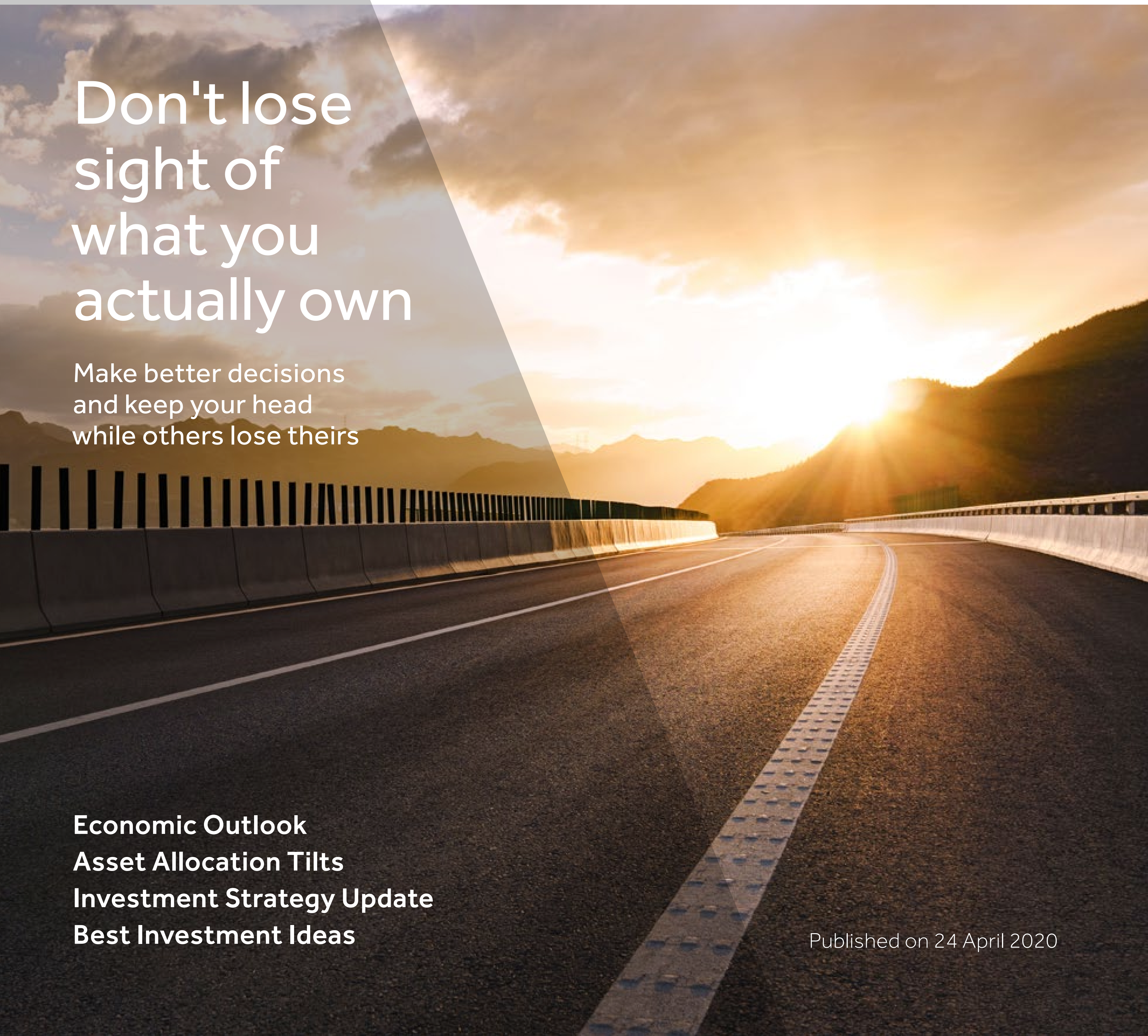
Canaccord Genuity
Wealth Management

AustralianInvestor

Investment Outlook and Recommendations

Autumn 2020



Don't lose sight of what you actually own

Make better decisions and keep your head while others lose theirs

Economic Outlook
Asset Allocation Tilts
Investment Strategy Update
Best Investment Ideas

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Canaccord Genuity Wealth Research

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Company Research Notes

Our Analysts each specialise in a group of stocks, making personal visits to companies to better understand their current performance and future prospects. Regular research notes are published on companies within the financials, consumer discretionary, consumer staples, health care, industrials, capital goods, information technology, telecommunications, energy, and materials sectors.

