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Content

| | |
|---|---------|
| China: Switching A for H Shares | Page 3 |
| Combined Model Portfolio Implementation | Page 5 |
| Listed Model Portfolio Implementation | Page 7 |
| International ETF Model Portfolio | Page 7 |
| ASX Listed ETFs | Page 9 |
| Managed Fund Recommended Universe | Page 12 |

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China: Switching A for H Shares

- **A-Share Rally:** Since the start of the year the China A-share market has rallied a further ~22%. Given the strength of the rally and the surge in account openings and stock being bought on margin, we review our exposure (via the AMP China Capital Fund) and the outlook for Chinese equities.
- **A-Shares:** Last quarter the Shanghai A-market was trading at a ~28% discount to its 10 year average 12m forward market PE (12m fwd PE) - that discount has virtually disappeared following record leveraged inflows and what looks increasingly like speculative investor activity.
- **H-Shares:** In contrast, H-shares are still offering good value trading at a ~31% discount to their 10 year average 12m fwd PE and the widest discount to A-shares since the GFC. Moreover, following a change in investment rules for onshore Chinese Institutional Managed Funds we expect flows into H-shares to accelerate.
- **Managing Portfolio Risk:** We take profits on AGF given a ~45% return since adding the position to our Portfolios late last year and add H-share exposure via the iShares China Large Cap ETF (IZZ).

Figure 1: China A-Shares have Outperformed H-Shares by ~55% Since 2014 but Last Week that Gap Started to Narrow



Source: Bloomberg, MSWM Research. Rebased to 100 at 1/1/2014. Returns in local currency to 9 April 2015. FTSE China 50 Index used as this is the underlying index for the IZZ ETF.

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Tactical Asset Allocations – Retail Client

| Tactical Asset Allocation Retail | Ultra Conservative | | Conservative | | Moderately Conservative | | Balanced | | Moderate Growth | | Growth | | High Growth | | Aggressive | |
|----------------------------------|--------------------|------|--------------|------|-------------------------|------|----------|------|-----------------|------|--------|------|-------------|------|------------|------|
| | TAA | Tilt | TAA | Tilt | TAA | Tilt | TAA | Tilt | TAA | Tilt | TAA | Tilt | TAA | Tilt | TAA | Tilt |
| Growth Assets | | | 40% | +12% | 52% | +13% | 71% | +15% | 88% | +19% | 99% | +15% | 100% | +0% | 100% | 0% |
| Australian Equities | | | 16% | +3% | 22% | +4% | 31% | +5% | 38% | +7% | 43% | +5% | 54% | -1% | 93% | -1% |
| International Equities | | | 22% | +9% | 27% | +9% | 35% | +10% | 43% | +12% | 47% | +10% | 44% | +1% | 5% | +1% |
| Listed Property | | | 2% | 0% | 3% | 0% | 5% | 0% | 7% | 0% | 9% | 0% | 2% | 0% | 2% | 0% |
| Defensive Assets | 100% | 0% | 60% | -12% | 48% | -13% | 29% | -15% | 12% | -19% | 1% | -15% | | | | |
| Fixed Income | | | | | | | | | | | | | | | | |
| - Government | 0% | -2% | 4% | -7% | 6% | -8% | 10% | -10% | 4% | -16% | 0% | -11% | | | | |
| - Credit | 15% | +3% | 25% | -3% | 28% | -3% | 13% | -3% | 5% | -1% | 1% | -2% | | | | |
| Cash | 85% | -1% | 31% | -2% | 14% | -2% | 6% | -2% | 3% | -2% | 0% | -2% | | | | |

Source: MSWM Research

Tactical Asset Allocations – Sophisticated Client

| Tactical Asset Allocation Sophisticated | Ultra Conservative | | Conservative | | Moderately Conservative | | Balanced | | Moderate Growth | | Growth | | High Growth | | Aggressive | |
|---|--------------------|-------------|--------------|-------------|-------------------------|-------------|----------|-------------|-----------------|-------------|--------|-------------|-------------|-------------|------------|-------------|
| | TAA | Active Tilt | TAA | Active Tilt | TAA | Active Tilt | TAA | Active Tilt | TAA | Active Tilt | TAA | Active Tilt | TAA | Active Tilt | TAA | Active Tilt |
| Growth Assets | | | 37% | +12% | 45% | +12% | 57% | +12% | 67% | +12% | 77% | +13% | 87% | +1% | 90% | +1% |
| Australian Equities | | | 13% | +2% | 16% | +3% | 20% | +4% | 23% | +4% | 27% | +5% | 26% | 0% | 42% | 0% |
| International Equities | | | 20% | +10% | 23% | +9% | 28% | +8% | 32% | +8% | 37% | +8% | 45% | +1% | 46% | +1% |
| Listed Property | | | 4% | 0% | 6% | 0% | 9% | 0% | 12% | 0% | 13% | 0% | 16% | 0% | 2% | 0% |
| Alternative Assets | | | 6% | +1% | 8% | +1% | 10% | +1% | 11% | +1% | 11% | +0% | 13% | -1% | 10% | -1% |
| Commodities | | | 0% | -1% | 0% | -1% | 0% | -1% | 0% | -1% | 0% | -1% | 0% | -1% | 0% | -1% |
| Hedge Funds | | | 6% | +2% | 8% | +2% | 10% | +2% | 11% | +2% | 11% | +1% | 13% | 0% | 10% | 0% |
| Defensive Assets | 100% | 0% | 57% | -13% | 47% | -13% | 33% | -13% | 22% | -13% | 12% | -13% | | | | |
| Fixed Income | | | | | | | | | | | | | | | | |
| - Government | 9% | -1% | 22% | -6% | 21% | -7% | 16% | -8% | 10% | -9% | 4% | -9% | | | | |
| - Credit | 18% | 2% | 21% | -3% | 20% | -2% | 16% | -1% | 12% | -1% | 8% | -2% | | | | |
| Cash | 73% | -1% | 14% | -4% | 6% | -4% | 1% | -4% | 0% | -3% | 0% | -2% | | | | |

Source: MSWM Research

Summary: Our tactical assets allocations are **Overweight** Equities, **Neutral** Listed Property, and **Underweight** Fixed Income and Cash. For sophisticated investors, we are also **Overweight** Hedge Funds, but **Underweight** Commodities.

China: Switching A for H Shares

Late last year we added China-A-share exposure to our Portfolios via the AMP Capital China Growth Fund (AGF) given our conviction the market would be supported by four key factors: i) Accommodative monetary policy; ii) Attractive relative valuations; iii) Improved accessibility to China's equity markets; and iv) Diminishing returns on alternative investment assets for Chinese investors (for details see [Dec 16, 2014: China - Resumption of a Secular Bull Market](#)).

Our call proved correct and since mid-December AGF has rallied ~45%. Given the strength of the rally in the China A-share market we review our exposure and the outlook for Chinese equities.

A Review of our Bullish Factors

The rally in the A-share market has been driven by a combination of the factors we outlined last year, namely:

i) Supportive Monetary Policy: The People's Bank of China (PBoC) kicked off the current easing cycle with a 40bp rate cut in November 2014, and followed it with another 50bp cut in early February. Other forms of easing have included a loosening in mortgage restrictions and transaction tax waivers, and more recently the announcement by the State Council to halve the tax rate charged on domestic iron ore and aluminum producers.

Outlook: Given ongoing weakening growth momentum in China we expect more monetary and fiscal stimulus is likely.

ii) Attractive Relative Valuations: Four months ago the Shanghai A-market was trading at a ~28% discount to its 10 year average (Figure 2). However, the China H-market has lagged the rally in A-shares. This comparative underperformance has likely been due to skepticism from international investors about the potential for Chinese equities to rerate (international investors primarily gain exposure to China equities via the H- market) and low volumes from domestic onshore investors to the offshore H-share market.

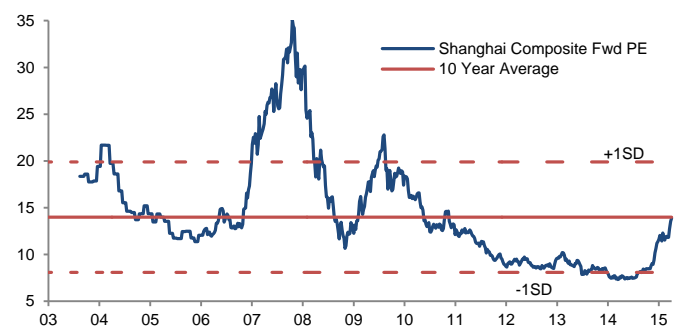
Outlook: China H-Shares are still offering good value trading at a ~31% discount to their 10 year average 12 month forward P/E (Figure 3). Moreover the A/H-shares premium is at a post GFC high (Figure 4).

iii) Improved Accessibility to China's Equity Markets: The launch of mutual market access (MMA) between the Shanghai and Hong Kong exchanges on 17th November 2014 was expected to materially increase flows between both markets. **However, cumulative inflows into the H-market have been subdued...until now.** On 28th March 2015 the China Securities Regulatory Commission (CSRC) announced new guidance for publicly offered securities investment funds (i.e. Managed Funds) in China to invest in Hong Kong-listed equities through

MMA. The guidance effectively removes the requirement of pre-approved QDII qualification for onshore mutual funds to invest through the MMA southbound scheme.

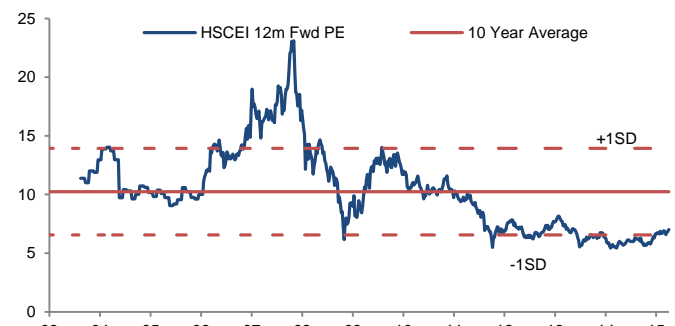
Outlook: In simple terms, the investment process has been materially simplified and as Morgan Stanley Asia Strategist Jonathan Garner points out, **the change in the investment rule is likely to direct onshore institutional capital into H-shares**. Flows started to increase within days of the announcement (Figure 5). Refer to Morgan Stanley's recent Asia Strategy Research, [H-shares finally on China onshore investors' radar screens](#), April 2, 2015).

Figure 2: The Shanghai A-Market is Trading in Line with its 10 Year Average (13.9x 12m Fwd. PE)...



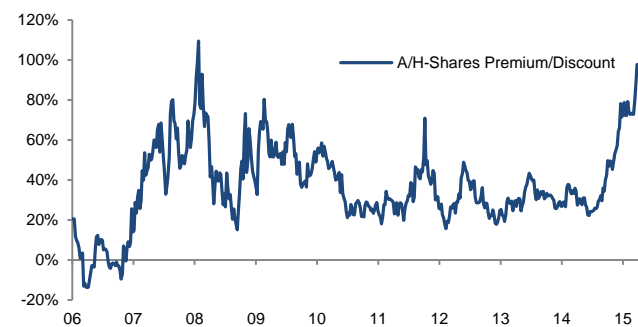
Source: DataStream, MSMW Research

Figure 3: ...While H-Shares are Still Offering Good Value



Source: DataStream, MSMW Research. HSCEI = Hang Seng China Enterprise Index.

Figure 4: The A/H Shares Premium is at a Post-GFC High



Source: DataStream, MSMW Research

iv) Diminishing Returns on Alternative Investment Assets: Finally, we also highlighted the likelihood of Chinese investors moving into the domestic equity market as they face diminishing returns on alternative investment assets. This final factor has likely been the biggest driver of market gains as account openings and daily turnover on the A-market have continued to surge (Figure 6). However, the sharpness of the rally, **the sheer number of new accounts being opened and the volume of stocks being bought on margin are, in our view, cause for concern.**

Outlook: Given the size of the potential investor pool this trend could continue for some time (as further upside leads to more speculative activity). However, should volume growth continue at the current rapid pace it is likely only a matter of time before the Chinese government intervenes with regulatory action. We already saw such a move late last year when lending requirements on short term loans were suddenly tightened – this prompted a 5.4% one-day fall in the A-market.

Recommendation: Switch A-Shares for H-Shares

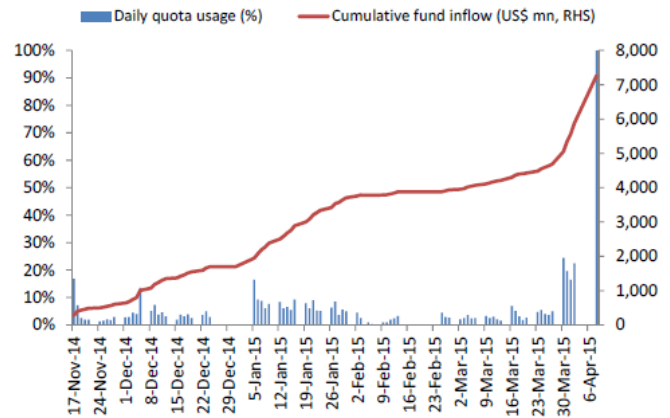
There are three reasons substantiating our recommendation:

- **Risk Management:** Given the degree of leveraged speculative activity in the domestic Chinese market and the gains that have been made since adding A-share exposure to our Portfolios, we feel it is prudent to take profits.
- **Still Bullish China:** Despite the rally in the A-market we're still constructive on the outlook for Chinese equities which are likely to continue to be supported by the bullish factors previously outlined.
- **Relative Value in H-Shares:** However, we prefer to gain China equity exposure via the H-share market which has lagged A-market performance; is trading at a considerable discount to both its 10 year average forward PE and the A-market; and is likely to see increased flows following the CSRC announcement.

