

Report data as at 31 Dec 2016
Portfolio inception Dec 2015

Portfolio Report

Financial Decisions - The Generation Fund Final

Portfolio Objective

The objective of this Portfolio is to outperform Cash by a minimum of 4.00% with a solid level of income, a moderate level of capital growth and a high level of capital volatility over an investment timeframe of 5 years. Other key objectives include outperforming both Competitor Funds and a Diversified Market Benchmark with less than or equal risk over the recommended timeframe. To achieve these objectives, the Portfolio typically invests 20.00% in defensive, income producing assets, with 80.00% exposure to growth assets.

Investor Type

Based on the defensive / growth asset split of this Portfolio, we would regard this Portfolio as suitable for a HIGH risk profile investor. If held for a 5 year timeframe (recommended minimum for this Portfolio), a Diversified Market Benchmark with this defensive / growth asset split would have delivered a best case return of 16.85% p.a., a worst case return of -1.91% p.a. and a negative annual return once in every 5.38 years (based on data from 1990 to 2016). Investors should expect more variability over periods shorter than the minimum recommended timeframe, emphasising the importance of holding the Portfolio for the recommended term.

Performance

Over the past 1 year, the Portfolio has returned 9.33% p.a. after fees, outperforming competitor funds by 2.54%. Over this period a \$100,000 investment into the Portfolio would now be valued at \$109,330. As a comparison, an investment in Cash would have returned 2.07% p.a. over the past 1 year. Over this period a \$100,000 investment in Cash would now be valued at \$102,074.

Funds within the Portfolio that have performed well over this period include the Allan Gray Australian Equity Fund - Class B (+33.42%), Cromwell Phoenix Opportunities Fund (+27.92%) and Maple-Brown Abbott Global Listed Infrastructure Fund - Hedged (+18.17%).

Net Returns (% p.a.)

	1 yr	6 mth	3 mth
Portfolio	9.33	4.86	1.68
Median Mgr	6.79	6.20	2.82
Benchmark	8.85	6.86	3.42
Cash	2.07	0.92	0.44

Performance Benchmarks

Competitors:

Zenith Median Manager - 80% Growth / 20% Defensive

Benchmark:

Diversified Market Benchmark - 80% Growth / 20% Defensive

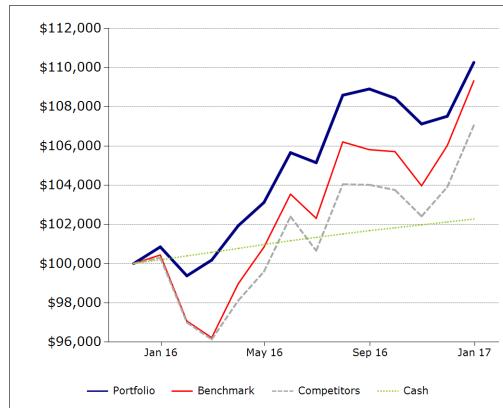
Cash:

Bloomberg AusBond Bank Bill Index

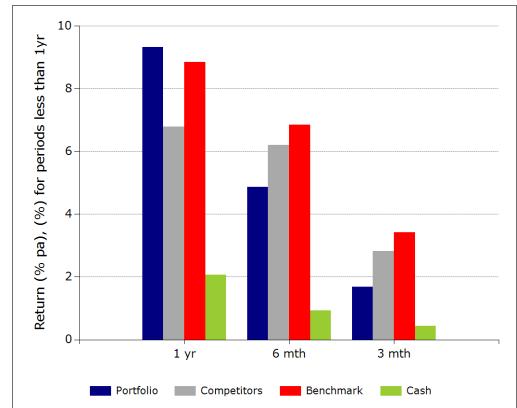
Portfolio Holdings

Name	Wgt %
Defensive	20.00
Cash	5.00
Cash Account	5.00
Fixed Interest	15.00
Macquarie True Index Aus FI	7.50
Payden Global Income Opps	3.00
T. Rowe Price Dynamic Gbl Bnd	4.50
Growth	80.00
Alternatives	20.00
Ironbark LHP Diversified Inv	5.00
Invesco WS Gbl Targeted Rtn	7.50
Man AHL Alpha (AUD)	7.50
Australian Shares	26.00
Allan Gray Australia Equity Cls B	8.45
Ausbil 130/30 Focus Fund	5.20
Cromwell Phoenix Opp	4.55
Bennelong Ex-20 AU Equities	7.80
International Shares	28.72
IFP Global Franchise Hedged	7.02
Cptl Grp New Perspective (Hd)	5.46
Magellan Global Fund	7.02
Ironbark LHP Gbl Long/Short WS	2.60
Antipodes Global Fund	3.90
MBA Global Listed Infra Hedged	2.72
Property	5.28
Vanguard Aus Prop Sec Index	5.28

Growth of \$100,000 Invested (inception)



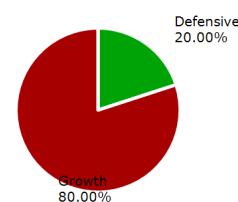
Net Returns



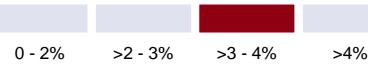
RISK PROFILE



BENCHMARK GROWTH / DEFENSIVE ASSETS



CASH PLUS OBJECTIVE



INVESTMENT TIMEFRAME



Portfolio Configuration

The current asset allocation framework is deliberately well balanced and promotes a diverse range of return drivers in order to meet return and risk targets of the portfolio.

Under Zenith's classification system, as at the end of 31 Dec 2016 the portfolio is comprised of the following sectors and sub-sectors and has 80.00% exposure to Growth Assets and 20.00% exposure to Defensive Assets.

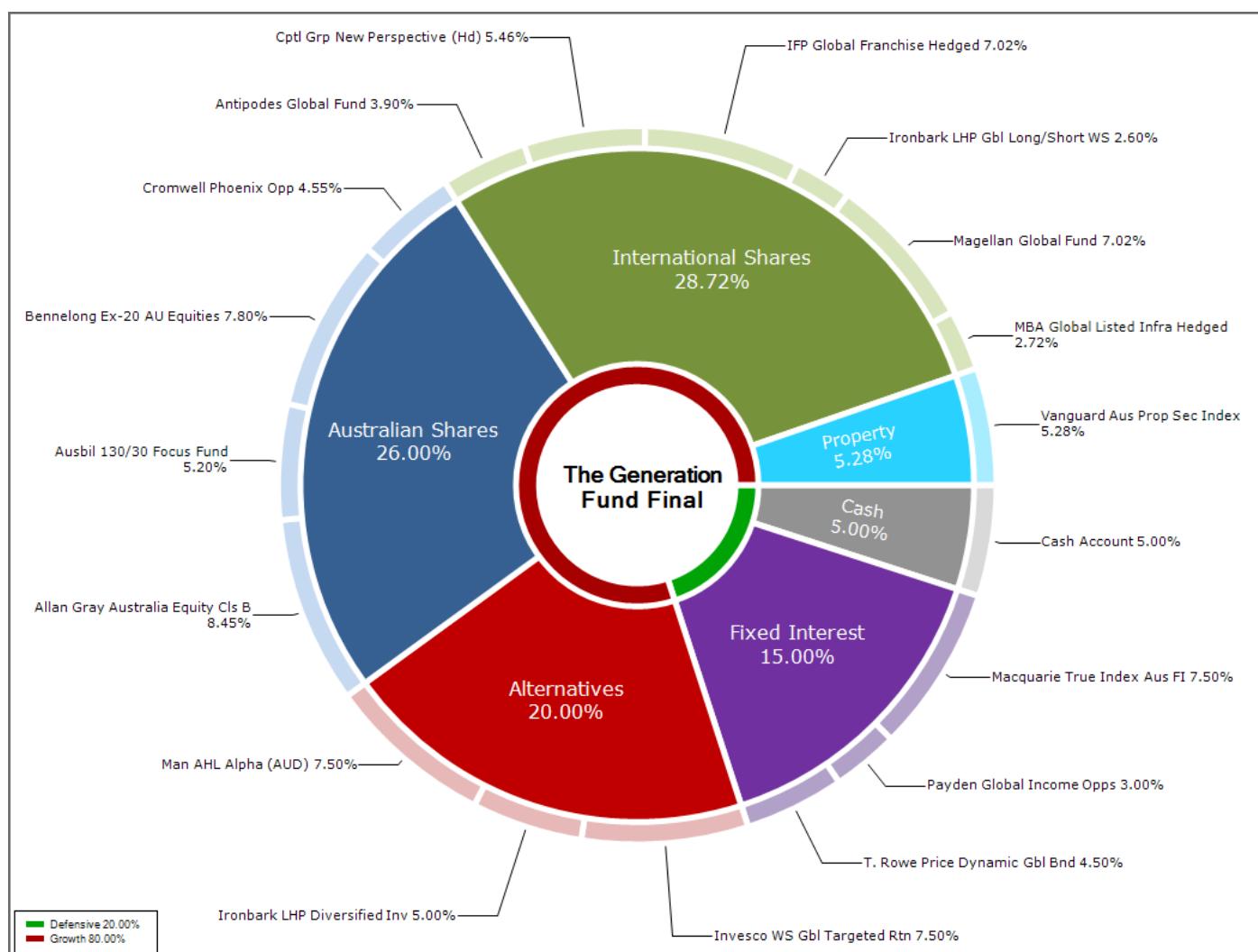
The Growth Asset exposure of the portfolio is comprised of the following sectors and sub-sectors:

- Alternatives 20.00% (split between Fund of Hedge Funds 5.00%, Global Macro/Absolute Return 7.50% and Managed Futures 7.50%)
- Australian Shares 26.00% (split between Large Companies 8.45%, Long Short 5.20%, Micro Cap Companies 4.55% and Mid Cap Companies 7.80%)
- International Shares 28.72% (split between Global (Hedged) 12.48%, Global (Unhedged) 7.02%, Global Long Short 6.50% and Listed Infrastructure 2.72%) and
- Property 5.28% (Australian Securities 5.28%)

The Defensive Asset exposure of the portfolio is comprised of the following sectors and sub-sectors:

- Cash 5.00% (Other 5.00%) and
- Fixed Interest 15.00% (split between Bonds 7.50% and Unconstrained 7.50%)

The portfolio has exposure to 18 investments, with weightings ranging from 2.60% to 8.45%. The weighted average fee of the portfolio (excluding performance fees) is 0.84%. More detail of the investments comprising the portfolio is provided in the table on the following pages.



Portfolio Holdings

Name	APIR	Mgt. Fee	1 Yr Perf %	Weight
Defensive				20.00
Cash				5.00
Cash Account	N/A	-	2.07	5.00
Fixed Interest				15.00
Macquarie True Index Australian Fixed Interest Fund	MAQ0211AU	0.00	2.92	7.50
Payden Global Income Opportunities Fund	GSF0008AU	0.70	5.23	3.00

The Fund is managed by US based manager, Payden & Rygel, and distributed domestically by Grant Samuel Funds Management (Grant Samuel). The Fund offers investors the opportunity to invest in an actively-managed, globally diversified fixed income product that aims to outperform the Bloomberg AusBond Bank Bill Index over the medium-term. Zenith continues to retain conviction in the strategy owing to the high calibre investment management team, well established process and focus on risk management. Zenith believes the combination of these factors positions the team favourably to manage the largely unconstrained strategy.

T. Rowe Price Dynamic Global Bond Fund	ETL0398AU	0.40	6.44	4.50
--	-----------	------	------	------

The Fund is managed by T.Rowe Price's global investment team. The Fund seeks to address the challenges of the current fixed income landscape while still delivering the traditional benefits of the asset class, i.e. generate a consistent and stable income stream with negative correlation to equities. To achieve this, a dynamic and flexible approach to portfolio management is adopted that focuses on adding value primarily through country selection and rates positioning. Having spent further time with members of the investment team, Zenith has been impressed with the depth of research conducted and the differentiated investment ideas generated. Whilst Zenith does not anticipate the magnitude of the Fund's historical excess returns to be repeated going forward, we are confident that the strategy is well-positioned to achieve its investment objectives.

