

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.

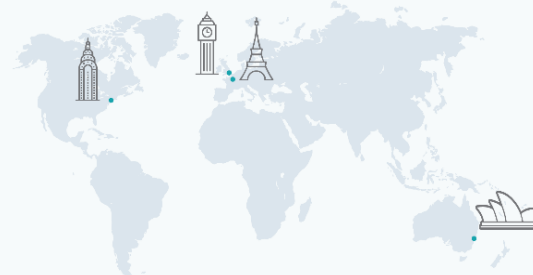
Key facts

| | |
|-----------------|------------------|
| +0.41% | December ROR |
| -18.02% | Year to date ROR |
| US\$131m | 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

CFM overview




**QUANTITATIVE
SYSTEMATIC
ASSET MANAGER**



**FOUNDED
IN 1991**



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



**AUM ACROSS ALL
PROGRAMS
US\$6.5 BILLION**

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 | 0.40 | -0.23 | -1.35 | 0.41 | -18.02 |

Performance figures (%) (net)

| | 3 months | 6 months | Calendar YTD | 1 Year | 2 Years (%pa) | 3 Years (%pa) | Since Inception (%pa) |
|------------------------------|----------|----------|--------------|--------|---------------|---------------|-----------------------|
| CFM ISDiversified Trust | -1.17 | -1.53 | -18.02 | -18.02 | -9.92 | -8.66 | -4.25 |
| Offshore strategy in USD (2) | 1.74 | 0.87 | -15.89 | -15.89 | -7.85 | -7.85 | -0.27 |

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\$20,000 |
| Distribution frequency: | Yearly as at 30 June |
| Pricing: | Daily |
| Investor time horizon: | 3-5 years |
| Benchmark: | N/A |

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

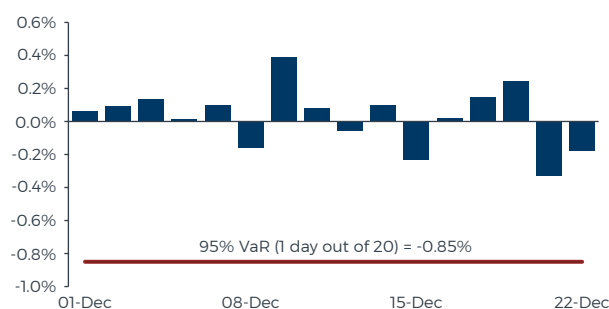
Risk Management

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)



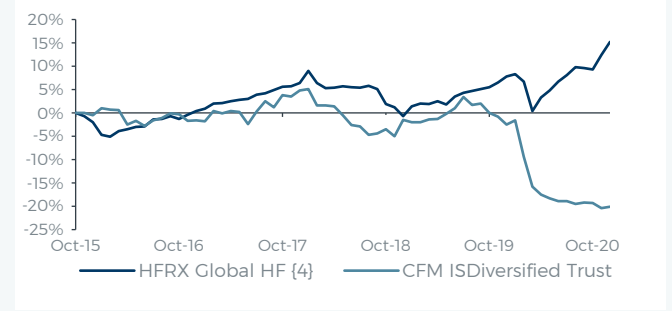
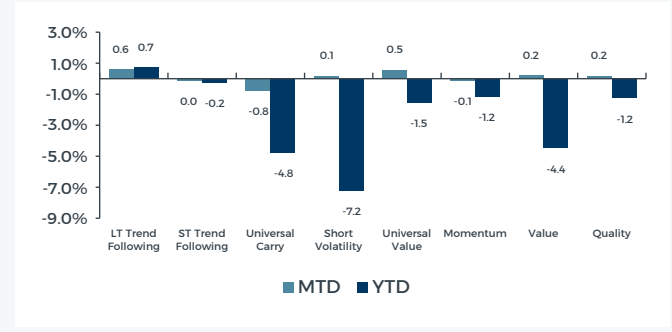
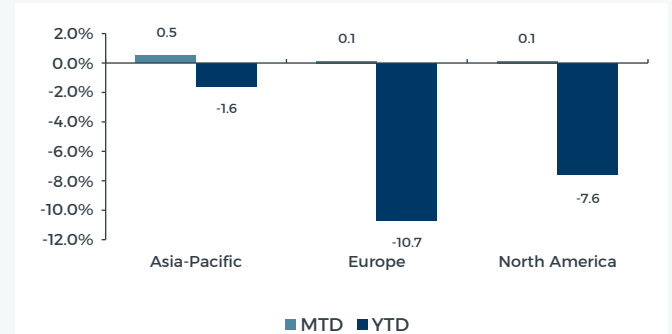
The Trust was wound up as of 23 December 2020, the last day of trading.

