Fund Fact Sheet

CFM ISDiversified Trust

Quantitative Investment Solutions
August 2020

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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$.80498	Unit Price
-0.68%	August ROR
-17.38%	Year to date ROR
A$57m	FUM ISD Trust {1}
US$194m	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 (%) (net)

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	-0.91	-0.74	-0.08	-0.68					**-17.38**

Performance figures (%) (net)

	3 months	6 months	Calendar YTD	1 Year	2 Years (%pa)	3 Years (%pa)	Since Inception (%pa)
CFM ISDiversified Trust	-1.50	-11.12	-17.38	-20.82	-8.07	-7.72	-4.38
Offshore strategy in USD {2}	-1.79	-11.60	-17.55	-20.42	-8.25	-7.85	-0.58

Fund details

Inception date:	11 Nov 2015
AIPR:	PIM0034AU
Management fee:	0.80%
Fund expenses:	Capped at 0.3%
Performance fee:	Nil
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$7.1 BILLION**

CFM approach

Research

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

Technology

Developing proprietary platforms to implement structured trading strategies across key exchanges

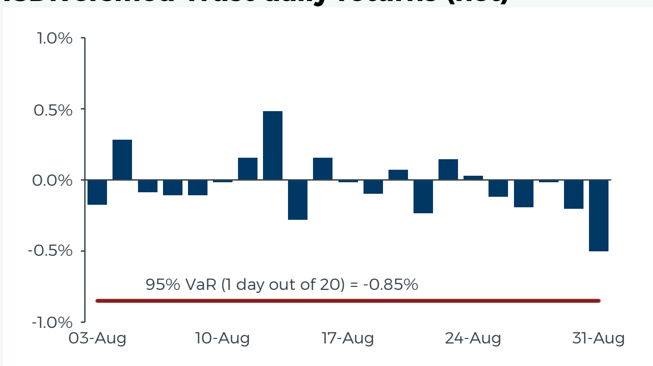
Risk Management

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

Collaboration

A 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 (net)

	Since Inception	Last 12 months
Total Cumulative Return	-19.5%	-20.8%
Annualized Rate of Return	-4.4%	-20.8%
% of Positive Months	41.4%	16.7%
Best Month	3.7%	0.9%
Worst Month	-7.9%	-7.9%
Peak to Valley Drawdown	-23.4%	-21.0%
Annualized Standard Deviation	6.9%	9.6%
Sharpe Ratio	-	-
Correlation {3} between ISD and		
HFRX Global HF {4}	0.29	0.41
Barclays Global-Agg {5}	0.06	-0.03
MSCI World Index {6}	0.28	0.42

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)

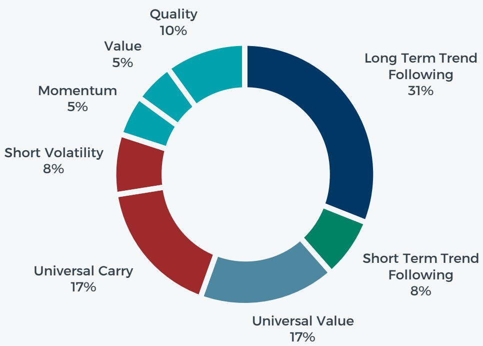
Quality
Assessing stock quality using fundamental data

Universal Value

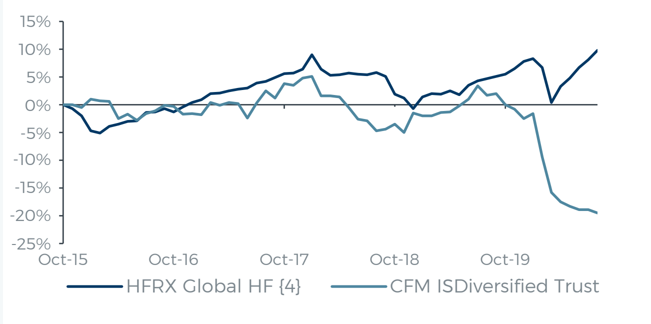
Seeks to exploit value from the mean-reversion of prices on the timescale of years

