

# WealthFoundations

IPS Enhanced Index 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 Vanguard Emerging Markets Shares and SSgA International Shares funds were the standout performers within your portfolio earning 5.5% and 3.5% respectively over the quarter.

Within Australian shares, the Plato Australian Shares fund earned 15.4% for your portfolio over the year, although due to changing economic conditions and a weaker iron ore price, it experienced a small loss over the recent quarter. As we do not expect these conditions to improve, your portfolio remains underweight in Australian shares.

**Justin McLaughlin**  
Chief Investment Officer

## IPS Enhanced Index 90 (Pension)

As of 30/06/2017

## Portfolio objective

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

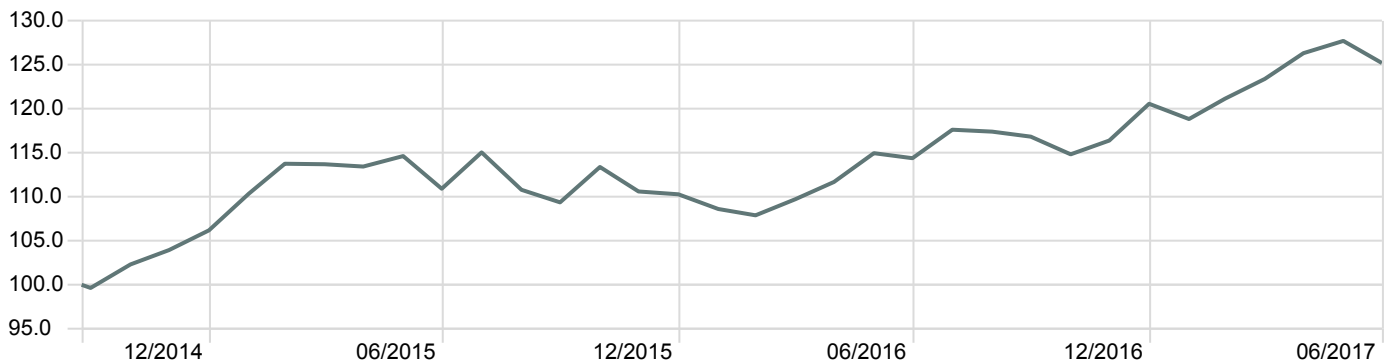
Performance<sup>^</sup>

	Since inception (%p.a)**	3 years (%p.a)	2 years (%p.a)	1 year (%p.a)	6 months (%)	3 months (%)	1 month (%)
Total Return	8.7		6.2	9.5	3.8	1.5	-2.0
Volatility	7.4		7.4	6.5	1.9		

