

# Australian Equities Sector Wrap

## 13 February 2017

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### Morningstar Manager Research 13 February 2017

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#### Executive Summary

During the 2016 fund manager reviews, Morningstar conducted qualitative research assessments on 79 Australian large-cap equities strategies and 36 Australian small-cap strategies. Inclusive in the cohort were 18 exchange-traded funds and 10 listed investment companies. Australian investors had slightly more than \$80 billion in large-cap strategies and just under \$14 billion in small-cap strategies, covered by Morningstar during the past year, making comprehensive assessment vital and highly relevant to the market. The Australian Equities Sector Wrap provides both an essential summary of the Morningstar Analyst Ratings and an overview of our major observations, while undertaking the reviews.

We begin by summarising the most recent coverage and rating changes to Morningstar's Australian Equities universe, including the rationale for the changes which were decided upon during the 2016 review cycle. Three long-established unlisted funds with seasoned investment teams achieved ratings upgrades. A mixture of investment team departures and our diminished conviction in a fund's investment strategy led to 11 downgrades. Positively, we included two new unlisted funds, two LICs, and an ETF into our coverage universe due to a combination of confidence in their strategy, team, and investment process. We also ceased coverage of 12 funds that had been formerly sitting on a Neutral or Negative Analyst Rating. We then outline details on those 70 strategies which have really shone during the past year, the Morningstar Australian Equities Medallists.

After the tech bubble and mining boom, many investors have been waiting for the next major event in the Australian share market. But few would have guessed it would be the LIC boom. After three years of buoyant conditions for industrial company initial public offerings, 2016 marked a turning point, as we saw a tsunami of LIC IPOs hit the market. We, therefore, decided it was timely to undertake a detailed appraisal of the strengths and weaknesses of the LIC structure, compared with its unlisted fund manager cousin.

Modern portfolio theory tells us that diversification is good, but many fund managers have chosen to launch more focused, concentrated or "best ideas" Australian large-cap share strategies in recent years. This means that it's critically important for investors and advisers to understand the key issues surrounding a concentrated approach to portfolio construction. We examine concentrated and diversified Australian large-cap managers to ensure investors understand the implications.

Consistency is defined in the Oxford English Dictionary as "acting or done in the same way over time...unchanging in nature, standard, or effect over time". We screened our database to identify

Australian equity funds with performance track records stretching back over a decade, to find who has most consistently outperformed the market. Our objective was to find those funds that have been the consistently strongest performers compared with their peers, through market cycles and particularly during periods which favoured both growth and value.

We conclude with our usual overview of the Basic Data, Portfolio Characteristics, People, and Style Box breakdowns.

## Changes to Morningstar Analyst Ratings: Upgrades, Downgrades, and New and Ceased Coverage

We take a medium- to long-term outlook when determining qualitative recommendations. Our views about the merits of investment strategies move over time based on manager-specific factors, including investment-team composition, changes to the investment process, and our degree of relative conviction. During the 2016 Australian Equities review, we upgraded our Morningstar Analyst Ratings for three strategies, downgraded 11 strategies, ceased covering 12 strategies, and initiated coverage of five strategies.

### Upgrades

#### **BT Focus Australian Share WS 1290**

We upgraded BT Focus Australian Share WS to an Analyst Rating of Silver from Bronze. This fund is the concentrated version of Crispin Murray's Core fund, and for that reason we think it has strong potential for investors looking for a slightly more aggressive Australian equity fund, and who are ready to accept slightly more volatility. Murray's robust portfolio-construction methodology, which is especially important for a concentrated fund, shines through in this strategy but with a reasonable risk/reward profile, which we applaud.

#### **Perpetual W Share Plus L/S 9836**

We upgraded our Analyst Rating for Perpetual W Share Plus L/S to Silver from Bronze. In March 2015, Anthony Aboud replaced Paul Skamvougeras as lead manager of this long-short strategy. We were not disappointed; Aboud also possesses key skills to identify short-selling opportunities, with the strategy still ranking among our leading choices in Australian equities. We expect this expertly managed portfolio to achieve success in the future.

#### **CFS Wholesale Small Companies — Core 7006**

We upgraded our Analyst Rating on CFS Wholesale Small Companies — Core to Silver from Bronze. Dawn Kanelleas has managed the fund since early 2008 and our conviction has increased steadily over time. The process has remained largely constant, aiming to unearth companies with a sustainable comparative advantage. A reasonable base with no additional performance fee kicker adds to the appeal.

## Downgrades

### **Ausbil Australian Active Equity 6117**

We downgraded Ausbil Australian Active Equity to a Bronze rating from Silver. This is still an attractive option for large-cap domestic exposure, but in an increasingly competitive peer group, we think it has lost some of its appeal. Head of equities Paul Xiradis has built an enviable track record plying his trade successfully since 1997. But in our view, the stock research process hasn't managed to keep up with our highest-rated strategies, amid intensifying competition. There is lots to like about this strategy, but in our view the quality of stock research has declined relative to the strongest options.

### **Dimensional Australian Value Trust 5840**

We downgraded Dimensional Australian Value Trust's rating to Bronze from Silver. This fund remains a great low-cost option for value-oriented Australian equities exposure, though our conviction has moderated. Despite this, we still believe the disciplined systematic process, backed by the research of renowned academics Eugene Fama and Kenneth French, will be able to add value in the future.

### **iShares S&P/ASX Dividend Opportunities IHD**

We downgraded the Analyst Rating on iShares S&P/ASX Dividend Opportunities to Neutral from Bronze. We think this is a competent product focused on delivering diversified exposure to 50 high-yielding stocks listed on the ASX. However, following index methodology changes, which include a lack of forward-looking factors in the investment process, our view relative to others in the space has dampened. Ultimately, iShares remains a highly capable manager and is the largest product specialist of ETFs globally.

### **Ironbark Karara Australian Share 14110**

We downgraded Ironbark Karara Australian Share to a Bronze rating from Silver. Portfolio managers Rohan Walsh and Luke Sinclair manage this strategy and are very knowledgeable. However, we have lowered our confidence in the fund because of our diminished conviction in the quality of the bottom-up research. That said, we still believe the strategy is above average and will reward investors in the future.

### **Maple-Brown Abbott Aus Shr Wholesale 4864**

We downgraded the Analyst Rating on Maple-Brown Abbott Aus Shr Wholesale to Neutral from Bronze. A strong, stable team is the drawing card here, but the lack of innovation in the process has led to this fund failing to stand out amongst its peers. Nevertheless, the strategy remains a suitable option for investors seeking value-oriented large-cap Australian equity exposure.

### **MLC Wholesale IncomeBuilder™ 4779**

We downgraded MLC Wholesale IncomeBuilder™ to a Neutral rating from Bronze. While MLC IncomeBuilder is consistently managed, our conviction has weakened. Crucially, our confidence in underlying manager Maple-Brown Abbott's long-term value approach has declined, and this

manager accounts for 70% of IncomeBuilder's portfolio. MLC IncomeBuilder is still capably managed, but our conviction in the overall strategy has waned.

#### **Zurich Investments Equity Income 14474**

We downgraded our Analyst Rating on Zurich Investments Equity Income to Neutral from Bronze. Our confidence in this fund has waned. Option-writing strategies often sacrifice some capital in order to boost income, but Zurich's total returns have suffered more than similar strategies. The challenges faced by this strategy plus a preference for rivals mean Zurich Equity Income is no longer Morningstar Medallist material.

#### **Antares Prof Small Companies 5896**

We downgraded Antares Prof Small Companies' Analyst Rating to Neutral from Bronze. This fund is no longer a standout in an extremely strong peer group. While Antares has done a decent job of extracting value from across the small-cap market and the team has a stable long history, we no longer think it is above average in this asset class.

#### **Bennelong Avoca Emerging Leaders 19125**

We downgraded our Analyst Rating for Bennelong Avoca Emerging Leaders to Neutral from Bronze. The fund struggles to rise above a highly competitive peer group, largely due to some fragmented portfolio construction by its two portfolio managers, John Campbell and Jeremy Bendeich. Due to an ongoing struggle to balance their preferred growth and value stocks, and an unproven ability to manage a larger asset base, Bennelong Avoca Emerging Leaders falls back to the pack among small-cap equity managers.

#### **Perpetual Wholesale Australian 19125**

We downgraded our Analyst Rating for Perpetual Wholesale Australian to Bronze from Silver. A change of portfolio manager and the resulting uncertainty causes Perpetual Australian Share to take a step down on the podium. But the strength of the remaining investment team shouldn't be overlooked; this remains a worthy option for core Australian equity exposure.

#### **Kinetic Wholesale Emerging Companies 15318**

We downgraded Kinetic Wholesale Emerging Companies' Analyst Rating to Neutral from Bronze. Our confidence in the fund has fallen further following significant business and personnel disruption, though it remains investable. Ultimately, the emerging companies strategy has a reasonable process that will reward patient investors.

#### **New coverage**

##### **Sanlam Managed Risk Australian Share — Class A 40846**

We initiated coverage of Sanlam Managed Risk Australian Share — Class A with a Bronze rating. This is an effective option for those seeking Australian passive index exposure with a twist. The strategy has solid processes that are designed to deliver similar returns to Australian equities over a market cycle, but with lower overall volatility and drawdowns. We judge the strategy and processes as above average in this asset class.

### **VanEck Vectors Australian Equal Wtd ETF MVW**

We initiated coverage of VanEck Vectors Australian Equal Wtd ETF with a Bronze rating. For Australian equities exposure, this fund is a unique and attractive option for investors with higher risk tolerance. Incepted in March 2014, it follows VanEck's internally developed MVIS Australia Equal Weight Index, which also has appealing risk/reward characteristics.

### **Fidelity Future Leaders 19893**

We initiated coverage of Fidelity Future Leaders with a Bronze rating. Fidelity Future Leaders is starting to show real promise and is an attractive option for investors seeking mid- to small-cap domestic equities exposure. The strategy was commenced in mid-2013 and has shown reasonable performance over three years to 31 Dec 2016. While this is a relatively new strategy, the strong alignment between the knowledgeable team, disciplined investment process, and strategically structured portfolio wins our conviction.

### **WAM Capital Ord WAM**

We initiated coverage of WAM Capital Ord with a Neutral rating. This is a capable strategy in the mid/small-cap Australian equities space, but its fee structure makes it too expensive for our tastes. Portfolio management is led by Chris Stott, who has built a strong track record since taking over in 2010. He is supported by a capable team, which was further bolstered by two new hires in 2016. Founder Geoff Wilson remains heavily involved, particularly at the strategic level.

### **WAM Research Limited Ord WAX**

We initiated coverage of WAM Research Limited Ord with a Neutral rating. This is a solid, fundamental-driven strategy managed by a highly capable team. However, its performance fee structure makes it a potentially expensive option. The portfolio is moderately diversified with holdings in the range of 20-60 stocks, and will only invest in stocks with an identifiable share price catalyst. Risk is also managed through relatively conservative individual stock weightings; consequently, high cash holdings have been an enduring feature.

### **Ceased Coverage**

We ceased coverage of the following 12 Australian equities strategies: **AMP Capital Australian Equity Concentr A 19485, AMP Capital Australian Equity Opportun A 19440, Blackrock WS Australian Share 3461, Perennial Value Shares for Income Trust 14254, SGH20 13202, SPDR S&P/ASX 200 Fincls EX A-REIT ETF OZF, SPDR S&P/ASX 200 Resources ETF OZR, Acorn Capital Microcap 7875, Invesco WS Aus Smaller Companies — Class A 2557, Schroder Australian Smaller Companies 16343, UBS Australian Small Companies 11595, and Zurich Investments Small Companies 18447.**

**Exhibit 1** Upgrades, Downgrades, and New Coverage

<b>Name</b>	<b>Ticker</b>	<b>Previous Recommendation</b>	<b>New Recommendation</b>
<b>Upgrades</b>			
BT Focus Australian Share WS	12910	Bronze	Silver
Perpetual W Share Plus L/S	9836	Bronze	Silver
CFS Wholesale Small Companies-Core	7006	Bronze	Silver
<b>Downgrades</b>			
Ausbil Australian Active Equity	6117	Silver	Bronze
Dimensional Australian Value Trust	5840	Silver	Bronze
iShares S&P/ASX Dividend Opportunities	IHD	Bronze	Neutral
Ironbark Karara Australian Share	14110	Silver	Bronze
Maple-Brown Abbott Aus Shr Wholesale	4864	Bronze	Neutral
MLC Wholesale IncomeBuilderTM	4779	Bronze	Neutral
Zurich Investments Equity Income	14474	Bronze	Neutral
Antares Prof Small Companies	5896	Bronze	Neutral
Bennelong Avoca Emerging Leaders	19125	Bronze	Neutral
Perpetual Wholesale Australian	4361	Silver	Bronze
Kinetic Wholesale Emerging Companies	15318	Bronze	Neutral
<b>New</b>			
Sanlam Managed Risk Australian Share	40845	N.R.	Bronze
VanEck Vectors Australian Equal Wtd ETF	MVW	N.R.	Bronze
Fidelity Future Leaders	19893	N.R.	Bronze
WAM Capital Ord	WAM	N.R.	Neutral
WAM Research Limited Ord	WAX	N.R.	Neutral

Source: Morningstar Direct

N.R. = Not rated

## Morningstar Medallists

Investment strategies with Morningstar Analyst Ratings of Gold, Silver, or Bronze carry the tag Morningstar Medallists. These are the strategies that in our opinion truly stand out, and share common traits including a capable and stable team, robust processes, and an ability to deliver in a variety of market conditions. We designated 70 of the 115 Australian equities strategies we assessed as Morningstar Medallists. Five achieved the highest possible Analyst Rating of Gold. Twenty-one strategies attained Silver, and we designated a further forty-four as Bronze.

