following program delivered negative results this month, with mixed performance across asset classes.

A net long Bonds positions delivered the most negative returns. The majority of long positions in global sovereign paper registered losses as yields rose on both optimism related to the announcement of resuming US-China trade talks during the second week, along with positive sentiment surrounding a deal to be struck between the UK and EU negotiators on Brexit. US, UK, and German 10-year benchmark yields rose 5.5, 15.9, and 15.7 basis points respectively. The most negative contribution came from the German Bund. The yield of the benchmark German paper rose by nearly 16 basis points, amidst the rotation to a risk-on environment owing to a combination of the positive developments listed above. Long positioning in Short term interest rates (STIRS) contributed negatively, as the 3-month Libor rate dipped 18 basis points as markets continue to price in lower rates.

The Commodity sector delivered positive returns, and was the best performing asset class over the month. The majority of positive P&L came from the net long Precious Metal position. All metals in this sub-class showed positive returns, with the long Gold position the star performer. The safe-haven appeal of the metal was given a boost early in the month as global recession fears mounted: US manufacturing data disappointed (see Key Themes), and the World Trade Organisation slashed their trade growth forecast for 2019 to 1.2%, a 1.4% drop from their April figures. The contract gained 2.8% over the month. Apart from the strong performance in Precious Metals, most other asset classes were slightly worse than flat, with slightly net short positions having detracted as Commodity Markets picked up marginally.

FX contributed negatively to the program. The program’s net long dollar position against a basket of developed market currencies registering the most losses. The greenback suffered its worst monthly performance since January 2018, with the DXY Dollar Index slumping 2%. The US dollar lost nearly 1.9% against the pound on October 10, when it emerged that the UK and Europe were close to reaching a new Brexit deal, with the euro also making gains. A short sterling position registered the most losses, with the dollar having continued its slide against sterling over the month, and

closed 5% lower by month-end (its worst monthly performance against the pound in 10 years). The dollar was handed another blow as optimism over progress of a US-China trade deal grew further, especially after mid-month news reports that the two protagonists, as per President Trump, reached a "very substantial phase one deal." The US dollar continued its slide right up to month end after the US Fed cut interest rates for the third time in 2019.

Despite market-cap weighted, developed market equity benchmark indices showing good performance this month (up -2.5%), a slightly net long Equity Indices position registered negative gains. The negative returns were predominantly from certain short positions, notably the Topix (the contract having gained 5.23%), and the Dax which rose 5.8% in dollar terms over the month. The Topix reached a YTD high during the month, as Japanese stocks - many of which are very sensitive to any trade disruptions - gaining on an improved geopolitical outlook. The German benchmark surged on a cocktail of bullish drivers, including ostensible progress towards a preliminary US-China trade resolution; Brexit negotiations heading towards an imminent deal; and the closely watched ZEW Survey for Economic Sentiment which came in at -22.8, above the average forecasts of -27 in October. Other notable detractors were the strategy's short position in the Topix (contract rose 5.2% in dollar terms), and the mini MSCI Emerging Market (the contract of which rose 3.9% amidst the same trade narrative, along with global central bank easing - making yields in these markets even more attractive).

At month-end, the program maintains its net long Bonds, Short Term Interest Rates, Equity Indices and US dollar position. The Commodity sector, meanwhile, remains slightly short.