

WealthFoundations

IPS Dynamic 50 (Pension) Quarterly Report

As of 30/06/2017

Second quarter 2017

Market update

Political uncertainty was a major theme across global markets this quarter, with both good and bad outcomes. Emmanuel Macron's victory in the French elections and Angela Merkel's Christian Democratic Party's strong performance in local elections have helped ease concerns over a seemingly populist anti-globalisation movement in Europe.

British equities and the Sterling initially responded well to Theresa May's call for a snap election in May to strengthen the nation's position in Brexit negotiations. However, this momentum dissipated when the election produced a hung parliament and May's Brexit plan still lacked detail at quarter end.

North Korea's nuclear missile program is also stirring the pot but it is not expected to affect equity markets as long as the US and China continue to cooperate on the matter.

China is increasingly conscious of its financial fragility caused by high levels of corporate debt, the complex nature of its wealth management products, and links to the shadow banking system. To overcome this, the central bank and three regulators (banking, securities and insurance) have joined forces to address the complex and opaque shadow banking sector, and introduced aggressive restrictions on permissible financial activities. This is the right move in the long run to defuse overleveraging and systemic financial risk in China's economy, although we are watching closely for short term negative repercussions.

Model update

Although financial markets were a little weak in the month of June, performance has been strong for the past 12 months.

The CFS Infrastructure and MFS International Shares funds were the standout performers within your portfolio earning 4.9% and 6.5% respectively over the quarter.

Within Australian shares, Schroders earned 23.2% for your portfolio over the year, although due to changing economic conditions and a weaker iron ore price, it has only contributed 0.84% over the recent quarter. As we do not expect these conditions to improve, your portfolio remains underweight in Australian shares.

We have introduced a new manager into the portfolio, the CLAL Antipodes Global Fund. The Fund is managed by Antipodes Global Investment Partners, a Sydney based boutique investment firm that seeks both to achieve good investment returns and to build portfolios with a capital preservation focus. Antipodes replaces the Platinum International fund within the model.

Justin McLaughlin
Chief Investment Officer

IPS Dynamic 50 (Pension)

As of 30/06/2017

Portfolio objective

The WealthFoundations IPS Dynamic 50 portfolio is a portfolio of actively managed assets designed to achieve moderate returns over the medium term.

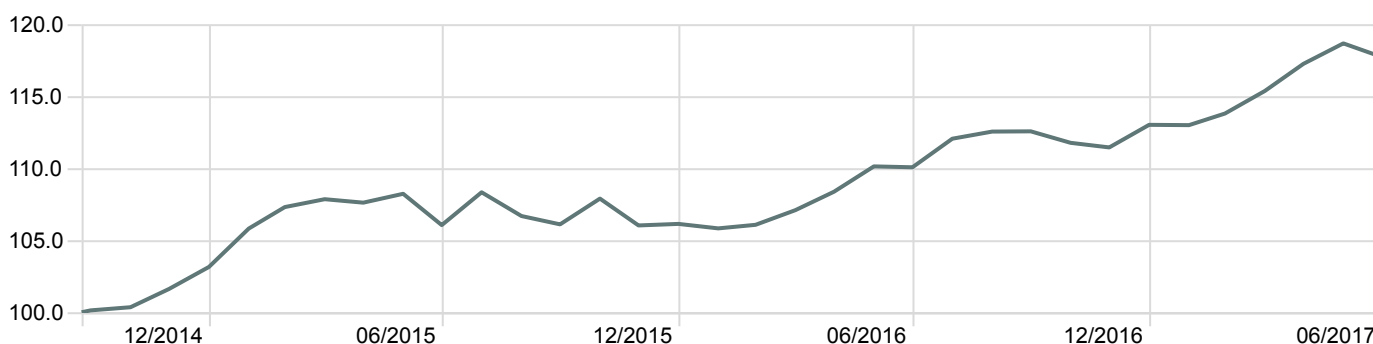
Performance[^]

	Since inception (%p.a)**	3 years (%p.a)	2 years (%p.a)	1 year (%p.a)	6 months (%)	3 months (%)	1 month (%)
Total Return	6.1		5.4	7.0	4.2	2.0	-0.8
Volatility	3.9		3.7	3.2	0.9		

**Inception Date: 23/09/2014

Growth of \$100 invested at inception [^]

