Portfolio Change Alert

Weinberg | Fixed Interest Review

1 January 2023

Funds	Change	Rating	APIR Code
Western Asset Australian Bond Trust - Class A	UP	Highly Recommended	SSB0122AU
PIMCO Global Bond Fund – Wholesale Class	UP	Highly Recommended	ETL0018AU
Ardea Real Outcome Fund	DOWN^/OUT^^	Recommended	HOW0098AU
Pendal Short Term Income Securities Fund	DOWN/OUT^^^	Recommended	WFS0377AU
Macquarie Income Opportunities Fund	DOWN*	Recommended	MAQ0277AU
Janus Henderson Tactical Income Fund	DOWN*	Recommended	IOF0145AU
Franklin Australian Absolute Return Bond Fund - I Class	DOWN*	Recommended	FRT0028AU

^ Only applicable to 'Moderate' & 'Balanced' portfolios
^^ Only applicable to 'Growth' portfolios
^^^ Only applicable to 'Moderate' portfolios
** Only applicable to 'Balanced' portfolios*

Rationale for change

Increase Exposure to Interest Rate Duration

Zenith has intentionally structured your portfolio to have lower duration (less sensitivity to changes in interest rates) than the benchmark. This positioning has been beneficial over what has been the most challenging 12-month period for bonds on record as interest rates have dramatically increased from historic lows.

The significant decline in bond prices and corresponding higher yields provides a far more attractive return outlook for Australian and global bonds. Furthermore, bonds offer renewed defensive qualities and stronger diversification capabilities. Should we enter a recessionary environment where the expectation would be that central banks lower interest rates, this would lead to capital appreciation of bonds.

We have therefore reallocated the weightings of your fixed interest managers to increase exposure to high-quality government bonds, while still retaining exposure to a diverse range of fixed interest sectors with different return profiles.

The changes will be effective as of 1 January 2023.

Zenith Investment Partners ("Zenith") (ABN 27 103 132 672, AFS License 226872) is the provider of General Advice (s766B Corporations Act 2001). General Advice provided by Zenith is limited to Wholesale clients only. This document has been prepared without taking into account the objectives, financial situation or needs of any specific person who may read it. It is not a specific recommendation to purchase, sell or hold any relevant product(s) and is subject to change at any time without prior notice. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice in this document in light of their own objectives, financial situation or needs. Investors should obtain a copy of, and consider, any relevant product PDS or offer document before making any decision. This document is subject to copyright and may not be reproduced, modified or distributed without the consent of the copyright owner. The information contained in this document has been prepared in good faith and is believed to be reliable at the time it was prepared, however, no representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document. Except for any liability which cannot be excluded, Zenith does not accept any liability, whether direct or indirect arising from the use of information contained in this document. Past performance is not an indication of future performance. Full details regarding Zenith's contact details and research processes are available at http://www.zenithpartners.com.au/RegulatoryGuidelines