### Exhibit 2 Morningstar Large-Cap Australian Equities Medallists

Name	Ticker	Morningstar Analyst Rating
<b>Managed Funds</b>		
Fidelity Australian Equities	12292	Gold
Greencape Wholesale Broadcap	14654	Gold
Greencape Wholesale High Conviction	14653	Gold
Schroder Australian Equity Fund	794	Gold
Antares Prof Australian Equities	4522	Silver
Antares Prof Elite Opportunities	9391	Silver
Arnhem Australian Equity	7899	Silver
Bennelong Australian Equities	16998	Silver
BT Wholesale Core Australian Share	2726	Silver
BT Wholesale Focus Australian Share	12910	Silver
Franklin Templeton Australian Equity W	19308	Silver
Yarra Australian Equities Fund	4544	Silver
Hyperion Australian Growth Companies	3344	Silver
Investors Mutual WS Australian Share	5339	Silver
Nikko AM Tyndall Australian Share W	3987	Silver
Perpetual W Share Plus L/S	9836	Silver
Perpetual Wholesale Concentrated Equity	5893	Silver
Alphinity Wholesale Australian Share	3566	Bronze
Antares Prof High Growth Shares	5851	Bronze
Ausbil Australian Active Equity	6117	Bronze
BlackRock Indexed Australian Equity Fund	5084	Bronze
BlackRock Scientific Aus Equity Fund	3005	Bronze
CFS Wholesale Australian Share	3404	Bronze
CFS Wholesale Equity Income	16354	Bronze
CFS Wholesale Imputation	3405	Bronze
Dimensional Aust Large Company Trust	6465	Bronze
Dimensional Australian Core Equity Trust	14318	Bronze
Dimensional Australian Value Trust	5840	Bronze



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**Morningstar Large-Cap Australian Equities Medallists (Continued)**

<b>Name</b>	<b>Ticker</b>	<b>Morningstar Analyst Rating</b>
Investors Mutual Equity Income	12285	Bronze
Investors Mutual WS Industrial Share	8742	Bronze
Ironbark Karara Australian Share	14110	Bronze
Nikko AM Tyndall Aus Shr Concnr	19895	Bronze
Nikko AM Tyndall Australian Share Income	16966	Bronze
Perpetual Wholesale Australian	4361	Bronze
Perpetual Wholesale Industrial	4362	Bronze
Realindex Australian Share-Class A	16955	Bronze
Solaris Core Australian Equity Retail	16567	Bronze
State Street Australian Equity	19501	Bronze
Vanguard Australian Shares High Yield	6429	Bronze
Vanguard Australian Shares Index	4488	Bronze
<b>Exchange-Traded Funds</b>		
BetaShares FTSE RAFI Australia 200 ETF	00Z	Bronze
iShares S&P/ASX 20	ILC	Bronze
iShares Core S&P/ASX 200 (AU)	IOZ	Bronze
Russell High Div Australian Shares ETF	RDV	Bronze
SPDR® MSCI Australia Sel Hi Div Yld ETF	SYI	Bronze
SPDR® S&P/ASX 200 ETF	STW	Bronze
SPDR® S&P/ASX 50 ETF	SFY	Bronze
Vanguard Australian Shares ETF	VAS	Bronze
Vanguard Australian Shares High Yld ETF	VHY	Bronze
Vanguard MSCI Australian Large Coms ETF	VLC	Bronze
<b>Listed Investment Companies</b>		
Australian Foundation InvesCo Ord	AFI	Silver
Argo Ord	ARG	Bronze
Milton Corporation Ord	MLT	Bronze

Source: Morningstar Direct

**Exhibit 3 Morningstar Small-Cap Australian Equities Medallists**

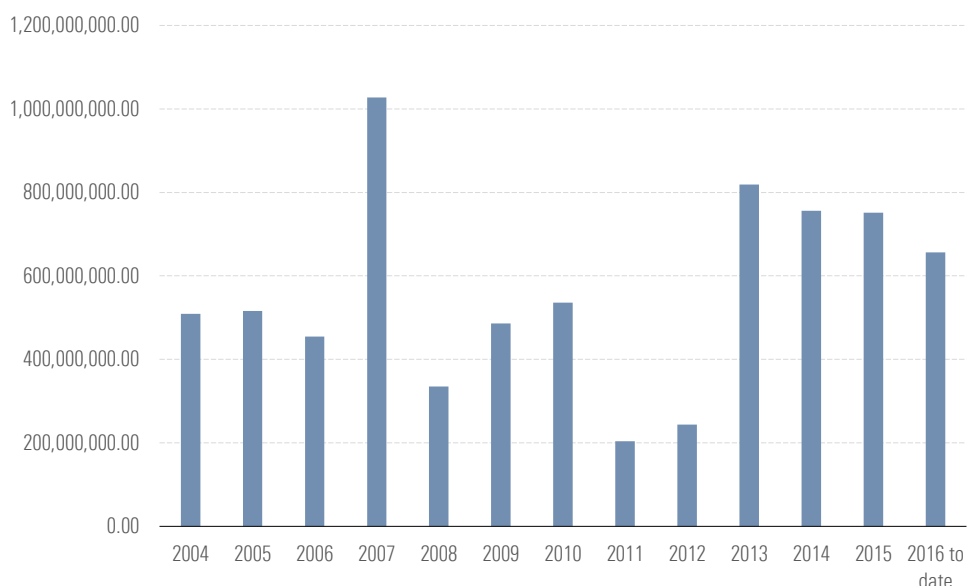
<b>Name</b>	<b>Ticker</b>	<b>Morningstar Analyst Rating</b>
<b>Managed Funds</b>		
BT Wholesale Smaller Companies	2725	Gold
Bennelong ex-20 Australian Equities	17595	Silver
CFS Wholesale Small Companies-Core	7006	Silver
Eley Griffiths Group Small Companies	10463	Silver
Fairview Equity Partners Emerging Co	17008	Silver
Hyperion Small Growth Companies	4242	Silver
Ironbark Karara Australian Small Comp	14111	Silver
NovaPort WS Smaller Companies	9140	Silver
Pengana Emerging Companies	12260	Silver
SGH ICE	14466	Silver
Ausbil Australian Emerging Leaders	10601	Bronze
Celeste Australian Small Companies	6419	Bronze
CFS Wholesale Developing Companies	11321	Bronze
CFS Wholesale Future Leaders	11322	Bronze
Fidelity Future Leaders	19893	Bronze
Investors Mutual WS Aus Smaller Co	5340	Bronze
Investors Mutual WS Future Leaders	8741	Bronze
OC Premium Small Companies	9852	Bronze
Perennial Value Smaller Companies Trust	8628	Bronze
<b>Listed Investment Companies</b>		
Mirrabooka Ord	MIR	Silver

Source: Morningstar Direct

## Rivers of Gold: Boom Time for Listed Investment Companies

Listed investment companies have received a lot of publicity in the media, driven by a spate of new listings on the ASX over the past three years. In fact, over 20 LICs specialising in Australian equities have joined the boards since 2013, bringing the total available universe at time of writing to 49 LICs. Recent notable examples include **WAM Leaders WLE**, which raised \$394 million in May 2016; **Perpetual Equity Investment Company PIC**, which raised \$250 million in December 2014; and **QV Equities QVE**, which raised \$180 million in August 2014. In addition to new listings, existing LICs have taken the opportunity to raise additional capital through equity placements and dividend reinvestment plans, bringing total equity raised in the sector to almost \$3 billion during the past four years (refer Exhibit 4), and total assets under management to around \$24 billion.

**Exhibit 4** Capital (AUD) Raised by Australian Equity LICs (Excludes Buybacks) — 2004 to 2016



Source: Morningstar Direct

The LIC sector was once the preserve of conservative and low-cost managers such as **Argo ARG** and **Australian Foundation Investment Co AFI**, who constructed highly diversified long-term "buy and hold" style portfolios, but the new crop of LICs tend to be a different breed, focusing on active management and alpha generation. Today LICs occupy something of a middle ground between unit

trusts and ETFs, being professionally and actively managed, but having the ease and transparency of being listed on the ASX. Investors are also attracted to their potentially more predictable dividend streams, and a simpler tax treatment.

While LICs are marketed to retail investors as being simple, in reality, they are anything but. The complexities and risks that investors should be aware of include costs of the IPO, and share price "premiums" and "discounts" to net tangible assets.

When a new LIC comes to market to raise capital, there are many costs associated with the offer. These include marketing and promotional costs, and can add up to as much as 2.5% of the total capital raised; instead of being borne by the manager, investors pay as they are deducted from the proceeds of the raising. For example, if an LIC raises \$100 million, the listing costs could be up to \$2.5 million, leaving the NTA of the company on day one at only \$97.5 million, an immediate discount to the original amount invested. Exhibit 5 below shows the range of IPO costs that have been incurred on various raisings since the beginning of 2015.

#### Exhibit 5 Raising Costs (AUD) of Recent LIC IPOs

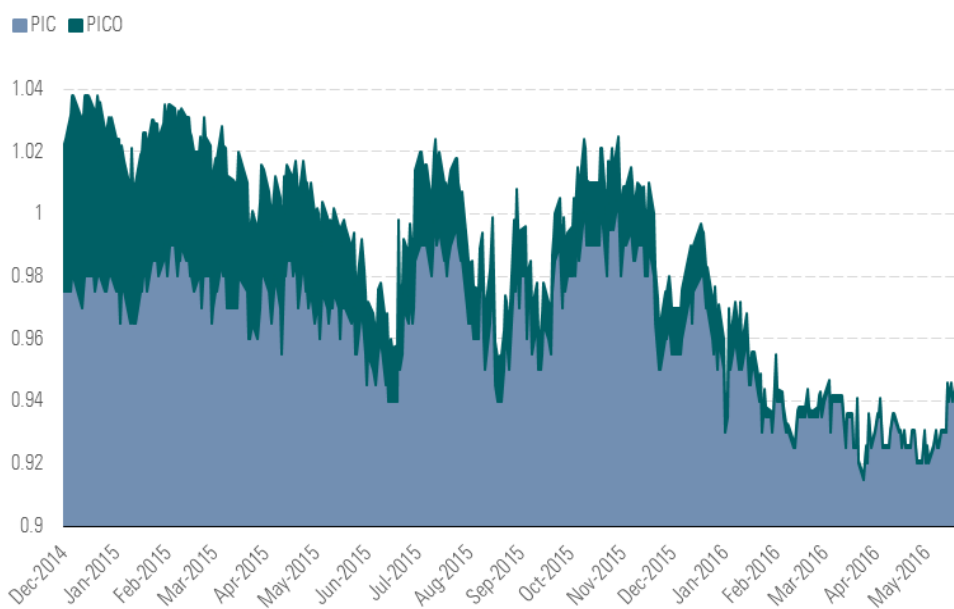
Listing Date	Code	Name	Capital Raised (\$)	Cost of the offer (\$)	Cost as a % of Raising
30/05/2016	WLE	WAM Leaders	394,309,936	5,098,174	1.29%
12/04/2016	MA1	Monash Absolute Investment Co Ltd	52,465,001	1,378,401	2.63%
15/12/2015	AEF	Absolute Equity Performance Fund	100,000,000	2,235,001	2.24%
8/12/2015	8EC	8IP Emerging Companies	33,067,013	700,933	2.12%
28/09/2015	RYD	Ryder Capital	36,828,501	230,355	0.63%
21/08/2015	GC1	Glennon Small Companies	21,687,113	599,108	2.76%
14/08/2015	CIE	Contango Income Generator	71,451,000	1,386,004	1.94%
21/05/2015	WDE	Wealth Defender	125,699,581	3,030,817	2.41%
5/01/2015	AWQ	Arowana Australasian Value Opportunitie	46,978,401	22,490	0.05%

Source: Morningstar; Company Reports

In attempt to address the immediate drag on NTA from IPO costs, it is now common for managers to issue a "free option" with each share issued in the IPO. These usually take the form of a right to buy an additional share at the IPO price at any time up to two years after listing. These options provide investors the opportunity to either exercise and acquire more shares, or sell the option on market. The value of the option is a function of the exercise price relative to the current underlying share price, and the time until expiry. Normally the option will increase in value if the underlying share price performs well, but value will degrade if share-price performance drops below the initial IPO. An example of this was the performance of PICO (the option attached to the Perpetual Equity Investment Company IPO). Investors participating in the IPO subscribed for ordinary shares at \$1.00, and an option (PICO) exercisable at \$1.00 on or before 10 June 2016. On day one of listing the ordinary share closed at \$0.975 (a discount to the IPO price), but the option could be sold for \$0.046.

Over time, however, the value of this option declined as the underlying share price failed to exceed the option exercise price (refer to Exhibit 6).

**Exhibit 6** Price Performance of Perpetual Equity Investment Company Ordinary Shares (PIC) and Options (PICO) — IPO to Expiry

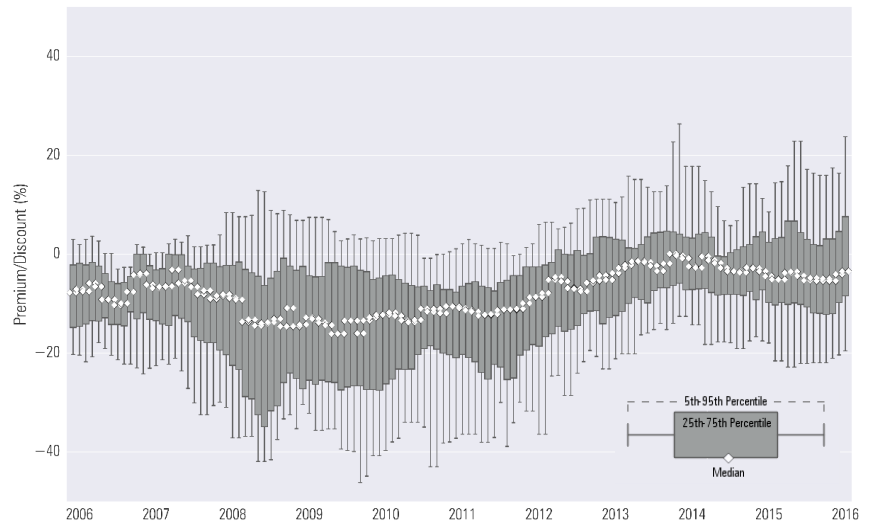


Source: Morningstar Direct

Even when an LIC performs well post-listing and the share price trades above the option strike price, it is important for investors to note that any options exercised at a discount to NTA will dilute their original investment, thereby imposing a real cost associated with the "free" option.

One of the biggest issues for LICs is the share price can trade irrationally, significantly out of alignment with the underlying value of the assets in the fund. This is because share price is determined by the matching of willing buyers and sellers at any point in time, unlike a managed fund which creates or cancels units for each application or redemption. It can be an uphill battle for an LIC to sustain parity or indeed a premium to NTA, as there needs to be a steady stream of new investor demand to offset any attrition of the existing shareholder base. Exhibit 7 below shows the median share price discount to NTA and range over time, showing a historic tendency for LICs to trade at a discount, and a tendency for that discount to widen during times of market stress (for example, through the global financial crisis). This has the risk of exacerbating negative performance, with declines in NTA being amplified by widening share price discounts.

