



Carnbrea ETF Model Portfolio



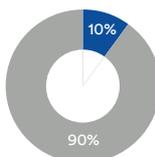
Portfolio Objective

Carnbrea's Model Portfolio ETF suite aims to provide a broad, diversified and cost-effective investment solution to retail clients in Australia.

We apply a Core-Satellite approach when building this ETF Model Portfolio. The 'core' of the portfolio consists of selected ETFs that track major market indices, combined with a 'satellite' element in the Alternatives asset class through Managed Funds.

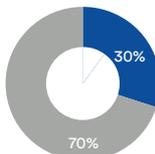
Carnbrea ETF Model Portfolio Profiles

Defensive



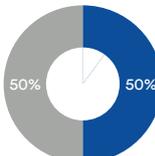
MER	0.22%
Return Objective	CPI + 1%
Investment Timeframe	1 year +

Conservative



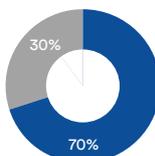
MER	0.25%
Return Objective	CPI + 2%
Investment Timeframe	3 years +

Balanced



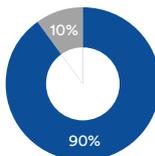
MER	0.30%
Return Objective	CPI + 2.8%
Investment Timeframe	5 years +

Growth



MER	0.35%
Return Objective	CPI + 3.6%
Investment Timeframe	7 years +

High Growth



MER	0.39%
Return Objective	CPI + 4.5%
Investment Timeframe	10 years +



Note: Refer to Page 7 for more detailed explanation on investment risk profiles.

Our Philosophy

Our core beliefs are:

1. Asset Allocation is the most important decision in portfolio construction, followed by manager selection.

2. Diversification – across and within asset classes – is one of the keys to investment success
 - We believe diversity across asset classes is important. Searching for the best investment opportunities should not be limited by borders, therefore we encourage investors to consciously manage the ‘unconscious’ home country bias and consider the benefits of global diversification.

3. Both Active management and Passive Management add value
 - Our Core-Satellite approach provides that.

4. Markets revert to their long-term mean

5. Costs matter - both direct and indirect costs
 - We pay particular attention on the Manager’s fee structures to ensure our clients are not hurt by excessive fees.

6. Take a long-term view

7. Managing downside risk is paramount

We also believe that:

1. Hedging for currency movements is suitable in certain circumstances
 - We only hedge defensive asset classes to protect the asset’s ‘defensive’ and ‘stable’ nature and leave growth assets unhedged.

2. Investing in alternative assets can improve risk adjusted returns
 - Alternative assets offer investors a source of return that has low correlation to traditional investments such as equities and bonds. Adding Alternatives to a portfolio further enhances diversification and risk-adjusted returns.

Carnbrea ETF Model Portfolio (Retail)

SAA Profile		Defensive	Conservative	Balanced	Growth	High Growth	
Growth		10%	30%	50%	70%	90%	
Income		90%	70%	50%	30%	10%	
Growth	AU Equity	2.5%	8.5%	14.0%	19.0%	24.0%	
	BetaShares Australia 200 ETF	A200	2.5%	8.5%	14.0%	19.0%	24.0%
	Int Equity - Developed		2.5%	10.5%	17.0%	24.0%	31.0%
	Vanguard MSCI Index International Shares ETF	VGS	2.5%	10.5%	17.0%	24.0%	31.0%
	Int Equity - Emerging		1.0%	2.0%	3.0%	4.0%	5.0%
	iShares MSCI Emerging Markets ETF	IEM	1.0%	2.0%	3.0%	4.0%	5.0%
	Property Securities		2.0%	4.0%	6.0%	8.0%	10.0%
	Vanguard Australian Property Securities Index ETF	VAP	1.0%	2.0%	3.0%	4.0%	5.0%
	SPDR Dow Jones Global Real Estate ETF	DJRE	1.0%	2.0%	3.0%	4.0%	5.0%
	Alternatives		2.0%	5.0%	10.0%	15.0%	20.0%
	Partners Group Global Multi-Asset Fund	ETL0431AU	2.0%	2.5%	5.0%	7.5%	10.0%
JPMorgan Global Macro Opportunities Fund	PER0758AU		2.5%	5.0%	7.5%	10.0%	
Income	AU Fixed Interest		35.0%	30.0%	25.0%	15.0%	5.0%
	iShares Composite Bond ETF	IAF	26.0%	22.0%	18.0%	11.0%	4.0%
	BetaShares Australian Bank Senior Floating Rate Bond ETF	QPON	9.0%	8.0%	7.0%	4.0%	1.0%
	Int Fixed Interest		35.0%	30.0%	25.0%	15.0%	5.0%
	Vanguard International Fixed Interest Index ETF (Hedged)	VIF	35.0%	30.0%	25.0%	15.0%	5.0%
	Cash		20.0%	10.0%	0.0%	0.0%	0.0%
	iShares Enhanced Cash ETF	ISEC	10.0%	5.0%	-	-	-
	BetaShares Australian High Interest Cash ETF	AAA	10.0%	5.0%	-	-	-

