

ALLAN GRAY

CONTRARIAN INVESTING

# ALLAN GRAY SUPERANNUATION AND ALLAN GRAY RETIREMENT

MANAGED ACCOUNT MODEL PORTFOLIO GUIDE

1 JULY 2021





## IMPORTANT INFORMATION

This document is part of the OneVue Managed Account Product Disclosure Statement (PDS). This document must be read together with the PDS, which contains essential information about the OneVue Managed Account (Managed Account).

None of the Investment Managers named herein or any of their associates and subsidiaries has prepared this document, or is responsible for its contents.

No one described in this document assures or guarantees the success of your investment, any particular Managed Account Model Portfolio, the repayment of capital or a particular rate of return.

Nothing in this document should be taken as the provision of personal financial advice by either the Responsible Entity, any Investment Manager named herein, or any of their representatives, associates or subsidiaries, because none of these parties are aware of your investment objectives, financial position or particular needs. No action should be taken without your consideration of your particular financial circumstances and investment objectives.

The performance of each Managed Account Model Portfolio is dependent on the performance of the underlying investments in the selected Managed Account Model Portfolios which can fall as well as rise in value, resulting in capital losses or capital profits. Investors should not take past performance as an indication of future performance. The general market and economic conditions that existed in the past could be different in the future and these differences could have significant impact on investment returns.

All of the Investment Managers have given and have not withdrawn their written consent to being named in this document as the Investment Manager in respect of the Managed Account Model Portfolios included in this Managed Account Model Portfolio Guide in the form and context in which they are included. Investment Managers do not make any other statements in this document.

The Investment Managers are responsible for managing the Managed Account Model Portfolios in accordance with the key investment parameters set out in this Managed Account Model Portfolio Guide. They do not hold any assets on your behalf nor are they responsible for executing trading in the underlying investments.

The Investment Managers are the owners of all intellectual property in the selection process used to determine each Managed Account Model Portfolio and that intellectual property must not be disclosed or used other than for the purpose of obtaining advice on, or for the administration, monitoring, management, and the satisfaction of legal obligations in respect of, the investor's account.

From time to time new Managed Account Model Portfolios and Investment Managers will be added. You can find this information on the website shown below.

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## INVESTMENT CHOICE

Name	Managed Account Portfolio type	Benchmark
DNR Capital Australian Equities High Conviction	Australian shares	S&P/ASX 200 Accumulation Index
DNR Capital Australian Equities Income	Australian shares	S&P/ASX 200 Industrials Accumulation Index
DNR Capital Australian Listed Property Trust	A-REITs	S&P/ASX 200 A-REIT Accumulation Index
JBWere Intermediary Income	Australian shares	S&P/ASX 200 Accumulation Index
JBWere Listed Fixed Income	Australian listed fixed income	Benchmark unaware
Lonsec Core	Australian shares	S&P/ASX 200 Accumulation Index
PPM Global Equities Growth	International shares	MSCI World Developed ex Australia (AUD)
Proactive Portfolios Balanced	Multi- sector ASX listed securities	Composite Index (refer to Model Portfolio profiles)
Proactive Portfolios Conservative	Multi- sector ASX listed securities	Composite Index (refer to Model Portfolio profiles)
Proactive Portfolios Growth	Multi- sector ASX listed securities	Composite Index (refer to Model Portfolio profiles)
Proactive Portfolios High Growth	Multi- sector ASX listed securities	Composite Index (refer to Model Portfolio profiles)
Proactive Portfolios Income	Multi- sector ASX listed securities	Custodian Cash Rate
Ralton Australian Shares	Australian shares	S&P/ASX 300 Accumulation Index
Ralton High Yield Australian Shares	Australian shares	S&P/ASX 300 Accumulation Index
Ralton Leaders	Australian shares	S&P/ASX 100 Accumulation Index
Ralton Smaller Companies	Australian shares	S&P/ASX Small Ordinaries Accumulation Index
SG Hiscock 20	Australian shares	S&P/ASX 300 Accumulation Index
Watershed Balanced	Multi-sector listed securities and unlisted funds	Morningstar Moderate Target Risk
Watershed Conservative	Multi-sector listed securities and unlisted funds	Morningstar Conservative Target Risk
Watershed Growth	Multi-sector listed securities and unlisted funds	Morningstar Moderately Aggressive Risk
Watershed High Growth	Multi-sector listed securities and unlisted funds	Morningstar Aggressive Target Risk
Watershed Emerging Leaders	Australian shares	ASX Small Ordinaries Accumulation Index
Watershed Australian Share	Australian shares	ASX 200 Accumulation Index
Watershed Income	Australian listed fixed income	UBS Bank Bill Index



Name	Managed Account Portfolio type	Benchmark
Watershed International Share	International shares	MSCI World Index (excluding Australia)
YX Ball Conservative	Managed funds/listed investment vehicles	FE Analytics - ACS Mixed Asset Conservative
YX Ball Moderate	Managed funds/listed investment vehicles	FE Analytics - ACS Mixed Asset Moderate
YX Ball Balanced	Managed funds/listed investment vehicles	FE Analytics - ACS Mixed Asset Balanced
YX Ball Growth	Managed funds/listed investment vehicles	FE Analytics - ACS Mixed Asset Growth
YX Ball High Growth	Managed funds/listed investment vehicles	FE Analytics - ACS Mixed Asset Aggressive



**INVESTMENT MANAGERS**



**DNR Capital is an Australian investment management company that delivers client-focused, quality, investment solutions to institutions, advisers and individual investors.**

**Founded in 2001, DNR Capital specialises in the delivery of individually and separately managed accounts in the Australian market and aims to deliver investment out-performance to investors.**

**DNR Capital is a signatory to the Principles for Responsible Investment ('PRI').**



**JBWere provides a wide range of, advisory and wealth management services to a substantial and diversified client base. It seeks to be the adviser of choice for clients throughout Australasia and, through its financial networks, provide leading capabilities that extend to financial markets globally.**

**JBWere provides extensive services, across every major asset class, to many private clients throughout Australia and New Zealand.**

**The principles of integrity and dedicated client service, astute market knowledge and a commitment to excellence are ingrained in the firm's culture. These values, combined with quality research and investment products, make JBWere a trusted partner for many investors.**



**Lonsec Investment Solutions Pty (ABN 95 608 837 583) is a corporate authorised representative (CAR 1236821) of Lonsec Research Pty Ltd (ABN 11 151 658 561, AFSL 421 445). Lonsec believes in active management and seeks to add value by investing in a concentrated portfolio of quality companies trading at a reasonable price (QARP). The key elements of Lonsec's investment philosophy are:**

- quality stocks at a reasonable price (QARP)
- concentrated portfolios
- low turnover, and
- strong risk management.



**Founded in 1995, Private Portfolio Managers Pty Limited (PPM), is a privately owned boutique investment manager with a well-established track record of constructing concentrated Australian and Global equity portfolios for our clients and their financial advisers. Our investment objective is to grow our clients' portfolios over the long term using a disciplined & well researched investment process which seeks protection of capital with risk assessed tax effective returns. PPM offers Individually Managed Account (IMA) and Separately Managed Account (SMA) investment solutions across a number of broad investment strategies including balanced, income and growth style portfolios.**



**Established in 2009, Proactive Portfolios Pty Ltd (Proactive) specialises in the delivery of multi-asset class, multi-sector SMAs, and Managed Fund Model SMAs for financial advisers and their clients. Proactive is focused on investment portfolio solutions that meet the following needs:**

- Growing wealth and income faster than inflation in the long term.
- Managing short term capital instability caused by investment markets.



**Ralton Asset Management Limited is a boutique investment manager owned and operated by experienced investment professionals. It is a highly focused value manager with an investment philosophy and research-driven investment approach that has been developed over many years. And as one of Australia's only managers specialising in separately managed accounts, Ralton is able to combine active portfolio management with the best features of direct share ownership. The end result is a highly transparent and tax efficient investment portfolio professionally managed by Ralton.**



SG HISCOCK & COMPANY

**SG Hiscock (SGH)** was founded by Stephen Hiscock and 5 other principals in August 2001 and is 100% owned by staff and associates. The principals were formerly employed at National Asset Management (NAM), a subsidiary of National Australia Bank Limited. SGH has a range of funds and a mix of wholesale clients in Australia as well as a number of high net worth and retail clients.



