

Performance Report: December 2016

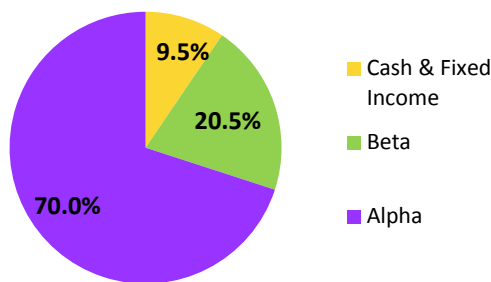
Fund Objective and Investment Approach

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.

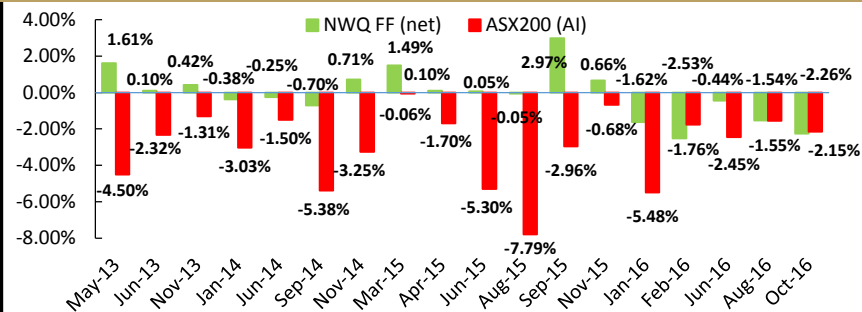
Monthly Net Returns

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%	-2.26%	-1.57%	-0.86%	-7.03%
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%

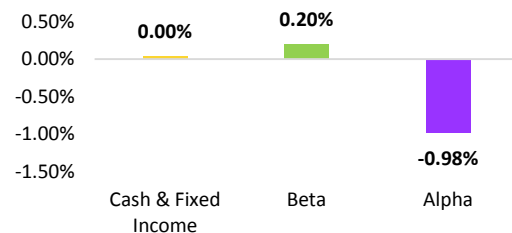
Strategy Allocation as at 31/12/2016



Performance During Down Market Months Since Inception



Strategy Performance Attribution (gross) – December 2016



Portfolio Statistics vs. Benchmarks

	Dec-16	CYTD	Last 12 Months	Inception Return (A)	Standard Deviation (A)	Sharpe Ratio (A)	Max Drawdown
NWQFF (net) [†]	-0.86%	-7.03%	-7.03%	5.94%	5.15%	0.72	-7.03%
ASX 200 (AI)	4.38%	11.80%	11.80%	7.12%	12.38%	0.44	-13.72%
Bloomberg Aus Bond Comp Index	-0.17%	2.92%	2.92%	4.19%	2.77%	0.71	-3.08%
RBA Cash	0.13%	1.73%	1.73%	2.21%	0.11%	-	-

Manager Commentary – December 2016

“The stock market is a device for transferring money from the impatient to the patient”

- Warren Buffet

The NWQ Fiduciary Fund (Fund) returned -0.86% for the month of December, bringing the total return since inception in May 2013 to +23.60% (or +5.94% p.a.). The Fund has achieved this performance with significantly less risk than the Australian equity market (Fund volatility of 5.15% p.a. vs 12.38% p.a. for the ASX).

2016 marked the first negative calendar year for the Fund. The Fund follows the Fiduciary Model Portfolio (FMP), which also experienced a negative calendar year, again the first in its 9.5 year history. Over the FMP's 9.5 year history, returns have been nearly five times the return of the Australian equity market, delivering a total return of 181.16% versus the market's 38.11% or (11.50% p.a. versus 3.46% p.a.). The FMP has achieved this return with less than half the risk of the equity market (volatility of 5.29% p.a. versus 14.62% for the market) over this period and the maximum loss for the portfolio over this time has been -6.74% compared to -47.19% for the Australian equity market. Compared to the average balanced fund, NWQ's return and risk profile have also been highly favourable. NWQ's investment performance has consistently provided diversifying positive returns during periods when markets have been volatile and/or have been falling. 2016 was the first year in which NWQ was unable to deliver positive returns in a rising market.

