

Core Value Portfolio

About the Portfolio

The Core Value Portfolio (CVP) is a diversified investment designed to be the core, or foundation, of your overall investment strategy. Incorporating Stonehouse Group's principles of investing, the Portfolio seeks to achieve growth in all market cycles to deliver long term wealth creation, with a strong emphasis on capital preservation.

Portfolio benefits

The key benefits of the Portfolio include:

- dynamic management of asset allocations, enabling the core of client portfolios to be continually reviewed and rebalanced as economic and market conditions change,
- utilising dedicated investment, economic and asset consulting specialists to provide insight into micro and macro-economic conditions,
- applying systematic risk management and rigorous due diligence processes to inform portfolio composition and changes as required,
- accessing wholesale investments not ordinarily available to retail investors, and
- performance being absolute (as opposed to relative) return focused.

Performance objectives

Over rolling five-year periods:

- an after fee and expense investment performance greater than the Cash Rate¹ plus 3.5% p.a., and
- 6% p.a. target volatility as measured by standard deviation of returns².

Investment methodology

The investment methodology is founded on the following principles:

- Diversification - Holding an astute mix of assets and strategies that have attractive risk and return characteristics and are sufficiently robust to withstand a range of different economic and market conditions,
- Preservation of capital – Aiming to limit losses during difficult market conditions via methods such as dynamic asset allocation and the use of alternative investments which are often designed to take advantage of volatile or downward trends in markets. This is crucial to the method of generating and sustaining long term wealth,
- Value based investing – Constantly analyse asset class valuations to establish those that are under and over-valued relative to their 'intrinsic value'. Essentially, we aim to invest in assets that are cheap or, undervalued, and take profits or rebalance when markets become overvalued, and
- Active Management – Regularly monitoring investments and being more active in reallocating from both an asset allocation and individual investment standpoint to help ensure optimal results and the avoidance of numerous risks associated with a simple 'index' or 'strategic' approach.

About Stonehouse and our Investment Partners

The Portfolio is managed by Stonehouse Group as the Investment Manager to achieve your financial objectives in conjunction with Asset Consultant, Quilla Consulting Pty Ltd (Quilla) and the Responsible Entity of the Portfolio, Equity Trustees Limited (EQT). The Investment Committee, which is responsible for the ongoing review and management of the investment strategy, comprised of members from both Stonehouse Group and Quilla and conducts formal meetings on a monthly basis. Quilla has decades of experience and in global markets and institutional investing. They have selectively formed a core team of highly experienced specialists who focus on minimising risk and delivering superior results.

FACTS - AT A GLANCE[^]

INVESTMENT MANAGER
Stonehouse Group

ASSET CONSULTANT
Quilla Consulting Pty Ltd

RESPONSIBLE ENTITY
Equity Trustees Limited

FUND STRUCTURE
Registered Managed Scheme
- retail investors

OBJECTIVE
Over rolling 5-year periods,
- an after fee and expense returns of 3.5% p.a. above the Cash Rate¹ and,
- 6% p.a target volatility as measured by standard deviation of returns².

SUGGESTED INVESTMENT TIMEFRAME
Minimum 5 years

LEVEL OF RISK (VOLATILITY)
Medium

MINIMUM INVESTMENT
A\$25,000 (for direct investors, or the platform minimum)

APPLICATIONS & WITHDRAWALS
Weekly and monthly (min \$1,000)

DISTRIBUTIONS
If payable, are usually paid six monthly, 30 June and 31 December

MANAGEMENT COSTS
0.77% p.a. incl. net GST³

PERFORMANCE BENCHMARK
30-day Australian Bank Bill Return

BUY SELL SPREAD
0.25% each side (paid to the Portfolio)

UNIT PRICES
Weekly and monthly

APIR CODE
SLT0037AU

ARSN
162 396 885

[^] Please refer to the Portfolio PDS for a detailed description of Portfolio facts and fees.

¹ The Cash Rate is the 30-day Australian Bank Bill return. ² Volatility is a measure of how much and how quickly investment returns go up and down - the higher the percentage, the faster it moves up and down. For the more scientifically minded it is measured by standard deviation, a measure of the degree of variation of returns around the mean (average) return, where increasing levels of dispersion around the mean leads to a higher standard deviation, indicating a higher degree of volatility and risk. ³ Management costs do not include underlying investment manager costs.

About the Core Value Portfolio Structure

The CVP is a managed investment scheme registered with and regulated by the Australian Securities and Investment Commission (ASIC). The Portfolio's structure is managed with an exceptionally high level of corporate governance which is assured by the appointment of Tier 1 custodian in BNP Paribas, through which all assets are beneficially held for the investors. In addition, global firm Ernst & Young act as the financial auditors for the Portfolio. While being responsible for all investment decisions, neither Stonehouse Group or Quilla handle any client funds managed through the Portfolio.

About the investment process

The dynamic investment process aims to help investors create wealth carefully over time through a Portfolio designed to both take advantage of rising markets, but also limit losses to capital in difficult market conditions. This is achieved by:

- positioning the Portfolio with the appropriate asset mix to realise the investment objectives based on our forward-looking scenarios, asset class valuation models, sentiment and momentum indicators,
- investing in opportunities with perceived value across different markets, investment managers and strategies through our rigorous due diligence process,
- minimising exposure to investments believed to have a high risk of delivering disappointing returns and avoiding rigid strategic asset allocation benchmarks which would otherwise constrain our ability to do so,
- focusing on preserving capital by aiming to limit capital losses during difficult market conditions, via both dynamic asset allocation and the use of alternative investments, and
- taking a medium to long term investment approach.

How the Core Value Portfolio is different

The Portfolio offers investors a competitive edge over other investment portfolio solutions by having:

- a philosophy that regular compounding returns with an emphasis on capital preservation and steady gains over the medium to long term will lead to better investor outcomes,
- a belief that a dynamic approach to asset allocation and careful individual investment selection is required to most appropriately manage our clients investment capital,
- the ability to incorporate a wide range of ASX listed securities – including Exchange Traded Funds, Listed Investment Companies and Listed Unit Trusts – to compliment specialised unlisted unit trust components including international investment managers,
- the ability to consider the full universe of investment assets and strategies, including the alternative investments of private equity, infrastructure and commodities, such as gold, as deemed appropriate,
- the ability to implement changes to the portfolio strategy quickly to suit the changing economic and investment market landscape without the traditional delays and potential lost opportunities experienced in traditional portfolio management techniques,
- the ability to provide our investors with access to an experienced research team and advisory panel, and
- a robust and disciplined risk management framework incorporating scenario analysis and stress testing.

PUBLISHED UNIT PRICES

Ask your Stonehouse Group Adviser or contact us for the latest prices.

DIRECT INVESTMENTS

STEP 1

Read the PDS and speak to your Stonehouse Adviser.

P: 1300 778 663

E: inhouse@stonehousegroup.com.au

STEP 2

Complete the application booklet in the relevant PDS.

STEP 3

Please send all forms and cheques to:

Stonehouse

PO Box 8

INDOOROPILLY QLD 4068

INVESTMENTS VIA ADMINISTRATION PLATFORMS

STEP 1

Read the PDS and contact your Stonehouse Adviser.

STEP 2

Complete the forms to open an account with your administration platform.

If you have not already done this, your Adviser can assist you.

STEP 3

Use the forms provided by the wraps to choose the relevant Portfolio and advise how much you wish to invest. You must have sufficient available cash in your cash account to purchase investments.

STEP 4

Give the forms to your Adviser.

CONTACT DETAILS

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