Momentum Monitor

This report monitors market risks by tracking the support and resistance levels used by high frequency traders and applies the principle of trend identification and mean reversion to identify high probability risk targets.

Morning Market

A daily morning summary of overnight market movements on Australian and international equity, bond, currency and commodity markets. This publication is designed to bring you up to speed with what's been happening around the world with commentary, close prices and news on economic releases.

Model Portfolios

Our Model Portfolios are long-only portfolios of companies in the ASX200, each with a distinct focus. The Australian Core Portfolio is selected on quality, value and momentum factors with the ability to move systematically to cash to preserve capital during market downturns. The Australian Income Portfolio invests in high quality companies with sustainable high dividend yields, providing an attractive income stream.

Quality Investing

This report identifies stocks most likely to outperform the market in the long term. To do this, we firstly screen companies on quality factors. Secondly, we attempt to identify value among the high quality companies. Finally, we screen stocks which are trading in primary uptrends, displaying long term positive momentum. We believe investing in companies based on the combination of high quality, attractive valuation and positive momentum should outperform the benchmark over the medium to longer term.

High Yield Stocks

This report scans the S&P/ ASX 200 universe for high yielding stocks and identifies companies that are at risk of not meeting their forecast dividend payments by assessing a combination of factors including earnings revisions, free cash flow, variation in dividend estimates and the trend in payout ratios.

Don't lose sight of what you actually own

By Greg Galton, Director, Private Wealth Research

As an equity investor, you own a fractional share of a business; this is the essence of a 'share'. The value of what you own is not a function of this year's earnings, despite the market's attention on 12 month forward earnings and Price/Earnings ratios; rather it is a function of the business' earnings from here into perpetuity, or the Net Present Value of its cash flow. If you don't lose sight of this, you will make better decisions and keep your head while others lose theirs.

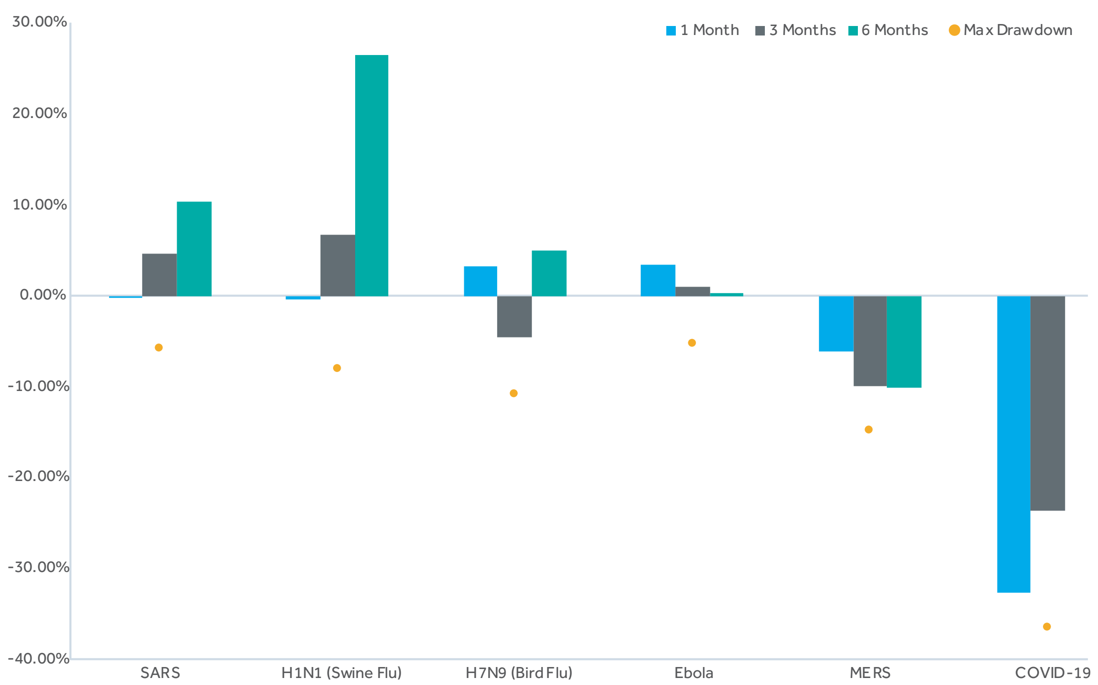
As an equity investor, the question you should be asking at the moment is not whether the current global economic impact from the novel coronavirus (COVID-19) makes a particular business earn less this year, but whether it makes that business be worth less.