**Watershed Funds Management (WFM)** is a specialist Separately Managed Account (SMA) Provider and has been a pioneer in the delivery of these portfolio solutions to financial advisers. WFM leverages the expertise of a highly credentialed investment team to form a global thematic view that determines asset class and sector allocations. Our investment committee structure differs for each SMA and is chaired by an individual with niche expertise and a proven track record for managing portfolios within that asset class. With a research process that is both rigorous and thorough we have been able to deliver strong historical returns across our full suite of SMAs.

An investment in a Watershed SMA provides professional and active investment management with full transparency of holdings, transactions and structure. Watershed seeks to form a collaborative relationship with advisers, actively communicating portfolio strategy in the current market environment so that advisers are better equipped to communicate with their clients.



**YX Ball Financial** provides wealth management and financial planning solutions to a diversified client base across Australia operating under its own AFSL. The YX Ball Financial advice team has been providing tailored strategies assisting clients for over 20 years. Utilising the 60+ years of cumulative financial advice and investment experience across the YX Ball Financial Investment Committee, portfolios are constructed in manner to diversify client exposure across asset classes.

YX Ball Financial offers exposure to some of Australia's leading active managers working in collaboration with external investment committee members and asset consultants to bring additional value to the investment process.



## MANAGED ACCOUNT MODEL PORTFOLIOS

### DNR Capital Australian Equities High Conviction

Benchmark	S&P/ASX 200 Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>ASX listed securities with a focus on the S&amp;P/ASX 200 Accumulation Index, and</li> <li>Cash and short term money market securities.</li> </ul>	
Investment objective	To outperform the S&P/ASX 200 Accumulation Index by 4% p.a. (before fees) over a rolling three year period.	
Investment strategy	<p>The model portfolio has an investment style best described as style neutral. The security selection process has a strong bottom-up discipline and focuses on buying quality companies at reasonable prices.</p> <p>Company research focuses on quality and valuation. DNR Capital uses a five point 'quality web' in which five quality factors are reviewed. The key criteria are as follows:</p> <ol style="list-style-type: none"> <li>Industry positioning to identify superior positioning, competitive advantage and ability to sustain returns.</li> <li>Earnings strength as determined by quantitative data scores based on factors such as a security's return on equity (ROE).</li> <li>Balance sheet strength as determined by quantitative data scores based on factors such as a security's net debt to equity ratio.</li> <li>A management score which is a subjective measure based on experience and extensive company meetings with weight given to those management teams with a history of good allocation of capital.</li> <li>An ESG score derived from the DNR Capital socially responsible assessment which utilises data from an external service provider as well as its own assessment. Key regard is made to tail risks that could impact valuation.</li> </ol> <p>Where the security passes this quality assessment then a range of valuation methodologies are used to identify value having regard for the industry and circumstances of the business.</p> <p>Having identified securities with attractive quality and value characteristics, consideration is given to risk characteristics such as the security and sector correlations of investments.</p> <p>The portfolio construction process is also influenced by a top-down economic appraisal. A range of economic indicators are reviewed regularly and these measures are used to formulate an economic overview which provides a backdrop to investment decision making and influences portfolio construction.</p>	
Designed for investors who	Have a long-term investment objective focused on achieving growth, with less focus on generating excess income. The investor is prepared to accept higher volatility in pursuit of higher growth.	
Number of shares	15 - 30	
Asset allocation ranges	ASX listed securities	80 - 98%
	Cash	2* - 20%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth asset allocation range	Defensive	2 - 20%
	Growth	80 - 98%
Single share limits	15% maximum	
Minimum investment horizon	5 years	
Standard Risk Measure	Very High	
Investment Management fee	0.80% p.a.	
Minimum investment	\$25,000	





## DNR Capital Australian Equities Income

Benchmark	S&P/ASX 200 Industrials Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>ASX listed securities with a focus on the S&amp;P/ASX 200 Industrials Index;</li> <li>Cash and short term money market securities.</li> </ul>	
Investment objective	The investment objective is to outperform the S&P/ASX 200 Industrials Accumulation Index and deliver higher levels of income than the S&P/ASX 200 Industrials Accumulation Index over a rolling three-year period.	
Investment strategy	<p>The model portfolio also has a preference for companies that have high and sustainable dividend capability, strong profit to cash conversion, and relatively assured earnings growth. Companies that generate franking credits predominate.</p> <p>The model portfolios style is best described as style neutral. The security selection process has a strong bottom-up discipline and focuses on buying quality companies at reasonable prices.</p> <p>Company research focuses on quality and valuation. DNR Capital uses a five point 'quality web' in which five quality factors are reviewed. The key criteria are as follows:</p> <ol style="list-style-type: none"> <li>Industry positioning to identify superior positioning, competitive advantage and ability to sustain returns.</li> <li>Earnings strength as determined by quantitative data scores based on factors such as a security's return on equity (ROE).</li> <li>Balance sheet strength as determined by quantitative data scores based on factors such as a security's net debt to equity ratio.</li> <li>A management score which is a subjective measure based on experience and extensive company meetings with weight given to those management teams with a history of good allocation of capital.</li> <li>An ESG score derived from the DNR Capital socially responsible assessment which utilises data from an external service provider as well as its own assessment. Key regard is made to tail risks that could impact valuation.</li> </ol> <p>The focus on yield is on the portfolio as a whole. DNR Capital focuses on a growing, sustainable dividend yield above the market.</p> <p>Where the security passes this quality assessment then a range of valuation methodologies are used to identify value having regard for the industry and circumstances of the business.</p> <p>Having identified securities with attractive quality and value characteristics, consideration is given to risk characteristics such as the security and sector correlations of investments.</p> <p>The portfolio construction process is also influenced by a top-down economic appraisal. A range of economic indicators are reviewed regularly and these measures are used to formulate an economic overview which provides a backdrop to investment decision making and influences portfolio construction.</p>	
Designed for investors who	Seek a greater level of income than the S&P/ASX 200 Industrials Accumulation Index and who can make use of franking credits.	
Number of shares	15 - 30	
Asset allocation ranges	ASX listed securities	80 - 98%
	Cash	2* - 20%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 20%
	Growth	80 - 98%
Single share limits	15% maximum	
Minimum investment horizon	5 years	
Standard Risk Measure	Very High	
Investment Management fee	0.80% p.a.	
Minimum investment	\$25,000	



## DNR Capital Australian Listed Property Trust

Benchmark	S&P/ASX 200 A-REIT Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>ASX listed securities with a focus on S&amp;P/ASX 200 A-REITs; and</li> <li>Cash and short term money market securities.</li> </ul>	
Investment objectives	The investment objective is to outperform the S&P/ASX 200 A-REIT Accumulation Index by 4% p.a. over a rolling 3 year period.	
Investment strategy	<p>DNR Capital believes that patient capital will prosper as quality LPT's will exhibit superior dividend and capital growth and thus outperform as the market ascribes them a premium.</p> <p>The investment process uses a combination of 'bottom up' stock selection with a 'top down' overlay. The bottom up stock selection process will favour stocks with the following characteristics:</p> <ul style="list-style-type: none"> <li>Strong underlying assets – DNR Capital believe higher quality assets will outperform through the business cycle both in terms of capital appreciation and yield growth.</li> <li>Low to medium debt levels – DNR Capital invests in securities where the debt profile is appropriate given the quantum and nature of cash flow produced from the underlying portfolio.</li> <li>High quality management with a strong track record of delivering asset and share price performance.</li> <li>Stable portfolio investment strategy - DNR Capital believes a changing asset mix can be a signal of problems or poor management.</li> <li>DNR Capital follows a range of economic indicators that are reviewed regularly from a top down portfolio perspective. These measures are used to formulate an economic overview which provides a backdrop to investment decision making and influences portfolio construction.</li> </ul>	
Designed for investors who	Seek an active but disciplined exposure to Australian Listed Property Trusts over the medium to long term.	
Number of shares	4 - 8	
Asset allocation ranges	ASX listed securities	80 - 98%
	Cash	2* - 20%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 20%
	Growth	80 - 98%
Single Share limits	35% maximum	
Minimum investment horizon	5 years	
Standard Risk Measure	Very High	
Investment management fee	0.968% p.a.	
Minimum investment	\$25,000	



