Fund Fact Sheet

CFM ISDiversified Trust

Quantitative Investment Solutions
April 2020

CFM
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Fund objective

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

Key facts

A$.82469	Unit Price
-2.02%	April ROR
-15.36%	Year to date ROR
A$79m	FUM ISD Trust [1]
US$243m	FUM Master [1]

Key benefits

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

ISD Trust monthly returns since inception (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015											0.00	-0.55	**-0.55**
2016	1.53	-0.24	-0.13	-3.12	0.85	-1.12	1.30	0.47	0.99	-0.16	-1.47	0.15	**-1.05**
2017	-0.26	2.28	-0.51	0.49	-0.22	-2.57	2.82	2.11	-1.22	2.57	-0.30	1.29	**6.53**
2018	0.24	-3.29	-0.05	-0.22	-1.83	-2.07	-0.31	-1.93	0.38	0.88	-1.54	3.65	**-6.08**
2019	-0.46	-0.04	0.66	0.07	1.11	1.24	2.34	-1.62	0.27	-1.96	-0.76	-1.77	**-1.01**
2020	0.94	-7.91	-7.07	-2.02									**-15.36**

Performance figures (%)

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISDiversified Trust	-16.15	-17.49	-15.36	-16.39	-9.78	-6.33	-4.19
Offshore strategy in USD [2]	-15.81	-16.40	-15.07	-15.23	-9.28	-6.30	-0.14

Fund details

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

CFM overview

QUANTITATIVE SYSTEMATIC ASSET MANAGER

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

FOUNDED IN **1991**

AUM ACROSS ALL PROGRAMS **US$7.8 BILLION**

CFM approach

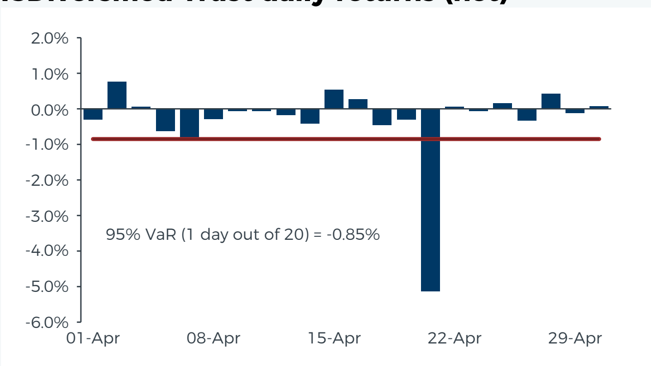
Research
A dynamic research team dedicated to developing new strategies, improving execution algorithms and refining portfolio construction techniques

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

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

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

ISDiversified Trust daily returns (net)



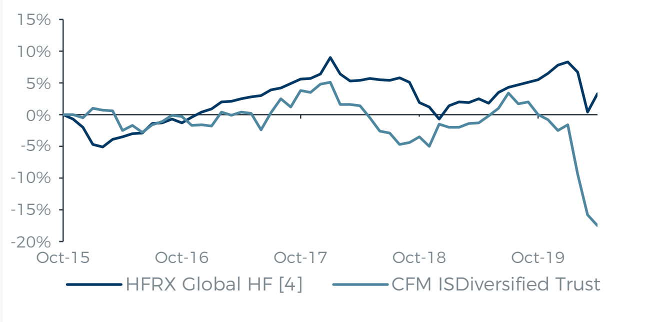
Unless otherwise specified, all monthly performance figures are based on the official NAV of CFM ISDiversified Trust. Returns are net of management and incentive fees.

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.

Performance analysis

	Since Inception	Last 12 months
Total Cumulative Return	-17.5%	-16.4%
Annualized Rate of Return	-4.2%	-16.4%
% of Positive Months	44.4%	41.7%
Best Month	3.7%	2.3%
Worst Month	-7.9%	-7.9%
Peak to Valley Drawdown	-21.5%	-20.2%
Annualized Standard Deviation	7.1%	11.0%
Sharpe Ratio	-	-
Correlation [3] between ISD and		
HFRX Global HF [4]	0.30	0.43
Barclays Global-Agg [5]	0.06	-0.04
MSCI World Index [6]	0.30	0.44

Compounded returns since inception



CFM ISDiversified strategies

Trends

Long Term Trend Following
Aims to extract returns from momentum using single asset and cross-asset framework

Short Term Trend

Seeks to increase short to medium term convexity and quickly adapt to changes in the market environment

Risk Premia

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

Short Volatility
Short delta-hedged options at targeted risk

Equity Market Neutral

Momentum
Long term trend on stock residuals

Value
Long value (low price to fundamentals) and short growth (high price to fundamentals)

