

Commentary

PORTFOLIO COMMENTARY

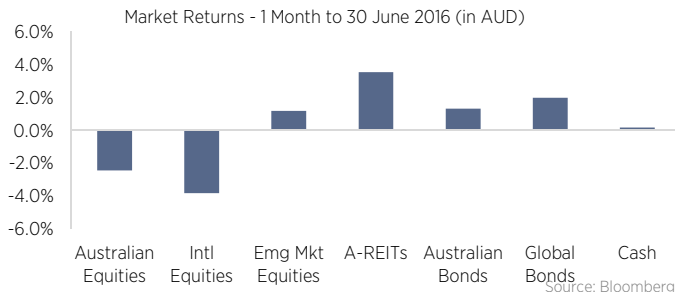
The big news in markets for the month of June centred around the UK's decision to leave the European Union, this generally impacted equity markets negatively but had a positive impact on bond prices as investors flocked to the safety that these assets purportedly provide. This impacted the portfolio negatively over the month as the portfolio is overweight Australian equities and within international equities tends to have a bias towards Europe due to the portfolio's underweight to the US.

The InvestSMART Balanced Portfolio returned -1.4% over the month of June. The Australian equity exposure returned -2.4% for the month, while the international equity exposure was impacted by the bias to Europe which was down around 9% versus the broader market return of -3.8%. Positively, the allocation in emerging markets (which were broadly flat) had a positive impact on the portfolio, mitigating some of the fall in European exposures.

The portfolio's exposure to Australian REITs contributed positively to the portfolio over the month with local REITs up 3.8% over the month. It is apparent that A-REITs are being supported by a low interest rate environment and investors desire for yield. From this perspective we believe that valuations in the REIT sector appear stretched and may look to trim the exposure in coming months. The global property exposure was broadly flat, which would have been positive had it not been mainly impacted by the currency.

Within fixed interest the portfolios exposure to Australian government bonds performed well returning 1.4%, while the exposure to Macquarie Income Opportunities Fund lagged the broader bond market, returning 0.1%.

Since inception the portfolio continues to track ahead of its cash +2% objective by around 0.2%.


PORTFOLIO POSITIONING

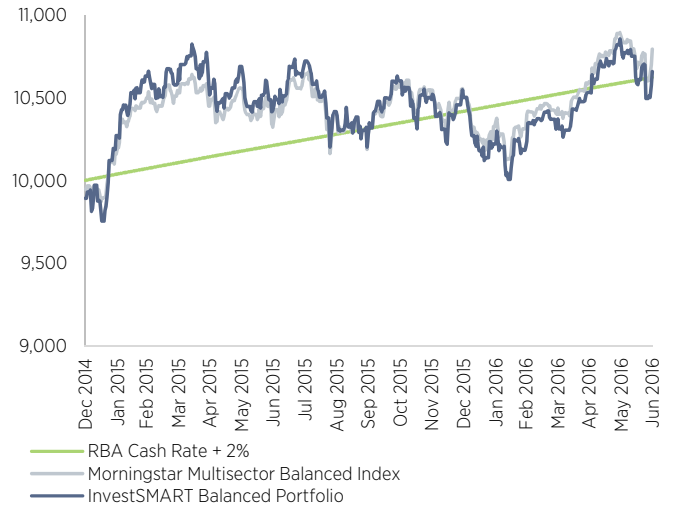
The portfolio remains overweight Australian equities on the basis that valuations appear reasonably compelling when compared to other asset classes and given the attractive yield characteristics of the asset class. Within fixed interest the portfolio holds Australian government bonds and has an exposure to Australian credit and overseas securities. The portfolio is expected to do well in an environment where Australian equities outperform other asset classes and where credit outperforms government bonds. Within international equities the portfolios have a bias towards emerging markets and an underweight to US equities, therefore the portfolio will benefit when US equities underperform broader equity markets and emerging markets do well.

Current market pricing implies that the portfolio's RBA Cash Rate+2% objective is achievable over the long-term but only through a reasonable allocation to relatively volatile equity investments. This means that investors should be comfortable with above average volatility, which could result in a short-term fall in the portfolio's value of around 10%.

