

# WealthSolutions

## IPS Strategic 50 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 Colonial Infrastructure and MFS International Shares funds were the standout performers within your portfolio earning 4.9% and 6.6% respectively over the quarter.

Within Australian shares, Schroders earned 22.1% for your portfolio over the year, although due to changing economic conditions and a weaker iron ore price, it has only contributed 0.58% 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 CFML 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 both the Platinum International and Magellan Global funds within the model.

**Justin McLaughlin**  
Chief Investment Officer

## IPS Strategic 50

As of 30/06/2017

## Portfolio objective

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

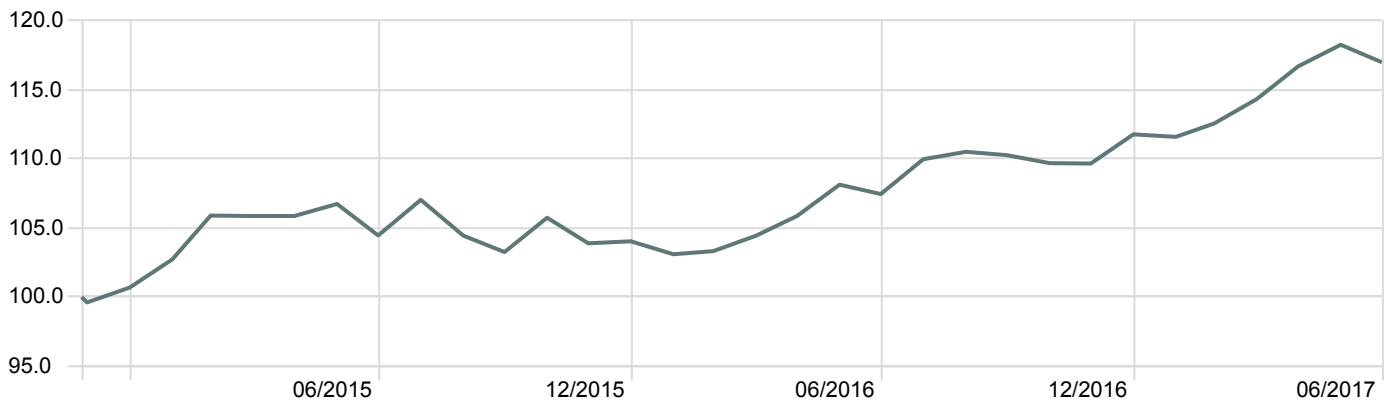
Performance<sup>^</sup>

	Since inception (%p.a)**	3 years (%p.a)	2 years (%p.a)	1 year (%p.a)	6 months (%)	3 months (%)	1 month (%)
Total Return	6.4		5.8	8.9	4.7	2.3	-1.1
Volatility	5.0		4.9	3.9	1.2		

\*\*Inception Date: 26/11/2014

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

Time Period: 27/11/2014 to 30/06/2017

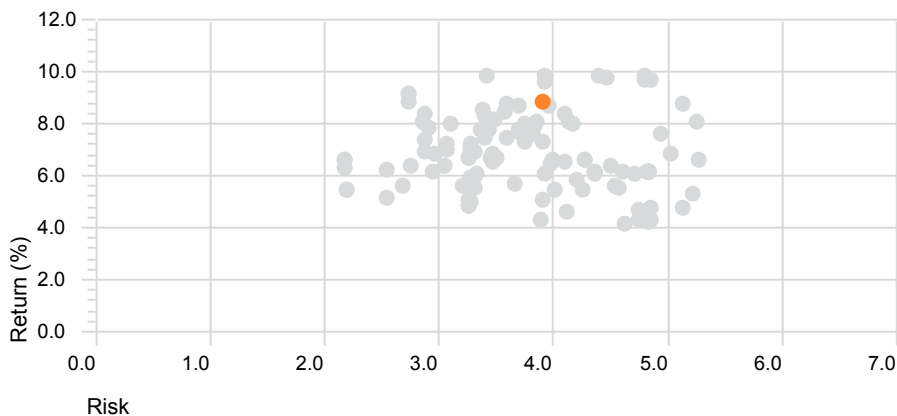


<sup>^</sup> Performance data is after fund manager fees, but before any other applicable fees or taxes and assumes the reinvestment of dividends. Past performance is not indicative of future performance. Due to the flexibility of rebalancing and variations between accounts, performance shown is indicative only and assumes rebalancing occurs at the end of each calendar month, and also 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%): Open End Funds - Australia - 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 %
CFML Fixed Interest	NRM0030AU	Fixed Income	35.00
CFML Cash	NRM0026AU	Money Market	15.00
CFML Colonial Infrastructure	NRM0036AU	Equity	15.00
CFML Antipodes Global Fund	CVW1890AU	Alternative	10.00
CFML RARE Emerging Markets	NRM0038AU	Equity	10.00
CFML Schroder Equity Opportunities	NRM0028AU	Equity	10.00
CFML MFS International Shares	NRM0032AU	Equity	5.00

