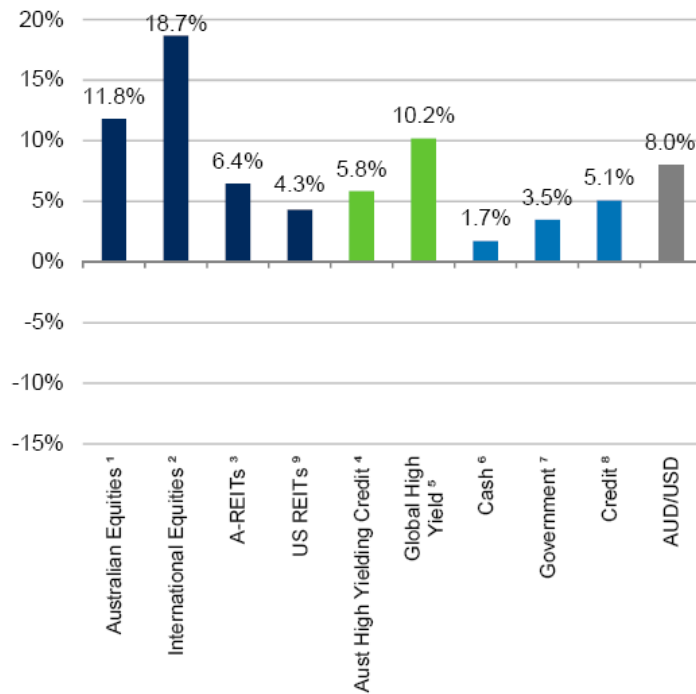


## A collage of various financial documents, including spreadsheets, charts, and maps, all featuring a light green background with a repeating pattern of stylized white dollar signs. The documents are layered and tilted, showing snippets of data, charts, and text related to finance and economics.

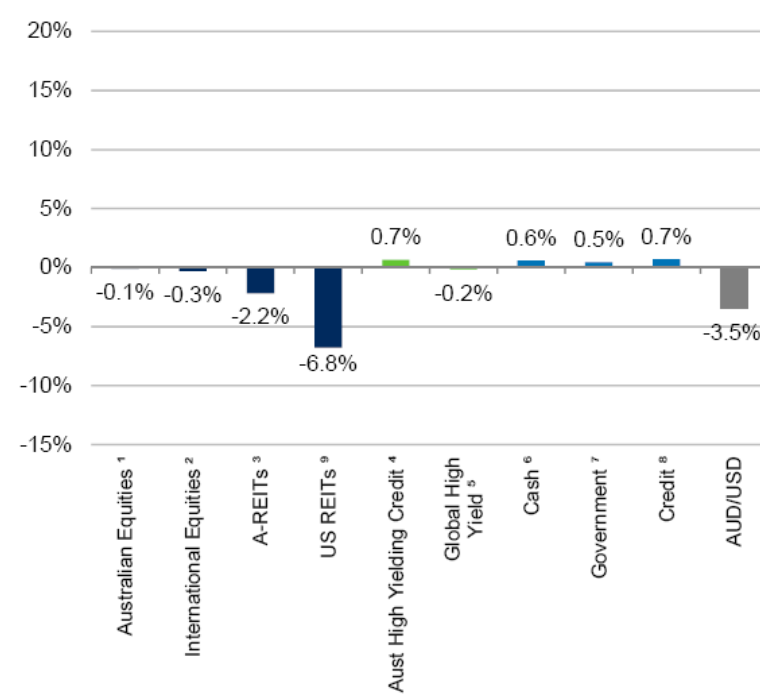
**Is the world in sync?**

# The Year in Review

Gross returns by asset class 2017



and 2018 cytd

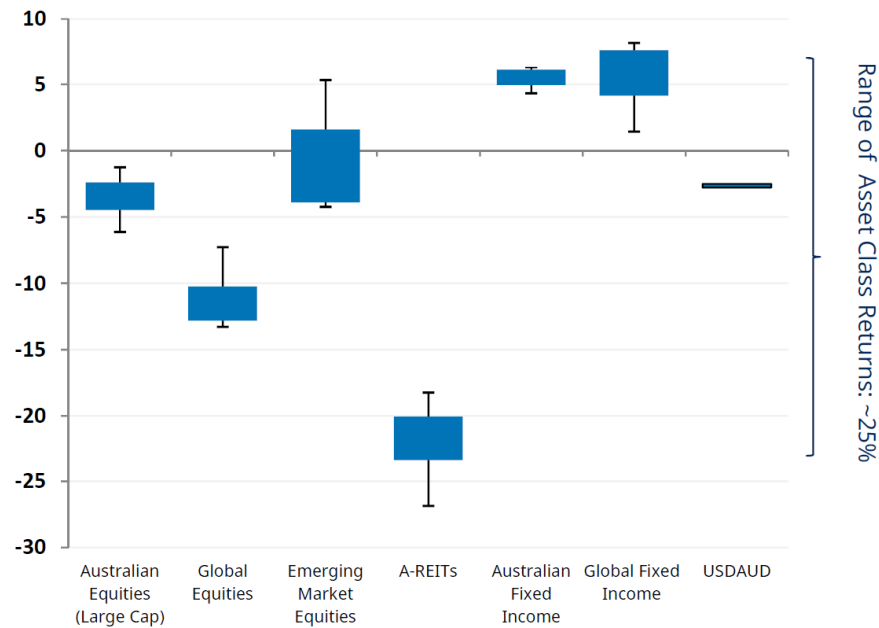


Source: Schroders/Datastream as at 30 April 2018. 1. S&P ASX 200 Acc; 2. MSCI World ex Aus Net TR (Local); 3. S&P ASX300 A-REIT Acc; 4. Schroder Higher Yielding Credit Pool; 5. Merrill Lynch Global High Yield Index (USD); 6. Bloomberg AusBond Bank Bill Index; 7. Bloomberg AusBond Treasury Index; 8. Bloomberg AusBond Credit Index. \* Past Performance is not a reliable indicator for future performance.