We take profits on AGF and add H-share exposure to our Portfolios via the iShares China Large Cap ETF (IZZ). IZZ tracks the 50 largest and most liquid Chinese stocks listed on the Hong Kong Stock Exchange.

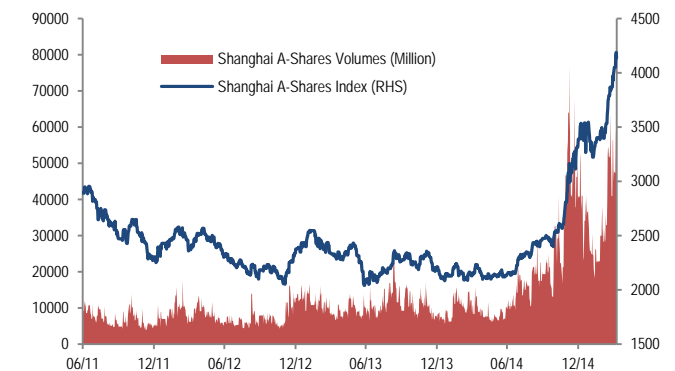
For clients looking for active managed China/Asian exposure we recommend the Platinum Asia Fund (APIR Code: PLA0004AU).

Figure 5: Inflows into the Hong Kong Market have Accelerated Post the CSRC Announcement



Source: CEIC, Morgan Stanley Research. Data as at 8 April 2015.

Figure 6: The Shanghai A-Share Index has Surged on Record Volumes



Source: Bloomberg, MSWM Research. Data as at 9 April 2015.

Appendix

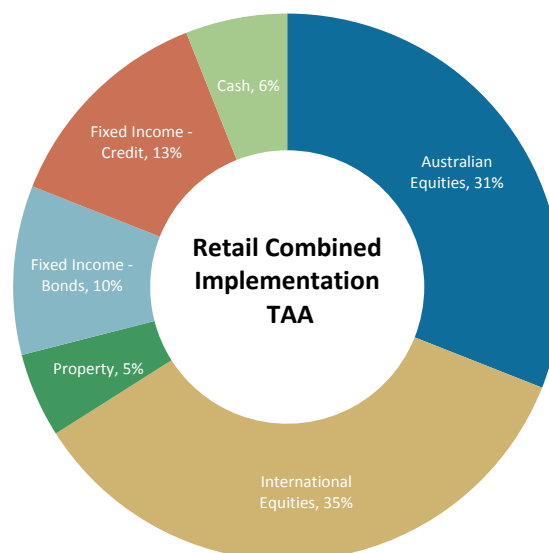
Combined Model Portfolio Implementation

Recommended TAA Retail Balanced

TAA Retail Balanced - COMBINED Model Portfolio Implementation

| Asset Class | Fund Name | Structure | ASX/APIR | ICR | Weights ▲ | Comments |
|-------------------------------|--|--------------|-----------|-------------|-------------|--|
| Australian Equities | | | | | 31% | |
| Value | MSWM Australia Value Portfolio | Direct | n.a. | n.a. | 12% | Direct in-house model with best ideas from Morgan Stanley, Value factor quant overlay |
| Income | MSWM Australia Income Portfolio | Direct | n.a. | n.a. | 14% | Direct in-house model with best ideas from Morgan Stanley, Income factor quant overlay |
| Small Cap | NovaPort Smaller Companies Fund | Managed Fund | HOW0016AU | 0.90% | 5% | Very strong performance record, good fee structure, capacity not a problem |
| International Equities | | | | | 35% | |
| US Equities | Vanguard US Total Market Shares ETF | ETF | VTS | 0.05% | 11% | Very low fees (securities lending), broad universe |
| European Equities | iShares S&P Europe 350 ETF | ETF | IEU | 0.60% | 6% | Includes largest stocks listed in Europe and UK |
| Japanese Equities | iShares MSCI Japan ETF | ETF | IJP | 0.56% | 4% | Provides direct Japanese equity exposure |
| EM Equities | Platinum Asia Fund | Managed Fund | PLA0004AU | 1.54% | 4% | Benchmark unaware, robust Asian focused Fund with active currency management |
| Chinese Equities | iShares China Large-Cap ETF | ETF | IZZ | 0.74% | 1% | +1% Tracks the 50 largest and most liquid Chinese stocks on the Hong Kong exchange |
| Core - Hedged | Arrowstreet Global Equity (H) | Managed Fund | MAC0079AU | 1.28% | 4% | Team of impressive academic quants, strong track record, strong research resource |
| Concentrated | Magellan Global Fund | Managed Fund | MGE0001AU | 1.35% | 5% | Top performer amongst international funds, long-term thematic-based |
| Property | | | | | 5% | |
| Aus.REITs | Vanguard Australian Property Sec Index | ETF | VAP | 0.25% | 3.5% | Cost effective option for a small asset universe, global presence provides scale |
| Global REITs | UBS Clarion Global Property Securities | Managed Fund | HML0016AU | 0.90% | 1.5% | Very seasoned investment team, best of class, relation to CBRE assists in property valuation |
| Fixed Income - Bonds | | | | | 10% | |
| Aus. Diversified | Vanguard Australian Fixed Interest Index | ETF | VAF | 0.20% | 4% | Best optimisation/fidelity to underlying index at a lower cost |
| Aus. Diversified | Tyndall Australian Bond Fund | Managed Fund | TYN0104AU | 0.45% | 3% | Long-standing team and process, simple and conservative approach to Aust Fixed Income |
| Global Diversified | PIMCO EQT Global Bond Fund | Managed Fund | ETL0018AU | 0.47% | 3% | Global counterpart to the Aus Bond fund, narrower mandate provides downside protection |
| Fixed Income - Credit | | | | | 13% | |
| IG Credit | Macquarie Income Opportunities Fund | Managed Fund | MAQ0277AU | 0.50% | 4% | Strong exposure to floating rate notes attractive at this time, strong risk management mindset |
| Australia Hybrids | MSWM Listed Credit Balanced Model | Direct | n.a. | n.a. | 5% | Direct in-house model with best ideas from MSWM Research |
| Global High Yield | Bentham Global Income Fund | Managed Fund | CSA0038AU | 0.77% | 4% | Exceptional proficiency within the high yield space, very strong performance track record |
| Cash | | | | | 6% | |
| Enhanced Cash | Kapstream Absolute Return Income | Managed Fund | HOW0052AU | 0.70% | 3% | Very defensive manager with one negative month since inception, alpha strategies in credit |
| Cash | BetaShares Aus. High Interest Cash ETF | ETF | AAA | 0.18% | 3% | Expects to earn a rate of interest above at-call cash |
| Total | | | | 0.4% | 100% | |

▲ Latest TAA change.



Source: MSWM Research, Morningstar, Zenith

Please refer to important information, disclosures and qualifications at the end of this material.

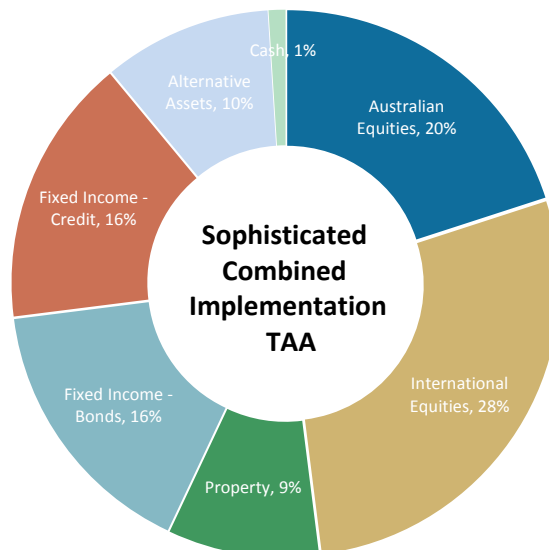
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Recommended TAA Sophisticated Balanced

TAA Sophisticated Balanced - COMBINED Model Portfolio Implementation

| Asset Class | Fund Name | Structure | ASX/APIR | ICR | Weights | ▲ |
|-------------------------------|---|--------------|-----------|--------------|-------------|--|
| Australian Equities | | | | | 20% | |
| Value | <i>MSWM Australia Value Portfolio</i> | Direct | n.a. | n.a. | 7% | Direct in-house model with best ideas from Morgan Stanley, Value factor quant overlay |
| Income | <i>MSWM Australia Income Portfolio</i> | Direct | n.a. | n.a. | 8% | Direct in-house model with best ideas from Morgan Stanley, Income factor quant overlay |
| Small Cap | <i>NovaPort Smaller Companies Fund</i> | Managed Fund | HOW0016AU | 0.90% | 5% | Very strong performance record, good fee structure, capacity not a problem |
| International Equities | | | | | 28% | |
| US Equities | <i>Vanguard US Total Market Shares ETF</i> | ETF | VTS | 0.05% | 8% | Very low fees (securities lending), broad universe |
| European Equities | <i>iShares S&P Europe 350 ETF</i> | ETF | IEU | 0.60% | 5% | Includes largest stocks listed in Europe and UK |
| Japanese Equities | <i>iShares MSCI Japan ETF</i> | ETF | IJP | 0.56% | 3% | Provides direct Japanese equity exposure |
| EM Equities | <i>Platinum Asia Fund</i> | Managed Fund | PLA0004AU | 1.54% | 4% | Strong macro capability a boon in the sensitive emerging market space, well-regarded in Asia |
| Chinese Equities | <i>iShares China Large-Cap ETF</i> | ETF | IZZ | 0.74% | 1% | +1% Tracks the 50 largest and most liquid Chinese stocks on the Hong Kong exchange |
| Core - Hedged | <i>Arrowstreet Global Equity (H)</i> | Managed Fund | MAQ0079AU | 1.28% | 3% | Team of impressive academic quants, strong track record, strong research resource |
| Concentrated | <i>Magellan Global</i> | Managed Fund | MGE0001AU | 1.35% | 4% | Top performer amongst international funds, long-term thematic-based |
| Property | | | | | 9% | |
| Aus.REITs | <i>Vanguard Australian Property Sec Index</i> | ETF | VAP | 0.25% | 4.5% | Cost effective option for a small asset universe, global presence provides scale |
| Global REITs | <i>UBS Clarion Global Property Securities</i> | Managed Fund | HML0016AU | 0.90% | 2.5% | Very seasoned investment team, best of class, relation to CBRE assists in property valuation |
| Infrastructure | <i>RARE Infrastructure Value</i> | Managed Fund | TGP0008AU | 1.32% | 2.0% | Sizeable team of infrastructure experts, risk management has led to outperformance |
| Alternative Assets | | | | | 10% | |
| Commodities | <i>BetaShares Commodities (Hedged)</i> | ETF | OCB | 0.69% | 0% | Only ETF providing broad-based commodity exposure |
| Private Equity | <i>Partners Group Private Equity</i> | Managed Fund | ETL0276AU | 1.75% | 5% | Strong track record in PE investing, limited monthly liquidity a standout, diversified PE holdings |
| Alternative Beta | <i>Lighthouse Partners Diversified</i> | Managed Fund | HFL0104AU | 1.51% | 3% | SMA structure allows fees to remain low and adds an additional level of transparency |
| Managed Futures | <i>Winton Global Alpha</i> | Managed Fund | MAQ0482AU | 3.77% | 2% | Very well-regarded investment team with a depth of experience with momentum strategies |
| Fixed Income - Bonds | | | | | 16% | |
| Aus. Diversified | <i>Vanguard Australian Fixed Interest Index</i> | ETF | VAF | 0.20% | 6% | Best optimisation/fidelity to underlying index at a lower cost |
| Aus. Diversified | <i>Tyndall Australian Bond Fund</i> | Managed Fund | TYN0104AU | 0.45% | 6% | Long-standing team and process, simple and conservative approach to Aust Fixed Income |
| Global Diversified | <i>PIMCO EQT Global Bond Fund</i> | Managed Fund | ETL0018AU | 0.49% | 4% | Global counterpart to the Aus Bond fund, narrower mandate, provides downside protection |
| Fixed Income - Credit | | | | | 16% | |
| IG Credit | <i>Macquarie Income Opportunities</i> | Managed Fund | MAQ0277AU | 0.49% | 5% | Strong exposure to floating rate notes attractive at this time, strong risk management mindset |
| Aus. Hybrids | <i>MSWM Australia Hybrid Basket</i> | Direct | n.a. | n.a. | 6% | Direct in-house model with best ideas from MSWM Research |
| Global High Yield | <i>Bentham Global Income</i> | Managed Fund | CSA0038AU | 0.77% | 5% | Exceptional proficiency within the high yield space, very strong performance track record |
| Cash | | | | | 1% | |
| Enhanced Cash | <i>Kapstream Absolute Return Income</i> | Managed Fund | HOW0052AU | 0.70% | 1% | Very defensive manager with one negative month since inception, alpha strategies in credit |
| Cash | <i>BetaShares Aus. High Interest Cash</i> | ETF | AAA | 0.18% | 0% | Expects to earn a rate of interest above at-call cash |
| Total | | | | 0.65% | 100% | |

▲ Latest TAA change.



Source: MSWM Research, Morningstar, Zenith

Please refer to important information, disclosures and qualifications at the end of this material.