# IPS Strategic 50

## Performance of current underlying funds

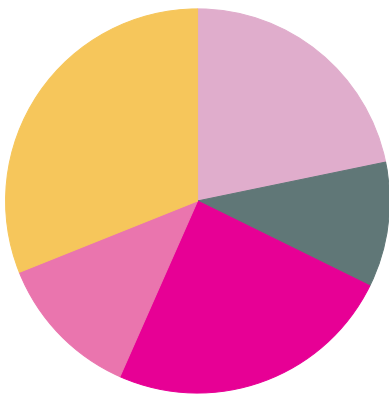
Portfolio Date: 30/06/2017

	5 Yr (%pa)	3 Yr (%pa)	2 Yr (%pa)	1 Yr (%)	6 Mth (%)	3 Mth (%)	1 Mth (%)
CFML Fixed Interest	4.19	4.47	4.30	3.16	2.64	1.35	-0.24
CFML Cash	2.28	1.93	1.74	1.53	0.74	0.37	0.11
CFML Colonial Infrastructure	17.75	14.37	12.25	7.33	7.58	4.93	-4.25
CFML RARE Emerging Markets	12.41	9.15	4.31	12.57	10.79	1.64	-0.57
CFML Antipodes Global Fund							-2.14
CFML Schroder Equity Opportunities	12.97	7.60	8.65	22.13	2.10	0.58	0.34
CFML MFS International Shares	18.85	14.75	10.05	17.61	9.01	6.56	-1.73

Please note: The CFML Antipodes Global Fund was established 8th May 2017.

## Asset class breakdown

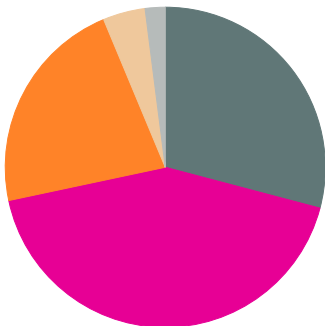
Portfolio Date: 30/06/2017



	%
Cash	21.8
Australian Equities	10.5
Australian Fixed Interest	24.3
International Fixed Interest	12.3
International Equities	31.1
<b>Total</b>	<b>100.0</b>

## Equities: Market capitalisation

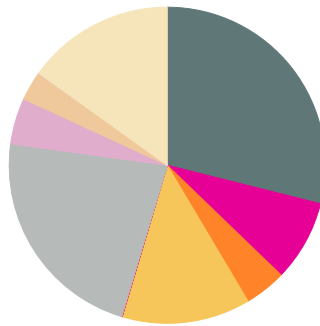
Portfolio Date: 30/06/2017



	%
Giant	29.1
Large	42.6
Mid	22.0
Small	4.3
Micro	2.0
<b>Total</b>	<b>100.0</b>

## Equities: Geographical exposure

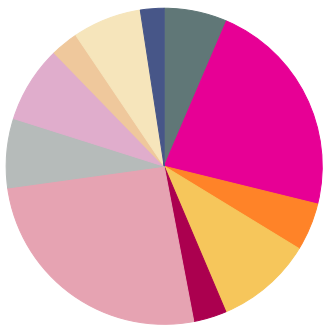
Portfolio Date: 30/06/2017



	%
North America	28.9
Latin America	8.3
United Kingdom	4.3
Europe developed	13.1
Europe emerging	0.0
Africa/Middle East	0.1
Australasia	22.4
Japan	4.7
Asia developed	3.0
Asia emerging	15.1
<b>Total</b>	<b>100.0</b>

## Equities: Industry exposure

Portfolio Date: 30/06/2017



	%
Energy	6.4
Industrials	22.4
Consumer Staples	4.9
Financials	9.9
Telecom Services	3.4
Utilities	25.8
Materials	7.1
Consumer Discretionary	7.8
Healthcare	2.8
Information Technology	7.0
Real Estate	2.4
<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

### CFML Colonial Infrastructure - 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

### CFML Schroder Equity Opportunities - Top Holdings

Portfolio Date: 30/06/2017

	Sector	Portfolio Weighting %
National Australia Bank Ltd	Financial Services	4.33
Rio Tinto Ltd	Basic Materials	4.32
Woolworths Ltd	Consumer Defensive	4.17
Australia and New Zealand Banking Group Ltd	Financial Services	4.16
Commonwealth Bank of Australia	Financial Services	3.93
BHP Billiton Ltd	Basic Materials	3.92
Westpac Banking Corp	Financial Services	3.81
Fletcher Building Ltd	Basic Materials	3.04
Iluka Resources Ltd	Basic Materials	3.02
CYBG PLC DR	Financial Services	2.98

### CFML MFS International Shares - 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

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

### CFML RARE Emerging Markets - 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

### CFML Antipodes Global Fund - 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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