

WealthFoundations

IPS Active Australian Shares (Pension) Quarterly Report

As of 30/06/2017

Second quarter 2017

Market update

It is pleasing to note that Australia was not caught up in the global political uncertainty trend following Brexit. However, there are some questions emerging about the future direction of the local economy. The mini iron ore rally in the second half of 2016 that helped push Australian share prices higher is gradually deflating, with iron ore prices falling and increasing stockpiles in China. Additionally, construction activity which has been very strong is now slowing slightly. Wage growth remains very weak and the prices of essentials such as electricity and gas have increased, putting pressure on disposable incomes.

The Reserve Bank continues to maintain the cash rate at 1.5% and is expected to do so for the remainder of the year. Banks, by contrast, have been steadily increasing interest rates for interest only borrowers.

Model update

Since half way through 2016, the market experienced a rotation out of so called "growth" stocks, such as Domino's Pizza and REA (realestate.com.au) to more cyclical "value" stocks such as RIO and BHP. This caused Schroders (value focused) to become one of the best performing Australian equities managers catching the mini iron ore rally spectacularly, while Hyperion (growth focused) suffered.

Due to falls in the iron ore price, as well as most commodities, Schroders performance has now moderated. The fund performed strongly earning 23.2% for your portfolio over the year, but only contributed 0.84% over the recent quarter.

This is in contrast to Hyperion, contributing 4.7% over the quarter alone while their one year performance remains low at 6%.

Justin McLaughlin
Chief Investment Officer

IPS Active Australian Shares (Pension)

As of 30/06/2017

Portfolio objective

An actively managed portfolio whose underlying investments are Australian shares, with the objective to earn significant returns over the long term.

Performance[^]

	Since inception (%p.a)**	3 years (%p.a)	2 years (%p.a)	1 year (%p.a)	6 months (%)	3 months (%)	1 month (%)
Total Return	9.2		10.5	17.9	3.4	2.0	0.7
Volatility	12.6		13.0	9.3	1.6		

**Inception Date: 23/09/2014

Growth of \$100 invested at inception [^]

Time Period: 24/09/2014 to 30/06/2017

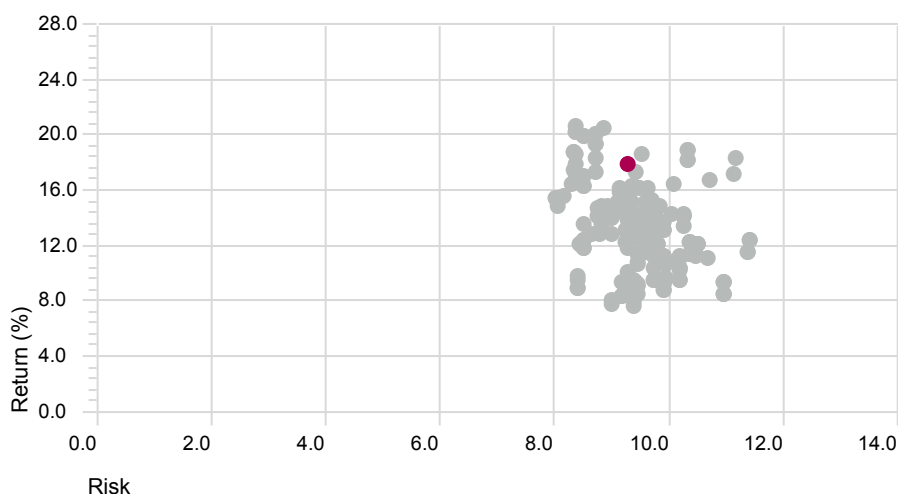


[^] Performance data is **after** applicable fees and taxes, and assumes the reinvestment of distributions. Past performance is not indicative of future performance. Due to the flexibility of rebalancing and variations between accounts, performance shown is indicative only and, for example, assumes that there are no deposits, withdrawals nor exceptions to regular rebalancing in the model portfolio.

Return and risk vs. peer group

Time Period: 1/07/2016 to 30/06/2017

Peer Group (5-95%): Insurance and Pension Funds - Australia - Pension - Equity Australia Large Blend



What is a risk and return chart?