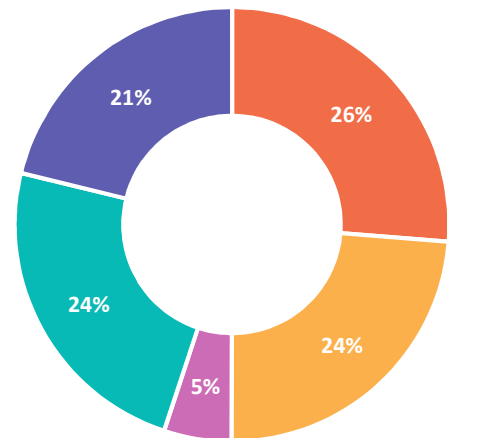
PERFORMANCE TO 30 JUNE 2016	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SI* (P.A.)
InvestSMART Balanced Portfolio	-1.43%	2.75%	1.49%	2.26%	4.34%
Morningstar Multisector Balanced Index	-0.71%	3.40%	2.76%	4.58%	5.22%
Excess to Benchmark	-0.72%	-0.65%	-1.27%	-2.32%	-0.89%
RBA Cash Rate + 2%	0.31%	0.96%	1.96%	4.03%	4.11%
Excess to Objective	-1.73%	1.80%	-0.47%	-1.77%	0.23%

Source: Praemium, RBA. Returns are before expenses and fees. Returns are shown as annualised if the period is over 1 year. * Since Inception (SI) date is 29 December 2014.

Growth of \$10,000 INCOME REINVESTED



Asset Allocation as at 30 June 2016

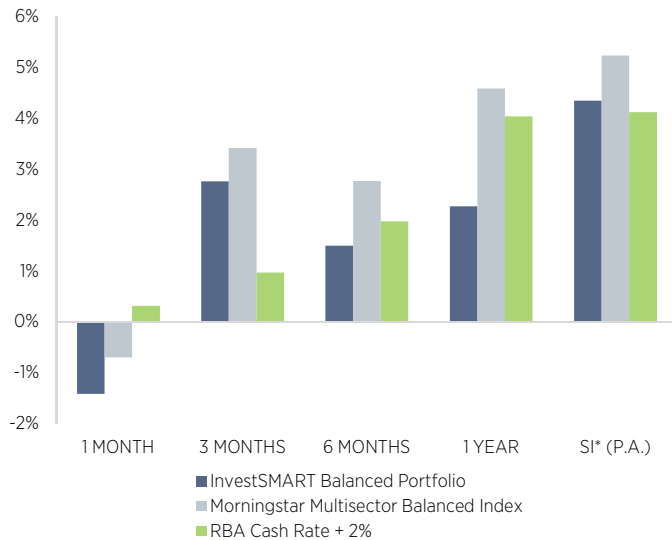
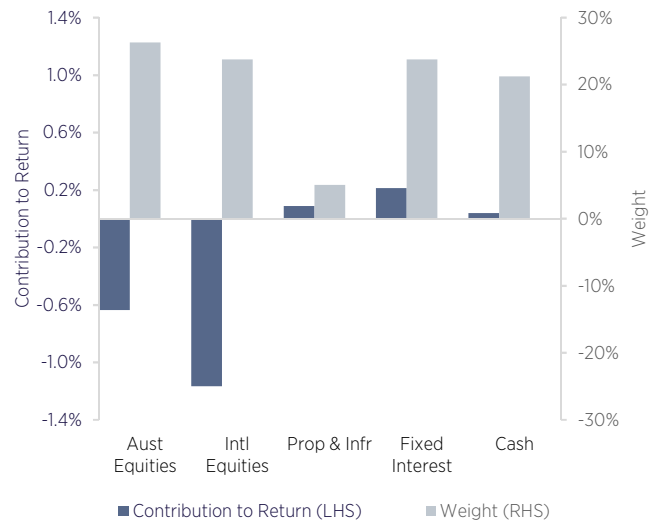


- Australian Equities
- International Equities
- Property & Infrastructure
- Fixed Interest
- Cash

Portfolio Objective

The investment objective is to achieve a return of 2% above the RBA Cash rate per annum over five year rolling periods by investing in a diverse mix of asset classes covering Australian equities, international equities, property, infrastructure, alternatives, fixed interest and cash.