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Listed Model Portfolio Implementation

International ETF Model Portfolio

| Code | Name | Weight | *Bmark | Tilt | Returns | | | | Rationale |
|------|--|--------|--------|-------|-----------|-----------|--------------|--------------|--|
| | | | | | 3 Mth (%) | 6 Mth (%) | 1Yr p.a. (%) | 2Yr p.a. (%) | |
| VTS | Vanguard US Total Market Shares | 51.0% | 54.5% | -3.5% | 12.5% | 21.4% | 23.0% | 38.0% | Relative value has deteriorated, expect EU and JP to outperform |
| IEU | iShares S&P Europe 350 | 26.0% | 24.7% | 1.3% | 2.0% | 2.5% | 2.7% | 22.1% | Substantial easing in financial conditions to support EPS growth |
| IJP | iShares MSCI Japan | 10.0% | 7.9% | 2.1% | 4.2% | 9.7% | 4.5% | 23.8% | Continued ROE recovery and earnings growth of around 18% |
| IEM | iShares MSCI Emerging Markets | 11.5% | 10.4% | 1.1% | 2.0% | 5.9% | 6.2% | 9.3% | Overweight call predicated on constructive view on China and Emerging Asia |
| IZZ | iShares China Large Cap ETF ¹ | 1.5% | 2.5% | -1.0% | - | - | - | - | Positive view on China H-share market |

Source: Factset, MSWM Research, Morningstar. * Weight Adjusted. Returns to 31 December 2014.

¹ Including the 2.6% exposure to China H-shares within IEM, in total we have a 4.1% allocation to China. This represents a 1.75% overweight relative to the MSCI AC World Index

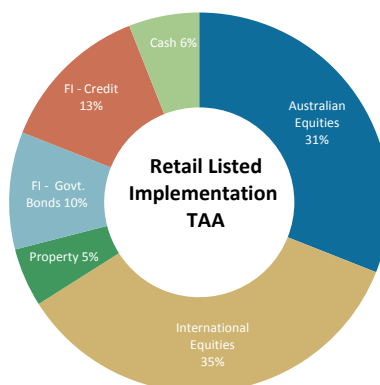
Note - Changes in weights to Japan, the U.S. and Europe reflect changes in weights in the benchmark (MSCI AC World Index) arising from price movements

Recommended TAA Retail Balanced

TAA Retail Balanced - LISTED Model Portfolio Implementation

| Asset Class | Fund Name | ASX Code | ICR | Index | Weights ▲ | Comments |
|-------------------------------|--|----------|--------------|--------------------------------|-------------|--|
| Australian Equities | | | | | 31% | |
| Value | MSWM Australia Value Portfolio | Direct | n.a. | S&P/ASX 200 Index | 12% | Direct in-house model with best ideas from Morgan Stanley, Value factor quant overlay |
| Income | MSWM Australia Income Portfolio | Direct | n.a. | S&P/ASX 200 Index | 14% | Direct in-house model with best ideas from Morgan Stanley, Income factor quant overlay |
| Small Cap | Vanguard MSCI Australian Small Comp | VSO | 0.30% | MSCI Aus Small Cap Index | 5% | Low fees, full replication of the index reduces tracking error |
| International Equities | | | | | 35% | |
| US Equities | Vanguard US Total Market Shares | VTS | 0.05% | MSCI US Broad Market Index | 14% | Very low fees (securities lending), broad universe |
| European Equities | iShares S&P Europe 350 | IEU | 0.60% | S&P Europe 350 Index | 7% | Includes largest stocks listed in Europe and UK |
| Japanese Equities | iShares MSCI Japan | IJP | 0.56% | MSCI Japan Index | 5% | Provides direct Japanese equity exposure |
| Emerging Market Equities | iShares MSCI Emerging Markets | IEM | 0.72% | MSCI Emerging Markets Index | 4% | Provides direct EM equity exposure unhedged to AUD |
| Chinese Equities | iShares China Large-Cap ETF | IZZ | 0.74% | FTSE China 50 Index | 1% | +1% Tracks the 50 largest and most liquid Chinese stocks on the Hong Kong exchange |
| Global Equities Hedged | SPDR S&P World ex Australia (Hedged) | WXHG | 0.48% | S&P World ex Australia (H) | 4% | Allows currency exposure management in Intl equities |
| Property | | | | | 5% | |
| Australian REITs | Vanguard Australian Property Sec Index | VAP | 0.25% | S&P/ASX 300 AREITs Index | 3.5% | Unlisted fund class reduces dilution, low fees, wider universe |
| Global REITs | SPDR Dow Jones Global Real Estate Fund | DJRE | 0.50% | DJ Global Select Real Estate | 1.5% | Provides diversified global REIT exposure |
| Fixed Income - Bonds | | | | | 10% | |
| Broad Fixed Income | Vanguard Australian Fixed Interest Index | VAI | 0.20% | Bloomberg Composite Bond Index | 5% | Best optimisation/fidelity to underlying index at a lower cost |
| Cmwth Government | SPDR S&P/ASX Australian Govt Bond | GOVT | 0.22% | S&P/ASX Govt Bond Index | 0% | Full replication of government bond index, allows tactical tilts |
| Semi-Government | Russell Australian Semi-Govt Bond | RSM | 0.26% | DBIQ 0-5Y Aus Semi-Govt Index | 3% | Allows tactical tilts into the domestic semi-govt. sector |
| Inflation Linked | iShares UBS Government Inflation | ILB | 0.26% | UBS Government Inflation Index | 2% | Inflation-linked bond exposure for inflation protection |
| Fixed Income - Credit | | | | | 13% | |
| Bank Credit | Russell Aust Select Corporate Bond | RCB | 0.28% | DBIQ 0-3Y IG Corp Bond Index | 5% | Liquid exposure to low duration domestic credit |
| Australia Hybrids | MSWM Listed Credit Balanced Model | Direct | n.a. | n.a. | 8% | Direct in-house model with best ideas from MSWM Research |
| Cash | | | | | 6% | |
| Cash | BetaShares Aus. High Interest Cash | AAA | 0.18% | 30 Day Bank Bill Swap | 6% | Expects to earn a rate of interest above at-call cash |
| Total | | | 0.21% | | 100% | |

▲ Latest TAA change.



Source: MSWM Research, Morningstar, Zenith

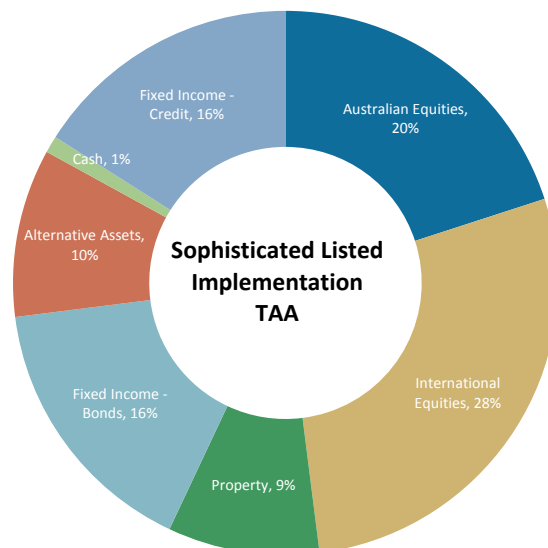
Please refer to important information, disclosures and qualifications at the end of this material.

7

Recommended TAA Sophisticated Balanced

| TAA Sophisticated Balanced - LISTED Model Portfolio Implementation | | | | | | |
|--|--|----------|-------|--------------------------------|-------------|--|
| Asset Class | Fund Name | ASX Code | ICR | Index | Weights ▲ | Comments |
| Australian Equities | | | | | 20% | |
| Value | MSWM Australia Value Portfolio | Direct | n.a. | S&P/ASX 200 Index | 7% | Direct in-house model with best ideas from Morgan Stanley, Value factor quant overlay |
| Income | MSWM Australia Income Portfolio | Direct | n.a. | S&P/ASX 200 Index | 8% | Direct in-house model with best ideas from Morgan Stanley, Income factor quant overlay |
| Small Cap | Vanguard MSCI Australian Small Comp | VSO | 0.30% | MSCI Aus Small Cap Index | 5% | Low fees, full replication of the index reduces tracking error |
| International Equities | | | | | 28% | |
| US Equities | Vanguard US Total Market Shares | VTI | 0.05% | MSCI US Broad Market Index | 10% | Very low fees (securities lending), broad universe |
| European Equities | iShares S&P Europe 350 | IEU | 0.60% | S&P Europe 350 Index | 5% | Includes largest stocks listed in Europe and UK |
| Japanese Equities | iShares MSCI Japan | IJP | 0.56% | MSCI Japan Index | 5% | Provides direct Japanese equity exposure |
| Emerging Market Equities | iShares MSCI Emerging Markets | IEM | 0.72% | MSCI Emerging Markets Index | 4% | Provides direct EM equity exposure unhedged to AUD |
| Chinese Equities | iShares China Large-Cap ETF | IZZ | 0.74% | FTSE China 50 Index | 1% | +1% Tracks the 50 largest and most liquid Chinese stocks on the Hong Kong exchange |
| Global Equities Hedged | SPDR S&P World ex Australia (Hedged) | WXHG | 0.48% | S&P World ex Australia (H) | 3% | Allows currency exposure management in Intl equities |
| Property | | | | | 9% | |
| Australian REITs | Vanguard Australian Property Sec Index | VAP | 0.25% | S&P/ASX 300 AREITs | 5.5% | Unlisted fund class reduces dilution, low fees, wider universe |
| Global REITs | SPDR Dow Jones Global Real Estate Fund | DJRE | 0.50% | DJ Global Select Real Estate | 3.5% | Provides diversified global REIT exposure |
| Alternative Assets | | | | | 10% | |
| Commodities | BetaShares Commodities (Hedged) | QCB | 0.69% | S&P GSCI Light Energy ER | 0% | Light energy index reduces concentration to oil and gas |
| Diversified Alternatives | BetaShares US Dollar ETF | USD | 0.45% | USD vs. AUD | 10% | Direct exposure to USD against AUD |
| Fixed Income - Bonds | | | | | 16% | |
| Broad Fixed Income | Vanguard Australian Fixed Interest Index | VAI | 0.20% | Bloomberg Composite Bond Index | 9% | Best optimisation/fidelity to underlying index at a lower cost |
| Govt Government | SPDR S&P/ASX Australian Govt Bond | GOVT | 0.22% | S&P/ASX Govt Bond Index | 0% | Full replication of government bond index, allows tactical tilts |
| Semi-Government | Russell Australian Semi-Govt Bond | RSM | 0.26% | DBIQ 0-5Y Aus Semi-Govt Index | 4% | Allows tactical tilts into the domestic semi-govt sector |
| Inflation Linked | iShares UBS Government Inflation | ILB | 0.26% | UBS Government Inflation Index | 3% | Inflation-linked bond exposure for inflation protection |
| Fixed Income - Credit | | | | | 16% | |
| Bank Credit | Russell Aust Select Corporate Bond | RCB | 0.28% | DBIQ 0-3Y IG Corp Bond Index | 8% | Liquid exposure to low duration domestic credit |
| Australia Hybrids | MSWM Listed Credit Balanced Model | Direct | n.a. | n.a. | 8% | Direct in-house model with best ideas from MSWM Research |
| Cash | | | | | 1% | |
| Cash | BetaShares Aus. High Interest Cash | AAA | 0.18% | 30 Day Bank Bill Swap | 1% | Expects to earn a rate of interest above at-call cash |
| Total | | | | | 100% | |

▲ Latest TAA change



Source: MSWM Research, Morningstar, Zenith

Please refer to important information, disclosures and qualifications at the end of this material.

