

Solaris High Alpha Australian Equity Fund

(APIR: WHT0016AU)

Quarterly Investment Report as at 31 March 2019

Fund Performance

The Fund outperformed its Benchmark for the quarter by 1.54%. Overweight holdings in QBE Insurance Group Limited, Rio Tinto Limited, Appen Limited and Altium Limited and an underweight position in Commonwealth Bank of Australia made a positive contribution to relative performance. The main detractors were overweight holdings in Westpac Banking Corporation, Orica Limited, The Star Entertainment Group Limited and Reliance Worldwide Corporation Limited together with an underweight position in Fortescue Metals Group Ltd.

Returns	Month	Rolling Quarter	FYTD	1 Year	3 Years p.a.	5 Years p.a.	7 Years p.a.	10 Years p.a.	Since Inception p.a. (17/10/2008)
Fund Gross Return [^]	0.63%	12.70%	3.50%	13.13%	14.33%	9.48%	12.18%	11.73%	11.38%
Benchmark Return [*]	0.73%	10.89%	3.31%	12.06%	11.46%	7.40%	9.97%	10.35%	9.10%
Active Return	-0.10%	1.81%	0.19%	1.07%	2.87%	2.09%	2.21%	1.37%	2.27%
Fund Net Return [^]	0.55%	12.43%	2.75%	12.05%	13.23%	8.43%	11.11%	10.69%	10.19%
Benchmark Return [*]	0.73%	10.89%	3.31%	12.06%	11.46%	7.40%	9.97%	10.35%	9.10%
Active Return (After fees)	-0.19%	1.54%	-0.56%	-0.02%	1.78%	1.04%	1.14%	0.34%	1.09%

[^] Performance is for the Solaris High Alpha Australian Equity Fund (APIR: WHT0016AU), also referred to as Class B units, and is based on month end prices before tax. Net performance is calculated after management fees and operating costs, excluding taxation. Gross performance is stated excluding all fees, costs and taxation. This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance.

^{*} Benchmark refers to the S&P/ASX 200 Accumulation Index.

Significant Contributors

Commonwealth Bank of Australia (+0.3%)

The bank underperformed over the quarter as investors digested the recommendations from the banking royal commission, published in February. In March the bank announced it has suspended preparations for the demerger of its wealth management and mortgage broking business.

Appen Limited (+74.0%)

The computer software company maintained its positive momentum over the quarter after reporting continued strong growth in the company's core dataset products and an increase in revenue over the full year to 31 December of 119% to \$364.3 million (AUD).

Altium Limited (+49.7%)

The company which designs software for the printed circuit board industry, reported a strong half year result to 31 December 2018. Investors were pleased with the results and the company's longer-term ambition of reaching 100,000 subscribers and \$500 million (USD) of revenue by 2025.

Significant Detractors

The Star Entertainment Group (-6.2%)

The casino operator experienced a soft quarter on the back of news the Queensland Government would look to open an expressions-of-interest process for the development of a new Global Tourism Hub on the Gold Coast, which could potentially add further competition to the Queensland casino market.

Fortescue Metals Group (+78.1%)

The iron ore producer appreciated materially over the quarter as iron ore markets were impacted by reduced supply. Vale, the world's largest iron ore producer, tragically suffered a tailings dam failure in Brazil. The event has caused significant disruption to their supply and the iron ore seaborne market has swung from surplus to deficit in 2019.

Reliance Worldwide Corporation (-2.3%)

During the period management delivered a result for the six months to 31 December 2018 with strong sales growth, particularly in the America's division. Following this the company spooked investors after announcing the Chairman Jonathan Munz would retire from the board and sell down his remaining 10% shareholding in Reliance.

Solaris High Alpha Australian Equity Fund

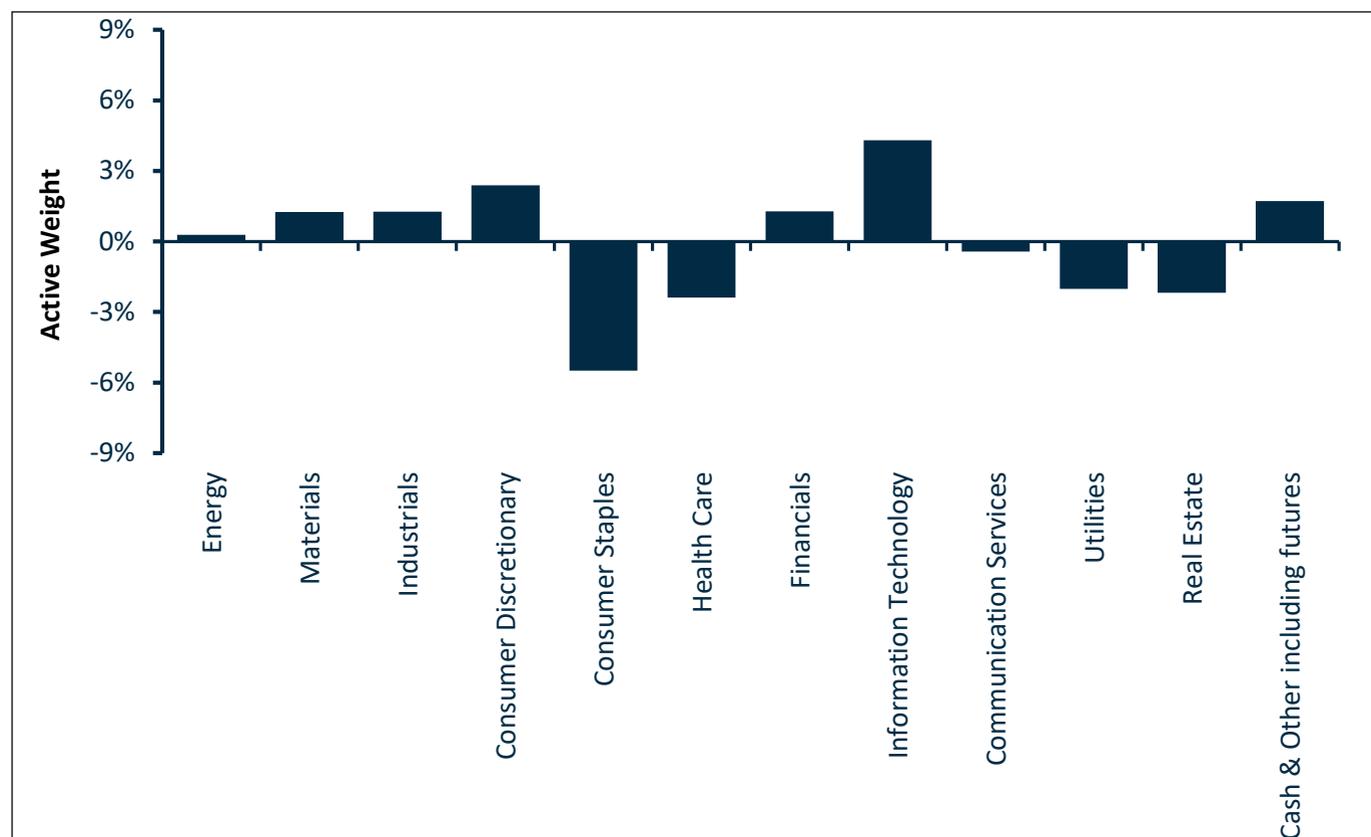
(APIR: WHT0016AU)

