

Australian Equities Income Portfolio

Monthly Update | April 2018

Portfolio details

| | |
|--------------------------|----------|
| Inception date: | May 2014 |
| Investment minimum: | \$25,000 |
| Investment time horizon: | 5+ years |
| Management fee: | 0.6% |
| Maximum holding limit: | 12% |
| Number of stocks: | 20 - 40 |
| Dividend yield: | 5.7%* |

* Gross yield inc franking for the previous 12 months

Portfolio objective

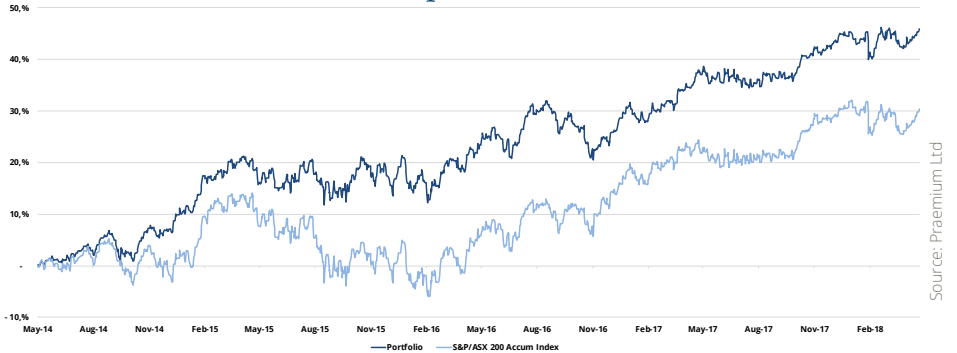
The portfolio seeks to deliver long term growth in both capital and income by investing in Australian listed equities. The portfolio aims to do so with lower volatility and greater downside protection relative to the S&P/ASX 200 Accumulation index benchmark.

Risk Metrics

| | Portfolio metrics | ASX 200 Acc. Index |
|-----------------------|-------------------|--------------------|
| Risk adjusted return | 0.8 | 0.4 |
| Annualised volatility | 9.9% | 13.4% |
| Beta | 0.7 | 1.0 |
| Correlation | 0.9 | 1.0 |
| Max drawdown | -8.7% | -17.6% |

Source: Bloomberg

Cumulative return from inception



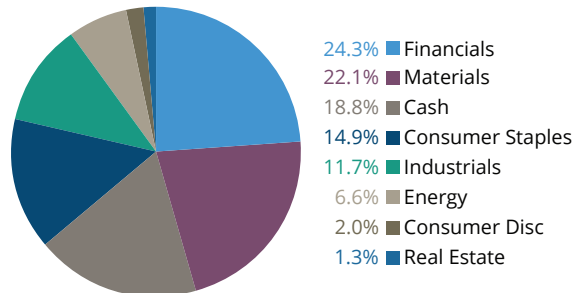
Portfolio returns

| | FY15 | FY16 | FY17 | FY18 | Inception (Annualised) |
|-----------------------|-------|------|-------|-------|------------------------|
| Portfolio performance | 13.6% | 7.7% | 10.5% | 7.0% | 10.0% |
| ASX 200 Accum Index | 5.7% | 0.6% | 14.1% | 8.3% | 6.9% |
| Relative performance | 8.0% | 7.1% | -3.6% | -1.3% | 3.1% |