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

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

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

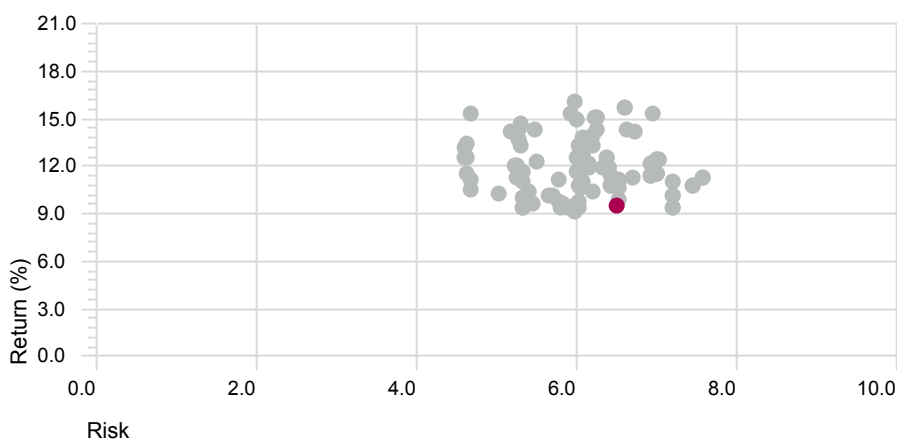


<sup>^</sup> Performance data is **after** applicable fees and taxes, and assumes the reinvestment of distributions. Past performance is not indicative of future performance. Due to the flexibility of rebalancing and variations between accounts, performance shown is indicative only and, for example, 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 %
Plato Australian Shares Fund	CVW0026AU	Equity	20.00
SSGA International Shares Fund	CVW0031AU	Equity	20.00
Vanguard Listed Intl Infrastructure Fund	CVW0025AU	Equity	17.50
CLAL Fixed Interest Fund	CVW0021AU	Fixed Income	15.00
Vanguard Emerging Markets Fund	CVW0032AU	Equity	12.50
CLAL Listed Property Fund	CVW0023AU	Equity	10.00
CLAL Cash Fund	CVW0020AU	Money Market	5.00

## IPS Enhanced Index 90 (Pension)

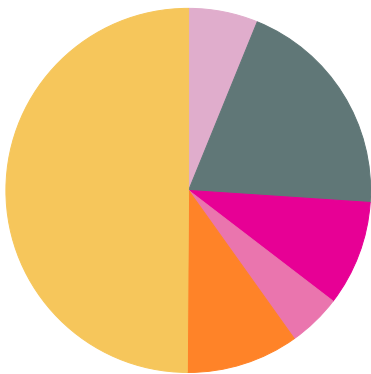
### Performance of current underlying funds

Portfolio Date: 30/06/2017

	3 Yr (%p.a)	2 Yr (%p.a)	1 Yr (%p.a)	6 Mth (%)	3 Mth (%)	1 Mth (%)
Plato Australian Shares Fund		7.53	15.35	2.98	-1.84	0.35
SSGA International Shares Fund		6.83	14.72	4.21	3.43	-2.62
Vanguard Listed Intl Infrastructure Fund		7.65	4.83	4.01	3.06	-4.31
CLAL Fixed Interest Fund		4.02	2.95	2.56	1.31	-0.25
Vanguard Emerging Markets Fund		3.61	19.37	11.83	5.48	-2.00
CLAL Listed Property Fund		7.86	-5.40	-2.24	-3.15	-4.80
CLAL Cash Fund		1.56	1.36	0.65	0.33	0.11

### Asset class breakdown

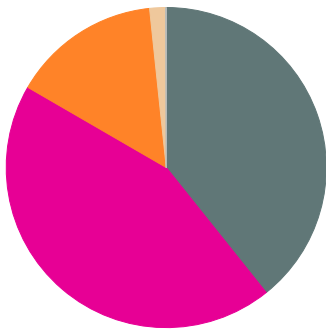
Portfolio Date: 30/06/2017



	%
Cash	6.2
Australian Equities	19.9
Australian Fixed Interest	9.4
International Fixed Interest	4.7
Australian Property	10.0
International Equities	49.9
<b>Total</b>	<b>100.0</b>

### Equities: Market capitalisation

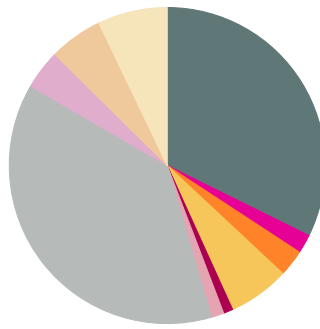
Portfolio Date: 30/06/2017



	%
Giant	39.3
Large	44.1
Mid	15.0
Small	1.6
Micro	0.0
<b>Total</b>	<b>100.0</b>

### Equities: Geographical exposure

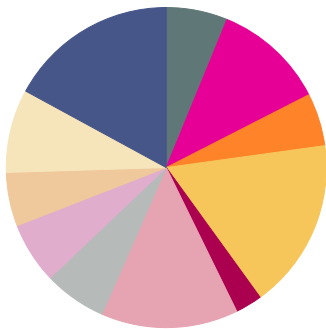
Portfolio Date: 30/06/2017



	%
North America	32.3
Latin America	1.9
United Kingdom	2.7
Europe developed	6.3
Europe emerging	1.0
Africa/Middle East	1.3
Australasia	37.9
Japan	4.0
Asia developed	5.5
Asia emerging	7.1
<b>Total</b>	<b>100.0</b>