Weighted MER	0.22%	0.25%	0.30%	0.35%	0.39%
Past 12-month return (as at 31/01/2019)	3.84%	3.75%	3.73%	3.54%	3.35%
Past 12-month Yield	2.25%	2.43%	2.54%	2.61%	2.68%

The 'Core' component – ETFs:

ETF Name	Code	Underlying Index	Fee	What's this Fund?
BetaShares Australia 200 ETF	A200	Solactive Australia 200 Index	0.07%	A200 provides exposure to the largest 200 companies listed on the ASX, with the lowest management fee in the market. The methodology to construct the underlying index is similar to that of the widely-used S&P ASX200 Index. A200 provides a very cost-effective means to gain access to a core Australian equities portfolio.
Vanguard MSCI Index International Shares ETF	VGS	MSCI ex-Australia AUD Index	0.18%	VGS offers low-cost access to 1500+ broadly diversified securities globally and allows investors to participate in the long-term growth of global economies. The index consists of the large and mid cap sectors of 22 of the 23 developed markets (ex-Australia). VGS is managed by Vanguard and enjoys the benefits of the firm's scale, experience and resources.
iShares MSCI Emerging Markets ETF	IEM	MSCI Emerging Markets Index	0.69%	IEM seeks to track the investment result of its underlying index, which composed of large- and mid-cap emerging market equities. It provides an access to 800+ emerging market stocks. BlackRock has a long track record in managing IEM (since 2007).
Vanguard Australian Property Securities Index ETF	VAP	S&P/ASX 300 A-REIT Index	0.23%	VAP invests in 29 ASX listed property securities, with the lowest cost structure in the market. It offers potential long-term capital growth and tax-effective income (i.e. a potentially tax-deferred component). The real estate segments in VAP range across retail, office, industrial and diversified.
SPDR Dow Jones Global Real Estate ETF	DJRE	Dow Jones Global Select Real Estate Securities Index	0.50%	The underlying index represents equity real estate investment trusts (REITs) and real estate operating companies traded globally. The main property sectors in which DJRE invests include industrial, office, retail and residential.
iShares Composite Bond ETF	IAF	Bloomberg AusBond Composite 0+Yr Index	0.20%	IAF offers broad Australian bond market diversification by indexing the most widely used market index. The index is composed of investment grade fixed income securities and forms at the core component in domestic fixed income sector in the model portfolio.
BetaShares Australian Bank Senior Floating Rate Bond ETF	QPON	Solactive Australian Bank Senior Floating Rate Bond Index	0.22%	QPON invests in senior floating rate notes issued by Australian banks and takes advantage of an increasing interest rate environment. Monthly distributions provide investors with a regular income stream.
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	Bloomberg Barclays Global Treasury TR Index (AUD Hedged)	0.20%	VIF provides a low-cost exposure to high-quality, income-generating securities used by governments around the world. The underlying index is of sufficient scale to offer broad international treasuries market diversification.
iShares Enhanced Cash ETF	ISEC	n/a	0.12%	ISEC aims to achieve enhanced regular income with a portfolio of higher-yielding high quality short-term money market instruments. Fees are considered very low for a diversified, actively managed and liquid cash fund.
BetaShares Australian High Interest Cash ETF	AAA	n/a	0.18%	AAA invests in a portfolio of deposit accounts from selected banks in Australia. It aims to achieve interest rates that are competitive with at call bank deposits and term deposits without the need for investors to lock up capital for extended periods.