Quality
Assessing stock quality using fundamental data

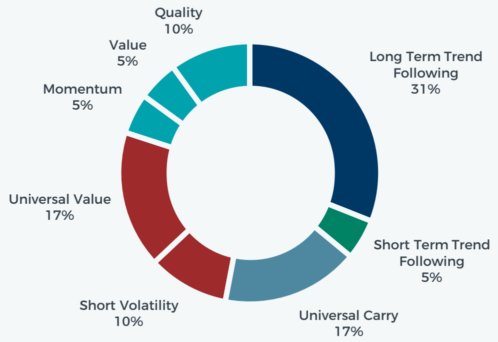
Universal Value

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

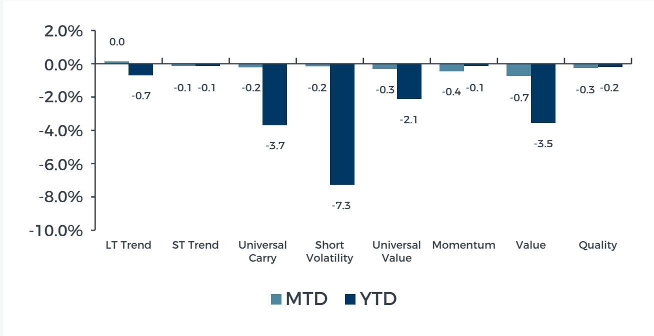
The program buys/sells cheap/expensive instruments relative to both price based and fundamental value metrics

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

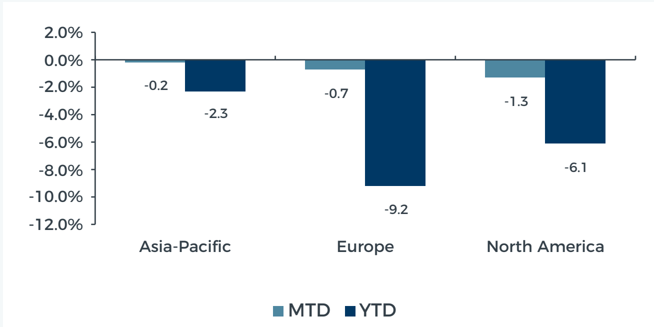
Strategy AUM allocation



Contribution per strategy (gross) [7]



Contribution per geographic zone (gross) [7]



For further details

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Footnote definitions

1. FUM based on the leveraged equity of the master fund, InRIS CFM Diversified, which trades in accordance with the CFM ISDiversified trading program, as modified to accommodate the rules & restrictions imposed by UCITS, Directive 2014/91/EU such as the restriction to invest in commodities underlyings
2. CFM ISDiversified Fund LP - USD 6% Volatility ('CFM ISD LP'), which applies a similar trading strategy and target volatility as the fund, but which has a different fee structure. Since June 2017, the performance of the fund is not fully comparable with that of CFM ISD LP, which includes an allocation to commodities (that is compensated by a slightly lower allocation to other asset classes), that is not included in the Fund
3. Correlation coefficients are calculated using daily time series
4. HFRX Global Hedge Fund Index
5. Barclays Capital Global Aggregate Bond Index USD Hedged Standard Leverage
6. MSCI World Index USD Daily Total Return Net
7. Figures are based on unaudited estimates of the gross performance of the InRIS CFM Diversified program

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SBai SIGNATORY May '19

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Key performance figures

Performance		FUM	
-2.0197%	Monthly Return	**$A79m** leveraged FUM / **$A79m** equity	ISDiversified Trust (6% vol)
-15.3556%	YTD Return	**US$1.2bn** leveraged FUM / **US$1.1bn** equity	ISDiversified Program (6% vol)
		US$7.8bn leveraged FUM / **US$6.3bn** equity	Firm-wide

The returns of the master fund's underlying strategies (Trends, Short Term Trend Following, Equity Market Neutral, Risk Premia, Universal Value) represent gross "carve-out" figures resulting from an internal performance attribution process.

Performance report

- A healthy rebound in equity markets was observed – wide consensus, however, points to risky assets not being driven by fundamentals, but by substantial fiscal and monetary stimulus.
- Despite the tidy rally, and volatility having declined, much uncertainty still remains over ultimate impact, scope, magnitude, lingering effects, and likely shape of any recovery. Many firms have suspended dividends, and analysts are projecting a double digit decline in earnings for 2020. Talk has turned to the various possible shaped recoveries, ranging from optimistic V-shaped, to more cautions U or Nike Swoosh-shaped, all the way to gloomy L-shaped.
- Given the massive amount of monetary accommodation and fiscal support measures, fixed income performed well. Corporate credit performed particularly well, with the Bloomberg Barclays US Corporate Total Return index (unhedged) gaining 5.2%.
- Commodities continued to labour heavily under deflationary pressure. Crude, however, made the most headlines, suffering a historic 300% daily loss on Monday, April 20. Diminishing demand, low and expensive storage, and investors scrambling to offload exposure before the front-month expired, all contributed to oil dropping below 0 dollars to the barrel. Making matters worse, traders who would have rolled over their positions for June, have instead chosen to close out. Given the drop in Crude over the weekend preceding expiry, the difference between the contract prices with delivery for May and June became large, making the rollover disadvantageous.