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

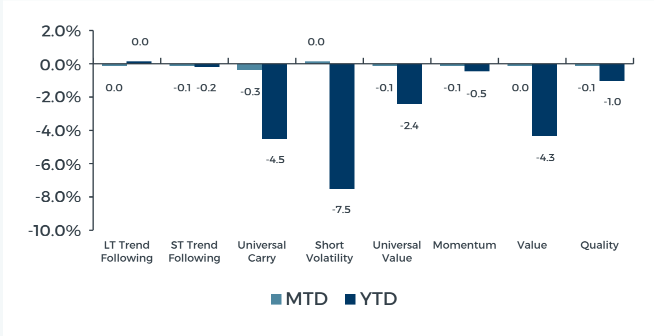
Strategy AUM allocation



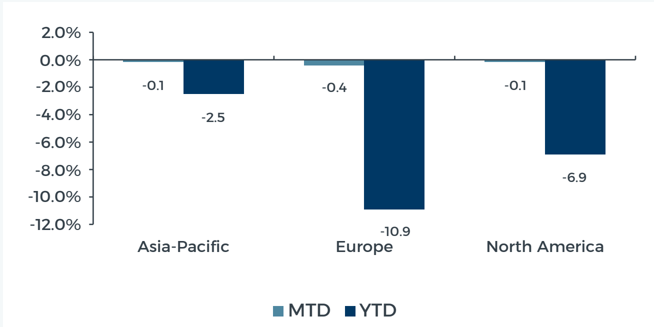
Compounded returns since inception (net)



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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Key performance figures

Performance		FUM	
-0.6799%	Monthly Return	**A$57m** leveraged FUM / **A$57m** equity	ISDiversified Trust (6% vol)
-17.3790%	YTD Return	**US$796m** leveraged FUM / **US$695m** equity	ISDiversified Program (6% vol)
		US$7.1bn leveraged FUM / **US$5.7bn** 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

- US Equity markets rallied to record highs. The S&P 500 TR Index gained 7.2% over the month and broke past its pre-COVID-19 sell-off level. Global large–cap developed equites followed suit, gaining ~6.1%, while emerging markets lagged, up ~2.2%.
- The US Fed committed to keeping interest rates close to zero for an extended period of time, having announced a new average inflation target policy that paves the way for inflation to breach the Fed's inflation mandate.
- The greenback lost 1.3% over the month.
- Commodities continued to benefit from massive stimulus (and a falling dollar). Price of gold, copper, and energy rose sharply. Gold, especially, reached above $2,000 per troy ounce during the first week of the month, going on to set a record high of $2,063 on August 6 before lowering towards month-end.
- A broad equity rally, along with rising inflation expectations (5Y-5Y inflation swaps tipped over 2% towards the end of the month) saw most global bond yields tick higher.
- Volatility on most asset classes remained above long-term historical levels, but moved mostly sideways.

Trends: -0.01%

The Long Term Trend Following program registered slightly worse than flat returns. Performance amongst asset classes were mostly negative or flat, with the exception of Equity Indices.

At month-end, the program maintains its net long Bond, Short Term Interest Rate, and US dollar position. Long exposure in Equity and Credit Indices are also maintained..

Equity & Credit Indices

Global equity markets had a bumper month. The S&P 500 total return index posted a 7.2% increase – eclipsing the 5.6% gains of one month earlier and powering through multiple record highs during the month. The strategy's net long exposure to Equity Indices consequently realised positive performance. It was the strong rally of US technology stocks that stole most headlines; the Nasdaq 100 index jumped a shy over 11%, with nearly 80% of the all constituents registering positive gains over the period. Meanwhile, the rally of the FANMAGs lifted most boats: the broader Nasdaq Composite index gained just under 10%. The strategy's long position in the mini-Nasdaq was consequently the best performer this month. A short position in the Topix was, however, the worst performer. The Japanese benchmark gained 8.2% (in yen terms) making it the index' best monthly performance in nearly five years. Credit Indices ended slightly better than flat, tracking higher along with the equity rally.

Interest Rates

Aggregate net long exposure in Bonds contributed negatively. Global benchmark yields of most G7 economies picked up as a risk-on sentiment took hold in global markets, with the strategy's net long Bond exposure detracting.

Long positions on the US curve were either down or flat, with most losses coming from the longer maturities, especially the US 30-year (the yield of which gained 30 basis points) as the yield curve steepened and yields on shorter maturities having risen less (anchored by the expectation of rates staying lower for longer) than those on longer-dated paper (fanned by some inflation concerns).

Overall, however, a long position in the Korean 3-year was the worst performer. The entire Korean sovereign curve lifted, with all tenors yielding higher at month-end. A short position, meanwhile, in the German 10-year was the best performer.

