

30 SEPTEMBER 2016

QUARTERLY REPORT

REDPOINT ACTIVE AUSTRALIAN EQUITY STRATEGY

Strategy performance as at 30 September 2016	1 month (%)	3 months (%)	6 months (%)	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.) ⁵
Fund return (net) ¹	0.79	6.09	8.75	9.80	5.09	-	-	-
Strategy return (gross) ²	0.86	6.30	9.17	10.67	5.95	5.05	12.20	8.60
Benchmark return ³	0.51	5.24	9.43	13.50	6.18	6.03	11.02	6.70
Active return ⁴	0.35	1.06	-0.26	-2.83	-0.23	-0.98	1.18	1.90

1. Redpoint Active Australian Equity Fund (Fund) – performance is before taxes, but after management fees and transaction costs (net). The Fund was established on 25 February 2014.
2. Active Australian Equity Strategy (Strategy) – performance is before taxes and management fees, but after transaction costs (gross). Historical performance prior to 1 March 2014 is for the Strategy composite, as managed by Continuum Capital Management Pty Ltd. Post 1 March 2014 Redpoint has managed the Strategy as the Fund.
3. S&P/ASX 300 Accumulation Index – dividends reinvested (Benchmark). Benchmark returns do not allow for taxes, management fees and transaction costs.
4. Active return is the difference between Strategy and Benchmark return.
5. Inception date of Strategy is 28 February 2011.

INVESTMENT OBJECTIVE

The Strategy aims to provide a return of 2% per annum above the S&P/ASX 300 Accumulation Index (Benchmark), after management fees, over rolling five-year periods with targeted tracking error (active risk) of 4% per annum. The Strategy is reasonably diversified, typically holding between 40 and 70 stocks.

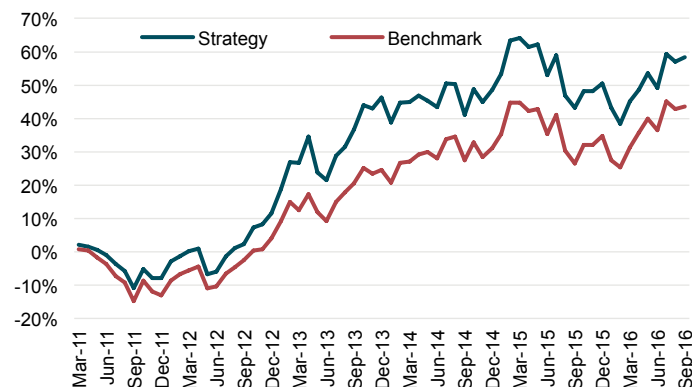
PERFORMANCE COMMENTARY

Equity markets across the globe rose further in the September quarter. A key driver was ongoing supportive action from central banks assuring investors that interest rates will remain relatively low. Commodity prices continued to make gains during the quarter resulting in the Materials sector of the Australian equity market being the best performer. The local reporting season ended up being reasonably quiet with a few exceptions. Telecommunication Services was the worst performing sector thanks to a surprise downgrade from TPG Telecom Ltd. The Consumer Staples sector was buoyed by better than expected results from Coca-Cola Amatil Ltd and Treasury Wine Estates Ltd, along with a rebound in Woolworths Ltd as it continues to regroup and process the closure of its failed foray into hardware.

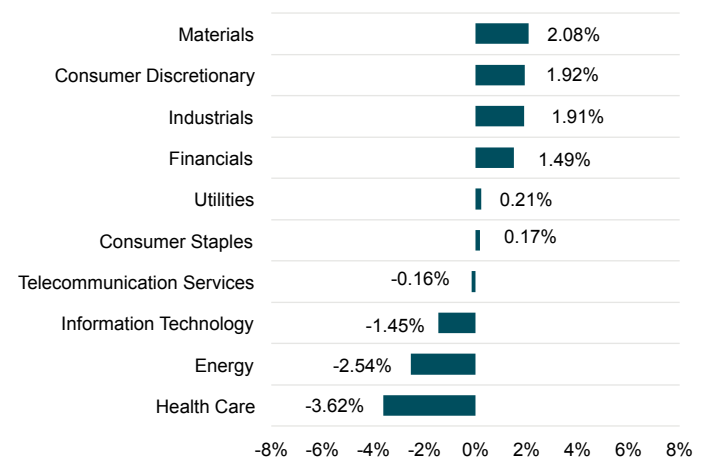
Over the three-month period ending 30 September 2016, the gross return of the Strategy was +6.30%. The total return of the Benchmark was +5.24%. The Strategy outperformed the Benchmark by +1.06% (active return).

With the exception of Telecommunication Services (down -6.08%) and Utilities (down -2.32%), all other sectors of the market had positive performance for the September quarter. The best performing sectors were Materials, Consumer Staples, Information Technology and Consumer Discretionary, which had total returns of +13.95%, +12.36%, +10.23% and +8.74% respectively.

