Quarterly Client Update

Q1/2020

Data as at 31 Mar 2020

Weinberg Private Moderate Portfolio

Investment Update

After capping off a strong 2019, domestic and global share markets fell heavily during the quarter. Investors were initially sanguine on the outlook for the global economy, despite the emergence of a new virus in China later designated COVID-19. As the virus spread and was later declared a global pandemic, economies around the world effectively shut down and investor fears became about the depth of the economic downturn. While the magnitudes of the sell-offs were potentially unsurprising, the speed and accompanying extreme market volatility unsettled most investors. To the relief of many, coordinated action by global central banks and massive fiscal stimulus by governments, saw share markets bounce in late March from their lows.

The Australian share market wasn't spared selling off earlier than most markets due to Australia's proximity to the epicentre of the COVID-19 outbreak. As expected, small and micro-capitalisation companies underperformed their larger counterparts. Every sector, apart from Healthcare, produced negative returns for the quarter. The Energy and Property sectors were the hardest hit as the oil price fell to its lowest levels in 18 years due to falling worldwide demand and social distancing rules heavily impacted the retail sector.

Global share markets fared better than the domestic share market, particularly in unhedged terms. At one point the Australian dollar fell to its lowest exchange rate against the US dollar in 17 years, providing a cushion against losses for Australian investors. Surprisingly, Chinese shares were the best performing while their Indian counterparts were the worst-performing. All sectors provided negative returns for the quarter, with Energy by far the worst-performing sector, followed by Financials. Investors punished Financials on the expectation of falling profits and rising bad debts.

While share markets garner most investor attention, over the quarter, developments in Fixed Income markets were unprecedented. As expected, government bonds performed strongly (yields fell) over the quarter; however, the ride was far from smooth as volatility was exceptionally elevated. Much of this volatility was caused by a liquidity event (inability to transact) that forced even the most liquid market in the world, the US government bond market, to behave erratically. Unsurprisingly, this affect was amplified within riskier parts of the Fixed Income market. In combination with fears about rising defaults, the corporate bond market, in particular, sub-investment grade debt, produced negative returns for the quarter.

Often viewed as defensives, listed property and infrastructure, both global and domestic, were some of the hardest hit over the quarter. Collapsing demand and potentially reduced rent, caused by imposed government restrictions and shutdowns, hit parts of these sectors, such as Malls and Airports, exceptionally hard.

Market Indicators

Market	End of Quarter Value	Quarter Change	12 Month Change
Australian Shares			
All Ordinaries Index	5,110.60	-24.87%	-18.38%
S&P/ASX 200	5,076.80	-24.05%	-17.86%
Commodities			
US$ Gold Price	1,612.10	6.02%	24.42%
US$ Iron Ore Price	84.00	-8.70%	-2.89%
US$ Oil Price – W Texas Crude	20.48	-66.47%	-65.95%
Exchange Rates			
AUD / EUR	0.56	-10.38%	-11.17%
AUD / GBP	0.50	-6.25%	-7.67%
AUD / JPY	66.85	-12.22%	-14.83%
AUD / USD	0.62	-11.86%	-12.87%
Interest Rate			
10 Year Bond Rate (%)	0.83	-0.56%	-0.95%
Overnight Cash Rate (%)	0.25	-0.50%	-1.25%
Property			
ASX 300 Property Index	1,015.76	-34.78%	-34.43%
Regional Shares			
Dow Jones Industrials (US)	21,917.16	-23.20%	-15.47%
FTSE 100 (UK)	5,671.96	-24.80%	-22.08%
Hang Seng (Hong Kong)	23,603.48	-16.27%	-18.75%
S&P 500 (US)	2,584.59	-20.00%	-8.81%
STOXX 50 (EUR)	320.06	-23.03%	-15.57%
TOPIX (Japan)	1,403.04	-18.49%	-11.85%

Portfolio Enhancements

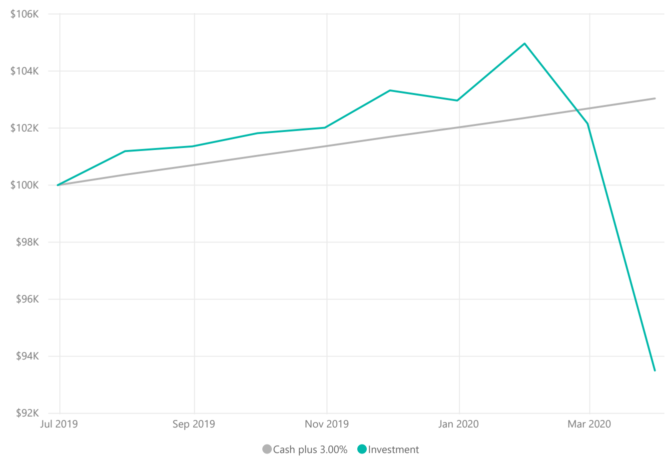
We remain comfortable with the current structure of the portfolio. No changes were made to this portfolio this quarter.