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)

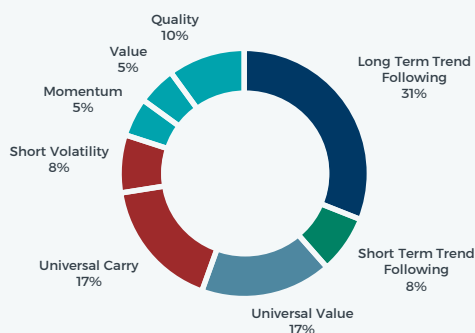
| | Since Inception | Last 12 months |
|---------------------------------|-----------------|----------------|
| Total Cumulative Return | -20.1% | -18.0% |
| Annualized Rate of Return | -4.3% | -18.0% |
| % of Positive Months | 41.9% | 25.0% |
| Best Month | 3.7% | 0.9% |
| Worst Month | -7.9% | -7.9% |
| Peak to Valley Drawdown | -24.3% | -19.1% |
| Annualized Standard Deviation | 6.7% | 9.9% |
| Sharpe Ratio | - | - |
| Correlation {3} between ISD and | | |
| HFRX Global HF {4} | 0.29 | 0.40 |
| Barclays Global-Agg {5} | 0.07 | -0.08 |
| MSCI World Index {6} | 0.28 | 0.42 |

Compounded returns since inception (net)

Contribution per strategy (gross) {7}

Contribution per geographic zone (gross) {7}

For further details


Email us
cfm@cfmaltbeta.com.au

CFM ISDiversified strategies

| Trends | Risk Premia | Equity Market Neutral | Universal Value |
|--|--|--|---|
| Long Term Trend Following Aims to extract returns from momentum using single asset and cross-asset framework | Universal Carry Long high-yielding assets; short low-yielding assets | Momentum Long term trend on stock residuals | Seeks to exploit value from the mean-reversion of prices on the timescale of years |
| Short Term Trend Seeks to increase short to medium term convexity and quickly adapt to changes in the market environment | Short Volatility Short delta-hedged options at targeted risk | Value Long value (low price to fundamentals) and short growth (high price to fundamentals) | The program buys/sells cheap/expensive instruments relative to both price based and fundamental value metrics |
| | | Quality Assessing stock quality using fundamental data | |

Strategy AUM allocation


The Trust was wound up as of 23 December 2020, the last day of trading.

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.

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

Disclaimer

This document is issued by Capital Fund Management LLP (CFM LLP) in relation to the CFM Institutional Systematic Diversified Trust (the Fund). Pursuant to ASIC Class Order 03/1099, CFM LLP, the investment manager of the Fund, is exempt from the requirement to hold an Australian financial services license under the Corporations Act. CFM LLP is regulated by the UK Financial Conduct Authority under the law of England and Wales, which differ from Australian laws. The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 (Perpetual) is the trustee of, and issuer of units in the Fund. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund or in CFM Institutional Systematic Diversified Fund LP, which is only included in this document for comparison purposes. CFM LLP accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the applicable Product Disclosure Statement of the Fund. Unless otherwise indicated, performance figures are net of applicable fees and expenses and presume reinvestment of income. Past performance is not a reliable indicator of future performance. An investment in the Fund carries significant risk of loss. Neither CFM LLP nor Perpetual guarantee repayment of capital or any particular rate of return from the Fund. Neither CFM LLP nor Perpetual give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of CFM LLP as at the date of this document and are subject to change without notice.

Key performance figures

| Performance | FUM |
|--------------------------------|---|
| +0.4113% Monthly Return | US\$617m leveraged FUM / US\$551m equity ISDiversified Program (6% vol) |
| -18.0205% YTD Return | US\$6.5bn leveraged FUM / US\$4.8bn 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.

Please note that CFM ISDiversified Trust, which is winding up, stopped trading on 23 December and subsequently has closed all open positions

Performance report

- ▶ Risk assets finished the year in positive territory – global developed markets posted a 4.5% gain in December, as per the Morningstar Developed Markets index, while emerging markets gained 7.6%. The two indices ended 16.3% and 19.6% higher for the year respectively. Ample liquidity, an overtly dovish Fed, and optimism about the roll-out of Covid vaccines all supported investor sentiment and risk appetite.
- ▶ With a higher level of confidence about economic growth, as well as a continued slump in the greenback, commodity markets rallied. Energy markets especially had a good month, with Brent gaining 8.9%. Oil reached a 9-month high, and broke through \$50 per barrel for the first time since March. The vaccine roll-out and stimulus package negotiated in the US providing support. Industrial metals, especially owing to the substantial fiscal stimulus brought to bear by China, made noticeable gains.
- ▶ The US Treasury yield curve steepened. The Fed maintained its dovish rhetoric at its December FOMC meeting.
- ▶ Brexit negotiations made it to the 11th hour before a deal was struck.
- ▶ The US dollar continued to trend lower. The DXY index lost 2.1%, ending nearly 13% lower than the March 2020 peak.



Trends: +0.60%

The Long Term Trend Following program registered positive returns. Performance amongst asset classes was broadly positive, with all ending either positive or flat.

Equity & Credit Indices

Net long exposure in equity indices realised positive returns as global markets ticked higher. Investors found optimism in a bevy of positive news: a new stimulus package agreed in the US, the Federal Reserve asserting its very accommodative policy position, and a roll-out of Covid-19 vaccines kicking off. The S&P 500 rallied through new record highs, closing 3.8% higher over the month. Consequently, the strategy's long position in the Russellmini realised the most gains.

