WealthFocus Investment Advantage

PERPETUAL SPLIT GROWTH

December 2018

FUND FACTS

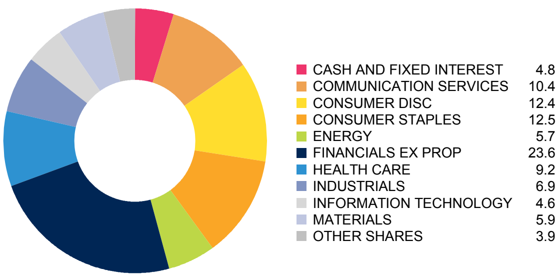
Investment objective: Aims to: provide long term capital growth through investment in a mix of international shares and quality Australian industrial shares and other securities with lower risk than 100% exposure to either asset class; and outperform a composite benchmark (before fees and taxes) comprising the S&P/ASX 300 Industrial Accumulation Index (40%) and the MSCI World ex Australia Accumulation Index (AUD) (60%)

FUND BENEFITS

Provides investors with 100% exposure to long-term growth opportunities across Australian industrial shares and international shares. The fund is run by high quality investment teams.

Benchmark:	Split Trust Accum Index 60% MSCI World ex-Aust and 40% Blended Industrials
Inception Date:	November 2008
Size of Portfolio:	$21.92 million as at 31 Dec 2018
APIR:	PER0496AU
Management Fee:	2.13%*
Investment style:	Active, fundamental, disciplined, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	4.4%
Woolworths Group Ltd	3.2%
Westpac Banking Corporation	2.6%
Suncorp Group Limited	2.1%
ANZ Banking Group Ltd.	1.9%
Nomad Foods Ltd.	1.8%
Star Entertainment Group Limited	1.7%
Tabcorp Holdings Limited	1.7%
National Australia Bank Limited	1.6%
Medibank Private Ltd.	1.4%

NET PERFORMANCE - periods ending 31 December 2018

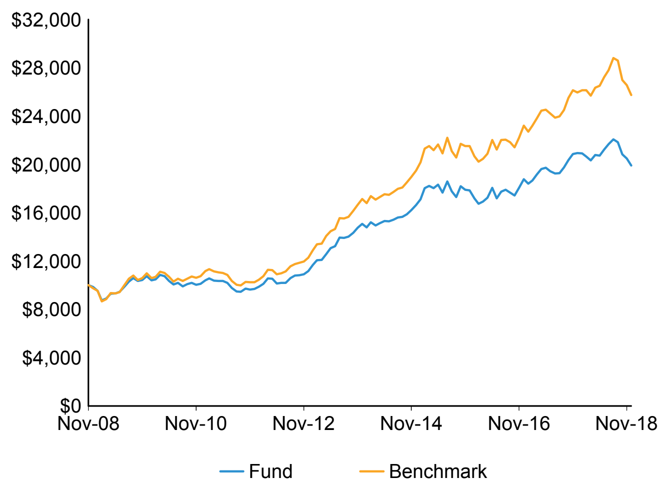
	Fund	Benchmark	Excess
1 month	-2.81	-3.13	+0.33
3 months	-8.81	-10.01	+1.20
FYTD	-6.20	-5.43	-0.76
1 year	-4.82	-0.79	-4.03
2 year p.a.	2.99	5.31	-2.32
3 year p.a.	3.74	6.14	-2.40
4 year p.a.	4.61	7.21	-2.60
5 year p.a.	5.75	8.48	-2.73
7 year p.a.	10.83	14.05	-3.22
10 year p.a.	7.29	10.21	-2.91

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

ASSET ALLOCATION

	Portfolio	Benchmark
Australian Equities	34.9%	40.0%
International Equities	60.8%	60.0%
Cash Equities	4.3%	0.0%
Total	100.0%	100.0%

