

# Wheelhouse Global Equity Income Fund

## Monthly performance update

June 2021 – Wholesale investors only



### Performance

	1 month	3 months	6 months	1 year	3 years p.a.	Since inception p.a.
Income	2.79%	2.87%	4.97%	8.92%	7.81%	7.66%
Growth	(0.21%)	2.56%	4.77%	0.36%	0.50%	0.71%
<b>Total Fund return</b>	<b>2.58%</b>	<b>5.43%</b>	<b>9.74%</b>	<b>9.28%</b>	<b>8.30%</b>	<b>8.37%</b>
<b>Benchmark*</b>	<b>4.71%</b>	<b>9.33%</b>	<b>16.25%</b>	<b>27.50%</b>	<b>14.50%</b>	<b>13.62%</b>
Risk (Beta)**	-	-	-	0.46	0.48	0.59

Performance figures are net of fees and expenses. Past performance is not indicative of future performance. Inception date is 26 May 2017.

\*Benchmark is the MSCI World ex Australia Index. \*\*Risk is defined as Beta and sourced from Morningstar Direct. A Beta of 1.00 represents equivalent risk to the Benchmark. A minimum of 12 months data is required for this calculation.

### Currency impact

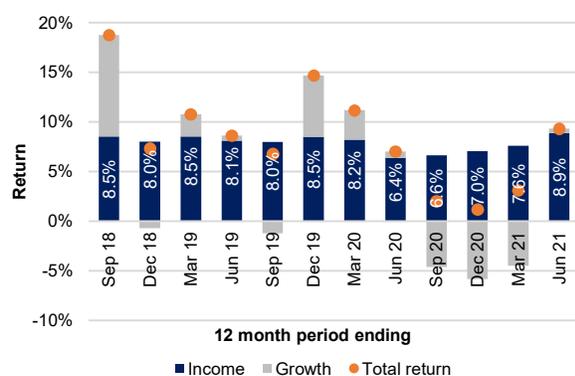
	1m	3m	1y	Inception (pa)
<b>Fund return</b>	<b>2.58%</b>	<b>5.43%</b>	<b>9.28%</b>	<b>8.37%</b>
USD impact	3.02%	1.44%	(9.97%)	(0.19%)
<b>USD return</b>	<b>(0.44%)</b>	<b>3.99%</b>	<b>19.25%</b>	<b>8.56%</b>
USD benchmark	1.55%	7.76%	39.03%	13.80%
USD capture	nm	51%	49%	62%

Source: Wheelhouse (Post fee returns)

### Income and protection

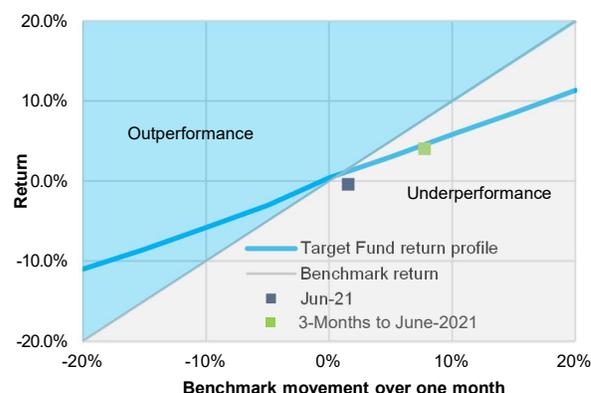
The strategy's high-income generation and active tail risk program are designed to lower risk and deliver equity returns with a smoother, more retiree-friendly return profile. As a result, returns are expected to add relative value in weak and low-growth markets, and to drag in more positive markets. We assess this return profile in USD to strip out the influence of the AUD/USD currency movements.

### Income vs total return (12 month rolling)



Source: Wheelhouse

### Targeted monthly return profile



Wheelhouse is a retirement solution designed to deliver better investment outcomes to Australian retirees. Our philosophy is based on three pillars:

- investing in global equities as a **growth asset** to address longevity risk;
- shaping returns to be **retiree-friendly** with lower volatility, better capital preservation and consistent income; and
- delivering a **lower cost** solution to help improve outcomes.

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June 2021

### Income generation

The Fund distributed 2.88c per unit for the June quarter taking the trailing annual income distribution to 8.68c.