The key here is determining what sort of businesses may have their value materially impacted by a weaker economic environment. Banks and insurance companies are one category, where interest rate spreads may decline for an extended period if central banks continue to reduce rates, while losses on loans and junk bonds may rise. Businesses with an onerous amount of debt, who may find it difficult to refinance debt into stressed credit markets. Energy and resource companies and other cyclical businesses, such as building materials and consumer discretionary, who may incur operating losses in a down cycle and have to pare back on necessary investments in their business.

The consumer staples and health care sectors are viewed as more defensive investments compared with the cyclical and economically sensitive sectors. Firms within these sectors can be somewhat resistant to downturns in the business cycle and may be attractive to investors as the economy slows or heads into recession, since consumers are less likely to cut back on personal products, non-durable household goods and healthcare expenses during times of economic stress.

Ideally investors should look to own a portion of their portfolio in 'all-weather' businesses where the impact of economic externalities on the value of the business is minimal. These businesses tend to be high quality, wealth creating businesses whose value steadily increase year on year; but importantly this does not mean their earnings must rise every year. These businesses also tend to be the strongest in their market and that are willing and able to invest through periods of stress and come out with their competitive position enhanced.

ASX200 Performance Around Historical Pandemic Dates



Source: Canaccord Genuity, IRESS

So, while the equity market in aggregate (i.e. the herd mentality) may feel more positive or negative about economic activity based on the day-to-day headlines, don't lose sight of what you own, which is a business, and the value of that business is a function of its earnings into perpetuity. If you own businesses that have proven to be highly profitable each year through the economic cycle, are conservatively financed and sensibly managed, you can be confident that the value of the business hasn't changed materially in the last month. Where prices have declined, it makes this value more attractive. This is the essence of sensible long term investing.

Global equity markets entered a bear market in March, bottoming out at a 34% decline from their peak in late February. While equity markets have recovered recently, we are of the view that investors should not be selling indiscriminately into the market now, given the majority of the short term downside risk has most likely already occurred. The real thing to do now is to look to rotate away from stocks in high risk, categories, who will require additional capital to continue, or need "perfect" worlds to operate in.

One thing worth considering is identifying the underperforming stocks in your portfolio, assess whether they meet the quality criteria above and possibly look to lighten or sell some of these positions given they often do not fall as far as the larger, index based investments that people irrationally seem to liquidate at these times. You can then use the funds created to rotate your portfolio up the value and quality chain.

For further advice on investment strategies please talk to your Adviser.

Economic Outlook

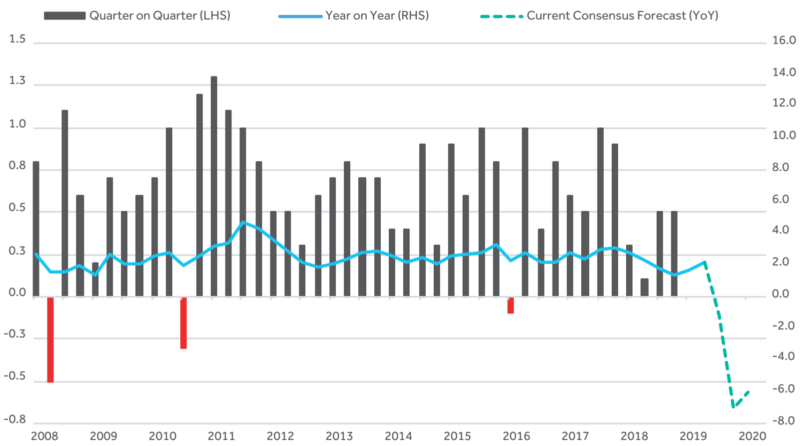
Australia

The Reserve Bank of Australia (RBA) cut interest rates in two steps (25 bps on March 3 and 25 bps on March 19), taking the cash rate to 0.25% and introduced the first use of quantitative easing, setting a target of around 0.25% for three-year Australian bond yields.