Net long positioning in Short Term Interest Rates (STIRS) also detracted, as most global short rates moved either sideways or slightly lower. Long exposure in the Eurodollar fared worst – the contract, based on the 3-month Libor Rate, gained as the reference rate declined just short of a basis point as traders kept pricing in lower future rates.

FX

FX offered negative returns. The dollar slipped 1.3% during the month, a fifth consecutive month of negative performance. The dollar suffered not only because investors' risk appetite picked-up over the period, but also as rate differentials are acting as a continued drag on the buck. With short-term US and European rate differentials having shrunk significantly since March (investors less keen for dollar holdings), and with the euro constituting 58% of the DXY Index, the Dollar index has been trending lower. Investors are also keeping a close eye on the November US election, which, given the large uncertainty, makes holding dollar assets less appealing.

Moreover, the Fed has announced a new average inflation target of 2%, paving the way for inflation to breach the Fed's inflation mandate. With inflation expectations gaining a boost, real yields got pushed to record lows. As real yields has been dipping deeper into negative territory (on various measures), the dollar is becoming less attractive to investors.

However, a short position in the Singapore dollar detracted most overall. The Singapore dollar (SGD) has been a beneficiary of a brightening economic outlook for the city state post-COVID (with good exports and better than expected PMI figures), along with substantial pandemic aid by the government easing pressure on the Monetary Authority of Singapore to lower its inflation managing lower currency band. The US dollar lost slightly more than 1% against the SGD this month.

Short Term Trend Following: -0.06%

The Short Term Trend sleeve delivered negative returns. Bonds were responsible for the majority of the losses, as long exposure in this asset class detracted as yields picked up. Long exposure in the US 10-year fared worst.

Equity Market Neutral: -0.26%

- Momentum: -0.10%
- Value: -0.04%
- Quality: -0.11%

The ongoing theme of rallying technology stocks was not derailed this month. Unsurprisingly, perhaps, the Information technology GICS Level 1 sector in the S&P 500 performed best over the month. Meanwhile defensive sectors, notably Utilities, underperformed.

The Equity Market Neutral portfolio registered negative returns with all three main clusters ending either slightly lower than flat or worse. Across the entire book, an aggregated slightly net short exposure in the Energy sector fared worst, while the Consumer, Cyclical sector (with a slight long exposure) fared best.

Risk Premia: -0.31%

Universal Carry: -0.35%

The Universal Carry strategy delivered negative returns, with the majority of asset classes delivering negative or mostly flat performance.

The strategy's net long Bond exposure detracted most. While long exposure on the US curve dragged on overall PnL as yields picked up, it was long exposure on the Korean curve that dragged most. The yield of South Korean bonds has risen as investors are expecting further issuances to finance spending projects for the purpose of buttressing the economy. There is also broad consensus that the Bank of Korea is unlikely to make any further policy rate cuts. The yield on the Korean 10-year fell 23 basis points.

Meanwhile, long exposure to Credit Indices, along with slightly net long exposure to STIRS, offered marginally better than flat returns to the strategy.

At month-end, the strategy retains its net long Bonds and Short Term Interest Rates position. The strategy also maintains its net long Credit and Equity Indices exposure. Meanwhile the dollar position keeps its net long position.

Short Volatility: +0.04%

The Short Volatility strategy delivered positive returns. Delta hedged options in all asset classes made modest gains. Implied volatility in equity markets, while still hovering above historical levels, moved largely sideways. Implied volatility in the S&P 500 dipped as low as ~21 points mid-month, with the S&P 500 featuring a total of only 3 days with absolute percentage changes greater than 1%. The VIX, along with most other implied volatility measures, did, however, lift slightly at the tail-end of the month following Fed Chair Powell's speech on August 26. While delta hedged options on most equity indices performed modestly, it was on the DAX that the strategy performed best.

A similar pattern was observed in FX. Delta hedged options in FX delivered slightly better than flat returns, with 1-month at-the-money implied volatility on most currency pairs moving sideways, and even dipping slightly.

Universal Value: -0.05%

The Universal Value strategy ended negative this month.

The net short Equity Indices exposure detracted most as global stocks rallied. A short position in the mini-Nasdaq was the worst performer, as the tech index was fanned by double digit monthly price gains from the likes of Tesla, Apple, Facebook, and Zoom. Net short Bond exposure, meanwhile, delivered positive returns (best performing sector) as global yields rose.

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 slightly short.