**Exhibit 7** Median and Range of LIC Share Price Premium/Discount (in Percentage Terms) to NTA, Across Australian Equities LICs — 2006 to 2016\*

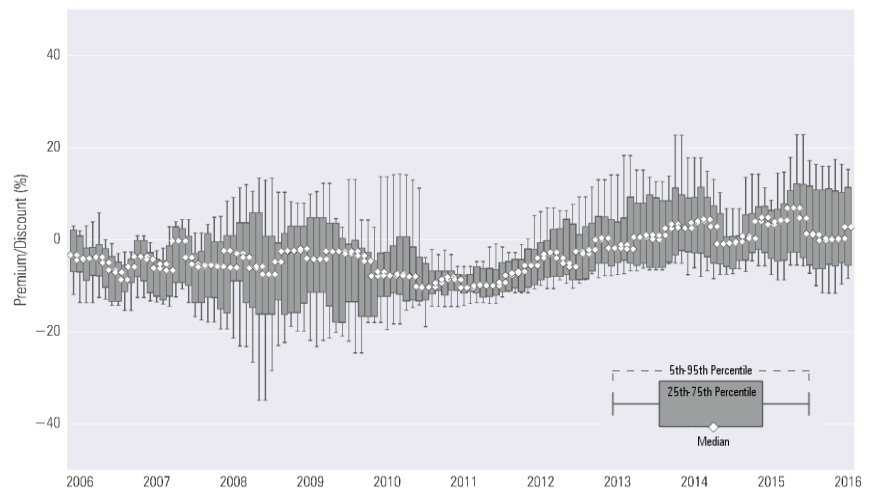


Source: Morningstar Direct

\* Rolling three-month premium/discount (month-end) across Australian equities LICs in Morningstar's database.

When it comes to pricing relative to NTA, size is helpful, with more liquidity helping to create more efficient price discovery. Exhibit 8 shows LICs with a market capitalization of greater than \$300 million have generally traded at less of a discount over time, with a tighter range of outcomes across the LICs.

**Exhibit 8** Median and Range of LIC Share Price Premium/Discount (in Percentage Terms) to NTA for Australian Equities LICs With Market Capitalisation Above \$300 Million — 2006 to 2016\*



Source: Morningstar Direct

\* Rolling three-month premium/discount (month-end) across Australian equities LICs in Morningstar's database.

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Undoubtedly, LICs trading at a discount can potentially deliver outsized returns if the manager can close the discount over time. Closing the gap may be achieved through a combination of improving underlying performance, share buybacks, and increased marketing of the LIC to potential new investors.

Conversely, while LICs trading at a premium have shown strong demand to get to that point, investors should consider the potential risk of negative returns should the share price decline and the premium unwind. Regardless of whether a LIC trades at a premium or discount, the existence of such a wide variation over time indicates the LIC market is quite inefficient when it comes to pricing, which is a danger for investors.

### Morningstar LIC Coverage

Morningstar provides formal coverage on nine LICs within the Australian shares large-cap and mid/small-cap sectors (refer to Exhibit 9, below). We rate the managers on our standard measures of People, Process, Parent, Performance, and Price as part of our annual review cycle. Our rating does not reflect an explicit view on the current valuation of the LICs' share price relative to NTA, because this fluctuates daily. However, we suggest investors include this in their overall consideration for investment, as with the other points referred to in this article. Morningstar typically will not initiate coverage on LICs prior to their IPO due to the issues around listing costs.

#### Exhibit 9 Morningstar LIC Coverage

Ticker	Name	Morningstar Analyst Rating	Market Capitalisation (\$)	Premium Discount (%)
MIR	Mirrabooka Ord	Silver	464,119,589	25.85
AFI	Australian Foundation InvesCo Ord	Silver	6,552,210,090	-1.20
MLT	Milton Corporation Ord	Bronze	2,838,402,375	-2.46
ARG	Argo Ord	Bronze	5,152,965,287	-2.23
WAM	WAM Capital Ord	Neutral	1,445,730,150	20.71
WAX	WAM Research Limited Ord	Neutral	284,922,524	20.75
BKI	BKI Investment Company Ord	Neutral	979,986,358	0.93
DJW	Djerriwarrh Ord	Neutral	826,269,134	14.89
CTN	Contango MicroCap Ord	Negative	187,774,718	-4.60

Source: Morningstar Direct as at 31 Dec 2016

## Concentrated or Diversified: The Great Debate

The Australian equities large-cap space, is relatively small and highly concentrated, from a global perspective, comprising 200 stocks (S&P/ASX 200 Index), with the top 10 stocks representing 40% of the market by weight. These characteristics result in some local managers adopting a highly-diversified strategy, which mainly appears to simply replicate the index. Many other managers focus on a few "best ideas", which can often result in extremely volatile monthly performance. In this article, we look at the historical characteristics of concentrated and diversified funds while discussing the role these funds can play in a structured investor portfolio.

We will be studying funds in our coverage list that are long only and do not have a specific focus on income. Additionally, we only include strategies that have at least 10 years of performance history (end dates have been selected which are arbitrary but incorporate relevant global economic events including the GFC). We will define concentrated funds as funds which historically, on average, have held fewer than 35 stocks in their portfolio over the past 10 years. Conversely, any fund with a greater number of stocks will be classified as diversified.

These rules result in only nine managers qualifying for our concentrated list and 33 strategies in our diversified list. Our numerical observations will focus on three-, five-, and 10-year trailing results to 31 Dec 2013 and to 31 Aug 2016. We will also graphically discuss 36-month rolling results to October 2016. However, some caveats to this approach must be highlighted—the sample size (especially of concentrated funds) is small, which may skew the results, and our sample may suffer from survivorship bias.

Let's start with the key issue for most investors: returns. In Exhibit 10 we find the average annualised trailing returns of our two lists over several time periods.

### Exhibit 10 Trailing Returns of Concentrated and Nonconcentrated Funds

<b>Returns to August 2016</b>		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
Concentrated Funds	Mean	8.10	11.15	5.97
Nonconcentrated Funds	Mean	6.75	10.44	5.77
<b>Returns to December 2013</b>		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
Concentrated Funds	Mean	10.82	13.33	11.16
Nonconcentrated Funds	Mean	11.39	13.50	10.70

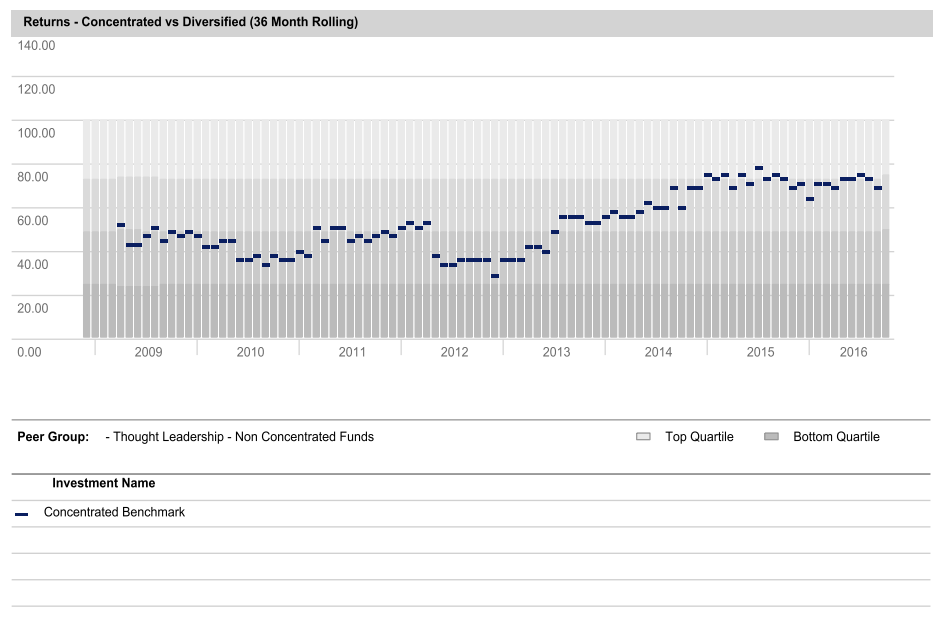
Source: Morningstar Direct



Over most periods concentrated funds have beaten diversified funds, with the advantage cementing itself over longer time frames.

Comparing concentrated funds with diversified funds on a three-year rolling basis offers another view. Up until early 2013, concentrated funds had done slightly worse than the average diversified fund. This flipped around from 2014 to 2016, with concentrated vehicles faring better. This shows that while concentrated funds may outperform their diversified peers over the long run, significant periods of underperformance may still occur.

**Exhibit 11** Quartile Ranking of Concentrated Funds Versus Diversified Funds



Source: Morningstar Direct

The next issue is how do concentrated funds do on a risk-adjusted basis? To analyse risk, we use both Alpha and Sharpe ratios. Alpha is a simple measure of performance in excess of a benchmark which does not account for any extra risk taken. Sharpe ratios are a measure of risk-adjusted performance: The higher the Sharpe Ratio, the better a fund has done when adjusting for increased risk or volatility.

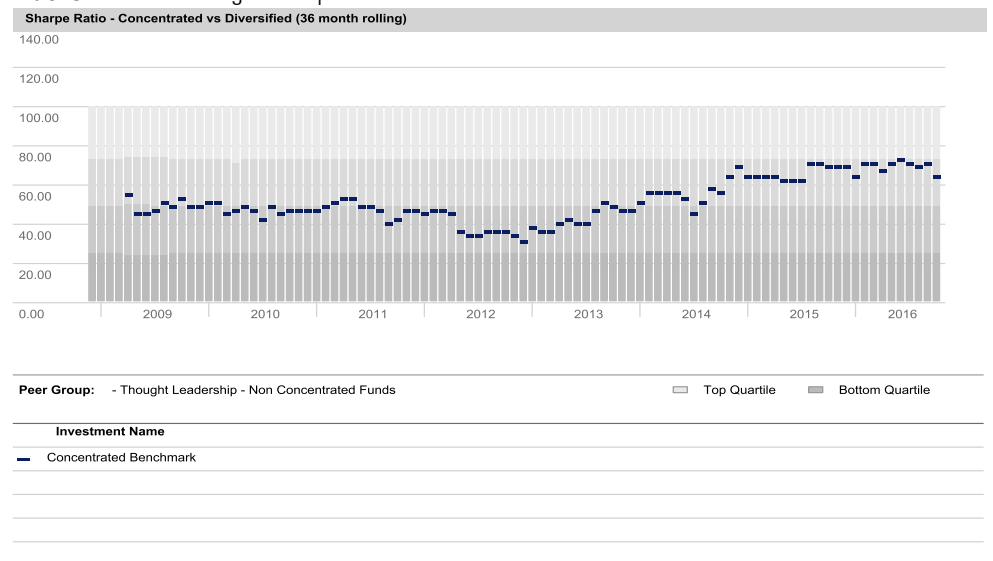
**Exhibit 12** Trailing Alpha and Sharpe Ratios for Concentrated and Nonconcentrated Funds

<b>Alpha to August 2016</b>		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
Concentrated Funds	Mean	1.48	1.36	0.83
Nonconcentrated Funds	Mean	0.28	0.96	0.61
<b>Alpha to December 2013</b>		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
Concentrated Funds	Mean	0.66	0.84	1.29
Nonconcentrated Funds	Mean	1.55	1.32	0.91
<b>Sharpe Ratio to August 2016</b>		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
Concentrated Funds	Mean	0.43	0.62	0.18
Nonconcentrated Funds	Mean	0.35	0.62	0.17
<b>Sharpe Ratio to December 2013</b>		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
Concentrated Funds	Mean	0.57	0.65	0.48
Nonconcentrated Funds	Mean	0.68	0.70	0.46

Source: Morningstar Direct

An extremely interesting picture for investors emerges from using these two measures. The Sharpe ratios of these two manager groups are much more similar than what the respective levels of alpha would suggest. In simple terms, while concentrated funds have generally performed better than their more diverse brethren, this has usually been accompanied by additional volatility, or risk. This provides some thought-provoking insight into how investors might employ concentrated funds: If an investor has a higher risk-tolerance and flexible time frame, they may be better served with a concentrated fund which will enable them to capture additional long-term returns. Alternatively, as we often recommend at Morningstar, concentrated funds can simply be used in a more supplementary fashion to a broader domestic equity allocation. Rolling analysis confirms the similar risk/reward characteristics identified above.

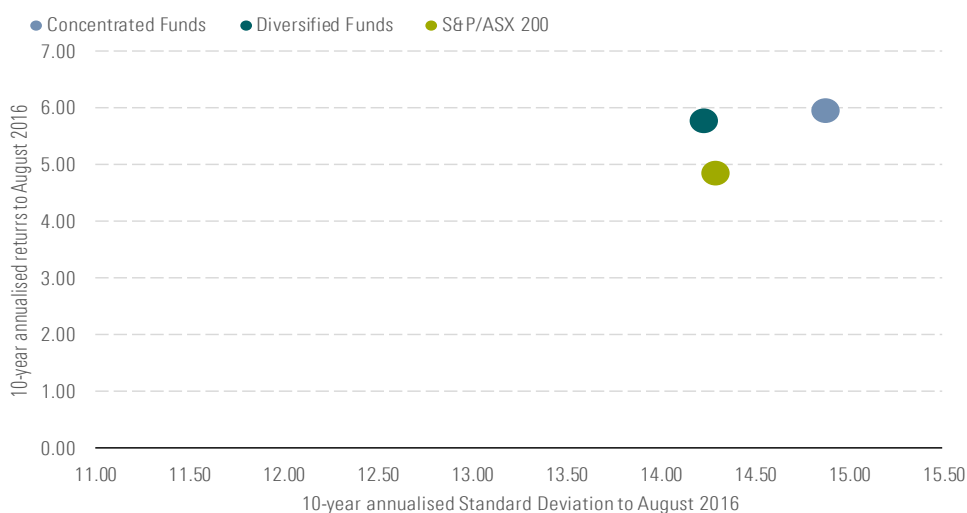
**Exhibit 13** Quartile Ranking of Sharpe Ratios for Concentrated Funds versus Diversified Funds



Source: Morningstar Direct

In the above chart the Sharpe ratio of the average concentrated fund closely hugs the average of diversified funds, despite falling below in 2014 and rising well above in 2015 and 2016, indicating that even on a rolling basis they have similar risk-adjusted characteristics. A different way to look at this is by using the risk/reward chart below.

**Exhibit 14 Risk/Reward Chart for Concentrated and Diversified Funds**



Source: Morningstar Direct

We can see that over 10 years, concentrated funds have posted slightly higher returns than diversified funds but have done so at the cost of higher volatility. However, even investors with higher risk profiles get spooked, and it takes time for the higher returns of concentrated funds to materialise. Therefore, it is worth looking at the drawdown characteristics of these categories, as well as their upside and downside capture ratios.