On 30 March, the Government announced the $130 billion JobKeeper Payment to help keep Australians in jobs as Australia deals with the significant economic impact from the Coronavirus. This brings the Government's total support for the economy to $320 billion, representing 16.4% of annual GDP.

New Treasury estimates forecast the jobless rate will double in the June quarter from 5.1% to 10%, all but confirming Australia will enter a recession as it deals with the COVID-19 pandemic. According to the International Monetary Fund (IMF) Australia's economy will contract by 6.7% in 2020. The IMF also said that if governments are successful in containing COVID-19, it then expects Australia to begin a fairly speedy recovery, growing 6.1% in 2021, along with the rest of the world.

Australian GDP Growth



Source: Australian Bureau of Statistics, Consensus Estimates

The hit to GDP growth in the March quarter from lower Chinese tourist and education spending, along with the impact of the bushfires will be large. June quarter GDP growth will be impacted by the rest of world (ex China) dealing with coronavirus shutdowns and we see a Eurozone and US recession occurring this year which will be another negative impact to Australian export growth. On top of that, more local infections of the virus are leading to some lockdowns with more expected which will limit consumer spending.

The fiscal stimulus package will help in limiting the depth of the Australian recession, it will help to keep companies afloat, should limit the unemployment rate from skyrocketing, and it is necessary to get a strong recovery after the virus has run its course.

Australian data releases are now increasingly starting to show the impact of the coronavirus shutdown, unfortunately, none of this is really surprising and there is likely worse to come. However, with the recent success in 'flattening the curve' on the number of new coronavirus cases, there are increasing calls from various parties as to what the road out of the economic shutdown looks like. There are various scenarios being talked about, all of which have varying social and economic consequences, however ultimately the Federal government must balance the needs of the population against the economic outlook, while the limit of financial budget support is the time pressure point.

Global

The global coronavirus pandemic has resulted in numerous countries implementing necessary quarantines and social distancing practices to contain the pandemic, with the world put in a 'Great Lockdown'. The magnitude and speed of collapse in activity that has followed is unlike anything experienced in our lifetimes.

Under the assumption that the pandemic and required containment peaks in the second quarter for most countries, and recedes in the second half of this year, the International Monetary Fund (IMF) projects global growth in 2020 to fall to -3%. This is a downgrade of 6.3 percentage points from January 2020, and makes the Great Lockdown the worst recession since the Great Depression, and worse than the Global Financial Crisis.

Assuming the pandemic fades in the second half of 2020 and that policy actions taken around the world are effective in preventing widespread bankruptcies, extended job losses, and system-wide financial strains, the IMF project global growth in 2021 to rebound to 5.8%. This recovery in 2021 is only partial as the level of economic activity is projected to remain below the level the IMF had projected for 2021, before the virus hit.

However, the situation remains fluid and it is difficult to predict how the next 2 to 12 months will play out. There is a range of possible outcomes for the economic recovery, from a V-shaped recovery (a fleeting recession) to a U-shaped recovery (a mild recession), a prolonged and deep recession and, at the pessimistic end, a depression. For many major economies, a recession (a U-shaped recovery) appears the most likely outcome at this point in time while governments and central banks continue to calibrate their responses to attempt to mitigate the economic fallout.

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)

		Projections	
	2019	**2020**	**2021**
World Output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
United States	2.3	-5.9	4.7
Euro Areas	1.2	-7.5	4.7
Japan	0.7	-5.2	3.0
United Kingdom	1.4	-6.5	4.0
Emerging Markets and Developing Economies	3.7	-1.0	6.6
Emerging and Developing Asia	5.5	1.0	8.5

Source: International Monetary Fund

The US Federal Reserve cut interest rates in two emergency meetings on March 3 (50 basis points) and March 15 (100 bps), taking the federal funds rate to 0-0.25%, and pledged unlimited, open-ended quantitative easing (QE), including purchases of corporate and municipal bonds. The Fed also rolled out a broad, US$2.3 trillion effort to bolster local governments and small and mid-sized businesses.

The US House of Representatives passed a $2.2 trillion aid package, the largest in history, including a $500 billion fund to help hard-hit industries and a comparable amount for direct payments of up to $3,000 to millions of US families. US political leaders are now working on another stimulus package to be at least US$1 trillion (4.5% of GDP).

The European Central Bank will extend its existing asset-purchase programme to about 1.1 trillion euros this year, while the EU's total fiscal response to the epidemic has been increased to 3.2 trillion euros.