The chart to the left shows the returns and associated risk of the model portfolio (darker shape) against its peers (light grey circles), over the past year.

The past years return (as a percentage) is shown on the vertical axis.

The risk (as measured by the standard deviation) of the investment over the past year is shown on the horizontal axis.

Underlying funds

	APIR Code	Global Broad Category Group	Portfolio Weighting %
Schroders Australian Equity Opps Fund	CVW0027AU	Equity	70.00
Hyperion Australian Shares Fund	CVW0028AU	Equity	30.00

IPS Active Australian Shares (Pension)

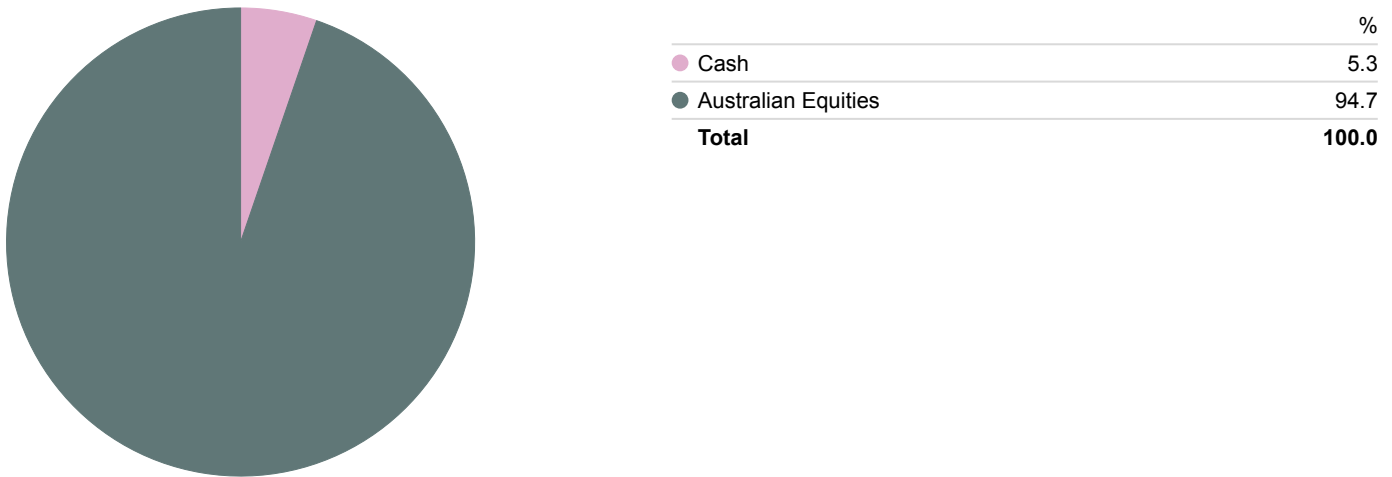
Performance of current underlying funds

Portfolio Date: 30/06/2017

	3 Yr (%p.a)	2 Yr (%p.a)	1 Yr (%p.a)	6 Mth (%)	3 Mth (%)	1 Mth (%)
Schroders Australian Equity Opps Fund		10.02	23.19	2.61	0.84	0.43
Hyperion Australian Shares Fund		11.14	5.96	5.09	4.72	1.17

