

# Weinberg Private Retirement Income Portfolio

## Investment Update

Despite experiencing a pullback in August, investment markets generally performed well in the third quarter of 2019. Investors were encouraged by the actions and soothing words of global central banks, particularly the US Federal Reserve. Having stated that rates were likely to rise only six months ago, central banks started to cut rates in response to slowing global growth and trade tensions between the United States and China.

The Australian share market rose over the quarter, with smaller companies outperforming larger companies. All sectors rose over the quarter; however, the Consumer Staples and Consumer Discretionary sectors were the strongest performers.

Global share markets also broadly rose over the quarter, with Japanese and European shares the strongest performers. Japanese shares were boosted by easing trade tensions, while European equities were assisted by central bank action. In contrast to most developed markets, Chinese and Emerging market shares fell, weighed down by concerns around global and domestic growth. In terms of sectors, more defensive shares outperformed, with Utilities and Consumer Staples the best performers.

In Fixed Income markets, government bonds did well as yields fell (prices rise) over the quarter. Australian and US 10-year yields fell comparably over the quarter, on the back of both central banks indicating further rate cuts were likely. Corporate debt also performed over the quarter, with investment grade debt outperforming high yield debt. Despite improving sentiment, investors preferred the relative safety of higher quality debt.

Global and domestic listed property and infrastructure performed well over the quarter, due to the fall in government bond yields and a rising equity market.

## Market Indicators

Market	End of Quarter Value	Quarter Change	12 Month Change
<b>Australian Shares</b>			
All Ordinaries Index	6,800.60	1.51%	7.51%
S&P/ASX 200	6,688.30	1.05%	7.74%
<b>Commodities</b>			
US\$ Gold Price	1,473.85	4.36%	23.70%
US\$ Iron Ore Price	93.00	-20.17%	33.81%
US\$ Oil Price – W Texas Crude	54.07	-7.16%	-26.18%
<b>Exchange Rates</b>			
AUD / EUR	0.62	0.00%	-0.47%
AUD / GBP	0.55	-0.85%	-0.56%
AUD / JPY	72.74	-3.71%	-11.25%
AUD / USD	0.67	-3.76%	-6.55%
<b>Interest Rate</b>			
10 Year Bond Rate (%)	0.96	-0.36%	-1.71%
Overnight Cash Rate (%)	1.00	-0.25%	-0.50%
<b>Property</b>			
ASX 300 Property Index	1,594.67	0.46%	12.86%
<b>Regional Shares</b>			
Dow Jones Industrials (US)	26,916.83	1.19%	1.73%
FTSE 100 (UK)	7,408.21	-0.23%	-1.36%
Hang Seng (Hong Kong)	26,092.27	-8.58%	-6.10%

Market	End of Quarter Value	Quarter Change	12 Month Change
S&P 500 (US)	2,976.74	1.19%	2.15%
STOXX 50 (EUR)	393.15	2.15%	2.60%
TOPIX (Japan)	1,587.80	2.36%	-12.63%

## Portfolio Enhancements

Early in the quarter, several changes were implemented to the portfolio, specifically within the defensive part of the portfolio.

A new fund (the Ardea Real Outcome Fund) was added to provide further diversification to the manager line-up. The Fund's strategy isn't reliant on the broad direction of markets to generate returns and is expected to perform better in higher volatility environments.

In addition to the above change, funds have been reweighted (Legg Mason Western Asset Australian Bond Trust, Macquarie Income Opportunities Fund, and PIMCO Global Bond Fund) and removed (Janus Henderson Tactical Income Fund and Kapstream Absolute Return Income Fund) from the sleeve to create more balance in the portfolio between interest rate and corporate debt sensitivity. If domestic and global interest rates fall, the portfolios will benefit more so than previously. It should be noted that the removed funds are still considered quality investments and the changes were enacted for portfolio construction reasons, not negative views on the funds.

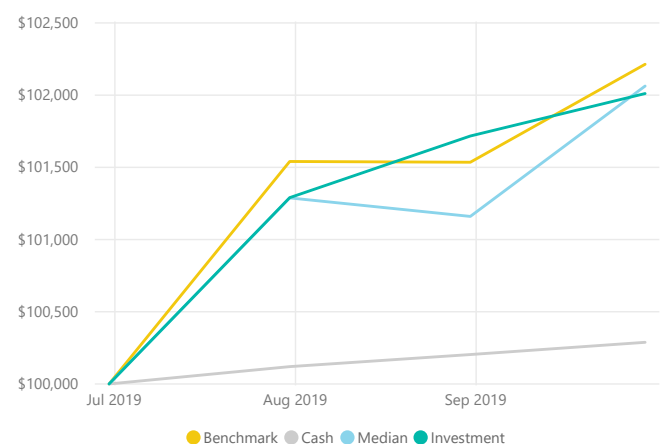
The overall changes are expected to marginally reduce the exposure of the portfolio to corporate credit and improve the range of market conditions under which the sleeve will perform, given volatility is likely to be higher going forward than the recent past.