## JBWere Intermediary Income

Benchmark	S&P/ASX 200 Accumulation Index	
Investment universe	Selected shares researched by JBWere listed in the S&P/ASX 200 Accumulation Index.	
Investment objectives	<ul style="list-style-type: none"> <li>To enhance the value of investment capital by generating combined capital and income returns that exceed the rate of inflation over the longer term (5 years plus).</li> <li>To produce a consistent income stream, with a dividend yield greater than that of the S&amp;P/ASX 200 Accumulation Index.</li> <li>To deliver enhanced after-tax returns relative to the benchmark by maintaining a franking level higher than the S&amp;P/ASX 200 Accumulation Index and implementing a low turnover of portfolio Shares.</li> </ul>	
Investment strategy	<p>Share selection and portfolio construction aims to be defensive in nature, aiming to deliver a low-beta exposure (Beta&lt;1) to the Australian market (that is a portfolio which is less volatile than the benchmark).</p> <p>Reflecting the defensive nature and focus on delivering a consistent income stream, the portfolio is likely to have a greater component of income relative to capital gain in comparison to the S&amp;P/ASX 200 Accumulation Index.</p>	
Designed for investors who	Want access to consistent income streams with a portfolio yield greater than the benchmark.	
Number of shares	15 - 25	
Asset allocation ranges	ASX listed securities	90 - 98%
	Cash	2* - 10%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	0 - 10%
	Growth	90 - 100%
Single share limits	Individual share holdings limited to 10% of company's issued capital.	
Minimum investment horizon	At least 5 years	
Standard Risk Measure	High	
Investment management fee	0.55% p.a.	
Minimum investment	\$25,000	



## JBWere Listed Fixed Income

Benchmark	Benchmark unaware								
Investment universe	Listed ASX securities  Selected ASX listed bonds, hybrids and convertible notes/bonds researched by JBWere. While the portfolio aims to be fully invested at all times, a short-term allocation to cash may occur.								
Investment objectives	<p>Within the investable universe of ASX listed fixed income instruments, to construct a relatively defensive portfolio that aims to:</p> <ul style="list-style-type: none"> <li>• Have a capital preservation focus and one exhibiting a low level of capital and earnings volatility</li> <li>• Adequately reward the investor for the credit, market and liquidity risk assumed</li> <li>• Provide a steady and secure income stream</li> <li>• Provide a solid absolute return that represents a premium to rates earned on term deposits</li> <li>• Be liquid enough to ensure sufficient investing flexibility.</li> </ul>								
Investment strategy	<p>To ensure the best opportunity to meet the portfolio's objectives JBWere focuses on the following investment selection criteria:</p> <ul style="list-style-type: none"> <li>• Investment grade credit quality</li> <li>• The expected level and reliability of coupon payments</li> <li>• Adequacy of the trading margin</li> <li>• The liquidity of the issue</li> <li>• The visibility of maturity or a value enhancing event (step-up, reset) that would likely trigger capital appreciation.</li> </ul> <p>Reflective of its focus as a defensive investment the portfolio is not expected to be a heavily-traded portfolio. Moreover, the general approach is to hold instruments to maturity; however, portfolio changes will be made in response to developments including:</p> <ul style="list-style-type: none"> <li>• Changes in JBWere's tactical view</li> <li>• Adverse changes in the credit quality of individual issuers or instruments</li> <li>• Redemptions</li> <li>• Compelling relative value opportunities.</li> </ul>								
Designed for investors who	Are looking for a well-researched, transparent and defensive-orientated fixed income portfolio.								
Number of instruments	Typically, 8 - 20								
Asset allocation ranges	<table border="0"> <tr> <td>Bonds</td> <td>0 - 100%</td> </tr> <tr> <td>Hybrids</td> <td>0 - 100%</td> </tr> <tr> <td>Convertible notes/bonds</td> <td>0 - 25%</td> </tr> <tr> <td>Cash</td> <td>2* - 15%</td> </tr> </table> <p>* Cash may fall below this level but will be restored on rebalancing</p>	Bonds	0 - 100%	Hybrids	0 - 100%	Convertible notes/bonds	0 - 25%	Cash	2* - 15%
Bonds	0 - 100%								
Hybrids	0 - 100%								
Convertible notes/bonds	0 - 25%								
Cash	2* - 15%								
Single instrument limits	Maximum 15% of the portfolio's total exposure to a single instrument.								
Minimum investment horizon	3 - 5 years								
Investment management fee	0.55% p.a.								
Minimum investment	\$25,000								



## Lonsec Core

Benchmark	S&P/ASX 200 Accumulation Index				
Investment universe	ASX 200 stocks				
Investment objectives	To deliver strong returns above benchmark, over the medium to long term, by investing in a diversified portfolio of “blue-chip” companies.				
Investment strategy	Economic and Industry fundamentals are given equal weight to Company fundamentals. Once desired industries are identified, then quality companies trading at a reasonable price are selected within each industry. Portfolios are concentrated between 10-25 stocks and turnover is low. Risks are mitigated by portfolio rules, risk metrics, team experience and stock filters.				
Designed for investors who want	<ul style="list-style-type: none"> <li>• Capital growth</li> <li>• A reasonable yield</li> <li>• A portfolio of large cap companies</li> <li>• To invest for at least 3 years</li> </ul>				
Number of instruments	10-25				
Asset allocation ranges	<table border="0"> <tr> <td>ASX listed securities</td> <td>95 – 98%</td> </tr> <tr> <td>Cash</td> <td>2* – 10%</td> </tr> </table> <p>* Cash may fall below this level but will be restored on rebalancing</p>	ASX listed securities	95 – 98%	Cash	2* – 10%
ASX listed securities	95 – 98%				
Cash	2* – 10%				
Single instrument limits	<p>Maximum 15% exposure to a single company</p> <p>Minimum diversification of 8 GICS industries</p>				
Minimum investment horizon	3 - 5 years				
Investment management fee	0.55% p.a.				
Minimum investment	\$25,000				



## PPM Global Equities Growth

Benchmark	MSCI World Developed ex Australia (AUD)	
Investment universe	Securities listed on the major global equity markets (US, UK, Europe, Japan and Hong Kong and other developed OECD countries).	
Investment objectives	PPM Global Equities Growth SMA seeks to achieve a total return of 10%-12% over a long term cycle.	
Investment strategy	PPM Global Equities Growth Model is an actively managed, concentrated portfolio of global equities. The investment strategy is to identify global companies and industries that will benefit from emerging investment themes that offer superior earnings growth prospects over a 5 year term. The SMA is constructed without consideration for index weighting and with a strong focus on preserving capital and effectively managing tax outcomes.	
Designed for investors who	<p>The PPM Global Equities Growth SMA is designed for investors who:</p> <ul style="list-style-type: none"> <li>• Require exposure to a portfolio of quality global companies;</li> <li>• Seek long term investment growth in a tax effective manner; and</li> <li>• Have long-term investment horizon of at least five years and accept the risk of price fluctuations during that period.</li> </ul>	
Risks	<p>In addition to the risks outlined in the Service Guide, the following risks should be considered for investing in this international portfolio:</p> <ul style="list-style-type: none"> <li>• <b>Currency risk</b> – The offshore investments held in the Portfolio are exposed to risks associated with movements in foreign exchange rates. The portfolio will not be hedged. Therefore, investors will be subject to the impact of movements in foreign currency exchange rates.</li> <li>• <b>Concentration risk</b> – The Portfolio is a relatively concentrated portfolio of generally between 20-25 companies. The Portfolio could be exposed to a particular sector that may be subject to problems or demand/supply imbalances. On some occasions, the Portfolio could hold a substantial position in a particular company (as much as 10%). As a consequence, the Portfolio's return may experience greater volatility than broad market indices. Performance of the Portfolio therefore may differ from and could underperform or outperform broad cap equity benchmarks over time.</li> </ul>	
Number of shares	20 - 25 securities	
Single share limits	10% of portfolio	
Asset allocation ranges	Global Equities (ex Australia)	70 - 98%
	Cash	2 - 30%
Minimum investment horizon	5 years plus	
Investment management fee	0.85% p.a.	
Minimum investment	\$50,000	



