

Performance Report: March 2017

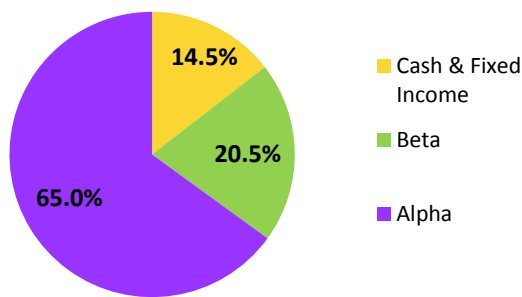
Fund Objective and Investment Approach

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.

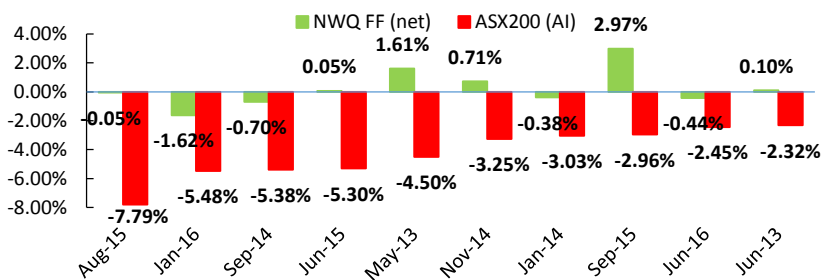
Monthly Net Returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.02%	-0.35%	0.21%										0.88%
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%

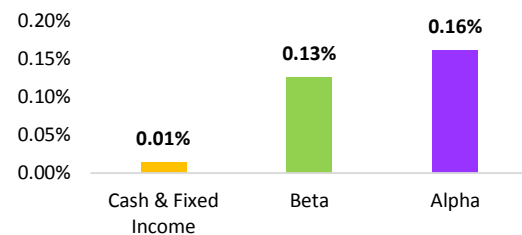
Strategy Allocation as at 31/03/2017



Performance During 10 Largest Down Market Months Since Inception



Strategy Performance Attribution (gross) – March 2017



Portfolio Statistics vs. Benchmarks

	Mar-17	CYTD	Last 12 Months	Inception Return (A)	Standard Deviation (A)	Sharpe Ratio (A)	Max Drawdown
NWQFF (net)[†]	0.21%	0.88%	-0.74%	5.79%	5.01%	0.72	-7.03%
ASX 200 (AI)	3.32%	4.82%	20.49%	7.95%	12.10%	0.52	-13.72%
Bloomberg Aus Bond Comp Index	0.44%	1.22%	2.10%	4.24%	2.68%	0.77	-3.08%
RBA Cash	0.13%	0.37%	1.62%	2.18%	0.12%	-	-

Manager Commentary – March 2017

The NWQ Fiduciary Fund (Fund) returned +0.21% in March and has returned +5.79% p.a. since its inception in May 2013. This is compared to the ASX 200 (AI) return of +7.95% over the same period. Notably, the Fund has achieved this performance with less than half of the risk of the Australian equity market (Fund volatility of 5.01% p.a. vs. 12.10% p.a. for the ASX200 (AI) Index).

While there are growing concerns about the outlook for economic activity in the United States—the world’s largest economy—global equity markets moved higher in March (MSCI World TR Index +1.86% in AUD terms). This result was primarily on the back of strong gains in Europe and Asia. On the Australian front, the market closed stronger (ASX200 TR +3.32%) with the bulk of the gains coming in the last week of the month, after the market fell sharply (-1.55%) on March 22. This was the largest one day fall so far this year and came following a significant overnight sell-off on Wall Street (S&P500 TR -1.23%). With markets being ‘priced for perfection’ this sort of volatility could become more common as signs point to weakness in both the US and Australian economies. Australian bonds rallied in March (Bloomberg AusBond Comp Index +0.44%) as downward pressure was placed on yields. In our view, the typical balanced fund has arguably never been more expensive with equity markets valuations looking stretched and bond yields at historic lows. The typical balanced portfolio is fragile and highly susceptible to risk events.

There were mixed results across the major international markets. In the US, the S&P 500 TR Index was slightly stronger (+0.12%) as investors attempted to reconcile the effects of Trump’s failure to deliver on healthcare reform—and the problems that this poses for delivering on his promises of tax cuts and infrastructure spending in the future—with the improved outlook implied by the Fed’s decision to raise interest rates.

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	NAV Price (as at 31/03/17)	Wholesale A: 1.0771	Wholesale B: 1.0749
			Direct: 0.9621	Indirect: 0.9630

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Performance Report: March 2017

Manager Commentary continued

It remains unclear, however, whether the underlying economic data is supportive of current valuations—both sales and earnings growth for S&P500 companies have been downgraded—and the concern is that recent volatility is the beginning of a larger phenomenon, or what is being called ‘The Great Unwind.’ In contrast to this picture, European markets moved higher (MSCI Europe TR Index +3.34% in EUR terms) with the flow of positive economic data continuing and the abatement of concern surrounding the growth of populism with upcoming elections in both France and Germany after lower than expected support for the populist candidate in the Dutch election.

Taking a closer look at the individual sector performance in March, there were gains posted across the board. Utilities (+6.28%) led the way, closely followed by Healthcare (+5.53%), Consumer Staples (+5.39%), and Consumer Discretionary (+4.97%). The weakest performers were Telecoms (+0.22%), Materials (+0.36%), which lagged as commodity prices softened, and REITs (+0.62%).

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 performance of the Fund’s underlying managers in March was mixed with six of the nine managers delivering a positive return. In a month where the market rallied strongly, it was unsurprising to see the Beta managers (+0.13%) make a positive overall contribution to the Fund’s performance. They were complemented by the performance of the Alpha managers, which combined to make a positive contribution (+0.16%) also. As is typical, the Cash & Fixed Income allocation made a small, positive contribution to performance (+0.01%).

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 down, closing the month at 25%.

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.