Performance Summary to 30 June 2016


 Contribution to Return
1 Month to 30 June 2016


Underlying Holdings Performance

PERFORMANCE TO 30 JUNE 2016	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR
ISHARES S&P/ASX 200 ETF	-2.4%	4.5%	1.4%	1.3%
VANGUARD ALL-WORLD EX-US SHARES INDEX ETF	-5.6%	1.2%	-4.1%	-8.0%
ISHARES CORE S&P 500 ETF	-3.8%	4.1%	-0.5%	5.9%
ISHARES EUROPE ETF	-9.3%	-1.6%	-9.6%	-11.6%
ISHARES MSCI EMERGING MARKETS ETF	0.2%	3.4%	3.8%	-9.2%
ISHARES CORE S&P MIDCAP ETF	-4.0%	5.4%	2.6%	2.1%
VANGUARD AUSTRALIAN PROPERTY SECURITIES INDEX ETF	3.5%	9.4%	15.8%	24.8%
SPDR DOW JONES GLOBAL REAL ESTATE FUND ETF	-0.1%	6.0%	4.6%	15.4%
ISHARES COMPOSITE BOND ETF	1.4%	2.9%	4.6%	6.8%
MACQUARIE INCOME OPPORTUNITIES	0.1%	1.6%	1.7%	1.6%
BETASHARES AUSTRALIAN HIGH INTEREST CASH ETF	0.2%	0.6%	1.2%	2.5%
CASH	0.2%	0.6%	1.1%	2.2%

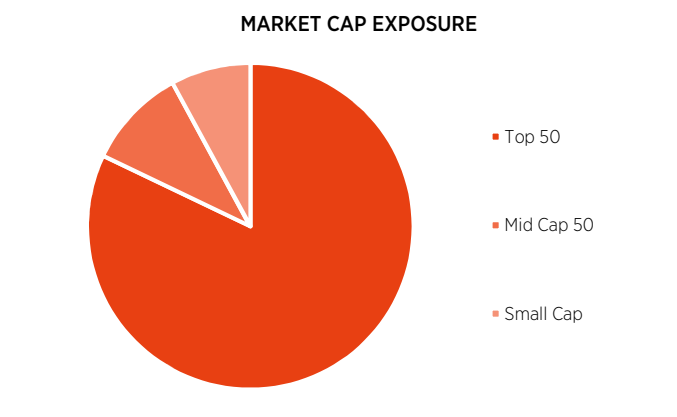
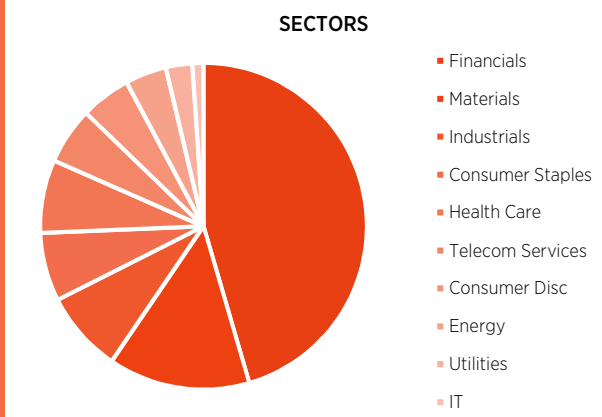
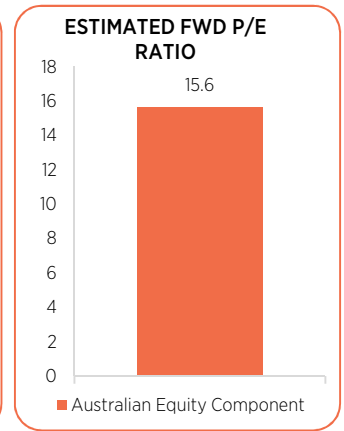
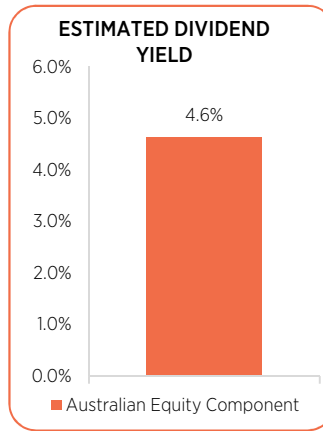
Source: Bloomberg

Income/Growth Split

PERFORMANCE TO 30 JUNE 2016	6 MONTHS	1 YEAR
Income Return	1.11%	3.75%
Growth Return	0.38%	-1.49%
Total Return	1.49%	2.26%