## Proactive Portfolios Balanced

Benchmark	A composite index comprising: <ul style="list-style-type: none"> <li>• 35% S&amp;P ASX 200 accumulation Index</li> <li>• 20% MSCI World (ex Australia) accumulation index</li> <li>• 10% S&amp;P ASX 200 AREITS accumulation index</li> <li>• 35% Custodian Cash Rate</li> </ul>	
Investment universe	ASX listed securities and cash (no derivatives or IPOs)	
Investment objective	To provide returns from a diversified portfolio that exceed the multi-sector balanced benchmark consistently over rolling 5 year periods.	
Investment strategy	<p>The Portfolio invests in securities listed on the ASX as well as Cash, diversified across the following asset classes:</p> <ul style="list-style-type: none"> <li>• Australian equities – via a direct portfolio of shares and Exchange Traded Funds using inputs from leading Australian Equities researchers and fund managers</li> <li>• International equities – via a portfolio of Exchange Traded Funds and Listed Investment Companies, which invest in international markets</li> <li>• Property Securities - via Exchange Traded Funds, which invest in property securities</li> <li>• Cash &amp; Fixed interest</li> </ul> <p>Significant shifts in asset allocation will be made based on where to find the best value over a three to five-year time period</p>	
Designed for investors who	Want to achieve sound medium to longer term returns and value added with moderate year to year volatility in returns	
Number of securities	Minimum 15	
Asset allocation ranges	ASX listed securities	0 - 55%
	International shares	0 - 40%
	Property securities	0 - 25%
	Cash and fixed interest	20 - 100%
Defensive vs Growth Asset Allocation Range	Defensive	20 - 100%
	Growth	0 - 80%
Single share limits	Maximum of 10% of Portfolio in any single share	
Minimum investment horizon	5 years	
Standard Risk Measure	Medium - High	
Investment Management fee	0.68% p.a.	
Indirect Cost Ratio	0.16% p.a.	
Minimum investment	\$25,000	



## Proactive Portfolios Conservative

Benchmark	<p>A composite index comprising:</p> <ul style="list-style-type: none"> <li>• 15% S&amp;P ASX 200 accumulation Index</li> <li>• 10% MSCI World (ex Australia) accumulation index</li> <li>• 10% S&amp;P ASX 200 AREITS accumulation index</li> <li>• 65% Custodian Cash Rate</li> </ul>	
Investment universe	ASX listed securities and cash (no derivatives or IPOs)	
Investment objective	<p>To provide competitive total returns from income and growth from a portfolio of assets which are diversified across Australian and International shares, Property Securities and Cash and Fixed Interest. The aim is to outperform the multi-sector conservative benchmark consistently over rolling 5 year periods.</p>	
Investment strategy	<p>The Portfolio invests in securities listed on the ASX as well as Fixed Interest and Cash to provide asset allocation to the following asset classes:</p> <ul style="list-style-type: none"> <li>• Australian equities – via a direct portfolio of shares and Exchange Traded Funds using inputs from an Expert Investment Panel including leading researchers and fund managers</li> <li>• International equities – via a portfolio International equities – via a portfolio of specialist Exchange Traded Funds</li> <li>• Property Securities - via a portfolio of specialist Exchange Traded Funds</li> <li>• Cash &amp; Fixed interest.</li> </ul> <p>The asset allocation across the four asset classes is then managed using the Proactive Portfolios Asset Allocation Process. From time to time significant shifts in asset allocation will be made based on the assessment of where to find the best value using a three to five-year planning horizon. The operating ranges for asset allocation are very wide and allow for very low or very high allocations to equities to allow the best overall strategy to be used in the interests of investors where market prices have moved to extreme levels.</p>	
Designed for investors who	Want to achieve moderate medium to longer term returns with lower year to year volatility in returns	
Number of securities	Minimum 15	
Asset allocation ranges	Australian shares	0 - 25%
	International shares	0 - 15%
	Property securities	0 - 20%
	Cash and fixed interest	40 - 100%
Defensive vs Growth Asset Allocation Range	Defensive	40 - 100%
	Growth	0 - 60%
Single share limits	Maximum of 10% of Portfolio in any single share	
Minimum investment horizon	5 years	
Standard Risk Measure	Medium	
Investment Management fee	0.68% p.a.	
Indirect Cost Ratio	0.09% p.a.	
Minimum investment	\$25,000	





## Proactive Portfolios Growth

Benchmark	A composite index comprising: <ul style="list-style-type: none"> <li>• 40% S&amp;P ASX 200 accumulation Index</li> <li>• 25% MSCI World (ex Australia) accumulation index</li> <li>• 10% S&amp;P ASX 200 AREITS accumulation index</li> <li>• 25% Custodian Cash Rate</li> </ul>	
Investment universe	ASX listed securities and cash (no derivatives or IPOs)	
Investment objective	To provide returns from a diversified portfolio that exceed the multi-sector growth benchmark consistently over rolling 5 year periods.	
Investment strategy	<p>The Portfolio invests in securities listed on the ASX as well as Cash, diversified across the following asset classes:</p> <ul style="list-style-type: none"> <li>• Australian equities – via a direct portfolio of shares and Exchange Traded Funds using inputs from leading Australian Equities researchers and fund managers</li> <li>• International equities – via a portfolio of Exchange Traded Funds and Listed Investment Companies, which invest in international markets</li> <li>• Property Securities - via Exchange Traded Funds, which invest in property securities</li> <li>• Cash &amp; Fixed interest</li> </ul> <p>Significant shifts in asset allocation will be made based on where to find the best value over a three to five-year time period.</p>	
Designed for investors who	Want to achieve sound medium to longer term returns with some growth and value added but subject to more significant year to year volatility	
Number of securities	Minimum 15	
Asset allocation ranges	ASX listed securities	0 - 60%
	International shares	0 - 45%
	Property securities	0 - 25%
	Cash and fixed interest	5 - 100%
Defensive vs Growth Asset Allocation Range	Defensive	5 - 100%
	Growth	0 - 95%
Single share limits	Maximum of 15% of Portfolio in any single share	
Minimum investment horizon	5 years	
Standard Risk Measure	High	
Investment Management fee	0.68% p.a.	
Indirect Cost Ratio	0.20% p.a.	
Minimum investment	\$25,000	



## Proactive Portfolios High Growth

Benchmark	A composite index comprising: <ul style="list-style-type: none"> <li>• 45% S&amp;P ASX 200 accumulation Index</li> <li>• 35% MSCI World (ex Australia) accumulation index</li> <li>• 10% S&amp;P ASX 200 AREITS accumulation index</li> <li>• 10% Custodian Cash Rate</li> </ul>	
Investment universe	ASX listed securities and cash (no derivatives or IPOs)	
Investment objective	To provide returns from a diversified portfolio that exceed the multi-sector high growth benchmark consistently over rolling 5 year periods.	
Investment strategy	<p>The Portfolio invests in securities listed on the ASX as well as Cash, diversified across the following asset classes:</p> <ul style="list-style-type: none"> <li>• Australian equities – via a direct portfolio of shares and Exchange Traded Funds using inputs from leading Australian Equities researchers and fund managers</li> <li>• International equities – via a portfolio of Exchange Traded Funds and Listed Investment Companies, which invest in international markets</li> <li>• Property Securities - via Exchange Traded Funds, which invest in property securities</li> <li>• Cash &amp; Fixed interest.</li> </ul> <p>Significant shifts in asset allocation will be made based on where to find the best value over a three to five-year time period.</p>	
Designed for investors who	Want to achieve more growth oriented medium to longer term returns and value added but subject to higher year to year volatility	
Number of securities	Minimum 15	
Asset allocation ranges	ASX listed securities	0 - 70%
	International shares	0 - 55%
	Property securities	0 - 25%
	Cash and fixed interest	2* - 100%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 100%
	Growth	0 - 98%
Single share limits	Maximum of 15% of Portfolio in any single share	
Minimum investment horizon	5 years	
Standard Risk Measure	Very High	
Investment Management fee	0.68% p.a.	
Indirect Cost Ratio	0.25% p.a.	
Minimum investment	\$25,000	



