

# 30 SEPTEMBER 2015

## QUARTERLY REPORT

### REDPOINT ACTIVE AUSTRALIAN EQUITY FUND

| Fund performance as at 30 September 2015 | 1 month (%) | 3 months (%) | 6 months (%) | 1 Year (%) | Since Inception (% p.a.) <sup>4,5</sup> |
|--|-------------|--------------|--------------|------------|---|
| Fund return <sup>1</sup>                 | -2.58       | -6.63        | -13.16       | 0.58       | -1.98                                   |
| Benchmark return <sup>2</sup>            | -2.86       | -6.47        | -12.53       | -0.66      | -0.37                                   |
| Active return <sup>3</sup>               | 0.28        | -0.16        | -0.63        | 1.25       | -1.61                                   |

1. Redpoint Active Australian Equity Fund (Fund) – performance is before taxes, but after management fees and transaction costs. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and future returns may vary from any target returns described in this document.
2. S&P/ASX 300 Accumulation Index – dividends reinvested (Benchmark). Benchmark returns do not allow for taxes, management fees and transaction costs.
3. Active return is the difference between Fund and Benchmark return.
4. All returns are cumulative and annualised for periods of 12 months or more.
5. Inception date is 25 February 2014 with a portfolio value of \$10,000,000.

#### INVESTMENT OBJECTIVE

The Fund aims to provide a return of 2% per annum above the Benchmark, after management fees, over rolling five-year periods with targeted tracking error (active risk) of 4% per annum. The Fund is reasonably diversified, typically holding between 40 and 70 stocks.

#### PERFORMANCE COMMENTARY

Global equity markets fell during the quarter dragged down by global macro concerns. With concerns already heightened about the veracity of Chinese economic growth, the US Federal Reserve's decision to delay raising interest rates only added to investor anxiety. In Australia, this sentiment resulted in a "peak-to-trough" fall of 12% for the Benchmark between August 1 through 24. The balance of the quarter continued to be volatile with more than half the trading days in September posting absolute returns of greater than 1%.

The Energy sector performed worst over the quarter falling by over 25%, with the Metals & Mining industry also falling by over 15%. Energy sector leader, Origin Energy Ltd (ORG), ended the quarter seeking investor support for a \$2.5 billion recapitalisation. The Australian banking sector underperformed with each of the four (4) major banks failing to beat the Benchmark return for the quarter. Commonwealth Bank (CBA) and ANZ Banking Group (ANZ) came to the market for additional capital. With National Australia Bank moving first to raise fresh capital in May, it seems only a matter of time before Westpac Banking Corporation follows suit. Industrials, Utilities and REIT sectors/industries were the only ones to post a positive return for the quarter. Small companies outperformed large companies due to better performance from small industrial companies, while small resources fell even further than their large capitalisation peers.

Over the quarter, the net return of the Fund was -6.63%. The Fund underperformed the Benchmark by -0.16% (active return), which had a total return of -6.47%.

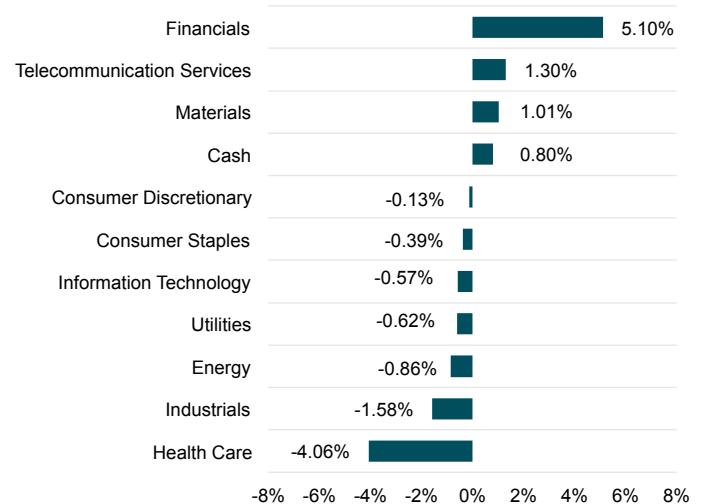
This quarterly outcome was dominated by performance in August. Over this period, the net return of the Fund was -7.71% versus a total return of -7.70% for the Benchmark.