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

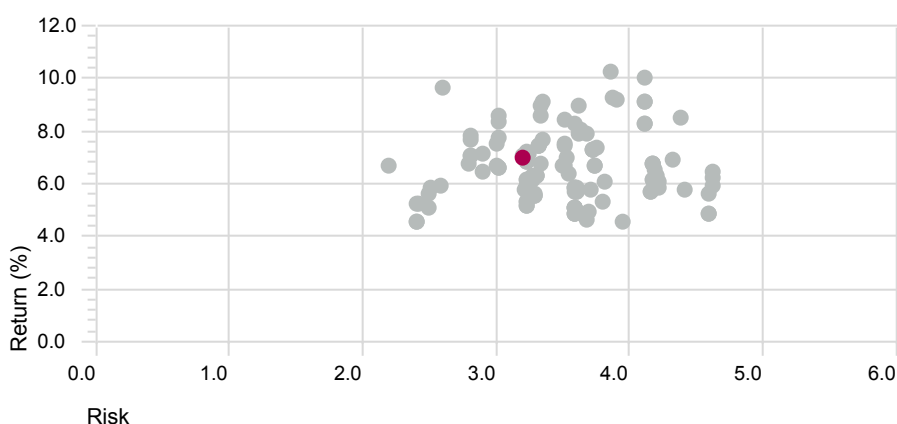


[^] Performance data is **after** applicable fees and taxes, and assumes the reinvestment of distributions. Past performance is not indicative of future performance. Due to the flexibility of rebalancing and variations between accounts, performance shown is indicative only and, for example, assumes that 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 - Multisector Balanced



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 %
CLAL Fixed Interest Fund	CVW0021AU	Fixed Income	45.00
CLAL Cash Fund	CVW0020AU	Money Market	15.00
CFS Infrastructure Fund	CVW0024AU	Equity	12.50
RARE Emerging Markets Fund	CVW0033AU	Equity	7.50
CLAL Antipodes Global Fund	CVW6830AU	Equity	7.00
Schroders Australian Equity Opps Fund	CVW0027AU	Equity	7.00
Hyperion Australian Shares Fund	CVW0028AU	Equity	3.00
MFS International Shares Fund	CVW0030AU	Equity	3.00

IPS Dynamic 50 (Pension)

Performance of current underlying funds

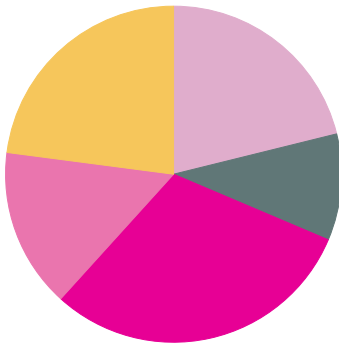
Portfolio Date: 30/06/2017

	3 Yr (%p.a)	2 Yr (%p.a)	1 Yr (%p.a)	6 Mth (%)	3 Mth (%)	1 Mth (%)
CLAL Fixed Interest Fund		4.02	2.95	2.56	1.31	-0.25
CLAL Cash Fund		1.56	1.36	0.65	0.33	0.11
CFS Infrastructure Fund		11.19	7.34	7.58	4.92	-4.26
RARE Emerging Markets Fund		3.84	12.12	10.76	1.62	-0.57
CLAL Antipodes Global Fund					3.60	-2.06
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
MFS International Shares Fund		8.48	16.89	8.91	6.48	-1.76

Please note: The CLAL Antipodes Global Fund was established 22nd March 2017.

Asset class breakdown

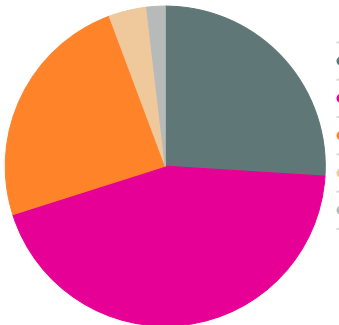
Portfolio Date: 30/06/2017



	%
Cash	21.1
Australian Equities	10.2
Australian Fixed Interest	30.3
International Fixed Interest	15.4
International Equities	22.9
Total	100.0

