

**31 JANUARY 2018**  
**MONTHLY REPORT**  
**REDPOINT INDUSTRIALS SMA**

Model Portfolio performance as at 31 January 2018	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% pa) <sup>5</sup>	Since Inception (% pa) <sup>4,5</sup>
Model Portfolio return (net) <sup>1</sup>	-0.71	0.56	4.14	9.03	9.47	4.25
– Model Portfolio cash income	0.00	1.02	2.45	4.99	5.15	4.91
– Model Portfolio price return (net)	-0.71	-0.46	1.69	4.04	4.32	-0.66
Benchmark return <sup>2</sup>	-0.70	1.14	4.68	9.64	10.41	5.14
Active return <sup>3</sup>	-0.01	-0.58	-0.54	-0.61	-0.94	-0.89

1. Redpoint Industrials Separately Managed Account (SMA) (Model Portfolio) – performance is before taxes, but after management fees and transaction costs (as calculated by Redpoint).
2. S&P/ASX 100 Industrials Accumulation Index – dividends reinvested (Benchmark).
3. Active return is the difference between Model Portfolio net return and Benchmark return.
4. The Model Portfolio was established on 30 April 2015 with a nominal portfolio value of \$100,000.
5. Returns for periods of 12 months or more are annualised.

### INVESTMENT OBJECTIVE

The Model Portfolio aims to provide a return in line with the Benchmark, after management fees, over rolling five-year periods. The Model Portfolio seeks to deliver the key income and growth characteristics of the Benchmark while holding less than half the companies in the Benchmark. The Model Portfolio combines long horizon sustainable quality metrics and risk management expertise to exclude or underweight poorer rated companies. The Model Portfolio will usually hold 30-40 companies and aims to deliver a portfolio with low active risk relative to the Benchmark, while being tilted towards companies with better quality characteristics.

### PERFORMANCE COMMENTARY

For the month ending 31 January 2018 the net return of the Model Portfolio was -0.71%. Over the same period the total return of the Benchmark was -0.70%. The Model Portfolio underperformed the Benchmark by -0.01% (active return).

The net return of the Model Portfolio (-0.71%) is comprised of two (2) components: a capital (price) return of -0.71%; and an income (dividend) return of 0.00%.

Over the month, stocks in the Benchmark held by the Model Portfolio detracted -0.01% from active return, whereas stocks in the Benchmark not held by the Model Portfolio had a neutral impact on active return.

The sector positioning in the Model Portfolio neither added to or detracted from active return, while stock selection within the sectors detracted -0.01% from active return.

Overweight positions in the Industrials and Utilities sectors collectively detracted -0.03% from active return. These were two (2) of the worst performing sectors for the month with total returns of -2.5% and -4.4% respectively.

Stock selection was best in the Health Care and Financials sectors, which collectively contributed +0.21% to active return. In the Health Care sector this was primarily due to the Model Portfolio's overweight positions in Ansell Ltd and ResMed Inc and underweight positions in Ramsay Health Care Ltd (not held) and Healthscope Ltd (not held). In the Financials sector the value add came from overweight positions in Macquarie Group Ltd and Medibank Private Ltd and underweight positions in Challenger Ltd (not held) and Bank of Queensland Ltd (not held).

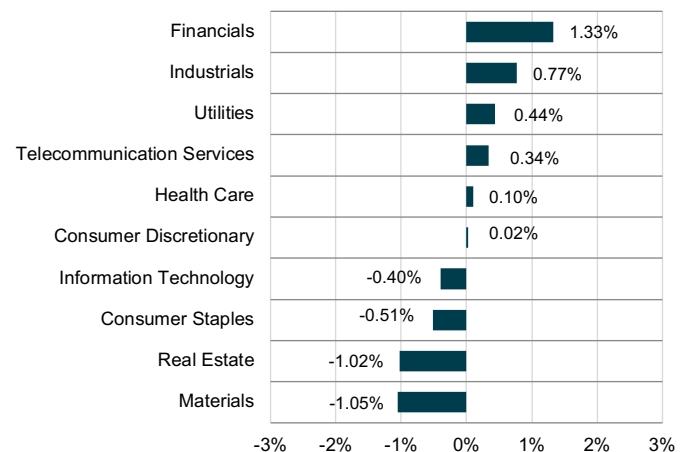
On the other hand, stock selection in the Consumer Staples and Real Estate sectors collectively detracted -0.20% from active return. This was mainly due to the Model Portfolio's underweight positions in The A2 Milk Company Ltd (not held) and Treasury Wine Estates Ltd (not held) and overweight positions in Stockland Corporation Ltd, Lend Lease Group, Goodman Group and Mirvac Ltd.

There were no holdings changes to the Model Portfolio in January. The Model portfolio participated in a capital raising in Transurban Group. These shares are expected to be allocated to client accounts in early February.

### TOP 10 HOLDINGS

Company	Model Portfolio (%)	Benchmark (%)
Commonwealth Bank	12.18	11.48
Westpac Banking Corporation	9.17	8.75
ANZ Banking Group Ltd	7.44	6.97
National Australia Bank Ltd	7.02	6.57
CSL Ltd	5.27	5.50
Wesfarmers Ltd	4.82	4.12
Telstra Corporation Ltd	4.29	3.62
Woolworths Ltd	3.73	2.92
Macquarie Group Ltd	3.71	2.71
Transurban Group	2.34	2.21

### SECTOR ACTIVE WEIGHTS



### MODEL PORTFOLIO FACTS

Model Portfolio code	RISMA
Model Portfolio size (\$)	93,829,158
Number of holdings	40
Inception date	30 April 2015

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**KEY CONTACTS**

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