This is consistent with the fund objective of 7-8% income yield, while only taking around half the market risk (measured in Beta). This meaningfully lower risk is reflected in a very stable capital value, which has hovered around \$1.00 despite all the gyrations in the market since the Wheelhouse Fund inception in May 2017.



Source: Wheelhouse

Underlying income generation has averaged 90bps per month in recent years, even excluding the unusually high-income generation produced over the Coronavirus quarter in March 2020.



Source: Wheelhouse

Looking forward, we remain comfortable that a 7-8% income return is achievable whilst assuming only around half of the equity market's risk.

### Total return

The Fund has returned over 9% for the financial year to June and over 8% per year since inception. This return profile is very consistent with the targeted return profile of 7-8% in income per year, plus some capital growth in the unit price.

#### Relative returns

The nature of highly income generative strategies means that returns are partially capped during strong market environments, hence the underperformance relative to the equity benchmark is expected during these periods. With the benchmark averaging returns of nearly 14% since the Fund was launched, the returns are broadly consistent with expectations.

However, the real benefit of high-income generation becomes more apparent during lower growth and negative market environments, when shares may not always go up. With a starting income return of over 10%, every year, this consistent income generation is expected to deliver enhanced real returns should equity markets stumble or deliver lower growth than average.

#### Currency

With the currency appearing to stabilise around the 75c level, the longer-term returns of the fund are similar in Australian dollars or US dollars. As currencies are mean reverting over time, we expect this to be a consistent trend. Over shorter periods such as the last 12 months, the strengthening Australian dollar negatively impacted reported returns by 10%.

#### Quality underperformance

Outside of the expected drag from income in a strong market, the underlying shares owned by the Fund have also underperformed during the past 12 months.

In previous reports we have highlighted the underperformance of Quality since the market recovery last year, with lower quality shares, stretched balance sheets and smaller companies all outperforming. As we own none of these types of companies, this overweight to higher Quality has had an estimated negative 4% impact on returns the past 12 months.

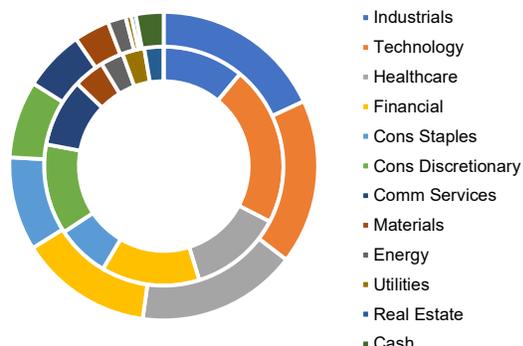
Despite this recent drag, we remain comfortable with the exposures within the equity portfolio and believe Quality shares will find favour again.

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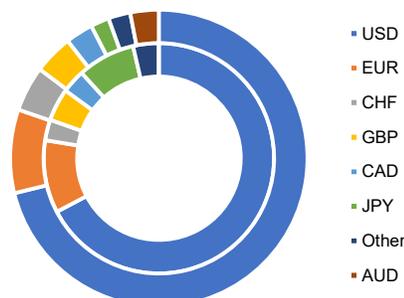
June 2021

### Sector exposure



Outer circles: Wheelhouse  
Inner circles: Benchmark

### Currency exposure



Contributors	Detractors
Microsoft	Nabtesco
Roche	Compass Minerals
Adobe	GEA Group
Veeva Systems	Caterpillar
Facebook	Julius Baer

### How to invest

The Fund is open to investors directly via the PDS, available on our website, or the following platforms.

#### Platforms

BT Wrap/ Panorama (Super, Wrap, IDPS), Hub24 (Super, IDPS), Netwealth (Super, Wrap, IDPS), Powerwrap (IDPS), Praemium (IDPS), Wealth02 (IDPS).

### Contact us

For more information, call (07) 3041 4224 or visit [www.wheelhouse-partners.com](http://www.wheelhouse-partners.com)

Fund at a glance	
APIR Code	BFL3446AU
Benchmark	MSCI World Index (ex-Australia)
Stock range	50 to 100 stocks
Buy/sell	+/- 0.30%
Cash limit	0-10%
Recommended investment period	Medium to longer term (five years plus)
Investment amount	Initial investment minimum: \$10,000
Fees and charges	0.79% p.a. (including GST net of reduced input tax credits) of the NAV of the Fund. There is no performance fee.
Inception date	26 May 2017

Note returns are expressed in AUD unless USD is specified, and are net of fees and expenses unless specified as gross.

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