The 'Satellite' component – Alternatives Managed Funds:

Partners Group Global Multi-Asset Fund

The Partners Group Global Multi-Asset Fund aims to provide investors with liquid access to private markets. The Fund invests in private equity, private debt, private infrastructure and private real estate.

Partners Group uses its global relative value approach across asset classes and regions to identify attractive opportunities. The Manager is highly experienced in making investments across a wide spectrum of private investments and has developed a strong track record.

Daily liquidity is provided.

APIR Code	ETL0431AU
Sector	Private Equity
Return Objective	8-10% p.a. absolute returns (net of fees), over 5 to 7 years
Management fee	1.50%
Performance fee	Applied within the underlying fund on a deal by-deal basis
Inception	April 2015
FUM	\$121.63M

	Returns after fees (at 31-01-2019)		
	3 mth	1 yr	3 yr
Total return	3.52	4.19	10.61

(Source: Lonsec iRate)

JPMorgan Global Macro Opportunities Fund

This multi-asset macro thematic fund targets positive returns in various market conditions by capitalising on the return opportunities created by economic trends. This allows investors to participate in market rallies, while limiting risk exposures in periods of market correction.

To convert global macroeconomic trends into returns, the fund capitalises on the expertise of an experienced team of macro strategists and specialist total return investors by investing flexibly across asset classes using a selection of traditional (long-only equity and fixed income) and sophisticated (including relative value and dynamic hedging) investment strategies.

APIR Code	PER0758AU
Sector	Global Macro
Return Objective	Bloomberg AusBond Bank Bill Index plus 7% over medium term
Management fee	0.80%
Performance fee	Nil
Inception	May 2016
FUM	\$ 257.28m

	Returns after fees (at 31-01-2019)	
	3 mth	1 yr
Total return	-1.74	-5.49

(Source: Lonsec iRate)

Risk Profile Definitions

Risk Profile	Description	Portfolio Allocation	Investment Timeframe	Investment Objective
Defensive	Your main priority is safeguarding your capital and are willing to sacrifice higher returns for peace of mind. When thinking of the term 'risk', you consider it as 'danger'. Defensive investors may experience negative returns about one year in every 20.	<p>10 Growth 90 Defensive</p>	1 year +	CPI + 1%
Conservative	You are seeking reasonably stable growth and are willing to accept a moderate level of risk. When thinking of the term 'risk', you consider it as 'uncertainty'. Conservative investors are likely to experience negative returns approximately one year in every 10. Conservative portfolios are moderately diversified with a focus on income yield.	<p>30 Growth 70 Defensive</p>	3 years +	CPI + 2%
Balanced	You are seeking total return both from income and capital appreciation and are willing to take short-term risks to gain long-term growth. When thinking of the term 'risk', you consider it as 'possibilities'. Balanced investors should be prepared to accept negative returns about one year in every 6. Balanced portfolios are broadly diversified across asset classes and segments.	<p>50 Growth 50 Defensive</p>	5 years +	CPI + 2.8%
Growth	You are seeking a greater growth component in your investment portfolio, with some income to smooth volatility in your returns. When thinking of the term 'risk', you consider it as 'opportunity'. Growth investors should be prepared to accept negative returns approximately one year in every 5.	<p>70 Growth 30 Defensive</p>	7 years +	CPI + 3.6%
High Growth	Long-term capital growth is your main focus. You can accept high levels of variability in investment returns and understand that higher returns typically come with higher level of risks. When thinking of the term 'risk', you consider it as 'thrill'. High Growth investors may experience one negative annual return every 4 years. Liquidity is not of primary concern.	<p>90 Growth 10 Defensive</p>	10 years +	CPI + 4.5%

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