

As of 30/09/2018

HUB24 Conservative Monthly Update



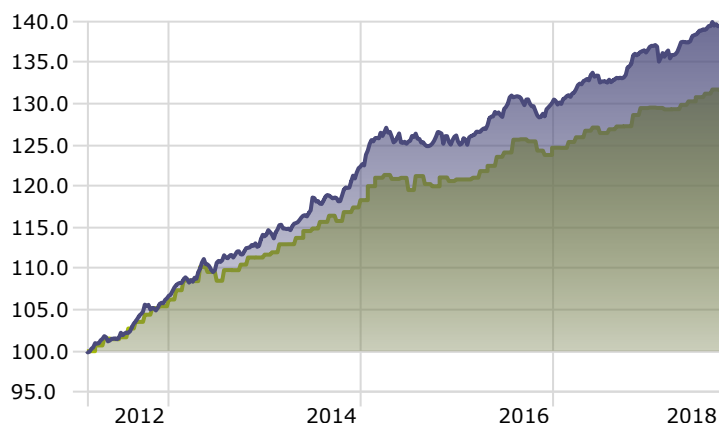
**HUB24 Portfolio Review**

The last quarter was an interesting one to navigate for portfolios. Australian Equities were a poor relative performer, but they were overshadowed by the negative performance of the Emerging Markets. So whilst Global Equities performed well over the quarter, and having a mild overweight to them and Australian equities was a positive for Asset Allocation, the allocation to Emerging Markets dragged on relative performance. Also having a reduced overall exposure to the market hurt in strong overall market conditions, but this means that we are taking less equity market risk in a heightened risk environment (which we believe is prudent). Being unhedged in our Global allocations (i.e. having exposure to global currencies, mostly the US Dollar instead of the AUD) also helped performance. Those portfolios with fixed income allocations did well over the quarter, outperforming traditional Fixed Income indices with our allocations to shorter dated, high quality Australian Corporates. Our allocations to alternative sources of return hurt performance though – with diversified Beta continuing its run of poor performance, and Dalton Street Capital suffering from a breakdown in the relationship between the US lead market and Asian subordinate market signals (which it relies on). These breakdowns have happened historically before, and always proved transitory, so we are not currently concerned about the recent run of performance.

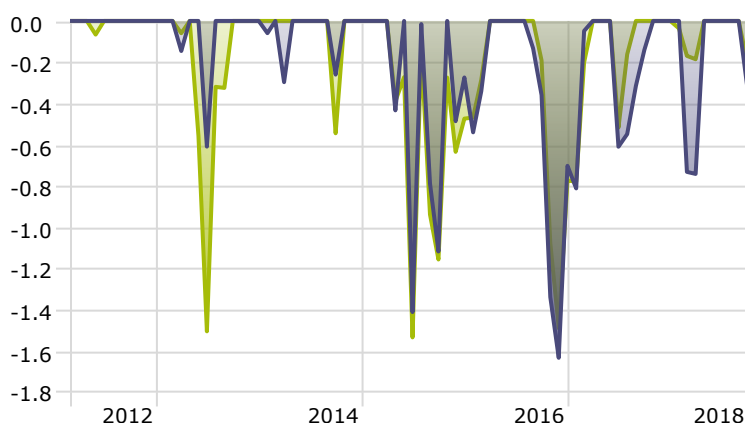
**Market Outlook**

October has begun with a sell-off in Global Sovereign bonds sparking a rout across most asset classes, including equities, corporate bonds, emerging market bonds and various currencies. Innova have repeatedly warned about the risk of a bond market selloff not being zero, yet the market pricing that probability at or near zero. Time will tell if this short term upset turns into something more sinister but should be a wakeup call to most market participants who have relied on historical relationships, and assumed that they will hold into the future – that is that bonds will go up in price if stocks go down. Unfortunately any true student of history knows this isn't always the case, and so given the amount of uncertainty in the world around trade tariffs, Government deficits in the US, the rise of populism, Central Bank tightening and extremely indebted household here in Australia, Innova believe questioning the norm is a fiduciary responsibility. The outlook is clearly uncertain, so we will attempt to navigate this environment by following our common-sense process – steer clear of expensive assets, buy into the cheaper priced assets and be more diversified when uncertainty is high (such as now).