The People's Bank of China (PBOC) has initiated a range of monetary policy responses while the ruling Communist Party's Politburo has said it would step up macroeconomic policy changes and pursue more proactive fiscal policy. It called for expanding the budget deficit, issuing more local and national bonds, guiding interest rates lower, delaying loan repayments, reducing supply-chain bottlenecks and boosting consumption.

Asset Allocation Tilts

Asset Class Total Returns [1]

Asset Class	Quarter ended 31 March 2020	Quarter ended 31 December 2019	Quarter ended 30 September 2019	Calendar Year to Date	Financial Year to Date	12 Months
Growth Assets [2]	**-22.0%**	**1.1%**	**2.6%**	**-22.0%**	**-19.0%**	**-13.1%**
Australian Equities	-23.1%	0.7%	2.4%	-23.1%	-20.7%	-14.4%
International Equities (A$)	-9.8%	4.4%	4.6%	-9.8%	-1.5%	3.6%
Listed Property	-34.4%	-1.0%	0.9%	-34.4%	-34.4%	-31.7%
Defensive Assets [2]	**1.4%**	**-1.3%**	**1.1%**	**1.4%**	**1.2%**	**3.1%**
Fixed Interest	1.9%	-2.0%	1.5%	1.9%	1.4%	4.0%
Cash	0.3%	0.2%	0.3%	0.3%	0.8%	1.3%

Source: Canaccord Genuity, IRESS

1. Total Return Asset Benchmarks - Australian Equities: S&P/ASX 200 Accumulation Index; International Equities: MSCI World Accumulation Index (A$ terms, unhedged); Listed Property: S&P/ASX 200 A-REITs Accumulation Index; Fixed Interest: Bloomberg Australian Composite Bond Index: Cash; iShares Core Cash ETF.
2. Growth and Defensive Asset returns based on model weights for the Strategic Asset Allocation (SAA) "Growth" profile. Past performance is not an indicator of future performance

As outlined in the table below, we recommend investors look to take a more aggressive position in Growth Assets over the coming quarter. We have pushed our Strategic Asset allocation towards the maximum exposure to Growth Assets allowed under our Tactical Asset Allocation tilts. Within Growth Assets, we have increased our exposure to Australian Equities, maintained our overweight to International Equities and neutralised our underweight in Listed Property. In Defensive Assets, we have increased our underweight to fixed interest, and moved to an underweight exposure to cash, to fund our increased exposure to Growth Assets.

SAA Profiles	Conservative	Moderate	Balanced	Growth	Aggressive	Very Aggressive	Tactical Tilts
Growth Assets	**30.0%**	**45.0%**	**65.0%**	**85.0%**	**100.0%**	**100.0%**	
Australian Equities	10.0%	25.0%	45.0%	60.0%	75.0%	75.0%	**+5%**
International Equities	10.0%	10.0%	15.0%	20.0%	25.0%	25.0%	**+10%**
Listed Property	10.0%	10.0%	5.0%	5.0%	0.0%	0.0%	**0%**
Defensive Assets	**70.0%**	**55.0%**	**35.0%**	**15.0%**	**0.0%**	**0.0%**	
Fixed Interest	45.0%	35.0%	25.0%	10.0%	0.0%	0.0%	**-10%**
Cash	25.0%	20.0%	10.0%	5.0%	0.0%	0.0%	**-5%**

