Portfolio Change Alert

Weinberg | Alternatives & Australian Shares Review

1 April 2022

Funds	Change	Rating	APIR Code
GMO Systematic Global Macro Trust - Class B	OUT	Approved	GMO0006AU
Insight Diversified Inflation Plus Fund - Class B	IN	Recommended	ETL3535AU
Man AHL Alpha (AUD) - Class B	DOWN[1]/IN[4]	Recommended	MAN0017AU
Janus Henderson Global Multi-Strategy Fund - Institutional Class	UP[2]/DOWN[3]	Recommended	HGI1794AU
Bennelong Ex-20 Australian Equities Fund	IN[5]	Highly Recommended	BFL0004AU

[1]Balanced, Growth and High Growth portfolios only
[2]Moderate portfolio only
[3]Conservative, Balanced, Growth and High Growth portfolios only
[4]Conservative portfolio only
[5]Excludes Conservative portfolios

Rationale for change

Allocation Changes

The Global Macro allocation was challenged at this year's review and was deemed a valid allocation to protect portfolios against both high inflationary environments and significant equity downturns.

More protective allocations such as Multi-Strategy and Global Macro have been favoured in the lower risk profiles, with Managed Futures retaining a lower weighting due to their higher volatility profile.

The changes to Alternatives also account for the SAA changes from this year's review.

GMO Replaced by Insight

We are recommending to switch into the Insight Diversified Inflation Plus Fund, which targets an absolute return of CPI + 5% p.a. over rolling five-year periods. Zenith maintains a high opinion of the investment team, in particular its ability to structure a portfolio that captures the upward bias of markets, coupled with less directional, diversifying trade ideas.

Importantly, the Fund can strategically take equity positions. While this may increase sensitivity to equity drawdowns, it provides the benefit of enhancing long-term returns. The Fund has a strong focus on inflation risk as part of its stated objective and has multiple levers to protect against inflation risk.

Introduction of Bennelong

We are recommending a dedicated Australian mid-cap allocation in Bennelong, as we believe this will improve your portfolio's diversification whilst accessing an additional avenue to generate excess returns. Underpinning this recommendation is the confidence the Zenith Research Team has in the ability of the Manager to generate attractive, risk-adjusted returns. This has been on display since inception where the Manager has demonstrably generated excess returns across varying market conditions.

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

Insight Diversified Inflation Plus Fund – Class B

Matthew Merritt, Head of the Multi-Asset Strategy (MAS) Group, leads the investment team and is a highly experienced investment professional who joined Insight in September 2004. Insight's investment process is focused on the generation of views through a research-intensive approach that draws on the input of both the MAS team and Insight's platform of investment specialists.

The Fund employs an active approach to asset allocation and portfolio management over a broad opportunity set.

Bennelong Ex-20 Australian Equities Fund

The Fund, managed by Bennelong Australian Equity Partners (BAEP), offers investors a styleneutral, concentrated exposure to Australian equities, excluding stocks within the S&P/ASX 20 Index. Through a fundamentally-driven research effort, BAEP aims to identify quality companies that exhibit mispriced earnings growth. Zenith believes the Fund is an appealing offering owing to its highly capable portfolio manager and demonstrated track record of outperformance.

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