Portfolio Change Alert

1 April 2021

Weinberg – Private Portfolio Managed Accounts

2021 Alternatives Review

Funds	Change	Rating	APIR Code
Invesco Wholesale Global Targeted Returns Fund - Class A	OUT	Recommended	GTU0109AU
GMO Systematic Global Macro Trust - Class B	IN*	Recommended	GMO0006AU
Janus Henderson Global Multi-Strategy Fund – Institutional Class	IN	Recommended	HGI1794AU

** GMO will replace Invesco at a lower weight*

Rationale for change

An introduction to Multi-Strategy is proposed given the challenges of some Alternatives strategies to provide downside protection (particularly Managed Futures) during a market downturn.

The Janus Henderson Multi-Strategy Fund features six underlying strategies one of which is 'Portfolio Protection' which is expected to provide protection across a wider range of market drawdowns than the current Alternatives structure.

The other five strategies are return seeking to ensure the Fund remains competitive with regard to its absolute return when compared with other Growth asset class Funds.

For the 'Conservative' risk profile with a reduced allocation to Alternatives, a sole exposure to the Multi-Strategy Fund has been proposed to offer a more diverse exposure to Alternatives.

Zenith is eligible to access the Institutional Class which has the applicable rebate embedded into the fee charged by the manager. This removes the need to conduct rebate administration and the associated delay in implementing the rebate.

Given the diversified nature of the Janus Henderson fund, we believe your global macro allocation would be better suited to a strategy seeking greater returns with a higher volatility target, such as GMO. However, equally impressive is GMO's concerted emphasis on capital preservation which we believe will complement your remaining Alternatives managers.

The above change is only applicable to the above listed portfolios and will be effective as of 1 April 2021.

Janus Henderson Global Multi-Strategy Fund

The Fund, managed by London-based Janus Henderson Investors (JHI), offers investors access to a diversified portfolio of internally-managed hedge fund strategies. The Fund is expected to deliver absolute returns through a range of market conditions with low correlation to equity markets. In our opinion, the quality of the two Lead Portfolio Managers and the access to differentiated hedge fund strategies in a highly liquid and cost-efficient format are key competitive advantages.

The underlying strategies are as follows:

Convertible arbitrage	• Aims to capitalise on mispricings of convertible bonds
Event driven	• Looks to exploit pricing inefficiencies around corporate events or capital structures
Equity market neutral	• Seeks to deliver alpha by investing long and short across pan-European equities
Price pressure	• Aims to generate returns through the provision of capital to liquidity opportunities
Risk transfer	• Looks to capitalise on supply/demand-driven imbalances in the derivatives market
Portfolio protection	• Seeks to mitigate left tail risk through a multi-faceted protection strategy

GMO Systematic Global Macro Trust - Class B

The Fund, managed by GMO's Sydney-based global macro team, invests in a mix of global equity, currency, fixed income and commodity markets, utilising a systematic investment process. Combining a mix of valuation and sentiment-based signals, GMO seeks to deliver positive absolute returns with a focus on capital preservation. In Zenith's opinion, GMO's high-quality investment team coupled with its ability to produce uncorrelated, absolute returns, positions the Fund as an attractive option in the sector.

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