

Platypus Systematic Growth Fund

Platypus Asset Management (Platypus) is a leading Australian equity investment manager. The Platypus Systematic Growth Fund's (Fund) objective is to outperform the S&P/ASX 300 Accumulation Index (Benchmark) over an investment cycle with less downside risk over a three-year period.

Performance as at 31 July 2017

	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	Since inception ¹ p.a. %
Total Return	-0.39	-3.13	-1.74	7.12	12.27	9.29	7.92
S&P/ASX 300 Accumulation Index	0.01	-2.51	7.03	5.12	10.71	8.11	7.01
Active Return	-0.40	-0.61	-8.77	2.00	1.56	1.18	0.91

Total Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

¹Inception date for performance calculations is 30 November 2009.

How the Australian equity market performed

The S&P/ASX 300 index generated a flat return in July. Macroeconomic data was strong from most major economic regions in line with the recent trend. Most of the action however was in the foreign exchange markets with the weakening of the USD resulting from a dovish Federal Reserve and a weaker than expected inflation print in the US. The flow on impact from price action in the currency markets was seen in the commodity complex where prices were broadly well bid. The Australian dollar broke above the 78.50 US cent level after the reference to a 3.5% neutral cash rate in the Reserve Bank of Australia minutes was taken as a hawkish signal by the market. Subsequent attempts by RBA Governors to talk the currency down have failed to have a lasting impact.

From a sector perspective, Materials (+3.5%), Financials (+1.3%) and Consumer Staples (+1.0%) performed strongly but outsized losses in Health Care (-7.5%), Utilities (-5.3%) and Telecommunication Services (-4.2%) kept the equity market more broadly from making gains.

How the Fund performed

The Platypus Systematic Growth Fund decreased by 0.39% during July, underperforming the ASX/S&P300 Index by 0.40. The top contributors to performance came from nil positions in Telstra (+0.15%), Aristocrat (+0.09%) and Amcor (+0.07%). Detractors included positions in Westpac (-0.17%), ANZ (-0.08%) and CSL (-0.07%). At the sector level, Materials (+0.19%) and Telecommunications (+0.16%) contributed to performance while Financial (-0.56%) and Real Estate (-0.09%) were the main detractors.

Outlook

The focus in the near term for investors in Australian equities is the upcoming reporting season and the accompanying outlook commentary. A positive reporting season with better than expected results for FY17, and/or a more constructive outlook commentary, would be supportive of upward earnings revisions for FY18 and a strong market performance in the second half of calendar of 2017.

The 'Confession season' has been relatively benign thus far and we expect the FY17 numbers will be delivered largely in line with market expectations. The recent strength in the Australian Dollar could dampen the outlook comments from some offshore industrial firms whereas the recent strength in commodity prices (if sustained) would support FY18 earnings.

As always, there will be a lot of stock specific news flow for investors to digest during the reporting season in August. From a sector perspective, the results from Australian retailers will be watched closely, in particular given the pessimism leading into these numbers and the noise surrounding Amazon's imminent entry in Australia. Investors will also be interested in the progress made by resources companies' vis-à-vis their initiatives for balance sheet repair and how they may use the free cash flow generated over the past twelve months. In our view, both retailers and resources companies are well placed to surprise the market positively in the upcoming reporting season.

*Commentary courtesy of Platypus Asset Management Pty Limited
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Asset allocation²

Asset class	Portfolio average weight %
Australian Shares	99.33
Cash	0.67
Total	100.00

Sector allocation³

Sector	Portfolio average weight %
Financials	32.14
Materials	19.20
Real Estate	14.08
Consumer Staples	9.33
Health Care	7.44
Industrials	5.41
Energy	4.70
Consumer discretionary	2.97
Utilities	2.95
Information technology	0.84
Telecommunication services	0.27
Cash	0.67

^{2,3} Asset and Sector allocations are calculated on the average holdings of the portfolio for the month.

Top 5 stocks

Company	Fund %
National Australia Bank	6.29
BHP Billiton	5.97
CSL	4.46
Australia and New Zealand Banking Group	3.26
Woolworths	2.92

Fund snapshot

APIR Code	AUS0036AU
Inception date	24 November 2009
Fund size (net asset value)	\$28.02m
Minimum initial investment	\$5,000
Management Fees	0.4124% p.a.
Estimated Recoverable Expenses	0.1045% of net asset value of the Fund for each financial year ending 30 June.
Performance Fee	15.375% of the excess performance over the relevant Index ⁴
Buy/Sell spread	0.20%/0.20%
Distributions	Half yearly
Advice fee	Available

⁴ Refer to the PDS for more information about the Performance Fee.

Important information

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