Portfolio Statistics

Returns (% p.a)

Name	1 Mth	3 Mths	6 Mths	Inception
Investment	-8.47%	-9.19%	-8.17%	-6.50%
Cash plus 3.00%	0.35%	1.00%	1.99%	3.04%

Growth of $100,000



This chart displays the growth of a $100,000 investment in the portfolio at its inception. This is measured against the portfolio's Cash Plus objective as represented by the Ausbond Australian Bank Bill Index (a proxy for short term domestic cash investment) as listed in the Appendix.

Equity Holdings Dashboard

Australian Equity Managers Aggregated Top 10 Equity Holdings

Top Stock Positions	Sector	% of Total Aus Eq	1 Yr Return
CSL	Healthcare	7.54%	53.88%
BHP Billiton	Basic Materials	5.13%	-20.02%
Commonwealth Bank of Australia	Financials (ex Real Estate)	4.50%	-7.79%
Westpac Banking Corporation	Financials (ex Real Estate)	3.09%	-32.06%
National Australia Bank	Financials (ex Real Estate)	2.52%	-29.69%
Macquarie Group	Financials (ex Real Estate)	2.40%	-30.51%
Telstra Corporation	Telecommunications Services	2.32%	-3.36%
Australia and New Zealand Banking Group	Financials (ex Real Estate)	2.13%	-30.77%
Rio Tinto	Basic Materials	2.12%	-7.09%
Atlas Arteria	Industrials	2.06%	-20.99%

This table displays the aggregated top 10 stock holdings of the Australian Equity fund managers held in this portfolio together with the 1 year return of each stock and its sector. Please note, that the stock may not have been held for the entire year by the managers.

Global Equity Managers Aggregated Top 10 Equity Holdings

Top Stock Positions	Country	Sector	% of Total	1 Yr Return
MICROSOFT CORP.	Usa	Technology	2.92%	57.26%
ALPHABET INCO.	Usa	Technology	1.94%	15.02%
FACEBOOK INCO.	Usa	Technology	1.43%	16.14%
ALIBABA GROUP HLDG.LTD.	China	Technology	1.34%	23.72%
APPLE INCO.	Usa	Technology	1.32%	57.42%
NETEASE INCO.	China	Technology	1.19%	59.66%
AMAZON.COM INCO.	Usa	Consumer Cyclicals	1.12%	27.08%
CROWN CASTLE INTL.CORP.	Usa	Real Estate	1.01%	35.46%
BRITISH AMER.TOB.PLC.	Uk	Consumer Non-Cyclicals	1.01%	2.40%
HONDA MOTOR CO.LTD.	Japan	Consumer Cyclicals	0.97%	0.48%

This table displays the aggregated top 10 stock holdings of the International Equity fund managers held in this portfolio together with the 1 year return of each stock, its sector and the country it is listed in. Please note, that the stock may not have been held for the entire year by the managers.

Regional Positioning Dashboard

Aggregated Regional Holdings

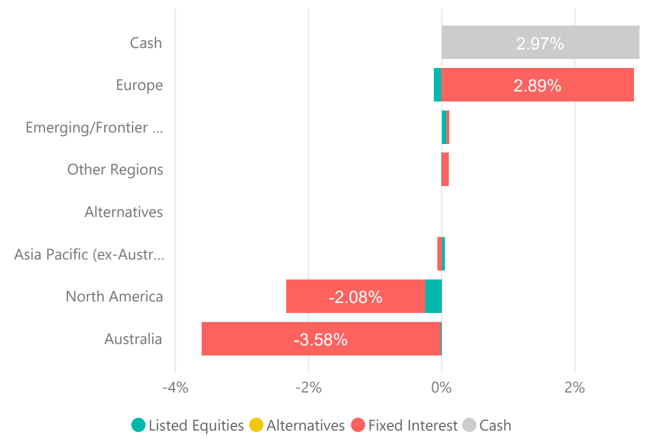
Asset Class Type	Investment	Benchmark	Active Exposure
Defensive	52.48%	50.00%	2.48%
Fixed Interest	39.66%	34.71%	4.95%
Asia Pacific (ex-Australia)	1.11%	1.91%	-0.80%
Australia	23.81%	15.82%	8.00%
Emerging/Frontier Markets	1.52%	2.42%	-0.90%
Europe	8.47%	7.78%	0.69%
North America	4.02%	5.31%	-1.29%
Other Regions	0.74%	1.48%	-0.74%
Cash	12.82%	15.29%	-2.47%
Not Disclosed	0.00%	0.00%	0.00%