## Portfolio Statistics

### Returns (% p.a)

Instrument	1 Mth	3 Mths	Inception
Investment	0.29%	2.01%	2.01%
Benchmark	0.67%	2.21%	2.21%
Median	0.89%	2.06%	2.06%
Cash	0.08%	0.29%	0.29%

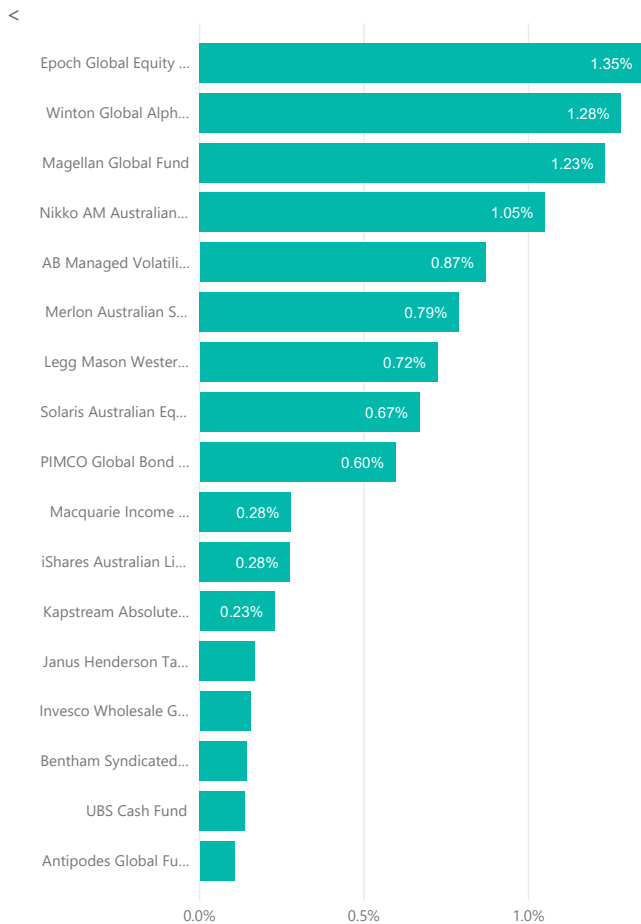
### Growth of \$100,000





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

### Fund Contribution to 1 Year Portfolio Return



This chart displays each investment held in the portfolio over the past 1 year together with its individual contribution to the overall portfolio's 1 year return.

## Equity Holdings Dashboard

### Australian Equity Managers Aggregated Top 10 Equity Holdings

Top Stock Positions	Sector	% of Total	1 Yr Return
Westpac Banking Corporation	Financials (ex Real Estate)	6.62%	13.92%
National Australia Bank	Financials (ex Real Estate)	3.75%	14.84%
Australia and New Zealand Banking Group	Financials (ex Real Estate)	3.23%	7.44%
Coles Group	Consumer Non-Cyclicals	2.97%	34.99%
Commonwealth Bank of Australia	Financials (ex Real Estate)	2.87%	19.88%
QBE Insurance Group	Financials (ex Real Estate)	2.87%	17.82%
Woolworths Group Limited	Consumer Non-Cyclicals	2.85%	36.94%
Aurizon Holdings	Industrials	2.70%	50.27%
Woodside Petroleum	Energy	2.67%	-11.58%
Rio Tinto	Basic Materials	2.51%	29.55%

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.	United States	Technology	3.36%	32.48%
ALIBABA GROUP HLDG.LTD.	China	Technology	2.66%	8.89%
ALPHABET INCO.	United States	Technology	2.36%	9.57%
FACEBOOK INCO.	United States	Technology	2.08%	16.16%
SAP AG	Germany	Technology	2.01%	3.97%
STARBUCKS CORP.	United States	Consumer Cyclicals	1.87%	70.07%
VISA INCO.	United States	Technology	1.75%	23.74%
NOVARTIS AG	Switzerland	Healthcare	1.69%	25.79%
APPLE INCO.	United States	Technology	1.58%	8.10%
LVMH	France	Consumer Cyclicals	1.45%	22.87%