## Proactive Portfolios Income

Benchmark	Custodian Cash Rate	
Investment universe	ASX listed securities and cash (no derivatives or IPOs)	
Investment objective	To protect the capital value of the assets and consistently add value over the short term cash rate where possible.	
Investment strategy	<p>The Portfolio invests primarily in cash and fixed interest securities but it may allocate up to 10% of the assets to Australian shares listed on the ASX.</p> <p>The allocation to Australian equities will be via a direct portfolio of shares using inputs from an Expert Investment Panel including leading researchers and fund managers then combining the inputs using the Proactive Portfolios Portfolio Construction Process.</p> <p>The asset allocation between Cash and Fixed Interest and Australian equities is managed using the Proactive Portfolios Asset Allocation Process. From time to time shifts in asset allocation will be made based on the assessment of where to find the best value using a three to five year planning horizon to allow the best overall strategy to be used in the interests of investors where market prices have moved to extreme levels.</p>	
Designed for investors who	Want to achieve firstly preserved capital value and then earn sound medium to longer term returns with low year to year volatility in returns	
Number of securities	Minimum 3	
Asset allocation ranges	Australian shares	0 - 10%
	Cash and fixed interest	90 - 100%
Defensive vs Growth Asset Allocation	Defensive	90 - 100%
	Growth	0 - 10%
Single share limits	Maximum of 30% of Portfolio in any single share	
Minimum investment horizon	1-5 years	
Standard Risk Measure	Low to Medium	
Investment Management fee	0.68% p.a.	
Indirect Cost Ratio	0.03% p.a.	
Minimum investment	\$25,000	



## Ralton Australian Shares

Benchmark	S&P/ASX 300 Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>• Companies that are listed or are about to be listed on the ASX at the time of purchase.</li> <li>• Hybrid debt, convertible securities and other types of securities are allowable if listed on the ASX and issued by a qualifying company.</li> </ul> <p>Note: Excluded investments include: derivatives, unlisted securities and foreign listed securities.</p>	
Investment objectives	<p>To provide investors with long-term capital growth from a concentrated portfolio of ASX listed securities, and some tax-effective income.</p> <p>To maximise total investment returns from its universe of shares over periods of 5 years or longer regardless of the overall level and direction of the market, while at the same time seeking to minimise the risk of investment capital loss.</p>	
Investment strategy	To invest in quality companies that are assessed as likely to provide investors with attractive long term returns, and at the time of purchase are listed, or are about to be listed, on the ASX.	
Designed for investors who	<ul style="list-style-type: none"> <li>• Seek long term capital growth from a concentrated portfolio of ASX listed securities, with some tax-effective income.</li> <li>• Expect consistent above market returns.</li> <li>• Have a long term investment horizon of at least five years and accept the risk of significant price fluctuations.</li> </ul>	
Number of shares	Generally 20 - 35	
Asset allocation ranges	ASX listed securities	90 - 98%
	Cash	2* - 10%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 10%
	Growth	90 - 98%
Single share limits	Limited to 10% of a company's issued capital.	
Minimum investment horizon	At least 5 years	
Standard Risk Measure	Very High	
Investment management fee	0.75% p.a.	
Minimum investment	\$25,000	



## Ralton High Yield Australian Shares

Benchmark	S&P/ASX 300 Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>ASX listed companies that are either Included in the S&amp;P/ASX 300 Index, or one of the largest 300 companies by market capitalisation.</li> <li>Hybrid debt, convertible securities and other types of securities are allowable if listed on the ASX and issued by a qualifying company.</li> </ul> <p>Note: Excluded investments include: derivatives, unlisted securities and foreign listed securities.</p>	
Investment objectives	<p>To provide investors with a tax-efficient and growing cash dividend yield and long-term capital growth.</p> <p>To maximise total investment returns from its universe of shares over periods of 5 years or longer regardless of the overall level and direction of the market, while at the same time seeking to minimise the risk of investment capital loss.</p>	
Investment strategy	<p>To invest in quality ASX listed companies that are assessed as likely to provide investors with attractive long-term returns (capital growth plus above average yield and franking), and at the time of purchase are either included in the S&amp;P/ASX 300 Index or are one of Australia's largest 300 companies based on market capitalisation.</p>	
Designed for investors who	<ul style="list-style-type: none"> <li>Seek tax-efficient cash dividend yields, and long-term capital growth from a concentrated portfolio of ASX listed securities.</li> <li>Seek total returns, independent of the overall level and direction of the market.</li> <li>Have a long term investment horizon of at least five years and accept the risk of significant price fluctuations.</li> </ul>	
Number of shares	Generally 20 - 35	
Asset allocation ranges	ASX listed securities	90 - 98%
	Cash	2* - 10%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 10%
	Growth	90 - 98%
Single share limits	Limited to 10% of a company's issued capital.	
Minimum investment horizon	At least 5 years	
Standard Risk Measure	Very High	
Investment management fee	0.75% p.a.	
Minimum investment	\$25,000	



## Ralton Leaders

Benchmark	S&P/ ASX 100 Accumulation Index	
Investment universe	<p>ASX listed companies that are either:</p> <ul style="list-style-type: none"> <li>• included in the S&amp;P/ASX 100 Index, or</li> <li>• in the top 100 by market capitalisation</li> <li>• Hybrid debt, convertible securities and other types of securities are allowable if listed on the ASX and issued by a qualifying company.</li> </ul> <p>Note: Excluded investments include: derivatives, unlisted securities and foreign listed securities.</p>	
Investment objectives	<p>To provide investors with long-term capital growth and tax-effective income from a portfolio of blue-chip ASX listed securities.</p> <p>The portfolio aims to deliver returns that are consistently above the S&amp;P/ASX 100 Accumulation Index over a three to five year period.</p>	
Investment strategy	<p>To invest in quality larger capitalisation companies that are assessed as likely to provide investors with attractive long-term returns relative to the Index, and at the time of purchase are either included in the S&amp;P/ASX 100 Index or are one of Australia's largest 100 companies based on market capitalisation.</p>	
Designed for investors who	<p>Seek long-term capital growth and tax-effective income from a portfolio of larger and more liquid ASX listed securities;</p> <p>Seek longer-term above market returns; and</p> <p>Have a long-term investment horizon of at least three to five years and accept the risk of significant price fluctuations.</p>	
Number of shares	Generally 25 - 40	
Asset allocation ranges	ASX listed securities	90 - 98%
	Cash	2* - 10%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 10%
	Growth	90 - 98%
Single share limits	Limited to 10% of a company's issued capital.	
Minimum investment horizon	7 years	
Standard Risk Measure	Very High	
Investment management fee	0.65% p.a.	
Minimum investment	\$25,000	



## Ralton Smaller Companies

Benchmark	S&P/ ASX Small Ordinaries Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>Companies that are listed or are about to be listed on the ASX, and are not included in the S&amp;P/ASX 50 Index at the time of purchase.</li> <li>Hybrid debt, convertible securities and other types of securities are allowable if listed on the ASX and issued by a qualifying company.</li> </ul> <p>Note: Excluded investments include: derivatives, unlisted securities and foreign listed securities.</p>	
Investment objectives	<p>To provide investors with long-term capital growth from a concentrated portfolio of smaller capitalisation ASX listed securities and some tax-effective income.</p> <p>To maximise total investment returns from its universe of shares over periods of 5 years or longer regardless of the overall level and direction of the market, while at the same time seeking to minimise the risk of investment capital loss.</p>	
Investment strategy	To invest in quality smaller capitalisation companies that are assessed as likely to provide investors with attractive long-term returns, and at the time of purchase are listed, or about to be listed, on the ASX and not included in the S&P/ASX 100 Index.	
Designed for investors who	<ul style="list-style-type: none"> <li>Seek long-term capital growth from a concentrated portfolio of ASX listed securities chosen from smaller ASX capitalisation shares, with some tax-effective income;</li> <li>Seek total returns, independent of the overall level and direction of the market; and</li> <li>Have a long-term investment horizon of at least five years and accept the risk of significant price fluctuations.</li> </ul>	
Number of shares	Generally 25 - 40	
Asset allocation ranges	ASX listed securities	85 - 98%
	Cash	2* - 15%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 15%
	Growth	85 - 98%
Single share limits	Limited to 10% of a company's issued capital.	
Minimum investment horizon	At least 5 years	
Standard Risk Measure	Very High	
Investment management fee	0.85% p.a.	
Minimum investment	\$25,000	