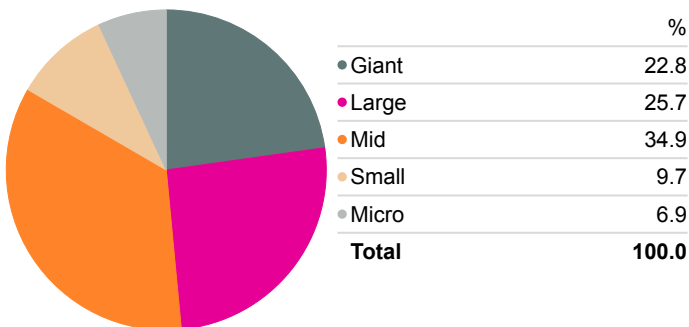
Asset class breakdown

Portfolio Date: 30/06/2017



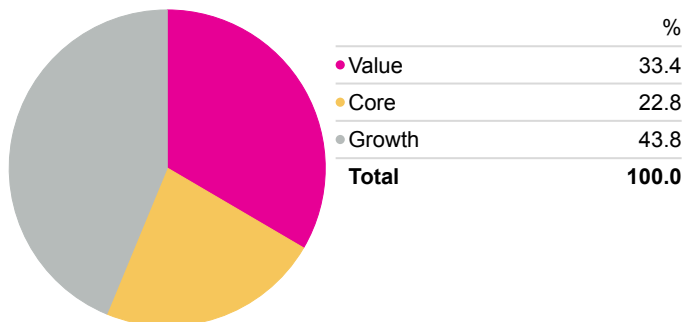
Equities: Market capitalisation

Portfolio Date: 30/06/2017



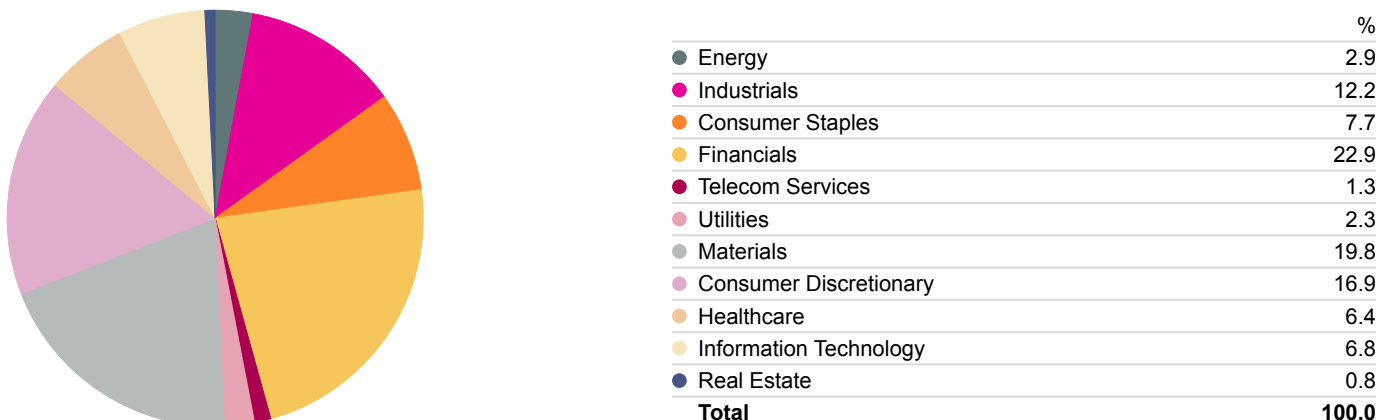
Equities: Investment Style

Portfolio Date: 30/06/2017



Equities: Industry exposure

Portfolio Date: 30/06/2017



Top holdings of the underlying infrastructure, property and equity funds

CVW WF-Schroder Equity Opps (Pen) - Top Holdings

Portfolio Date: 31/03/2017

	Sector	Portfolio Weighting %
Woolworths Ltd	Consumer Defensive	4.28
Australia and New Zealand Banking Group Ltd	Financial Services	4.24
National Australia Bank Ltd	Financial Services	4.22
Rio Tinto Ltd	Basic Materials	4.18
BHP Billiton Ltd	Basic Materials	4.08
Iluka Resources Ltd	Basic Materials	3.78
Westpac Banking Corp	Financial Services	3.75
Commonwealth Bank of Australia	Financial Services	3.59
CYBG PLC DR	Financial Services	2.93

CVW WF-Hyperion Australian Shares(Pen) - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
REA Group Ltd	Technology	12.50
Seek Ltd	Technology	12.04
Domino's Pizza Enterprises Ltd	Consumer Cyclical	11.30
Cochlear Ltd	Healthcare	10.18
Macquarie Group Ltd	Financial Services	6.10
Ramsay Health Care Ltd	Healthcare	5.72
BT Investment Management Ltd	Financial Services	5.10
Brambles Ltd	Industrials	4.50
IRESS Ltd	Technology	4.35

Important Information

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