Growth				80.00
Alternatives				20.00
Ironbark LHP Diversified Investments Fund	HFL0104AU	1.52	3.25	5.00

The Fund is managed by U.S. based Lighthouse Partners (LHP), employing a Fund of Hedge Funds strategy. Investing in a diversified range of alternative investment strategies, the Fund seeks to deliver absolute returns with low volatility and low correlation to the broader equity and fixed income markets. Zenith's conviction in the strategy has increased, in parallel with the maturation of the North Rock platform and LHP's proven ability to deliver competitive peer relative returns.

Invesco Wholesale Global Targeted Returns Fund - Class A	GTU0109AU	0.95	5.03	7.50
--	-----------	------	------	------

The Fund, managed by Invesco Asset Management Limited (Invesco), is an actively managed, multi-asset capability that is positioned to generate absolute returns, with a target volatility of less than half the volatility of global equities. The Fund is subject to few constraints, providing the investment team with latitude to construct a portfolio that can perform regardless of market conditions. Zenith believes the Fund represents an attractive investment proposition compared to global macro peers given their focused and highly regarded investment team, comprehensive investment and risk management framework and maturation of the investment platform which has resulted in peer leading performance.

Man AHL Alpha (AUD)	MAN0002AU	1.85	-3.17	7.50
---------------------	-----------	------	-------	------

The Fund provides investors with access to a managed futures strategy managed by AHL, one of the pioneers of the industry. The Fund employs a fully systematic, research driven, quantitative process that exploits technical / price driven signals through investment in a broad range of futures and forwards markets and highly liquid OTC markets. Zenith holds AHL's research team in high regard given its experience and strong depth.

Australian Shares				26.00
Allan Gray Australian Equity Fund - Class B	ETL0349AU	-	33.42	8.45

The Allan Gray Australia Opportunity Fund is managed by Sydney based Allan Gray Australia (Allan Gray). The Fund offers investors a conservatively managed exposure to cash and Australian equities. Allan Gray employs a contrarian investment approach that leverages off its diverse team. Zenith believes the team's broad skill sets, derived from both investment and non-investment backgrounds, gives rise to unique investment perspectives.

Ausbil 130/30 Focus Fund	AAP0008AU	1.00	16.20	5.20
--------------------------	-----------	------	-------	------

The Fund offers a style neutral exposure to a long/short portfolio of Australian equities. The Fund seeks to generate a consistent level of outperformance using a more flexible active extension investment approach. The Fund combines both top-down and bottom-up analysis in constructing a relatively concentrated portfolio of long and short investment ideas. Zenith believes the arrival of Gian Pandit as portfolio manager of the Fund is a key attraction for investors. We rate Pandit highly as an investor, noting his strong track record managing similar long/short strategies.

Cromwell Phoenix Opportunities Fund	CRM0028AU	0.15	27.92	4.55
-------------------------------------	-----------	------	-------	------

