Portfolio Change Alert

1 April 2021

Weinberg – Private Retirement Managed Accounts

2021 Alternatives Review

Funds	Change	Rating	APIR Code
Aspect Diversified Futures - Class A	OUT	Recommended	FSF1086AU
Invesco Wholesale Global Targeted Returns Fund - Class A	OUT	Recommended	GTU0109AU
Epoch Global Equity Shareholder Yield (Unhedged) Fund	OUT	Recommended	GSF0002AU
Janus Henderson Global Multi-Strategy Fund – Institutional Class	IN	Recommended	HGI1794AU
Bennelong Australian Equities Fund	IN	Highly Recommended	BFL0001AU
Talaria Global Equity Fund	IN	Recommended	AUS0035AU

Rationale for change – SAA Review

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

Asset Class	Retirement Income	Retirement Growth
Cash	10	
Australian Fixed Interest	20	7.75
Global Fixed Interest	20	7.75
Australian Shares	25 (+5)	40 (+5.5)
International Shares	15	30
Listed Property	5	5
Alternatives	5 (-5)	6 (-9)
Multi Asset		3.5 (+3.5)
	100	100

At our recent SAA review we elected to down-weight Alternatives. This is intuitive as Alternatives generally generate less income compared with other traditional investments, such as Australian Shares.

While Alternatives continue to offer diversification and defensive attributes, we believe a lower allocation is warranted to enhance the yield return your portfolio generates.

As such, we're recommending you increase your exposure to Australian Shares which historically have delivered attractive dividend returns. Furthermore, there are tax advantages associated with a higher Australian Shares allocation which likewise increase the appeal of a higher allocation.

Furthermore, we are introducing Bennelong into your portfolios to improve the growth potential. Whilst Bennelong delivers attractive income returns, they likewise have a strong emphasis on growth returns which we believe will improve the total return profile of your portfolios.

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

Rationale for change – Alternatives

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.

As the Retirement portfolios have 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.

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Rationale for change – International Shares

Talaria has been selected to replace Epoch based on the superior downside protection the Manager has historically provided during bouts of market weakness. We believe this will better align your portfolio's composition with the capital preservation sought for Retirement portfolios.

Moreover, we believe Talaria is better placed to deliver consistent and sustainable income in this low-rate environment due to its ability to use derivatives to augment the Fund's yield profile.

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

Pleasingly, the above changes will result in a modest fee reduction on your portfolios.

Bennelong Australian Equities Fund

The Fund, managed by Sydney-based Bennelong Australian Equity Partners (BAEP), provides investors with a diversified and high-quality Australian equities exposure. Zenith's conviction in the Fund is underpinned by our high regard for the experienced investment team and the rigorous investment process employed. Overall, Zenith believes the Fund is well positioned to achieve its investment objectives.

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

Talaria Global Equity Fund - Wholesale Units

The Fund, managed by Melbourne-based Talaria Asset Management (Talaria), provides investors with a value-biased exposure to the global equities sector, executed through the use of exchange traded options. Although not targeted, Zenith notes that the Fund has historically generated high levels of income. Zenith believes Talaria employs a unique investment approach and considers the investment team to be well positioned to deliver upon the Fund's investment objectives. Additionally, we believe the Fund is a highly attractive option within the global equity income peer group.

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