## SG Hiscock 20

Benchmark	S&P/ASX 300 Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>All shares listed on the ASX</li> <li>IPO's that will be listed on the ASX.</li> </ul> Note: Excluded investments include derivatives.	
Investment objectives	To provide long term capital growth and a growing income stream in excess of the S&P/ ASX 300 Accumulation Index (after fees) over rolling five-year periods. To outperform the UBS Bank Bill Index per annum over a rolling five year period (before fees).	
Investment strategy	SGH invests in a portfolio of approximately 20 shares that are listed, or due to be listed within the next six months on the ASX. <p>Between 80% and 100% exposure to ASX listed securities.</p> <p>Generally, no more than 10% of the market value of the portfolio shall be held in any one company, but this can rise to a maximum of 15% if there is a takeover or a significant share price rise.</p> <p>Generally, no more than 5% of the issued capital of a company shall be held.</p>	
Designed for investors who	<ul style="list-style-type: none"> <li>Seek exposure to a concentrated portfolio of high-quality shares listed on the ASX.</li> <li>Are willing to accept volatile returns over the short term in order to achieve the longer term objectives.</li> </ul>	
Number of shares	15 - 25	
Asset allocation ranges	ASX listed securities	80 - 98%
	Cash	2* - 20%
	* Cash may fall below this level but will be restored on rebalancing	
Defensive vs Growth Asset Allocation Range	Defensive	2 - 20%
	Growth	80 - 98%
Share limits	N/A	
Minimum investment horizon	5 years	
Standard Risk Measure	Very High	
Investment management fee	0.935% p.a.	
Minimum investment	\$25,000	





## Watershed Balanced

Benchmark	Morningstar Moderate Target Risk			
Investment universe	The Portfolio will invest in a range of Separately Managed Accounts (both ASX Listed and Internationally Listed) and managed funds			
Investment objectives	To generate a return 2-3% over the benchmark over a 5 year period.			
Investment strategy	<p>The Portfolio invests in SMA's and managed funds covering all asset classes. Taking a top-down macro-economic approach to asset allocation and stock selection combined with bottom-up fundamental share analysis the manager seeks to isolate the optimum allocation to both asset class and individual share holdings.</p> <p>The international equities component will be invested in SMAs that will target 50% in Exchange Traded Funds and 50% in direct securities. The manager may use up to 100% of the international allocation in either.</p> <p>The operating ranges for asset allocation are broad and allow for low or high allocations to asset classes so as to provide the optimum outcome for investors in all market environments.</p>			
Designed for investors who	Want to achieve sound medium to longer term returns whilst taking on moderate risk.			
Asset allocation ranges		<b>Min</b>	<b>Max</b>	<b>Target</b>
	Cash	2%*	60%	5%
	Fixed Income	0%	60%	35%
	Alternative Assets	0%	15%	0%
	<b>Defensive Assets</b>	20%	80%	40%
	Listed Property	0%	10%	5%
	Australian Equities	10%	80%	30%
	International Equities	0%	60%	25%
	<b>Growth Assets</b>	20%	80%	60%
	* Cash may fall below this level but will be restored on rebalancing			
Minimum investment horizon	At least 5 years			
Investment management fee	0.55% p.a.			
Indirect Cost Ratio	0.07% p.a.			
Minimum investment	\$200,000			



## Watershed Conservative

Benchmark	Morningstar Conservative Target Risk		
Investment universe	The Portfolio will invest in a range of Separately Managed Accounts (both ASX Listed and Internationally Listed) and managed funds		
Investment objectives	To generate a return 2% over the benchmark over a 5 year period.		
Investment strategy	<p>The Portfolio invests in SMA's and managed funds covering all asset classes. Taking a top-down macro-economic approach to asset allocation and stock selection combined with bottom-up fundamental share analysis the manager seeks to isolate the optimum allocation to both asset class and individual share holdings.</p> <p>The international equities component will be invested in an SMA that comprises Exchange Traded Funds.</p> <p>The operating ranges for asset allocation are broad and allow for low or high allocations to asset classes so as to provide the optimum outcome for investors in all market environments.</p>		
Designed for investors who	Want to achieve sound medium to longer term returns with moderate to minimal risk.		
Asset allocation ranges		<b>Min</b>	<b>Max</b>
		<b>Target</b>	
	Cash	2%*	80%
	Fixed Income	0%	80%
	Alternative Assets	0%	15%
	<b>Defensive Assets</b>	40%	80%
	Listed Property	0%	10%
	Australian Equities	0%	60%
	International Equities	0%	40%
	<b>Growth Assets</b>	20%	60%
			40%
	* Cash may fall below this level but will be restored on rebalancing		
Minimum investment horizon	At least 5 years		
Investment management fee	0.55% p.a.		
Indirect Cost Ratio	0.04% p.a.		
Minimum investment	\$150,000		



## Watershed Growth

Benchmark	Morningstar Moderately Aggressive Risk			
Investment universe	The Portfolio will invest in a range of Separately Managed Accounts (both ASX Listed and Internationally Listed) and managed funds			
Investment objectives	To generate a return 3% over the benchmark over a 5 year period.			
Investment strategy	<p>The Portfolio invests in SMA's and managed funds covering all asset classes. Taking a top-down macro-economic approach to asset allocation and stock selection combined with bottom-up fundamental share analysis the manager seeks to isolate the optimum allocation to both asset class and individual share holdings.</p> <p>The international equities component will be invested in SMAs that will target 50% in Exchange Traded Funds and 50% in direct securities. The manager may use up to 100% of the international allocation in either.</p> <p>The operating ranges for asset allocation are broad and allow for low or high allocations to asset classes so as to provide the optimum outcome for investors in all market environments.</p>			
Designed for investors who	Want to achieve higher medium to longer term returns whilst comfortable taking on higher than moderate risk levels.			
Asset allocation ranges		<b>Min</b>	<b>Max</b>	<b>Target</b>
	Cash	2%*	30%	2%
	Fixed Income	0%	40%	18%
	Alternative Assets	0%	15%	0%
	<b>Defensive Assets</b>	10%	70%	20%
	Listed Property	0%	10%	5%
	Australian Equities	15%	90%	40%
	International Equities	0%	75%	35%
	<b>Growth Assets</b>	30%	90%	80%
	* Cash may fall below this level but will be restored on rebalancing			
Minimum investment horizon	At least 5 years			
Investment management fee	0.55% pa			
Indirect Cost Ratio	0.09% p.a. of the investment value of the Managed Account Model Portfolios.			
Minimum investment	\$150,000			



## Watershed High Growth

Benchmark	Morningstar Aggressive Target Risk		
Investment universe	The Portfolio will invest in a range of Separately Managed Accounts (both ASX Listed and Internationally Listed) and managed funds		
Investment objectives	To generate a return 5% over the benchmark over a 5 year period.		
Investment strategy	<p>The Portfolio invests in SMA's and managed funds covering all asset classes. Taking a top-down macro-economic approach to asset allocation and stock selection combined with bottom-up fundamental share analysis the manager seeks to isolate the optimum allocation to both asset class and individual share holdings.</p> <p>The operating ranges for asset allocation are broad and allow for low or high allocations to asset classes so as to provide the optimum outcome for investors in all market environments.</p>		
Designed for investors who	Want to achieve higher medium to longer term returns whilst comfortable taking on high levels of risk.		
Asset allocation ranges		<b>Min</b>	<b>Max</b>
		<b>Target</b>	
	Cash	2%*	40%
	Fixed Income	0%	40%
	Alternative Assets	0%	15%
	<b>Defensive Assets</b>	2%	60%
	Listed Property	0%	10%
	Australian Equities	20%	88%
	International Equities	10%	78%
	<b>Growth Assets</b>	40%	98%
			90%
	* Cash may fall below this level but will be restored on rebalancing		
Minimum investment horizon	At least 5 years		
Investment management fee	0.55% pa		
Indirect Cost Ratio	0.12% p.a. of the investment value of the Managed Account Model Portfolios.		
Minimum investment	\$150,000		