8

ASX Listed ETFs

Australian Equity ETFs

| Name | Benchmark | Code | ICR | Market Cap (m) | Holdings | Structure | 12 Mth Yield (%) | Returns (%) | | | | Inception Date |
|--|-------------------------------------|-----------|-------|----------------|----------|-----------|------------------|-------------|-------|------------|------------|----------------|
| | | | | | | | | 3 Mth | 6 Mth | 1 Yr (p.a) | 2 Yr (p.a) | |
| Broad Based | | | | | | | | | | | | |
| Vanguard Australian Shares ETF | S&P/ASX 300 | VAS | 0.15% | 876 | 299 | Full Rep. | 4.3 | 2.9 | 2.3 | 5.2 | 12.1 | 5/4/2009 |
| iShares MSCI Australia 200 (AU) | MSCI Australia 200 | IOZ | 0.19% | 296 | 202 | Full Rep. | 4.1 | 3.1 | 2.6 | 5.6 | 12.3 | 12/6/2010 |
| SPDR® S&P/ASX 200 ETF | S&P/ASX 200 | STW | 0.29% | 2422 | 203 | Full Rep. | 4.5 | 3.0 | 2.3 | 5.2 | 12.3 | 8/24/2001 |
| Market Vectors Australian Equal Wt ETF | MV Australia Equal Weight | MWV | 0.35% | 19 | 75 | Full Rep. | na | 3.9 | 4.9 | na | na | 3/4/2014 |
| BetaShares FTSE RAFI Australia 200 ETF | FTSE RAFI Australia 200 | QOZ | 0.40% | 56 | 193 | Full Rep. | 3.2 | 3.3 | 3.1 | na | na | 7/10/2013 |
| UBS IQ Research Preferred Aus Shr ETF | USB Research Preferred Index | ETF | 0.70% | 53 | 42 | Full Rep. | 12.4 | -0.3 | -1.4 | 0.1 | 7.9 | 10/18/2012 |
| Large Cap | | | | | | | | | | | | |
| Vanguard MSCI Australian Large Coms ETF | MSCI Aus Large Cap Index | VLC | 0.20% | 38 | 29 | Full Rep. | 3.6 | 2.8 | 1.9 | 4.2 | 13.0 | 5/23/2011 |
| iShares S&P/ASX 20 | S&P/ASX 20 | ILC | 0.24% | 225 | 21 | Full Rep. | 4.9 | 3.2 | 2.3 | 5.1 | 13.6 | 12/6/2010 |
| SPDR® S&P/ASX 50 ETF | S&P/ASX 50 | SFY | 0.29% | 421 | 52 | Full Rep. | 4.8 | 1.4 | 0.6 | 3.4 | 12.1 | 8/24/2001 |
| Small Cap | | | | | | | | | | | | |
| Vanguard MSCI Australian Small Coms ETF | MSCI Aus Small Cap Index | VSO | 0.30% | 51 | 154 | Full Rep. | 3.3 | -0.8 | -1.5 | -1.3 | 1.7 | 5/23/2011 |
| SPDR® S&P/ASX Small Ordinaries ETF | S&P/ASX Small Ordinaries | SSO | 0.50% | 9 | 174 | Optimised | 2.7 | -3.7 | -2.4 | -3.6 | -2.7 | 4/14/2011 |
| iShares S&P/ASX Small Ordinaries | S&P/ASX Small Ordinaries | ISO | 0.55% | 56 | 199 | Optimised | 2.8 | -3.8 | -2.6 | -4.1 | -2.7 | 12/6/2010 |
| Sector | | | | | | | | | | | | |
| Financials | | | | | | | | | | | | |
| Market Vectors Australian Banks ETF | MV Australia Banks | MVB | 0.28% | 11 | 8 | Full Rep. | 6.9 | 7.4 | 1.1 | na | na | 10/14/2013 |
| BetaShares S&P/ASX200 Fincls Sect ETF | S&P 200 Financials | QFN | 0.39% | 24 | 17 | Optimised | 0.8 | 7.0 | 5.1 | 9.3 | 21.0 | 12/10/2010 |
| SPDR® S&P/ASX 200 Fincls EX A-REIT ETF | S&P 200 Financials x A-REITs | OZF | 0.40% | 40 | 27 | Full Rep. | 5.3 | 7.0 | 4.2 | 9.2 | 21.0 | 4/14/2011 |
| Resources | | | | | | | | | | | | |
| Market Vectors Australian Resources ETF | MV Australia Energ & Mining | MVR | 0.35% | 0.8 | 32 | Full Rep. | 1.8 | -8.4 | -9.8 | -9.9 | na | 10/14/2013 |
| BetaShares S&P/ASX200 Res Sect ETF | S&P 200 Resources | QRE | 0.39% | 12 | 21 | Optimised | 3.3 | -12.9 | -13.7 | -16.4 | -8.8 | 12/10/2010 |
| SPDR® S&P/ASX 200 Resources ETF | S&P 200 Resources | OZR | 0.40% | 14 | 40 | Full Rep. | 3.3 | -12.8 | -14.9 | -16.3 | -8.7 | 4/14/2011 |
| Market Vectors Australian Emerg Res ETF | MV Australia Junior Energy & Mining | MVE | 0.49% | 0.6 | 58 | Full Rep. | 1.3 | -17.8 | -24.7 | -29.0 | na | 10/14/2013 |
| Style | | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Vanguard Australian Shares High Yld ETF | FTSE ASFA Australia High Div | VHY | 0.25% | 457 | 50 | Full Rep. | 5.6 | 3.4 | 1.4 | 4.3 | 15.0 | 5/23/2011 |
| iShares S&P/ASX Dividend Opportunities | S&P/ASX Dividend | IHD | 0.30% | 213 | 51 | Full Rep. | 12.5 | -0.7 | -3.5 | -3.6 | 8.3 | 12/6/2010 |
| Russell High Div Australian Shares ETF | Russell High Dividend Index | RDV | 0.34% | 288 | 51 | Full Rep. | 5.1 | 3.7 | 3.2 | 6.5 | 15.1 | 5/14/2010 |
| SPDR® MSCI Australia Sel Hi Div Yld ETF | MSCI Aus Select High Div | SYI | 0.35% | 164 | 38 | Full Rep. | 4.6 | 3.7 | 3.0 | 4.0 | 13.2 | 9/24/2010 |
| UBS IQ Research Preferred Aus Div ETF | USB Research Preferred Dividend | DIV | 0.70% | 24 | 42 | Full Rep. | na | 0.8 | 0.7 | na | na | 1/14/2014 |
| BetaShares Aus Top 20 Eq Yld Maxmsr | S&P/ASX 20 Index | YMAX | 0.79% | 291 | 21 | Full Rep. | 8.9 | 2.4 | 2.3 | 3.3 | na | 11/22/2012 |
| BetaShares Australian Div Harvester(mgd) | S&P/ASX 50 Index | *new HVST | 0.90% | 22 | 10 | Full Rep. | na | na | na | na | na | 10/29/2014 |
| Value | | | | | | | | | | | | |
| Russell Australian Value ETF | Russell Australian Value Index | RVL | 0.34% | 14 | 36 | Full Rep. | 11.7 | 4.0 | 2.0 | 6.1 | 14.2 | 3/18/2011 |

Source: Morningstar, IRESS, Vanguard, State Street, BetaShares, UBS, Market Vectors, Russell, MSWM Research. Performance as at 31 December 2014.

International Equity ETFs

| Name | Benchmark | Code | ICR | Market Cap (m) | Holdings | Structure | US Estate Tax | 12 Mth Yield (%) | Returns (%) | | | | Inception Date |
|--|--|-----------|-------|----------------|----------|-----------|---------------|------------------|-------------|-------|------------|------------|----------------|
| | | | | | | | | | 3 Mth | 6 Mth | 1 Yr (p.a) | 2 Yr (p.a) | |
| Global | | | | | | | | | | | | | |
| Vanguard All-World ex-US Shares ETF | FTSE All World ex-US Index | VEU | 0.15% | 345 | 2449 | Full Rep. | Yes | 3.2 | 2.6 | 4.8 | 4.9 | 18.1 | 5/12/2009 |
| Vanguard MSCI Index Intl ETF | MSCI World x Australia Index | *new VGS | 0.18% | 16 | ~1500 | Full Rep. | No | na | na | na | na | na | 11/18/2014 |
| iShares Global 100 (AU) | S&P Global 100 Index | IOO | 0.40% | 997 | 111 | Full Rep. | Yes | 3.2 | 6.2 | 13.1 | 12.0 | 27.2 | 10/10/2007 |
| SPDR® S&P World ex Australia ETF | S&P Developed Ex-AU Large-Mid TR AUD | WXOZ | 0.42% | 99 | 823 | Optimised | No | 2.1 | 7.3 | 13.4 | 14.0 | na | 3/18/2013 |
| SPDR® S&P Global Dividend ETF | S&P Global Dividend Aristocrats Index | WDIV | 0.50% | 45 | 117 | Full Rep. | No | na | 8.5 | 9.5 | na | na | 11/1/2013 |
| Market Vectors MSCI Wld ex Aus Only ETF | MSCI World x Australia Quality Index | *new QUAL | 0.75% | 19 | 299 | Full Rep. | No | na | na | na | na | na | 10/29/2014 |
| Global Hedged | | | | | | | | | | | | | |
| Vanguard MSCI Index Intl (Hdg) ETF | MSCI World x Australia (Hedged) Index | *new VGAD | 0.21% | 15 | ~1500 | Full Rep. | No | na | na | na | na | na | 11/18/2014 |
| SPDR® S&P World ex Australia(Hedged) ETF | S&P Developed Ex-AU Large-Mid TR AUD | WXHG | 0.48% | 45 | 2 | Optimised | No | 2.3 | 3.1 | 4.5 | 10.9 | na | 7/8/2013 |
| Regional | | | | | | | | | | | | | |
| Asia | | | | | | | | | | | | | |
| iShares MSCI EAFE (AU) | MSCI EAFE | IVE | 0.35% | 45053 | 933 | Full Rep. | Yes | 3.3 | 3.0 | 4.5 | 3.8 | 21.5 | 8/14/2001 |
| iShares MSCI Emerging Markets (AU) | MSCI Emerging Markets | IEM | 0.72% | 21213 | 859 | Full Rep. | Yes | 2.1 | 2.0 | 5.9 | 6.2 | 9.3 | 4/7/2003 |
| Vanguard FTSE Emerging Markets Shrs ETF | FTSE Emerging Index | VEGE | 0.48% | 30 | 985 | Full Rep. | No | 2.2 | 2.9 | 8.3 | na | na | 11/18/2013 |
| iShares MSCI BRIC (AU) | MSCI BRIC | IBK | 0.72% | 166 | 305 | Full Rep. | Yes | 2.8 | 2.5 | 6.7 | 5.5 | 8.2 | 11/12/2007 |
| SPDR® S&P Emerging Markets ETF | S&P Emerging Markets Large Mid Cap Index | WEMG | 0.65% | 3.6 | 253 | Full Rep. | No | na | 2.8 | 8.3 | na | na | 11/1/2013 |
| United States | | | | | | | | | | | | | |
| Vanguard US Total Market Shares ETF | CRSP US Broad Market | VTI | 0.05% | 536 | 3804 | Full Rep. | Yes | 1.6 | 12.5 | 21.4 | 23.0 | 38.0 | 5/12/2009 |
| 1 SPDR® S&P 500 ETF | S&P 500 Index | *new SPY | 0.09% | 34 | -510 | Full Rep. | Yes | na | na | na | na | na | 1/22/1993 |
| iShares Core S&P 500 (AU) | S&P 500 Index | IVV | 0.09% | 29506 | 506 | Full Rep. | Yes | 1.7 | 12.2 | 22.4 | 24.2 | 38.1 | 5/15/2000 |
| iShares Core S&P Small-Cap (AU) | S&P Smallcap 600 | IJR | 0.20% | 9809 | 606 | Full Rep. | Yes | 1.1 | 17.4 | 18.1 | 15.5 | 37.7 | 10/10/2007 |
| iShares Core S&P Mid-Cap (AU) | S&P Midcap 400 | IJH | 0.22% | 10266 | 403 | Full Rep. | Yes | 1.2 | 13.7 | 17.7 | 19.9 | 36.2 | 10/10/2007 |
| iShares Russell 2000 (AU) | Russell 2000 (US Mid/Small) | IRU | 0.28% | 21211 | 2011 | Full Rep. | Yes | 1.2 | 17.3 | 17.3 | 14.7 | 36.0 | 5/22/2000 |
| BetaShares S&P 500 Yield Maximiser | S&P 500 Index | *new UMAX | 0.79% | 18 | 1 | Full Rep. | Yes | na | na | na | na | na | 9/17/2014 |
| Europe | | | | | | | | | | | | | |
| iShares Europe (AU) | S&P Europe 350 | IEU | 0.60% | 2715 | 360 | Full Rep. | Yes | 3.3 | 2.0 | 2.5 | 2.7 | 22.1 | 10/10/2007 |
| Asia | | | | | | | | | | | | | |
| iShares MSCI Japan (AU) | MSCI Japan | IJP | 0.56% | 11524 | 314 | Full Rep. | Yes | 1.2 | 4.2 | 9.7 | 4.5 | 23.8 | 3/12/1996 |
| iShares MSCI BRIC (AU) | MSCI BRIC Index | IBK | 0.67% | 166 | 305 | Full Rep. | Yes | 2.8 | 2.5 | 6.7 | 5.5 | 8.2 | 11/12/2007 |
| iShares China Large-Cap (AU) | FTSE/Xinhua China 25 | IZZ | 0.74% | 6813 | 54 | Full Rep. | Yes | 2.3 | 17.9 | 29.9 | 22.4 | 18.4 | 10/5/2004 |
| iShares MSCI South Korea Capped (AU) | MSCI South Korea | IKO | 0.65% | 3650 | 108 | Full Rep. | Yes | 1.2 | -1.8 | -1.3 | -3.7 | 7.6 | 5/9/2000 |
| iShares MSCI Taiwan (AU) | MSCI Taiwan | ITW | 0.82% | 3422 | 107 | Full Rep. | Yes | 1.9 | 8.6 | 12.8 | 18.9 | 22.4 | 6/20/2000 |
| iShares MSCI Hong Kong (AU) | MSCI Hong Kong | IHK | 0.55% | 3172 | 43 | Full Rep. | Yes | 3.2 | 10.0 | 15.4 | 14.3 | 21.6 | 3/12/1996 |
| iShares MSCI Singapore (AU) | MSCI Singapore | ISG | 0.55% | 2269 | 32 | Full Rep. | Yes | 3.2 | 6.5 | 13.4 | 12.5 | 14.8 | 3/12/1996 |
| iShares Asia 50 (AU) | S&P Asia 50 | IAA | 0.52% | 103 | 53 | Full Rep. | Yes | 2.1 | 8.8 | 12.9 | 10.5 | 14.7 | 11/13/2007 |
| Sector | | | | | | | | | | | | | |
| iShares Global Healthcare (AU) | S&P Global Healthcare | IXJ | 0.48% | 1680 | 97 | Full Rep. | Yes | 1.2 | 9.8 | 22.7 | 28.6 | 42.5 | 3/11/2009 |
| iShares Global Consumer Staples (AU) | S&P Global Consumer Staples | IXI | 0.48% | 544 | 113 | Full Rep. | Yes | 2.2 | 10.6 | 16.5 | 16.7 | 27.4 | 3/11/2009 |
| iShares Global Telecom (AU) | S&P Global Telecom | IXP | 0.48% | 345 | 45 | Full Rep. | Yes | 10.9 | 4.5 | 12.4 | 8.4 | 25.1 | 3/11/2009 |

Source: Morningstar, IRESS, Vanguard, State Street, BetaShares, UBS, Market Vectors, Russell, MSWM Research. Performance as at 31 December 2014.