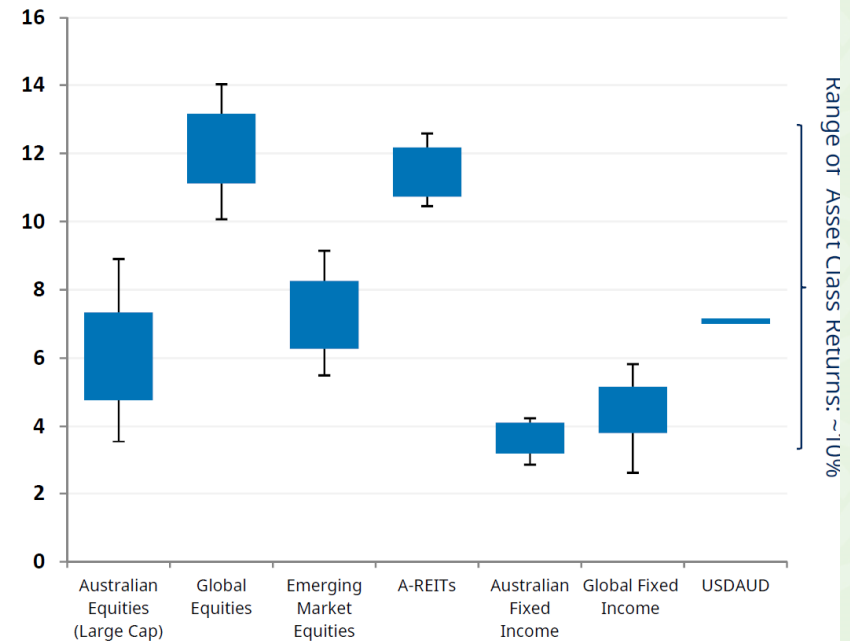
# Asset Allocation vs Stock Selection

Picking only stocks or active managers risks missing the bigger picture

Total p.a return 3 yrs from June 2006 - June 2009

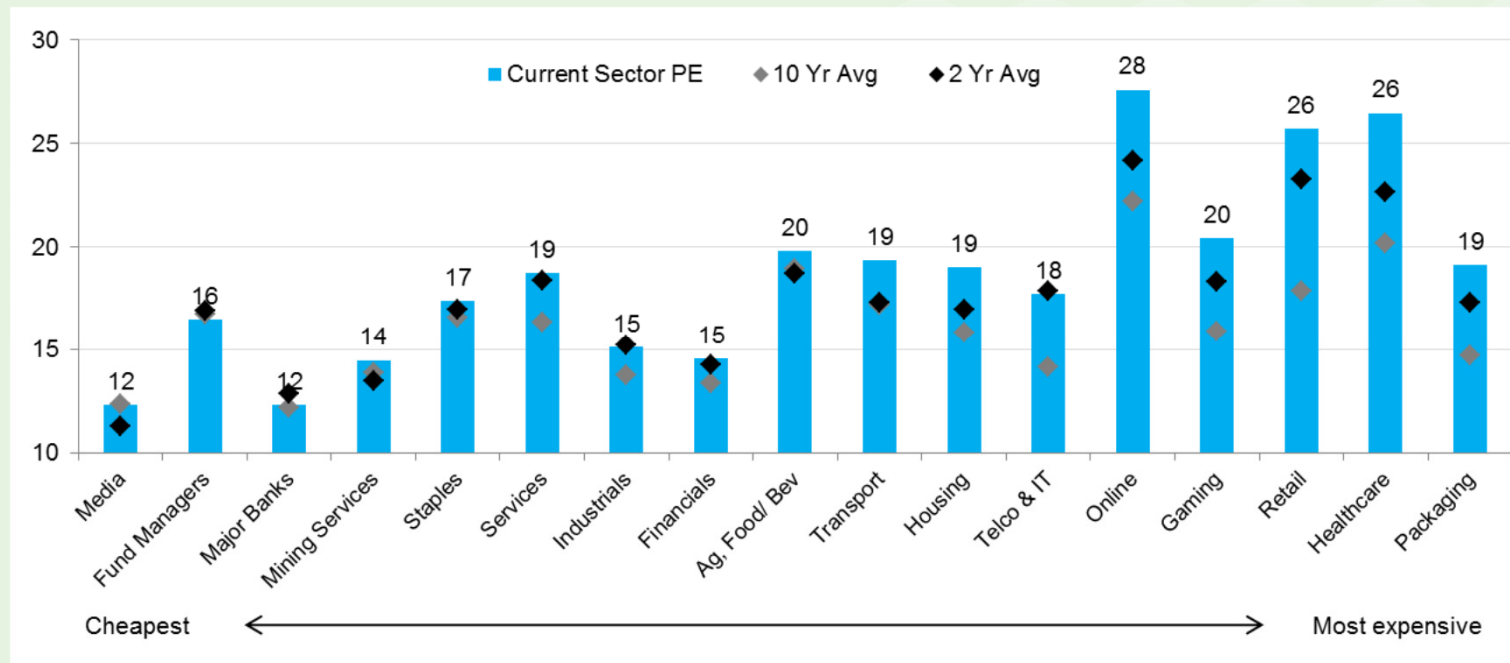


Total p.a return 3 yrs from June 2014 - June 2017



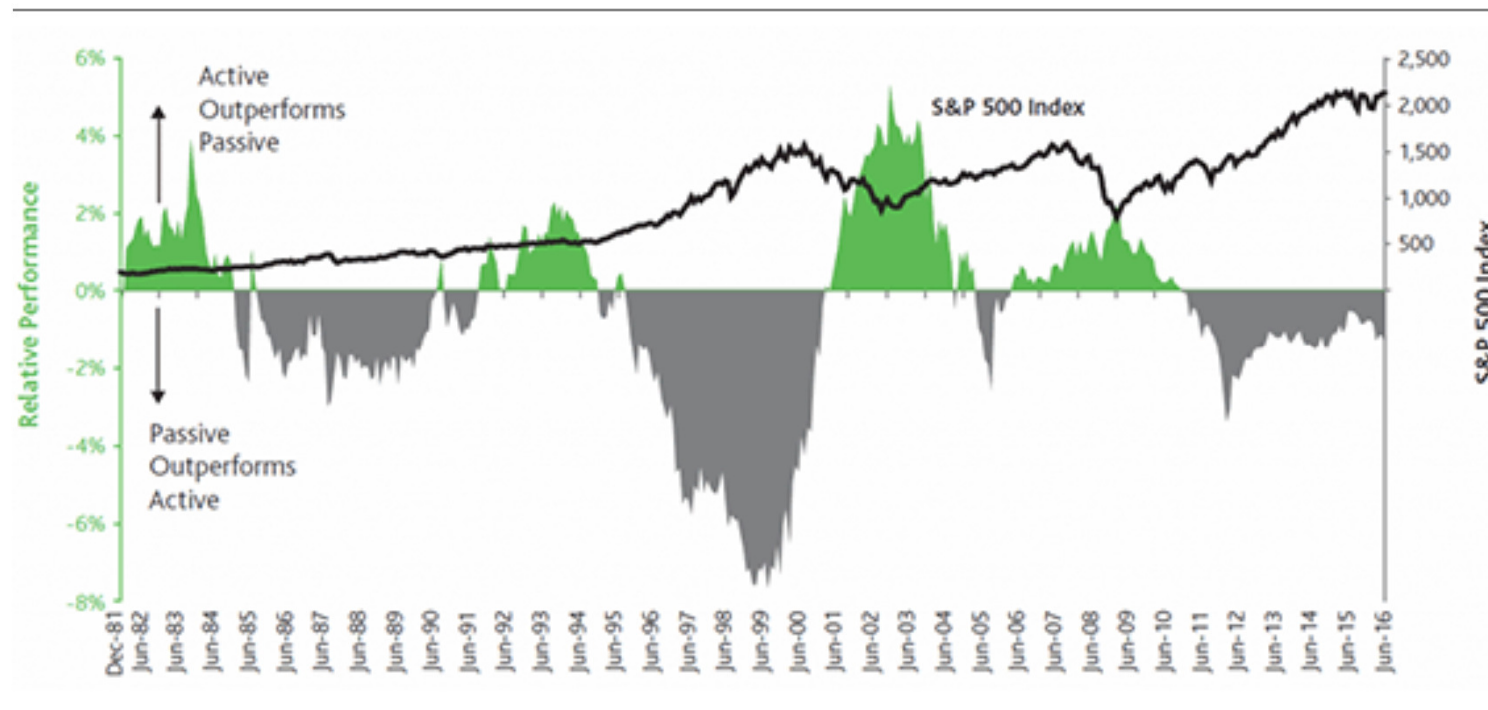
Source: Morningstar, active manager performance of 10th to 90th percentile of managers. Morningstar Categories; Australian Equities (Blend), Australian Equities Mid-Small (Blend), Global Equities (Blend), Emerging Market Equities, Australian Real Estate Equities, Bond- Australia, Bond- Global.

# PE Ratios



**What does it mean to you if the  
market moves in sync?**

## Difference in performance between large-cap active and passive funds



Source: Morningstar Direct, Baron Capital

While many active managers have underperformed the index at some time, 100% of passive funds have underperformed...



**Figure 2: A realistic reflection of investors' experience shows active in a better light**  
 ETF cumulative returns vs. benchmark five years to 31 March 2017

	UK equities	EM equities	Eurozone equities	Japan equities	Global aggregate	US HY	EMD US dollars
ETF	51.2%	1.1%	37.3%	36.4%	17.8%	27.4%	27.2%
Benchmark	53.0%	4.1%	38.0%	39.1%	18.7%	35.1%	32.0%
Difference	-1.8%	-3.0%	-0.7%	-2.7%	-0.9%	-7.8%	-4.9%

Returns are shown in US dollars except for UK equities in sterling. Includes actual performance of funds closed and opened during the period. Source: UK equities, iShares Core FTSE 100 UCITS ETF; Emerging Markets equities: iShares MSCI Emerging Markets ETF; Eurozone equities, iShares MSCI Eurozone ETF; Japanese equities, iShares MSCI Japan ETF; Global Aggregate, Vanguard Global Bond Index fund – Institutional hedged (USD); US high yield, SPDR® Bloomberg Barclays High Yield Bond ETF; EMD, iShares J.P. Morgan USD Emerging Markets Bond ETF.

