Portfolio Change Alert

Weinberg (North) | Annual SAA Review

1 April 2022

	Current (Conservative)	Proposed (Conservative)	Current (Moderate)	Proposed (Moderate)	Current (Balanced)	Proposed (Balanced)	Current (Growth)	Proposed (Growth)	Current Growth)	Proposed (High Growth)
Defensive	**70.00**	**70.00**	**50.00**	**50.00**	**30.00**	**30.00**	**15.00**	**15.00**	**0.00**	**3.00**
Cash	7.00	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australian Fixed Interest	36.50	**32.00**	27.50	**23.25**	14.00	**12.50**	5.00	**4.00**		
International Fixed Interest	26.50	26.50	22.50	22.50	16.00	**13.75**	10.00	**7.75**		
Alternatives		**4.50**		**4.25**		**3.75**		**3.25**		**3.00**
Growth	**30.00**	**30.00**	**50.00**	**50.00**	**70.00**	**70.00**	**85.00**	**85.00**	**100.00**	**97.00**
Alternatives	4.50	4.50	7.50	**4.25**	10.50	**3.75**	12.50	**3.25**	15.00	**3.00**
Australian Shares	12.00	12.00	20.00	**23.25**	28.00	**34.75**	34.00	**44.00**	40.00	**50.50**
International Shares	11.00	11.00	18.75	18.75	26.25	26.25	32.00	32.00	37.50	37.50
Property	2.50	2.50	3.75	3.75	5.25	5.25	6.50	**5.75**	7.50	**6.00**
Weighted average management fee - (excl. Performance fee)	**0.44**	**0.46**	**0.58**	**0.61**	**0.61**	**0.63**	**0.64**	**0.66**	**0.68**	**0.69**

For portfolio construction the key recommended changes are:

- Inverted Alternatives trend through the risk profiles to be higher at the 'Conservative' end and lower at the 'High Growth' end.
- Increasing the bias to Australian Shares relative to International Shares.
- Reduction of Listed Property in 'Growth' & 'High Growth'.
- Reduction of Fixed Interest to facilitate the Alternatives Growth/Defensive reclassification.

Rationale for change

The Growth/Defensive designation for Alternatives was changed from 100% Growth allocation to 50% Growth/ 50% Defensive allocation in line with APRA's 'Your Future, Your Super' regulatory reforms.

A higher weighting to Alternatives was favoured in the lower risk profiles and less favoured in the higher risk profiles. This reflects the diminished protective qualities of Fixed Income and the need to take greater risk to achieve the return objectives of the portfolios, respectively.

Increased Australian Shares biased relative to International Shares given our forecasts indicate higher returns for Australian Shares and broadly similar volatility.

Reduction of Listed Property due to its higher volatility when compared with Australian Shares & International Shares.

The changes are applicable to all portfolios listed above and will be effective as of 1 April 2022.

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