

Quarterly performance report

30 September 2019

DNR Australian Equities Income Managed Portfolio

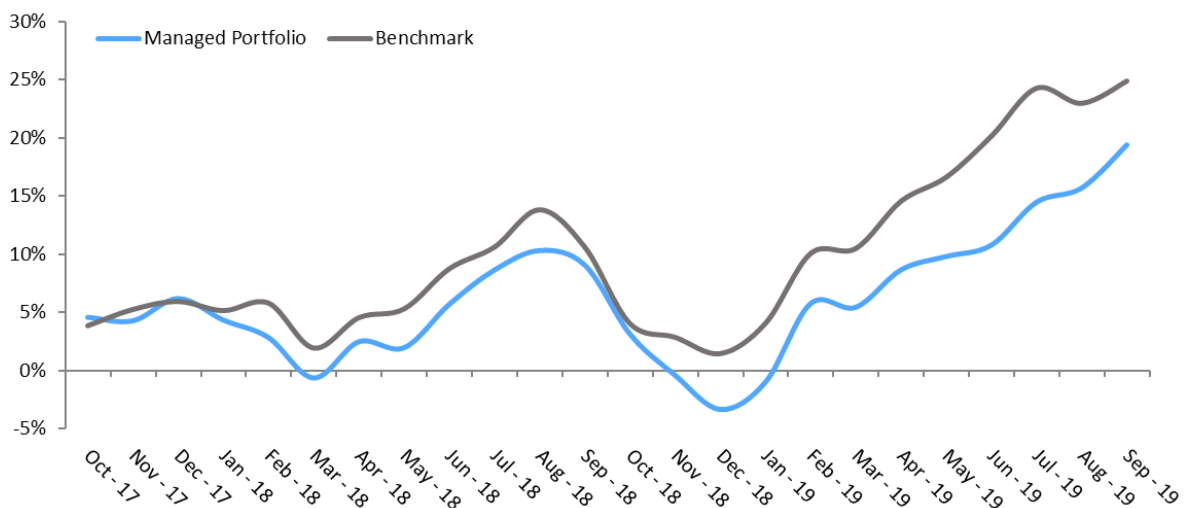
The DNR Australian Equities Income Managed Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 30 September 2019 ¹					Top five holdings		%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)			
Portfolio	3.19	7.75	9.44	9.26	NAB	National Aust. Bank	8.66
Benchmark	1.56	3.93	12.86	11.75	WBC	Westpac Banking Corp	6.98
+/- Return	1.64	3.82	-3.42	-2.49	MQG	Macquarie Group Ltd	5.76
					LLC	Lendlease Group	5.56
					JHX	James Hardie Indust	5.20

Portfolio and market returns

The Fund outperformed the S&P ASX200 Industrials Accumulation benchmark during the September quarter. Stock selection within the sectors of Real Estate, Materials and Communication Services contributed the most to performance during the quarter, while weaker selection within the Energy sector had a negative impact. The portfolio's allocation to the Consumer Discretionary sector and no allocation to Utilities added to performance during the quarter, while allocation to the sectors of Consumer Staples, Health Care and Industrials detracted value overall. Individual holdings in Lendlease, James Hardie and IPH made a positive contribution to performance. Overall exposure to CYBG and Brambles had a negative impact as did not holding CSL.

Performance since inception¹



¹ The Portfolio's benchmark is the S&P/ASX200 Industrials Accumulation Index. Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this Report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 30 September 2017. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Investment objective & strategy

The investment objective of the DNR Capital Australian Equities Income Managed Portfolio is to outperform the S&P/ASX 200 Industrials Accumulation Index (before fees), and deliver higher levels of income relative to the benchmark over a rolling three-year period.

The investment strategy of the Managed Portfolio results in a portfolio that is high conviction and invests for the medium-to-long term. The portfolio construction process is influenced by a top-down economic appraisal and also considers the risk characteristics of the portfolio such as stock and sector correlations.

The stock selection process has a strong bottom-up discipline and focuses on investing in quality companies at reasonable prices. The Managed Portfolio also has a preference for companies that have high and sustainable dividend capability, strong profit to cash conversion, and relatively assured earnings growth.

About DNR Capital

Founded in 2001, DNR Capital is an independent Australian investment management company that delivers client focused, quality investment solutions. It is a pioneer in the delivery of individually and separately managed accounts in the Australian market and aims to deliver investment out-performance.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

Portfolio management

Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the instructions of DNR Capital as the Program Adviser.

Contact

Investors

Please speak to your adviser

Key features

Investment universe	Equity securities listed or about to be listed on the ASX or Cash
Benchmark	S&P/ASX 200 Industrials Accumulation Index
Number of investments	15-30
Min cash weighting	2%
Max cash weighting	20%
Max individual security weights	15%
Rebalancing	Program Adviser discretion
Min initial investment	\$50,000
Suggested investment timeframe	5 years

Fees (including GST)

Management fee	0.80% pa calculated daily and charged monthly in arrears
Administration, custody, account service fees, transaction costs and the indirect cost ratio.	Please refer to the Investment Mandate.

More information

Further information about the Portfolio, including fees and costs, is outlined in the DNR Capital Australian Equities Managed Portfolio Investment Mandate.

Advisers

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