

# Clearwater Dynamic Portfolio

## INVESTMENT STRATEGY

The investment process is a dynamic one that aims to ensure that the investment objectives of the Portfolio are met. In short, the aim is to help investors create wealth over time through a Portfolio designed to deliver long term capital growth by investing through investment cycles. This is done by:

1. Positioning the Portfolio with the appropriate asset mix to achieve the investment objectives based on forward looking scenarios, asset class valuation models, and further research material.
2. Combining growth assets in a manner that provides high-growth returns, but the appropriate diversification to lower some volatility to equity markets. A high tolerance and capacity for risk is required.
3. Investing across different markets, investment managers and strategies using a rigorous due diligence process.
4. Using both direct and indirect investments, with the ability to invest a portion of the Portfolio in less liquid assets and capture the illiquidity premium available.

## PORTFOLIO MANAGER COMMENTARY

After a strong month in November, the Clearwater Dynamic Portfolio (CDP) fell 0.17% in December. It is important to note that the Australian share market lost 2.17% during December. Against this backdrop of falling share markets, we are pleased that the CDP was able to significantly limit losses. Having a well-diversified portfolio and being in the early stages of our operation, has enabled us to deliver this benefit. As the fund is gradually receiving more deposits from investors, we are adding to existing holdings and in February, we expect to add at least one more fund with strong growth potential. We will do this strategically after considering the economic situation and also the political tensions that are impacting markets.

## ECONOMIC AND MARKET COMMENTARY

US markets continued their strong recent run in December (+2.86%) to close out the year on a high (near +30%). Conversely local markets were down for the month (-2.17%) having not enjoyed the same level of stimulus as the US (among other factors). China and US markets rode high on greater liquidity and anticipation of the "first phase" trade agreement (with China purchases, US easing of tariffs and potential enforcements attached). Meanwhile in the UK, Brexit is set to conclude early 2020 following a successful Conservative Party election win led by Boris Johnson. The market impact of geopolitical risk elsewhere, for instance in Iran, was relatively muted (despite headlines to the contrary following the air strike that killed top Iran General Qasem Soleimani). Locally, the improvement in China demand, as well as the negative impact of the recent bushfires will serve to exert greater pressure on the RBA to deliver on expected rate cuts in February.

## ASSET ALLOCATION REVIEW

ASSET CLASSES	NEUTRAL ALLOC.	CURRENT ALLOC.	VARIANCE
Cash	0%	12%	12%
Fixed Income	10%	13%	3%
Alternative	10%	5%	-5%
Property & Infrastructure	10%	8%	-2%
Australia Equity	30%	26%	-4%
Global Equity	40%	36%	-4%

## INVESTMENT OBJECTIVE

Target return	To exceed the Lonsec Traditional Core Model Portfolio High Growth after fees, over a 10 year period.
Timeframe	7 to 10 years
Defensive / Growth	10% defensive / 90% growth
Min Investment	\$5,000
Redemption Liquidity	Approx. 1 - 2 weeks to process; settlement is subject to the underlying investment liquidity

## MANAGER PROFILE

Clearwater Portfolio Management (CPM) - As Portfolio Manager CPM has responsibility for the day to day operations and management of the Clearwater Dynamic Portfolio. CPM oversees the portfolio research and the portfolio construction process. To assist in portfolio research and construction, CPM has engaged specialists to lead the process. CPM also operates an Investment Committee that includes these parties, along with representatives from DMG Financial Planning Pty Ltd and is chaired by the CEO of CPM.

## PERFORMANCE REPORT

	1 Month	3 Months	6 Months	1 Year	Since Inception
Clearwater Dynamic Portfolio	-0.17%	1.78%	3.07%	-	3.62%
Multisector Aggressive Investor	-0.51%	2.45%	4.78%	-	8.22%
S&P/ASX 200 TR AUD	-2.17%	0.69%	3.06%	-	6.87%
MSCI World Ex Australia GR AUD	-0.82%	4.37%	9.36%	-	15.17%
BBgBarc Global Aggregate TR Hdg AUD	-0.28%	-0.76%	1.55%	-	2.86%

## PORTFOLIO RISK REPORT

## MARKET REPORT