Investment Theme	Investment Strategy	Comment/Analysis
A COVID-19 economic recession doesn't fit the mould of a 2008-style recession with longer-lasting economic impact	Overweight growth assets Underweight defensive assets	We expect to see continued volatility as markets endeavour to bottom and potentially test previous lows. Equity markets still need to absorb a significant amount of negative news, in terms of earnings downgrades, economic data flow and of course continued news around the virus itself. However, we do believe patient investors should find this to be a good entry point for long term equity investment. As the credit cycle matures, concerns about the economy and the stability of credit markets have risen. If governments continue to engage in more expansionary policies, this may eventually lead to significantly higher inflation rates than markets are currently pricing in.
Exposure to equity market recovery	Maintaining overweight to International equities Increasing Australian equities to overweight	We continue to monitor signs that monetary and fiscal policy are bridging the economic gap caused by the global shutdowns, when we can begin to ascertain the speed with which economic activity is returning toward normal. While there is no doubt that there are some interesting opportunities coming to the fore, our key message is patience, as there remains risk further to the downside. In Australian equities, we expect a material number of earnings disappointments from companies over the coming months. We remain wary of companies that are inappropriately geared for an economic shock and recommend investors use any further equity market weakness to selectively raise quality levels across portfolios. Investors should aim to slowly enter International and Australian equities, in order to be overweight equities as the market bottoms.
Australian quality stocks to outperform	Overweight quality Australian growth and globally exposed value stocks Underweight Australian defensive stocks	Resources are better positioned this time than they were heading into the GFC and should outperform on a recovery in global economic growth. While a cloud hangs over the impact on future earnings, the big four banks are starting to look attractive on relative valuation grounds. Companies with relatively defensive earnings which have been sold off in the market should perform well when the market eventually recovers, as will companies which earn a significant proportion of earnings in US$, given the current US$ strength. Stocks which offer defensive earnings, such as consumer staples and healthcare have performed relatively well in the equity market sell-off to date. However, they can be used as a source of funds for investors looking to take a position in stocks that will benefit from the eventual market recovery..
Dependent on economic normality	Neutral listed property	We expect listed property with low leverage, high asset quality, and long-term contractual revenues with credit-worthy tenants to continue to outperform over the medium term.
Low yields make Government bonds unattractive	Underweight fixed interest	Government bond yields are likely to remain low, despite significant government spending, supported by central bank purchases..
Utilise cash to fund overweight exposure to Growth Assets	Underweight cash	Given the very low returns from cash now, combined with the opportunities likely to be made available in Equities, we would recommend investors utilise their cash holdings to progressively overweight Growth Assets.

Investment Strategy

Outlook

The world has changed dramatically in the last quarter: the challenges we face are unprecedented and the COVID-19 pandemic is exposing cracks in the global financial system and markets around the world continue to yo-yo unpredictably.

The COVID-19 global pandemic is a fast-moving and fluid situation with Europe now the second epicentre of infections after China, while the rapid rise in confirmed cases in the US has resulted in that region becoming the third epicentre. Government efforts to contain the COVID-19 global pandemic will result in a near total shutdown of the world's economy over the next two to six months. This is likely to lead to almost total collapse in demand for many businesses over this period.

The shape of the economic recovery will depend upon the scale, timeliness and effectiveness of actions taken by governments and central banks to help businesses survive and keep people employed over the next two to six months. This crisis is so much bigger than a financial crisis because the social distancing mandates are both a supply and demand shock we have not seen before.

The economic outcomes of the global shutdown range from a "V" or "U" shaped recovery, a prolonged and deep recession and, at the pessimistic end of the scale, to a depression. While we are currently unable to assess the exact outcome at this stage, we do believe given the scale and effectiveness of the fiscal and monetary responses, that a "V" or "U" shaped economic recovery is the most likely outcome.

The likely size of the fiscal response required to head off the worst outcomes is unprecedented and potentially could be up to 20% to 30% of GDP. Unfortunately, there will be some countries (particularly some emerging markets) that might be unable to respond with sufficient force. Fortunately, major economies such as Australia, Canada, China, France, Germany, Japan, the UK, and the US are in strong positions to respond to this crisis. We remain optimistic that politicians and central banks will act in time and with sufficient force to prevent a devastating economic collapse.

Global equity markets have responded to this economic shutdown, crashing around 34% from the peak in late February to a panic low on March 23. This panic has also spread to credit markets, where fears of increased defaults from sectors directly exposed to the shutdowns, such travel, leisure, non-essential consumer discretionary, and energy and gas distribution, led to a significant spike in credit spreads. From here, we have seen a multi-week period of stabilisation in markets, with a relief rally of circa 26%. We now believe we are about to enter the third stage of this human nature based market reaction, the demoralisation phase. In this stage, as economies tentatively re-open and the actual shape of the recovery starts to take shape, we will be faced with bleak economic and company earnings reports over the coming month/s.

It is impossible to come up with a valuation based approach on the market presently until we are able to determine the economic impact on company earnings estimates as social distancing mandates shut down economic activity, and unprecedented fiscal and monetary policies are changing by the day. We believe a test of the low is more likely than an uninterrupted move higher. Like other large market corrections, it is always difficult to pick the bottom, acknowledging that even the best investors rarely invest all their money at the bottom.