**Are our sectors performing in sync?**

# Sector performance



**Yes.....**

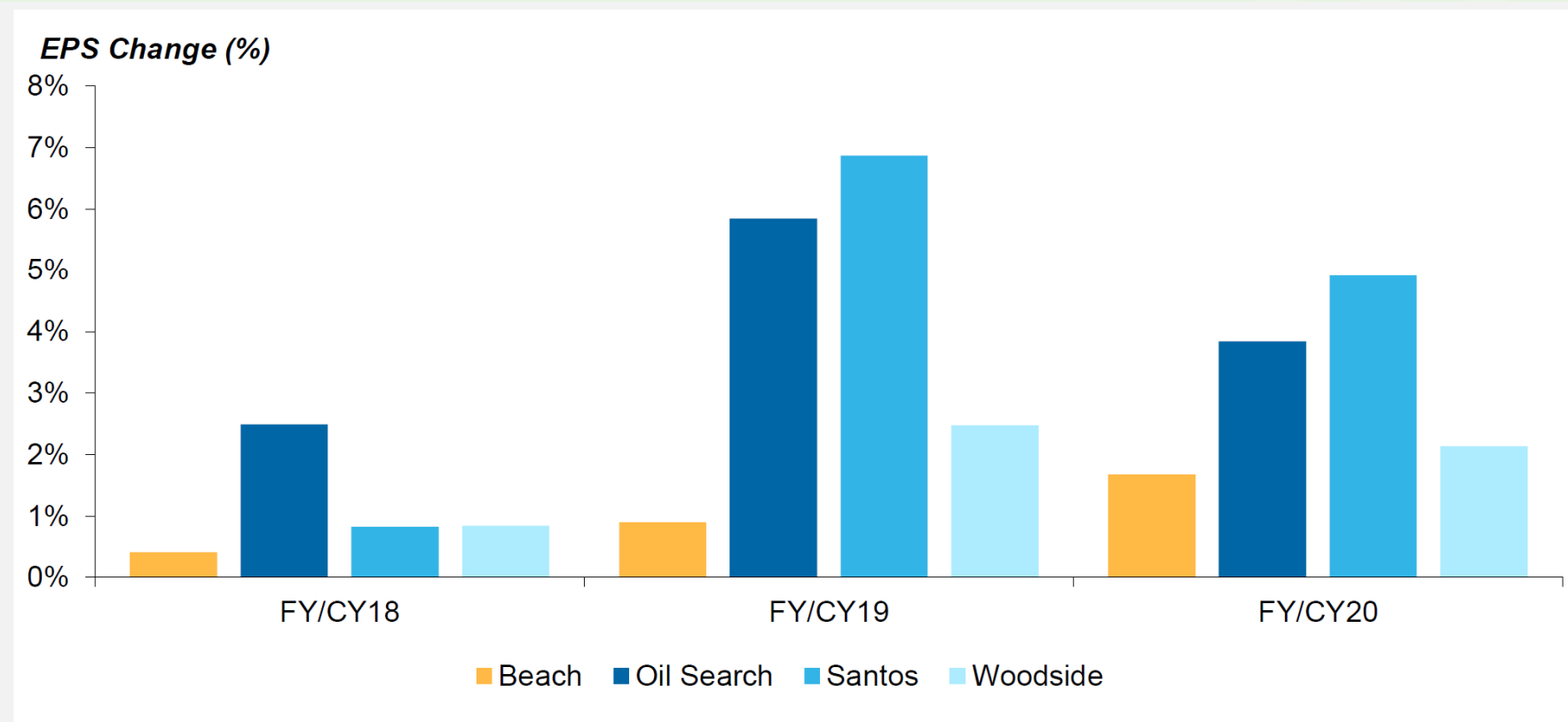
**But I get good dividends  
from those sectors...**

# Sector Performance



# Energy Sector

# EPS sensitivity to oil (US\$1/bbl) movement



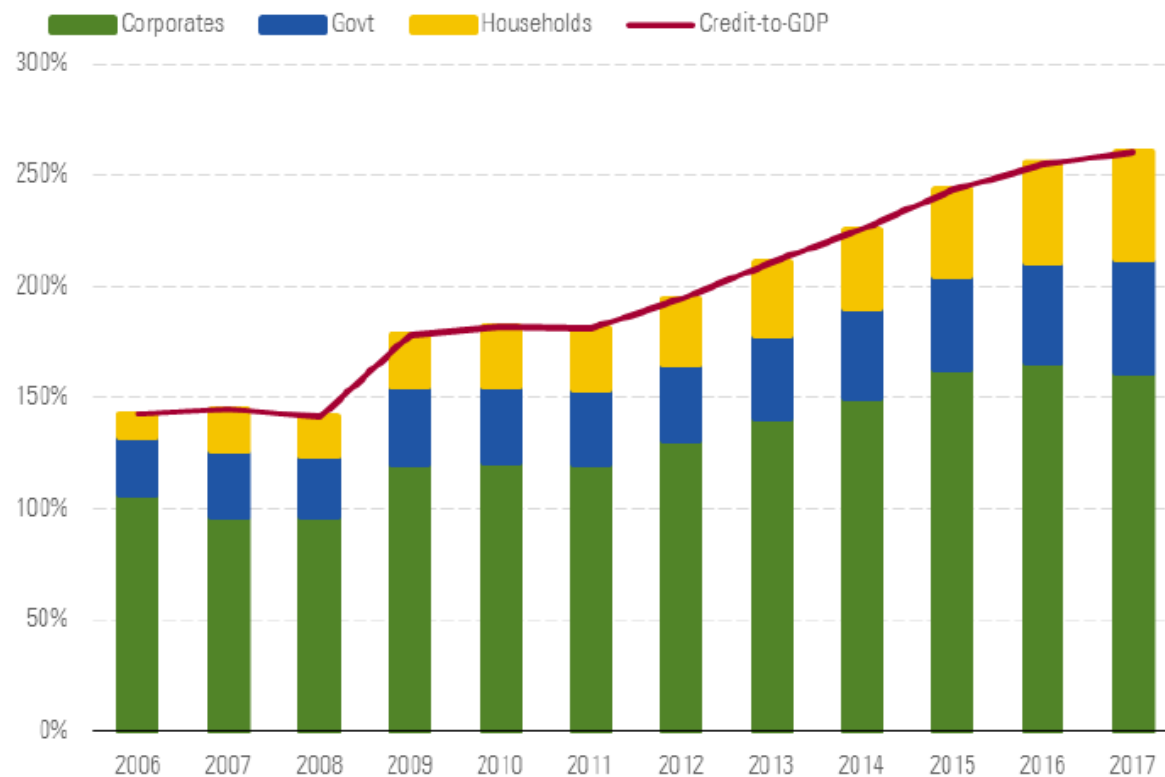
Source: BPT, OSH, STO, WPL, Macquarie Research, May 2018