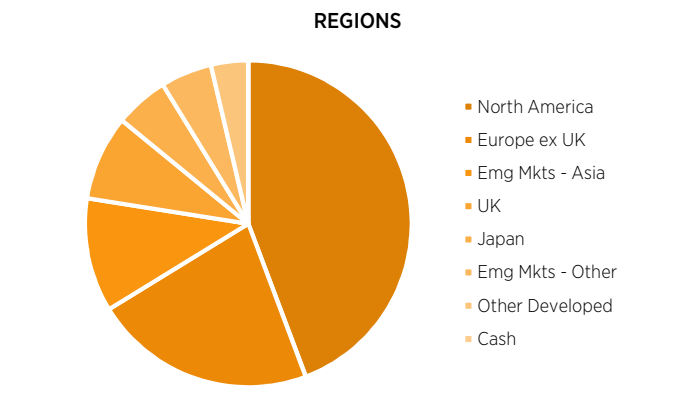
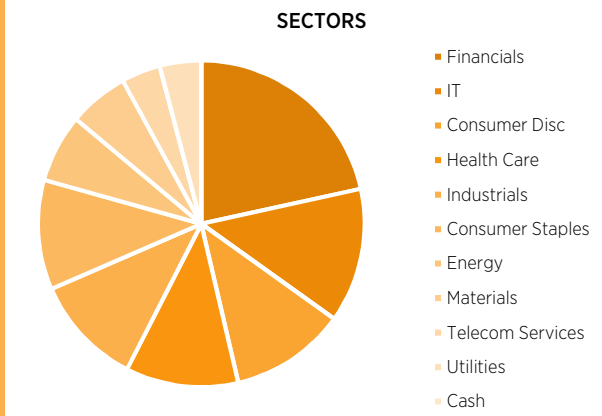
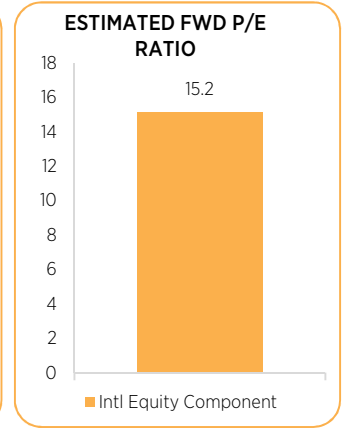
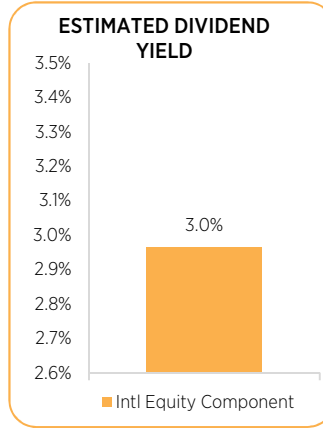
Australian Equities Breakdown

TOP 10 STOCKS	WEIGHT (%)
COMMONWEALTH BANK OF AUSTRALIA	9.1%
WESTPAC BANKING CORPORATION CORP	7.1%
AUSTRALIA AND NEW ZEALAND BANKING	5.1%
TELSTRA CORPORATION LTD	4.9%
NATIONAL AUSTRALIA BANK LTD	4.8%
BHP BILLITON LTD	4.3%
CSL LTD	3.7%
WESFARMERS LTD	3.2%
WOOLWORTHS LTD	1.9%
SCENTRE GROUP	1.9%



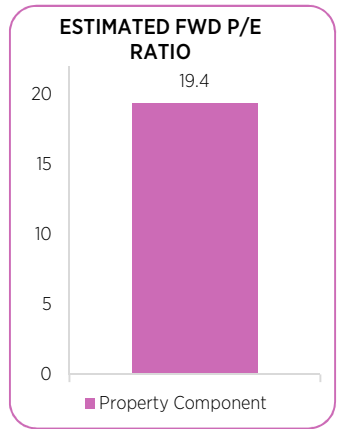
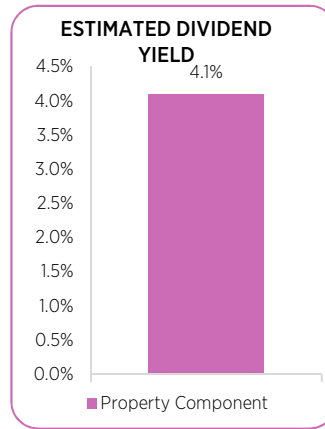
International Equities Breakdown

TOP 10 STOCKS	WEIGHT (%)
NESTLE SA-REG	1.0%
NOVARTIS AG-REG	0.8%
APPLE INC	0.8%
ROCHE HOLDING AG-GENUSSCHEIN	0.8%
MICROSOFT CORP	0.6%
EXXON MOBIL CORP	0.6%
TENCENT HOLDINGS LTD	0.6%
HSBC HOLDINGS PLC	0.5%
BRITISH AMERICAN TOBACCO PLC	0.5%
JOHNSON & JOHNSON	0.5%