#### FUND FACTS

| APIR code                       | PPL0030AU        |
|---------------------------------|------------------|
| Fund size (\$)                  | 9,842,067        |
| Number of holdings              | 64               |
| Inception                       | 25 February 2014 |
| Management fee <sup>1</sup>     | 0.80% p.a.       |
| Minimum initial investment (\$) | 20,000           |
| Buy/sell spread                 | +/-0.2%          |
| Income distribution             | Half-yearly      |

1. Including GST net of reduced input tax credit.

#### SECTOR ACTIVE WEIGHTS



#### TOP 10 HOLDINGS

| Company                     | Fund (%) | Benchmark (%) |
|-----------------------------|----------|---------------|
| Commonwealth Bank           | 9.20     | 9.33          |
| ANZ Banking Group Ltd       | 6.77     | 5.88          |
| Westpac Banking Corporation | 6.37     | 7.14          |
| Telstra Corporation Ltd     | 6.03     | 5.18          |
| National Australia Bank Ltd | 6.00     | 5.94          |
| BHP Billiton Ltd            | 5.00     | 5.38          |
| Macquarie Group Ltd         | 3.80     | 1.93          |
| Woodside Petroleum Ltd      | 3.13     | 1.55          |
| Suncorp Group Ltd           | 3.09     | 1.18          |
| Amcorg Ltd                  | 2.91     | 1.17          |

#### UNIT PRICES AND DISTRIBUTION

| Transaction                                  | Unit price (\$) |
|--|-----------------|
| Net asset value                              | 0.9266          |
| Application                                  | 0.9284          |
| Redemption                                   | 0.9247          |
| Distribution (quarter-end 30 September 2015) | Nil             |

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**SECTOR ATTRIBUTION**

| Sector                 | Fund Average Weight (%) | Benchmark Average Weight (%) | Contribution (%) |
|------------------------|-------------------------|------------------------------|------------------|
| Materials              | 17.47                   | 14.22                        | 0.72             |
| Energy                 | 3.76                    | 4.56                         | 0.53             |
| Consumer Discretionary | 2.70                    | 4.48                         | 0.18             |
| Utilities              | 1.60                    | 2.16                         | 0.02             |
| Information Technology | 0.32                    | 0.99                         | 0.00             |
| Health Care            | 3.51                    | 6.33                         | -0.06            |
| Consumer Staples       | 4.88                    | 6.76                         | -0.22            |
| Telecommunications     | 7.72                    | 5.82                         | -0.27            |
| Financials             | 50.83                   | 47.08                        | -0.42            |
| Industrials            | 7.21                    | 7.58                         | -0.64            |
| <b>Total</b>           | <b>100.00</b>           | <b>100.00</b>                | <b>-0.16</b>     |

**ATTRIBUTION COMMENTARY**

For the quarter, stocks in the Benchmark held by the Fund contributed -1.01% of active return, whereas stocks in the Benchmark not held by the Fund contributed +0.85% of active return.

Underweight positions in ORG and Santos Energy Ltd (STO) and overweight positions in Nufarm Ltd (NUF), Evolution Mining Ltd (EVN) and Echo Entertainment Group Ltd (EGP) contributed positively to active return (collectively +1.39%).

However, overweight positions in Downer EDI Ltd (DOW), Woodside Petroleum Ltd (WPL), ANZ, Macquarie Group Ltd (MQG) and Ansell Ltd contributed negatively to active return (collectively -1.64%).

An overweight position in the Materials sector (e.g. NUF and EVN) and an underweight position in the Energy sector (e.g. ORG, STO and Liquefied Natural Gas Ltd) contributed positively to active return (collectively +1.25%). Although underweight the Consumer Discretionary sector overall, an overweight position in EGP also contributed positively to active return (+0.25%).

Underweight positions in the Industrials sector (e.g. Asciano Ltd and Transurban Group Ltd) and the Consumer Staples sector (e.g. Treasury Wine Estates Ltd and Blackmores Ltd) contributed negatively to active return (collectively -0.86%).

Overweight positions in the Financials sector (e.g. ANZ, MQG, Suncorp Group Ltd (SUN) and Growthpoint Properties Australia) and the Telecommunication Services sector (e.g. M2 Group Ltd, Telstra Corporation Ltd and Chorus Ltd) contributed negatively to active return (collectively -0.69%).