Equities: Market capitalisation

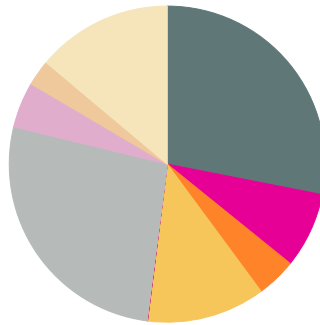
Portfolio Date: 30/06/2017



	%
Giant	26.0
Large	44.1
Mid	24.2
Small	3.8
Micro	1.9
Total	100.0

Equities: Geographical exposure

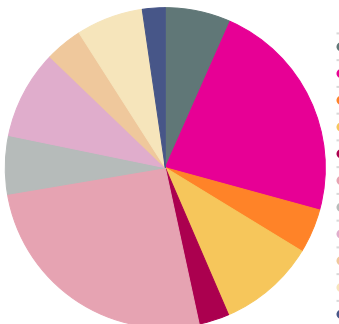
Portfolio Date: 30/06/2017



	%
North America	28.1
Latin America	7.7
United Kingdom	4.1
Europe developed	12.1
Europe emerging	0.0
Africa/Middle East	0.1
Australasia	26.7
Japan	4.7
Asia developed	2.6
Asia emerging	13.9
Total	100.0

Equities: Industry exposure

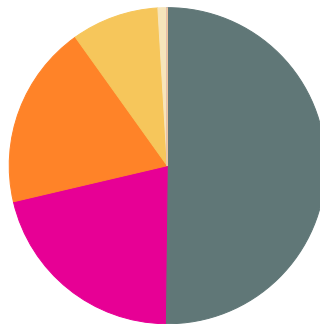
Portfolio Date: 30/06/2017



	%
Energy	6.6
Industrials	22.6
Consumer Staples	4.5
Financials	9.8
Telecom Services	3.1
Utilities	25.7
Materials	5.9
Consumer Discretionary	9.0
Healthcare	3.8
Information Technology	6.8
Real Estate	2.3
Total	100.0

Fixed Interest: Credit quality

Portfolio Date: 30/06/2017



	%
AAA	50.2
AA	21.1
A	18.8
BBB	8.9
BB	0.9
B	0.0
Below B	0.0
Not Rated	0.0
Total	100.0

Top holdings of the underlying infrastructure, property and equity funds

CVW WF-CFS Infrastructure (Pension) - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
National Grid PLC	Utilities	7.39
Enbridge Inc	Energy	6.63
Transurban Group	Industrials	6.48
East Japan Railway Co	Industrials	6.44
Atlantia SpA	Industrials	6.12
Kinder Morgan Inc P	Energy	5.78
NextEra Energy Inc	Utilities	5.37
American Electric Power Co Inc	Utilities	4.90
Dominion Energy Inc	Utilities	4.79
American Tower Corp	Communication Services	4.58

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

Top holdings of the underlying infrastructure, property and equity funds

CLAL Antipodes Global Fund (Pension) - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
Hyundai Motor Co	Consumer Cyclical	3.89
Baidu Inc ADR	Technology	3.13
Gilead Sciences Inc	Healthcare	3.00
KB Financial Group Inc	Financial Services	2.86
ING Groep NV	Financial Services	2.60
Samsung Electronics Co Ltd	Technology	2.53
Microsoft Corp	Technology	2.48
Office Depot Inc	Consumer Cyclical	2.45
Telecom Italia SpA	Communication Services	2.43

CVW WF-MFS International Shares(Pen) - Top Holdings

Portfolio Date: 31/05/2017

	Sector	Portfolio Weighting %
Thermo Fisher Scientific Inc	Healthcare	2.98
Bayer AG	Healthcare	2.93
Nestle SA	Consumer Defensive	2.67
Honeywell International Inc	Industrials	2.46
Medtronic PLC	Healthcare	2.33
Reckitt Benckiser Group PLC	Consumer Defensive	2.26
Svenska Cellulosa AB B	Consumer Defensive	2.16
Visa Inc Class A	Financial Services	2.16
Accenture PLC A	Technology	2.13
Stryker Corp	Healthcare	2.11

CVW WF-RARE Emerging Markets (Pension) - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
Bharti Infratel Ltd	Communication Services	5.89
Power Grid Corp Of India Ltd	Utilities	5.79
Malaysia Airports Holdings Bhd	Industrials	5.77
PT Jasa Marga (Persero) Tbk Class B	Industrials	5.05
Gujarat State Petronet Ltd	Utilities	4.71
NTPC Ltd	Utilities	4.68
Infraestructura Energetica Nova SAB de CV	Utilities	4.26
Companhia De Saneamento Basico Do Estado De Sao Paulo	Utilities	3.56
Light SA	Utilities	3.47

Important Information

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