Trends: +0.07%

The Long Term Trend Following program registered slightly better than flat returns. Equity Indices delivered the best returns.. Dollar positioning in FX, meanwhile, was the primary detractor.

Equity & Credit Indices

Equity markets rebounded, the rally fanned by significant and unprecedented stimulus enacted by governments and central banks. Evidence suggest that European countries have started to 'flatten the curve' of COVID-19 cases, with some key economies cautiously, and partially, reopening their economies. With some positive sentiment restored to markets, the S&P 500 TR index gained 12.8%.

Subsequently, the slightly net long Equity Indices position contributed positively to overall program performance. Long exposure to major US and European benchmark contracts contributed the most: a long mini S&P was the best performer, having gained 13% this month, more than erasing its 12.8% loss booked one month earlier.

Long exposure to Credit Indices gradually tapered down, with performance only slightly worse than flat. As equities rebounded, credit markets – especially given the liquidity support to business – bounced back, with cost of insurance relaxing closer to levels seen at the end of February.

Interest rates

The US Federal Reserve (Fed) has committed to an unlimited government bond buying spree. Moreover, the Fed announced it will extend its fixed income buying list to include corporate bonds – investment grade, but also high yield if the rating was investment grade before March 22. These exceptional measures, combined with (and as a consequence of) led to some risk-on sentiment, with investors favouring a return to equity markets.

Gilts dropped 23 basis points as the UK government announced a record £45bn issuance following an 'exceptional revision' to its issuance schedule for April. Yields have been driven lower by the BoE's interest-rate cuts, along with its accelerating quantitative-easing (QE) program. As a result, the program's long Gilt position contributed the most. Other contract positions flirted few basis points above and below flat. Most other contracts traded sideways, with the US 10-year keeping in a band between 0.6%-0.8%.

Long positioning in Short Term Interest Rates (STIRS) made positive gains. A long position in the three month Short Sterling was the best performer. The contract, based on the 3-month Libor rate, gained as the reference Libor rate sank nearly 90 basis points on lower future rate expectations.

FX

FX offered negative returns. The dollar, while subject to a mildly volatile trading period, ended flat over the month (the DXY dollar index was down 0.03%). The US dollar was subject to a tug-of-war between downward pressures such as the US Fed rolling out its $2.3 trillion stimulus package in an effort to support local governments and small and medium-sized businesses and the improvement of global investor risk sentiment, while being supported by weaker emerging market currencies (owing to monetary policy easing measures by EM central banks). The dollar also risks becoming subject to lower demand if the appetite for US fixed income falls. With yields nearing zero, US fixed income assets are looking less attractive compared to other sovereign paper. Foreigners hold a third of US Treasures and investment grade bonds, and the dollar can fall victim to a buyers strike from large (esp. Asian) pension funds and large insurers.

Idiosyncratic performers was responsible for the asset class dipping into the red. The short position against the Australian dollar dragged most on overall performance as the Aussie gained 6.2% against the greenback. The Australian economy – albeit reliant on China for taking much of its export and raw materials – has weathered the Coronavirus outbreak much better than Europe or the US. Businesses are set to open sooner, and fiscal support would be much less demanding. Better-than-expected economic prints from China towards the end of the month (especially PMI) further helped support the Aussie.

A long dollar position against the euro, however, registered positive gains. The euro has been looking vulnerable, with recent data showing a significant slowdown in economic activity and suggesting any pick-up in CPI will take longer than expected. Interest rates versus the US are also likely to remain lower for longer. The euro fell 0.7% against the greenback.

At month-end, the program maintains its net long Equity, Credit Indices, Short Term Interest Rates, and US dollar position. Bond positioning also remains net long.

Short Term Trend Following: -0.08%

The Short Term Trend strategy realised negative returns. The biggest negative contribution was from short Equity exposure (in order to maximise convexity, the position on equities is capped) as global equity markets embarked on a stimulus induced rally. Short positioning in key, liquid equity contracts yielded negative returns, predominantly from the short Dax contract. The export-heavy German benchmark contract gained 9.2%, fanned by signs that infection rates in parts of Europe are nearing a peak, and positive signals from macro indicators in China - especially PMI figures (the Caixin China Manufacturing PMI seasonally adjusted printed 50.1) that may be hinting at a V-shaped economic recovery. Long Bonds exposure, meanwhile, was slightly better than flat.

