The JBWere SMA Listed Fixed Income Model Portfolio provides investors with an asset allocation that represents a store of value, while exhibiting a relatively low level of volatility and offering a steady income stream.

**Portfolio description**

The JBWere Listed Fixed Income Model Portfolio (Portfolio) is focused on delivering a steady income stream that represents a premium to the income earned on term deposits of similar tenor, while striving for moderate capital appreciation.

The Portfolio comprises ASX-listed securities including government and corporate bonds, hybrids, convertible notes and exchange traded funds recommended by JBWere. While the Portfolio aims to be fully invested at all times, short-term allocations to cash may occur.

**Investment objective**

To outperform the RBA Cash rate after fees by 200 basis points over a rolling 5-year period.

Further, the risk objective of the manager is to have no more than 3 negative annual investment returns over a rolling 20-year period.

**Investor profile**

The Portfolio may be suitable for investors seeking higher and/or more stable returns above that earned on lower-yielding fixed income options such as term deposits or more volatile investments such as equities, via a well-researched, transparent and defensive-orientated listed fixed income portfolio.

**Investment strategy**

To ensure the Portfolio’s objectives are realised, JBWere focuses on the following investment selection criteria:

- investment grade credit quality;
- a supportive instrument structure;
- the expected level and reliability of coupon payments;
- the adequacy of the trading margin;
- the liquidity of the issue; and
- the visibility of maturity or a value-enhancing event (e.g. step-up, reset) that would likely trigger capital appreciation.

Reflective of its role as a defensive investment, the Portfolio is not expected to be a heavily-traded one. Moreover, the general approach is to hold instruments to maturity; however, composition changes will be made in response to developments including:

- changes in JBWere’s tactical view;
- positive or adverse changes in the credit quality of individual issuers or instruments;
- redemptions and new issuance; and
- compelling relative value opportunities.

**Model Portfolio details**

<table>
<thead>
<tr>
<th>Platforms</th>
<th>MLC Wrap and MLC Navigator</th>
</tr>
</thead>
<tbody>
<tr>
<td>APIR Code</td>
<td>JPL0003AU</td>
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<tr>
<td>Inception date on platforms</td>
<td>May 2015</td>
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<tr>
<td>Performance Benchmark</td>
<td>Benchmark unaware</td>
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<tr>
<td>Management fee*</td>
<td>0.55%</td>
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<tr>
<td>Minimum suggested investment timeframe</td>
<td>5 years</td>
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<tr>
<td>Minimum initial investment</td>
<td>$10,000</td>
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<tr>
<td>Minimum additional investment</td>
<td>No minimum</td>
</tr>
<tr>
<td>Automatic payment of investment income</td>
<td>Yes</td>
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<tr>
<td>Indicative number of securities</td>
<td>10 – 25</td>
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<tr>
<td>Indicative cash holding</td>
<td>1% – 15%</td>
</tr>
<tr>
<td>Investment universe</td>
<td>ASX-listed fixed income securities including government and corporate bonds, hybrids, convertible bonds and exchange traded funds</td>
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Investment approach
JBWere maintains a transparent and easy-to-understand philosophy when formulating bespoke low-risk fixed income solutions for its clients. For a fixed income portfolio to represent and behave as the defensive component of a broader investment portfolio, it must be populated with instruments that are expected to be defensive in nature. Accordingly:

- Capital preservation is paramount, and to achieve this objective an overarching strategy and disciplined approach to selecting investments is undertaken.
  - Credit quality is first and foremost the focus to ensure capital retention and the receipt of scheduled coupons and the return of capital at maturity.
  - Appropriate weightings are prudently assigned to individual securities in a bid to mitigate the potential negative impact of underlying risks.
- The second consideration is value.
  - More particularly, the expected return from an investment must be commensurate with the credit, market, tenor and liquidity risk in both an absolute and a relative sense (versus other fixed income investments and market peers).
- A third consideration is portfolio composition.
  - We advocate that any instrument added to a portfolio needs to exhibit features that enhance the portfolio’s attributes from the perspectives of the return for risk, duration (interest rate sensitivity), liquidity, diversity of sectors, issuers, issues, instrument type, and/or maturity structure.

To achieve the desired outcome JBWere targets better quality and more liquid instruments, maintains a diversity of exposures, assigns appropriate weightings to individual securities, maintains a laddered maturity profile, and ensures an appropriate mix of fixed and floating-rate instruments.

About JBWere
Established in 1840, JBWere is a leading Australian private wealth manager who provides bespoke wealth and investment advice to Australia’s most successful families, companies and non-profit organisations.

Quality research is at the core of JBWere’s business. The JBWere Investment Strategy Group (ISG) undertakes in-house research across a diversified suite of asset classes including Australian Equities, International Equities, Australian and International Fixed Income, Cash and Alternative Investments. Supporting the team’s research is a wide range of views including those from National Australia Bank (NAB), and external industry research. The breadth of market views and in-house expertise, coupled with JBWere’s Charter of Investment Independence, enables the model portfolio managers to confidently navigate changing market conditions and deliver an objective outcome.

The JBWere ISG adheres to a well-defined portfolio construction methodology with extensive risk management tools.

For more information on the JBWere Listed Fixed Income Model Portfolio speak to your financial adviser or contact JBWere » sma@jbwere.com

* Inclusive of GST and net of Reduced Input Tax Credits (where available).

Important information
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The JBWere model portfolio referred to in this document can be accessed via the Separately Managed Account (‘SMA’), which is a registered managed investment scheme (ARSN 138 086 889) issued by Navigator Australia Limited ABN 45 006 302 987 AFSL 236466 (‘NAL’). Investors can only access the SMA through an investor directed portfolio service, a master trust, a superannuation fund or wrap account – collectively known as a ‘platform’, administered or operated by NAL. Before acting on the information in this document, investors should also obtain and consider the SMA Product Disclosure Statement (‘PDS’), available at www.mlc.com.au/sma, together with the Financial Services Guide for the platform that they are invested in, available at www.mlc.com.au. NAL is a subsidiary of National Australia Bank Limited ABN 12 004 044 937 (‘NAB’). MLC Limited is not a registered tax (financial) adviser or registered tax agent. If you intend to rely on any advice to satisfy liabilities, obligations or claim entitlements that arise, or could arise under taxation law, you should seek advice from a registered tax agent or registered tax (financial) adviser.

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The team’s proven track record is a result of its consistent strategy of investing in high conviction portfolios. The JBWere ISG picks the best blue-chip stocks and better-quality bonds and hybrids and invests for the long term.

JBWere is owned by National Australia Bank Limited. This unique partnership provides organisational strength, significant depth of global investment and economic experience, capital security, strong governance, systems and asset platforms.

JBWere portfolio management team
The JBWere ISG provides investment insights and portfolio management solutions to retail and high net worth investors. The JBWere ISG’s provision of quality research and insights is the core of the JBWere SMA offering. The portfolio management team has substantial experience in researching and managing high conviction SMA portfolios.

The team of investment strategy experts accesses a wide range of research views and then provides its own ‘proprietary overlay’ and investment solutions. This enables the team to have substantial confidence in responding to market developments. The team also uses a variety of company and industry databases and insights from company management meetings to enhance the portfolio construction process and ensure competitive returns.

The JBWere Listed Fixed Income Model Portfolio adheres to a rigorous and disciplined compliance and governance process under the NAB Wealth framework to deliver on the portfolio’s objectives.