Asset Class Type	Investment	Benchmark	Active Exposure
Cash	12.82%	15.29%	-2.47%
Growth	47.52%	50.00%	-2.48%
Listed Equities	40.02%	46.00%	-5.98%
Asia Pacific (ex-Australia)	2.57%	2.63%	-0.06%
Australia	19.47%	26.93%	-7.46%
Emerging/Frontier Markets	1.51%	0.01%	1.50%
Europe	5.32%	4.18%	1.14%
North America	11.12%	12.24%	-1.12%
Other Regions	0.04%	0.02%	0.02%
Alternatives	7.50%	4.00%	3.50%
Alternatives	7.50%	4.00%	3.50%
Not Disclosed	0.00%	0.00%	0.00%

This table displays the Aggregated Portfolio Exposures by Region at the end of the last calendar quarter end date. This is compared against the Benchmark regional exposures to find the ACTIVE DIFFERENCE between the Portfolio and Benchmark. A negative indicates an UNDERWEIGHT position relative to benchmark. a positive indicates an OVERWEIGHT position relative to benchmark.

At this point, with Alternatives and Multi Asset holdings we only display the quarterly change to these sectors in total. Cash holdings are typically held in domestic cash investments, therefore we do not break down this sector's exposure further by region.

Change over Quarter by Region



This chart displays QUARTERLY changes in the REGIONAL Fixed Interest and Equity weightings based on the aggregated holdings of the managers held in this portfolio. At this point, with the Alternatives and Multi Asset holdings we only display the quarterly change to these sectors in total. Cash holdings are typically held in domestic cash investments, therefore we do not break down this sector's exposure further by region.

Sector Positioning Dashboard

Aggregated Sector Holdings

Asset Class Type	Investment	Benchmark	Active Exposure
Growth	47.52%	50.00%	-2.48%
Alternatives	7.50%	4.00%	3.50%
Other Alts / Diversified Funds	0.00%	0.00%	0.00%
Multi Strat / FoF / Event Driven	0.00%	1.08%	-1.08%
Market Neutral	0.00%	1.08%	-1.08%
Managed Futures	3.75%	0.37%	3.38%
Macro	3.75%	0.37%	3.38%
Not Disclosed	0.00%	0.00%	0.00%

Asset Class Type	Investment	Benchmark	Active Exposure
Fixed Interest / Relative Value	0.00%	1.10%	-1.10%
Listed Equities	40.02%	46.00%	-5.98%
Utilities	2.14%	1.25%	0.89%
Telecommunications Services	0.95%	1.22%	-0.27%
Technology	5.56%	4.18%	1.39%
Real Estate	6.47%	7.64%	-1.17%
Industrials	3.61%	3.43%	0.18%
Healthcare	4.05%	5.66%	-1.60%
Financials (ex Real Estate)	5.70%	9.02%	-3.32%
Energy	1.23%	1.32%	-0.09%
Derivatives & Unclassified	0.10%	0.01%	0.09%
Consumer Non-Cyclicals	3.20%	3.24%	-0.04%
Consumer Cyclicals	3.79%	3.50%	0.28%
Basic Materials	3.21%	5.52%	-2.31%
Defensive	52.48%	50.00%	2.48%
Cash	12.82%	15.29%	-2.47%
Cash	12.82%	15.29%	-2.47%
Fixed Interest	39.66%	34.71%	4.95%
Other Fixed Interest	1.39%	2.22%	-0.83%
Mortgages	4.98%	4.51%	0.47%
High Yield	0.49%	0.70%	-0.21%
Government & Semi	13.37%	21.64%	-8.27%
Corporate (Inv Grade)	19.42%	5.64%	13.78%
Not Disclosed	0.00%	0.00%	0.00%

This table displays the Aggregated Portfolio Exposures by Sector at the end of the last calendar quarter end date. This is compared against the Benchmark regional exposures to find the ACTIVE DIFFERENCE between the Portfolio and Benchmark. A negative indicates an UNDERWEIGHT position relative to benchmark. a positive indicates an OVERWEIGHT position relative to benchmark.

At this point, with Alternatives and Multi Asset holdings we only display the quarterly change to these sectors in total. Cash holdings are typically held in domestic cash investments, therefore we do not break down this sector's exposure further by sector.

Change over Quarter by Sector

This chart displays QUARTERLY changes in the SECTOR Fixed Interest and Equity weightings based on the aggregated holdings of the managers held in this portfolio. At this point, with the Alternatives and Multi Asset holdings we only display the quarterly change to these sectors in total. Cash holdings are typically held in domestic cash investments, therefore we do not break down this sector's exposure further by sector.

Appendix - Benchmarks Used in this Report

Cash

The benchmark for cash is the Bloomberg AusBond Bank Bill Index.

Disclaimer

Third Party data may be sourced from Financial Express, Refinitiv, Bloomberg and/or MSCI.

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