CUMULATIVE RETURN



SECTOR ACTIVE WEIGHTS



TOP 10 HOLDINGS

Company	Strategy (%)	Benchmark (%)
Commonwealth Bank	7.98	8.47
Westpac Banking Corporation	7.14	6.73
National Australia Bank Ltd	5.27	5.05
ANZ Banking Group Ltd	5.24	5.51
BHP Billiton Ltd	4.72	4.90
Telstra Corporation Ltd	4.47	4.32
Aristocrat Leisure Ltd	4.18	0.65
Macquarie Group Ltd	3.39	1.90
Wesfarmers Ltd	3.05	3.38
Fletcher Building Ltd	2.39	0.12

STRATEGY FACTS

APIR code (Fund)	PPL0030AU
Strategy size (\$)	10,798,538
Number of holdings	70
Strategy inception	28 February 2011

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SECTOR ATTRIBUTION

Sector	Strategy Average Active Weight (%)	Sector Allocation (%)	Stock Selection (%)
Materials	2.05	0.17	0.21
Health Care	-2.37	0.03	0.24
Consumer Discretionary	2.88	0.12	0.15
Industrials	1.22	-0.02	0.26
Telecommunications	-0.35	0.05	0.15
Energy	-2.53	0.06	0.08
Utilities	-0.57	0.06	0.02
Financials	1.60	-0.02	0.11
Information Technology	-1.13	-0.05	-0.08
Consumer Staples	-0.81	-0.09	-0.39
Total	0.00	0.32	0.74

Note: Contributions shown here are to the active return of the Strategy.
 Period: 30 June 2016 to 30 September 2016.

ATTRIBUTION COMMENTARY

For the September quarter, stocks in the Benchmark held by the Fund contributed +2.63% to active return, whereas stocks in the Benchmark not held by the Fund (e.g. South32 Ltd, Treasury Wine Estates Ltd, Coca-Cola Amatil Ltd, Cochlear Ltd, Orica Ltd, Ramsay Health Care Ltd, etc.) detracted -1.57% from active return.

A returns-based attribution shows that active return is comprised of two (2) components: sector allocations contributed +0.32% to active return, whereas stock selection within the sectors contributed +0.74% to active return.

From a sector allocation perspective, overweight positions in the Materials and Consumer Discretionary sectors contributed the most to active return (collectively +0.29%). On the other hand, underweight positions in the Consumer Staples and Information Technology sectors detracted -0.14% in aggregate from active return.

Stock selection in the Materials (Fletcher Building Ltd and Bluescope Steel Ltd), Health Care (Sigma Pharmaceuticals Ltd), Consumer Discretionary (Aristocrat Leisure Ltd and Retail Food Group Ltd), Industrials (Mineral Resources Ltd and Downer EDI Ltd), Telecommunication Services (TPG Telecom Ltd and Vocus Communications Ltd), Energy (Santos Ltd) and Financials (Credit Corp Group Ltd and Challenger Ltd) contributed positively to active return (collectively +1.20%).

However, stock selection in the Consumer Staples (Australian Agricultural Company, Select Harvests Ltd, Treasury Wine Estates Ltd, Coca-Cola Amatil Ltd and Woolworths Ltd) and Information Technology (Aconex Ltd and Computershare Ltd) sectors detracted -0.47% from active return.

LARGEST CONTRIBUTORS

Company	Strategy Average Weight (%)	Benchmark Average Weight (%)	Contribution (%)
Fletcher Building Ltd	2.36	0.11	0.57
Mineral Resources Ltd	1.81	0.11	0.55
Bluescope Steel Ltd	2.20	0.31	0.40
Aristocrat Leisure Ltd	3.35	0.62	0.38
Sigma Pharmaceuticals	1.54	0.09	0.35
Credit Corp Group Ltd	0.52	0.05	0.20
Retail Food Group Ltd	0.70	0.05	0.17
Challenger Ltd	1.54	0.36	0.16
Downer EDI Ltd	0.50	0.14	0.13
NIB Holdings Ltd	1.16	0.14	0.13

LARGEST DETRACTORS

Company	Strategy Average Weight (%)	Benchmark Average Weight (%)	Contribution (%)
Cimic Group Ltd	1.25	0.21	-0.38
South32 Ltd	0.00	0.73	-0.34
Reject Shop Ltd	1.78	0.02	-0.15
Australian Agriculture Co	0.67	0.05	-0.14
Select Harvests Ltd	0.39	0.03	-0.12
Dexus Property Group	0.82	0.62	-0.11
Treasury Wine Estates	0.00	0.52	-0.10
Charter Hall Group	0.37	0.12	-0.09
Coca-Cola Amatil Ltd	1.30	2.01	-0.08
Woolworths Ltd	0.74	0.10	-0.08

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STOCK SELECTION STRATEGIES

In terms of stock selection strategies, our Short Term Indicators, Price Action and Fundamental Value disciplines contributed the most to gross active return during the quarter (+0.27%, +0.15% and +0.13% respectively). All three (3) had strong performances in September. Sustainable Quality and Fundamental Growth had a neutral impact on gross active return (+0.02% and 0.00% respectively), while Analyst Drivers contributed +0.06% to gross active return, primarily derived from its performance in July.

The Fund's current active positioning is split across our six (6) stock selection strategies as follows: Sustainable Quality (4.6%), Fundamental Value (19.1%), Fundamental Growth (11.1%), Price Action (39.3%), Analyst Drivers (12.3%) and Short Term Indicators (13.4%).

POSITION CHANGES

During the quarter the Fund exited a number of positions including: Abacus Property Group, Asaleo Care Ltd, Bellamy's Australia Ltd, Cimic Group Ltd, Primary Health Care Ltd, QBE Insurance Group Ltd, Sims Metal Management Ltd, SkyCity Entertainment Group and Tox Free Solutions Ltd.

Balancing these sell downs, new positions were opened in Aurizon Holdings Ltd, Australian Agricultural Company, Charter Hall Group, Cleanaway Waste Management Ltd, Dexus Property Group, Downer EDI Ltd, MACA Ltd, Mayne Pharma Group Ltd, NIB Holdings Ltd, RCR Tomlinson Ltd, Select Harvests Ltd, Spark Infrastructure Trust and WorleyParsons Ltd.

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