**Exhibit 15 Drawdown Statistics for Concentrated and Nonconcentrated Funds**

<b>Stats for 10 yrs to August 2016</b>		<b>Max Drawdown</b>	<b>Average Drawdown</b>	<b>Max DD Recovery Period</b>
Concentrated Funds	Mean	-45.64	-11.57	49
Nonconcentrated Funds	Mean	-45.12	-11.17	51
<b>Stats for 10 yrs to December 2013</b>		<b>Max Drawdown</b>	<b>Average Drawdown</b>	<b>Max DD Recovery Period</b>
Concentrated Funds	Mean	-42.68	-9.86	44
Nonconcentrated Funds	Mean	-44.47	-9.63	48

Source: Morningstar Direct

Surprisingly, the max and average drawdowns of concentrated funds were not especially worse than those of diversified funds, at least in the studied periods which encompassed the 2008-09 financial crisis. Concentrated strategies also recovered slightly faster than their diversified peers. However, this is where our previous caveat about small sample size and survivorship bias would be useful to keep in mind.

Up and Down capture ratios, however, paint a clearer picture:

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**Exhibit 16** Trailing Up and Downside Capture for Concentrated and Nonconcentrated Funds

		<b>3Yr</b>	<b>5Yr</b>	<b>10Yr</b>
<b>Upside Capture to August 2016</b>				
Concentrated Funds	Mean	102.33	103.72	101.82
Nonconcentrated Funds	Mean	96.77	98.31	98.17
<b>Downside Capture to August 2016</b>				
Concentrated Funds	Mean	94.24	97.02	98.24
Nonconcentrated Funds	Mean	94.63	92.75	94.73
<b>Upside/Downside Capture to August 2016</b>				
Concentrated Funds	Mean	1.09	1.07	1.04
Nonconcentrated Funds	Mean	1.02	1.06	1.04
<b>Upside Capture to December 2013</b>				
Concentrated Funds	Mean	105.91	105.89	101.54
Nonconcentrated Funds	Mean	100.42	100.80	98.23
<b>Downside Capture to December 2013</b>				
Concentrated Funds	Mean	104.06	103.32	95.45
Nonconcentrated Funds	Mean	90.91	93.39	92.90
<b>Upside/Downside Capture to December 2013</b>				
Concentrated Funds	Mean	1.02	1.02	1.06
Nonconcentrated Funds	Mean	1.10	1.08	1.06

Source: Morningstar Direct

We can see here that concentrated options on average captured more market movements on both the upside and the downside. But the ratio of upside to downside capture is very similar between our two lists, leading further support to the idea that they provide similar risk-adjusted outcomes.

In summary, given a long enough time horizon, concentrated funds have, on average, produced higher returns than their diversified peers, but this was accomplished at the cost of higher volatility and larger drawdowns. Furthermore, an investor could combine a diversified fund and a concentrated fund to tailor their risk/reward profile most appropriately to their situation and risk tolerance.

Alternatively, an investor could also combine two or more concentrated funds to build their own diversified portfolio consisting of several investment managers' "best ideas". However, to gain the greatest benefits of this combined approach, the investor needs to be sure of the actual diversification benefits being achieved. The highly-concentrated nature of the Australian market may result in two different compact strategies having overlapping exposure to the same underlying stocks. Let's look at a table of holdings similarity between several of our concentrated managers using the common holdings score.

**Exhibit 17** Holdings Similarity Amongst Concentrated Funds Under Coverage

Common Holdings Score (%)	3344	9391	12177	12910	4864	7899	3987	14369	6117
<b>3344</b>	100.000	10.480	16.350	10.570	2.680	19.430	3.320	20.940	10.540
<b>9391</b>		100.000	38.480	50.870	36.350	40.230	25.970	33.460	36.520
<b>12177</b>			100.000	40.190	30.820	44.170	25.970	33.460	45.700
<b>12910</b>				100.000	34.500	45.290	34.300	30.930	38.010
<b>4864</b>					100.000	31.380	36.580	8.280	43.710
<b>7899</b>						100.000	26.460	22.920	45.310
<b>3987</b>							100.000	12.570	39.290
<b>14369</b>								100.000	28.430
<b>6117</b>									100.000

Ticker	Name	Morningstar Category
3344	Hyperion Australian Growth Companies	Australia OE Equity Australia Large Growth
9391	Antares Prof Elite Opportunities	Australia OE Equity Australia Large Blend
12177	Alphinity WS Concentrated Aust Share	Australia OE Equity Australia Large Blend
12910	BT Focus Australian Share WS	Australia OE Equity Australia Large Blend
4864	Maple-Brown Abbott Aus Shr Wholesale	Australia OE Equity Australia Large Value
7899	Arnhem Australian Equity	Australia OE Equity Australia Large Growth
3987	Nikko AM Tyndall Australian Share W	Australia OE Equity Australia Large Value
14369	Platypus Australian Equities - Wholesale	Australia OE Equity Australia Large Growth
6117	Ausbil Australian Active Equity	Australia OE Equity Australia Large Growth

Source: Morningstar Direct

The exhibit above allows us to compare the holdings overlap between our concentrated managers in light of their Morningstar Categories. While **Hyperion Australian Growth Companies 3344** easily differentiates itself from most other concentrated managers, a more general rule of thumb for ensuring different funds in a portfolio have low holdings similarity is to mix strategies of different categories, especially growth and value. This approach also holds when mixing a concentrated fund with a diversified option.

In conclusion, concentrated and diversified funds under coverage have, on average, very similar risk-adjusted return characteristics. However, concentrated strategies have, over the long run, provided higher returns but have also faced higher drawdowns and volatility, which may make the path to success tougher to stomach for many investors. It is therefore important to tailor investor exposures based on their risk profile. This can be done through single-fund exposures or through a combination of funds. To ensure diversification benefits are maintained when combining funds, it can be useful to refer to a fund's Morningstar Category, and mix funds from different Australian equity categories. Other portfolio tools such as Morningstar X-Ray can help an investor to see what the resulting combined portfolio looks like and assess the resulting risk characteristics.

## The Virtue of Being Consistently Strong

In managed fund investing it is extremely dangerous to rely on a single short time period when assessing how strongly a strategy has performed. Consistently strong performance, through the full economic cycle and during various geopolitical shocks, is one of the most desired characteristics in the fund manager world and one of the most important for investors. But exactly who are the outstandingly strong performers, over the long term? What investment style (growth, value, or blended) do they use and what characteristics do they possess that allow them to achieve consistently strong returns?

To answer these questions, we adopted a series of screens to identify the top 10 Australian large-cap share funds, across all styles, that have produced highly dependable and consistently outstanding returns for their investors. Firstly, our study only encompassed those strategies which had been included for a Morningstar Analyst Rating review in the past 12 months (but with no regard to the recommendation achieved whether Gold, Silver, Bronze, Neutral, or Negative).

Next, we eliminated those strategies with less than a decade of performance (only funds which have submitted investment returns for each of the past 10 financial years up to 30 June 2016 were included). We selected a 10-year period to incorporate as many macroeconomic events as possible including the global financial crisis, euro-region debt crunch, quantitative easing era, mining sector boom/bust, energy price crash, and Brexit. After executing these screens, 50 large-cap Australian equity strategies qualified for further analysis. We then ranked each strategies' performance on an annual basis against cohorts for each of the ten years (adding each of the individual annual scores together to determine the top ten consistently best-performing managers over ten years).

The results were surprising, with just five investment houses featuring in the top 10: Fidelity, Hyperion, Investors Mutual, Perpetual, and Platypus, representing a cross section of larger financial service organisations through to smaller domestic boutiques. Most startling was the number of value strategies which featured, despite many believing the past few years have been a growth manager's paradise. It would appear many value managers can still find "value" over the longer term, despite economic and financial market conditions. Nevertheless, one characteristic stands out among our top 10 performers: investment process stability. The fund managers who can stand the market running against them and maintain the same investment philosophy and process year after year prevail. Obviously, not all investment processes provide a competitive advantage, but clearly a repeatable, consistently applied investment process will ultimately provide a solid competitive advantage for a fund manager. Eight of the top 10 strategies were Morningstar Medallists,

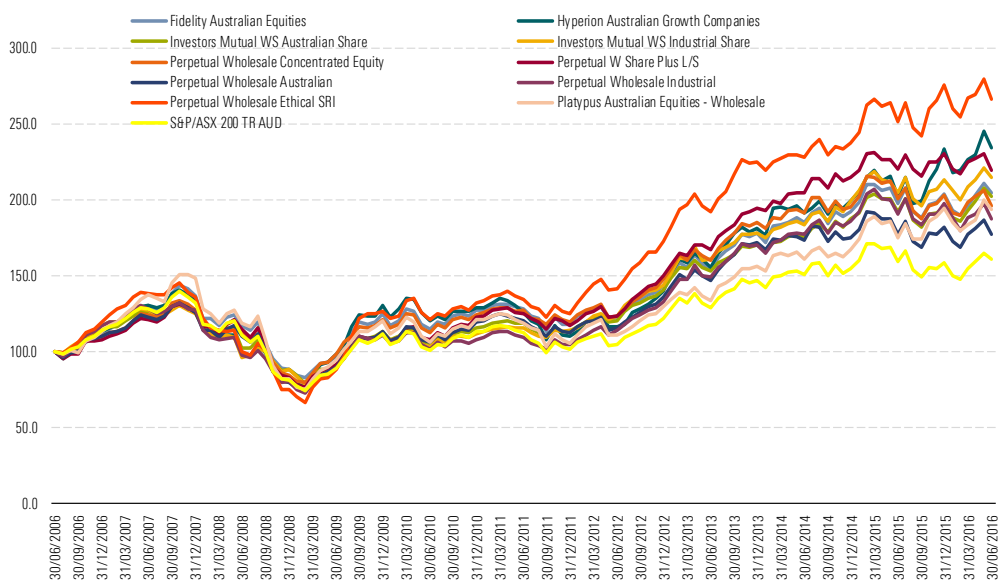
including our most highly rated Australian equities large-cap fund, **Fidelity Australian Equities 12292**, followed by Silver Medallists Hyperion Australian Growth Companies, **Investors Mutual WS Australian Share 5339**, **Perpetual Wholesale Australian 4361**, **Perpetual W Share Plus L/S 9836**, and **Perpetual Wholesale Concentrated Equity 5893**.

**Exhibit 18** Top 10 Consistently Best-Performing Managers — Ten Years Ending 30 June 2016

Name	Ticker	Morningstar Category	Morningstar Rating
Fidelity Australian Equities	12292	Large Blend	Gold
Hyperion Australian Growth Companies	3344	Large Growth	Silver
Investors Mutual WS Australian Share	5339	Large Blend	Silver
Investors Mutual WS Industrial Share	8742	Large Value	Bronze
Perpetual Wholesale Concentrated Equity	5893	Large Value	Silver
Perpetual W Share Plus L/S	9836	Large Value	Silver
Perpetual Wholesale Australian	4361	Large Value	Bronze
Perpetual Wholesale Industrial	4362	Large Value	Bronze
Perpetual Wholesale Ethical SRI	8649	Large Value	Neutral
Platypus Australian Equities - Wholesale	14369	Large Growth	Neutral

Source: Morningstar Direct

**Exhibit 19** Top 10 Consistently Best-Performing Managers — Ten Years Ending 30 June 2016



Source: Morningstar Direct

Undoubtedly, it is a major benefit to have the same outstanding people running the strategy and ensuring the same standardised procedures are applied to research, stock selection, and portfolio construction every year. Portfolio manager Paul Taylor has run Fidelity Australian Equities using his

same signature style since its 2003 inception. The highly stable fundamental investment process favours companies that have a reasonable probability of surprising positively on both earnings and operating cash flow growth. Undoubtedly, very few in the market can get close to Taylor's level of knowledge and experience, which results in highly consistent outperformance.

Equally, Hyperion Australian Growth Companies benefits from a stable investment team and processes. Chief investment officer Mark Arnold joined Hyperion in 1998 and senior portfolio manager Joel Gray joined in 2000. Rounding out Hyperion's senior investment team are portfolio managers Justin Woerner and Jason Orthman (who joined in 2004 and 2008, respectively). The consistently applied investment process focuses on companies in the S&P/ASX 300 Accumulation Index with sound business models and proven management. In 2016, Hyperion was awarded Morningstar Fund Manager of the Year, based on its unwavering commitment to thorough bottom-up research and commitment to maintaining its disciplined investment style through the trials and tribulations of the investment cycle.

Investors Mutual WS Australian Share and **Investors Mutual WS Industrial Share 8742** are captained by one of Australia's most experienced veteran value investors, Anton Tagliaferro, who established Investors Mutual in 1998. He draws on investment insights from business partner Hugh Giddy, who joined IML in 2010. The investment process focuses on companies with competitive advantages and capable management. IML conducts Porter industry analysis, assesses financial and management strength, and completes a rigorous company meeting schedule. Importantly, over the decade to 30 June 2016, IML's WS Australian Share portfolio's beta (market sensitivity) was a relatively low 0.8, reflecting the investment process' preference for stock stability and certainty.

**Platypus Australian Equities Wholesale 14369** was diligently guided by cofounder and chief investment officer Don Williams from 1998 until mid-2016, when he stepped back from his lead decision-making duties due to health concerns. Platypus runs a growth-focused approach, looking for companies with strong sustainable earnings growth. The process combines top-down thematics with bottom-up stock selection, focusing on large- to mid-cap stocks with the additional capacity to include favoured smaller firms, which has assisted performance during the past 10 years.