We would look to add the higher quality names in the favourable sectors where the balance sheet is relatively resilient to weather the challenges and investors should look to take advantage of this opportunity presented in the market to move your portfolio up the quality chain. The focus should be on 1) protecting wealth, 2) minimising regret and then 3) capital growth.

Summary of Views by Asset Class

Australian Equities

Australia has done better than most other countries at controlling the outbreak of the coronavirus, by effectively implementing border controls, and social distancing measures to prevent community transmission. This ability to effectively control the virus in its initial stages indicates that Australia is well equipped to handle any future developments and may be in a better position than other countries to recover from this economic crisis.

While the federal government has offered a significant stimulus package to alleviate the strain on the domestic consumer and employment market, there remains a very high probability that Australia will experience a recession for the first time in 30 years. This will have a significant impact on most companies' earnings, with the likely result being a reduction in dividends or even deferrals as companies seek to preserve cash. In addition, while we have already seen a number of heavily discounted capital raisings, we expect further to come as companies seek to bolster their balance sheets in an environment of reduced revenue.

International Equities

After the rapid sell-off, international equity markets look very reasonably valued, while the favoured emerging markets measure in time of stress, the price/book ratio, has fallen to levels consistent with those reached in the depths of most previous crises, if not quite matching the lows of 1998..

Earnings, cash flows and dividends will undoubtedly fall in the months ahead. In Europe, stocks currently have a cash flow yield close to 7%, compared with 2% on offer from corporate bonds and negative yields on much of the region's government debt. In US equities, more than 70% of the companies in the S&P500 index carry a dividend yield higher than 10-year US Treasury debt.

Given the recent weakness in the Australian dollar, we would recommend investors consider locking this in by hedging around a portion international equities exposure.

Listed Property

Real Estate Investment Trusts (REITs) unit prices remain well below the highs recorded in February and many continue to trade at sizable discounts to NAV. However, there remains significant uncertainty surrounding when the economy can resume functioning fully, and this will have a material impact on the ability of commercial and retail tenants to restore much of their operations and pay rent.

Fixed Interest

Direct corporate bonds are now trading well above parity with term deposits, with a portfolio of investment grade corporate bonds now offering an average yield to maturity of around 3.00%. For those investors where capital preservation is paramount, term deposits offer reasonable risk adjusted returns of currently up to 1.95% for 12 months.

We have seen significant volatility in the unit prices of the listed investment trusts, which offer active management across some of the higher yielding components of the fixed interest universe, as credit spreads widened significantly in anticipation of increasing default rates. While volatility may continue, these levels have been attractive entry points for long-term investors in past periods of market dislocation.

ASX-listed hybrids have also not been immune to dislocation in credit markets. We believe the discretionary payments of Additional Tier 1 (AT1) distributions will not be directly affected by APRA's announcement for banks to consider deferring decisions on the appropriate level of dividends.

Cash

Returns from cash remains historically low, and are likely to remain so for quite some time, after the RBA has moved to the effective lower bound for the cash rate.

Best Investment Ideas

Our current best ideas reflect our Investment Strategy after having taken into account our top-down macro-economic views and how these have shaped our Tactical Tilts to our Strategic Asset Allocation framework. These best ideas reflect stocks which we believe to possess high quality characteristics, are trading at a discount to our fair value estimate and are currently exhibiting positive price momentum (i.e. they are continuing to trend higher). A large number of these stocks are trading at less than a 15% discount to fair value which suggests they should be considered long term portfolio holds. We consider a 15% discount to valuation to represent an appropriate margin of safety to buy quality names at an attractive price. This list is updated on a weekly basis, please contact your Canaccord Genuity adviser if you would like more information.

We have added Goodman Group (GMG), Saracen Minerals (SAR), replacing Regis Resources (RRL), and Westpac Banking Corporation (WBC) to the best ideas list this quarter.

Goodman Group should benefit from the growth in online retailing which supports continued investment in global supply chains, with modern industrial facilities experiencing strong demand as a result of the cost efficiencies they can deliver. GMG is in good financial health, with gearing on a "look-through" basis at 21%, putting it at the lower end of Australian property stocks.

Saracen has 100% exposure to A$ gold prices, which is unique among its peers, a modest hedge exposure with organic production growth potential from the Super Pit.