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
<b>Defensive</b>	<b>52.21%</b>	<b>45.00%</b>	<b>7.21%</b>
<b>Fixed Interest</b>	<b>36.01%</b>	<b>31.52%</b>	<b>4.49%</b>
Asia Pacific (ex-Australia)	1.30%	1.90%	-0.60%
Australia	14.94%	14.03%	0.92%
Emerging/Frontier Markets	1.63%	2.86%	-1.23%
Europe	8.31%	6.78%	1.53%
North America	9.07%	4.66%	4.41%
Other Regions	0.76%	1.30%	-0.54%
<b>Cash</b>	<b>16.20%</b>	<b>13.48%</b>	<b>2.72%</b>
Cash	16.20%	13.48%	2.72%
<b>Growth</b>	<b>47.79%</b>	<b>55.00%</b>	<b>-7.21%</b>
<b>Listed Equities</b>	<b>37.79%</b>	<b>50.50%</b>	<b>-12.71%</b>
Asia Pacific (ex-Australia)	1.66%	2.71%	-1.05%
Australia	21.82%	29.26%	-7.43%
Emerging/Frontier Markets	0.89%	0.01%	0.88%
Europe	4.76%	5.07%	-0.31%
North America	8.73%	13.45%	-4.72%
Other Regions	-0.08%	0.00%	-0.08%
<b>Alternatives</b>	<b>10.00%</b>	<b>4.50%</b>	<b>5.50%</b>
Alternatives	10.00%	4.50%	5.50%
Not Disclosed	0.00%	0.00%	0.00%

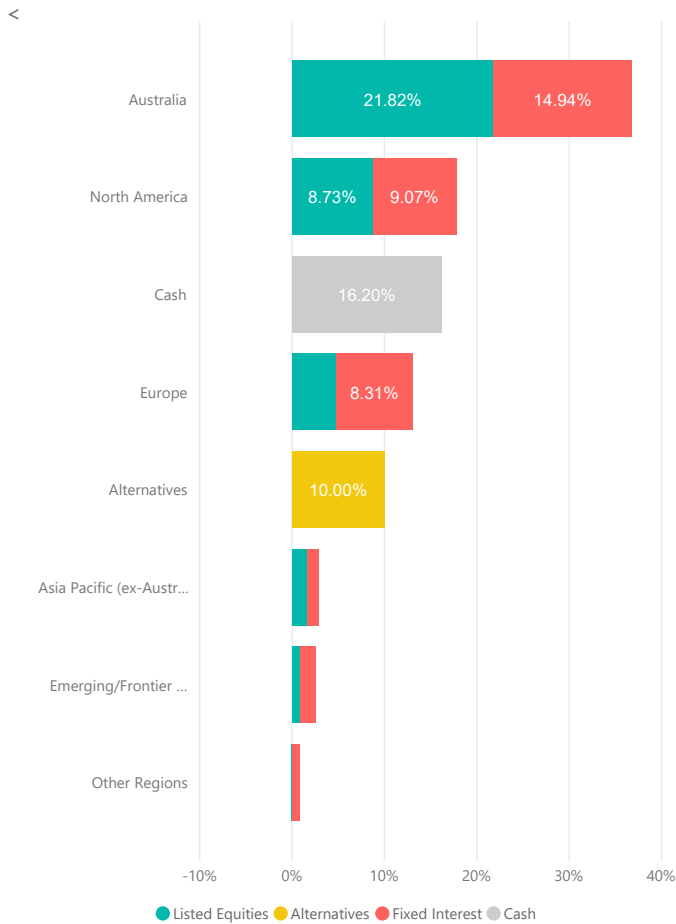
This table displays the Aggregated Portfolio Exposures by Region at the end of the last calendar quarter end date. This is compared against the Benchmark regional exposures to find the ACTIVE DIFFERENCE between the Portfolio and Benchmark. A negative indicates an



