

# WealthFoundations

## IPS Dynamic 90 (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 90 (Pension)

As of 30/06/2017

## Portfolio objective

The WealthFoundations IPS Dynamic 90 portfolio is a portfolio of actively managed assets designed to achieve significant returns over the long term.

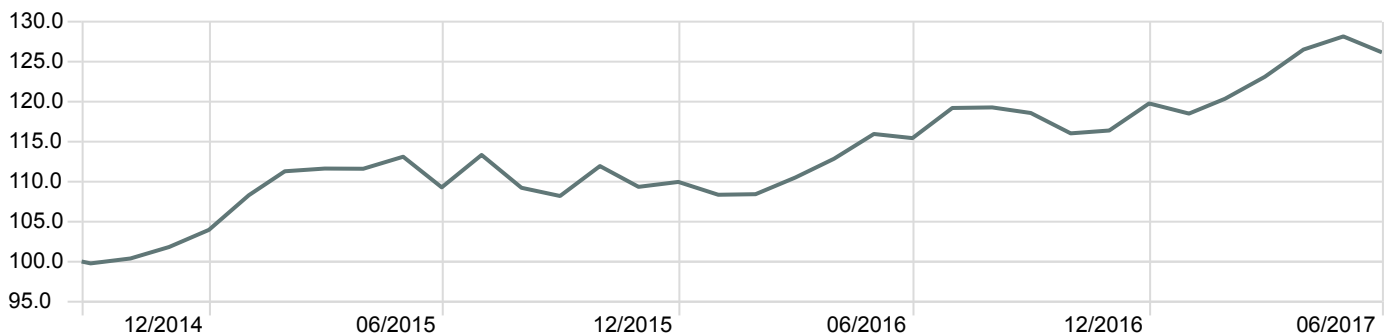
Performance<sup>^</sup>

	Since inception (%p.a)**	3 years (%p.a)	2 years (%p.a)	1 year (%p.a)	6 months (%)	3 months (%)	1 month (%)
Total Return	8.9		7.5	9.3	5.3	2.5	-1.6
Volatility	7.1		7.2	6.4	1.8		

\*\*Inception Date: 23/09/2014

Growth of \$100 invested at inception <sup>^</sup>

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

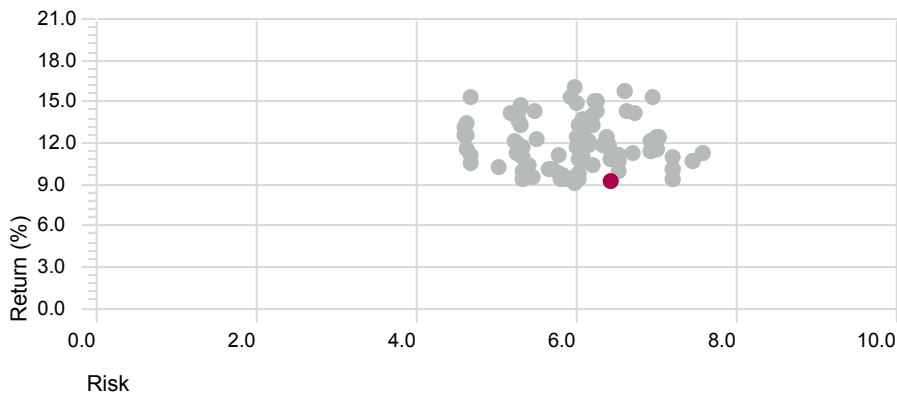


<sup>^</sup> Performance data is **after** applicable fees and taxes, and assumes the reinvestment of distributions. Past performance is not indicative of future performance. Due to the flexibility of rebalancing and variations between accounts, performance shown is indicative only and, for example, 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 Aggressive



## 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 %
CFS Infrastructure Fund	CVW0024AU	Equity	17.50
CLAL Fixed Interest Fund	CVW0021AU	Fixed Income	15.00
CLAL Antipodes Global Fund	CVW6830AU	Equity	12.50
RARE Emerging Markets Fund	CVW0033AU	Equity	12.50
CLAL Listed Property Fund	CVW0023AU	Equity	10.00
Hyperion Australian Shares Fund	CVW0028AU	Equity	10.00
Schroders Australian Equity Opps Fund	CVW0027AU	Equity	10.00
MFS International Shares Fund	CVW0030AU	Equity	7.50
CLAL Cash Fund	CVW0020AU	Money Market	5.00

