

## Performance Report: September 2016

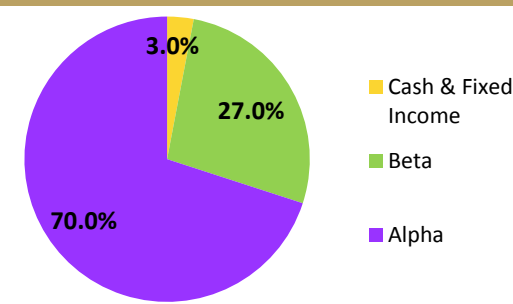
### Fund Objective and Investment Approach

The NWQ Fiduciary Fund (Fund), managed by NWQ Capital Management, is a diversified multi manager portfolio. The principal investment objective of the Fund is to produce attractive positive returns irrespective of market direction. This is achieved through active allocations to selective fund managers that employ a variety of traditional and absolute return strategies. The Fund places emphasis on managers who demonstrate a rigorous and repeatable investment process that has delivered a strong track record.

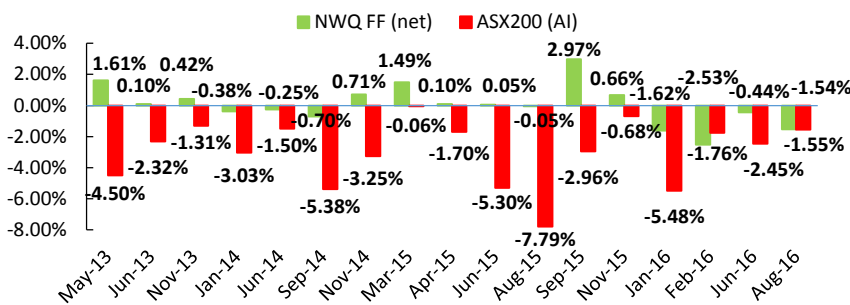
### Monthly Net Returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-1.62%	-2.53%	-1.48%	0.27%	2.86%	-0.44%	1.88%	-1.54%	0.16%				-2.52%
2015	1.09%	1.73%	1.49%	0.10%	-0.19%	0.05%	4.19%	-0.05%	2.97%	1.80%	0.66%	2.22%	17.19%
2014	-0.38%	2.26%	1.29%	-0.95%	0.42%	-0.25%	1.78%	0.04%	-0.70%	-0.76%	0.71%	-0.40%	3.03%
2013	-	-	-	-	1.61%	0.10%	2.76%	0.79%	0.63%	2.00%	0.42%	1.41%	10.11%

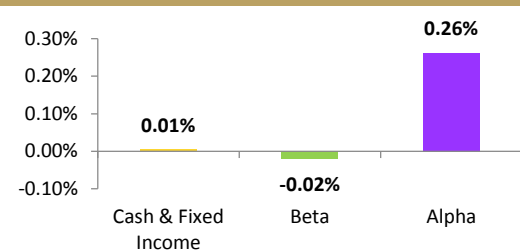
### Strategy Allocation as at 30/09/2016



### Performance During Down Market Months Since Inception



### Strategy Performance Attribution (gross) – September 2016



### Portfolio Statistics vs. Benchmarks

	Sep-16	CYTD	Last 12 Months	Inception Return (A)	Standard Deviation (A)	Sharpe Ratio (A)	Max Drawdown
<b>NWQFF (net)<sup>†</sup></b>	0.16%	-2.52%	2.11%	7.88%	4.91%	1.12	-5.52%
<b>ASX 200 (AI)</b>	0.48%	6.29%	13.17%	6.09%	12.51%	0.36	-13.72%
<b>Bloomberg Aus Bond Comp Index</b>	-0.22%	5.95%	5.69%	5.40%	2.51%	1.22	-2.01%
<b>RBA Cash</b>	0.12%	1.35%	1.86%	2.26%	0.10%	-	-

### Manager Commentary – September 2016

The NWQ Fiduciary Fund (Fund) returned +0.16% for the month of September, +2.11% over the last 12 months and +7.88% p.a. since inception in May 2013. NWQ's risk adjusted performance continues to be highly ranked for a strategy of this type\*.

The domestic equity market suffered a volatile month following the August earnings season, as heightened fear of an asset price re-rating following a potential US Federal Reserve rate hike led to a market sell-off in the first half of month. After the Fed's decision around mid-month to hold rates constant, equities rebounded with the ASX200 Accumulation Index managing to close the month +0.48% higher. OPEC's decision to increase oil output helped some stocks in the materials and energy sectors, while gold miners benefitted from a slight recovery in the gold price post the US interest rate decision. In bond markets, an initial sell-off at the start of September was somewhat abated by steady monetary policy; however the Bloomberg AusBond Composite Index still finished the month in the red, with the index falling -0.22% for the month.

Globally, equity markets in the US and Europe were broadly flat in September, while Asian markets enjoyed a second consecutive month of positive returns (S&P500 Index -0.12%, MSCI Europe -0.09%, MSCI Asia Ex. Japan +1.42%). Signs of stalling in the US economic recovery, with retail sales and manufacturing output below market expectations, left concerns over a lack of momentum in the US economy. The ongoing US presidential election also raised uncertainty following the conclusion of the first debate of the campaign. Europe struggled to post gains, again impacted by the US as well as heightened awareness that central bank monetary easing may be reaching its policy and political limits. The comparative weakness in US and European markets helped Asia, although Japan (Nikkei 225 -2.59%) fell as the Bank of Japan reduced buying activity in the market index as a part of its ongoing review of its monetary stimulus programme.

