

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 had a reasonably positive month, returning 1.2%, driven by earnings upgrades in the Health Care and Consumer Discretionary sectors. Globally, there was significant divergence between developed (+0.7%) and emerging (-3.5%) equity markets, as the effects of a stronger US Dollar negatively affected emerging economy currencies. Within the developed markets, the US (S&P500) rose 2.4% and the UK (FTSE100) rose 2.8%, while Europe (EURO STOXX) fell 1.2%.

Domestically, small-cap stocks (S&P/ASX Small Ordinaries Accumulation Index) outperformed (rising 3.7%). The large-cap stocks (S&P/ASX 20 Accumulation Index) performed in line with the overall benchmark (+1.2%) whilst the mid-cap sector (S&P/ASX MidCap 50 Accumulation Index) underperformed (+0.1%).

In May, the Fund solidly out-performed the index (S&P/ASX 300) by 0.6% with a return of 1.8%. During the month, only two out of the six managers of the portfolio out-performed the index. Bennelong performed the best, rising a solid 6.7%, followed by Fidelity, which rose by 1.5%. The largest contributor to fund performance was an overweight position in Reliance Worldwide Corp, which rallied over 25% during May. An overweight position in Aristocrat Leisure (+12.0%) and an underweight position in Telstra (-11.9%) also added to performance. On the flip side, overweight positions in Treasury Wine Estates (-13.0%) and Boral (-8.9%) and an underweight position in Wesfarmers (+4%) detracted from fund performance. Over the rolling year, the Fund also out-performed the index, rising 13.6% and beating the index by 3.7%. Bennelong was the best performing manager with a return of 26.5%, followed by Pendal (+14.4%) and Fidelity (13.6%), against an index return of 10.0%.

Fund Performance and Risk Analytics Summary

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

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund	1.8%	2.1%	5.3%	13.6%	9.0%	11.0%	5.7%
Index	1.2%	1.1%	2.9%	10.0%	6.1%	8.8%	5.1%
Excess	0.6%	1.0%	2.3%	3.7%	3.0%	2.3%	0.6%

Risk Exposure

	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund Volatility (Std Dev %)	7.0%	11.0%	10.8%	13.7%
Benchmark Index (Std Dev %)	7.0%	11.1%	11.2%	13.8%
Beta	0.94	0.96	0.96	0.98
Tracking Error (% pa)	1.6%	2.1%	2.0%	2.4%

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%

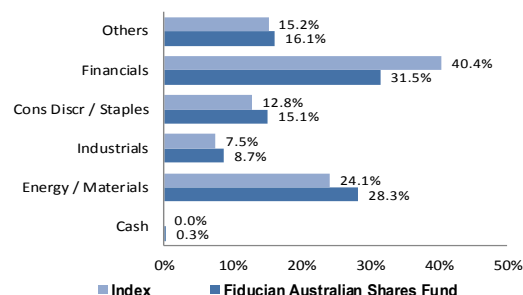
Fund Facts

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: \$389.2 million as at 31 May 2018
Application/Exit Fee: Nil
Management Fee: 1.55%

Style Tilts

Managers	Style	No. of Stocks	Weight
Ausbil	Style Neutral	39	15.0%
Bennelong	Growth	31	18.0%
Pendal Group	Core	43	10.9%
Fidelity	Value	58	15.9%
L1 Capital	Style Neutral	27	21.7%
Solaris	Style Neutral	48	18.2%
Cash	N/A	N/A	0%