# Materials



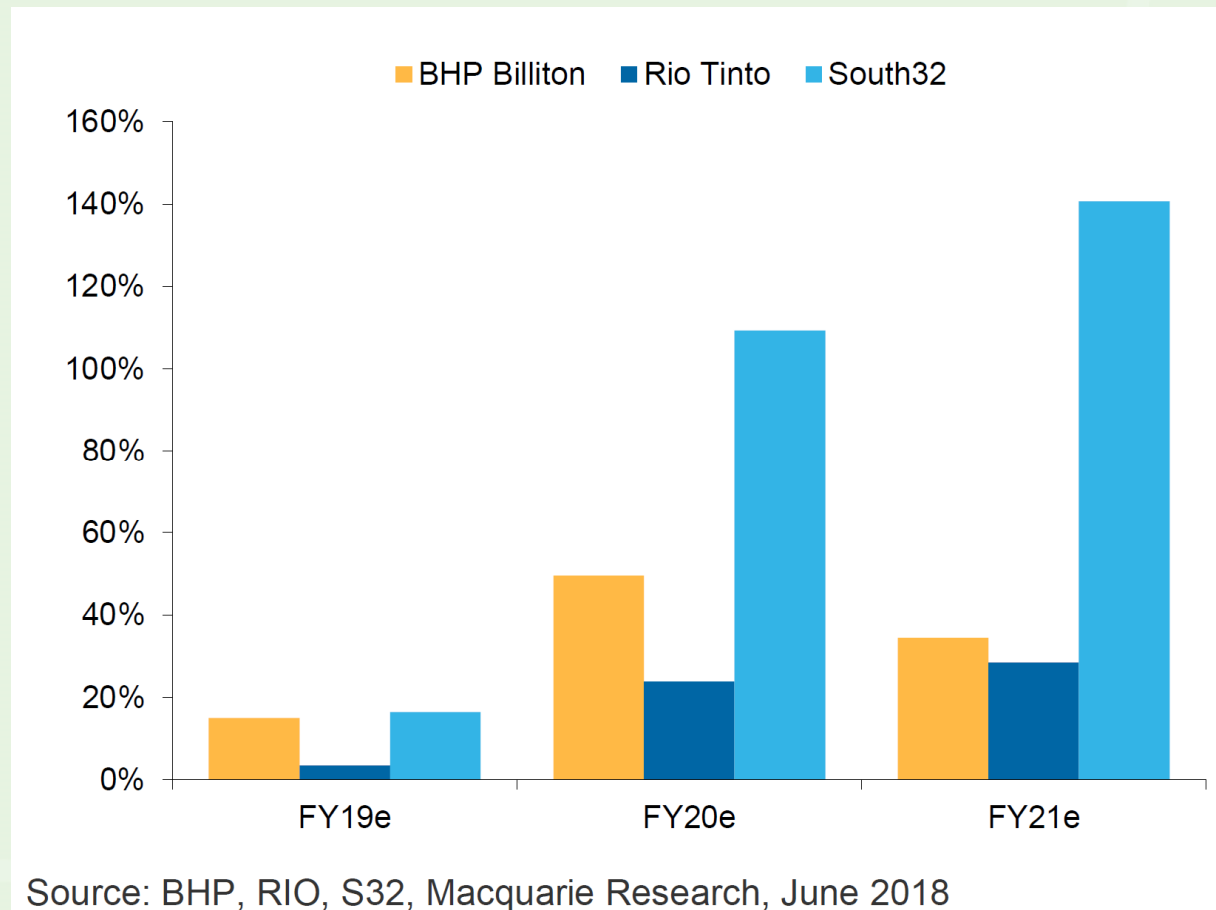
# Debt levels in demanding markets

**Exhibit 1** Debt Breakdown in China (% of GDP)



Source: Bank for International Settlements, Morningstar

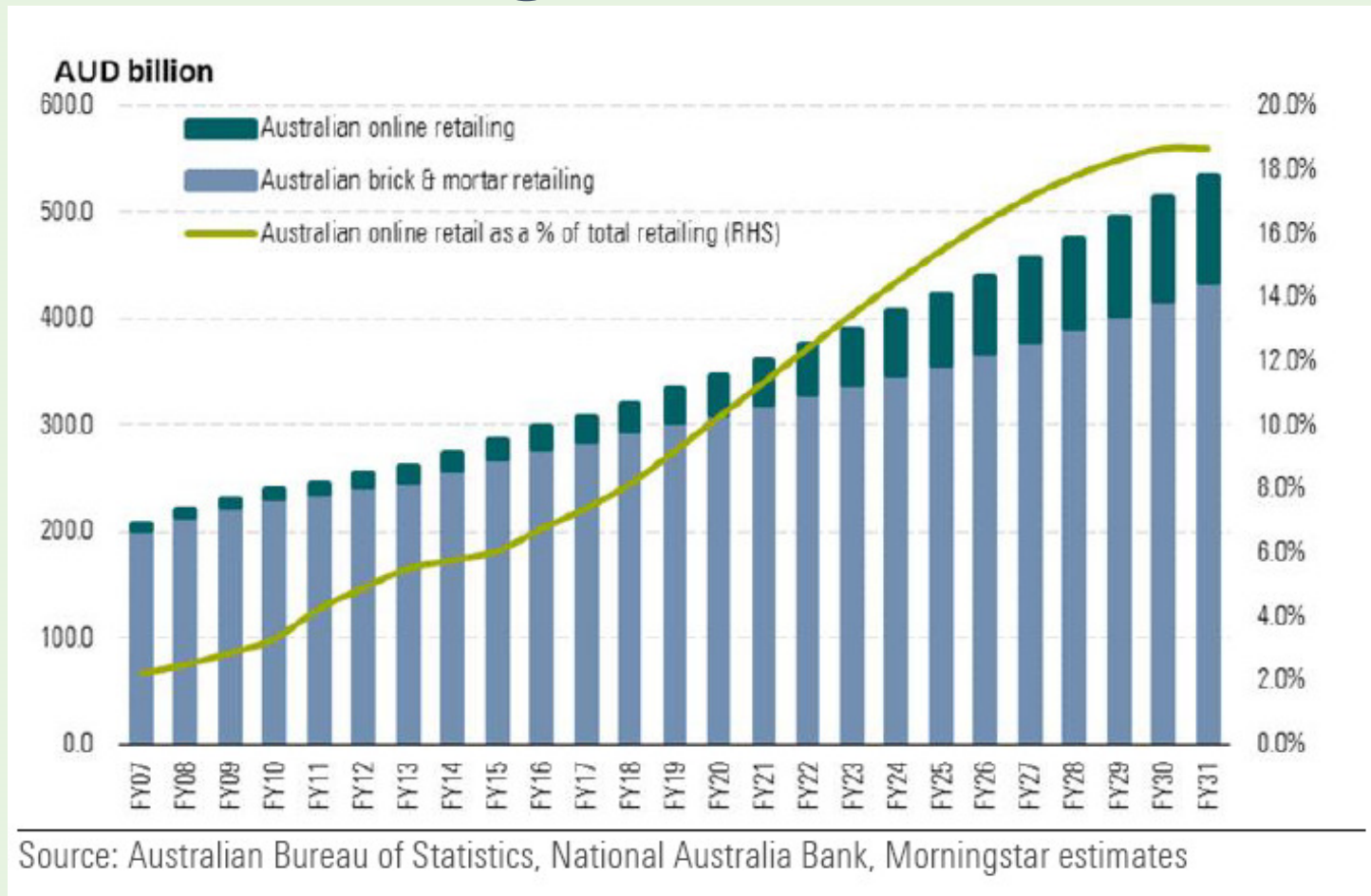
# Earnings upside to base case at spot prices



