Portfolio Change Alert

Weinberg | Fixed Interest Review

1 January 2023

Funds	Change	Rating	APIR Code
Western Asset Australian Bond Fund	UP	Highly Recommended	SSB0122AU
PIMCO Global Bond Fund – Wholesale Class	UP	Highly Recommended	ETL0018AU
Ardea Real Outcome Fund	DOWN	Recommended	HOW0098AU
Macquarie Income Opportunities Fund	DOWN/OUT^	Recommended	MAQ0277AU

^ *Only applicable to 'Retirement Growth'*

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 change will be effective as of 1 January 2023.

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