

Monthly Report – January 2018

Fund Description

The Fund invests in a diversified group of specialist Australian shares managers. This asset sector can deliver high returns over long periods of time, but it can also show sharp and significant fluctuations in value, up or down, over short intervals. This Fund gives investors an opportunity to participate in Australia's economic growth and enables Australian resident investors to benefit from favourable tax treatment accompanying franked earnings of Australian shares.

It is recommended that investment in this Fund be undertaken for at least five to seven years. Share investment can be volatile over the short-term.

Fund Classification Core/Diversified **Sector** Specialist/Satellite

Manager Commentary

The Australian equity market (S&P/ASX 300 Accumulation Index) fell marginally by 0.4% in January. The domestic market lagged its foreign peers, which made a strong start to the year as they rallied to all-time highs (MSCI World: +5.3%, MSCI Emerging: +8.3%). Prospects of stronger global growth, especially in the US due to lower corporate tax rates helped buoy global equity markets.

Domestically, small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index: -0.5%) underperformed and mid-cap stocks (S&P/ASX MidCap 50 Accumulation Index: -0.1%) outperformed, while large-cap stocks (S&P/ASX 20 Accumulation Index: +1.0%) also outperformed.

In January, the Fund performed in-line with the index. During the month, three out of the six managers of the portfolio out-performed the index. Bennelong and BT performed the best, gaining 1.0% and 0.2% respectively. The largest contributor to fund performance was an overweight position in Treasury Wine Group, which rallied around 7% during January. An overweight position in Flight Centre (+15.3%) also added to performance. On the flip side, an overweight position in Macquarie Atlas Group (-8.7%) and an underweight position in Resmed (+13.5%) detracted from fund performance. Over the rolling year, the Fund also out-performed the index rising 15.4% and beating the index by 3.0%. L1 Capital was the best performing manager with a return of 19.2%, followed closely by Fidelity (+19.0%) and Bennelong (+18.8%), against an index return of 12.4%.

Fund Performance and Risk Analytics Summary

Current Period Return (net of fees as at 31 January 2018)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund	-0.4%	3.2%	9.6%	15.4%	10.1%	11.0%	5.4%
Index	-0.4%	3.2%	8.2%	12.4%	7.5%	9.0%	5.2%
Excess	0.0%	0.0%	1.4%	3.0%	2.6%	2.0%	0.3%

Risk Exposure

	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund Volatility (Std Dev %)	5.6%	11.3%	11.1%	14.1%
Benchmark Index (Std Dev %)	6.3%	11.5%	11.4%	14.2%
Beta	0.93	0.97	0.96	0.98
Tracking Error (% pa)	2.0%	2.1%	2.0%	2.3%

Calendar Year return (net of fees)

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fund	36.9%	-1.6%	-12.2%	14.6%	22.9%	5.6%	8.6%	8.8%	16.3%
Index	37.6%	1.9%	-11.0%	19.7%	19.7%	5.3%	2.8%	11.8%	11.9%
Excess	-0.7%	-3.5%	-1.2%	-5.1%	+3.2%	+0.3%	+5.8%	-3.0%	+4.3%

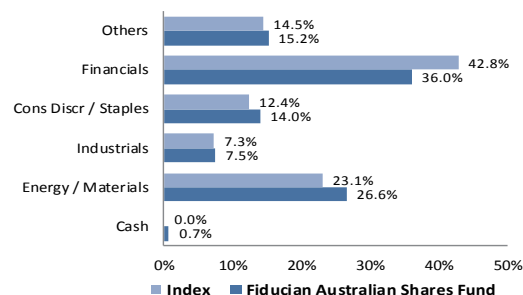
Fund Facts

Portfolio Manager: Conrad Burge
Asset Sector: Australian Equity
Asset Code: AE1
ARSN: 093 542 271
APIR Code: FPS0006AU
Benchmark: S&P / ASX 300 Accumulation Index
Inception Date: February 1997
Fund Size: \$371.2 million as at 31 January 2018
Application/Exit Fee: Nil
Management Fee: 1.55%

Style Tilts

Managers	Style	No. of Stocks	Weight
Ausbil Dexia	Style Neutral	39	15.3%
Bennelong	Growth	31	16.4%
BT	Core	43	11.2%
Fidelity	Value	58	16.5%
L1 Capital	Style Neutral	27	21.3%
Solaris	Style Neutral	48	18.6%
Cash	N/A	N/A	1%

