

InvestSMART Core Growth Portfolio 31 March 2017

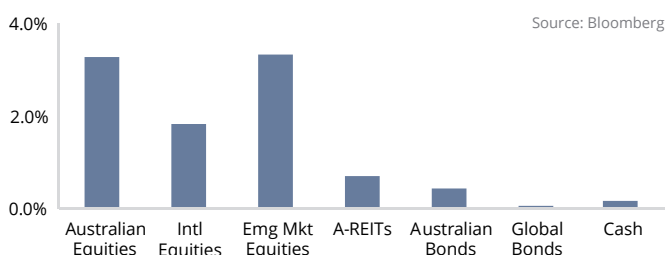
Portfolio commentary

Australian and international equity markets were buoyant throughout the March quarter.

The S&P/ASX 200 index rose 3.5%, with banking stocks the best performers. Resource companies also performed well, boosted by financial results that benefited from a dramatic increase in commodity prices (especially for iron ore and coal) in the latter half of calendar year 2016.

It wasn't just resources companies that had a good reporting season, with most S&P/ASX 200 companies reporting growing earnings and dividends – although exceptions like Telstra, Brambles and Virtus Health were typically dealt with harshly.

MARKET RETURNS – 1 MONTH TO 31 MARCH 2017 (IN AUD)



Capital management was a common theme, with several companies (such as AMP, QBE and Coca-Cola Amatil) announcing buybacks. Company outlook statements were mostly positive, though cautious.

The US market continued to benefit from expectations that Donald Trump will move forward with his pro-growth agenda of deregulation, corporate tax cuts and increased infrastructure spending. This was backed up by strong economic data and good corporate results. Prices are beginning to look stretched, however, with the forward price-earnings multiple of the S&P 500 now at 18, compared to its long-run average of 15.

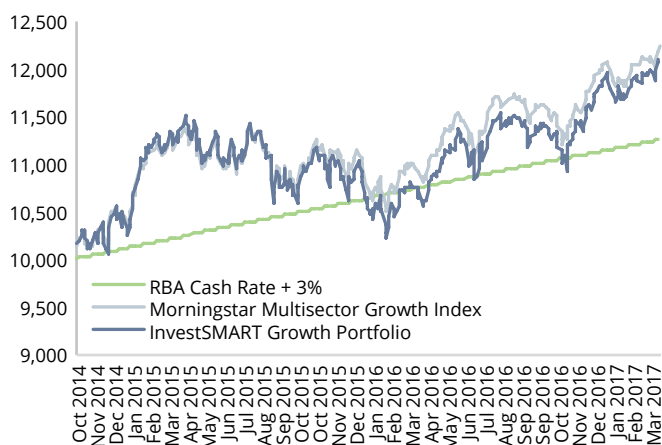
With a brightening economic outlook in China, Europe and Japan, world markets (ex-US) also posted strong gains with the MSCI World ex-USA index rising 6.9% during the quarter. China's economy grew at

an annualised rate of 6.9% in the first quarter, which was supported by strong infrastructure spending and a fast-rising property market.

Europe's economy moved forward with good economic data and strong job growth. Adding to the positive mood were the results from the recent election in the Netherlands. The poor performance of Geert Wilder's far right party reduced fears of further euro-zone departures, at least for the time being.

For Australian investors, though, the effect of rising world equities was largely offset by a strong rise in the Australian dollar, which increased 6.2% against the US dollar during the quarter.

GROWTH OF \$10,000 – INCOME REINVESTED



The InvestSMART Growth Portfolio produced a return of 2.2% (after fees) during the quarter.

The main positive contributor was the iShares Core S&P/ASX 200 ETF, which returned 5.0% in the quarter, reflecting the strength of the Australian market. The non-US international shares also performed well, with the Vanguard All-World ex-US ETF returning 2.7% and the Vanguard FTSE Europe ETF returning 1.9%.

PERFORMANCE TO 31 MARCH 2017	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SI* (P.A.)
INVESTSMART GROWTH PORTFOLIO	1.87%	2.23%	6.16%	12.45%	8.12%
MORNINGSTAR MULTISECTOR GROWTH INDEX	1.68%	2.06%	5.16%	11.78%	8.59%
EXCESS TO BENCHMARK	0.19%	0.17%	1.00%	0.67%	-0.47%
RBA CASH RATE + 3%	0.38%	1.10%	2.25%	4.67%	5.00%
EXCESS TO OBJECTIVE	1.49%	1.13%	3.91%	7.78%	2.51%

Source: Praemium, RBA. Returns are after investment and admin fees. Returns are shown as annualised if the period is over 1 year. * Since Inception (SI) date is 24 October 2014.