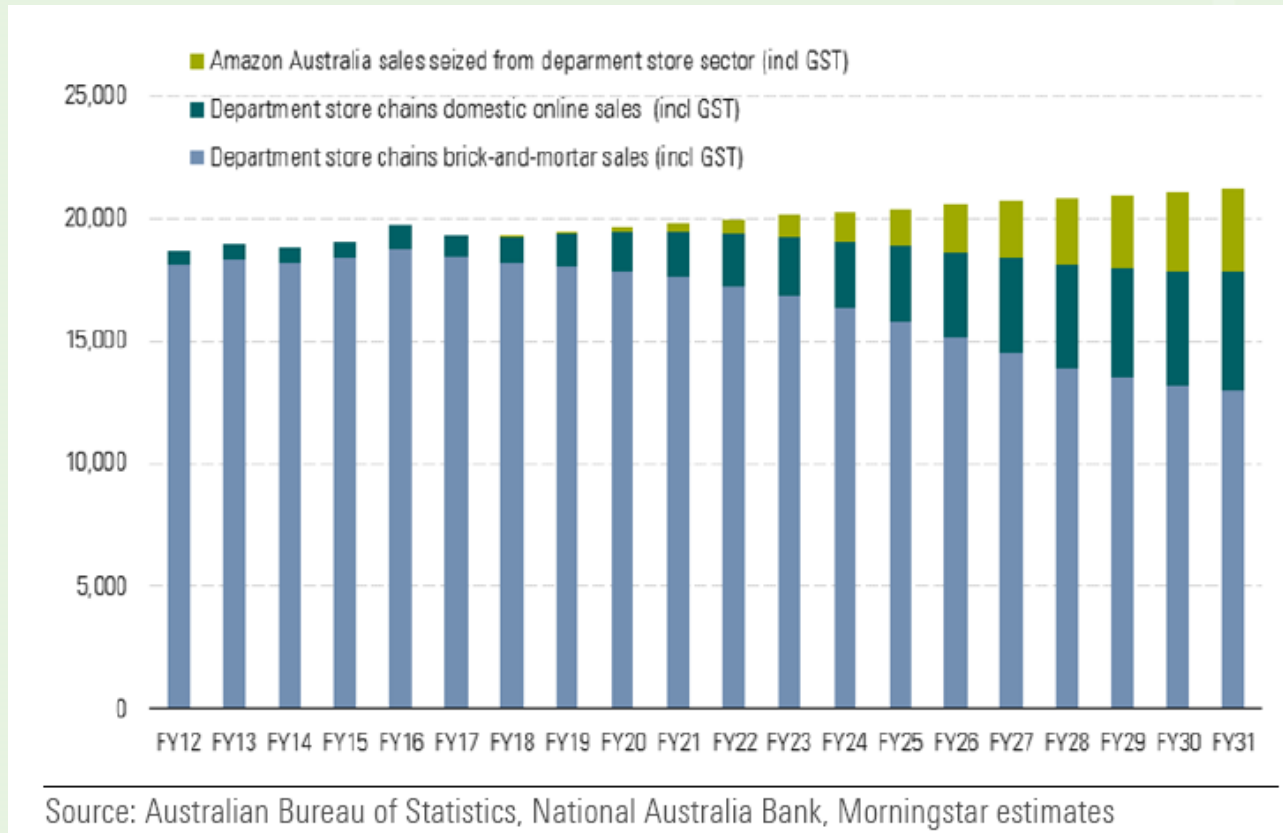
# Industrials

**Consumer**

# Rising online sales



# New competition



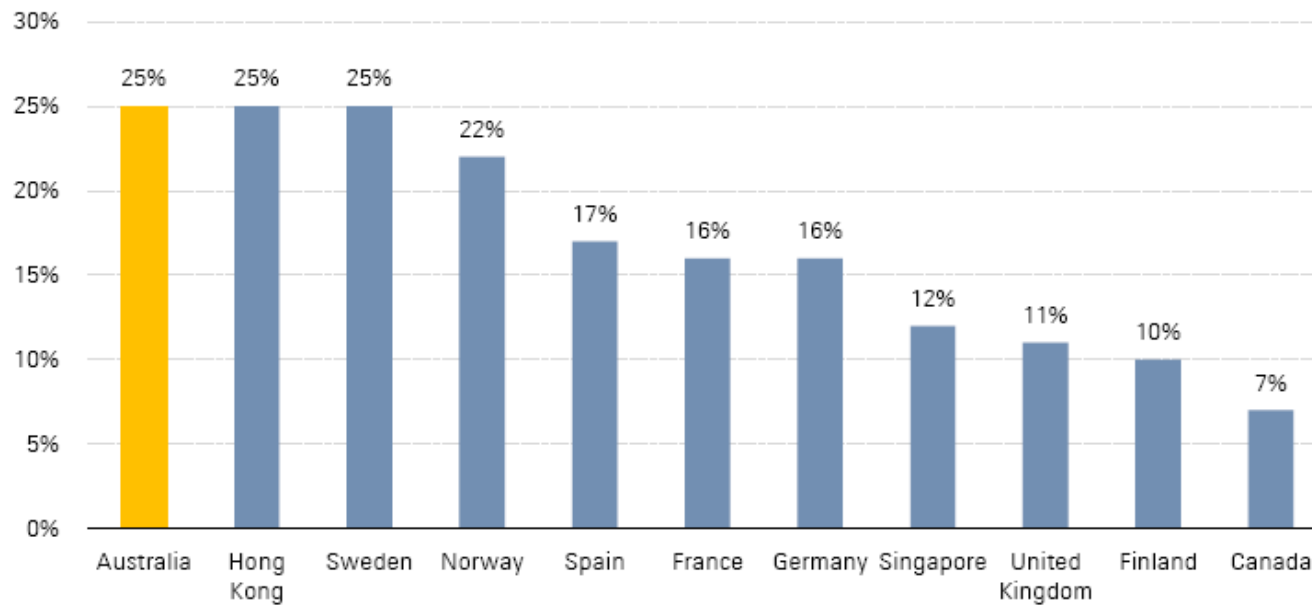
**Healthcare**

# Financials



# Mortgage risk