Sector Weights



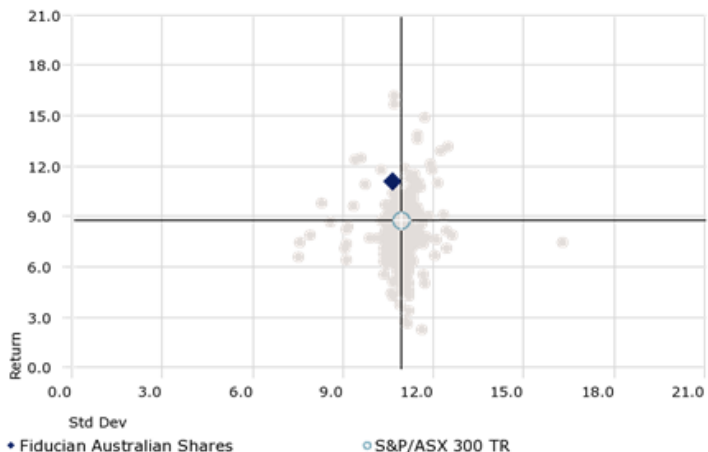
Top Holdings

Stocks	Weight
BHP BILLITON LIMITED (BHP)	6.4%
COMMONWEALTH BANK	6.1%
CSL LIMITED	5.9%
WESTPAC BANKING CORPORATION	5.8%
RIO TINTO LTD	4.1%
ANZ BANKING GROUP LIMITED	3.7%
NATIONAL AUSTRALIA BANK	3.5%
ARISTOCRAT LEISURE LTD	2.6%
MACQUARIE GROUP LTD	2.5%
TREASURY WINE ESTATES LIMITED	2.2%
ATLAS ARTERIA LTD	2.1%
BLUESCOPE STEEL LIMITED	2.0%
LENLEASE GROUP	1.7%
ORIGIN ENERGY LTD	1.7%
BORAL LIMITED	1.6%
QANTAS AIRWAYS LTD	1.6%
RELIANCE WORLDWIDE CORP LTD	1.4%
QBE INSURANCE GROUP LIMITED	1.3%
SANTOS LIMITED	1.3%
WESFARMERS LIMITED	1.2%
TOTAL	58.8%

Fund Performance against Benchmark

Risk-Reward

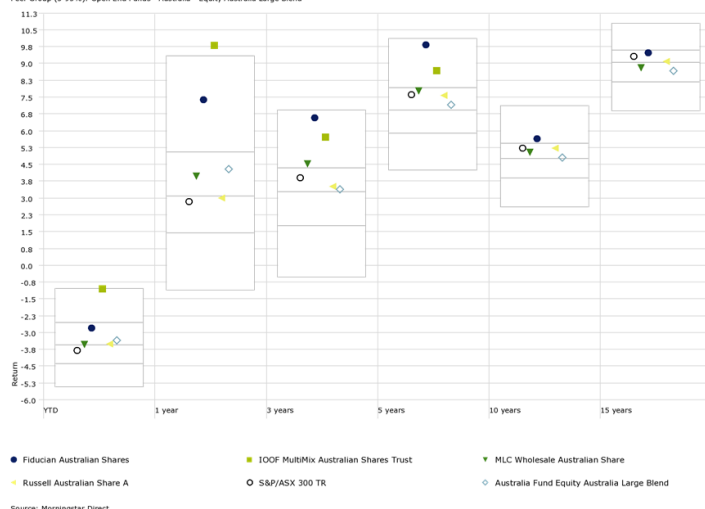
Time Period: 1/06/2013 to 31/05/2018



Performance vs Peer Group

Performance Relative to Peer Group

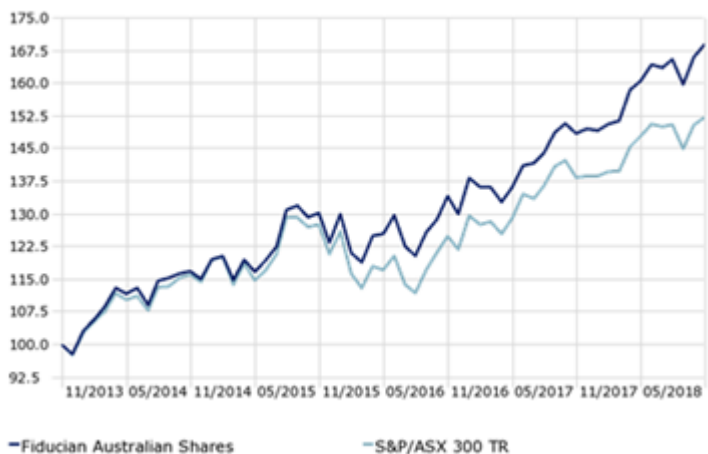
Peer Group (5-95%): Open End Funds - Australia - Equity Australia Large Blend



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

Investment Growth

Time Period: 1/06/2013 to 31/05/2018



Performance Contributors and Detractors

(Attribution only for stocks held in the portfolio)

Top Contributors to Performance

	Under Weight %	Overweight %	Contribution
RELiance WORLDWIDE CORP LTD		1.20%	0.30%
ARISTOCRAT LEISURE LTD		1.59%	0.19%
TELSTRA CORPORATION LTD	-1.10%		0.14%
CSL LIMITED		1.18%	0.11%
QANTAS AIRWAYS LTD		0.98%	0.10%

Top Detractors of Performance

	Under Weight %	Overweight %	Contribution
TREASURY WINE ESTATES LIMITED		1.53%	-0.20%
BORAL LIMITED		1.20%	-0.11%
WESFARMERS LIMITED	-1.68%		-0.07%
LINK ADMINISTRATION HOLDINGS		0.41%	-0.07%