

Monthly Update – April 2016

Fund at a Glance

Fund Size	AU\$52.7m
Strategy FUM	AU\$142.5m
Fund Inception Date	August 2012
Fund Strategy	Equity Market Neutral
Application/Redemption	Daily
Management Fee	1.5%
Performance Fee	20%
Benchmark	RBA Cash Rate

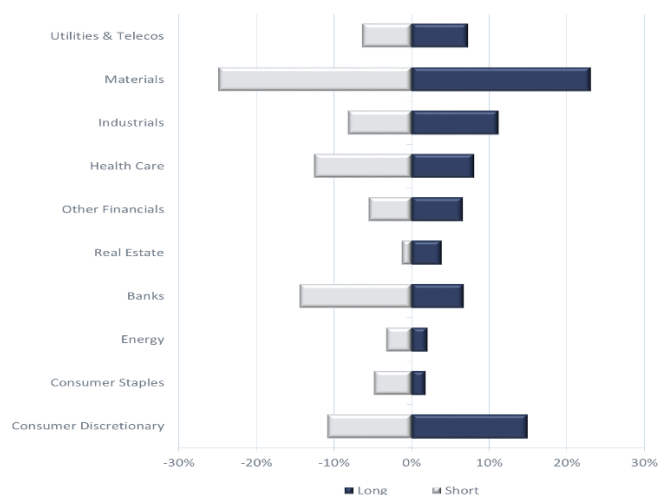
Return Characteristics¹

Positive Months	68.9%
Beta	-0.22%
Sharpe Ratio	1.6
Sortino Ratio	4.7
Standard Deviation (annualized)	7.7%
No. Long Positions	50
No. Short Positions	49
Gross Exposure	177.9%

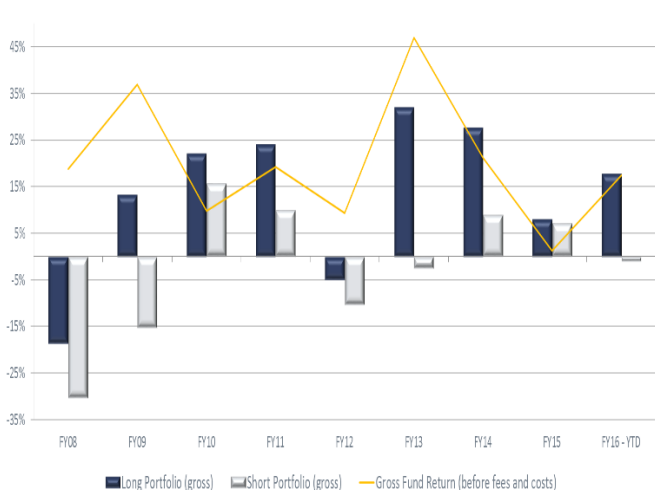
Performance

	1 Mth	6 Mths	Fin. YTD	1 Yr	2 Yrs (pa)	S.I (pa)
WMNT (net return)	0.5%	4.1%	13.9%	17.0%	6.8%	15.1%
RBA Cash Rate	0.2%	1.0%	1.7%	2.0%	2.2%	2.5%
Outperformance	0.3%	3.1%	12.2%	15.0%	4.6%	12.6%

Sector Exposures



Long/Short Spread²



Gross Portfolio Structure

Investment Type	March 2016		April 2016	
	\$m	%	\$m	%
Listed Securities - Long	31.7	67.0	44.9	85.3
Listed Securities - Short	-35.9	-75.8	-48.7	-92.5
Net Exposure	-4.2	-8.9	-3.8	-7.2
Cash	48.8	108.9	56.5	107.2
Capital	51.6	100	52.7	100

¹ Return Characteristics are for the period since inception. The Fund's inception date is August 2012

² Long/Short spread shows the gross performance of the long and short portfolios. The Fund makes a profit where the long portfolio outperforms the short portfolio, after the payment of fees. Returns prior to the Fund's inception date are based on the return series from the long and short portfolios of the Australian Leaders Fund Ltd.

Month in Review

The Australian share market extended recent months' gains in April, with mining and energy shares pushing the market to 8 month highs. In China, strong growth in infrastructure spending and an increase in housing starts have resulted in stronger demand for Australian steel and iron ore. Divergence in central bank policy continues to have a significant impact on global markets. Despite a fall in business confidence, the Bank of Japan surprised markets by deciding against further easing in monetary policy, while the US Fed seems likely to delay further rate hikes until later in 2016, despite an improvement in manufacturing and labour force data.

The Fund delivered a net return of 0.5% in April. It has been pleasing in recent months to see how resilient the portfolio has proven to be, in the face of sudden changes in the macroeconomic backdrop for share markets here and abroad. Given the Fund's portfolio is built bottom up, it is individual security selection that provides the main determinant of fund returns, with little impact from thematic tilts. The Fund was slightly net short during the month, which weighed on overall performance. Not surprisingly, it was a selection of long positions in mining shares that made the strongest contribution to returns.

Defensive sectors were the standout performers outside resources, with infrastructure and gaming shares making strong contributions. An investment in *Transurban Group* performed well and received a further boost from the RBA's recent cut in the cash rate. The Fund's recent investment in *Group Eurotunnel* made a solid contribution with the company releasing a strong quarterly result. *Tabcorp Holdings* also rose in response to the Government's proposed ban on 'in play' betting which will curtail competitors and benefit *Tabcorp's* domestic gaming franchise.

Performance of bank shares was volatile during the month. The four major banks have all flagged an increase in bad debts, reflecting the financial stress in pockets of the domestic economy. Our concerns around capital adequacy also remain. An investment in *Suncorp Group* contributed to performance from amongst insurance names.

Cyclical shares were weaker in April, with softening consumer confidence impacting retailers and uncertainty likely to remain in the lead up to the federal election. The portfolio is largely balanced across the cyclical sectors, except in transport where the fund holds short positions in a selection of companies that are exposed to weakening trends in the domestic economy.

It was an action packed month in the resources sector, with major moves in most commodities and further improvement in the price of oil. We have built up a small net short exposure to mining and energy shares in recent weeks which detracted slightly from performance during the month. Notwithstanding the recent strength, we expect momentum in this sector will wane, presenting opportunities to profit from lower quality names that have overshot their fair value.

Monthly Net Performance (%)

Cal. Yr.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-	-	-	-	-	-	-	1.36	0.97	0.00	6.51	2.88	11.72
2013	-0.71	0.21	4.60	1.55	5.83	5.31	1.11	2.57	1.43	1.86	0.35	-0.06	24.05
2014	1.71	1.45	-1.17	2.80	1.21	0.84	-4.38	-1.77	2.52	-1.57	-1.58	-1.32	-1.26
2015	-1.18	0.70	3.23	0.96	-0.61	3.39	3.82	4.04	2.73	-1.36	1.53	2.93	20.19
2016	-0.14	-1.92	1.13	0.53									-0.40

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