

## Fund objective

CFM Institutional Systematic Trends (ISTrends) is a Quantitative Investment Solution which aims to achieve long term capital appreciation through returns that seek to be uncorrelated with traditional asset classes.

### Key facts

|                 |                  |
|-----------------|------------------|
| <b>A\$93741</b> | Unit Price       |
| <b>-0.02%</b>   | October ROR      |
| <b>-3.55%</b>   | Year to date ROR |
| <b>A\$52m</b>   | FUM IST Trust    |
| <b>US\$928m</b> | FUM ISTrends     |

### Key benefits

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

## CFM overview




**QUANTITATIVE  
SYSTEMATIC  
ASSET MANAGER**



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



FOUNDED  
IN **1991**



AUM ACROSS ALL  
PROGRAMS  
**US\$6.8 BILLION**

## IST Trust monthly returns since inception (%) (net)

| Year | Jan   | Feb   | Mar   | Apr  | May   | Jun   | Jul  | Aug   | Sep   | Oct   | Nov   | Dec   | Total         |
|------|-------|-------|-------|------|-------|-------|------|-------|-------|-------|-------|-------|---------------|
| 2017 |       |       |       |      |       |       | 0.66 | 1.83  | -0.99 | 3.72  | 0.73  | 1.84  | <b>7.99</b>   |
| 2018 | 6.09  | -7.06 | 0.08  | 0.78 | -2.94 | 0.30  | 0.00 | 2.71  | -1.08 | -4.25 | -2.98 | -2.49 | <b>-10.91</b> |
| 2019 | -1.31 | 1.10  | 2.85  | 0.57 | -0.36 | 4.83  | 2.87 | 4.62  | -3.91 | -3.83 | 0.90  | -1.99 | <b>6.02</b>   |
| 2020 | 4.29  | -2.80 | -1.83 | 0.47 | -1.13 | -1.25 | 1.07 | -1.49 | -0.75 | -0.02 |       |       | <b>-3.55</b>  |

## Performance figures (%) (net)

|                              | 3 months | 6 months | Calendar YTD | 1 Year | 2 Years (%pa) | 3 Years (%pa) | Since Inception (%pa) |
|------------------------------|----------|----------|--------------|--------|---------------|---------------|-----------------------|
| CFM ISTrends Trust           | -2.24    | -3.53    | -3.55        | -4.62  | -1.64         | -2.23         | -0.49                 |
| Offshore strategy in USD [3] | -2.05    | -3.48    | -3.00        | -3.80  | 0.77          | -0.30         | 5.18                  |

## 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\$20,000   |
| Distribution frequency: | If any, annually as of 30 June  |
| Pricing:                | Daily   |
| Investor time horizon:  | 3-5 years   |
| Benchmark:              | Nil   |

## CFM approach

### Research

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

### Technology

Developing proprietary platforms to implement structured trading strategies across key exchanges

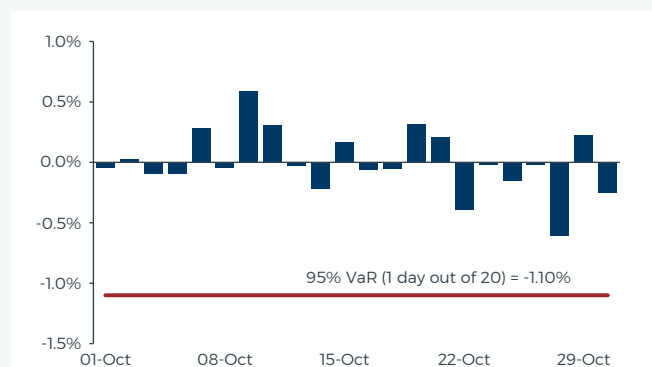
### Risk Management

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

### Collaboration

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

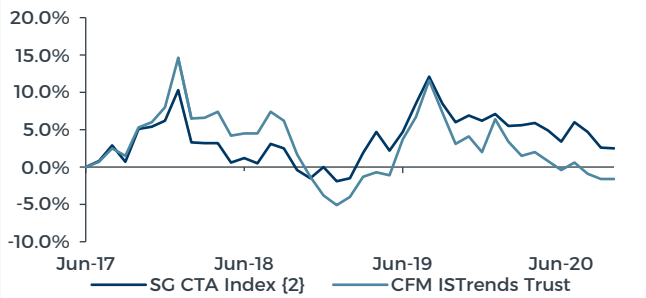
## Daily returns (net)