Name	APIR	Mgt. Fee	1 Yr Perf %	Weight
Bennelong Ex-20 Australian Equities Fund	BFL0004AU	1.00	4.32	7.80
The Fund is managed by Bennelong Australian Equity Partners (BAEP). The Fund provides investors with an Australian shares portfolio that invests in companies sitting outside of the top 20 ASX listed stocks (i.e. mid capitalisation). Zenith believes the Fund is an appealing offering owing to its highly capable portfolio manager and demonstrated track record of outperformance.				
International Shares				28.72
IFP Global Franchise Fund (Hedged)	MAQ0631AU	1.38	10.55	7.02
The Fund is managed by Independent Franchise Partners (IFP) and distributed by Macquarie Professional Series (Macquarie). IFP employs an approach that focuses on buying high quality companies, whose competitive advantage is supported by dominant intangible assets, at compelling absolute value. The key attractions of the Fund include the quality of the investment team, successful application of the investment process over a long time horizon and a differentiated approach versus mainstream international shares funds.				
Capital Group New Perspective Fund Hedged (AU)	CIM0008AU	1.05	3.62	5.46
The Fund is managed by Capital Group (Capital) and offers investors a currency hedged, growth oriented exposure to international equities. The Fund combines seven independent portfolio managers with complementary investment styles and one research portfolio that aims to capture the best ideas of global analysts. In Zenith's opinion, the key strength of the offering is the depth of highly experienced analysts located in offices around the world. In addition, we note the strategy's impressive long-term track record spanning over 43 years.				
Magellan Global Fund	MGE0001AU	1.35	3.71	7.02
The Fund is managed by Magellan Asset Management (Magellan), a Sydney-based fund manager. Magellan employs a concentrated, benchmark unaware approach to investing in international equities, with the preservation of capital being a key tenet of the investment process. Having met with the team and reviewed the process on multiple occasions, Zenith believes that the Fund is one of the higher quality offerings in the sector.				
Ironbark LHP Global Long/Short Fund (Wholesale)	HFL0108AU	1.48	1.63	2.60
The Fund is a global long/short, fund-of-fund managed by Lighthouse Partners and distributed by Ironbark Asset Management. In Zenith's opinion, the Fund is managed by a well-regarded investment team, employing a sound investment process. The Fund has generated a return profile that is consistent with its objectives since its inception.				
Antipodes Global Fund	IOF0045AU	1.20	17.22	3.90
The Fund provides investors with a concentrated, absolute return focused, long/short exposure to global equities. Antipodes has the flexibility to actively manage the cash level and currency exposures within the Fund. Zenith holds lead portfolio manager Jacob Mitchell in high regard, as well as the broader investment team. As a result, the Fund is one of Zenith's preferred choices within the Global Equities Long/Short sector.				
Maple-Brown Abbott Global Listed Infrastructure Fund - Hedged	MPL0008AU	1.00	18.17	2.72
The Fund is managed by the Maple-Brown Abbott Global Infrastructure team (MBA GLI). The Fund offers investors an exposure to a high-conviction, benchmark unaware portfolio of globally listed infrastructure securities. Notwithstanding the relatively recent establishment of MBA GLI, Zenith continues to gain conviction in the Fund owing to our high regard for the portfolio management team, comprehensive investment process and conviction-based approach to portfolio construction.				
Property				5.28
Vanguard Australian Property Securities Index Fund	VAN0004AU	0.23	13.00	5.28
The Fund offers a diversified and highly transparent, passive exposure to Australian listed property securities. Zenith considers Vanguard's near full replication approach to indexing to be logical and cost efficient, leading to low expected portfolio turnover. Zenith continues to believe Vanguard is well-positioned to continue to deliver largely true-to-label investment outcomes.				
Weighted average management fee (excluding performance fee)				0.84

Zenith Investment Partners (ABN 60 103 132 672, AFS Licence 226872) is the provider of General Advice (s766B Corporations Act 2001). To the extent that any information in this document constitutes advice, it is General Advice for Wholesale clients only. This document has been prepared by Zenith exclusively for Zenith clients without taking into account the objectives, financial situation or needs of any specific person who may read it. It is not a specific recommendation to purchase, sell or hold any relevant product(s) and is subject to change at any time without prior notice. Zenith advises that investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of the information contained in this document in light of their own objectives, financial situation or needs. Investors should obtain a copy of, and consider, any relevant product PDS or offer document before making any decision. The material contained in this document is subject to copyright and may not be reproduced without the consent of the copyright owner. The information contained in this document has been prepared in good faith and is believed to be reliable, but its completeness and accuracy is not guaranteed. Zenith accepts no liability, whether direct or indirect arising from the use of information contained in this document. Past performance is not an indication of future performance. Full details regarding the methodology, ratings definitions and regulatory compliance are available at www.zenithpartners.com.au/RegulatoryGuidelines