becomes a capital challenge

**Exhibit 2** Residential Mortgage Risk Weights by Country



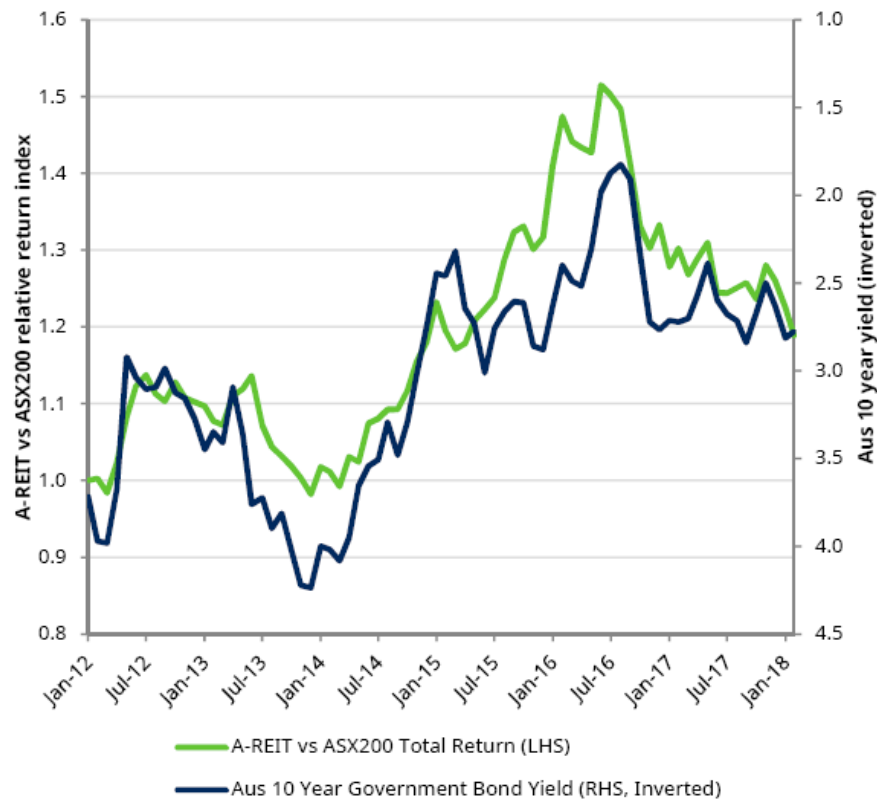
Source: CBA Results Presentation & Investor Discussion Pack, 30 June 2017