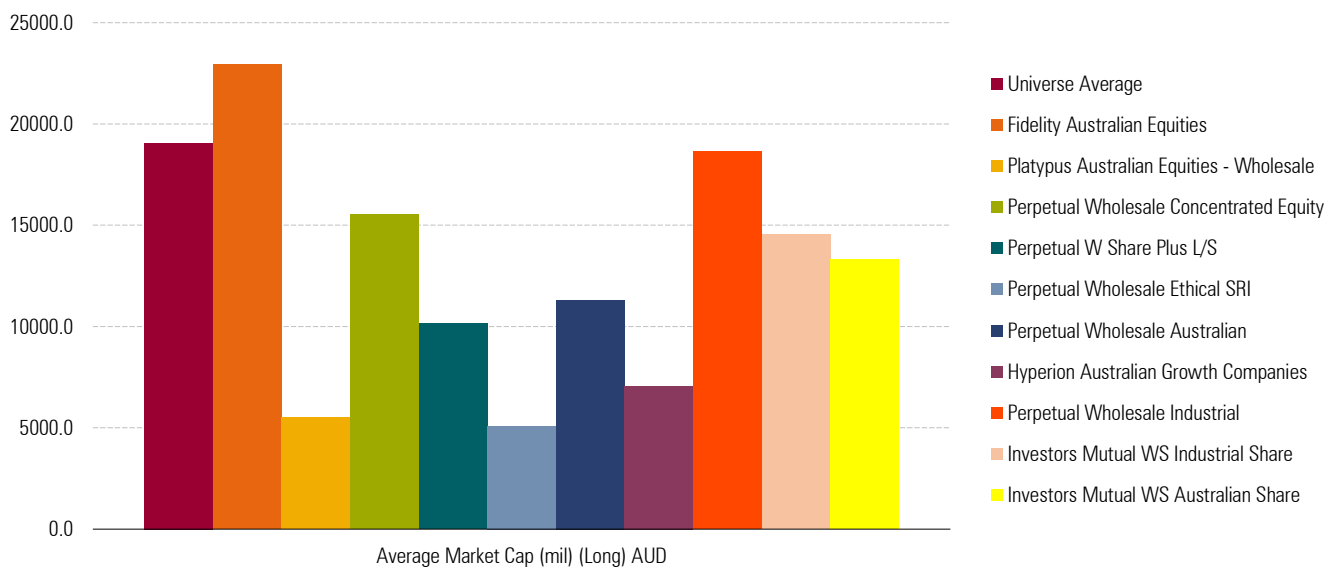
Arguably, Perpetual Wholesale Australian, Perpetual W Share L/S, Perpetual Wholesale Concentrated Equity, **Perpetual Wholesale Industrial 4362**, and **Perpetual Wholesale Ethical SRI 8649** have undergone the most significant investment team changes. Perpetual's portfolio manager roles have experienced numerous personnel changes in the past decade. For example, Vince Pezzullo took over the Perpetual Wholesale Australian strategy after the abrupt resignation of former portfolio manager and deputy head of equities Nathan Parkin in December 2016. Parkin had only overseen the Australian Share strategy since early 2015 after he also replaced another senior figure, Matt Williams. However, Perpetual's investment process has remained consistent and rigorous. Traditionally, Perpetual adopts a value bias, with high-quality names preferred. Stocks with good earnings visibility and sustainable levels of debt are favoured; high dividend-yielding stocks also feature heavily. This translates into portfolios with lower price earnings multiples, higher dividend yield, and lower debt/equity characteristics versus many peers. A propensity for high-



quality names also means the strategies are usually less exposed to volatile economic conditions. Ultimately, while Perpetual has incurred numerous portfolio manager changes, they have consistently adopted the same stable processes for many years, ensuring solid performance in the past decade.

Many strategies benefited from an aversion to some of the very largest S&P/ASX 200 stocks. But three strategies — Perpetual Wholesale Ethical SRI, Hyperion Australian Growth Companies, and Platypus Australian Equities Wholesale — all held stocks in their portfolio with an average market capitalisation well below the average for the manager universe analysed in the study. The average market capitalisation of stocks held in the portfolio of Perpetual Wholesale Ethical SRI was just \$5.1 billion, compared with an average of \$19.1 billion for all managers. Platypus also favours small-to-mid cap stocks, with the stocks held in the Platypus Australian Equities Wholesale portfolio having an average market capitalisation of \$5.5 billion.

**Exhibit 20** Average Market Capitalisation of Portfolio Holdings of Top 10 Consistently Best-Performing Managers



Source: Morningstar Direct

In summary, the major outcome from our analysis of long-term performance is that managers who adopt a stable, straightforward, but rigorously applied investment process consistently outperform across all conditions. For investors, the correct investment strategy is clear: Stick to a fund manager, over the long term, who adopts the same reliable and dependable process for researching, selecting stocks, and constructing a portfolio through all macroeconomic conditions and geopolitical shocks. It is often said that the race is not always won by the most consistent performers, but our analysis would suggest that is certainly the best way to invest. ■■

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## Appendix 1: Basic Data (Large-Cap)

Name	Ticker	Inception Date	Morningstar Analyst Rating	Global Fund Report Analysis Date	Fund Size AUD	Fund Size Date	Indirect Cost Ratio (ICR)
<b>Managed Funds</b>							
Acadian Wholesale Aus Equity Long Short	13525	27/02/2006	Neutral	7/11/2016	86,899,127	31/12/2016	1.11
Acadian Wholesale Australian Equity	13522	15/11/2005	Neutral	7/11/2016	40,994,597	31/12/2016	1.02
Alphinity Wholesale Australian Share	3566	31/10/1994	Bronze	12/10/2016	144,664,060	30/12/2016	0.90
Alphinity WS Concentrated Aust Share	12177	1/11/2004	Neutral	13/10/2016	40,690,289	30/12/2016	1.46
AMP Capital Equity A	6057	22/06/2000	Neutral	1/09/2016	177,004,154	30/11/2016	0.99
AMP Capital Equity Income Generator	40082	27/08/2013	Neutral	1/09/2016	39,096,977	31/12/2016	0.90
AMP Capital Sustainable Share A	6979	20/04/2001	Neutral	1/09/2016	143,687,357	30/11/2016	0.99
Antares Prof Australian Equities	4522	3/07/1995	Silver	28/12/2016	18,492,048	31/12/2016	0.87
Antares Prof Elite Opportunities	9391	18/11/2002	Silver	28/12/2016	218,223,186	31/12/2016	0.70
Antares Prof High Growth Shares	5851	6/12/1999	Bronze	28/12/2016	603,296,931	31/12/2016	1.05
Arnhem Australian Equity	7899	31/08/2000	Silver	11/10/2016	257,279,500	31/12/2016	0.85
Ausbil Australian Active Equity	6117	31/07/1997	Bronze	11/10/2016	1,735,894,116	31/12/2016	0.90
Ausbil Australian Geared Equity	15329	25/05/2007	Neutral	11/10/2016	141,574,160	31/12/2016	2.55
Bennelong Australian Equities	16998	30/01/2009	Silver	23/01/2017	424,569,000	31/12/2016	1.00
BlackRock Indexed Australian Equity Fund	5084	14/08/1998	Bronze	31/10/2016	553,846,592	31/12/2016	0.20
BlackRock Scientific Aus Equity Fund	3005	30/12/1996	Bronze	15/09/2016	171,572,562	31/12/2016	0.79
BlackRock WS Australian Share	3461	31/12/1993	Neutral	20/08/2015	114,157,142	31/12/2016	0.95
BT Wholesale Core Australian Share	2726	22/09/1992	Silver	9/11/2016	432,633,991	31/12/2016	0.79
BT Wholesale Ethical Share	6924	1/05/2001	Neutral	8/11/2016	261,730,000	31/12/2016	0.95
BT Wholesale Focus Australian Share	12910	1/04/2005	Silver	9/11/2016	254,200,000	31/12/2016	0.75
BT Wholesale Imputation	5730	19/10/1999	Neutral	8/11/2016	280,850,000	31/12/2016	0.90
CFS Wholesale Australian Share	3404	22/12/1993	Bronze	17/10/2016	358,784,784	31/12/2016	0.96
CFS Wholesale Australian Share-Core	3701	14/04/1993	Neutral	28/12/2016	469,418,989	31/12/2016	0.97
CFS Wholesale Equity Income	16354	17/03/2008	Bronze	28/12/2016	628,212,137	31/12/2016	1.25
CFS Wholesale Geared Share	4715	15/08/1997	Neutral	17/10/2016	1,211,190,875	31/12/2016	2.31
CFS Wholesale Imputation	3405	22/12/1993	Bronze	17/10/2016	1,368,970,920	31/12/2016	0.96
Dimensional Aust Large Company Trust	6465	6/09/2000	Bronze	5/10/2016	524,434,667	31/12/2016	0.22
Dimensional Australian Core Equity Trust	14318	3/07/2006	Bronze	5/10/2016	1,821,978,436	31/12/2016	0.30
Dimensional Australian Value Trust	5840	8/06/1999	Bronze	4/10/2016	706,900,902	31/12/2016	0.33
Fidelity Australian Equities	12292	30/06/2003	Gold	7/10/2016	5,236,250,001	31/12/2016	0.85
FirstChoice WS Australian Share	11294	23/04/2002	Neutral	18/09/2016	975,317,768	31/12/2016	1.01
Franklin Templeton Australian Equity W	19308	27/10/2011	Silver	28/12/2016	66,758,302	30/12/2016	0.39
Greencape Wholesale Broadcap	14654	11/09/2006	Gold	5/10/2016	215,709,555	30/12/2016	1.37
Greencape Wholesale High Conviction	14653	11/09/2006	Gold	5/10/2016	298,552,769	30/12/2016	0.91
Hyperion Australian Growth Companies	3344	31/01/1994	Silver	6/10/2016	905,445,447	31/12/2016	0.90
Integrity Australian Share	15882	17/10/2007	Negative	10/03/2016	32,000,000	31/12/2016	0.98
Investors Mutual Equity Income	12285	1/05/2004	Bronze	31/10/2016	521,015,000	31/12/2016	0.99
Investors Mutual WS Australian Share	5339	15/06/1998	Silver	10/10/2016	2,533,793,999	31/12/2016	0.99
Investors Mutual WS Industrial Share	8742	1/05/2002	Bronze	10/10/2016	287,038,000	31/12/2016	0.99
Ironbark Karara Australian Share	14110	30/06/2005	Bronze	28/12/2016	68,200,000	31/12/2016	0.99
Maple-Brown Abbott Aus Shr Wholesale	4864	31/05/1998	Neutral	15/09/2016	431,585,082	31/12/2016	0.92
Merlon WS Australian Share Income	3683	11/01/1995	Neutral	7/11/2016	504,246,909	30/12/2016	0.95
MLC Wholesale Australian Share	4777	1/01/1998	Neutral	13/11/2016	214,117,234	31/12/2016	0.81
MLC Wholesale IncomeBuilderTM	4779	1/01/1998	Neutral	13/11/2016	1,255,310,408	31/12/2016	0.76

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Name	Ticker	Inception Date	Morningstar Analyst Rating	Global Fund Report Analysis Date	Fund Size AUD	Fund Size Date	Indirect Cost Ratio (ICR)
Nikko AM Tyndall Aus Shr Concnr	19895	26/05/2010	Bronze	6/11/2016	63,641,228	31/12/2016	1.00
Nikko AM Tyndall Australian Share Income	16966	13/11/2008	Bronze	6/11/2016	126,728,811	31/12/2016	0.85
Nikko AM Tyndall Australian Share W	3987	27/03/1995	Silver	6/11/2016	1,348,138,132	31/12/2016	0.80
Perennial Value Shares for Income Trust	14254	22/12/2005	Neutral	3/09/2015	36,818,000	31/12/2016	0.92
Perennial Value Shares Wholesale Trust	7817	14/06/2001	Neutral	20/12/2016	1,291,582,097	31/12/2016	0.92
Perpetual W Share Plus L/S	9836	14/03/2003	Silver	17/10/2016	1,336,244,426	31/12/2016	1.51
Perpetual Wholesale Australian	4361	28/02/1997	Bronze	23/12/2016	1,522,350,286	31/12/2016	0.99
Perpetual Wholesale Concentrated Equity	5893	6/08/1999	Silver	17/10/2016	1,026,368,000	31/12/2016	1.10
Perpetual Wholesale Ethical SRI	8649	3/05/2002	Neutral	23/12/2016	1,266,445,323	31/12/2016	1.18
Perpetual Wholesale Geared Australian	9835	14/03/2003	Neutral	23/12/2016	539,656,751	31/12/2016	2.55
Perpetual Wholesale Industrial	4362	24/12/1996	Bronze	23/12/2016	3,134,136,455	31/12/2016	1.02
Platypus Australian Equities - Wholesale	14369	28/04/2006	Neutral	7/11/2016	104,282,839	31/12/2016	0.95
Realindex Australian Share-Class A	16955	17/11/2008	Bronze	11/10/2016	1,120,442,034	31/12/2016	0.46
Schroder Australian Equity Fund	794	31/03/1964	Gold	4/10/2016	3,105,279,513	31/12/2016	0.62
SGH20	13202	28/10/2004	Neutral	15/12/2015	49,120,246	31/12/2016	1.27
Solaris Core Australian Equity Retail	16567	17/09/2008	Bronze	25/10/2016	544,581,257	31/12/2016	0.90
State Street Australian Equity	19501	30/09/2009	Bronze	18/09/2016	281,100,000	31/12/2016	0.79
UBS Australian Share	3352	15/07/1992	Neutral	1/11/2016	835,715,615	31/12/2016	0.90
Vanguard Australian Shares High Yield	6429	14/06/2000	Bronze	31/10/2016	1,034,628,260	31/12/2016	0.40
Vanguard Australian Shares Index	4488	30/06/1997	Bronze	1/11/2016	8,429,784,786	31/12/2016	0.18
Yarra Australian Equities Fund	4544	31/07/1996	Silver	14/12/2016	552,738,510	31/12/2016	0.95
Zurich Investments Equity Income	14474	3/10/2006	Neutral	3/11/2016	348,051,462	31/12/2016	1.39
<b>Exchange-Traded Funds</b>							
ANZ ETFS S&P/ASX 100 ETF	ZOZI	10/06/2015	Neutral	3/10/2016	6,293,774	30/01/2017	0.24
ANZ ETFS S&P/ASX 300 High Yield Plus ETF	ZYAU	10/06/2015	Neutral	4/10/2016	15,467,689	30/01/2017	0.35
BetaShares Aus Top 20 Eq Yld Maxmsr	YMAX	22/11/2012	Neutral	8/11/2016	343,200,027	30/01/2017	0.79
BetaShares FTSE RAFI Australia 200 ETF	QOZ	10/07/2013	Bronze	8/11/2016	182,969,922	31/01/2017	0.40
iShares Core S&P/ASX 200 (AU)	IOZ	6/12/2010	Bronze	8/11/2016	534,817,244	31/01/2017	0.19
iShares S&P/ASX 20	ILC	6/12/2010	Bronze	8/11/2016	320,204,526	31/01/2017	0.24
iShares S&P/ASX Dividend Opportunities	IHD	6/12/2010	Neutral	8/11/2016	238,872,854	31/01/2017	0.30
Russell High Div Australian Shares ETF	RDV	14/05/2010	Bronze	11/10/2016	267,640,716	31/01/2017	0.34
SPDR® MSCI Australia Sel Hi Div Yld ETF	SYI	24/09/2010	Bronze	7/11/2016	178,955,191	30/12/2016	0.35
SPDR® S&P/ASX 200 ETF	STW	24/08/2001	Bronze	7/11/2016	3,091,572,326	30/12/2016	0.29
SPDR® S&P/ASX 50 ETF	SFY	24/08/2001	Bronze	7/11/2016	467,926,568	30/12/2016	0.29
Vanguard Australian Shares ETF	VAS	4/05/2009	Bronze	8/11/2016	1,855,562,777	30/12/2016	0.15
Vanguard Australian Shares High Yld ETF	VHY	23/05/2011	Bronze	8/11/2016	732,843,237	30/12/2016	0.25
Vanguard MSCI Australian Large Coms ETF	VLC	23/05/2011	Bronze	8/11/2016	67,349,947	30/12/2016	0.20
<b>Listed Investment Companies</b>							
Argo Ord	ARG	1/01/1947	Bronze	6/10/2016	5,270,392,109	30/01/2017	0.15
Australian Foundation InvesCo Ord	AFI	1/01/1936	Silver	22/09/2016	6,631,837,643	30/01/2017	0.16
BKI Investment Company Ord	BKI	12/12/2003	Neutral	22/09/2016	970,940,329	30/01/2017	0.17
Djerriwarrh Ord	DJW	28/06/1995	Neutral	22/09/2016	719,160,170	30/01/2017	0.46
Milton Corporation Ord	MLT	30/01/1962	Bronze	8/11/2016	2,910,013,444	30/01/2017	0.13
Whitefield Ord	WHF	2/08/1971	Neutral	12/10/2016	405,631,653	30/01/2017	0.35