**Investment Growth**



**Historical Drawdown**



■ HUB24 Conservative ■ Australia Fund Multisector Conservative ■ HUB24 Conservative ■ Australia Fund Multisector Conservative

**Objective**

To achieve returns after management fees that on average exceed CPI by 2.3% p.a. over periods of three years or more. The portfolio aims to provide investors with a diversified mix of predominantly defensive assets. Security of capital and low volatility are targeted, along with stability of income. Some capital volatility can be expected, although it is expected to be minor.

**Performance (Net of fees, pre tax, annualized for periods greater than 1 year)**

As of Date: 30/09/2018

	Return						
	1 Month	3 Months	1 Year	2 Years	3 Years	5 Years	Since Inception
HUB24 Conservative	-0.32	0.78	4.70	3.36	3.72	4.48	5.18
Australia Fund Multisector Conservative	-0.20	0.77	3.69	2.61	3.27	3.69	4.38

**Inception Date: 01/03/2012**

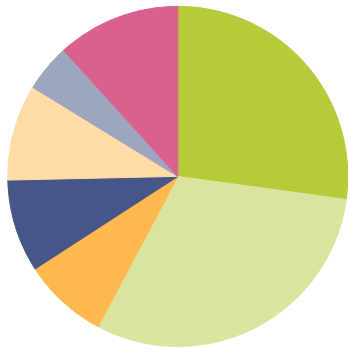
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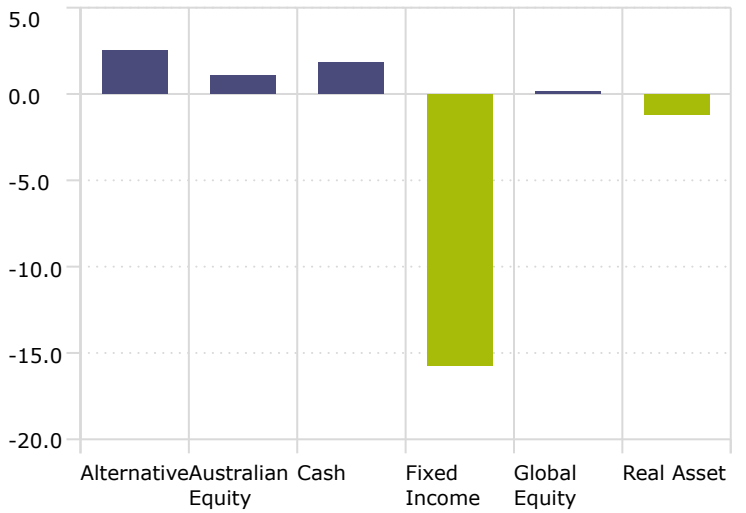
**HUB24 Conservative - Portfolio Holdings**

