

Newport Global Absolute Return

Systematic Global Dynamic Asset Allocation

Investment Objective

The portfolio aims to provide a total return (capital appreciation & income) in excess of Inflation + 4% (before costs) over 5 year rolling periods while maintaining a maximum drawdown and annualised volatility of around half that of Australia equities.

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 Momentum / Trend

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 aims to track Newport's Global Cross-Asset Trend 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

September 2019

Equities - S&P ASX 200	-0.35%
Equities - MSCI AC World	2.03%
Equities - Asia ex Japan	3.66%
Equities - MSCI Emerging Mkts Index	3.01%
Property - FTSE EPRA NAREIT Australia	1.41%
Commodities - S&P GSCI Light Energy	1.52%
Precious Metals - S&P GSCI Gold Spot	2.99%
Bloomberg Ausbond Government	-0.49%
Bloomberg Ausbond Composite	-0.57%
Market Volatility - CBOE VIX Index	-18.60%

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

Source: Financial Express (Holdings) Ltd

Portfolio Details

Inception (Newport as model manager)

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

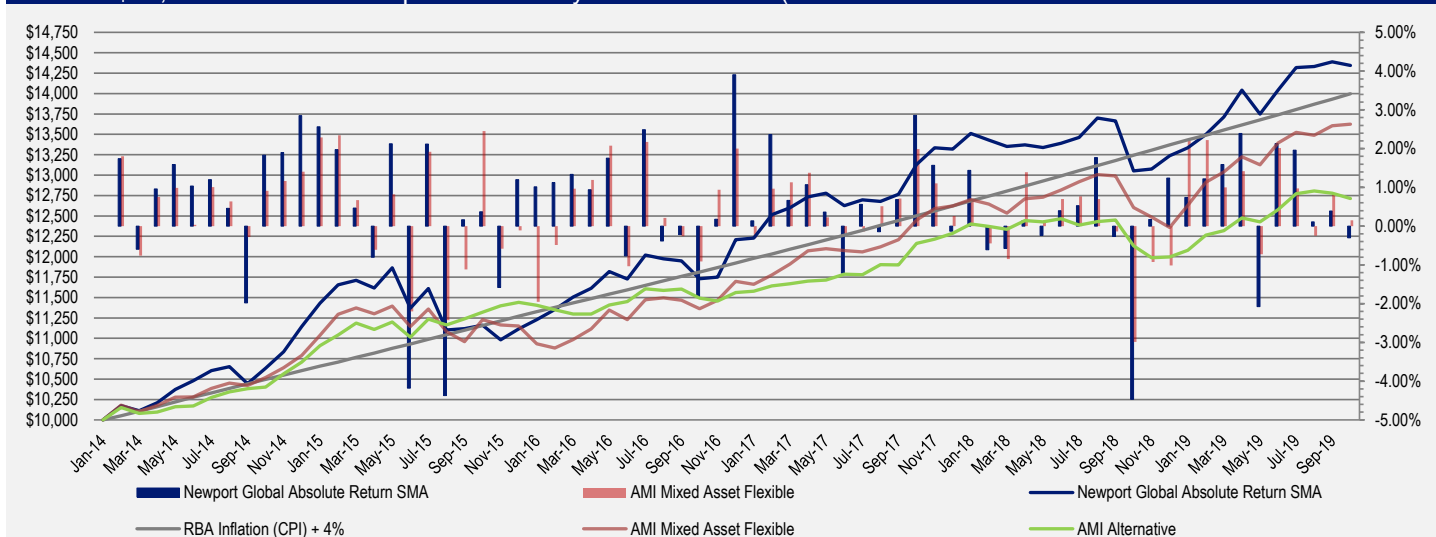
Management Fee

Varies by SMA platform

Performance - Returns Table (Gross¹)