Source: Morningstar Direct

## Appendix 1: Basic Data (Small-Cap)

Name	Ticker	Inception Date	Morningstar Analyst Rating	Global Fund Report Analysis Date	Fund Size AUD	Fund Size Date	Indirect Cost Ratio (ICR)
<b>Managed Funds</b>							
Allan Gray Australia Equity A	16128	1/01/2006	Neutral	23/10/2016	1,160,000,000	31/12/2016	1.53
Antares Prof Small Companies	5896	18/11/1999	Neutral	28/12/2016	69,361,564	31/12/2016	0.98
Ausbil Australian Emerging Leaders	10601	1/05/2002	Bronze	19/12/2016	815,436,386	31/12/2016	0.55
Ausbil MicroCap	18163	1/02/2010	Neutral	19/12/2016	411,960,227	31/12/2016	5.32
Australian Ethical Australian Shrs	3921	19/09/1994	Neutral	28/12/2016	576,416,913	31/12/2016	2.50
Bennelong Avoca Emerging Leaders	19125	30/06/2011	Neutral	3/11/2016	19,100,999	31/12/2016	1.80
Bennelong ex-20 Australian Equities	17595	3/11/2009	Silver	23/01/2017	1,653,058,000	31/12/2016	2.94
BT Wholesale Smaller Companies	2725	29/12/1992	Gold	25/10/2016	495,374,945	31/12/2016	1.24
Celeste Australian Small Companies	6419	31/05/1998	Bronze	6/10/2016	59,100,000	31/12/2016	0.95
CFS Wholesale Developing Companies	11321	12/07/2004	Bronze	3/11/2016	393,245,080	31/12/2016	1.31
CFS Wholesale Future Leaders	11322	12/07/2004	Bronze	3/11/2016	500,273,662	31/12/2016	1.31
CFS Wholesale Small Companies-Core	7006	31/12/1993	Silver	2/11/2016	388,058,478	31/12/2016	1.12
Dimensional Aust Small Company Trust	6907	2/10/2000	Neutral	4/10/2016	215,053,865	31/12/2016	0.60
Eley Griffiths Group Small Companies	10463	12/09/2003	Silver	31/10/2016	442,684,097	30/12/2016	1.24
Fairview Equity Partners Emerging Co	17008	8/10/2008	Silver	11/10/2016	433,508,596	31/12/2016	1.56
Fidelity Future Leaders	19893	22/07/2013	Bronze	12/10/2016	38,320,000	31/12/2016	1.20
FirstChoice WS Aus Small Companies	11296	1/02/2003	Neutral	18/09/2016	367,513,420	31/12/2016	1.32
Hyperion Small Growth Companies	4242	1/01/1995	Silver	6/10/2016	480,207,101	31/12/2016	2.95
Investors Mutual WS Aus Smaller Co	5340	15/06/1998	Bronze	6/11/2016	177,225,000	31/12/2016	0.99
Investors Mutual WS Future Leaders	8741	1/05/2002	Bronze	7/11/2016	489,632,000	31/12/2016	0.99
Ironbark Karara Australian Small Comp	14111	30/06/2005	Silver	13/12/2016	541,199,999	31/12/2016	2.14
Kinetic Wholesale Emerging Companies	15318	12/03/2007	Neutral	28/12/2016	24,529,072	30/12/2016	1.15
NovaPort WS Smaller Companies	9140	24/06/2002	Silver	10/10/2016	260,356,464	30/12/2016	0.90
OC Premium Small Companies	9852	8/12/2000	Bronze	12/10/2016	229,095,889	31/12/2016	1.59
Pengana Emerging Companies	12260	1/11/2004	Silver	6/10/2016	762,500,280	31/12/2016	3.35
Perennial Value Smaller Companies Trust	8628	7/03/2002	Bronze	20/12/2016	113,208,000	31/12/2016	1.20
Perpetual Wholesale Smaller Companies	4363	30/10/1996	Neutral	23/12/2016	650,078,677	31/12/2016	1.26
Realindex Aus Small Companies-Class A	16954	17/11/2008	Neutral	11/10/2016	170,660,497	31/12/2016	0.66
SGH ICE	14466	10/02/2006	Silver	28/12/2016	558,935,126	31/12/2016	1.75
<b>Exchange-Traded Funds</b>							
iShares S&P/ASX Small Ordinaries	ISO	6/12/2010	Neutral	8/11/2016	50,530,282	31/01/2017	0.55
SPDR® S&P/ASX Small Ordinaries ETF	SSO	14/04/2011	Neutral	7/11/2016	11,529,816	30/12/2016	0.50
Vanguard MSCI Australian Small Coms ETF	VSO	23/05/2011	Neutral	8/11/2016	73,187,803	30/12/2016	0.30
<b>Listed Investment Companies</b>							
Contango MicroCap Ord	CTN	25/03/2004	Negative	26/10/2016	196,828,140	30/01/2017	1.25
Mirrabooka Ord	MIR	28/06/2001	Silver	22/09/2016	368,795,362	30/01/2017	0.65

Source: Morningstar Direct

## Appendix 2: Portfolio Characteristics (Large-Cap)

Name	Ticker	Portfolio Date	# of Holdings (Long)	% Asset in Top 10 Holdings	Tracking Error 3 Yr (Mo-End) AUD
<b>Managed Funds</b>					
Acadian Wholesale Aus Equity Long Short	13525	30/09/2016	146	44.76	3.20
Acadian Wholesale Australian Equity	13522	30/09/2016	122	44.86	1.42
Alphinity Wholesale Australian Share	3566	31/10/2016	49	49.30	1.65
Alphinity WS Concentrated Aust Share	12177	31/10/2016	32	57.98	2.29
AMP Capital Equity A	6057	31/12/2016	43	50.31	2.30
AMP Capital Equity Income Generator	40082	31/12/2016	50	50.30	2.76
AMP Capital Sustainable Share A	6979	31/12/2016	40	56.44	2.03
Antares Prof Australian Equities	4522	30/11/2016	46	51.89	1.99
Antares Prof Elite Opportunities	9391	30/11/2016	32	58.78	2.21
Antares Prof High Growth Shares	5851	30/11/2016	40	44.24	2.80
Arnhem Australian Equity	7899	31/12/2016	34	58.33	3.35
Ausbil Australian Active Equity	6117	31/12/2016	34	60.57	2.42
Ausbil Australian Geared Equity	15329	31/12/2016	34	60.08	16.26
Bennelong Australian Equities	16998	31/12/2016	27	65.71	5.82
BlackRock Indexed Australian Equity Fund	5084	31/12/2016	307	46.69	0.21
BlackRock Scientific Aus Equity Fund	3005	31/12/2016	118	49.86	1.80
BlackRock WS Australian Share	3461	31/12/2016	240	28.96	2.43
BT Wholesale Core Australian Share	2726	31/12/2016	44	62.60	2.67
BT Wholesale Ethical Share	6924	31/10/2016	42	58.58	3.12
BT Wholesale Focus Australian Share	12910	31/10/2016	31	62.18	3.51
BT Wholesale Imputation	5730	31/10/2016	43	63.12	2.33
CFS Wholesale Australian Share	3404	30/09/2016	36	51.12	3.49
CFS Wholesale Australian Share-Core	3701	30/09/2016	54	48.40	1.59
CFS Wholesale Equity Income	16354	30/09/2016	52	47.31	2.72
CFS Wholesale Geared Share	4715	30/09/2016	34	129.70	16.69
CFS Wholesale Imputation	3405	30/09/2016	47	54.65	3.19
Dimensional Aust Large Company Trust	6465	31/12/2016	103	49.60	0.56
Dimensional Australian Core Equity Trust	14318	31/12/2016	408	35.42	2.32
Dimensional Australian Value Trust	5840	31/12/2016	134	60.45	5.53
Fidelity Australian Equities	12292	31/12/2016	44	59.16	2.56
FirstChoice WS Australian Share	11294	30/09/2016	223	43.36	1.26
Franklin Templeton Australian Equity W	19308	31/12/2016	85	62.43	2.56
Greencape Wholesale Broadcap	14654	30/09/2016	60	45.07	2.46
Greencape Wholesale High Conviction	14653	30/09/2016	44	43.90	2.59
Hyperion Australian Growth Companies	3344	31/12/2016	20	73.46	8.27
Integrity Australian Share	15882	31/12/2016	34	59.67	3.00

Name	Ticker	Portfolio Date	# of Holdings (Long)	% Asset in Top 10 Holdings	Tracking Error 3 Yr (Mo-End) AUD
Investors Mutual Equity Income	12285	31/12/2016	39	49.13	5.33
Investors Mutual WS Australian Share	5339	31/12/2016	55	45.05	3.31
Investors Mutual WS Industrial Share	8742	31/12/2016	49	51.54	3.91
Ironbark Karara Australian Share	14110	30/09/2016	101	46.93	2.76
Maple-Brown Abbott Aus Shr Wholesale	4864	31/10/2016	30	62.61	3.97
Merlon WS Australian Share Income	3683	31/10/2016	29	49.63	5.88
MLC Wholesale Australian Share	4777	31/10/2016	100	48.33	1.35
MLC Wholesale IncomeBuilderTM	4779	31/10/2016	48	60.38	2.47
Nikko AM Tyndall Aus Shr Concnr	19895	31/12/2016	26	58.96	2.47
Nikko AM Tyndall Australian Share Income	16966	31/12/2016	47	52.81	3.02
Nikko AM Tyndall Australian Share W	3987	31/12/2016	28	59.15	3.09
Perennial Value Shares for Income Trust	14254	31/12/2016	28	59.37	2.48
Perennial Value Shares Wholesale Trust	7817	31/12/2016	48	45.28	2.26
Perpetual W Share Plus L/S	9836	31/10/2016	55	36.62	5.17
Perpetual Wholesale Australian	4361	31/10/2016	43	48.21	3.32
Perpetual Wholesale Concentrated Equity	5893	31/10/2016	41	52.26	2.90
Perpetual Wholesale Ethical SRI	8649	31/10/2016	40	49.46	5.89
Perpetual Wholesale Geared Australian	9835	31/10/2016	41	113.31	16.94
Perpetual Wholesale Industrial	4362	31/10/2016	54	55.63	3.63
Platypus Australian Equities - Wholesale	14369	31/05/2016	46	47.81	7.09
Realindex Australian Share-Class A	16955	30/09/2016	171	47.84	2.20
Schroder Australian Equity Fund	794	30/09/2016	55	51.89	3.47
SGH20	13202	30/11/2016	25	55.95	6.10
Solaris Core Australian Equity Retail	16567	30/09/2016	56	49.04	2.21
State Street Australian Equity	19501	30/11/2016	62	46.16	5.89
UBS Australian Share	3352	31/12/2016	29	66.89	2.27
Vanguard Australian Shares High Yield	6429	31/12/2016	48	72.41	3.76
Vanguard Australian Shares Index	4488	31/12/2016	304	46.94	0.25
Yarra Australian Equities Fund	4544	30/11/2016	38	58.60	3.72
Zurich Investments Equity Income	14474	31/12/2016	61	47.85	3.29
<b>Exchange-Traded Funds</b>					
ANZ ETFS S&P/ASX 100 ETF	ZOZI	30/01/2017	101	52.25	NA
ANZ ETFS S&P/ASX 300 High Yield Plus ETF	ZYAU	30/01/2017	41	76.42	NA
BetaShares Aus Top 20 Eq Yld Maxmsr	YMAX	31/12/2016	20	78.64	3.53
BetaShares FTSE RAFI Australia 200 ETF	QOZ	31/12/2016	197	53.50	2.58
iShares Core S&P/ASX 200 (AU)	IOZ	25/01/2017	203	48.21	0.17
iShares S&P/ASX 20	ILC	25/01/2017	22	78.86	2.84
iShares S&P/ASX Dividend Opportunities	IHD	25/01/2017	51	71.93	4.13
Russell High Div Australian Shares ETF	RDV	30/01/2017	50	55.51	2.79
SPDR® MSCI Australia Sel Hi Div Yld ETF	SYI	30/11/2016	36	63.92	2.90
SPDR® S&P/ASX 200 ETF	STW	31/12/2016	204	47.21	0.07
SPDR® S&P/ASX 50 ETF	SFY	31/12/2016	52	58.92	1.10
Vanguard Australian Shares ETF	VAS	31/12/2016	304	46.94	0.21
Vanguard Australian Shares High Yld ETF	VHY	31/12/2016	48	72.41	3.71
Vanguard MSCI Australian Large Coms ETF	VLC	31/12/2016	30	69.46	1.80
<b>Listed Investment Companies</b>					
Argo Ord	ARG	30/06/2016	107	48.58	1.72
Australian Foundation InvesCo Ord	AFI	30/06/2016	103	46.68	1.22
BKI Investment Company Ord	BKI	30/06/2016	54	56.89	3.24
Djerriwarrh Ord	DJW	30/06/2016	82	46.63	2.54
Milton Corporation Ord	MLT	30/09/2016	95	50.92	3.13
Whitefield Ord	WHF	31/03/2016	162	48.18	4.67