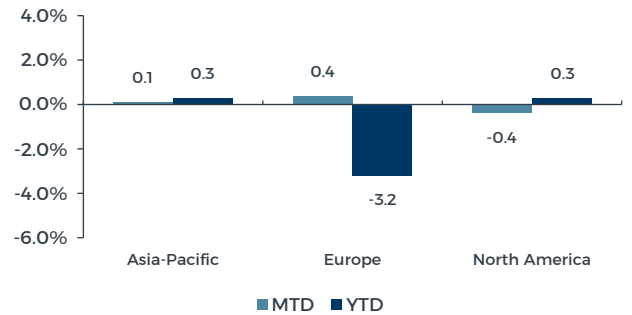
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## Compounded returns since inception (net)



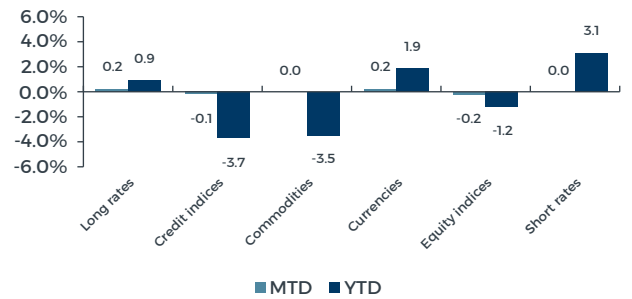
## Contribution per geographic zone (gross)



## Performance analysis (net)

|                                 | Since Inception | Last 12 months |
|---------------------------------|-----------------|----------------|
| Total Cumulative Return         | -1.6%           | -4.6%          |
| Annualized Rate of Return       | -0.5%           | -4.6%          |
| % of Positive Months            | 50.0%           | 33.3%          |
| Best Month                      | 6.1%            | 4.3%           |
| Worst Month                     | -7.1%           | -2.8%          |
| Peak to Valley Drawdown         | -17.1%          | -7.5%          |
| Annualized Standard Deviation   | 9.5%            | 6.6%           |
| Sharpe Ratio                    | -               | -              |
| Correlation {3} between IST and |                 |                |
| SG CTA Index {2}                | 0.65            | 0.74           |
| Barclays Global-Agg {4}         | 0.09            | 0.18           |
| MSCI World Index {5}            | 0.19            | 0.23           |

## Contribution per asset class (gross)



## For further details



Email us  
[cfm@cfmaltbeta.com.au](mailto:cfm@cfmaltbeta.com.au)

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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. SG CTA Index USD Daily (ticker: NEIXCTA)
3. Correlation coefficients are calculated using daily time series
4. Barclays Capital Global Aggregate Bond Index USD Hedged
5. MSCI World Index USD Daily Total Return Net

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**Important Disclosures**

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# CFM ISTrends Trust - Class B Units

Quantitative Investment Solutions  
October 2020

## Fund objective

CFM Institutional Systematic Trends (ISTrends) is a Quantitative Investment Solution which aims to achieve long term capital appreciation through returns that seek to be uncorrelated with traditional asset classes.

### Key facts

|                 |                  |
|-----------------|------------------|
| <b>A\$88099</b> | Unit Price       |
| <b>-0.05%</b>   | October ROR      |
| <b>-5.71%</b>   | Year to date ROR |
| <b>A\$52m</b>   | FUM IST Trust    |
| <b>US\$928m</b> | FUM ISTrends     |