Westpac is currently offering the most compelling valuation of the major banks. WBC is positioned relatively defensively due to its loan book being more skewed to Australian home lending, while in terms of quality of overall risk profile, WBC is a close second to CBA although the stock has been heavily discounted over the pending AUSTRAC fine.

We have summarised our best current ideas below:

Australian Equities – Preferred Stocks by Industry Classification, Style and Size

	Industry	Large Cap	Mid Cap	Small Cap
Cyclicals	Resources	BHP Group Limited (BHP)	Alumina (AWC) OZ Minerals (OZL) Iluka Resources (ILU)	Saracen Minerals (SAR)
	Oil & Gas	Woodside Petroleum (WPL) Origin Energy (ORG)		
	Mining Services			
	Banks	National Australia Bank (NAB) Westpac Banking Corporation (WBC)		
	Financials	Macquarie Group (MQG)		
	Materials	Amcor PLC (AMC)	Boral (BLD) Reliance Worldwide (RWC)	
	Consumer Discretionary			
Sensitives	Industrials	Brambles (BXB)	Cleanaway Waste Mgmt (CWY)	
	Communication Services		Nine Entertainment (NEC)	Over the Wire Holdings (OTW) MNF Group (MNF)
	Info Tech		REA Group (REA)	NextDC (NXT)
	Infrastructure	Transurban (TCL)	Atlas Arteria (ALX)	
	Utilities	AGL Energy (AGL)		
Defensives	Consumer Staples	Treasury Wine Estates (TWE)		
	Wagering & Gaming	Aristocrat Leisure (ALL)	Tabcorp Holdings (TAH)	
	Healthcare	CSL Limited (CSL) Sonic Health Care (SHL)	Ansell Limited (ANN)	
Listed Property	AREITS	Stockland (SGP) Goodman Group (GMG)		Abacus Property Group (ABP)

Large caps are defined as the fifty largest companies on the ASX, the S&P/ASX 50 (XFL) and represent over half of the Australian share market by market capitalisation. The market cap of these securities generally ranges between tens of billions to over $100 billion.

Mid caps represent the next 50 largest companies on the ASX in terms of market cap. The S&P/ASX MidCap 50 (XMD) is comprised of the members of the S&P/ASX 100, excluding those in the S&P/ASX 50. The market cap of these securities generally ranges between tens $2 billion to $10 billion.

Small caps are all those companies that sit outside of the largest 100 on the ASX by market cap. The S&P/ASX Small Ordinaries index (XSO) used as a benchmark for small cap Australian shares and represents those smaller members of the S&P/ASX300 index. Companies in this index generally have a market cap of a few hundred million dollars to $2 billion.

International Equities

Investors are able to obtain international equity exposure either via direct equities or via a range of listed investment companies (LICs) and exchange traded funds (ETFs). Our preferred LIC and ETF exposures are listed below:

Large Cap International

- MFF Capital Investments Limited (MFF)
- VGI Partners Global Investments Limited (VG1)
- VanEck MSCI World ex-Australia Quality ETF (QUAL.AXW)

Small Cap/Sector Specific International

- Ellerston Global Investments Limited (EGI)
- WAM Global Growth (WGB)
- iShares Global Healthcare ETF (IXJ.AXW)
- Betashares Asia Technology Tigers ETF (ASIA.AXW)
- Fidelity Global Emerging Markets Fund (Managed Fund) (FEMX.AXW)

Fixed Interest

Investors are able to obtain fixed interest exposure either via direct debt securities or via a range of listed investment trusts (LITs) and exchange traded funds (ETFs). Our preferred direct security, LIT and ETF exposures are listed below:

Fixed Rate Corporate Bonds

- Betashares Legg Mason Australian Bond Fund ETF (BNDS)

Listed Investment Trusts

- Gryphon Capital Income Trust (GCI)
- MCP Master Income Trust (MXT)
- Neuberger Berman Global Corporate Income Trust (NBI)
- Perpetual Credit Income Trust (PCI)

Floating Rate Convertible Securities

- Macquarie Capital Notes 4 (MQGPD)
- ANZ Capital Notes 4 (ANZPG)
- CBA PERLS VII (CBAPD)
- WBC Capital Notes 6 (WBCPI)
- Crown Capital Notes 2 (CWNHB)
- Ramsay Healthcare CARES (RHCPA)

Canaccord Genuity Wealth Management

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