

Performance Report: January 2017

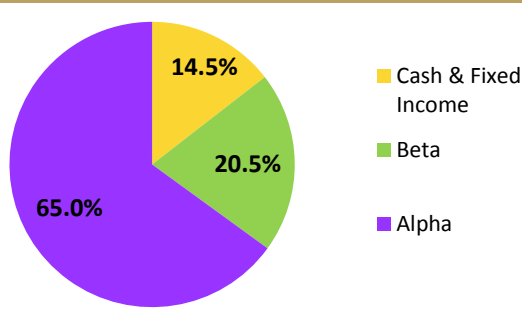
Fund Objective and Investment Approach

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.

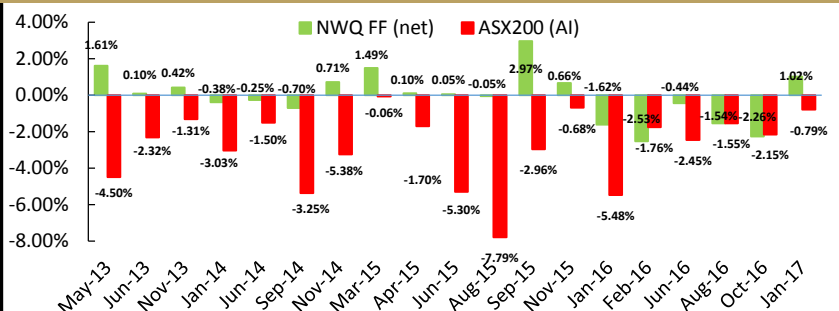
Monthly Net Returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.02%												1.02%
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%	2.23%	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%

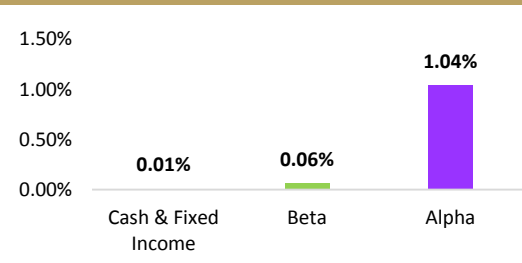
Strategy Allocation as at 31/01/2017



Performance During Down Market Months Since Inception



Strategy Performance Attribution (gross) – January 2017



Portfolio Statistics vs. Benchmarks

	Jan-17	CYTD	Last 12 Months	Inception Return (A)	Standard Deviation (A)	Sharpe Ratio (A)	Max Drawdown
NWQFF (net)[†]	1.02%	1.02%	-4.54%	6.09%	5.10%	0.76	-7.03%
ASX 200 (AI)	-0.79%	-0.79%	17.34%	6.73%	12.26%	0.42	-13.72%
Bloomberg Aus Bond Comp Index	0.61%	0.61%	2.31%	4.27%	2.74%	0.75	-3.08%
RBA Cash	0.13%	0.13%	1.70%	2.21%	0.11%	-	-

Manager Commentary – January 2017

The NWQ Fiduciary Fund (Fund) returned +1.02% in January as the S&P/ASX200 (AI) fell -0.79% following its strong finish to 2016. In a month where the market fell, the Fund's Beta managers, which utilise a range of long/short equity strategies made a positive contribution to gross performance of +0.06%. The Fund's overall performance was bolstered by the performance of the Alpha managers who combined to contribute +1.04% in January. At the aggregate level, of the nine managers that comprise the Fund, seven delivered positive returns.

January was a mixed month for global markets, which appear caught between the geopolitical uncertainty that was the driving force behind 2016 market returns and the positive outlook for improved earnings in the coming year. The Australian market opened the year strongly and was trading up +2.50% through the 9th of January, before weakening to record a negative start to 2017 (-0.79%). This came against a backdrop of rising commodity prices, which pushed the Australian dollar higher (+5.23%) against the US dollar, closing at US\$0.76. Bonds rallied in January, with the Bloomberg AusBond Composite Index gaining +0.61% in January. Overall, it was pleasing to observe stocks being driven more by fundamentals (i.e. stock-specific factors) than macro factors.

In January the MSCI World Index was stronger (+2.44%) as was the US market (S&P500 +1.90%), which has been buoyed by President Trump's 'pro-growth' agenda and announcements surrounding tax cuts, deregulation and infrastructure spending. However, it is not clear how the US economy will benefit from the new administration advocating a more protectionist stance; underscored by the decision to withdraw the US from the Trans-Pacific Partnership. Asian markets also rallied strongly in January with the MSCI Asia ex Japan rising by +6.19%, however, European markets were down (MSCI Europe -0.35%) as investors weighed the potential risks of Trump's de-globalisation agenda with his announcement to ban admission to the US for citizens from certain countries.

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

[†] Performance reported for Wholesale A units. ^{**} Incentive fee calculations only

Manager Commentary continued

The ongoing sector rotation out of low market risk stocks and into cyclicals such as resources continued in January with Materials (+4.74%) posting strong gains as commodity prices rose; notably, iron ore prices reached their highest level since September 2014. Healthcare (+4.76%) was the strongest performer in January on the back of a profit upgrade from CSL (+11.84%). At the other end of the spectrum, the weakest performers were Real Estate (-4.77%), Industrials (-4.72%), Consumer Discretionary (-4.26%), and Information Technology (-4.03%) all of which had falls of greater than 4%. The level of dispersion among returns at the sector-level is a sign that intra-market volatility may be on the rise, and the Fund, which is positioned to capitalise on relative value trades, is well placed to benefit if this plays out.

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.

The Fund has returned +6.09% p.a. since inception in May 2013. This is compared with the ASX 200 (All) Index return of +6.73% over the same period. However, the Fund has achieved its returns with less than half of the risk of the Australian equity market (Fund volatility of 5.10% p.a. vs 12.26% p.a. for the ASX200 (All)).

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.

Estimated look through equity beta was up, closing the month at 27%.

Disclaimer & Disclosures

This report has been prepared by NWQ Capital Management Pty Ltd ABN 74 114 108 879 and AFSL 318835 for use only by Australian wholesale clients. It is not intended to be a recommendation to invest. Before acting on the information contained in this report, investors should consider its appropriateness based on their personal circumstances, obtain a copy of the relevant offer document, and consult their investment advisor.

This report was prepared as a private communication to clients and is not intended for public circulation or publication or for the use of any third party, without the approval of NWQ Capital Management Pty Ltd. Whilst this report is based on information from sources which NWQ Capital Management Pty Ltd considers reliable, its accuracy and completeness cannot be guaranteed. Data are not necessarily audited or independently verified. Any opinions reflect NWQ Capital Management Pty Ltd's judgment at this date and are subject to change. NWQ Capital Management Pty Ltd has no obligation to provide revised assessments in the event of changed circumstances. To the extent permitted by law, NWQ Capital Management, its directors and employees do not accept any liability for the results of any actions taken or not taken on the basis of information in this report, or for any negligent misstatements, errors or omissions.

This report is not intended as an offer or solicitation for the purchase or sale of any financial product which may only be made on receipt of the offering document for the relevant fund. NWQ Capital Management Pty Ltd, its affiliated companies, directors or employees advise that they and persons associated with them may have an interest in the financial products discussed and that they may receive brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the financial products mentioned in this report.

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.