Equity Market Neutral: -1.56%

- Momentum: -0.45%
- Value: -0.80%
- Quality: -0.32%

Global equity markets seem to have found, at least for the time being, a bottom after the coronavirus induced sell-off. Returning optimism, spawned by fiscal and monetary stimulus as well as bullish sentiment as regards to the re-opening of shuttered economies, pushed key total return benchmarks in the US, Europe, and emerging markets up 12.8%, 4.7%, and 9% respectively (in US dollar terms).

Consensus suggests this rally was, and is, predominantly being driven by large monetary and fiscal support programmes. Volatility, although lower than in the preceding month, remains elevated owing to the lack of clarity on the scope, magnitude, and lingering effects of the COVID-19 impact.

The Equity Market Neutral portfolio registered negative returns. European + UK equities were the dominant drag on performance, while US equities also registered negative returns. Across the entire book, a slightly net long aggregated Consumer, Cyclical sector exposure fared best, while the Consumer, Non-Cyclical sector fared worst. This is likely reflective of the risk-on sentiment, with cyclicals favoured ahead of defensive sectors.

Risk Premia: -0.23%

Universal Carry: -0.09%

The Universal Carry strategy delivered negative returns, featuring disparate returns between asset classes.

Equity Indices realised the most negative returns. Long positioning in key US benchmarks, notably the mini Russell and Nasdaq contracts dragging most.

FX was another source of negative PnL, where long exposure in various emerging market currencies detracted most. The outlook on public finances for a host of emerging nations has been deteriorating quickly due to the spread of the coronavirus, hastened by the steep fall in the price of oil. The JP Morgan Emerging Market Currency Index slipped 0.8%, with the foreign exchange reserves of South Africa and Turkey dropping below the adequacy levels set by the IMF. The currencies of these two countries became prime targets for FX traders, with the rand and lira losing 3.7% and 5.3% respectively on the program's long position.

Long positioning in Short Term Interest Rates was a source of positive returns. Long exposure in the Euribor contract faring best.

At month-end, the strategy retains its net long Bonds position and Short Term Interest Rates position. The strategy also maintains its net long Credit Indices, while Equity exposure is all but flat. Meanwhile the dollar position has moved from a net short to a net long position.

Short Volatility: -0.14%

The Short Volatility strategy delivered negative returns, with delta hedged options in all asset classes mostly negative or only slightly better than flat. Implied volatility did, however, continue to ease lower during the month. The widely monitored CBOE VIX index ended the month 20 points lower.
Nevertheless, the S&P 500 enjoyed a tidy rally, and included significant daily price changes. No less than nine trading sessions (out of 22) featured absolute percentage change moves of more than 2%, with a 7% daily jump registered on April 6, as investors took heart by the ostensibly improving coronavirus-containment outlook in Europe. Other major equity indices saw much smaller daily moves, and as a result, delta hedged options in Equity Indices booked slight positive returns.
FX also detracted; within this asset class, the euro-US dollar pair was responsible for the majority of losses. The euro lost 0.7% against the greenback in a choppy session, while one month at-the-money implied volatility on the pair declined slightly.
Delta hedged options in Bonds contributed positively. Yields on the US 10-year Treasury, after dropping to below 1% in March, moved largely sideways and tracked between 0.6% and 0.8%. Implied volatility also decayed, with the TYVIX Index closing below 5 from ~8 points one month earlier.

Universal Value: -0.42%

The Universal Value strategy registered negative performance, with all asset classes except Short Term Interest Rates rounding off the period in negative territory.

Net short Bond exposure delivered the most negative returns. A short position in the German 30-year Buxl contract fared worst as the yield, despite a brief rally during the opening weeks of the month, sank 20 basis points by month end – again trading in negative territory. Poor economic indicators (preliminary readings of euro zone growth in Q1 showed GDP fell by 3.8% QoQ), and investors increasingly differentiating between the EUs weaker and stronger member states, are creating upward pressure on the borrowing costs of highly-indebted states– especially Italy, and favouring the debt of its stronger members – especially Germany. The spread between Italian and German 10-year yields rose to 246 basis points, at one point – nearly the same level as one month before during the rush-to-liquidity seen in March.

Short Term Interest Rates offered positive returns. A long position in the Eurodollar was the best performer: the 3-month USD Libor fell nearly 90 basis points as unprecedented monetary policy measures are likely to keep rates lower for longer.

Going into the new month, the strategy maintains its net short Bonds, Credit Indices, as well as net short dollar position. A long position in Short Term Interest Rates is maintained, while the Equity Indices position is largely flat.