An attribution according to our stock selection signals indicates that Fundamental Value, Short Term Indicators and Fundamental Growth detracted the most value during the quarter (-0.59%, -0.17% and -0.14% respectively).

**IMPORTANT NOTICE**

Antares Capital Partners Ltd (ABN 85 066 081 114) (AFSL 234483) (ACP), the Responsible Entity of and the issuer of units in the Redpoint Active Australian Equity Fund (Fund), is a fully owned subsidiary within the National Australia Bank Limited (NAB) group of companies (NAB Group). An investment in the Fund does not represent a deposit with or a liability of NAB nor any of its related bodies corporate and is subject to investment risk including possible delays in repayment and loss of income and capital invested. None of NAB, ACP, or any other NAB Group company nor Redpoint Investment Management Pty Ltd (AFSL 411671) guarantees the capital value, payment of income or performance of the Fund. Neither NAB, ACP or any other NAB Group company is in any way responsible for and does not guarantee the quality or accuracy of any information provided by third parties. To the maximum extent permitted by law, neither NAB, ACP or any other NAB Group company will be liable to any party in contract, tort (including for negligence) or otherwise for any loss or damage arising either directly or indirectly from reliance on, the use of or inability to use any third party information. The Product Disclosure Statement (PDS) for the Fund is available by calling the Client Services Team on 1300-738-355 or visit [www.nabam.com.au](http://www.nabam.com.au). You should obtain a PDS for the Fund issued by ACP and consider it before making any decision about whether to acquire or continue to hold the product. Any information in this document is general advice and has been prepared without taking account of your personal objectives, financial situation or needs. Because of this you should, before acting on any information in this communication, consider whether it is appropriate to your personal objectives, financial situation and needs. We recommend investors obtain financial advice specific to their situation. Past performance is not a reliable indicator of future performance. Returns are not guaranteed and actual returns may vary from any target returns described in this document.

**LARGEST CONTRIBUTORS**

| Company                | Fund Average Weight (%) | Benchmark Average Weight (%) | Contribution (%) |
|------------------------|-------------------------|------------------------------|------------------|
| Origin Energy Ltd      | 0.29                    | 0.74                         | 0.33             |
| Nufarm Ltd             | 2.80                    | 0.09                         | 0.32             |
| Santos Ltd             | 0.00                    | 0.44                         | 0.26             |
| Evolution Mining Ltd   | 1.69                    | 0.07                         | 0.25             |
| Echo Entertainment Ltd | 2.03                    | 0.27                         | 0.25             |

**LARGEST DETRACTORS**

| Company                | Fund Average Weight (%) | Benchmark Average Weight (%) | Contribution (%) |
|------------------------|-------------------------|------------------------------|------------------|
| Downer EDI Ltd         | 1.96                    | 0.12                         | -0.68            |
| Woodside Petroleum Ltd | 3.34                    | 1.64                         | -0.30            |
| ANZ Banking Group      | 7.55                    | 6.00                         | -0.27            |
| Macquarie Group Ltd    | 4.78                    | 1.89                         | -0.22            |
| Ansell Ltd             | 1.42                    | 0.25                         | -0.17            |

**Note:** Contributions shown in these tables are to the active return of the Fund. Period: 30 June 2015 to 30 September 2015.

Near term sentiment leading into the reporting season in August failed to materialise and investors dealt harshly with companies that failed to deliver to expectations. Analyst Drivers added value (+0.53%) by identifying overweight opportunities such as Select Harvests Ltd and EGP as well as underweight opportunities such as ORG and CBA.

The influence of the Analyst Drivers and Short Term Indicators signals on the active positioning of the Fund was reduced over the quarter. There was a corresponding increase (almost equally allocated) in the influence on active weights of the remaining four (4) signals: Fundamental Value, Fundamental Growth, Sustainable Quality and Price Action.

The Fund remains conservatively positioned at below targeted active risk. This is due to overweight positions in companies such as DOW and MQG being pared back and new positions in stocks such as SUN and Pacific Brands Ltd being established. It is expected that the active risk will increase in line with new positions being established over the coming quarter.

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