Figures shown are before fees and inclusive of franking credits

Source: Praemium Ltd

Portfolio sector exposure

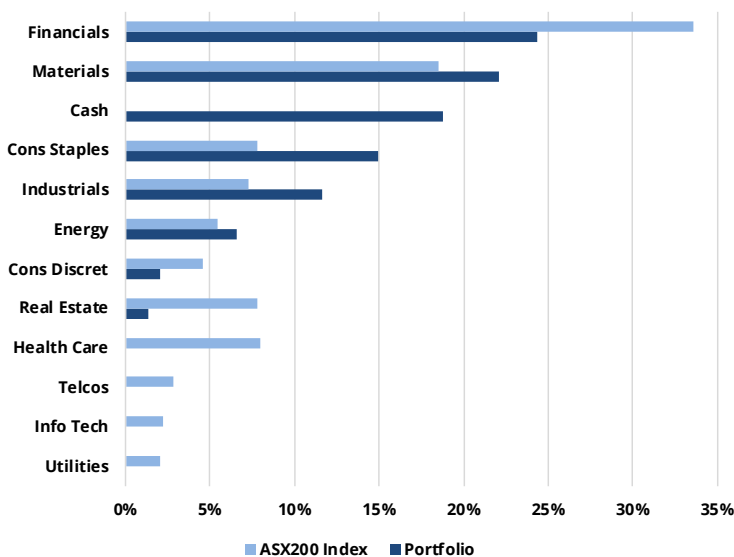


Top 5 holdings

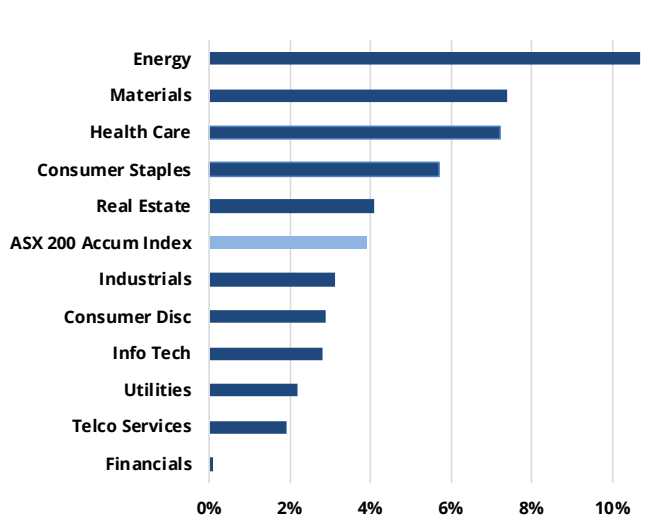
| Stock | Weight |
|-------|--------|
| BHP | 5.5% |
| WOW | 5.4% |
| NAB | 5.4% |
| BXB | 5.2% |
| WES | 4.8% |

Source: Praemium Ltd

Relative sector weights - April 2018



Sector returns - April 2018



Past performance is not an indication of future performance

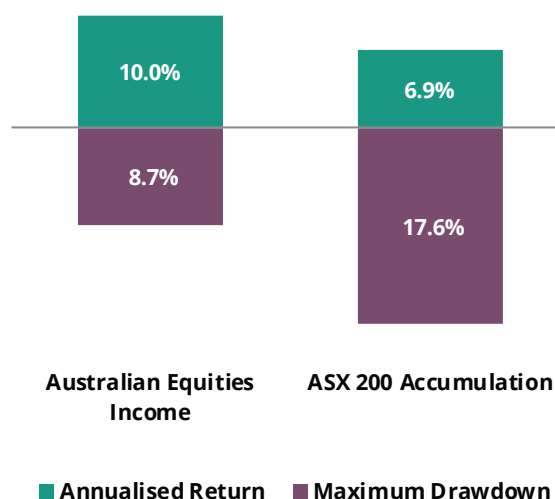
Benefits of Active Management

Performance and Risk (%) Comparison since Inception

A key benefit of active portfolio management is the recognition that return, and risk are inseparable. A core portfolio objective of the Australian Income Portfolio is to generate returns that exhibit lower volatility and greater downside protection relative to the ASX 200 benchmark index. The accompanying chart illustrates the value of understanding the interlocking nature of return and risk.

The chart below shows both the annualised return (green bar) generated by the Australian Income Portfolio compared with ASX 200 Accumulation Index, and the maximum loss/drawdown (purple bar) in the value of the portfolio compared to the ASX 200 Accumulation Index since the inception of the portfolio in May 2014. Maximum drawdown measures the magnitude of the worst loss an investor would have incurred by investing in the portfolio or benchmark. Drawdown is a useful measure of risk management, as it indicates the portfolio's response to periods of market stress as well as the relative sensitivities to market risk.

Return and Drawdown since Inception



Our investment stance is predicated by two central tenets:

- At a portfolio level we want to broadly participate when equity markets rise, but importantly we want the portfolio to be able to decline less when the market declines; and
- With a portfolio buttressed by a solid cash position, we can be more assertive in participating when the market is low, thus providing a better chance in participating meaningfully in a subsequent market recovery.

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Performance of the Blackmore Capital Australian Equities Income Portfolio is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. The total return performance figures quoted are historical and do not allow the effects of income tax or inflation. Total returns assume the reinvestment of all portfolio income. Past performance is not a reliable indicator of future performance. The performance comparison since inception is for illustrative purposes only. Performance is calculated on a gross basis. Actual performance will vary depending on the amount of fees charged by the relevant platform that a client uses to implement the portfolio. The comparison with the S&P/ASX 200 Accumulation Index is for illustrative purposes only. Index returns do not allow for transaction, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index. There is no guarantee these objectives will be met.

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