

Investment Objective

The Newport Global Absolute Return model portfolio seeks to provide capital appreciation with an absolute return target. The strategy aims to provide a return in excess of cash + inflation over 5 year rolling periods and minimise prolonged drawdowns through a momentum-driven systematic approach to global dynamic asset allocation.

Suitability

The portfolio is designed for investors who seek...

- a highly active approach to global asset allocation
- diversified exposure to global asset classes
- absolute returns & a focus on minimising drawdowns

Investment Style/Strategy

Strategy

Global Dynamic Asset Allocation

Style

Systematic Trend Following

Benchmark

Unaware (Cash + Inflation)

Peer Group

Australian Mixed Asset Flexible

Investment Approach

The Newport Global Absolute Return model employs a long-only global dynamic asset allocation strategy. The portfolio utilises the strategy behind Newport's Global Dynamic Asset Allocation Index (AUD). The strategy is primarily designed to identify and capture the long term trending nature of asset classes. The strategy is quant driven and follows a rigid and predetermined mathematical process or algorithm. All allocation & weighting decisions are systematic i.e. rules-based and are driven by time-series momentum & trend indicators, expected return and expected volatility factors. The allocation percentages are dynamic and unconstrained and the strategy has the option to go to 100% cash in certain market environments. The portfolio is re-weighted and positioned on a monthly basis. The ETFs traded cover global equities, property equities, commodities, bonds and cash.

Market Returns

June 2018

Equities - S&P ASX 200	3.27%
Equities - MSCI World	0.37%
Equities - Asia ex Japan	-3.56%
Equities - MSCI Emerging Mkts Index	-2.40%
Property - FTSE EPRA NAREIT Australia	1.95%
Commodities - Bloomberg Commodity	-3.50%
Precious Metals - S&P GSCI Gold TR	-3.70%
Govt. Bonds - Citi Aust. Government Bond	0.54%
Corp. Bonds - Citi Australian Corporate	0.46%
Market Volatility - CBOE VIX Index	4.28%

All figures are Total Return in the local currency of the index

Source: Financial Express (Holdings) Ltd

Portfolio Details

Portfolio Inception (under Newport)

1 February 2014

Model Base Currency

Australian Dollars

Authorised Investments

ASX listed ETPs

Number of Stocks

1 - 30

Cash Allocation

0% to 100%

Investment Time Horizon

At least 5 years

SMA Platforms

Linear Asset Management Ltd

Praemium Limited

HUB24 Limited

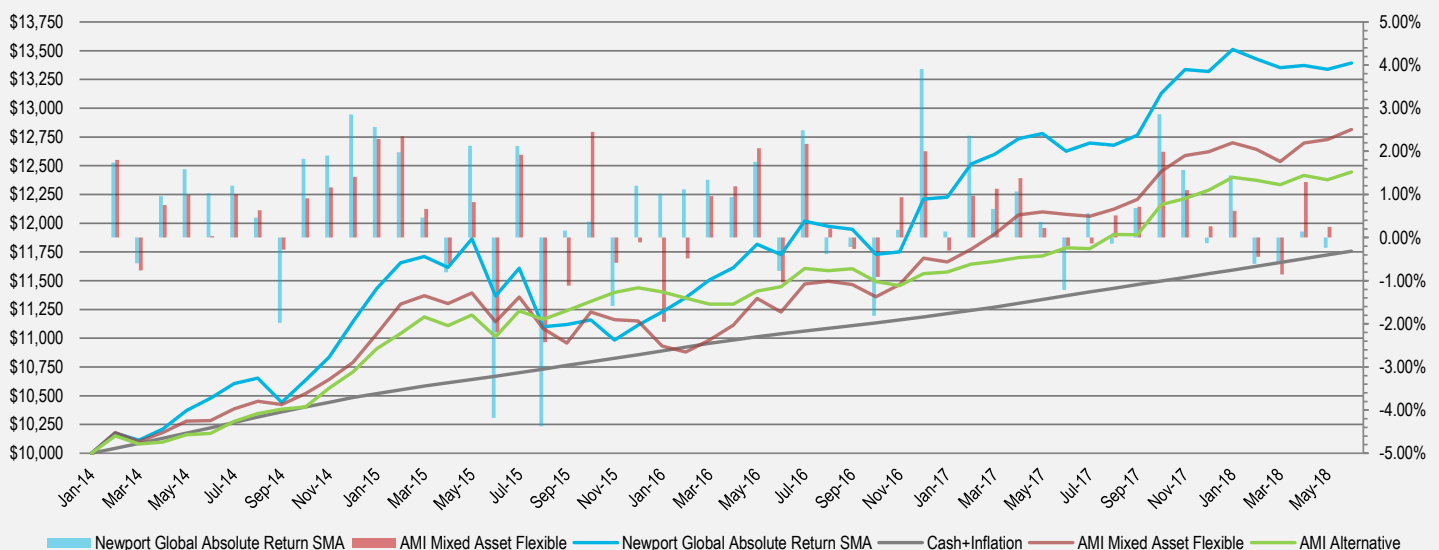
Management Fee

1.10% p.a. (incl. GST)

Performance - Returns Table (Gross¹)

	YTD	1m	3m	6m	1yr	Ann. 3yr	Ann. Since Incep.
Newport Global Absolute Return SMA Model	0.55%	0.40%	0.30%	0.55%	6.08%	5.61%	6.84%
AMI Alternative (FE Fund Sector)	1.28%	0.54%	0.90%	1.28%	5.59%	4.16%	5.08%
AMI Mixed Asset Flexible (FE Fund Sector)	1.53%	0.68%	2.23%	1.53%	6.12%	4.77%	5.78%