¹ Inception date for SPY was 22 Jan 1993, but the ETF was cross listed on the ASX on 13 October 2014

Listed Property ETFs

| Name | Benchmark | Code | ICR | Market Cap (m) | Holdings | Structure | 12 Mth Yield (%) | Returns (%) | | | | Inception Date |
|--|---------------------------|------|-------|----------------|----------|-----------|------------------|-------------|-------|------------|------------|----------------|
| | | | | | | | | 3 Mth | 6 Mth | 1 Yr (p.a) | 2 Yr (p.a) | |
| A-REITS | | | | | | | | | | | | |
| SPDR® S&P/ASX 200 Listed Property ETF | S&P/ASX 200 AREITs | SLF | 0.40% | 536 | 18 | Full Rep. | 3.5 | 11.4 | 12.4 | 26.5 | 16.1 | 2/15/2002 |
| Vanguard Australian Property Secs ETF | S&P/ASX 300 AREITs | VAP | 0.25% | 313 | 27 | Full Rep. | 4.4 | 11.3 | 12.6 | 26.5 | 16.4 | 10/11/2010 |
| Market Vectors Australian Property ETF | MV Aus A-REITs | MVA | 0.35% | 26 | 15 | Full Rep. | 4.4 | 11.4 | 11.8 | 25.3 | na | 10/14/2013 |
| G-REITS | | | | | | | | | | | | |
| SPDR® Dow Jones Global Real Estate ETF | DJ Gbl Select RESI TR USD | DJRE | 0.50% | 33.2 | 233 | Full Rep. | na | 16.1 | 19.9 | na | na | 11/1/2013 |

Source: Morningstar, IRESS, Vanguard, State Street, BetaShares, UBS, Market Vectors, Russell, MSWM Research. Performance as at 31 December 2014.

Please refer to important information, disclosures and qualifications at the end of this material.

10

Fixed Income and Cash ETFs

| Name | Benchmark | Code | ICR | Market Cap (m) | Holdings | Structure | 12 Mth Yield (%) | Returns (%) | | | | Inception Date |
|---|--------------------------------|------|-------|----------------|----------|-----------|------------------|-------------|-------|------------|------------|----------------|
| | | | | | | | | 3 Mth | 6 Mth | 1 Yr (p.a) | 2 Yr (p.a) | |
| iShares Composite Bond | UBS Composite Bond Index | IAF | 0.24% | 135 | 283 | Optimised | 3.1 | 3.9 | 4.9 | 9.6 | 5.6 | 3/12/2012 |
| SPDR® S&P/ASX Australian Bond ETF | S&P/ASX Fixed Interest Index | BOND | 0.24% | 16 | 71 | Optimised | 2.9 | 4.2 | 5.2 | 10.1 | 5.7 | 7/27/2012 |
| Vanguard Australian Fixed Interest ETF | UBS Composite Bond Index | VAF | 0.20% | 96 | 461 | Full Rep. | 5.0 | 3.9 | 4.9 | 9.6 | 5.7 | 10/29/2012 |
| Sector | | | | | | | | | | | | |
| Government | | | | | | | | | | | | |
| iShares Treasury | UBS Treasury Index | IGB | 0.26% | 23 | 20 | Full Rep. | 2.5 | 4.4 | 5.3 | 10.0 | 4.9 | 3/12/2012 |
| SPDR® S&P/ASX Australian Govt Bd ETF | S&P/ASX Govt Bond Index | GOVT | 0.22% | 5 | 54 | Full Rep. | 2.9 | 4.6 | 5.6 | 10.7 | 5.7 | 7/27/2012 |
| Vanguard Australian Government Bond ETF | UBS Government Bond Index | VGB | 0.20% | 22 | 84 | Full Rep. | 4.8 | 4.4 | 5.3 | 10.3 | 5.6 | 4/24/2012 |
| Russell Australian Semi-Govt Bd ETF | DBIQ 0-5Y Aus Semi-Govt Index | RSM | 0.26% | 126 | 11 | Full Rep. | 5.4 | 2.5 | 4.2 | 6.5 | 5.1 | 3/13/2012 |
| Russell Australian Government Bond ETF | DBIQ 5-10Y Aus Govt Index | RGB | 0.24% | 81 | 8 | Full Rep. | 4.3 | 4.4 | 6.5 | 11.9 | 4.9 | 3/13/2012 |
| Credit | | | | | | | | | | | | |
| Russell Australian Select Corp Bd ETF | DBIQ 0-3Y IG Corp Bond Index | RCB | 0.28% | 74 | 12 | Full Rep. | 4.9 | 0.8 | 2.5 | 3.7 | 3.8 | 3/13/2012 |
| Inflation-Linked | | | | | | | | | | | | |
| iShares Government Inflation | UBS Government Inflation Index | ILB | 0.26% | 22 | 13 | Optimised | 1.4 | 5.6 | 6.2 | 14.0 | 5.5 | 3/12/2012 |
| Cash | | | | | | | | | | | | |
| BetaShares Aus High Interest Cash ETF | 30 Day Bank Bill Swap | AAA | 0.18% | 687 | 1 | Full Rep. | 3.3 | 0.8 | 1.7 | 3.4 | 3.6 | 3/6/2012 |

Source: Morningstar, IRESS, Vanguard, State Street, BetaShares, UBS, Market Vectors, Russell, MSWM Research. Performance as at 31 December 2014.

Currency and Alternatives ETFs

| Name | Benchmark | Code | ICR | Market Cap (m) | Holdings | Structure | Returns (%) | | | | Inception Date | |
|--|---------------------------------|--------|-------|----------------|----------|------------------|-------------|-------|------------|------------|----------------|--|
| | | | | | | | 3 Mth | 6 Mth | 1 Yr (p.a) | 2 Yr (p.a) | | |
| BetaShares US Dollar ETF | US Dollar vs \$A | USD | 0.45% | 321.4 | 1 | Full Rep. | 6.8 | 15.1 | 8.8 | 12.1 | 1/31/2011 | |
| BetaShares British Pound ETF | British Pound vs \$A | POU | 0.45% | 5.1 | 1 | Full Rep. | 2.8 | 5.1 | 2.7 | 10.1 | 7/8/2011 | |
| BetaShares Euro ETF | Euro vs \$A | EEU | 0.45% | 3.8 | 1 | Full Rep. | 2.3 | 1.7 | -4.5 | 7.4 | 7/8/2011 | |
| Diversified Commodities | | | | | | | | | | | | |
| ETFS All Commodities CSP ETC | Dow Jones UBS Commodity | ETPCMD | 0.49% | 0.1 | 1 | Funded Swap | -6.3 | -11.2 | -10.5 | -3.6 | 6/6/2012 | |
| BetaShares Com Basket ETF Ccy Hgd(Synth) | S&P GSCI Light Energy ER | OCB | 0.69% | 5.9 | 1 | Unfunded Swap | -14.6 | -23.5 | -19.5 | -13.7 | 12/13/2011 | |
| Precious Metals | | | | | | | | | | | | |
| Perth Mint Gold ETF | Gold | PMGOLD | 0.15% | 5137.6 | 1 | Call Option | na | na | na | na | 5/9/2003 | |
| ETFS Physical Gold ETC | Gold | GOLD | 0.40% | 486.8 | 1 | Physical ETC | 5.3 | 5.0 | 8.7 | -4.8 | 3/31/2003 | |
| ETFS Physical PM Basket ETC | Basket of Precious Metals | ETPMPM | 0.44% | 4.7 | 4 | Physical ETC | 4.1 | 0.2 | 4.4 | -4.7 | 12/19/2008 | |
| ETFS Physical Platinum ETC | Platinum | ETPMPT | 0.49% | 4.0 | 1 | Physical ETC | -0.6 | -5.9 | -3.1 | -0.1 | 12/19/2008 | |
| ETFS Physical Silver ETC | Silver | ETPMAG | 0.49% | 49.4 | 1 | Physical ETC | -0.3 | -12.0 | -10.9 | -18.2 | 12/19/2008 | |
| ETFS Physical Palladium ETC | Palladium | ETPMPD | 0.49% | 0.9 | 1 | Physical ETC | 10.0 | 8.8 | 22.1 | 19.8 | 12/19/2008 | |
| BetaShares Gold Bullion ETF Ccy Hedged | Gold (Hedged) | OAU | 0.59% | 19.3 | 1 | Full Replication | -0.3 | -8.0 | 1.3 | -14.0 | 5/5/2011 | |
| Energy Commodities | | | | | | | | | | | | |
| ETFS Energy CSP ETC | Dow Jones-UBS Energy | ETPNRG | 0.49% | 0.1 | 1 | Funded Swap | -32.5 | -36.1 | -34.6 | -11.0 | 6/6/2012 | |
| ETFS Brent Crude Oil CSP ETC | Dow Jones-UBS Brent Crude | ETPOIL | 0.49% | 0.5 | 1 | Funded Swap | -36.2 | -42.1 | -43.3 | -16.4 | 6/6/2012 | |
| ETFS Natural Gas CSP ETC | Dow Jones-UBS Natural Gas | ETPGAS | 0.49% | 0.1 | 1 | Funded Swap | -28.0 | -29.7 | -25.0 | -4.9 | 6/6/2012 | |
| BetaShares Crude Oil ETF Ccy Hgd(Synth) | S&P GSCI Crude Oil ER | OOO | 0.69% | 2.9 | 1 | Unfunded Swap | -41.9 | -48.0 | -43.1 | -22.1 | 11/16/2011 | |
| Agricultural Commodities | | | | | | | | | | | | |
| BetaShares Agriculture ETF CcyHgd(Synth) | S&P GSCI Agriculture Enh ER | OAG | 0.69% | 3.1 | 1 | Unfunded Swap | 11.8 | -11.1 | -9.2 | -14.3 | 11/30/2011 | |
| ETFS Agriculture CSP ETC | Dow Jones-UBS Agriculture | ETPAGR | 0.49% | 0.5 | 1 | Funded Swap | 13.7 | 0.0 | -1.2 | -1.2 | 6/6/2012 | |
| ETFS Grains CSP ETC | Dow Jones-UBS Grains | ETPGRN | 0.49% | 0.8 | 1 | Funded Swap | 23.9 | 3.0 | -1.9 | -3.0 | 6/6/2012 | |
| ETFS Corn CSP ETC | Dow Jones-UBS Corn | ETPCRN | 0.49% | 0.1 | 1 | Funded Swap | 27.7 | 2.0 | -6.2 | -13.3 | 6/6/2012 | |
| ETFS Wheat CSP ETC | Dow Jones-UBS Wheat | ETPWHT | 0.49% | 0.2 | 1 | Funded Swap | 29.9 | 12.3 | -2.0 | -9.4 | 6/6/2012 | |
| Industrial Metals | | | | | | | | | | | | |
| ETFS Industrial Metals CSP ETC | Dow Jones-UBS Industrial Metals | ETPIND | 0.49% | 0.1 | 1 | Funded Swap | 0.0 | 3.1 | 0.8 | 0.0 | 6/6/2012 | |
| ETFS Copper CSP ETC | Dow Jones-UBS Copper | ETPCOP | 0.49% | 0.6 | 1 | Funded Swap | 0.4 | 0.9 | -9.7 | -2.7 | 6/6/2012 | |
| Market Short | | | | | | | | | | | | |
| BetaShares Aus Equities Bear Hedge | Short S&P/ASX200 Index | BEAR | 1.39% | 39.2 | 1 | Unfunded Swap | -3.3 | -2.0 | -2.8 | -8.9 | 7/6/2012 | |
| Market Leverage | | | | | | | | | | | | |
| BetaShares Geared Australian Equity(Hdg) | S&P/ASX200 Index | GEAR | 0.80% | 21.5 | 1 | Full Replication | 5.8 | 2.7 | na | na | 4/29/2014 | |

Source: Morningstar, IRESS, Vanguard, State Street, BetaShares, UBS, Market Vectors, Russell, MSWM Research. Performance as at 31 December 2014.

Note: Investors should be aware that Commodity and Alternatives ETFs tend to be exposed to additional risks (compared to ETFs on traditional investments)

Please refer to important information, disclosures and qualifications at the end of this material.