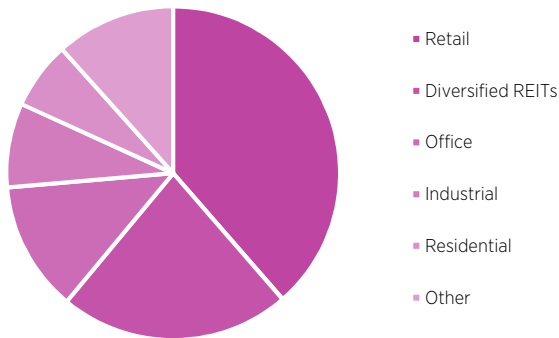


Property Breakdown

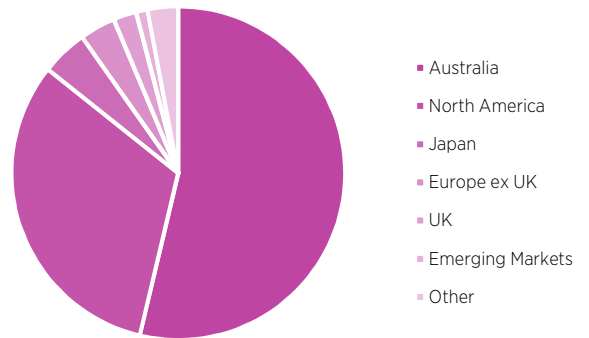
TOP 10 STOCKS	WEIGHT (%)
SCENTRE GROUP	11.6%
WESTFIELD CORP	9.0%
GOODMAN GROUP	4.9%
STOCKLAND	4.5%
VICINITY CENTRES	4.4%
GPT GROUP	4.3%
DEXUS PROPERTY GROUP	3.8%
SIMON PROPERTY GROUP INC	3.2%
MIRVAC GROUP	3.0%
PUBLIC STORAGE	1.8%



SECTORS

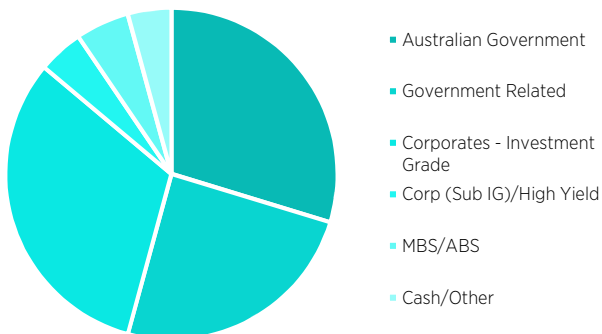


REGIONS

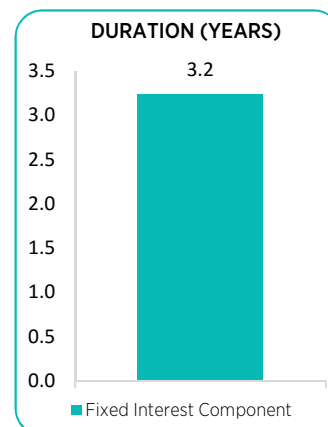
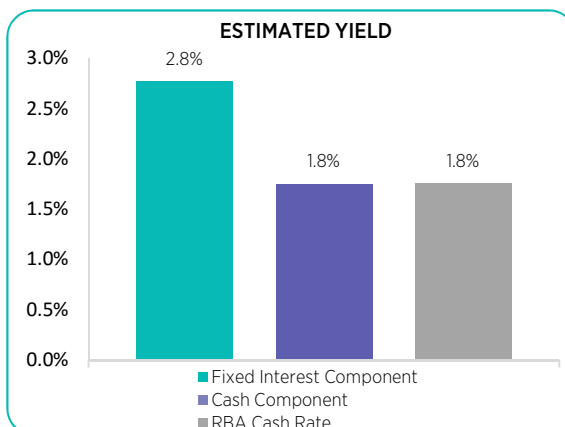
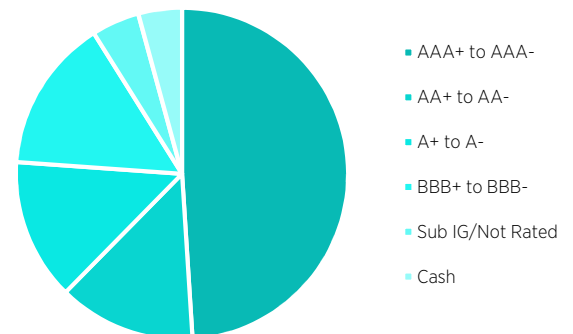


Fixed Interest & Cash Breakdown

SECTORS - FIXED INTEREST



CREDIT QUALITY - FIXED INTEREST



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