## IPS Dynamic 90 (Pension)

### Performance of current underlying funds

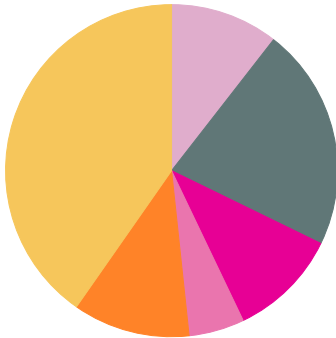
Portfolio Date: 30/06/2017

	3 Yr (%p.a)	2 Yr (%p.a)	1 Yr (%p.a)	6 Mth (%)	3 Mth (%)	1 Mth (%)
CFS Infrastructure Fund		11.19	7.34	7.58	4.92	-4.26
CLAL Fixed Interest Fund		4.02	2.95	2.56	1.31	-0.25
CLAL Antipodes Global Fund					3.60	-2.06
RARE Emerging Markets Fund		3.84	12.12	10.76	1.62	-0.57
CLAL Listed Property Fund		7.86	-5.40	-2.24	-3.15	-4.80
Hyperion Australian Shares Fund		11.14	5.96	5.09	4.72	1.17
Schroders Australian Equity Opps Fund		10.02	23.19	2.61	0.84	0.43
MFS International Shares Fund		8.48	16.89	8.91	6.48	-1.76
CLAL Cash Fund		1.56	1.36	0.65	0.33	0.11

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

### Asset class breakdown

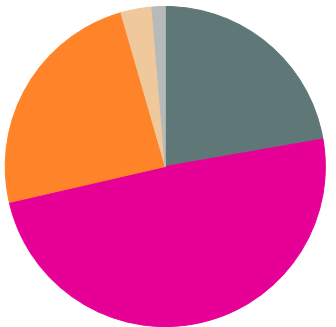
Portfolio Date: 30/06/2017



	%
Cash	10.5
Australian Equities	21.7
Australian Fixed Interest	10.7
International Fixed Interest	5.4
Australian Property	11.4
International Equities	40.3
<b>Total</b>	<b>100.0</b>

### Equities: Market capitalisation

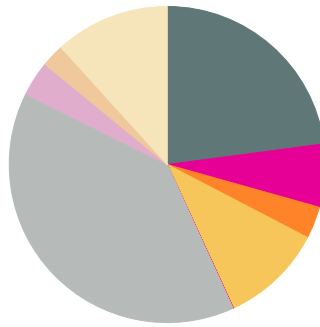
Portfolio Date: 30/06/2017



	%
Giant	22.2
Large	49.2
Mid	24.1
Small	3.1
Micro	1.3
<b>Total</b>	<b>100.0</b>

### Equities: Geographical exposure

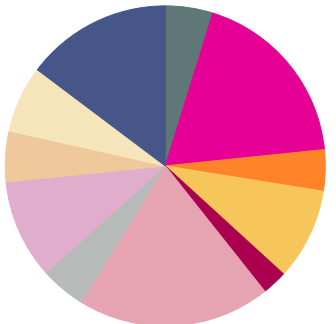
Portfolio Date: 30/06/2017



	%
North America	22.9
Latin America	6.5
United Kingdom	3.3
Europe developed	10.5
Europe emerging	0.0
Africa/Middle East	0.1
Australasia	39.1
Japan	3.6
Asia developed	2.4
Asia emerging	11.7
<b>Total</b>	<b>100.0</b>

### Equities: Industry exposure

Portfolio Date: 30/06/2017



	%
Energy	4.8
Industrials	18.6
Consumer Staples	4.2
Financials	9.3
Telecom Services	2.5
Utilities	19.5
Materials	4.5
Consumer Discretionary	10.0
Healthcare	5.1
Information Technology	6.8
Real Estate	14.7
<b>Total</b>	<b>100.0</b>

### 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
<b>Total</b>	<b>100.0</b>

## 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-CLAL Listed Property (Pension) - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
Scentre Group	Real Estate	19.59
Westfield Corp	Real Estate	13.95
Goodman Group	Real Estate	11.39
Stockland Corp Ltd	Real Estate	9.58
Dexus	Real Estate	8.70
GPT Group	Real Estate	7.82
Vicinity Centres	Real Estate	7.64
Mirvac Group	Real Estate	7.18
Investa Office Fund	Real Estate	2.46
Charter Hall Group	Real Estate	2.32

### 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

### 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

### 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

## 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

#### Important Information

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