

CHIMAERA INDEX ENHANCED FRANKED INCOME

INDEX RETURNS WITH SUPERIOR FRANKED YIELDS

MODEL: CH0001

29 April 2016

April Update

The Chimaera Index Enhanced Franked Income managed account returned 3.7% in April including franking credits, outperforming the S&P/ASX 200 Accumulation Index by 0.3%.

April delivered continued gains across Australian and Global equity markets. A more dovish tone from the US Federal Reserve weighed on the USD which provided a positive backdrop for global commodity prices, despite global demand side economic data remaining patchy.

As a result of upward commodity prices, the materials sector within the Australian market provided strong returns which accounted for around half the S&P/ASX 200 market gains for the month. The portfolio benefited from an overweight setting in Rio Tinto Ltd as well as BHP Ltd which were both more than 20%+ higher over the month.

Within the industrials sector an overweight position in Aurizon Holdings contributed positively, and demonstrating that sometimes avoiding certain exposures can also drive returns, the portfolio added value by avoiding Qantas which fell over 20% for the month.

April being a quiet month of dividends, the Super Franked strategy accumulated 0.1% of dividend income including franking credits. This brings the 2015/16 FYTD gross income to 8%, with key financial names reporting ahead in May.

Investment Objective

The Chimaera Index Enhanced Franked Income Model is designed to generate high levels of franked income from an index based Australian equity Portfolio.

Investment Strategy and Approach

The Chimaera Index Enhanced Franked Income model consists of 30 - 60 ASX listed blue chip companies in similar sector proportions to widely recognised broad based Australian market indices such as the S&P / ASX 200.

The strategy achieves a superior dividend stream through quarterly rebalancing designed to capture the upcoming dividend payments of a carefully screened subset of ASX listed companies which meet various investability criteria.

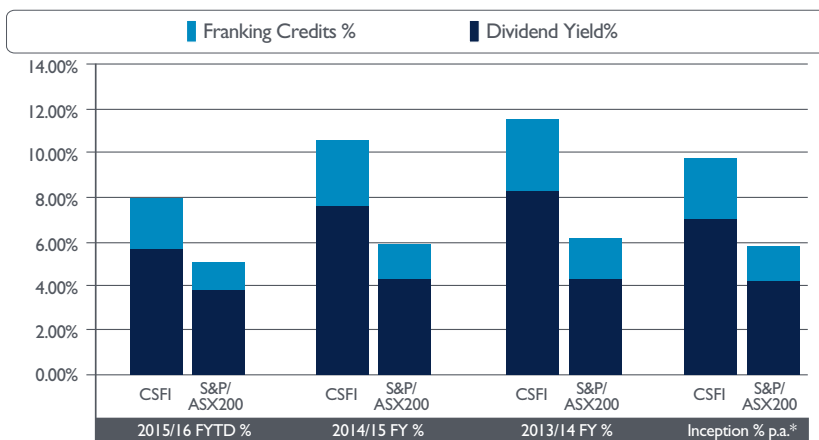
Key Performance Stats - 29 April 2016

	2015/16 FYTD%		2014/15 FY%		2013/14 FY %		Inception % p.a.*	
	CSFI	S&P/ASX 200	CSFI	S&P/ASX 200	CSFI	S&P/ASX 200	CSFI	S&P/ASX 200
Accum. Return* (incl Franking) %	-2.1%	1.1%	6.1%	7.3%	18.9%	19.1%	5.0%	6.6%
Dividend Yield %	5.7%	3.9%	7.6%	4.4%	8.3%	4.4%	7.1%	4.3%
Franking Yield %	2.3%	1.2%	2.9%	1.6%	3.2%	1.7%	2.6%	1.5%
Dividend Yield % (Gross)	8.0%	5.1%	10.6%	5.9%	11.5%	6.1%	9.8%	5.8%

* Source: Bloomberg, Chimaera Index Advisors - Inception 21 May 2013

* Performance after fees

Yield Comparison: CSFI vs S&P/ASX 200 Accum



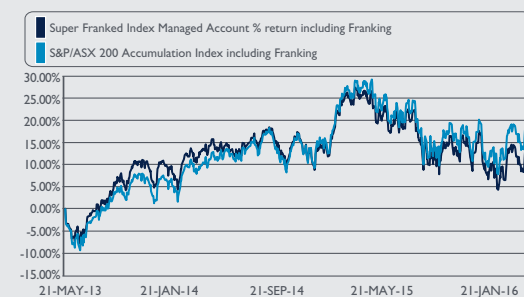
* as at 29 April 2016, Bloomberg, Chimaera Index Advisors.

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Key Benefits

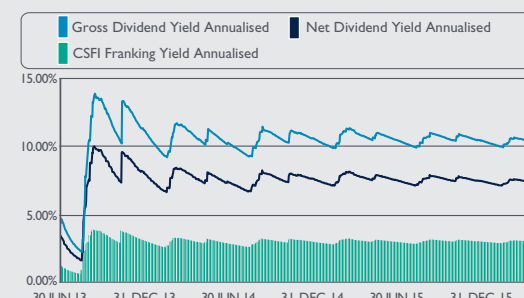
- Invest for tax efficient equity income, in a diversified portfolio of ASX listed blue chip and high quality companies.
- Superior franked income achieved free from leverage or option overlay, combined with high levels of franking for the efficient allocation of imputation credits
- Long term price returns consistent with Australian equity market risk profile.
- Investors will gain exposure to the broad sector weightings associated with widely accepted market based indices such as the S&P / ASX 200.
- Low transaction Costs
- Compatibility with various equity risk hedging overlay and leverage strategies

Annualised Returns after Fees % (including Franking)



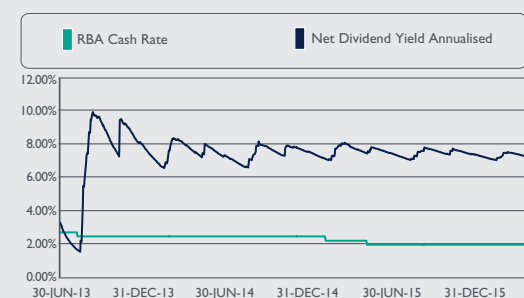
Source: Chimaera Index Advisors, Bloomberg.

Annualised Dividend Yields %



Source: Chimaera Index Advisors, Bloomberg.

Dividend Yield % versus RBA Cash Rate



Source: Chimaera Index Advisors, Bloomberg.

Melbourne

Telephone: +61 3 8614 8400
Facsimile: +61 3 8614 8410

Hong Kong

Telephone: +852 2166 9500
Facsimile: +852 2166 9510

Singapore

Telephone: +65 6594 3800
Facsimile: +65 6594 3810