## Watershed Emerging Leaders

Benchmark	ASX Small Ordinaries Accumulation Index	
Investment universe	ASX ex-100 but greater than 100M in Market Capitalisation	
Investment objectives	To outperform the Small Ordinaries Accumulation Index over the medium to longer term (three to five years) by 2-3%	
Investment strategy	<p>The SMA strategy is to identify, and invest in, mispriced listed companies using a fundamental “bottom-up” stock picking approach.</p> <p>Watershed recognises that investment markets are regularly inefficient with regard to the appropriate market pricing of securities, particularly within the market for smaller to mid-cap listed companies. Generally, companies outside the S&amp;P/ASX 100 are not as comprehensively researched as the larger companies. Further, given that many of these smaller companies are typically at the earlier stages of their growth cycle (i.e. emerging growth companies), they are often not fully understood nor appropriately priced by the market relative to their true growth prospects.</p> <p>Watershed’s investment philosophy recognises the existence of pricing inefficiencies, and is focused on conducting in-depth research to identify, appropriately value, and invest in undervalued companies. All investments must offer a clear path (i.e. catalyst) for a positive re-rating to occur, and thereby support favourable investment outcomes.</p>	
Designed for investors who	Are seeking capital growth with a medium to longer term investment horizon (3-5 years).	
Number of shares	15-30	
Asset allocation ranges	Biotechnology stocks	Not included
	Financials	0% - 30%
	Retail	0% - 25%
	Telecommunications	0% - 20%
	Information technology	0% - 20%
	Healthcare	0% - 15%
	Media	0% - 15%
	Materials	0% - 15%
	Resources	0% -10%
Single share limits	8%	
Minimum investment horizon	3 - 5 years	
Investment management fee	0.66% p.a.	
Minimum investment	\$25,000	



## Watershed Australian Share

Benchmark	ASX 200 Accumulation Index	
Investment universe	<ul style="list-style-type: none"> <li>• Cash</li> <li>• S&amp;P/ASX 200</li> <li>• ASX-listed Exchange Traded Funds (ETFs)</li> </ul>	
Investment objectives	<p>The main objective of the Australian Share Portfolio is to provide market-leading returns over the medium to long term from a concentrated portfolio of Australian “blue chip” shares, aiming to deliver an investment return (after fees) that outperforms the S&amp;P/ASX200 Accumulation Index over a rolling three-year period.</p>	
Investment strategy	<p>The manager believes that macro-economic cycles drive the majority of share price performance, both short and long term. Recognising that economic cycles have major implications on the volatility of corporate earnings across industries, it seeks to exploit these cycles to achieve higher than index returns over time.</p> <p>Rigorous fundamental analysis is undertaken on businesses to ensure that the portfolio holds high quality investments and companies, shifting the allocation between asset classes and sectors (early, mid or late cycle cyclicals and defensive sectors) given the current and expected economic environment.</p> <p>Watershed also believe that short term market sentiment often creates divergence between valuations and market pricing and looks to exploit this by actively managing overall market exposure and cash weight.</p>	
Designed for investors who	<p>Seek a concentrated portfolio of Australian shares offering medium to long term capital growth and some tax-effective income from their investments.</p>	
Number of shares	15 - 25	
Asset allocation ranges	ASX listed securities	80 - 98%
	Cash	2* - 30%
	* Cash may fall below this level but will be restored on rebalancing	
Single share limits	Index weight +6%	
Minimum investment horizon	At least 5 years	
Investment management fee	0.66% p.a.	
Minimum investment	\$25,000	



## Watershed Income

Benchmark	UBS Bank Bill Index
Investment universe	Cash ASX-listed Corporate Bonds Exchange Traded Funds (ETFs) ASX-listed Fixed Interest ETFs ASX Hybrid and Debt Securities
Investment objectives	To generate an income return of 2% above the official cash rate (after fees) from a concentrated portfolio of listed bond, hybrid and debt securities. The portfolio should be viewed as defensive with some capital volatility and is not expected to generate any long term capital growth.
Investment strategy	<p>Hybrid securities are higher-yielding investments, generally paying regular income to investors via a defined margin above the prevailing bank bill rate. They are particularly attractive to investors seeking superior yields than available from a cash account or term deposit in a low interest rate environment.</p> <p>The portfolio has a bias towards listed bond exposure and highly rated floating or variable rate securities to minimise interest rate risk, and investment grade issuers.</p> <p>The Investment Committee undertakes the following steps when constructing the portfolio:</p> <ol style="list-style-type: none"> <li>1. Review the current macro environment looking at where positioning in the interest rate cycle and other factors such as global credit spreads</li> <li>2. Evaluate key details of the issue to ensure it meets the investment criteria evaluating factors such as yield, credit quality of issuer, conversion details, franking, maturity date</li> <li>3. Undertake thorough analysis to isolate the securities that offer the best risk/return profiles</li> <li>4. Construct the portfolio then constantly monitor and formally review on a weekly and monthly basis.</li> </ol>
Designed for investors who	Seek higher yields than cash and term deposits and are comfortable with some capital volatility.
Number of shares	Typically between - 15 - 30
Asset allocation ranges	No restrictions within investment universe
Single share limits	Maximum of 15% of portfolio value
Minimum investment horizon	3 - 5 years
Investment management fee	0.44% p.a.
Minimum investment	\$25,000



## Watershed International Share

Benchmark	MSCI World Index (excluding Australia)	
Investment universe	Medium to Large Cap Listed International Shares and securities included in the MSCI World Index (excluding Australia) and listed on major International stock exchanges. The international stock exchanges currently offered for investment are listed in the 'Global Market Fees' schedule available on the Secure Portal.	
Investment objectives	The objective of the Watershed International Share Portfolio is to provide attractive investment returns over the medium to long-term while reducing the risk of permanent capital loss. The Portfolio aims to outperform the MSCI World Index (excluding Australia) over a rolling three-year period by 2 - 3% per annum.	
Investment strategy	<p>The Portfolio consists of investments in high-quality global securities and businesses whose shares are listed on major global stock exchanges.</p> <p>The Watershed philosophy for international equity investing is to invest only in businesses with a competitive advantage that operate in industries with high barriers to entry and that are managed by highly regarded managers. Furthermore, these businesses must deliver high returns on shareholders' equity with low gearing, and have a long track record of growth in sales, earnings and dividends.</p> <p>Watershed may also invest in high growth, non-dividend paying businesses if these businesses are dominant players and disrupters in their industries. However, investment in these type of businesses is the exception rather than the rule and exposure to these businesses is limited to no more than 15% of the portfolio.</p>	
Designed for investors who	<ul style="list-style-type: none"> <li>• Seek long term capital growth and portfolio diversification</li> <li>• Have a longer-term investment horizon of at least five years and accept the risk of price fluctuations</li> </ul>	
Number of shares	15 - 25	
Asset allocation ranges	International Shares	80 - 100%
	Cash	0 - 20%
Single share limits	No individual stock is to exceed 15% of the portfolio	
Minimum investment horizon	At least 5 years	
Investment management fee	0.66% p.a.	
Minimum investment	\$25,000	