GROWTH OF $10,000 SINCE INCEPTION



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

The MSCI World Accumulation index fell 11.0% in Australian dollar terms over the December quarter as equity markets stumbled on concerns of a slowdown in economic growth, ongoing trade tensions, and Brexit uncertainty. The sell-off was cushioned by a weakening Australian dollar which reached a two-year low during the quarter, losing 2.4% against the USD, 1.2% against the Euro, and 2.5% against the Chinese RMB. Negotiations with the US to postpone plans of imposing more tariffs on Beijing initially assisted in regaining investor confidence, however scepticisms of the agreement towards the end of the quarter led to a further decline in sentiment and contributed to a 13.5% fall in the US S&P500 index. The lack of support surrounding of Theresa May's proposed Brexit deal led to a postponed parliamentary vote, inciting further volatility across European markets which saw the UK FTSE100 and EURO Stoxx 50 indices decline 9.6% and 11.7%, respectively. Weaker economic activity and a decline in corporate earnings from Chinese industrial companies led to the MSCI China index closing 10.7% lower.

Technology stocks were battered on signs of a slowdown in revenue growth while the US Federal Reserve's latest guidance on interest rates also adversely impacted growth stocks. Resource stocks were mixed over the quarter with energy stocks losing ground as oil prices slumped on concerns of reduced demand from a slowdown in global economic growth and from increased OPEC supply. This saw crude oil fall 40.6% from its peak reached in October. Base metals weakened as the London Metals Exchange index fell 6.5%, however, iron ore gained 5.1% on rising Chinese steel prices. The gold miners witnessed a strong quarter as gold rallied 7.5% on the back of risk-off selling across equity markets.

The best performing sectors for the quarter, as measured by the MSCI World Accumulation Index, were Utilities (+3.2%), Real Estate (-2.0%) and Communication Services (-4.2%). The worst performers were Energy (-19.3%), Information Technology (-15.4%) and Industrials (-13.9%). As a whole, value stocks (-11.5%) outperformed growth stocks (-15.4%) as measured by the MSCI World Value and MSCI World Growth indices, respectively.

PORTFOLIO COMMENTARY

The overweight position in fast food chain operator Telepizza Group SA (+47.1%) contributed to relative performance. The stock spiked upon announcement that U.S. private equity giant Kohlberg Kravis Roberts & Co LP, who owns 26.3% of Telepizza, has initiated a €431.7m tender offer to acquire the remaining majority interest in the company at a price of €6.0 per share, and subsequently delist the company. The deal remains subject to closing conditions and regulatory approval.

The overweight position in grain distributor GrainCorp (+17.3%) contributed to relative performance. The stock spiked following the announcement that a $2.4b non-binding indicative takeover offer for the company had been proposed by an Australian investment syndicate. The offer price of $10.42 per share for all outstanding ordinary equity in the firm represented a significant premium to the market value of the stock which closed at $7.30 on the day prior to the announcement.

The overweight position in IT and telecommunications holding company SoftBank Group Corp. (-32.2%) detracted from relative performance. A disappointing IPO price for SoftBank's mobile business spinoff led to a sell-off in the stock during the quarter. The US$23.5b IPO, which represented Japan's largest-ever IPO, fell 14.53% during its first day of trading as investors were apprehensive following SoftBank's recent major mobile network service outage, and concerns from their exposure to Chinese hardware producer Huawei following Chinese spying allegations. The Fund continues to hold SoftBank as the stock continues to trade at a significant discount to its sum-of-the-parts valuation.

The overweight position in banking services provider CYBG Plc (-44.0%) detracted from relative performance. The stock fell as lawyers behind the British class action against CYBG announced the recruitment of up to 550 new claimants to the lawsuit in an attempt to boost momentum into the long-running dispute. The class action relates to product disclosure issues involving ~8,300 fixed-rate business loans that were issued to CYBG customs between 2001 and 2012. Despite this headwind we believe the market is currently undervaluing the company, and as such, continue to hold the stock.

OUTLOOK

A period of historically low interest rates across the globe has led to a repricing of risk and a subsequent inflation of asset values across many markets. With trillions of dollars of bonds now trading at low yields, future shifts in official interest rates have the potential to heavily impact asset valuations, leading market participants to remain focused on central bank policy. In addition, ongoing shifts in the global political landscape continue to nourish uncertainty across markets and deliver periods of heightened volatility. The portfolio remains invested in quality businesses with strong balance sheets trading at reasonable valuations and retain a cash buffer to deploy into opportunities as they arise.

Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets.

MORE INFORMATION

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