Portfolio Change Alert

1 April 2021

Weinberg – Private Portfolio Managed Accounts

2021 SAA Review Changes

Property Reduction

Funds	Change	Rating	APIR Code
iShares Australian Listed Property Index Fund	OUT*/DOWN	Recommended	BGL0108AU
Resolution Capital Global Property Securities Fund - Series 2	UP*/DOWN**	Highly Recommended	IOF0081AU
Ausbil 130/30 Focus Fund	UP**	Recommended	AAP0008AU
Lennox Australian Small Companies Fund	UP	Highly Recommended	HOW3590AU
SGH ICE	UP**	Recommended	ETL0062AU
Solaris Core Australian Equity Fund (Performance Alignment)	UP***	Highly Recommended	SOL0001AU

**** Applicable to 'Balanced' portfolios only***
*****Not applicable to 'Conservative' portfolios***
****** Applicable to 'Moderate' portfolios only***

Rationale for change

Following our 2021 SAA Review we are recommending the following changes to the SAA of your portfolios.

Asset Class	Conservative	Moderate	Balanced	Growth	High Growth
Cash					
Australian Fixed Interest	35	25	15	7.5	
Global Fixed Interest	35	25	15	7.5	
Australian Shares	12 (+1)	20 (+1.25)	28 (+1.75)	34 (+2)	40 (+2.5)
International Shares	11	18.75	26.25	32	37.5
Listed Property	2.5 (-1)	3.75 (-1.25)	5.25 (-1.75)	6.5 (-2)	7.5 (-2.5)
Alternatives	4.5	7.5	10.5	12.5	15
	100	100	100	100	100

Property Reduction

At our recent SAA review we elected to down-weight Listed Property across all risk profiles. This is due to the asset class' relatively high volatility and low risk premium when compare to other Growth assets.

The SAA optimiser produced similar results at last year's review and a decision was made to retain the allocation given that Listed Property is a key to enhancement of income yield to portfolios which is expected to provide defensiveness during a downturn.

While Listed Property can potentially provide protection and diversification during a downturn due to its high cash flow from rent collection activities, the concentrated nature of the Listed Property markets, both by stock and sector numbers, causes the asset class to be more volatile than broad equity. Additionally, a peer group assessment of the Multi-Asset APL Funds showed our current allocation to listed Property is currently above the average allocation.

Australian Shares was selected to reallocate this capital given a relatively attractive risk premium and lower volatility profile than Listed Property. However, given your Australian Shares allocation contains all-caps as well as long/short, the volatility profile of your Australian Shares allocation is broadly comparable to your Listed Property allocation.

As a result, the SAA change is expected to result in a similar level of overall portfolio risk with an enhanced outperformance potential and absolute return expectation. Given the lowered allocation to Listed Property in the 'Conservative' and 'Moderate' risk profiles, a sole exposure to GREITs will be employed which is consistent with the lower risk appetite given the GREIT market is more diverse.

For further detail regarding the rationale for the SAA change, please refer to our 'Asset Class Risk Premia Methodology' documents.

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

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