Sector Weights



Top Holdings

Stocks	Weight
COMMONWEALTH BANK OF AUSTRALIA	7.6%
WESTPAC BANKING CORPORATION	6.5%
BHP BILLITON LIMITED (BHP)	5.7%
CSL LIMITED	4.8%
ANZ BANKING GROUP LIMITED	4.7%
RIO TINTO LTD	4.1%
NATIONAL AUSTRALIA BANK	3.8%
MACQUARIE GROUP LTD	2.5%
BORAL LIMITED	2.3%
TREASURY WINE ESTATES LIMITED	2.2%
ARISTOCRAT LEISURE LTD	2.0%
QANTAS AIRWAYS LTD	1.7%
ORIGIN ENERGY LTD	1.6%
LENDLEASE GROUP	1.6%
MACQUARIE ATLAS ROADS GR	1.5%
QBE INSURANCE GROUP LIMITED	1.4%
BLUESCOPE STEEL LIMITED	1.3%
JANUS HENDERSON GROUP PLC	1.3%
WESFARMERS LIMITED	1.2%
RELIANCE WORLDWIDE CORP LTD	1.2%
TOTAL	59.0%

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Fund Performance against Benchmark

Investment Growth

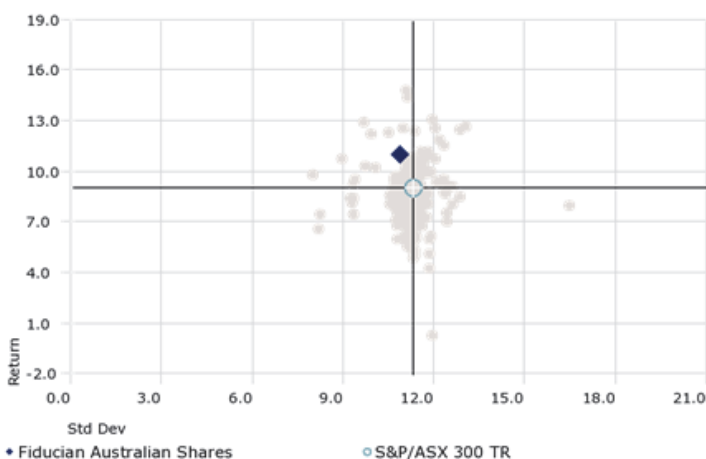
Time Period: 1/02/2013 to 31/01/2018



Fund Growth of \$1,000 Invested compared to Benchmark

Risk-Reward

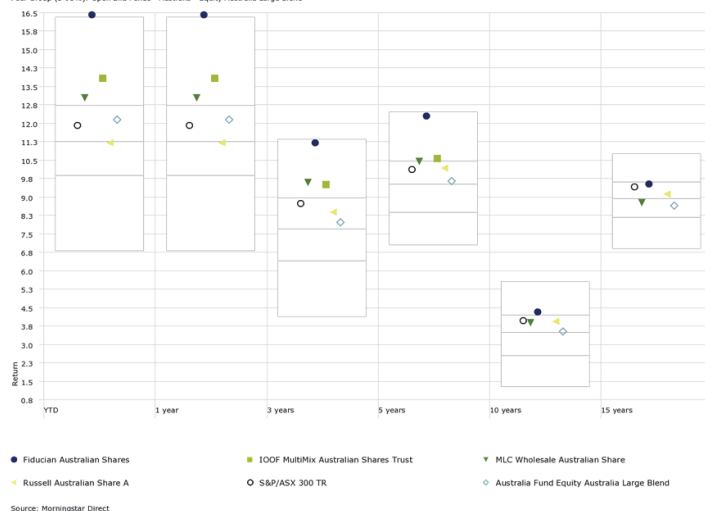
Time Period: 1/02/2013 to 31/01/2018



Performance vs Peer Group

Performance Relative to Peer Group

Peer Group (5-95%): Open End Funds - Australia - Equity Australia Large Blend



Performance Contributors and Detractors

(attribution only for stocks held in the portfolio)

Top Contributors to Performance

	Under Weight %	Overweight %	Contribution
TREASURY WINE ESTATES LIMITED		1.52%	0.11%
FLIGHT CENTRE TRAVEL GROUP LIMITED		0.74%	0.11%
RELIANCE WORLDWIDE CORP LTD		1.03%	0.09%
QANTAS AIRWAYS LTD		1.15%	0.05%
BORAL LIMITED		1.79%	0.04%

Top Detractors of Performance

	Under Weight %	Overweight %	Contribution
MACQUARIE ATLAS ROADS GR		1.32%	-0.12%
RESMED INC	-0.73%		-0.10%
SOUTH32 LIMITED ORDINARY FULLY	-0.74%		-0.07%
BLUESCOPE STEEL LIMITED		0.87%	-0.05%
FAIRFAX MEDIA LIMITED		0.47%	-0.05%