*Commentary continued overleaf...*

### Fund Information

<b>Fund Name:</b>	NWQ Fiduciary Fund	<b>Retail Management Fee:</b>	Direct: 1.30%	Indirect: 1.00%
<b>Investment Manager:</b>	NWQ Capital Management	<b>Retail Incentive Fee:</b>	Direct: 0.00%	Indirect: 0.00%
<b>Administrator:</b>	Custom House Fund Services (Australia) Pty Limited	<b>Wholesale Management Fee:</b>	Wholesale A: 0.50%	Wholesale B: 0.95%
<b>Auditor:</b>	Ernst & Young	<b>Wholesale Incentive Fee:</b>	Wholesale A: 5.00%	Wholesale B: 0.00%
<b>Counsel:</b>	Gilbert + Tobin, Sydney	<b>Hurdle:**</b>	RBA Cash Rate, High Water Mark	
<b>Responsible Entity</b>	OneVue RE Services Limited	<b>Liquidity:</b>	Monthly	
<b>Reporting:</b>	Monthly	<b>Minimum Contribution:</b>	\$25,000	
<b>Subscriptions:</b>	Monthly	<b>Income Distributions:</b>	Annually after June 30	
<b>Redemptions:</b>	Monthly with 30 days notice	<b>Unit Price (as at 30/09/16)</b>	Wholesale A: 1.1195	Wholesale B: 1.1198
			Direct: 1.0041	Indirect: 1.0034

<sup>†</sup> Performance reported for Wholesale A units

\*\* Incentive fee calculations only

<sup>\*</sup> Eurekahedge ranking for the NWQ Fiduciary Fund as at 30<sup>th</sup> June 2016. Eurekahedge is an industry standard database and the world's largest alternative investment funds research house specialising in hedge fund databases, with 27,769 funds listed in total as at 31<sup>st</sup> July 2016.

## Manager Commentary continued

In Australia, Materials (+4.86%) was the best performing sector for the month, mainly driven by the gold miners. Consumer Staples (+1.09%) posted modest gains while defensives continued to be among the worst performers, with Telecommunications (-4.11%) and Utilities (-3.65%) suffering significant losses. Health Care (-1.36%) also performed poorly as the sector faced increased regulatory risk, despite the strong aging demographics theme that continues to be in play.

The Fund encompasses allocations to ten underlying Australian-domiciled investment managers – five equity market neutral and five equity beta-correlated strategies, complemented by a modest cash allocation. The Fund is NWQ's flagship managed fund. It is an "all - weather" portfolio solution constructed to generate a meaningful premium above cash with low correlation to equity markets and the ability to withstand negative market shocks.

Fund returns were positive in September despite the volatile equity market. The portfolio's Beta managers, utilising a range of long/short equity strategies, attributed -0.02% for the month, as intra-month volatility made market positioning difficult. Alpha managers were better positioned throughout the month, attributing +0.26%.

It remains the view of NWQ that there exists further potential for destructive equity and bond market volatility in the coming months. The timing and magnitude of this volatility is unknown; however it is known that current bond and equity market valuations are at elevated – and in some cases extreme – levels. Accordingly, the portfolio has an overweight allocation to Alpha, or market neutral strategies. We see this positioning as offering superior downside protection over conventional multi-asset strategies that are vulnerable to both bond and equity market drawdown risks. As at month end, selective rebalancing has been implemented within the Beta strategy which NWQ expects will provide further return diversification within the strategy.

## Disclaimer & Disclosures

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### Past performance is not a reliable indicator of future performance.

\*Performance information presented above represents the performance of unit holders interests purchased at the inception of the Fund. Year-to-date returns experienced by individual investors will vary depending on their date of investment, as well as the timing of any additions to or redemptions from their investment in the Fund. **The month-end returns presented above are estimates and are subject to change.**

**ASX 200 TR Index:** The ASX 200 index is a market capitalisation-weighted and float-adjusted index comprised of the largest 200 companies listed on the Australian Securities Exchange. The index is adjusted for the effect of reinvested dividends, and is equal to the price level ASX 200 index plus the index value of reinvested dividends.

**RBA Cash Rate:** The RBA Cash Rate denotes the target rate set by the Reserve Bank of Australia at which financial institutions can borrow or charge to lend funds in the money market on an overnight basis. The returns associated with the RBA Cash Rate are those that would be earned on a sum on money lent in the money market for the duration of the relevant time frame.

### Note:

Investors generally cannot invest directly in the ASX 200 TR Index or any of the other indices mentioned above. These indices are presented for reference purposes only. The statistical data regarding the ASX 200 TR Index, the Balanced Fund Benchmark and the other indices mentioned above has been obtained from sources believed to be reliable but NWQ does not represent that it is accurate or complete and should not be relied on as such. The indices (a) may be adjusted to reflect reinvestment of dividends, (b) are unmanaged, and (c) set forth the performance of well-known, broad-based market statistics. The indices are not necessarily representative of the management style of NWQ.