## YX Ball Conservative

Benchmark	FE Analytics - ACS Mixed Asset Conservative		
Investment objectives	To exceed the return over a 3-year period of the FE Analytics - ACS Mixed Asset Conservative multi-sector universe, with superior risk characteristics. This asset class mix, combined with active management, targets a lifetime return of CPI plus 1.75% pa (after fund manager, platform and portfolio management fees but before tax).		
Investment strategy	Performance generation is focused on managers and/or listed investment vehicles that operate in the Active management environment. Active managers are preferred to exploit the price inefficiencies invariably found within the various asset classes we invest in. Portfolio exposure amongst various asset classes and sectors is sought to provide investors with diversified market participation over the investment time horizon.		
Designed for investors who	<ul style="list-style-type: none"> <li>• Are seeking a low to medium risk investment</li> <li>• Have a time horizon of a minimum of three years</li> <li>• Are seeking modest returns above inflation</li> </ul>		
Asset allocation ranges	<b>Conservative</b>	<b>Mandate ranges</b>	<b>Neutral</b>
	Australian Shares	0% - 25%	10%
	International Shares	0% - 25%	12%
	Listed Property & Infrastructure	0% - 20%	4%
	Alternatives	0% - 25%	6%
	Fixed Income	30% - 80%	41%
	High Yield Credit	0% - 30%	10%
	Cash and Income	2% - 50%	17%
	<b>Total Assets</b>	100%	100%
Defensive vs Growth	Total Defensive Assets	60% - 90%	74%
Asset Allocation Range	Total Growth Assets	10% - 40%	26%
Minimum investment horizon	3+ years		
Investment management fee	0.00%		
Indirect Cost Ratio	0.77%		
Minimum investment	\$10,000		



## YX Ball Moderate

Benchmark	FE Analytics - ACS Mixed Asset Moderate		
Investment objectives	To exceed the return over a 5-year period of the FE Analytics - ACS Mixed Asset Moderate multi-sector universe, with superior risk characteristics. This asset class mix, combined with active management, targets a lifetime return of CPI plus 2.50% pa (after fund manager, platform and portfolio management fees but before tax).		
Investment strategy	Performance generation is focused on managers and/or listed investment vehicles that operate in the Active management environment. Active managers are preferred to exploit the price inefficiencies invariably found within the various asset classes we invest in. Portfolio exposure amongst various asset classes and sectors is sought to provide investors with diversified market participation over the investment time horizon.		
Designed for investors who	<ul style="list-style-type: none"> <li>• Are seeking a medium risk investment</li> <li>• Have a time horizon of a minimum of five years</li> <li>• Are seeking modest returns above inflation</li> </ul>		
Asset allocation ranges	<b>Moderate</b>	<b>Mandate ranges</b>	<b>Neutral</b>
	Australian Shares	5% - 45%	19%
	International Shares	5% - 45%	23%
	Listed Property & Infrastructure	0% - 25%	4%
	Alternatives	0% - 25%	6%
	Fixed Income	25% - 70%	31%
	High Yield Credit	0% - 20%	8%
	Cash and Income	5% - 40%	9%
	<b>Total Assets</b>	100%	100%
Defensive vs Growth	Total Defensive Assets	40% - 85%	54%
Asset Allocation Range	Total Growth Assets	15% - 60%	46%
Minimum investment horizon	5+ years		
Investment management fee	0.00%		
Indirect Cost Ratio	0.90%		
Minimum investment	\$10,000		



## YX Ball Balanced

Benchmark	FE Analytics - ACS Mixed Asset Balanced		
Investment objectives	To match the return over a 7-year period of the FE Analytics - ACS Mixed Asset Balanced multi-sector mean, with superior risk characteristics. This asset class mix, combined with active management, targets a lifetime return of CPI plus 3% pa (after fund manager, platform and portfolio management fees but before tax).		
Investment strategy	Performance generation is focused on managers and/or listed investment vehicles that operate in the Active management environment. Active managers are preferred to exploit the price inefficiencies invariably found within the various asset classes we invest in. Portfolio exposure amongst various asset classes and sectors is sought to provide investors with diversified market participation over the investment time horizon.		
Designed for investors who	<ul style="list-style-type: none"> <li>• Are seeking a medium to high risk investment</li> <li>• Have a time horizon of a minimum of seven years</li> <li>• Are seeking growth in investments over the longer term</li> </ul>		
Asset allocation ranges	<b>Balanced</b>	<b>Mandate ranges</b>	<b>Neutral</b>
	Australian Shares	10% - 60%	26%
	International Shares	10% - 60%	30%
	Listed Property & Infrastructure	0% - 30%	5%
	Alternatives	0% - 30%	6%
	Fixed Income	10% - 50%	20%
	High Yield Credit	0% - 20%	8%
	Cash and Income	3% - 40%	5%
	<b>Total Assets</b>	<b>100%</b>	<b>100%</b>
Defensive vs Growth	Total Defensive Assets	25% - 70%	39%
Asset Allocation Range	Total Growth Assets	30% - 75%	61%
Minimum investment horizon	7+ years		
Investment management fee	0.00%		
Indirect Cost Ratio	0.98%		
Minimum investment	\$10,000		



## YX Ball Growth

Benchmark	FE Analytics - ACS Mixed Asset Growth		
Investment objectives	To exceed the return over a 9+ year period of the FE Analytics - ACS Mixed Asset Growth multi-sector universe with superior risk characteristics. This asset class mix, combined with active management, targets a lifetime return of CPI plus 3.25% pa (after fund manager, platform and portfolio management fees but before tax).		
Investment strategy	Performance generation is focused on managers and/or listed investment vehicles that operate in the Active management environment. Active managers are preferred to exploit the price inefficiencies invariably found within the various asset classes we invest in. Portfolio exposure amongst various asset classes and sectors is sought to provide investors with diversified market participation over the investment time horizon.		
Designed for investors who	<ul style="list-style-type: none"> <li>• Are seeking capital growth over the longer term</li> <li>• Are comfortable with a high risk investment, particularly over shorter time periods</li> <li>• Have a time horizon of a minimum of nine years</li> </ul>		
Asset allocation ranges	<b>Growth</b>	<b>Mandate ranges</b>	<b>Neutral</b>
	Australian Shares	15% - 65%	32%
	International Shares	15% - 65%	38%
	Listed Property & Infrastructure	0% - 35%	5%
	Alternatives	0% - 35%	6%
	Fixed Income	10% - 40%	10%
	High Yield Credit	0% - 30%	5%
	Cash and Income	3% - 25%	4%
	<b>Total Assets</b>	100%	100%
Defensive vs Growth	Total Defensive Assets	10% - 50%	25%
Asset Allocation Range	Total Growth Assets	50% - 90%	75%
Minimum investment horizon	9+ years		
Investment management fee	0.00%		
Indirect Cost Ratio	1.08%		
Minimum investment	\$10,000		



## YX Ball High Growth

Benchmark	FE Analytics - ACS Mixed Asset Aggressive		
Investment objectives	To exceed the return over a 10+ year period of the FE Analytics - ACS Mixed Asset Aggressive universe with superior risk characteristics. This asset class mix, combined with active management, targets a lifetime return of CPI plus 3.75% pa (after fund manager, platform and portfolio management fees but before tax).		
Investment strategy	Performance generation is focused on managers and/or listed investment vehicles that operate in the Active management environment. Active managers are preferred to exploit the price inefficiencies invariably found within the various asset classes we invest in. Portfolio exposure amongst various asset classes and sectors is sought to provide investors with diversified market participation over the investment time horizon.		
Designed for investors who	<ul style="list-style-type: none"> <li>• Are seeking capital growth over the longer term</li> <li>• Are comfortable with a high risk investment, particularly over shorter time periods</li> <li>• Have a time horizon of a minimum of ten years</li> </ul>		
Asset allocation ranges	<b>High Growth 95</b>	<b>Mandate ranges</b>	<b>Neutral</b>
	Australian Shares	20% - 70%	40%
	International Shares	20% - 70%	48%
	Listed Property & Infrastructure	0% - 40%	4%
	Alternatives	0% - 40%	6%
	Fixed Income	0% - 30%	0%
	High Yield Credit	0% - 30%	0%
	Cash and Income	2% - 10%	2%
	<b>Total Assets</b>	<b>100%</b>	<b>100%</b>
Defensive vs Growth	Total Defensive Assets	2% - 45%	8%
Asset Allocation Range	Total Growth Assets	55% - 98%	92%
Minimum investment horizon	10+ years		
Investment management fee	0.00%		
Indirect Cost Ratio	1.17%		
Minimum investment	\$10,000		

# ALLAN GRAY

CONTRARIAN INVESTING

## CLIENT SERVICES



1300 604 604 (within Australia)  
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From 8:30am to 5:30pm (AEST)



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