### 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 (%) (net)

| Year | Jan   | Feb    | Mar   | Apr  | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Total         |
|------|-------|--------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|
| 2017 |       |        |       |      |       |       | 1.07  | 2.95  | -1.73 | 6.18  | 1.12  | 3.00  | <b>13.07</b>  |
| 2018 | 10.15 | -12.12 | 0.04  | 1.17 | -4.49 | 0.36  | -0.12 | 3.99  | -1.72 | -6.42 | -4.54 | -3.81 | <b>-17.63</b> |
| 2019 | -2.06 | 1.57   | 4.21  | 0.75 | -0.63 | 7.24  | 4.55  | 7.73  | -6.52 | -6.09 | 1.30  | -3.03 | <b>8.12</b>   |
| 2020 | 6.67  | -4.47  | -2.82 | 0.66 | -1.73 | -1.90 | 1.58  | -2.25 | -1.14 | -0.05 |       |       | <b>-5.71</b>  |

## Performance figures (%) (net)

|                              | 3 months | 6 months | Calendar YTD | 1 Year | 2 Years (%pa) | 3 Years (%pa) | Since Inception (%pa) |
|------------------------------|----------|----------|--------------|--------|---------------|---------------|-----------------------|
| CFM ISTrends Trust           | -3.41    | -5.41    | -5.71        | -7.37  | -3.25         | -4.37         | -1.54                 |
| Offshore strategy in USD (3) | -3.06    | -5.25    | -5.06        | -6.19  | 0.27          | -1.62         | -3.14                 |

## 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\$20,000   |
| Distribution frequency: | If any, annually as of 30 June  |
| Pricing:                | Daily   |
| Investor time horizon:  | 3-5 years   |
| Benchmark:              | Nil   |

## CFM overview



**QUANTITATIVE SYSTEMATIC ASSET MANAGER**

**FOUNDED IN 1991**

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## 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

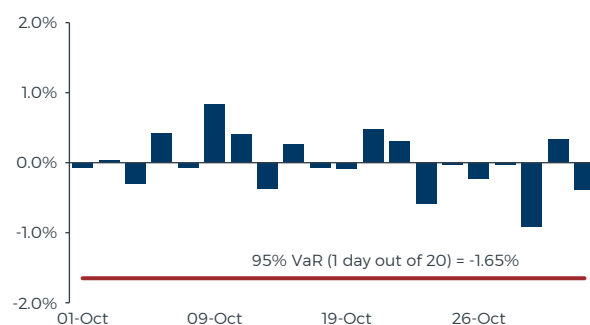
### Risk Management

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

### Collaboration

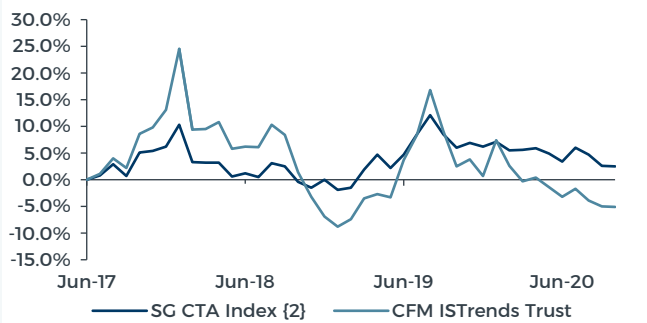
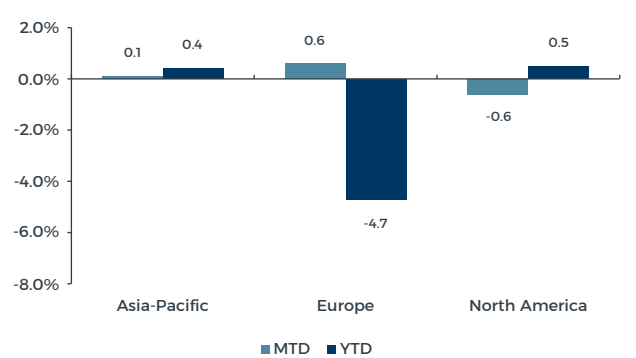
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## Daily returns (net)

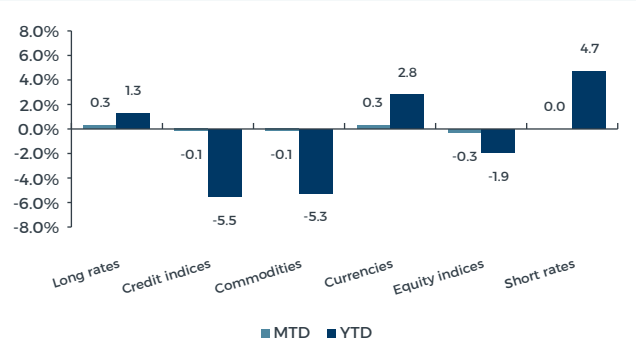


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**Compounded returns since inception (net)**