Emerging markets, however, fared even better – especially Asian bourses, as institutional buyers rushed back into the asset class (capital flows into the asset class as per the IFF showed a substantial uptick as risk improved, commodity prices and tourist numbers climbed, while an ultra-dovish Fed is keeping a lid on any interest rate hikes that might otherwise be dollar positive). Consequently, the strategy's long position in the Kospi realised significant gains, the Korean benchmark also having found favour among foreign buyers and closing 12.8% higher.

A short position in the AEX, however, was a key detractor. The Dutch benchmark gained 5.4% along with most European bourses on guarded optimism about an imminent vaccination program, and the finalisation of the UK-EU Brexit negotiations.

Interest Rates

Aggregate net long exposure in Bonds contributed positively as benchmark yields on G7 (ex-US) economies, for the most part, ended the month lower.

The US Fed kept rates unchanged during its meeting on 15-16 December and reiterated its commitment to bond purchases until its mandate is reached. Longer-dated yields subsequently rose, and the US curve steepened over the month, the longer end having lifted, while the short end moved slightly lower. The US 10-year rose 7.5 basis points, while the longer-dated T-Bonds rose close to and above 8 basis points. The strategy's short exposure to the US T-Bond contract fared best. The strategy's long exposure in Eurex Euro-Bobl future dragged the performance.

FX

FX returns from a near-neutral US dollar position were flat. The US dollar – having trickled lower against most major global currencies since March – lost another 2.1% this month. The DXY Index fell below 90 points for the first time since April 2018. A dovish Fed, rising fiscal and current account deficits as the US government increases spending to tackle coronavirus-related business shutdowns, along with a risk-on sentiment in global markets, put pressure on the greenback.

The long position in the Swiss franc stood out and realised positive gains. Investors have been seeking out the safe-haven franc as financial markets remain vulnerable to the economically damaging effects of Covid-19. The franc rallied 2.7% against the dollar, this despite the Swiss National Bank (SNB) having kept interest rates at negative 0.75% - one of the lowest in the world. Moreover, attempts by the SNB to steady the franc by hoovering up US dollars prompted the US Treasury to label the country a currency manipulator – the franc made further gains on 16 December following the announcement.

Amongst the losses, a short Singapore dollar position fared worst as the Asian country's currency gained 1.6%. The Singapore dollar notched-up a second consecutive month of gains as the economic prospects of the nation improved – retail sales, for instance, showed an increase of 7.3% in November.



Short Term Trend Following: -0.01%

The Short Term Trend sleeve delivered negative returns. Bonds were responsible for the majority of the losses, while Equity Indices ended flat.



Equity Market Neutral: +0.29%

- ▶ Momentum: -0.07%
- ▶ Value: +0.20%
- ▶ Quality: +0.16%

The Equity Market Neutral portfolio registered positive returns. Only the Momentum cluster failed to deliver positive PnL, while both Value and Quality were positive.

Across the entire book, all regions were up except Europe, with Asia-Pacific faring best. The Consumer, Cyclical sector fared best while the Energy sector fared worst.



Risk Premia: -0.64%

Universal Carry: -0.76%

The Universal Carry strategy realised negative returns, with most asset classes realising negative or flat PnL.

Positioning in Equity Indices detracted the most. While most long positions realised gains as global stock markets lifted, selected short exposures dented overall performance, especially short exposure to the mini-Russell 2000. The small-cap benchmark posted a 8.7% return over the month, fanned higher as its constituent companies – typically with less diversified businesses and earnings streams – looked well-positioned going into the new year on the impending Covid vaccine roll-out and stimulus package.

FX also detracted as the greenback sank on the strategy's aggregated long US dollar position. Short exposure to the euro dragged most, the single currency gaining 2.4% over the month on strong economic prints (notably good PMIs from both France and Germany), along with progress, albeit tenuous, on Brexit negotiations.

Short Volatility: +0.12%

The Short Volatility strategy delivered positive returns, with delta hedged options on all asset classes ending either flat or better.

Market volatility moved, for the most part, mostly sideways, bar a brief spike in volatilities on 21 December as Congress was about to pass a \$900bn Covid relief package. The CBOE VIX index averaged ~26 points over the period, but touched a high of 33 points on 21 December. Delta hedged options in Equity Indices, as a result, delivered positive PnL with those options in the Japanese Nikkei the most positive.

Delta hedged options in FX also ended in positive territory, with most currency pairs realising gains. Delta hedged options in the USD-euro pair, booked minor losses. The euro breached the 1.2 level for the first time since Q2 2018 on strong euro zone survey figures, as well as a final agreement reached on Brexit. Meanwhile, 1-month at-the-money implied volatility on most currency pairs also moved sideways, bar the pound as Brexit negotiations went down to the wire.

**Universal Value: +0.54%**

The Universal Value strategy realised positive returns with all asset classes in the black.

The biggest gains were realised in FX; with a net long position in Euro contributing the most. A long position in the Australian dollar was the second biggest contributor - the Aussie having gained 4.8% against the greenback. As a commodity-linked currency, the Aussie is amongst one of the best positioned to benefit from a global economic recovery with stronger demand for raw materials.