

Performance Summary

Model Portfolio Performance Figures
As of 30 June 2017



Jonathan Bayes
Chief Investment Officer

Equity markets recovered from the previous month's selloff in June. Strength across health care stocks and the banks offset weakness in energy stocks to push the market higher.

Given our underweight position in banks and overweight position to the energy sector, our portfolios modestly underperformed.

The GROWTH SMA lost -0.18% and the INCOME SMA was also down -0.65% in contrast to the ASX200 Accumulation Index which gained 0.17%

Healthcare was the standout performer in June (+6%) and continues to be the best performing sector in 2017 (+22%.) Investors turned to the perceived safety of healthcare stocks with trusted names Healthscope (+9%), Cochlear (+6%) and CSL (+6%) all well sought.

However, it was a different story for energy stocks which were punished (-7%) on account of continued weakness in oil prices.

For the fourth consecutive month, oil went lower (-5%.) Record US inventory and ongoing concerns over the relationship between Saudi Arabia and Qatar and the implications this may have on OPEC and its members saw oil fall to \$46/barrel.

Iron ore turned around a 3 month losing streak climbing 9.5% to end the month at US\$63/tonne. However, we maintain that excess supply and the increased use of cheap scrap steel in place of iron ore at Chinese steel mills will ensure further weakness is to come.

Australian Q1 GDP figures showed annual growth of only +1.7% - the lowest since mid 2009 and well below the RBAs target band of 2-3%.

Bond yields rallied significantly in June, taking into account the aforementioned weak economic data.

Meanwhile offshore, the US Federal Reserve raised interest rates as anticipated and perhaps more importantly announced its intention to unwind its quantitative easing (QE) strategy, commencing in Q4 17. We think this move is highly significant and will act as a headwind for markets into 2018.

	Pre-franking credits					
	1 Month	3 Months	6 Months	1 Year	2 Year (per annum) ^a	3 Year (per annum) ^a
Prime Australian Equity Growth Portfolio	-0.18%	-1.01%	3.17%	11.94%	4.58%	7.11%
S&P/ASX200 Accumulation Index	0.17%	-1.58%	3.15%	14.09%	7.12%	6.03%
Relative performance	-0.35%	0.57%	0.02%	-2.15%	-2.54%	1.08%
	1 Month	3 Months	6 Months	1 Year	2 Year (per annum) ^a	3 Year (per annum) ^a
Prime Australian Equity Income Portfolio	-0.65%	-2.82%	1.11%	12.41%	3.92%	5.31%
S&P/ASX200 Accumulation Index	0.17%	-1.58%	3.15%	14.09%	7.12%	6.03%
Relative performance	-0.82%	-1.24%	-2.04%	-1.68%	-3.20%	-0.72%

^a Annualised return. Portfolio inception date 03/07/2012