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

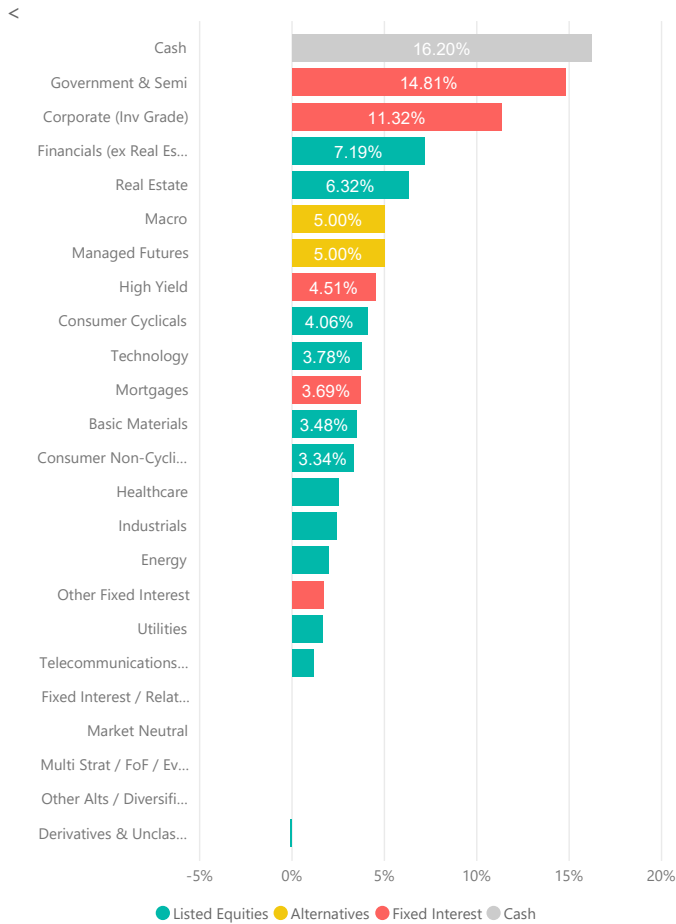
Asset Class Type	Investment	Benchmark	Active Exposure
<b>Growth</b>	<b>47.79%</b>	<b>55.00%</b>	<b>-7.21%</b>
<b>Alternatives</b>	<b>10.00%</b>	<b>4.50%</b>	<b>5.50%</b>
Other Alts / Diversified Funds	0.00%	0.00%	0.00%
Multi Strat / FoF / Event Driven	0.00%	1.19%	-1.19%
Market Neutral	0.00%	1.31%	-1.31%
Managed Futures	5.00%	0.41%	4.59%
Macro	5.00%	0.41%	4.59%
Fixed Interest / Relative Value	0.00%	1.19%	-1.19%
<b>Listed Equities</b>	<b>37.79%</b>	<b>50.50%</b>	<b>-12.71%</b>
Not Disclosed	0.00%	0.00%	0.00%

Asset Class Type	Investment	Benchmark	Active Exposure
Utilities	1.65%	1.33%	0.32%
Telecommunications Services	1.15%	1.23%	-0.08%
Technology	3.78%	4.05%	-0.27%
Real Estate	6.32%	8.71%	-2.39%
Industrials	2.40%	4.11%	-1.72%
Healthcare	2.50%	4.58%	-2.08%
Financials (ex Real Estate)	7.19%	11.36%	-4.17%
Energy	2.00%	2.09%	-0.09%
Derivatives & Unclassified	-0.08%	-0.00%	-0.08%
Consumer Non-Cyclicals	3.34%	3.18%	0.16%
Consumer Cyclical	4.06%	4.15%	-0.08%
Basic Materials	3.48%	5.71%	-2.22%
<b>Defensive</b>	<b>52.21%</b>	<b>45.00%</b>	<b>7.21%</b>
<b>Cash</b>	<b>16.20%</b>	<b>13.48%</b>	<b>2.72%</b>
Cash	16.20%	13.48%	2.72%
<b>Fixed Interest</b>	<b>36.01%</b>	<b>31.52%</b>	<b>4.49%</b>
Other Fixed Interest	1.69%	2.62%	-0.93%
Mortgages	3.69%	3.29%	0.40%
High Yield	4.51%	0.54%	3.97%
Government & Semi	14.81%	20.12%	-5.31%
Corporate (Inv Grade)	11.32%	4.96%	6.36%
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

#### Benchmark

To appropriately benchmark the performance of each portfolio, Zenith has created a series of composite benchmarks. These benchmarks are based off average asset allocations of the universe of diversified funds that broadly match the risk/return profile and asset allocation of each portfolio. The average asset allocations are reviewed and updated on an annual basis. The composite benchmark returns are calculated by multiplying these average asset allocations by the relevant benchmark for each asset class. Zenith then compares portfolio performance against the composite benchmarks to determine the value add of the portfolios.

#### Cash

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

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