Portfolio Date: 30/09/2018



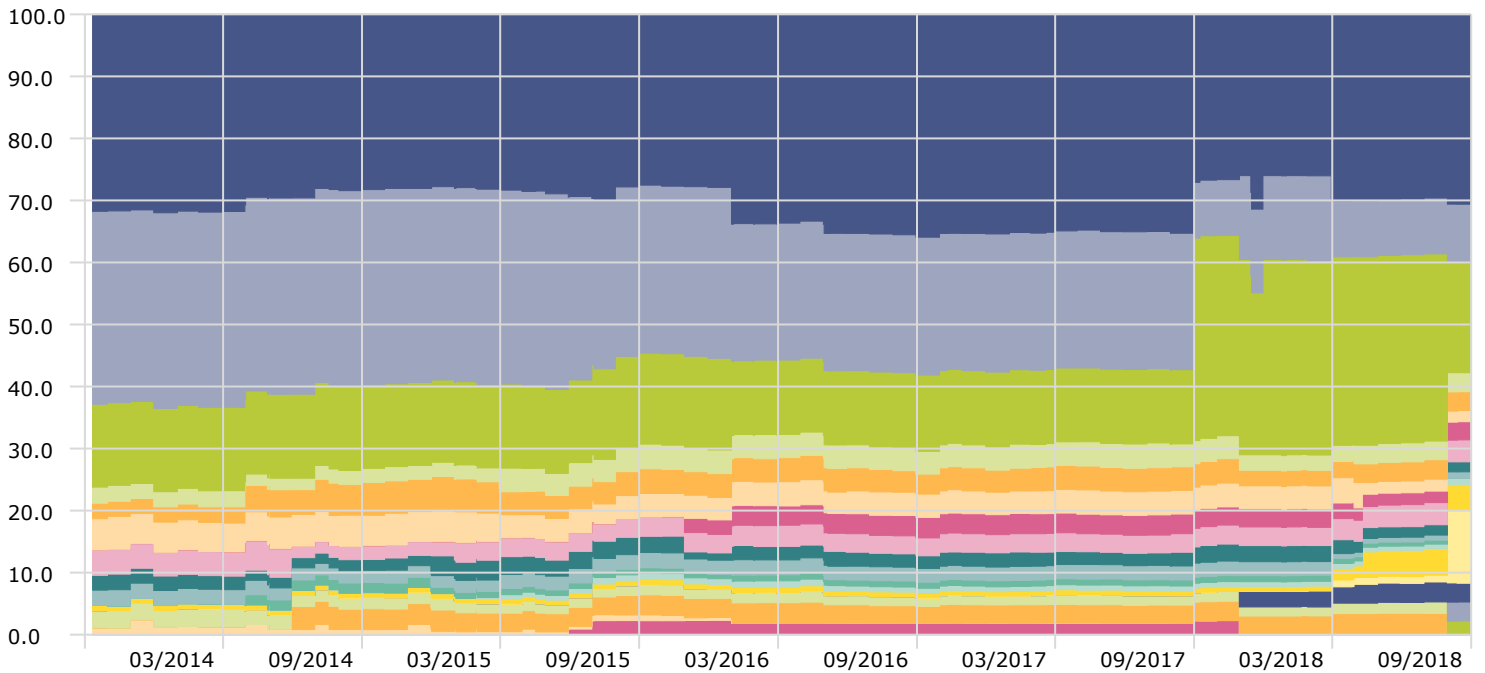
Asset Class	%
Fixed Income	27.2
Cash	30.6
Global Equity	8.1
Australian Equity	8.8
Real Asset	9.1
Alternative	4.5
Unclassified	11.7
<b>Total</b>	<b>100.0</b>

**Tactical Over/Under Weights %**



**Historical Strategy Allocation**

Time Period: 1/10/2013 to 30/09/2018



- Cash
- High Quality Fixed Rate Debt
- High Quality Floating Rate Corporate Debt
- Global Infrastructure
- Australian Listed Property
- Global Equity - Long Short
- Diversified Alternative Beta
- Australian Equity
- Trending Following
- Global Equity - Quality - Hedged
- Volatility Trading
- Asian Equity
- Global Equity
- Unclassified
- Global Listed Property
- Australian Equity - Alpha
- Australian Equity - Value
- Australian Equity - Quality
- Australian Equity - Low Volatility
- Gold Bullion
- Inflation Linked Bond

Source: Morningstar Direct

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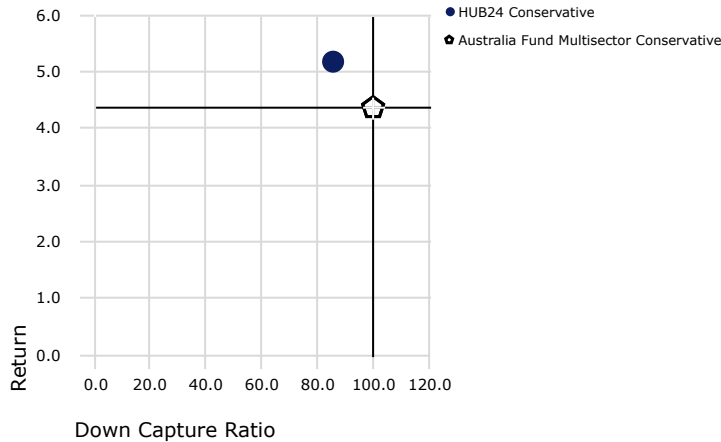
## HUB24 Conservative Monthly Update