**Contribution per geographic zone (gross)**

**Performance analysis (net)**

|                                 | Since Inception | Last 12 months |
|---------------------------------|-----------------|----------------|
| Total Cumulative Return         | -5.1%           | -7.4%          |
| Annualized Rate of Return       | -1.5%           | -7.4%          |
| % of Positive Months            | 50.0%           | 33.3%          |
| Best Month                      | 10.2%           | 6.7%           |
| Worst Month                     | -12.1%          | -4.5%          |
| Peak to Valley Drawdown         | -26.8%          | -11.6%         |
| Annualized Standard Deviation   | 15.3%           | 10.2%          |
| Sharpe Ratio                    | -               | -              |
| Correlation {3} between IST and |                 |                |
| SG CTA Index {2}                | 0.80            | 0.72           |
| Barclays Global-Agg {4}         | 0.15            | 0.21           |
| MSCI World Index {5}            | 0.24            | 0.22           |

**Contribution per asset class (gross)**

**For further details**


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## Key performance figures

| Performance     |                        | FUM  |                            |
|-----------------|------------------------|--|----------------------------|
| <b>-0.0215%</b> | Class A Monthly Return | <b>A\$52m</b> leveraged FUM / <b>A\$37m</b> equity       | ISTrends Trust (10% vol)   |
| <b>-3.5527%</b> | Class A YTD Return     | <b>US\$928m</b> leveraged FUM / <b>US\$682m</b> equity   | ISTrends Program (10% vol) |
| <b>-0.0488%</b> | Class B Monthly Return | <b>US\$6.8bn</b> leveraged FUM / <b>US\$5.1bn</b> equity | Firm-wide                  |
| <b>-5.7089%</b> | Class B YTD Return     |  |                            |
| <b>-0.12%</b>   | SG CTA Monthly Return  |  |                            |
| <b>-3.47%</b>   | SG CTA YTD Return      |  |                            |

## Performance report

- ▶ Markets took their cue predominantly from news and expectations about the upcoming US elections; uncertainty about Brexit negotiations, and the extent and probable effects of repeat Covid-related European lockdowns.
- ▶ Risk assets showed disparate returns across regions. European (Stoxx 600: -5.7%) and US large cap (S&P 500: -2.7%) equities had their worst month since March, while Emerging markets fared better and delivered positive returns on aggregate. The Hang Seng and Shanghai CSI gained +2.7% and 3.9% in US dollar terms respectively.
- ▶ Technology stocks had a particularly tough month, with the Nasdaq slipping 3.2% - its second consecutive negative month.
- ▶ Meanwhile, US Treasury yields coursed higher despite the equity sell-off: the US 10-year benchmark rose 19 basis points, ending the period at 0.87% - the highest level since June. Investors were likely positioning for a Democratic victory that should, if party messaging stays consistent, result in a wider U.S. fiscal deficit. Moreover, the bond sell-off was also peddled as investors positioning themselves to avoid any nasty surprises amidst the high level of uncertainty and strife in relation to the election.
- ▶ The US dollar steadied, gaining 0.16% against a basket of major G-10 currencies.
- ▶ Commodities, broadly, made gains: the Bloomberg Commodity Index ended 1.4% higher, but hiding large disparity between individual contracts. Energy lost (with the marked exception of Natural Gas), while many Softs performed well.
- ▶ Implied volatility picked-up towards month-end, with the VIX peaking above 40 points - the highest level since June.



### Trends

The Long Term Trend Following program registered marginally better than flat returns. Performance amongst asset classes was mixed, with only Bonds and FX contributing positively.

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 is also maintained. The Commodity sector, meanwhile, maintains its marginally long exposure.

### Equity & Credit Indices

Risk assets sold-off, with US, and especially European large cap indices, registering losses, many having their worst month since the March Covid-induced sell-off. Emerging markets (particularly Asian bourses), and smaller cap stocks, however, performed better - registering low, single-digit gains.

