

# SMART RISK PORTFOLIO

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This document is a Minimum Disclosure Document (MDD) which contains key information about this Portfolio. This MDD will be updated on a monthly basis. This portfolio and the securities held within the portfolio are available through a **Tenzing Managed Account**. Other versions on other platforms may be available.



Portfolio is suitable for investors with a moderate risk profile, who are looking for an active asset allocation solution to provide **“all weather” returns**, and the possibility of positive returns during falling markets.

## OBJECTIVE

Medium- to-long-term capital growth, specifically **targeting a minimum of 6% - 8% net growth, on average, per annum**, with minimal risk and correlation to conventional equity markets. It may provide some income but this will not be a primary objective. **The portfolio has a target allocation of 70% to risky assets (stocks, commodities, property and alternatives) and 30% to fixed income assets (government bonds, corporate bonds, cash)**

## INVESTMENT STRATEGY

Investments are screened from a global, multi-asset universe, & selected in accordance with a macroeconomic top-down process. Final selection of shortlisted equities and fixed income securities will follow a relative valuation process. The portfolio is mandated to invest a maximum of 20% in commodity futures, alternatives, and index futures, with the objective of hedging inflation and providing some positive returns during falling markets. Portfolio may also hold indirect short positions

## PERFORMANCE

In Percentages	PORTFOLIO	1m MIN	1m MAX	Money Market
Year-to-date	<b>+3.49%</b>	<b>-1.17</b>	<b>+2.03</b>	<b>+0.72%</b>
1 year	<b>-1.38%</b>	<b>-3.13</b>	<b>+2.03</b>	<b>+0.86%</b>
3 years annualized	-	-	-	-
5 years annualized	-	-	-	-
Annual returns per year since inception	<b>+2.74%</b>			<b>+4.72%</b>

\*Performance presented net of 2% management fee

\*Past returns are no guarantee of future returns

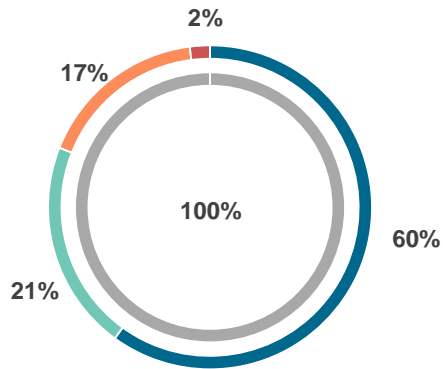


**TENZING  
PACIFIC**  
INVESTMENT MANAGEMENT

## ABOUT THE PORTFOLIO

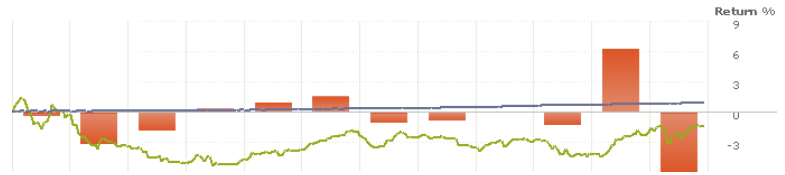
Classification	-	<b>Tactical allocation</b>
Base Currency	-	<b>USD</b>
Risk Profile	-	<b>Moderate – Moderately Aggressive</b>
Launch Date	-	<b>30 May 2016</b>
Initial Fee	-	<b>0%</b>
Initial Advisory Fee	-	<b>0%</b>
Annual Fee	-	<b>1.5% – 2% (discounted fees are applied to accounts with a value &gt; 500K USD)</b>
Annual Advisory Fee	-	<b>0%</b>
Clearing broker	-	<b>Interactive Brokers LLC</b>
Custodian	-	<b>Citibank New York City</b>
Manager	-	<b>Tenzing Pacific Investment Management</b>
Trustee	-	<b>Client trustee or pension</b>