11

Managed Fund Recommended Universe

Australian Equities Managed Fund Recommended Universe

| Name | APIR | Morningstar Rating | Zenith Rating | ICR (%) | FuM (m) | Perf Fee | 3 Month Return | 6 Month Return | 1 Year Return | 3 Year Return (p.a.) | 5 Year Return (p.a.) | 10 Year Return (p.a.) |
|---|------------|--------------------|--------------------|---------|---------|----------|----------------|----------------|---------------|----------------------|----------------------|-----------------------|
| Large Core | | | | | | | | | | | | |
| Alphinity Australian Share | PAM0001AU | Bronze | Highly Recommended | 0.90 | 122 | No | 3.2% | 1.8% | 4.6% | 17.1% | 7.5% | 7.0% |
| Antares Prof High Growth Shares | PPL0106AU | Bronze | Approved | 1.05 | 703 | Yes | 5.5% | 5.6% | 6.9% | 15.7% | 6.7% | 9.1% |
| BlackRock Indexed Australian Equity Fund | BGL0034AU | Bronze | Recommended | 0.20 | 325 | No | 2.9% | 2.3% | 5.2% | 14.5% | 6.3% | 7.2% |
| BT Core Australian Share | RFA0818AU | Silver | Recommended | 0.79 | 620 | No | 4.2% | 4.3% | 5.7% | 15.6% | 6.6% | 8.5% |
| Dimensional Aust Large Company Trust | DFA0103AU | Bronze | Approved | 0.22 | 445 | No | 3.5% | 2.8% | 6.1% | 15.9% | 7.1% | 7.8% |
| Fidelity Australian Equities | FID0008AU | Gold | Highly Recommended | 0.85 | 4052 | No | 4.3% | 3.7% | 8.0% | 17.7% | 9.0% | 11.2% |
| Ironbark Karara Australian Share | PAT0001AU | Silver | Approved | 0.99 | 56 | No | 0.1% | -0.8% | 0.1% | 14.8% | 6.1% | 0.0% |
| Goldman Sachs Australian Equities | JBW0009AU | Silver | Recommended | 0.95 | 442 | No | 1.5% | -0.8% | 3.4% | 15.2% | 6.6% | 8.8% |
| Integrity Australian Share | ITG0001AU | Bronze | Recommended | 0.97 | 387 | No | 0.4% | -0.4% | 1.9% | 13.0% | 3.5% | - |
| Vanguard Australian Shares Index | VAN0002AU | Bronze | Recommended | 0.18 | 6018 | No | 2.9% | 2.3% | 5.2% | 14.5% | 6.3% | 7.2% |
| Large Growth | | | | | | | | | | | | |
| Arnhem Australian Equity Fund | ARO0011AU | Silver | Recommended | 0.85 | 408 | No | 3.0% | 1.0% | 1.8% | 15.4% | 6.3% | 8.6% |
| Ausbil Australian Active Equity Fund | AAP0103AU | Silver | Recommended | 0.90 | 2195 | No | 3.2% | 2.5% | 4.7% | 16.4% | 6.5% | 8.9% |
| Greencape Broadcap | HOW0034AU | Gold | Recommended | 1.45 | 153 | Yes | 1.8% | 2.2% | 6.1% | 17.0% | 8.8% | - |
| Large Value | | | | | | | | | | | | |
| Dimensional Australian Value Trust | DFA0101AU | Silver | Recommended | 0.33 | 845 | No | -1.8% | -1.9% | 0.0% | 10.4% | 3.0% | 6.1% |
| Dimensional Australian Core Equity Trust | DF A0003AU | Bronze | Recommended | 0.30 | 1485 | No | 1.7% | 1.8% | 4.6% | 12.4% | 4.8% | 0.0% |
| Investors Mutual Australian Share | IML0002AU | Silver | Recommended | 0.99 | 2071 | No | 4.9% | 7.2% | 9.8% | 18.1% | 10.5% | 8.5% |
| Investors Mutual Industrial Share | IML0004AU | Bronze | Recommended | 0.99 | 247 | No | 6.9% | 8.2% | 11.5% | 20.4% | 12.3% | 8.4% |
| Maple-Brown Abbott Imputation | ADV0046AU | Bronze | Recommended | 0.92 | 291 | No | 1.2% | 1.7% | 3.8% | 15.9% | 6.4% | 7.0% |
| Perennial Value Shares Trust | IOF0206AU | Neutral | Recommended | 0.92 | 1390 | No | 2.5% | 2.7% | 5.9% | 14.9% | 5.2% | 7.4% |
| Perpetual Australian Share | PER0049AU | Gold | Highly Recommended | 0.99 | 1596 | No | 1.6% | 1.0% | 1.8% | 16.1% | 9.2% | 8.9% |
| Perpetual Industrial | PER0046AU | Bronze | Recommended | 0.99 | 2420 | No | 4.6% | 4.9% | 9.3% | 21.0% | 11.0% | 8.3% |
| Realindex Australian Share-Class A | FSF0976AU | Bronze | Recommended | 0.45 | 149 | No | 2.4% | 1.9% | 4.3% | 15.9% | 7.0% | 0.0% |
| Tyndall Australian Share | TYN0028AU | Silver | Recommended | 0.80 | 1382 | No | 5.0% | 6.1% | 7.4% | 16.9% | 7.0% | 8.0% |
| Tyndall Australian Share Income | TYN0038AU | Neutral | Recommended | 0.95 | 102 | No | 3.4% | 5.7% | 10.7% | 16.7% | 7.2% | 0.0% |
| Large Income | | | | | | | | | | | | |
| BT Imputation Share | RFA0103AU | Neutral | Approved | 0.90 | 381 | No | 4.3% | 4.0% | 5.6% | 14.2% | 5.7% | 8.4% |
| CFS Wholesale Equity Income | FSF0961AU | Bronze | Recommended | 1.27 | 226 | No | 2.7% | 2.1% | 3.0% | 11.8% | 6.4% | - |
| Zurich Investments Equity Income | ZUR00538AU | Bronze | Recommended | 1.87 | 665 | Yes | -0.2% | -1.0% | 1.0% | 10.0% | 5.2% | - |
| Vanguard Australian Shares High Yield | VAN0104AU | Bronze | Approved | 0.40 | 811 | No | 3.3% | 1.4% | 4.1% | 18.0% | 10.0% | 8.4% |
| Concentrated | | | | | | | | | | | | |
| Antares Elite Opportunities | PPL0115AU | Silver | Approved | 0.70 | 156 | Yes | 2.8% | 3.2% | 6.0% | 14.3% | 6.4% | 8.8% |
| BT Focus Australian Share | RFA0059AU | Bronze | Recommended | 0.75 | 119 | Yes | 5.4% | 5.3% | 7.9% | 16.1% | 7.0% | 0.0% |
| Greencape High Conviction | HOW0035AU | Gold | Recommended | 1.16 | 221 | Yes | 4.3% | 4.2% | 7.6% | 16.3% | 8.2% | - |
| Hyperion Australian Growth Companies | BNT0003AU | Silver | Recommended | 0.95 | 470 | No | 4.3% | 4.3% | 10.1% | 21.7% | 8.8% | 11.3% |
| Perpetual Concentrated Equity | PER0102AU | Silver | Highly Recommended | 1.11 | 1035 | No | 1.6% | 2.4% | 5.7% | 17.8% | 10.1% | 9.8% |
| SGH20 | ETL0042AU | Neutral | Approved | 1.27 | 51 | No | 4.2% | 5.4% | 2.2% | 8.7% | 3.2% | 9.7% |
| Long-Short | | | | | | | | | | | | |
| Antares High Growth Shares | PPL0106AU | Bronze | Approved | 1.05 | 703 | Yes | 5.5% | 5.6% | 6.9% | 15.7% | 6.7% | 9.1% |
| Perpetual Share Plus Long Short | PER0072AU | Gold | Highly Recommended | 1.50 | 538 | Yes | 3.6% | 5.2% | 10.5% | 22.4% | 13.9% | 10.8% |
| Mid-Small Core | | | | | | | | | | | | |
| Bennelong Avoca Emerging Leaders | BFL0008AU | Bronze | Recommended | 1.25 | 37 | Yes | -3.0% | -5.2% | -7.1% | 6.1% | 0.0% | 0.0% |
| Celeste Australian Small Companies | FAM0101AU | Silver | Highly Recommended | 2.65 | 134 | Yes | -9.8% | -6.6% | -13.9% | 3.5% | 2.5% | 4.9% |
| NovaPort Smaller Companies | HOW0016AU | Silver | Recommended | 0.95 | 140 | Yes | -1.2% | 0.9% | 4.5% | 19.3% | 11.7% | 11.3% |
| Ironbark Karara Australian Small Companies | PAT0002AU | Silver | Highly Recommended | 2.05 | 395 | Yes | -2.4% | 2.4% | 2.5% | 12.7% | 9.7% | - |
| Pengana Emerging Companies | PER0270AU | Silver | Recommended | 2.74 | 646 | Yes | 3.5% | 9.5% | 12.3% | 21.2% | 12.0% | - |
| BT Smaller Companies | RFA0819AU | Gold | Recommended | 1.24 | 461 | No | -4.0% | -1.6% | -1.6% | 12.7% | 8.1% | 9.4% |
| Schroder Australian Smaller Companies | SCH0036AU | Silver | Recommended | 1.10 | 22 | Yes | -0.1% | 4.2% | 10.3% | 15.5% | 8.2% | - |
| Mid-Small Growth | | | | | | | | | | | | |
| Ausbil Australian Emerging Leaders | AAP0104AU | Bronze | Recommended | 2.75 | 836 | Yes | -0.7% | -0.2% | 1.3% | 12.6% | 5.4% | 7.7% |
| Fairview Equity Partners Emerging Companies | ANT0002AU | Silver | Highly Recommended | na | 405 | Yes | -3.3% | -1.2% | -1.2% | 10.6% | 7.5% | - |
| Bennelong ex-20 Australian Equities | BFL0004AU | Silver | Highly Recommended | 1.77 | 795 | Yes | 2.8% | 2.8% | -0.2% | 15.9% | 10.5% | - |
| Hyperion Small Growth Companies | BNT0101AU | Silver | Recommended | 1.25 | 259 | Yes | 4.2% | 5.7% | 8.6% | 23.5% | 13.0% | 13.8% |
| Eley Griffiths Group Small Companies | EGG0001AU | Silver | Recommended | 2.13 | 451 | Yes | -1.1% | -0.3% | 0.6% | 10.6% | 5.4% | 8.0% |
| SGH ICE | ETL0062AU | Bronze | Recommended | 1.21 | 64 | Yes | 3.0% | 9.3% | 13.8% | 23.2% | 12.5% | - |
| Mid-Small Value | | | | | | | | | | | | |
| Allan Gray Australia Equity | ETL0060AU | Neutral | Recommended | 0.78 | 826 | Yes | -1.3% | 2.4% | 10.3% | 17.0% | 9.0% | - |
| Investors Mutual Future Leaders | IML0003AU | Bronze | Recommended | 0.99 | 295 | Yes | 7.0% | 12.7% | 13.7% | 17.6% | 11.1% | 8.4% |
| Investors Mutual Aus Smaller Companies | IML0001AU | Bronze | Recommended | 0.99 | 129 | No | 3.3% | 9.6% | 9.0% | 10.6% | 10.8% | 7.9% |
| Perennial Value Smaller Companies Trust | IOF0214AU | Silver | Recommended | 1.20 | 102 | Yes | -10.6% | -7.5% | -3.9% | 3.9% | 2.7% | 6.6% |
| Geared | | | | | | | | | | | | |
| Perpetual Geared Australian | PER0071AU | Bronze | Highly Recommended | 2.57 | 586 | No | 1.9% | -1.3% | -2.2% | 31.4% | 12.9% | 8.4% |
| Ethical Investing | | | | | | | | | | | | |
| Perpetual Wholesale Ethical SRI Fund | PER0116AU | Neutral | Recommended | 1.18 | 796 | No | 3.4% | 4.3% | 5.7% | 23.8% | 13.4% | 11.8% |
| BT Ethical Share | RFA0025AU | Neutral | Recommended | 0.95 | 200 | No | 5.5% | 5.5% | 7.3% | 15.0% | 5.9% | 8.2% |
| S&P/ASX 200 Accumulation Index | | | | | | | 3.1% | 2.5% | 5.6% | 15.1% | 6.8% | 7.6% |
| S&P Australian Small Cap Accum Index | | | | | | | -3.9% | -2.5% | -3.8% | 0.6% | -2.0% | 2.3% |

Source: MSWM Research, Zenith, Morningstar. Returns as of 31 December 2014.

Note: Fund returns are total return and net of fees. Indices are indicative only. Funds may use different indices to measure performance. Returns highlighted in green reflect outperformance relative to index. All Fund returns have been compared relative to the S&P/ASX 200 Accumulation Index.

Please refer to important information, disclosures and qualifications at the end of this material.