Source: Morningstar Direct

## Appendix 2: Portfolio Characteristics (Small-Cap)

Name	Ticker	Portfolio Date	# of Holdings (Long)	% Asset in Top 10 Holdings	Tracking Error 3 Yr (Mo-End) AUD
<b>Managed Funds</b>					
Allan Gray Australia Equity A	16128	31/12/2016	51	60.46	7.89
Antares Prof Small Companies	5896	30/11/2016	54	37.30	5.38
Ausbil Australian Emerging Leaders	10601	31/12/2016	42	44.78	7.52
Ausbil MicroCap	18163	31/12/2016	38	55.58	10.51
Australian Ethical Australian Shrs	3921	31/12/2016	66	33.44	8.31
Bennelong Avoca Emerging Leaders	19125	31/12/2016	33	53.48	5.17
Bennelong ex-20 Australian Equities	17595	31/12/2016	32	61.96	8.32
BT Wholesale Smaller Companies	2725	31/12/2016	70	28.38	5.63
Celeste Australian Small Companies	6419	30/09/2016	33	45.62	9.41
CFS Wholesale Developing Companies	11321	30/09/2016	63	32.07	10.23
CFS Wholesale Future Leaders	11322	30/09/2016	60	28.97	6.21
CFS Wholesale Small Companies-Core	7006	30/09/2016	58	32.29	5.16
Dimensional Aust Small Company Trust	6907	31/12/2016	195	19.27	1.97
Eley Griffiths Group Small Companies	10463	31/12/2016	59	30.26	4.70
Fairview Equity Partners Emerging Co	17008	31/12/2016	61	37.06	6.16
Fidelity Future Leaders	19893	31/12/2016	64	35.29	7.21
FirstChoice WS Aus Small Companies	11296	30/09/2016	199	18.71	4.05
Hyperion Small Growth Companies	4242	31/12/2016	16	83.44	8.50
Investors Mutual WS Aus Smaller Co	5340	31/12/2016	59	30.52	8.95
Investors Mutual WS Future Leaders	8741	31/12/2016	61	31.36	8.78
Ironbark Karara Australian Small Comp	14111	30/09/2016	68	33.64	5.69
Kinetic Wholesale Emerging Companies	15318	31/10/2016	71	31.51	5.28
NovaPort WS Smaller Companies	9140	31/10/2016	38	38.85	6.10
OC Premium Small Companies	9852	31/12/2016	43	31.83	6.81
Pengana Emerging Companies	12260	30/09/2016	66	33.81	7.02
Perennial Value Smaller Companies Trust	8628	31/12/2016	58	35.43	7.61
Perpetual Wholesale Smaller Companies	4363	31/10/2016	71	36.63	5.90
Realindex Aus Small Companies-Class A	16954	30/09/2016	205	18.68	4.64
SGH ICE	14466	31/10/2016	47	29.46	8.53
<b>Exchange-Traded Funds</b>					
iShares S&P/ASX Small Ordinaries	ISO	25/01/2017	203	14.60	0.30
SPDR® S&P/ASX Small Ordinaries ETF	SSO	31/12/2016	182	14.41	0.56
Vanguard MSCI Australian Small Coms ETF	VSO	31/12/2016	155	19.30	3.20
<b>Listed Investment Companies</b>					
Contango MicroCap Ord	CTN	30/09/2016	76	28.74	7.78
Mirrabooka Ord	MIR	30/06/2016	89	26.28	6.52

Source: Morningstar Direct

## Appendix 3: People (Large-Cap)

Name	Ticker	Lead Manager	Appointed
<b>Managed Funds</b>			
Acadian Wholesale Aus Equity Long Short	13525	David Walsh, Suhail Mehra	2013, 2016
Acadian Wholesale Australian Equity	13522	David Walsh, Katrina Khoupongsoy	2013, 2009
Alphinity Wholesale Australian Share	3566	Johan Carlberg	2010
Alphinity WS Concentrated Aust Share	12177	Johan Carlberg	2010
AMP Capital Equity A	6057	Carlos Castillo, Phillip Hudak	2015, 2015
AMP Capital Equity Income Generator A	40082	Michael Price	2013
AMP Capital Sustainable Share A	6979	Michael Price	2012
Antares Prof Australian Equities	4522	Glenn Hart	2003
Antares Prof Elite Opportunities	9391	Nick Pashias, Andrew Hamilton, John Guadagnuolo	2002, 2011, 2011
Antares Prof High Growth Shares	5851	Richard Dixon, Nick Pashias	2007, 2015
Arnhem Australian Equity	7899	Neil Boyd-Clark	2000
Ausbil Australian Active Equity	6117	Paul Xiradis, John Grace	1997, 2001
Ausbil Australian Geared Equity	15329	John Grace, Paul Xiradis	2007, 2007
Bennelong Australian Equities	16998	Mark East	2009
BlackRock Indexed Australian Equity Fund	5084	Andre Roberts, Ritch Longmire	1999, 2006
BlackRock Scientific Aus Equity Fund	3005	Michael McCorry, Andre Roberts, Ritch Longmire	1997, 1999, 2006
BlackRock WS Australian Share	3461	Michael McCorry, Andre Roberts, Ritch Longmire	1997, 1999, 2006
BT Core Aus Shr WS	2726	Crispin Murray	2002
BT Ethical Shr WS	6924	Crispin Murray	2002
BT Focus Australian Share WS	12910	Crispin Murray	2005
BT Imputation Shr WS	5730	Andrew Waddington, Jim Taylor	2010, 20110
CFS Wholesale Australian Share	3404	Dushko Bajic	2014
CFS Wholesale Australian Share-Core	3701	Matthew Reynolds	2011
CFS Wholesale Equity Income	16354	Jason Moodie, Rudi Minbatiwala, Marlon Chan	2008, 2008, 2015
CFS Wholesale Geared Share	4715	Marcus Fanning	2014
CFS Wholesale Imputation	3405	Marcus Fanning	2007
Dimensional Aust Large Company Trust	6465	Bhanu P. Singh, Robert Ness	2015, 2015
Dimensional Australian Core Equity Trust	14318	Bhanu P. Singh, Robert Ness	2015, 2015
Dimensional Australian Value Trust	5840	Bhanu P. Singh, Robert Ness	2015, 2015
Fidelity Australian Equities	12292	Paul Taylor	2003
FirstChoice WS Australian Share	11294	Ben Lam, Andrew Howlett, Scott Tully	2016, 2002, 2002
Franklin Templeton Australian Equity W	19308	Andrew McGann, Andrew Sisson, Steven Fahey, Alastair Hunter	2011, 2011, 2011, 2015
Yarra Australian Equities	4544	Dion Hershan	2007
Greencape Wholesale Broadcap	14654	Matthew Ryland	2006
Greencape Wholesale High Conviction	14653	David Pace	2006
Hyperion Australian Growth Companies	3344	Mark Arnold, Joel Gray, Justin Woerner, Jason Orthman, William Hartnell, Liam Polkinghorne, Michael Mewburn	1998, 2000, 2004, 2008, 2012, 2014, 2015
Integrity Australian Share	15882	Paul Fiani	2007
Investors Mutual Equity Income	12285	Anton Tagliaferro	2016
Investors Mutual WS Australian Share	5339	Anton Tagliaferro, Hugh Giddy	1998, 2010
Investors Mutual WS Industrial Share	8742	Anton Tagliaferro	2002
Ironbark Karara Australian Share	14110	Luke Sinclair, Rohan Walsh	2010, 2010
Maple-Brown Abbott Aus Shr Wholesale	4864	Dougal Maple-Brown	2005
Merlon WS Australian Share Income	3683	Neil Margolis	2005
MLC Wholesale Australian Share	4777	Peter Sumner	2008
MLC Wholesale IncomeBuilderTM	4779	Peter Sumner	2008
Nikko AM Tyndall Aus Shr Concnr	19895	Tim Johnston, Jason Kim	2010, 2011
Nikko AM Tyndall Australian Share Income	16966	Mal Whitten, Michael Maughan	2008, 2013
Nikko AM Tyndall Australian Share W	3987	Brad Potter, Jason Kim	2007, 2014



Name	Ticker	Lead Manager	Appointed
Perennial Value Shares Wholesale Trust	7817	John Murray, Tony Oesterheld, Stephen Bruce, Dan Bosscher	2001, 2007, 2011, 2014
Perpetual W Share Plus L/S	9836	Anthony Aboud	2015
Perpetual Wholesale Australian	4361	Vince Pezzullo,	2016
Perpetual Wholesale Concentrated Equity	5893	Paul Skamvougeras	2011
Perpetual Wholesale Ethical SRI	8649	Jack Collopy	2016
Perpetual Wholesale Geared Australian	9835	Vince Pezzullo,	2016
Perpetual Wholesale Industrial	4362	Anthony Aboud, Anthony Clay	2016, 2016
Platypus Australian Equities - Wholesale	14369	Prasad Patkar	2008
Realindex Australian Share-Class A	16955	Raelene de Souza, Megan Ford	2008, 2013
Sanlam Managed Risk Australian Share	40846	Adam Schenck, David Itzkovits, Ken Mungan,	2015, 2015, 2015,
Schroder WS Australian Equity	8847	Martin Conlon, Andrew Fleming	2003, 2007
Solaris Core Australian Equity Retail	16567	Bernard Machen, Michael Bell, Sean Martin, Will Earnshaw, Lorana Szeto, Jane Henderson, Charles Story	2008, 2008, 2008, 2008, 2011, 2012, 2012
State Street Australian Equity	19501	Ben Wong, Olivia Engel, Toby Warburton, Leap Sok	2009, 2011, 2012, 2014
UBS Australian Share	3352	Jakov Males	2011
Vanguard Australian Shares High Yield	6429	Rodney Comegys	2004
Vanguard Australian Shares Index	4488	Rodney Comegys	2000
Zurich Investments Equity Income	14474	Hugh Denning, Michael Pryce	2006, 2006
<b>Exchange-Traded Funds</b>			
ANZ ETFs S&P/ASX 100 ETF	ZOZI	Management Team	N. Ap
ANZ ETFs S&P/ASX 300 High Yield Plus ETF	ZYAU	Management Team	N. Ap
BetaShares Aus Top 20 Eq Yld Maxmsr	YMAX	Management Team	N. Ap
BetaShares FTSE RAFI Australia 200 ETF	QOZ	Management Team	N. Ap
iShares S&P/ASX 200 (AU)	IOZ	Management Team	N. Ap
iShares S&P/ASX 20	ILC	Management Team	N. Ap
iShares S&P/ASX Dividend Opportunities	IHD	Management Team	N. Ap
Russell High Div Australian Shares ETF	RDV	Management Team	N. Ap
SPDR® MSCI Australia Sel Hi Div Yld ETF	SYI	Management Team	N. Ap
SPDR® S&P/ASX 200 ETF	STW	Management Team	N. Ap
SPDR® S&P/ASX 50 ETF	SFY	Management Team	N. Ap
Vanguard Australian Shares ETF	VAS	Management Team	N. Ap
Vanguard Australian Shares High Yld ETF	VHY	Management Team	N. Ap
Vanguard MSCI Australian Large Coms ETF	VLC	Management Team	N. Ap
VanEck Vectors Australian Equal Wtd ETF	MVV	Management Team	N. Ap
<b>Listed Investment Companies</b>			
Argo Ord	ARG	Jason Beddow, Andrew Forster	2008, 2015
Australian Foundation InvesCo Ord	AFI	Mark Freeman	1994
BKI Investment Company Ord	BKI	Thomas Millner	2008
Djerriwarrh Ord	DJW	Mark Freeman	1994
Milton Corporation Ord	MLT	Frank Gooch	1999
Whitefield Ord	WHF	Angus Gluskie	1996

Source: Morningstar Direct

## Appendix 3: People (Small-Cap)

Name	Ticker	Manager Name	Appointed
<b>Managed Funds</b>			
Allan Gray Australia Equity A	16128	Simon Mawhinney, Dan Abeshouse, Suhas Nayak	2006, 2012, 2016
Antares Prof Small Companies	5896	Paul Dewar; Stephen Croft; Stuart Wilson	2004, 2005, 2004
Ausbil Australian Emerging Leaders	10601	Adam Dixon; John Grace; Paul Xiradis;	2002
Ausbil MicroCap	18163	Tony Waters	2010
Australian Ethical Australian Shrs	3921	Andy Gracey	2008
Bennelong Avoca Emerging Leaders	19125	Jeremy Bendeich; John Campbell;	2011, 2011
Bennelong ex-20 Australian Equities	17595	Mark East	2009, 2009
BT Smaller Companies W	2725	Paul Hannan	2004
Celeste Australian Small Companies	6419	Frank Villante	2004
CFS Wholesale Developing Companies	11321	Tim Canham; Wik Farwerck	2009, 2009
CFS Wholesale Future Leaders	11322	Tim Canham; Wik Farwerck	2009, 2009
CFS Wholesale Small Companies-Core	7006	Dawn Kanelleas	2008
Dimensional Aust Small Company Trust	6907	Robert Ness; Bhanu P. Singh;	2008
Eley Griffiths Group Small Companies	10463	Ben Griffiths; Brian Eley;	2003, 2003
Fairview Equity Partners Emerging Co	17008	Chris Adams; Leigh Cronin; Michael Glenane;	2008, 2008, 2008
FirstChoice WS Aus Small Companies	11296	Scott Tully	2003
Fidelity Future Leaders	19893	James Abela	2013
Hyperion Small Growth Companies	4242	Mark Arnold	2000
Invesco WS Aus Smaller Companies-Class A	2557	Cynthia Jenkins	2005
Investors Mutual WS Aus Smaller Co	5340	Simon Conn	2002
Investors Mutual WS Future Leaders	8741	Simon Conn	2002
Ironbark Karara Australian Small Comp	14111	David Slack; Nick Greenway;	2007, 2010
Kinetic Wholesale Emerging Companies	15318	Jonathan Findlay; Richard Sharp;	2005, 2005
NovaPort WS Smaller Companies	9140	Alex Milton; Sinclair Currie;	2008, 2010
OC Premium Small Companies	9852	Robert Frost	2001
Pengana Emerging Companies	12260	Ed Prendergast; Steve Black;	2004, 2004
Perennial Value Smaller Companies Trust	8628	Grant Oshry; Andrew Smith;	2007, 2010
Perpetual Wholesale Smaller Companies	4363	Jack Collopy	2010
Realindex Aus Small Companies-Class A	16954	Raelene de Souza; Daniel Pennell;	2009, 2012
SGH ICE	14466	Callum Burns	2006
<b>Exchange Traded Funds</b>			
iShares S&P/ASX Small Ordinaries	ISO	Management Team	N. Ap
SPDR® S&P/ASX Small Ordinaries ETF	SSO	Management Team	N. Ap
Vanguard MSCI Australian Small Coms ETF	VSO	Management Team	N. Ap
<b>Listed Investment Companies</b>			
Contango MicroCap Ord	CTN	Bill Laister	2008
Mirrabooka Ord	MIR	Ross Barker	1994
WAM Capital Ord	WAM	Chris Stott	2010
WAM Research Limited Ord	WAX	Chris Stott	2010