	1m	3m	6m	1yr	YTD	Ann. 3yr	Ann. Since Incep.
Newport Global Absolute Return SMA Model	-0.30%	0.20%	2.17%	9.91%	8.38%	6.94%	6.48%
AMI Alternative (FE Fund Sector)	-0.52%	-0.46%	1.86%	4.70%	5.98%	3.40%	4.26%
AMI Mixed Asset Flexible (FE Fund Sector)	0.15%	0.76%	3.03%	8.12%	10.25%	6.24%	5.53%
RBA Inflation (CPI) + 4% Index	0.47%	1.40%	2.81%	5.70%	4.69%	5.82%	6.02%

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



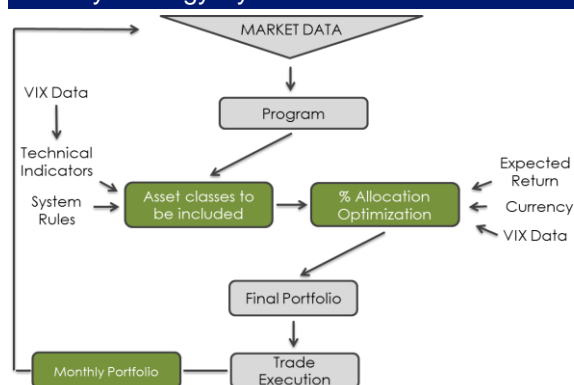
Line chart refers to cumulative returns (\$) on left axis. Bar chart refers to discrete monthly returns (%) on right axis

Past performance is not a reliable indicator of future performance

Performance - Statistics Table²

	AMI Mixed Asset Flexible	Newport GAR
1 Month Return	0.15%	-0.30%
3 Month Return	0.76%	0.20%
6 Month Return	3.03%	2.17%
12 Month Return	8.12%	9.91%
Ann. Return (since incep.)	5.53%	6.48%
Volatility (since incep.)	4.17	5.56
Sharpe Ratio (since incep.)	0.97	0.90

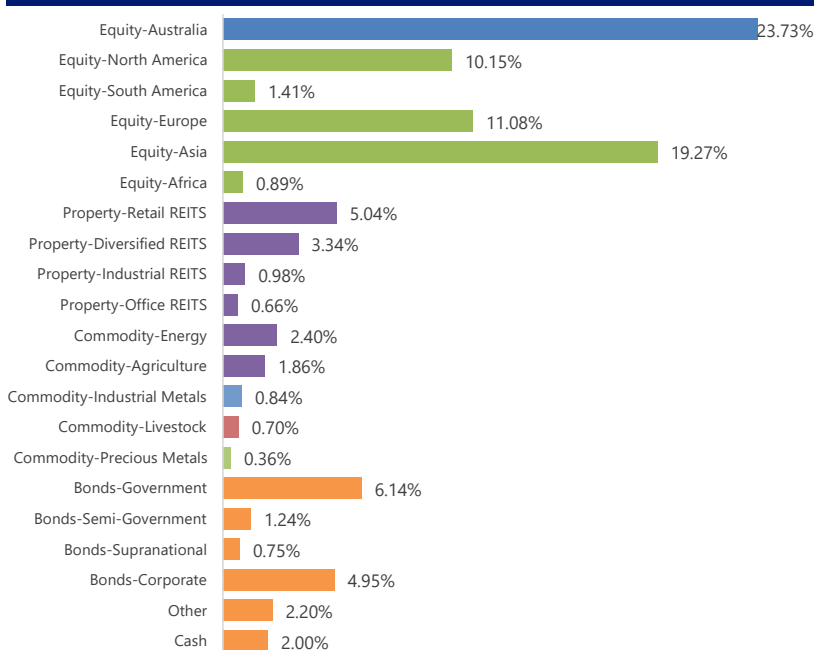
Monthly Strategy Cycle



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.

Current Asset Allocation



Risk Management

The model will aim to keep 5 year rolling annualised volatility to around half that of equities (currently 11.11% for the ASX 200). The model will aim to limit max drawdown over 5 year rolling periods to around half that of equities (currently -13.73% for the ASX 200). 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 15 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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