International Equities Managed Fund Recommended Universe

| Name | APIR | Morningstar Rating | Zenith Rating | ICR (%) | FuM (m) | Perf Fee | 3 Month Return | 6 Month Return | 1 Year Return | 3 Year Return (p.a.) | 5 Year Return (p.a.) | 10 Year Return (p.a.) |
|---|-----------|--------------------|--------------------|---------|---------|----------|----------------|----------------|---------------|----------------------|----------------------|-----------------------|
| Large Core | | | | | | | | | | | | |
| BlackRock Indexed Int Equity Fund | BGL0106AU | Bronze | Recommended | 0.20 | 233 | No | 8.3% | 14.2% | 15.1% | 24.8% | 12.6% | 5.5% |
| Dimensional Global Large Company Trust | DFA0105AU | Bronze | Approved | 0.36 | 119 | No | 7.3% | 12.6% | 13.0% | 24.1% | 12.2% | 5.4% |
| Goldman Sachs International WS | JBW0014AU | Neutral | Approved | 1.22 | 65 | No | 7.3% | 14.0% | 11.6% | 26.6% | 13.8% | 7.1% |
| BT Core Gbl Share WS | RFA0821AU | Bronze | Recommended | 0.97 | 204 | No | 8.2% | 14.7% | 15.6% | 25.2% | 13.5% | 5.5% |
| Arrowstreet Global Equity | MAQ0464AU | Silver | Highly Recommended | 1.28 | 417 | No | 9.8% | 16.7% | 20.0% | 28.5% | 14.1% | - |
| DWS Global Equity Thematic | MGL0004AU | Bronze | Approved | 0.99 | 635 | No | 7.8% | 10.6% | 11.0% | 22.1% | 9.2% | 6.0% |
| Altrinis Global Equities Trust | ANT0005AU | Bronze | Recommended | 1.25 | 189 | No | 6.7% | 11.8% | 10.5% | 20.0% | - | - |
| Magellan Global | MGE0001AU | Silver | Highly Recommended | 1.35 | 6756 | Yes | 11.3% | 18.1% | 14.6% | 26.3% | 17.8% | 0.0% |
| Templeton Global Equity | FRT0004AU | Neutral | Recommended | 1.13 | 220 | No | 3.5% | 6.8% | 6.9% | 25.0% | 11.2% | 0.0% |
| Vanguard International Shares Index | VAN0003AU | Bronze | Recommended | 0.18 | 8641 | No | 8.3% | 14.4% | 15.3% | 24.9% | 12.5% | 5.5% |
| Large Value | | | | | | | | | | | | |
| Dimensional Global Core Equity Trust | DFA0004AU | Bronze | Recommended | 0.40 | 1186 | No | 6.9% | 10.5% | 11.4% | 24.3% | 12.1% | - |
| Dimensional Global Value Trust | DFA0102AU | Bronze | Recommended | 0.45 | 725 | No | 4.8% | 8.5% | 9.2% | 24.3% | 11.5% | 5.1% |
| Platinum Unhedged | PLA0006AU | Silver | Recommended | 1.54 | 340 | Yes | 2.6% | 5.8% | 8.4% | 21.9% | 11.7% | - |
| Platinum International | PLA0002AU | Gold | Highly Recommended | 1.54 | 10774 | Yes | 5.2% | 8.9% | 7.8% | 22.0% | 8.7% | 8.4% |
| Aberdeen International Equity | EIQ0015AU | Silver | Recommended | 0.98 | 449 | No | 2.6% | 6.9% | 9.7% | 17.9% | 10.1% | 7.8% |
| Schroder Global Active Value | SCH0030AU | Bronze | Recommended | 0.98 | 1514 | No | 6.0% | 11.1% | 12.6% | 23.0% | 11.3% | - |
| Large Growth | | | | | | | | | | | | |
| T. Rowe Price Global Equity | ETL0071AU | Bronze | Recommended | 1.20 | 840 | No | 8.7% | 15.3% | 17.7% | 23.9% | 10.5% | - |
| Capital International Global Equity | WHT0018AU | Bronze | Recommended | 0.96 | 302 | No | 6.4% | 11.8% | 10.0% | 23.0% | 10.8% | - |
| Generation Wholesale Global Share | FSF0908AU | Bronze | Recommended | 1.24 | 134 | Yes | 12.9% | 19.6% | 20.3% | 27.3% | 13.0% | - |
| Franklin Global Growth | FRT0009AU | Silver | Recommended | 1.13 | 19 | No | 11.6% | 15.8% | 12.8% | 24.7% | 12.0% | - |
| Walter Scott Global Equity | MAQ0410AU | Silver | Highly Recommended | 1.28 | 1935 | No | 7.6% | 14.3% | 12.2% | 21.3% | 11.1% | - |
| MFS Concentrated Global Equity Strategy | ETL0172AU | Silver | Highly Recommended | na | 53 | Yes | 13.6% | 19.1% | 18.3% | 29.7% | 15.6% | - |
| MFS Global Equity Trust | MIA0001AU | Gold | Highly Recommended | 0.77 | 6648 | No | 10.6% | 14.8% | 14.0% | 27.5% | 14.4% | 8.1% |
| Zurich Investments Gbl Thematic Shr | ZUR0061AU | Silver | Recommended | 0.98 | 1217 | Yes | 7.2% | 12.9% | 13.7% | 20.0% | 9.5% | 7.2% |
| Large Income | | | | | | | | | | | | |
| Grant Samuel Epoch Global Equity Yield | GSF0002AU | Bronze | Highly Recommended | 1.25 | 1511 | No | 7.6% | 12.2% | 15.7% | 21.7% | 13.4% | - |
| Threadneedle Global Equity Income | HFL0032AU | Neutral | Recommended | 1.10 | 61 | No | 5.1% | 6.8% | 5.5% | - | - | - |
| Global Small Cap | | | | | | | | | | | | |
| BlackRock WS Global Small Cap Fund | MAL0133AU | Neutral | Recommended | 1.25 | 291 | No | 8.1% | 8.5% | 8.7% | 28.8% | 14.7% | 8.9% |
| Lazard Global Small Cap Fund | LAZ0012AU | Neutral | Recommended | 1.12 | 54 | No | 12.0% | 14.3% | 17.8% | 30.5% | 16.7% | 8.4% |
| MSCI World-ex Australia AUD | | | | | | | 8.2% | 14.4% | 15.0% | 24.8% | 12.5% | na |
| Asian Equities | | | | | | | | | | | | |
| Platinum Asia Fund | PLA0004AU | Silver | Recommended | 1.54 | 5431 | Yes | 10.1% | 19.1% | 22.0% | 24.4% | 10.1% | 13.3% |
| BT Asian Share | BTA0054AU | Bronze | Approved | 1.00 | 199 | No | 8.0% | 14.9% | 9.1% | 15.9% | 7.9% | 8.6% |
| Macquarie Asia New Stars No.1 | MAQ0640AU | Bronze | Highly Recommended | 2.35 | 180 | Yes | 4.3% | 19.0% | 22.1% | 29.0% | - | - |
| Aberdeen Asian Opportunities | EIQ0028AU | Silver | Highly Recommended | 1.18 | 680 | No | 4.3% | 12.2% | 15.1% | 18.0% | 10.2% | - |
| TAAM New Asia | TGP0006AU | Neutral | Recommended | 1.03 | 22 | Yes | 8.2% | 18.3% | 20.0% | 20.9% | 6.7% | - |
| Gavekal Asian Opportunities | HFL0014AU | Neutral | Recommended | 1.76 | 33 | No | 10.4% | 18.4% | 12.6% | 15.6% | - | - |
| MSCI Asia x Japan AUD | | | | | | | 7.2% | 13.7% | 14.4% | 18.2% | 7.5% | 8.9% |
| Emerging Markets | | | | | | | | | | | | |
| Aberdeen Emerging Opportunities Fund | ETL0032AU | Silver | Highly Recommended | 1.50 | 1289 | No | 1.7% | 5.2% | 7.8% | 13.1% | 7.7% | - |
| Dimensional Emerging Markets Trust | DFA0107AU | Neutral | Recommended | 0.71 | 394 | No | 0.3% | 3.8% | 5.2% | 11.7% | 2.3% | 6.9% |
| Lazard Emerging Markets Equity | LAZ0003AU | Silver | Recommended | 1.15 | 1058 | No | 0.4% | 1.8% | 5.2% | 13.3% | 5.4% | 10.2% |
| Schroder Global Emerging Markets | SCH0034AU | Not Covered | Recommended | 202 | | | 2.1% | 6.4% | 5.1% | 13.0% | 3.3% | - |
| MSCI Emerging Markets TR AUD | | | | | | | 2.2% | 6.5% | 7.3% | 12.6% | 4.1% | 8.3% |
| Hedged Equities | | | | | | | | | | | | |
| BT Core Hedged Global Share WS | RFA0031AU | Bronze | Recommended | 0.97 | 26 | No | 4.1% | 6.0% | 13.2% | 21.4% | 14.9% | 8.0% |
| Arrowstreet Global Equity Hedged | MAQ0079AU | Silver | Highly Recommended | 1.28 | 473 | No | 5.2% | 7.3% | 16.7% | 24.0% | 15.9% | 11.6% |
| Aberdeen Fully Hedged Internatl Equity | CSA0135AU | Silver | Recommended | 0.99 | 45 | No | -1.4% | -1.2% | 7.1% | 14.0% | 11.6% | 6.8% |
| IFP Global Franchise Fund (Hedged) | MAQ0631AU | Silver | Highly Recommended | 1.38 | 61 | No | 3.4% | 5.9% | 13.1% | 18.0% | - | - |
| Schroder Global Active Value Hedged | SCH0032AU | Bronze | Recommended | 0.98 | 168 | No | 1.8% | 2.6% | 9.5% | 18.9% | 12.6% | 0.0% |
| Walter Scott Global Equity Hedged | MAQ0557AU | Silver | Highly Recommended | 1.28 | 441 | No | 3.2% | 5.0% | 9.1% | 17.5% | 12.4% | - |
| MFS Fully Hedged Global Equity Trust | ETL0041AU | Gold | Highly Recommended | 0.80 | 1006 | No | 6.3% | 6.2% | 11.8% | 22.8% | 16.2% | - |
| Zurich Investments Hgd Gbl Thematic Shr | ZUR0517AU | Silver | Recommended | 0.98 | 210 | No | 2.5% | 2.9% | 9.2% | 16.1% | 11.1% | - |
| Grant Samuel Epoch Global Yld Hedged | GSF0001AU | Bronze | Highly Recommended | 1.30 | 289 | No | 3.6% | 4.3% | 13.9% | 16.9% | 15.4% | - |
| MSCI World-ex Australia (H) AUD | | | | | | | 4.0% | 5.5% | 12.6% | 20.9% | 14.4% | na |
| Sector/Other | | | | | | | | | | | | |
| CFS Wholesale Global Resources | FSF0038AU | Silver | Recommended | 1.18 | 386 | No | -8.0% | -11.7% | -6.1% | -3.3% | -4.7% | 4.5% |
| DWS Global Equity Agribusiness | MGL0019AU | Not Covered | Approved | 1.11 | 80 | No | 1.8% | -1.2% | 7.2% | 10.1% | 7.3% | - |
| IFP Global Franchise | MAQ0404AU | Silver | Highly Recommended | 1.38 | 1486 | No | 7.7% | 14.6% | 15.8% | 23.2% | 16.2% | - |
| Platinum International Brands | PLA0100AU | Silver | Highly Recommended | 1.54 | 1246 | Yes | 4.0% | 4.2% | 0.5% | 18.4% | 11.9% | 11.5% |
| Wingate Global Equity Fund | AUS0035AU | Neutral | Approved | 1.15 | 140 | Yes | 6.0% | 11.8% | 12.1% | 19.7% | 10.9% | 0.0% |
| MSCI World-ex Australia TR AUD | | | | | | | 8.2% | 14.4% | 15.0% | 24.8% | 12.5% | na |

Source: MSWM Research, Zenith, Morningstar. Returns as of 31 December 2014

Note: Fund returns are total return and net of fees. Indices are indicative only. Funds may use different indices to measure performance. Returns highlighted in green reflect outperformance relative to index. Global Small Cap performance measured against MSCI World ex-Australia AUD Index.

Please refer to important information, disclosures and qualifications at the end of this material.

13

Listed Property and Infrastructure Managed Fund Recommended Universe

| Name | APIR | Morningstar Rating | Zenith Rating | ICR (%) | FuM (m) | Perf Fee | 3 Month Return | 6 Month Return | 1 Year Return | 3 Year Return (p.a.) | 5 Year Return (p.a.) | 10 Year Return (p.a.) |
|---|-----------|--------------------|--------------------|---------|---------|----------|----------------|----------------|---------------|----------------------|----------------------|-----------------------|
| Australian REITs | | | | | | | | | | | | |
| BlackRock Indexed Aus Listed Property | BGL0108AU | Gold | Recommended | 0.20 | 356 | No | 11.3% | 12.7% | 26.8% | 21.9% | 12.1% | 2.4% |
| Vanguard Index Property Securities Fund | VAN0004AU | Gold | Recommended | 0.24 | 3091 | No | 11.3% | 12.6% | 26.7% | 21.7% | 11.8% | 1.9% |
| BT Wholesale - Property Securities Fund | RFA0817AU | Gold | Highly Recommended | 0.65 | 116 | No | 10.9% | 13.2% | 26.2% | 21.4% | 12.0% | 3.4% |
| Anlars Listed Property | NFS0209AU | Silver | Approved | 0.72 | 133 | No | 11.0% | 12.7% | 25.9% | 21.2% | 12.2% | 3.9% |
| APN AREIT Fund | APN0008AU | Silver | Recommended | 0.85 | 500 | No | 9.7% | 10.9% | 23.4% | 20.6% | 13.3% | - |
| SG Hiscoc WS Property Securities | HBC0008AU | Neutral | Recommended | 0.85 | 133 | No | 9.0% | 10.1% | 23.8% | 20.6% | 11.5% | - |
| Ironbark Paladin Property Securities | PAL0002AU | Neutral | Approved | 0.88 | 246 | No | 9.6% | 11.0% | 25.5% | 20.9% | 11.4% | 1.3% |
| EOT SGH Property Income | ETL0119AU | Bronze | Recommended | 0.91 | 423 | No | 8.8% | 9.7% | 22.5% | 20.7% | 13.5% | - |
| Cromwell Phoenix Property Securities | CRM0008AU | Silver | Highly Recommended | 0.97 | 205 | No | 10.6% | 13.0% | 28.2% | 26.4% | 19.6% | - |
| AMP Capital Listed Property Trusts A | AMP0255AU | Bronze | Approved | 0.97 | 44 | No | 8.7% | 10.0% | 22.6% | 21.5% | 11.1% | 1.2% |
| S&P/ASX 300 Listed Property Total Return | | | | | | | 11.5% | 12.7% | 27.0% | 21.9% | 12.2% | 2.0% |
| Global REITs | | | | | | | | | | | | |
| AMP Capital Global Property Securities | AMP0974AU | Bronze | Recommended | 0.99 | 544 | No | 11.8% | 9.3% | 26.0% | 20.2% | 15.8% | - |
| UBS Clarion Global Property Securities | HML0016AU | Gold | Recommended | 0.90 | 243 | No | 12.7% | 11.5% | 28.4% | 19.6% | 16.4% | - |
| Resolution Capital Global Property Securities Fund | WHT0015AU | Silver | Highly Recommended | 1.28 | 78 | Yes | 13.3% | 11.9% | 27.0% | 21.8% | 16.4% | - |
| FTSE EPRA NAREIT Index (AUD) | | | | | | | 15.6% | 19.1% | 26.7% | 24.9% | 14.2% | na |
| Global Infrastructure | | | | | | | | | | | | |
| Lazard Global Listed Infrastructure | LAZ0014AU | Bronze | Recommended | 0.98 | 1154 | No | 5.3% | 5.0% | 21.2% | 24.6% | 17.6% | - |
| Macquarie International Infrastructure Securities | MAQ0432AU | Neutral | Approved | 1.03 | 620 | No | 3.9% | 5.9% | 19.4% | 18.8% | 14.2% | - |
| Magellan Infrastructure | MGE0002AU | Silver | Highly Recommended | 1.14 | 716 | Yes | 8.2% | 8.9% | 22.4% | 18.4% | 15.6% | - |
| RARE Infrastructure Value | TGP0008AU | Silver | Highly Recommended | 1.32 | 1357 | Yes | 3.7% | 5.8% | 15.9% | 16.3% | 13.7% | - |
| RARE Infrastructure Value Unhedged | TGP0034AU | Silver | Highly Recommended | 1.27 | 692 | Yes | 6.5% | 11.8% | 17.2% | - | - | - |
| Global Listed Infrastructure (AUD) | | | | | | | 8.2% | 12.3% | 23.5% | 22.1% | 11.0% | na |

Source: MSWM Research, Zenith, Morningstar. Returns as of 31 December 2014

Note: Fund returns are total return and net of fees. Indices are indicative only. Funds may use different indices to measure performance. Returns highlighted in green reflect outperformance relative to index.