Value of \$10,000 invested at inception & monthly % returns chart (Gross¹)



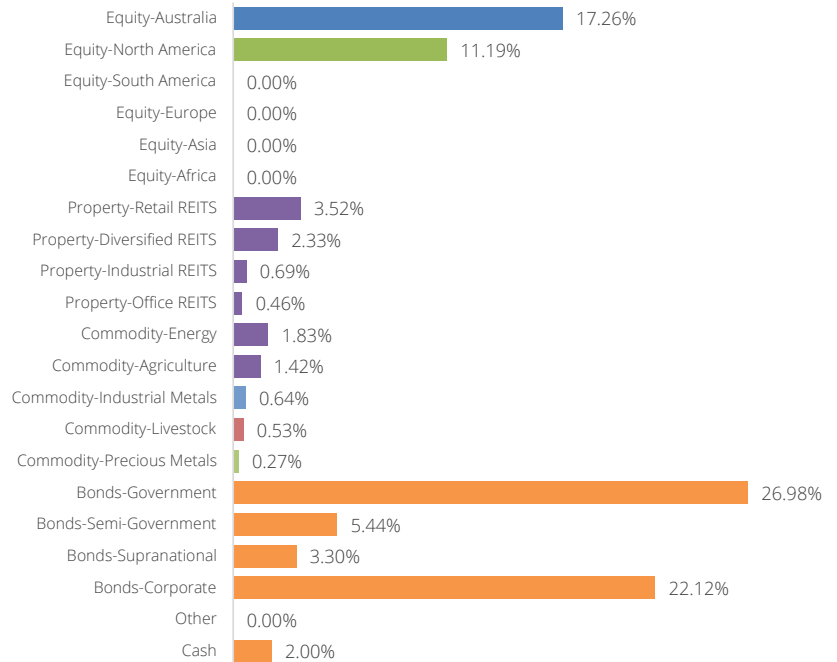
Line chart refers to cumulative returns (\$) on left axis. Bar chart refers to discrete monthly returns (%) on right axis

Past performance is not a reliable indicator of future performance

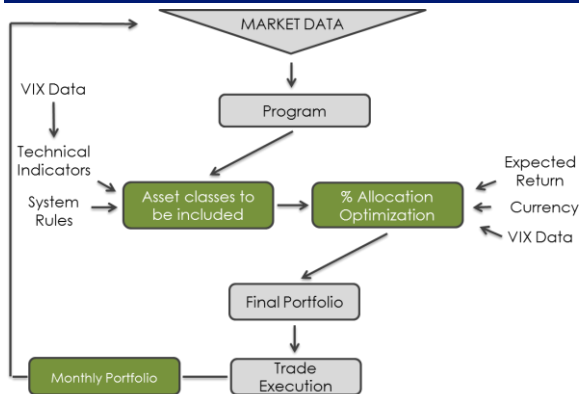
Performance - Statistics Table²

	AMI Mixed Asset Flexible	Newport GAR
1 Month Return	0.68%	0.40%
3 Month Return	2.23%	0.30%
6 Month Return	1.53%	0.55%
12 Month Return	6.12%	6.08%
Ann. Return (since incep.)	5.78%	6.84%
Volatility (since incep.)	4.00	5.47
Sharpe Ratio (since incep.)	1.07	0.98

Current Asset Allocation



Monthly Strategy Cycle



About the Manager

Newport Private Wealth is an Australian based specialist portfolio manager with a global focus. Our 20 years of experience investing in Asia and Australia provides us with unique insights into investment opportunities across all asset classes both globally & in the Asia Pacific region. This knowledge and expertise is applied to deliver superior returns to our client's portfolios. Our investment and trading strategies are developed in house, we are able to provide flexible and innovative solutions tailored to the exact investment requirements of our clients.

Risk Management

The model will aim to keep 5 year rolling annualised volatility to around half that of equities (currently 15.60% for the ASX 200). The model will aim to maintain a 5 year rolling Sharpe ratio of >0.60. The model will have strict counterparty and liquidity controls. The model does not use shorting, leverage or derivatives. Potential investors in trend following strategies should be aware that markets can suddenly correct and as a result the strategy will go through loss making periods. Any investment should be viewed as medium to long term and the potential investor should be prepared for the inevitable drawdowns associated with a long only strategy.

Benefits of the Model

- Completely systematic trend following strategy
- Strategy back-tested over 10 years (at index level)
- Low correlation to traditional asset classes; a good diversifier
- Full program transparency on instruments and weightings
- Liquidity; the entire portfolio can liquidated in less than 24 hours
- Focus on minimising downside risk and prudent risk management
- No shorting, no leverage and no use of derivatives

Important Notes

Past performance is not a reliable indicator of future performance and no person guarantees the future performance of the model portfolio.^{1,2} Returns are taken from the Praemium SMA platform model portfolio. Model Portfolio performance is based on the theoretical performance of the Model Portfolio and does not take into account any fees applicable to the Model Portfolio. Actual portfolios may not perform in the same manner as the Model Portfolios, depending on customisations and timing issues. Accordingly, the actual after tax returns you receive are likely to be different from the Model Portfolio returns and those of other investors. Rounding used in the presentation of data may result in minor variations. Ratios & returns of greater than 1 year are annualised. Data source = Financial Express (Holdings) Ltd and Praemium Model Portfolio data. Benchmark = Inflation+Cash i.e. RBA cash rate + annual change in CPI as reported by the ABS. 50% Equity / 50% Bonds is a performance comparison and uses MSCI Australia and Bloomberg Ausbond Composite indexes with a June re-balance.

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