Source: Morningstar Direct

## Appendix 4: Style Box Breakdowns (Large-Cap)

Name	Equity Style Box (Long)	Market Cap Giant % (Long Rescaled)	Market Cap Large % (Long Rescaled)	Market Cap Mid % (Long Rescaled)	Market Cap Small % (Long Rescaled)	Market Cap Micro % (Long Rescaled)	Portfolio Date
<b>Managed Funds</b>							
Acadian Wholesale Aus Equity Long Short	Large Blend	37.32	21.94	24.07	15.85	0.83	30/09/2016
Acadian Wholesale Australian Equity	Large Blend	48.96	24.55	17.60	8.05	0.84	30/09/2016
Alphinity Wholesale Australian Share	Large Growth	50.78	37.39	9.75	2.08	0.00	31/10/2016
Alphinity WS Concentrated Aust Share	Large Growth	38.46	51.23	8.23	2.08	0.00	31/10/2016
AMP Capital Equity A	Large Blend	50.81	22.21	25.61	1.37	0.00	31/12/2016
AMP Capital Equity Income Generator	Large Blend	52.92	25.31	18.61	3.16	0.00	31/12/2016
AMP Capital Sustainable Share A	Large Blend	53.80	29.96	15.66	0.59	0.00	31/12/2016
Antares Prof Australian Equities	Large Value	50.24	24.83	23.71	1.22	0.00	30/11/2016
Antares Prof Elite Opportunities	Large Blend	40.70	23.93	33.25	2.12	0.00	30/11/2016
Antares Prof High Growth Shares	Large Blend	40.79	28.36	30.29	0.57	0.00	30/11/2016
Arnhem Australian Equity	Large Growth	54.94	20.48	20.60	3.98	0.00	31/12/2016
Ausbil Australian Active Equity	Large Blend	48.73	28.53	21.11	1.64	0.00	31/12/2016
Ausbil Australian Geared Equity	Large Blend	48.74	28.94	20.81	1.51	0.00	31/12/2016
Bennelong Australian Equities	Large Growth	49.28	22.64	22.34	5.75	0.00	31/01/2017
BlackRock Indexed Australian Equity Fund	Large Blend	48.41	29.89	17.06	4.52	0.12	31/12/2016
BlackRock Scientific Aus Equity Fund	Large Blend	50.59	28.87	14.59	5.95	0.00	31/12/2016
BT Wholesale Core Australian Share	Large Blend	58.93	26.17	14.90	0.00	0.00	31/12/2016
BT Wholesale Ethical Share	Large Blend	51.49	25.83	21.83	0.00	0.84	31/12/2016
BT Wholesale Focus Australian Share	Large Blend	55.44	20.34	23.08	1.14	0.00	31/12/2016
BT Wholesale Imputation	Large Blend	63.87	26.06	9.30	0.77	0.00	31/12/2016
CFS Wholesale Australian Share	Large Growth	43.38	28.96	26.58	1.09	0.00	30/09/2016
CFS Wholesale Australian Share-Core	Large Blend	49.48	30.12	20.39	0.02	0.00	30/09/2016
CFS Wholesale Equity Income	Large Blend	50.50	30.24	19.27	0.00	0.00	30/09/2016
CFS Wholesale Geared Share	Large Growth	55.94	30.35	13.71	0.00	0.00	30/09/2016
CFS Wholesale Imputation	Large Growth	56.29	22.57	19.71	1.43	0.00	30/09/2016
Dimensional Aust Large Company Trust	Large Blend	51.04	33.34	15.56	0.06	0.00	31/12/2016
Dimensional Australian Core Equity Trust	Large Blend	34.93	25.74	28.74	9.35	1.23	31/12/2016
Dimensional Australian Value Trust	Large Value	49.35	28.32	17.84	3.74	0.75	31/12/2016
Fidelity Australian Equities	Large Growth	48.17	31.19	18.21	2.13	0.29	31/12/2016
FirstChoice WS Australian Share	Large Blend	48.05	27.84	20.73	2.90	0.47	30/09/2016
Franklin Templeton Australian Equity W	Large Value	60.99	26.76	12.12	0.13	0.00	31/12/2016
Greencape Wholesale Broadcap	Large Growth	39.73	19.57	22.49	14.88	3.33	30/09/2016
Greencape Wholesale High Conviction	Large Growth	41.14	27.16	31.71	0.00	0.00	30/09/2016
Hyperion Australian Growth Companies	Large Growth	10.83	38.26	50.91	0.00	0.00	31/12/2016
Integrity Australian Share	Large Blend	46.50	34.63	18.87	0.00	0.00	31/12/2016
Investors Mutual Equity Income	Large Blend	35.79	28.29	33.74	2.18	0.00	31/12/2016
Investors Mutual WS Australian Share	Large Blend	40.61	20.84	33.84	4.18	0.53	31/12/2016
Investors Mutual WS Industrial Share	Large Blend	44.39	17.09	30.15	7.88	0.50	31/12/2016
Ironbark Karara Australian Share	Large Blend	43.12	21.18	30.22	4.81	0.67	30/09/2016
Maple-Brown Abbott Aus Shr Wholesale	Large Value	58.70	24.40	16.90	0.00	0.00	31/10/2016
Merlon WS Australian Share Income	Large Value	21.50	25.89	47.05	5.56	0.00	31/10/2016
MLC Wholesale Australian Share	Large Blend	48.18	32.39	17.69	1.74	0.00	31/10/2016
MLC Wholesale IncomeBuilderTM	Large Value	58.54	23.12	17.48	0.86	0.00	31/10/2016
Nikko AM Tyndall Aus Shr Concnr	Large Value	46.32	24.36	29.32	0.00	0.00	31/12/2016
Nikko AM Tyndall Australian Share Income	Large Value	43.43	25.77	29.66	1.14	0.00	31/12/2016
Nikko AM Tyndall Australian Share W	Large Blend	40.04	25.21	33.30	1.46	0.00	31/12/2016

Name	Equity Style Box (Long)	Market Cap Giant % (Long Rescaled)	Market Cap Large % (Long Rescaled)	Market Cap Mid % (Long Rescaled)	Market Cap Small % (Long Rescaled)	Market Cap Micro % (Long Rescaled)	Portfolio Date
Perennial Value Shares Wholesale Trust	Large Value	50.49	24.78	23.25	1.48	0.00	31/12/2016
Perpetual W Share Plus L/S	Large Value	38.02	13.44	31.32	13.12	4.10	30/11/2016
Perpetual Wholesale Australian	Large Blend	36.95	15.34	46.93	0.31	0.48	30/11/2016
Perpetual Wholesale Concentrated Equity	Large Value	43.65	19.63	30.34	6.38	0.00	30/11/2016
Perpetual Wholesale Ethical SRI	Mid Blend	22.90	8.92	50.13	16.87	1.18	30/11/2016
Perpetual Wholesale Geared Australian	Large Blend	37.01	15.46	46.74	0.31	0.48	30/11/2016
Perpetual Wholesale Industrial	Large Value	47.43	17.06	35.26	0.24	0.00	30/11/2016
Platypus Australian Equities - Wholesale	Mid Growth	16.63	24.77	34.52	23.37	0.71	31/05/2016
Realindex Australian Share-Class A	Large Value	52.30	26.54	18.17	2.99	0.00	30/09/2016
Schroder Australian Equity Fund	Large Blend	50.70	23.70	24.39	1.21	0.00	30/09/2016
Solaris Core Australian Equity Retail	Large Blend	50.77	23.42	21.45	4.36	0.00	30/09/2016
State Street Australian Equity	Large Blend	18.96	34.10	36.48	10.46	0.00	30/11/2016
UBS Australian Share	Large Blend	56.67	28.17	13.23	1.87	0.06	31/12/2016
Vanguard Australian Shares High Yield	Large Blend	49.33	22.97	23.10	4.60	0.00	31/12/2016
Vanguard Australian Shares Index	Large Blend	46.76	30.85	17.58	4.69	0.12	31/12/2016
Yarra Australian Equities Fund	Large Growth	41.67	20.26	38.07	0.00	0.00	30/11/2016
Zurich Investments Equity Income	Large Value	68.03	29.58	2.39	0.00	0.00	31/12/2016
<b>Exchange-Traded Funds</b>							
ANZ ETFs S&P/ASX 100 ETF	Large Blend	54.57	32.78	12.59	0.06	0.00	31/01/2017
ANZ ETFs S&P/ASX 300 High Yield Plus ETF	Large Value	52.17	22.12	21.77	3.95	0.00	2/02/2017
BetaShares Aus Top 20 Eq Yld Maxmsr	Large Value	82.07	17.93	0.00	0.00	0.00	31/01/2017
BetaShares FTSE RAFI Australia 200 ETF	Large Value	53.59	26.71	16.44	3.16	0.11	31/01/2017
iShares Core S&P/ASX 200 (AU)	Large Blend	50.23	30.64	16.78	2.35	0.00	31/01/2017
iShares S&P/ASX 20	Large Value	82.02	17.98	0.00	0.00	0.00	31/01/2017
iShares S&P/ASX Dividend Opportunities	Large Value	50.88	15.76	27.97	5.40	0.00	31/01/2017
Russell High Div Australian Shares ETF	Large Value	46.42	27.71	25.88	0.00	0.00	1/02/2017
SPDR® MSCI Australia Sel Hi Div Yld ETF	Large Value	54.75	32.76	12.19	0.30	0.00	30/11/2016
SPDR® S&P/ASX 200 ETF	Large Blend	50.27	30.75	16.69	2.29	0.00	31/01/2017
SPDR® S&P/ASX 50 ETF	Large Blend	62.60	35.15	2.26	0.00	0.00	31/01/2017
Vanguard Australian Shares ETF	Large Blend	46.76	30.85	17.58	4.69	0.12	31/12/2016
Vanguard Australian Shares High Yld ETF	Large Blend	49.33	22.97	23.10	4.60	0.00	31/12/2016
Vanguard MSCI Australian Large Coms ETF	Large Blend	70.39	29.61	0.00	0.00	0.00	31/12/2016
<b>Listed Investment Companies</b>							
Argo Ord	Large Blend	48.32	32.20	14.24	4.88	0.36	30/06/2014
Australian Foundation InvesCo Ord	Large Growth	49.22	28.37	18.29	3.18	0.93	30/06/2016
BKI Investment Company Ord	Large Growth	51.60	29.78	14.65	2.96	1.00	30/06/2016
Djerriwarrh Ord	Large Growth	46.26	30.08	17.71	5.12	0.84	30/06/2016
Milton Corporation Ord	Large Value	49.89	18.64	29.29	1.76	0.43	30/09/2016
Whitefield Ord	Large Growth	48.65	27.38	21.14	2.82	0.01	31/03/2016

Source: Morningstar Direct

## Appendix 4: Style Box Breakdown (Small-Caps)

Name	Equity Style Box (Long)	Market Cap Giant % (Long Rescaled)	Market Cap Large % (Long Rescaled)	Market Cap Mid % (Long Rescaled)	Market Cap Small % (Long Rescaled)	Market Cap Micro % (Long)	Portfolio Date
<b>Managed Funds</b>							
Allan Gray Australia Equity A	Mid Value	19.19	19.64	36.27	20.42	4.49	31/12/2016
Antares Prof Small Companies	Mid Growth	0.00	4.06	51.45	40.44	4.05	30/11/2016
Ausbil Australian Emerging Leaders	Mid Growth	0.00	16.15	61.38	21.18	1.29	31/12/2016
Ausbil MicroCap	Small Growth	0.00	0.00	2.72	83.95	13.33	31/12/2016
Australian Ethical Australian Shrs	Mid Blend	4.65	12.92	35.41	29.22	17.81	31/12/2016
Bennelong Avoca Emerging Leaders	Mid Blend	0.00	2.42	47.62	47.49	2.47	31/01/2017
Bennelong ex-20 Australian Equities	Mid Growth	0.00	40.48	45.50	14.03	0.00	31/01/2017
BT Wholesale Smaller Companies	Mid Growth	0.00	2.02	50.83	46.53	0.63	31/12/2016
Celeste Australian Small Companies	Small Blend	0.00	0.00	27.03	58.69	14.28	30/09/2016
CFS Wholesale Developing Companies	Small Value	0.00	0.00	0.84	43.19	55.98	30/09/2016
CFS Wholesale Future Leaders	Mid Growth	0.00	0.00	47.70	48.06	4.25	30/09/2016
CFS Wholesale Small Companies-Core	Mid Growth	2.25	3.87	43.41	47.19	3.28	30/09/2016
Dimensional Aust Small Company Trust	Mid Blend	0.00	0.00	69.91	27.85	2.25	31/12/2016
Eley Griffiths Group Small Companies	Mid Growth	0.00	4.09	47.35	45.75	2.81	31/12/2016
Fairview Equity Partners Emerging Co	Small Growth	0.00	1.30	34.16	56.80	7.75	31/12/2016
Fidelity Future Leaders	Mid Growth	0.00	15.73	64.53	19.19	0.55	31/12/2016
FirstChoice WS Aus Small Companies	Small Blend	0.47	2.23	39.18	48.44	9.68	30/09/2016
Hyperion Small Growth Companies	Mid Growth	0.00	12.50	76.71	10.79	0.00	31/12/2016
Investors Mutual WS Aus Smaller Co	Small Value	0.00	2.76	26.92	49.98	20.35	31/12/2016
Investors Mutual WS Future Leaders	Small Value	0.00	2.58	47.70	38.69	11.03	31/12/2016
Ironbark Karara Australian Small Comp	Mid Growth	0.00	0.56	61.04	33.72	4.69	30/09/2016
Kinetic Wholesale Emerging Companies	Small Growth	0.00	2.18	38.22	50.09	9.52	31/10/2016
NovaPort WS Smaller Companies	Small Blend	0.00	0.00	38.17	60.61	1.22	31/10/2016
OC Premium Small Companies	Small Growth	0.00	0.00	27.33	60.18	12.50	31/12/2016
Pengana Emerging Companies	Mid Growth	0.00	0.90	50.01	44.85	4.25	30/09/2016
Perennial Value Smaller Companies Trust	Small Blend	0.00	0.00	14.52	48.62	36.86	31/12/2016
Perpetual Wholesale Smaller Companies	Mid Blend	0.00	2.95	47.43	44.07	5.55	30/11/2016
Realindex Aus Small Companies-Class A	Small Value	1.31	0.78	43.40	43.46	11.06	30/09/2016
SGH ICE	Small Growth	0.00	10.92	33.33	42.40	13.35	31/10/2016
<b>Exchange-Traded Funds</b>							
iShares S&P/ASX Small Ordinaries	Mid Blend	0.00	0.35	53.27	45.55	0.84	31/01/2017
SPDR® S&P/ASX Small Ordinaries ETF	Mid Blend	0.00	0.32	54.34	44.97	0.38	31/01/2017
Vanguard MSCI Australian Small Coms ETF	Mid Blend	0.00	0.00	72.20	27.75	0.04	31/12/2016
<b>Listed Investment Companies</b>							
Contango MicroCap Ord	Small Growth	0.00	0.00	6.66	50.79	42.55	30/09/2016
Mirrabooka Ord	Mid Growth	0.00	7.29	49.37	34.02	9.32	30/06/2016

Source: Morningstar Direct

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