Portfolio Change Alert

1 July 2020

Weinberg Private Portfolios

Winton Removal

Funds	Change	Rating	APIR Code
Invesco Wholesale Global Targeted Returns Fund - Class A	UP	Recommended	GTU0109AU
Winton Global Alpha Fund	OUT	Recommended	MAQ0482AU
Aspect Diversified Futures - Class A	IN	Recommended	FSF1086AU

Rationale for change

The Winton Global Alpha Fund sits within the Managed Futures (i.e. trend following) peer group. However, over recent years, the Fund has increasingly allocated to 'diversifying' strategies and is no longer a 'pure' trend following strategy. Winton's recent performance has deviated from peers due to these strategies. More importantly, the changes diminish the Fund's ability to protect during sustained market sell offs. As drawdown protection is a key reason Zenith recommends a Managed Futures allocation, we are switching to a strategy with a larger allocation to trend following.

We are allocating to the Aspect Diversified Futures - Class A. The high-level rationale is outlined below:

1. **Increase the level of conviction in our Managed Futures Allocation:** the switch enables us to increase the level of conviction in our selected investment manager.
    a. **Higher trend following exposure:** Given Aspect is 80% allocated to trend following, we would expect the strategy to provide greater protection during a sustained market sell off in comparison to Winton.
    b. **Higher research view:** While both funds are Recommended, Aspect is ranked higher by our Research team.
2. **Reduced portfolio cost:** Aspect is priced more attractively at 1.65% p.a. versus Winton's 1.78% p.a., reducing the overall portfolio cost. However, Aspect has a slightly higher performance fee of 20% compared with Winton at 16.4%.

In terms of risk, the Aspect Fund has a higher expected volatility (as measured by Standard Deviation) with a target of 17% p.a. compared with Winton's expected volatility of between 5% p.a. to 12% p.a. We do not want the Managed Futures strategy allocation to increase on a risk basis by conducting this replacement. For this reason, we have also increased the weight to the Invesco Wholesale Global Targeted Returns Fund - Class A to provide a better balance of risk allocation between the Global Macro and Managed Futures strategies.

This change will be applicable to all portfolios and will be effective as at 1 July 2020.

Aspect Diversified Futures - Class A

The Fund, managed by London-based Aspect Capital Limited (Aspect) and distributed in Australia by Colonial First State Investments Ltd (CFS), provides investors with exposure to a managed futures investment strategy. Aspect employs a medium-term, systematic, research-driven process that captures trends in a broad range of futures and forwards markets. Zenith maintains high conviction in the firm's investment capabilities, underpinned by its commitment to research and development.

Zenith Investment Partners ("Zenith") (ABN 27 103 132 672, AFS Licence 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 exclusively for Zenith clients 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 and refer to the full Zenith Product Assessment/s available on the Zenith website. 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 make 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. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our website https://www.zenithpartners.com.au/RegulatoryGuidelines