## ASSET ALLOCATION



■ Stocks
 ■ Bonds
 ■ Cash
 ■ Commodities
 ■ Global

## 1-YEAR PERFORMANCE



Month	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Monthly Return History
Portfolio	-0.09	-3.13	-1.78	0.39	1.08	1.79	-0.57	-0.81	0.34	-1.17	2.03	0.81	— Total Return
Index Return	0.06	0.02	0.02	0.07	0.10	0.04	0.05	0.08	0.11	0.12	0.10	0.12	— Index Return

— Portfolio  
— Money Market

## HOLDINGS

Vanguard Total International Stock ETF	14.37%
Riverfront Strategic Income ETF	10.98%
Ishares MSCI Europe Financials ETF	9.12%
Apple Inc.	7.90%
Ishares MSCI South Korea Capped ETF	6.93%
Blue Buffalo Pet Products Inc	5.70%
Deutsche X-Trackers MSCIAWdexUSHDvYdHgEq	5.54%
Cash	5.29%
AdvisorShares Dorsey Wright ADR ETF	5.28%
AdvisorShares Newfleet Mult-Sect Inc ETF	5.23%

## TOP 10 UNDERLYING HOLDINGS

Apple Inc.	7.90%
Blue Buffalo Pet Products Inc	5.70%
Samsung Electronics Co Ltd	1.87%
US Treasury Bill	1.81%
AdvisorShares Sage Core Reserves ETF	1.68%
US Treasury Bill	1.56%
HSBC Holdings PLC	1.03%
Fidelity Instl Govt 657 C	0.91%
US Treasury Bill	0.85%
Allianz SE	0.69%

### Disclaimer

The information provided in this document does not constitute financial product advice. The information is of a general nature only and does not take into account investor's objectives, financial situations or needs. Performance is presented net of 2% management fee. Information in this document is comprised of simulated results and does not illustrate returns on physical investments. Although we are fairly certain that the simulated results are a reflection of results in reality, we cannot guarantee this with 100% certainty. Please consult your financial adviser if you have any questions or need further clarification regarding any aspect of the information presented herein.

## RISK / REWARD PROFILE

### MEDIUM – MODERATELY AGGRESSIVE

Typically, the lower the risk the lower the potential return and the higher the risk the higher the potential return. There is no guarantee that returns will be higher in a portfolio with a higher risk profile. This portfolio is considered to have a moderately aggressive risk because there is a 70-30 split between stocks, bonds, commodities and cash, including a target volatility range of 5% - 10% pa.

### RISKS

**Market Risk** - Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment.

**Currency/Foreign Exchange Risk** - This risk is associated with investments that are denominated in currencies different from the Portfolio's currency. When these currencies fluctuate against each other the investments face currency gains or losses.

**Concentration Risk** - This Portfolio pools the assets of many investors and uses the proceeds to buy a portfolio of assets. There are regulations in place that limit the amount that may be invested in securities, asset classes and/or companies, thereby spreading the risk.

**Liquidity Risk** - This relates to the ability of the Portfolio to trade out of an investment held in the Portfolio at or near to its face value. This may impact on liquidity and, in the case of foreign investments, on the repatriation of funds.

**Credit Risk** - Credit risk is where an issuer of a non-equity security may not be able to make interest payments and/or capital repayments. This may impact the value of the Portfolio.

**Inflation Risk** - The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

**Political Risk** - The risk that investment returns could suffer as a result of a country's political changes or instability in the country. Instability could come from changes in the country's government, policy makers or military.

**Tax Risk** - This risk relates to any change to tax laws or to the interpretation of existing tax laws which has an impact on the manner in which this Portfolio is taxed.

## COMMENTARY

After disappointing post-US election period from November – December from being over-exposed to the spike in USD through allocation to EM and precious metals, we found it necessary to take some risk off the table and maintain a large allocation to cash as the USD continued to jump and DM equities valuations became extremely stretched. We continue to maintain a large cash allocation as global equities begin to soften due to traders coming to terms with valuations, which are too high, as well as geopolitical risks. We are comfortable with our defensive position for the moment and continue to relentlessly search for opportunities which will provide attractive entry points once markets have stopped selling off. Once we have enough conviction that the “reflation trade” has returned, we will be looking to allocate at least 95% of cash holdings and begin making up our alpha deficit.