Fixed Income and Cash Managed Fund Recommended Universe

| Name | APIR | Morningstar Rating | Zenith Rating | ICR (%) | FuM (m) | Perf Fee | 3 Month Return | 6 Month Return | 1 Year Return | 3 Year Return (p.a.) | 5 Year Return (p.a.) | 10 Year Return (p.a.) |
|---|-----------|--------------------|--------------------|---------|---------|----------|----------------|----------------|---------------|----------------------|----------------------|-----------------------|
| Broad Fixed Income | | | | | | | | | | | | |
| Macquarie Diversified Fixed Interest | MAQ0274AU | Bronze | Recommended | 0.64 | 1000 | No | 3.3% | 4.1% | 7.8% | 5.7% | 6.9% | 6.1% |
| UBS Diversified Fixed Income | SBC0007AU | Bronze | Approved | 0.55 | 653 | No | 2.4% | 3.7% | 9.6% | 6.9% | 7.4% | 6.7% |
| Franklin Templeton Multisector Bond Fund | FRT0011AU | Silver | Recommended | 0.92 | 279 | No | -1.4% | -1.3% | 3.0% | 11.0% | 10.9% | - |
| PIMCO EQT Diversified Fixed Interest | ETL0016AU | Silver | Recommended | 0.50 | 1458 | Yes | 3.4% | 4.8% | 10.6% | 7.6% | 9.0% | 7.5% |
| Vanguard Diversified Bond Index Fund | VAN0042AU | Silver | Recommended | 0.34 | 268 | No | 3.3% | 4.8% | 10.0% | 6.8% | - | - |
| Advance Int Fix Interest Multi-Blend | ADV0067AU | Bronze | Recommended | 0.65 | 949 | No | 2.2% | 3.7% | 8.9% | 8.0% | 8.3% | - |
| Barclays Global Aggregate Hedged (AUD)/UBS Composite 50/50 Index | | | | | | | 3.4% | 4.9% | 10.1% | 6.9% | 7.9% | - |
| Australian Bonds | | | | | | | | | | | | |
| BlackRock Indexed Australian Bond Fund | BGL0105AU | Silver | Recommended | 0.20 | 216 | No | 3.9% | 4.9% | 9.8% | 6.4% | 7.3% | 6.4% |
| Tyndal Australian Bond Fund | TYN0104AU | Silver | Recommended | 0.45 | 158 | No | 2.8% | 3.7% | 8.6% | 6.2% | 7.0% | 6.4% |
| PIMCO Australian Bond Fund | ETL0015AU | Gold | Recommended | 0.50 | 2233 | No | 3.7% | 4.9% | 9.5% | 6.6% | 8.1% | 7.0% |
| UBS Australian Bond Fund | SBC0813AU | Bronze | Recommended | 0.45 | 1156 | No | 3.2% | 4.3% | 9.0% | 6.5% | 7.1% | 6.5% |
| Perennial Tactical Income Trust | IOF0145AU | Silver | Recommended | 0.45 | 1450 | No | 1.2% | 1.8% | 4.7% | 6.0% | 6.3% | - |
| Vanguard Australian Fixed Interest Index Fund | VAN0001AU | Silver | Recommended | 0.24 | 2659 | No | 3.9% | 4.9% | 9.7% | 6.3% | 7.2% | 6.4% |
| Schroder Fixed Income Fund | SCH0028AU | Silver | Highly Recommended | 0.50 | 2276 | No | 3.1% | 3.9% | 8.2% | 6.4% | 7.2% | - |
| UBS Composite All Maturities Bond Index | | | | | | | 4.0% | 5.0% | 9.8% | 6.4% | 7.3% | 6.5% |
| International Bonds | | | | | | | | | | | | |
| Vanguard International Fixed Interest Index (Hgd) | VAN0103AU | Bronze | Recommended | 0.26 | 1475 | No | 2.4% | 5.0% | 9.0% | 7.2% | 7.5% | 7.2% |
| Dimensional Five-Year Diversified F/I | DFA0108AU | Bronze | Recommended | 0.29 | 1292 | No | 1.7% | 2.4% | 5.4% | 5.4% | 6.8% | 6.4% |
| PIMCO EQT Global Bond Fund | ETL0018AU | Silver | Recommended | 0.49 | 3242 | No | 3.2% | 5.0% | 11.9% | 8.7% | 10.0% | 8.1% |
| Franklin Templeton Global Aggregate Bond Fund | FRT0025AU | Bronze | Recommended | 0.59 | 24 | No | 3.7% | 5.9% | 12.4% | - | - | - |
| Barclays Global Aggregate Hedged (AUD) | | | | | | | 2.9% | 4.7% | 10.4% | 7.4% | 8.4% | na |
| Credit | | | | | | | | | | | | |
| Macquarie Income Opportunities Fund | MAQ0277AU | Silver | Recommended | 0.49 | 2474 | No | 0.4% | 1.1% | 3.6% | 5.6% | 6.0% | 5.7% |
| PM Capital Enhanced Yield | PMC0103AU | Bronze | Approved | 1.36 | 408 | Yes | 0.4% | 1.2% | 3.7% | 5.2% | 5.3% | 5.4% |
| Schroder Credit Securities | SCH0103AU | Bronze | Recommended | 0.75 | 649 | No | 0.6% | 1.1% | 3.9% | 6.2% | 6.4% | 5.3% |
| Benham Global Income Fund | CSA0038AU | Silver | Recommended | 0.77 | 1213 | No | -0.7% | 0.3% | 4.7% | 12.4% | 11.0% | 7.9% |
| Barclays Global Aggregate Hedged (AUD) | | | | | | | 2.9% | 4.7% | 10.4% | 7.4% | 8.4% | na |
| Short-Duration / Enhanced Cash | | | | | | | | | | | | |
| Kapstream Wholesale Absolute Return Income | HOW0052AU | Bronze | Recommended | 0.70 | 1521 | Yes | 1.1% | 2.0% | 4.7% | 5.7% | 5.6% | - |
| CFS Wholesale Enhanced Yield | FSF0694AU | Neutral | Approved | 0.52 | 83 | Yes | -0.1% | 0.2% | 1.8% | 4.7% | 5.3% | - |
| Dimensional Short Term Fixed Interest | DFA0100AU | Neutral | Recommended | 0.19 | 490 | No | 0.7% | 1.3% | 2.6% | 3.2% | 4.1% | 4.9% |
| UBSA Bank Bill Index | | | | | | | 0.7% | 1.4% | 2.7% | 3.2% | 3.8% | 4.9% |

Source: MSWM Research, Zenith, Morningstar. Returns as of 31 December 2014

Note: Fund returns are total return and net of fees. Indices are indicative only. Funds may use different indices to measure performance. Returns highlighted in green reflect outperformance relative to index.

Please refer to important information, disclosures and qualifications at the end of this material.

14

Alternatives Managed Fund Recommended Universe

| Name | APIR | Morningstar Rating | Zenith Rating | ICR | FuM (m) | Perf Fee | 3 Month Return | 6 Month Return | 1 Year Return | 3 Year Return (p.a.) | 5 Year Return (p.a.) | 10 Year Return (p.a.) |
|--|-----------|--------------------|--------------------|------|---------|----------|----------------|----------------|---------------|----------------------|----------------------|-----------------------|
| Alternative Beta - Diversified | | | | | | | | | | | | |
| Advance Alternative Strategies Multi-Blend Fund | ADV0159AU | | Approved | 1.27 | 181 | Yes | -0.2% | 0.1% | 2.3% | 4.3% | - | - |
| AQR DELTA | PER0554AU | Bronze | Recommended | 1.30 | 89 | Yes | 3.8% | 6.0% | 6.4% | 5.8% | - | - |
| Ironbark Global Diversified Alternatives | DEU0109AU | | Approved | 1.10 | 125 | Yes | 3.8% | 5.0% | 7.3% | 4.8% | 3.5% | 3.0% |
| LHP Diversified Investments | HFL0104AU | | Recommended | 1.51 | 127 | No | 1.5% | 3.3% | 9.8% | 11.2% | 8.3% | 5.2% |
| BlackRock Multi Opportunity Absolute Return Fund | BLK0001AU | | Recommended | 1.94 | na | No | 0.6% | 4.3% | 4.6% | - | - | - |
| BlackRock Scientific Global Markets | BGL0045AU | Bronze | Recommended | 1.03 | 81 | Yes | 0.6% | 5.0% | 1.2% | 2.7% | 3.9% | - |
| GMO Systematic Global Macro Trust | GMO0006AU | | Highly Recommended | 2.34 | 1013 | Yes | 4.0% | 4.3% | 7.1% | 7.9% | 9.8% | - |
| Alternative Beta - Equity Hedge | | | | | | | | | | | | |
| Acadian Wholesale Quant Yield | FSF0797AU | Neutral | | 0.90 | 19 | No | 1.2% | 1.6% | 3.0% | 3.9% | 4.6% | - |
| GAM Absolute Return Bond | AFM0002AU | | Recommended | 1.27 | 56 | Yes | -2.1% | -3.1% | -0.5% | 5.2% | - | 0.0% |
| Regal Long Short Australian Equity Fund | AMR0006AU | | Highly Recommended | 1.37 | 92 | Yes | -0.7% | 1.3% | 10.3% | 18.4% | - | - |
| Perpetual Wholesale Share Plus L/S Fund | PER0072AU | | Highly Recommended | 1.50 | 538 | Yes | 3.6% | 5.2% | 10.5% | 22.4% | 13.9% | - |
| BlackRock Australian Eq Absolute Return | MAL0079AU | | Highly Recommended | 1.54 | 107 | Yes | -1.3% | -3.1% | -5.5% | - | - | - |
| Aurora Fortitude Absolute Return Fund | AFM0005AU | | | 1.93 | 140 | Yes | -0.7% | -1.6% | -0.6% | 3.7% | 3.9% | - |
| Bennelong Long Short Equity Fund | BFL0005AU | | Highly Recommended | 2.24 | 325 | Yes | 1.4% | -0.8% | -6.6% | 7.7% | 11.2% | - |
| LHP Global Long/Short | HFL0108AU | | Recommended | 2.63 | 153 | Yes | 2.5% | 4.0% | 6.8% | 11.9% | 9.0% | - |
| K2 Australian Absolute Return | KAM0101AU | Neutral | Recommended | 4.34 | 397 | Yes | 0.4% | 2.9% | 3.4% | 13.7% | 6.1% | 8.8% |
| K2 Asian Absolute Return | KAM0100AU | Neutral | Approved | 5.23 | 103 | Yes | 7.6% | 17.1% | 9.5% | 18.6% | 6.5% | 8.8% |
| K2 Select International Absolute Return | ETL0046AU | Neutral | Approved | 5.45 | 226 | Yes | 8.9% | 15.1% | 5.7% | 17.8% | 9.4% | - |
| Alternative Beta - Event Driven | | | | | | | | | | | | |
| Pengana Asia Special Events Fund | PCL0004AU | | Recommended | 2.51 | 71 | Yes | 1.7% | 4.2% | 6.2% | 7.3% | 0.0% | - |
| Managed Futures | | | | | | | | | | | | |
| Aspect Diversified Futures | FSF1086AU | Neutral | Recommended | 1.61 | 135 | Yes | 21.7% | 31.2% | 32.9% | 7.0% | - | - |
| Winton Global Alpha | MAC0482AU | Bronze | Recommended | 3.77 | 1286 | Yes | 10.6% | 13.7% | 17.6% | 9.0% | 10.6% | - |
| Man AHL Alpha | MAN0002AU | | Recommended | 2.19 | 29 | Yes | 9.2% | 16.3% | 25.7% | 8.5% | 7.1% | - |
| AQR Wholesale Managed Futures | PER0634AU | Bronze | Recommended | 1.30 | 41 | Yes | 18.0% | 31.7% | 24.4% | - | - | - |
| Direct Property | | | | | | | | | | | | |
| AMP Capital Core Property Fund | AMP1015AU | | Recommended | 1.12 | 468 | No | 7.0% | 7.4% | 16.7% | 13.6% | 10.7% | - |
| Aust Unity Wsale Healthcare Property Trust | AUS0112AU | | Highly Recommended | 1.37 | 292 | | 2.2% | 4.7% | 9.8% | 8.9% | 7.7% | 11.0% |
| Private Equity | | | | | | | | | | | | |
| Pariners Group Global Value Fund (AUD) | ETL0276AU | | Recommended | 1.75 | 14.0 | No | 6.4% | 10.6% | 17.9% | - | - | - |
| MultiSector | | | | | | | | | | | | |
| Schroder Real Return Fund | SCH0047AU | Silver | Recommended | 0.90 | 901 | | 2.2% | 3.8% | 6.5% | 9.1% | - | - |
| UBSA Bank Bill Index +2% p.a. | | | | | | | 1.2% | 2.4% | 4.7% | 5.2% | 5.8% | |

Source: MSWM Research, Zenith, Morningstar. Returns as of 31 December 2014.

Note: Fund returns are total return and net of fees. Indices are indicative only. Funds may use different indices to measure performance. Returns highlighted in green reflect outperformance relative to index.

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Each security will then be given one of four ratings:

Low Risk – an issue is backed by an entity that has strong capacity to meet its financial obligations and commitments. The risk of the entity missing a distribution payment is considered low.

Medium Risk – an issue is backed by an entity that exhibits adequate protection parameters, however, adverse economic conditions or changes in circumstances could lead to a weakened capacity to meet its financial obligations.

High Risk – an issue is backed by an entity that is more vulnerable to adverse economic conditions which may lead to distributions being lowered or cancelled. An issue may also be considered High Risk when the outcomes surrounding the maturity date of the Issue is largely unknown.

Speculative Risk – an issue is backed by an entity that is highly vulnerable to adverse economic conditions. An entity may also be showing signs of financial stress. There is a high degree of uncertainty surrounding the entity's ability to make a regular distribution payment.

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