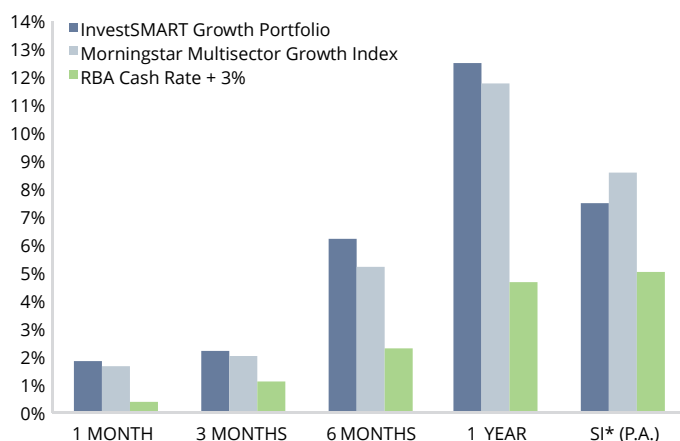
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The main detractors from the performance were the US-based ETFs, with the iShares Core S&P 500 ETF falling 0.2% and the iShares mid-cap ETF (which has since been sold) falling 2.4%.

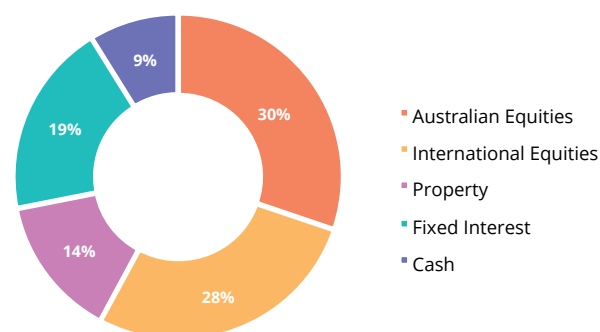
Since inception, the portfolio has returned 8.1% per annum (after fees).

We're delighted to note that, as of 1 April 2017, fees on the InvestSMART Property Portfolio have been reduced by 0.20%. That takes them down to just 0.77% a year for balances below \$250,000 (and less for higher balances).

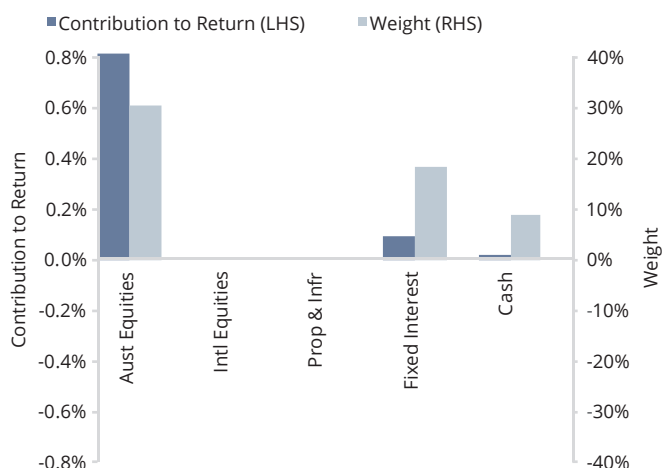
PERFORMANCE SUMMARY TO 31 MARCH 2017



ASSET ALLOCATION AS AT 31 MARCH 2017



CONTRIBUTION TO RETURN - 1 MONTH TO 31 MARCH 2017



UNDERLYING HOLDINGS PERFORMANCE

PERFORMANCE TO 31 MARCH 2017

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR
ISHARES S&P/ASX 200 ETF	3.4%	5.0%	10.9%	21.9%
VANGUARD ALL-WORLD EX-US SHARES INDEX ETF	2.6%	2.7%	7.2%	13.7%
ISHARES CORE S&P 500 ETF	0.4%	-0.2%	10.9%	17.3%
VANGUARD FTSE EUROPE SHARES ETF ETF UNITS FULLY PAID	3.6%	1.9%	7.4%	9.0%
VANGUARD FTSE EMERGING MARKETS SHARES ETF ETF UNITS FULLY PAID	2.2%	5.0%	6.4%	16.7%
ISHARES CORE S&P MIDCAP ETF	-1.1%	-2.4%	12.4%	21.1%
VANGUARD AUSTRALIAN PROPERTY SECURITIES INDEX ETF	0.9%	0.2%	-0.5%	6.9%
SPDR DOW JONES GLOBAL REAL ESTATE FUND ETF	-0.9%	-5.2%	-4.3%	-0.9%
ISHARES COMPOSITE BOND ETF	0.5%	1.2%	-1.8%	2.0%
MACQUARIE INCOME OPPORTUNITIES	0.4%	1.4%	1.7%	5.4%
BETASHARES AUSTRALIAN HIGH INTEREST CASH ETF	0.2%	0.5%	1.0%	2.1%
CASH	0.2%	0.4%	0.9%	1.9%

Source: Bloomberg



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