The strategy's net long exposure to Equity Indices ended marginally lower than flat, with significant negative returns from key US and European indices where the strategy held long exposure. Technology stocks ended the period as the worst performers (the S&P 500 Information Technology sector trailing all others, down 5.2%). Technology stocks have been coming off recent highs, possibly owing to profit taking; concerns over rising Covid cases in the US and especially Europe; and some investor liquidation before what is believed to be a choppy trading sessions going into the US elections. A long position in the mini-Nasdaq was the worst performer for the strategy, as the Nasdaq TR Index slipped 3.2%. European stocks also hurt as new lockdown measures were rolled out across the continent. The Ibex lost 4.6% (in US dollar terms), with the strategy's short position in the Spanish benchmark booking the most gains on this position within Equity Indices.

A net long exposure in Credit Indices ended slightly worse than flat, tracking lower along with the equity pull-back.

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## Interest Rates

Aggregate net long exposure in Bonds contributed positively.

Benchmark yields on G7 economies saw contrasting movements. The US curve, for one, saw a distinct upwards and steepening shift. The yield on US 10-year and 30-year Treasuries rose 19 and 21 basis points respectively. Despite equities selling off, the simultaneous drop in bonds was, it is broadly understood, on account of investors having cautiously positioned themselves for the US Presidential election on 3 November, owing to the high levels of uncertainty about the outcome and or the challenging of the result. Short positions in the longer-dated end of the US curve as such made some of the best gains. The strategy's short T-Bond exposure was best.

However, a short position in the German Bund was the worst performer. The German curve moved lower, with benchmark 10-year bonds ending 10 basis points lower by month-end.

Net long positioning in Short Term Interest Rates (STIRS) ended flat, as most global short rates moved either sideways or slightly lower. Long exposure in the Australian 90-day Bank Bill rate fared best, while long exposure in the Eurodollar detracted.

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## Commodities

Commodities had, on aggregate, a positive month in global markets, with the Bloomberg Commodity Index gaining 1.4%. There was, however, a marked disparity between contracts in this asset class: Natural Gas and many Agricultural Softs made good gains, while Energy – and especially Oil – ended in the red. Brent and WTI Crude fell victim to global demand worries following further government-announced shutdowns, reaching price levels not seen since March, after falling 8.5% and 11% over the month respectively.

However, the aggregate net long exposure to Commodities was slightly worse than flat, owing in part to this disparate performance. The long exposure in animal proteins detracted, especially the long position in Lean Hogs – the contract fell 10%, pulling back after hitting an 11-month high in September. After a confirmed case of African swine flu reported in Germany, China – the world's biggest importer – briefly substituted imports with American exporters, but, have since switched to European exporters outside of Germany as substitution.

Grains, meanwhile, delivered the best performance as the net long exposure in this subsector benefitted from most crops making gains. The strategy's long exposure to Soybean fared best after the contract gained a shy more than 3%, as U.S. winter wheat crop missed its rating estimates and demand from China picked up.

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## FX

FX delivered slightly positive returns, with net long dollar exposure in the strategy benefitting from the greenback making modest gains during the month – the DXY Dollar Index rose just short of 20 basis points.

The strategy's long exposure to the Swedish krone, however, contributed strongly and was the best performing FX trade this month. The US dollar lost 0.7% against the krone following a string of positive economic prints from Sweden. PMI, house prices, and retail sales all beat expectations, with the less restrictive lock-down policies in the Nordic state proving to be advantageous for its economy. Long exposure to the Swiss franc also contributed positively, the greenback losing 0.4% as the franc made most of its gains during the last week as growing expectations of a Democratic victory undermined demand for the greenback, but investors still looking for a safe-haven play.

The short position in the British pound, however, dragged most on overall FX returns. The GBP-USD currency pair, having featured a choppy month of trading, was significantly influenced by on-and-off Brexit negotiations and related expectations. The pound finally made gains after the EU signalled that a trade deal remained feasible towards month-end – the dollar ended 0.2% weaker against the pound. A long New Zealand dollar was also a main detractor, having fallen against the US dollar.