### Risk-Reward

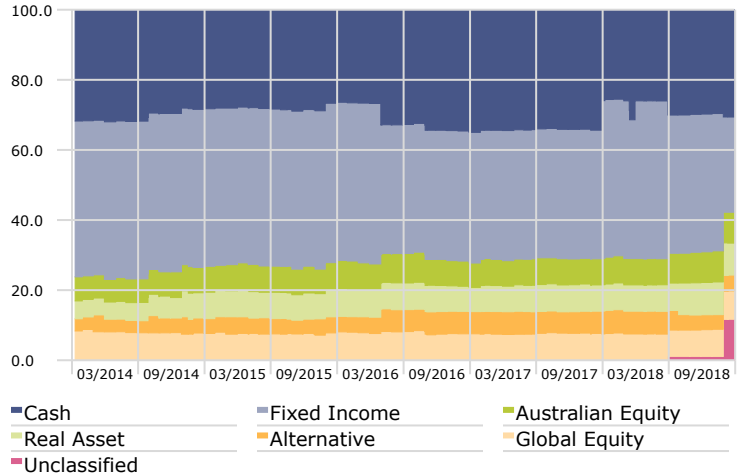
Time Period: Since Common Inception (1/03/2012) to 30/09/2018

Calculation Benchmark: Australia Fund Multisector Conservative



### Asset Allocation

Time Period: 1/10/2013 to 30/09/2018



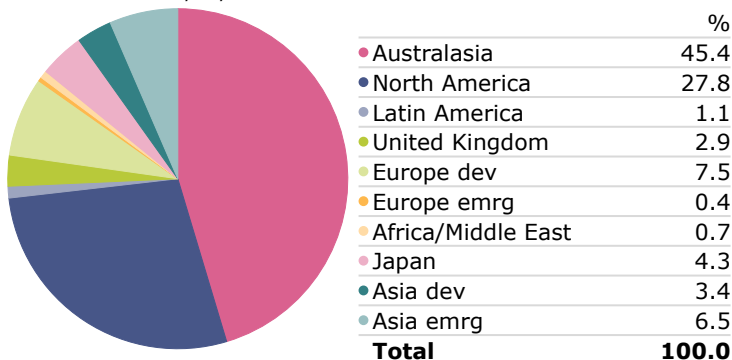
### HUB24 Conservative - Top Holdings

Portfolio Date: 30/09/2018

Investment	Portfolio Weighting %
iShares Core Cash ETF	29.6
Macquarie Income Opportunities	14.0
MCP Master Income Trust	10.6
Vanguard Australian Government Bond ETF	9.3
DNR Capital Aus Eq High Conviction	3.5
CFS WS Glb Listed Infrastructure-Class A	3.1
State Street Australian Lstd Prpt Idx Tr	3.0
SPDR® Dow Jones Global Real Estate ETF	3.0
CFM Institutional Systematic Diversified	2.9
Schroder Equity Opps	2.2
Dimensional Global Value Trust	2.1
Antipodes Global Fund - Class P	1.8
Betashares Aus Bank Sr Fltng Rt Bd ETF	1.6
Dalton Street Capital Absolute Return	1.6
Firetrail Australian High Conviction	1.5

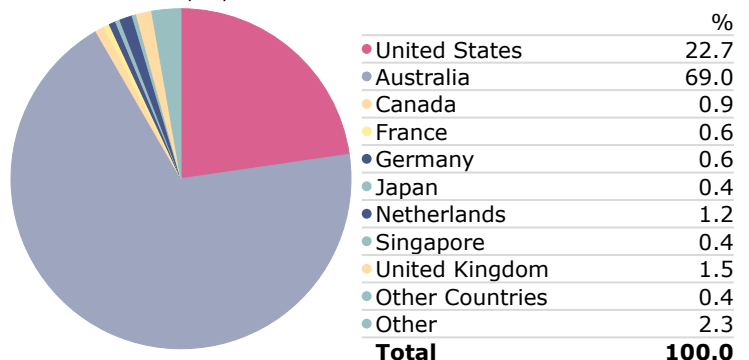
### HUB24 Conservative - Equity Regional Exposure

Portfolio Date: 30/09/2018



### HUB24 Conservative - Fixed-Inc Country Exposure

Portfolio Date: 30/09/2018



Source: Morningstar Direct

**As of 30/09/2018**

**HUB24 Conservative Monthly Update**



AVAILABLE ON  
**HUB24**

### **Important Information**

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\* Other service fees may apply. Please refer to the relevant disclosure document available.