Accepting that 2016 has been a difficult year, we consider the Fund to be well positioned to recover in 2017. The same factors which drove market performance in 2016 remain a key risk and are likely to reverse as the “animal spirit” and Trump euphoria give way to old fashioned fundamentals. Volatility resulting from uncertain global macro and political factors is likely to be a source of return dispersion between high quality stocks with stable earnings and low quality stocks which face earnings risk. NWQ allocates to leading Australian absolute return managers that invest in high quality, low earnings risk stocks and short sell low quality, high earnings risk stocks. This approach will likely outperform in 2017 as it has consistently over the longer term. Changes in portfolio allocations over the past six months continue to be aligned with NWQ's philosophy of investing in the highest quality managers within Australia, and we expect these changes will further enhance the delivery of performance more typical of our longer term track record.

Please see the letter “2016 in Review” attached to the performance report for more detail on the 2016 calendar year performance of the Fund, as well as our views on 2017 portfolio positioning.

commentary continued overleaf...

Fund Information

Fund Name:	NWQ Fiduciary Fund	Retail Management Fee:	Direct: 1.30%	Indirect: 1.00%
Investment Manager:	NWQ Capital Management	Retail Incentive Fee:	Direct: 0.00%	Indirect: 0.00%
Administrator:	Custom House Fund Services (Australia) Pty Limited	Wholesale Management Fee:	Wholesale A: 0.50%	Wholesale B: 0.95%
Auditor:	Ernst & Young	Wholesale Incentive Fee:	Wholesale A: 5.00%	Wholesale B: 0.00%
Counsel:	Gilbert + Tobin, Sydney	Hurdle: **	RBA Cash Rate, High Water Mark	
Responsible Entity	OneVue RE Services Limited	Liquidity:	Monthly	
Reporting:	Monthly	Minimum Contribution:	\$25,000	
Subscriptions:	Monthly	Income Distributions:	Annually after June 30	
Redemptions:	Monthly with 30 days notice	Unit Price (as at 31/12/16)	Wholesale A: 1.0677	Wholesale B: 1.0668
			Direct: 0.9557	Indirect: 0.9558

Manager Commentary continued

Global markets generally enjoyed a positive sentiment in December as the festive season began (S&P500 Index +1.82%, MSCI Europe +5.79%, MSCI Asia Ex. Japan -2.30%). With the presidential election cleared, the US Federal Reserve resumed its tightening cycle, raising rates by a further 25bps from 0.50% to 0.75%. Markets seemed largely unfazed by the rise; however the hawkish tone adopted in the Fed's statement suggesting increased inflation and tightening labour markets may need to be adjusted depending on market reactions to economic decisions of the incoming Trump presidency. European markets benefitted from an extension in the ECB's stimulus programme, while Asian markets continued to suffer from an outflow of capital as developed markets strengthened.

The domestic equity market mirrored the global scene in the month of December. After experiencing a "Trump rally" in November on the expectation of a stronger US aided by tax cuts and fiscal stimulus, the ASX200 Accumulation Index rose +4.38%, bringing the calendar year return to +11.80%. Conversely the bond market, after experiencing strong performance through August of +6.19%, suffered in the last quarter with the December return of -0.17% (Bloomberg AusBond Composite Index) bringing calendar year performance down to +2.92%.

In terms of sectors, the rally in commodities has seen an unsurprising uplift in the resources sector throughout the year (Materials +39.10% CYTD). While December was no exception, Utilities (+7.44%) was the strongest performer for the month, followed closely by Energy (+6.09%) as oil prices rose. Financials (+5.51%), Information Technology (+5.23%), Materials (+3.91%) and Consumer Discretionary (+3.86%) were also strong, while Telecommunications (+0.42%) was a relative laggard as the market's weakest performing sector.

The Fund encompasses allocations to nine underlying Australian-domiciled investment managers – five equity market neutral and four 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 negative in December as the market continued on its upward trajectory. The portfolio's Beta managers, utilising a range of long/short equity strategies, attributed +0.20% for the month, underperforming the domestic equity market. Alpha managers were down for the month, attributing -0.98%.

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.

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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.