

FUND UPDATE

Wingate Global Equity Fund – Wholesale Units

31 May 2017

A high conviction, long-only, value-biased fund with a unique implementation process

Top 10 Holdings¹

Company name	(% weight)
Citigroup	5.29
McKesson	4.73
Zimmer Biomet	4.04
Cisco	3.88
Canadian Natural Resources	3.84
Lawson	3.09
Oracle	3.00
Pfizer	2.95
Amgen	2.93
Allergan	2.89

¹ The weightings include option positions held and cash – put option cover. It assumes that put options will be exercised. Should the put option not be exercised the cash will revert to the cash portfolio or may be used to cover further put options.

Performance at 31 May 2017

Period	Fund Total Return (%)	Benchmark ² (%)
1 month	0.63	2.75
3 months	5.53	8.36
6 months	4.45	12.14
1 year	5.29	13.33
3 years p.a.	8.84	14.15
5 years p.a.	13.37	18.72
Since inception ³ p.a.	5.82	8.35

Total Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

² Benchmark is MSCI World (ex Aust) \$A Net Dividends Reinvested.

³ Inception date for performance calculation is 18 August 2008.

Performance & Market Commentary 31 May 2017

- Global shares continued to rise in May as markets chose to ignore mixed economic data, rising political uncertainty and Moody's downgrade of China's debt rating.
- US markets gained with the S&P 500 rising 1.2%. In Europe, the UK outperformed rising 4.4%, Switzerland added 2.3% though France gained only 0.3%. In Asia, Japan continued its rally returning 2.3% whilst the Shanghai Composite lost 1.2%.
- By sector Information Technology, Consumer Staples and Healthcare were the best performers while Financials, Energy and Materials were weakest.
- The Wingate Global Equity Fund returned 0.63% in May with an average 54% delta-adjusted market exposure. Portfolio gains were driven by Financials and Healthcare, partly offset by declines in Consumer Discretionary holdings. The portfolio's low exposure to Information Technology impacted relative performance.
- McKesson shares rallied 18% over the month after releasing positive Q4 earnings and providing an FY18 outlook that exceeded bearish investor expectations. Healthcare was generally strong on the back of results although Allergan lagged as quarterly cash flow generation was below expectations.
- Energy shares were generally weaker despite OPEC's decision to extend production cuts. In aggregate, our energy exposure was neutral as BP shares rallied - reflecting in part the outperformance of UK equities - while Canadian Natural Resources declined.
- Consumer Discretionary stocks had a difficult month with US retailers Ralph Lauren, Michael Kors and Bed Bath & Beyond providing subdued sales outlooks amid a weak retail environment. Despite cyclically low sales, each company continues to generate strong cash flows while implementing plans to improve efficiency and raise margins. Valuations are attractive and we believe patience will be handsomely rewarded.
- The portfolio generated 0.7% in option premium in May and is in line with our minimum expectation of 7.0% p.a. This is amidst an historically low volatility environment whereby any increase in volatility will benefit premium generation.
- We continue to be wary of valuations across the broader market with recent price rises increasingly difficult to justify. We maintain a cautious position with ample cash available to rebuild market exposure at lower prices.

Portfolio contributors⁴

Portfolio contributors ⁴	Portfolio detractors ⁵
McKesson	Canadian Natural Resources
BP	Ralph Lauren
Citigroup	Michael Kors
Centrica	Allergan

^{4,5} Portfolio contributors and detractors are based on absolute contribution to return, including option positions.

Commentary courtesy of Wingate Asset Management Pty Limited
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Asset allocation	
Asset class	(% weight)
Global equity	52.74
Cash - put option cover	27.49
Cash	19.77
Total	100.00

Distribution history		
Quarterly distribution	Cents per Units	Reinvestment price
March 2017	1.0369	\$0.9349
December 2016	0.9000	\$0.9652
September 2016	0.7000	\$0.8974
June 2016	0.0000	N/A
March 2016	1.5000	\$0.8655
December 2015	2.2000	\$0.9482
September 2015	2.0000	\$0.9708
June 2015	6.8454	\$1.0002

Fund snapshot	
APIR code	AUS0035AU
Inception date	18 August 2008
Fund size (net asset value)	Wholesale: \$189.8m ⁶ Total: \$211.7m ⁷
FUM strategy	\$252.2m
Exit price	\$0.9640
Distributions	Quarterly
Minimum initial investment	\$5,000
Management Fees	1.1608% p.a.
Estimated Recoverable Expenses	0.1045% of net asset value of the Fund for each financial year ending 30 June.
Buy / Sell spread	0.25% / 0.25%
Advice fee	Available
Fund Switch ⁸	Available monthly

⁶ Includes Wingate Global Equity Fund – Hedged.

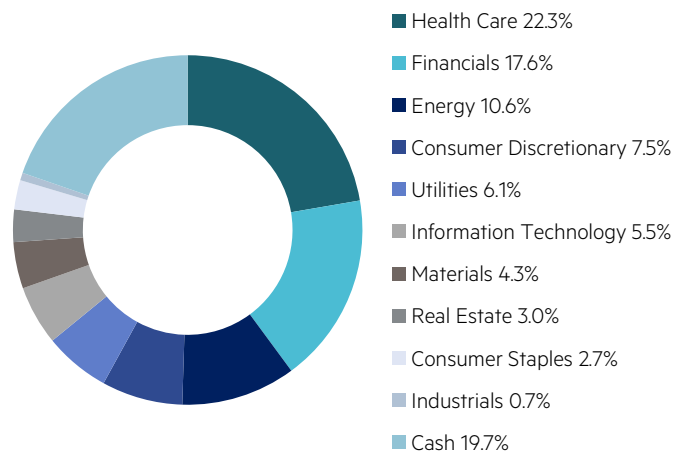
⁷ Includes Wingate Global Equity Fund – Foundation Units.

⁸ Refer to the PDS for more information about the Fund Switch.

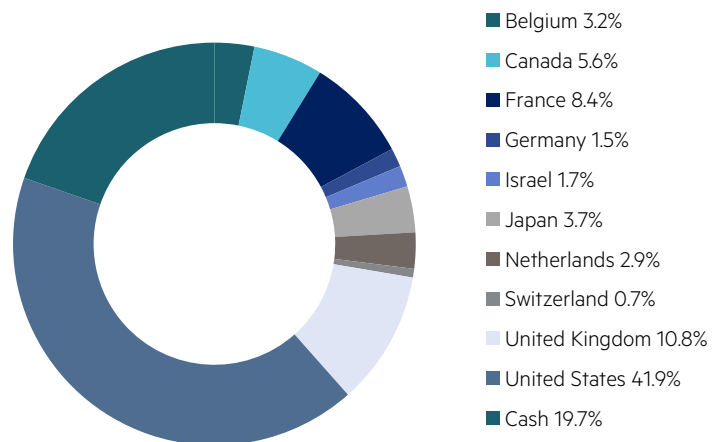
Important Information

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Sector allocation⁹



Country allocation¹⁰



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