# Telecommunications

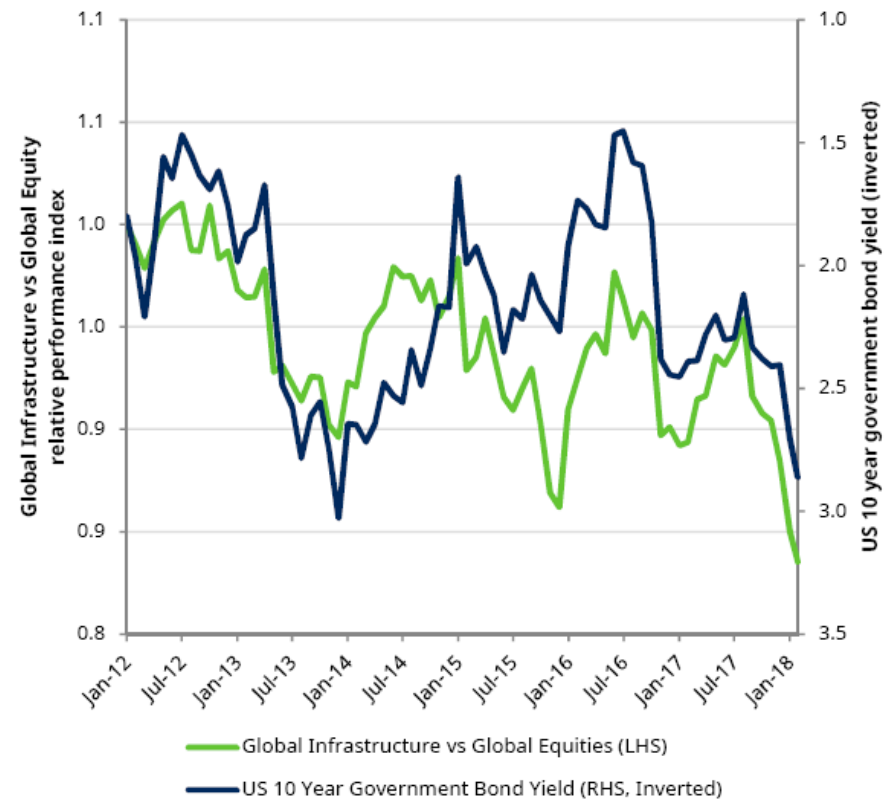
# Utilities & Property

# Implications

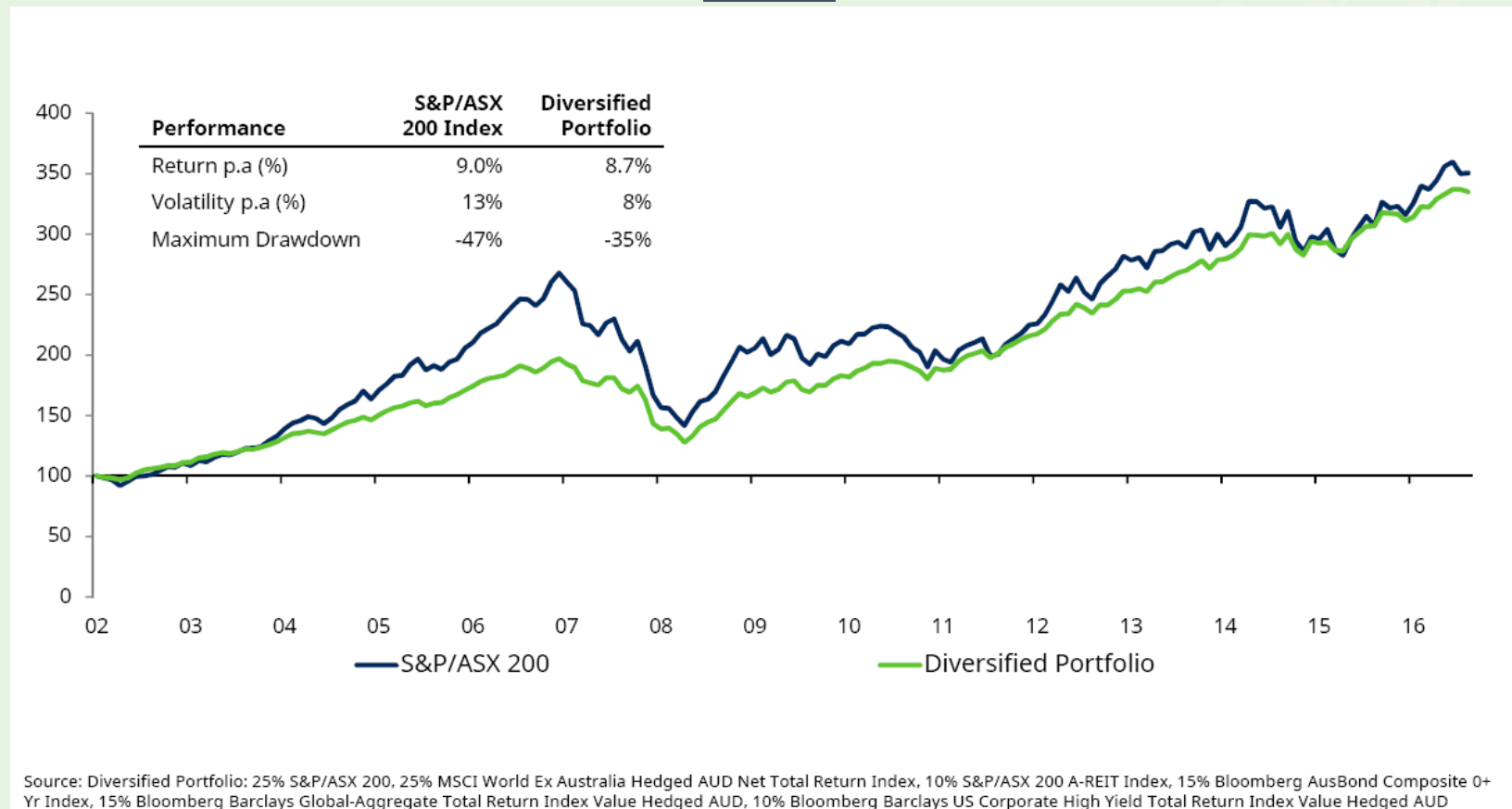
## A-REIT relative performance vs yields



## Infrastructure relative performance vs yields



# Diversification provides the free lunch



**How do you achieve alpha?**



# The legal stuff

## Disclaimer

---

This presentation is provided for general information purposes only and is not intended as an offer to enter into any transaction. This information contained in it is not necessarily complete and its accuracy can not be guaranteed. We have prepared this presentation without consideration of the investment objectives, financial situation or particular needs of any individual investor.

Before a client makes an investment decision, a client should, with or without Cooper Wealth Management's assistance, consider whether any advice contained in the presentation is appropriate in light of their particular investment needs, objectives and financial circumstances. It is unreasonable to rely on any recommendation without first having spoken to your adviser for a personal recommendation.

The information contained in this presentation has been taken from sources believed to be reliable. Cooper Wealth Management Pty Ltd does not represent that the information is accurate or complete and it should not be relied on as such. Any opinions expressed reflect Cooper Wealth Management's judgment at this date and are subject to change. Cooper Wealth Management and/or its affiliated companies may make markets in the securities discussed. Further Cooper Wealth Management and/or its affiliated companies and/or their employees from time to time may hold shares, options, rights and/or warrants on any issue included in this presentation and may, as principal or agent, sell such securities.

The Directors of Cooper Wealth Management advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our representatives may be remunerated wholly or partly by way of commission.

The presentation is proprietary to Cooper Wealth Management and may not be disclosed to any third party or used for any other purpose without the prior written consent of Cooper Wealth Management, AFSL 477022.