### Equities: Industry exposure

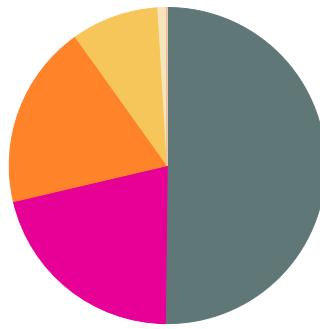
Portfolio Date: 30/06/2017



	%
Energy	6.2
Industrials	11.3
Consumer Staples	5.3
Financials	17.2
Telecom Services	2.7
Utilities	13.8
Materials	6.3
Consumer Discretionary	6.2
Healthcare	5.4
Information Technology	8.4
Real Estate	17.1
<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-Vanguard Emerg Mkts Idx(Pen) - Top Holdings

Portfolio Date: 31/05/2017

	Sector	Portfolio Weighting %
Samsung Electronics Co Ltd	Technology	4.24
Tencent Holdings Ltd	Technology	4.21
Taiwan Semiconductor Manufacturing Co Ltd	Technology	3.58
Alibaba Group Holding Ltd ADR	Consumer Cyclical	2.99
Naspers Ltd Class N	Technology	1.95
China Construction Bank Corp H	Financial Services	1.50
China Mobile Ltd	Communication Services	1.47
Hon Hai Precision Industry Co Ltd	Technology	1.14
Baidu Inc ADR	Technology	1.10
Industrial And Commercial Bank Of China Ltd H	Financial Services	1.07

### CVW WF-SSGA Intl Shares Fund Idx(Pen) - Top Holdings

Portfolio Date: 31/05/2017

	Sector	Portfolio Weighting %
Apple Inc	Technology	2.38
Microsoft Corp	Technology	1.54
Johnson & Johnson	Healthcare	1.08
Amazon.com Inc	Consumer Cyclical	1.02
Exxon Mobil Corp	Energy	0.93
JPMorgan Chase & Co	Financial Services	0.92
Facebook Inc A	Technology	0.89
Nestle SA	Consumer Defensive	0.80
Alphabet Inc C	Technology	0.79
Alphabet Inc A	Technology	0.77

### CVW WF-Plato Australian Shares (Pension) - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
Commonwealth Bank of Australia	Financial Services	9.97
Westpac Banking Corp	Financial Services	6.77
National Australia Bank Ltd	Financial Services	5.91
Australia and New Zealand Banking Group Ltd	Financial Services	5.21
BHP Billiton Ltd	Basic Materials	5.14
CSL Ltd	Healthcare	3.97
Telstra Corp Ltd	Communication Services	3.37
Wesfarmers Ltd	Consumer Defensive	3.18
Macquarie Group Ltd	Financial Services	2.67
Woolworths Ltd	Consumer Defensive	2.03

## Top holdings of the underlying infrastructure, property and equity funds

### CVW WF-Vanguard Gbl Infrs Idx(Pen) - Top Holdings

Portfolio Date: 31/05/2017

	Sector	Portfolio Weighting %
Union Pacific Corp	Industrials	4.95
NextEra Energy Inc	Utilities	3.64
Enbridge Inc	Energy	3.45
Duke Energy Corp	Utilities	3.26
American Tower Corp	Communication Services	3.05
Canadian National Railway Co	Industrials	2.90
CSX Corp	Industrials	2.82
Dominion Energy Inc	Utilities	2.78
Southern Co	Utilities	2.73
National Grid PLC	Utilities	2.68

### 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

#### Important Information

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