Quarterly Investment Report
as at 31 March 2019

Top 10 Stocks

Name	Sector
Westpac Banking Corporation	Financials
BHP Group Limited	Materials
National Australia Bank Limited	Financials
CSL Limited	Health Care
Macquarie Group Limited	Financials
Rio Tinto Limited	Materials
Atlas Arteria	Industrials
Link Administration Holdings Limited	Information Technology
Insurance Australia Group Limited	Financials
QBE Insurance Group Limited	Financials

Sector Allocation



Solaris High Alpha Australian Equity Fund

(APIR: WHT0016AU)

Quarterly Investment Report as at 31 March 2019

Market Review

The S&P/ASX200 Accumulation Index rebounded strongly from the weak quarter in December 2018, finishing 0.7% and 10.9% higher over the month and quarter respectively. In mid-March the focus turned to the US Federal Reserve which surprised markets after announcing it does not expect to raise interest rates for the remainder of 2019, due to slower economic growth. This sent global bond yields sharply lower and the Australian Government 10 year yield ended March 0.32% lower at 1.78%. Over the quarter the major contributors to the performance of the S&P/ASX200 Accumulation Index were the Materials sector (+17.8%) which was supported by the strength in iron ore prices and the Real Estate sector (+14.8%) which benefited from the lower bond yields and discount rates.

The top three moves within the Index included Fortescue Metals (+78.1%) which performed strongly supported by the lift in iron ore prices, Appen (+74.0%) after reporting strong growth and the acquisition of the machine learning platform Figure Eight, and Afterpay (+69.0%) which reported positive momentum in the company's roll out in the United States and United Kingdom. The bottom three moves were Eclipse (-73.7%) after announcing the merger with McMillan Shakespeare was unlikely to proceed, Costa Group (-30.1%) after reporting soft demand in a number of product categories, and Syrah Resources (-28.9%) which published a quarterly activity report that was below investors expectations.

S&P/ASX 200 Top & Bottom performing sectors for the month ending 31 March:

The best performing sectors in the S&P/ASX200 Accumulation Index for the quarter were Consumer Durables & Apparel (+54.6%), Software & Services (+20.7%), Telecommunication Services (+18.3%), Materials (+17.8%) and Energy (+15.4%). The worst performing sectors included Household & Personal Products (-22.4%), Banks (+3.0%), Food & Staples Retailing (+4.1%), Pharmaceuticals & Biotechnology (+5.7%) and Health Care Equipment & Services (+7.3%).

S&P/ASX200 Top & Bottom performing stocks for the month ending 31 March:

The top 5 performing stocks in the S&P/ASX200 Accumulation Index for the quarter were Fortescue Metals Group (+78.1%), Appen Limited (+74.0%), Afterpay Touch Group Ltd (+69.0%), Magellan Financial Group Limited (+58.3%) and Breville Group Limited (+54.6%). The bottom 5 performers included Eclipse Group Limited (-73.7%), Costa Group Holdings Limited (-30.1%), Syrah Resources Limited (-28.9%), St Barbara Limited (-27.6%) and Ardent Leisure Group Ltd (-23.3%).

Market Valuation & Earnings Estimates:

	Market & Sector EPS Growth			Market & Sector PE's			Market & Sector Dividend Yield		
	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
Pro-rated to June									
All Companies	8.4%	5.6%	5.7%	16.7x	15.9x	15.0x	4.6%	4.8%	4.6%
Banks	-4.3%	1.5%	1.7%	11.8x	11.6x	11.4x	6.7%	6.7%	6.7%
Listed Property Trusts	6.7%	-0.6%	5.8%	17.6x	17.6x	16.6x	5.1%	4.5%	4.7%
Resources	33.6%	16.4%	5.6%	15.8x	13.6x	12.9x	4.3%	5.8%	4.4%
Industrials ex-Banks	8.1%	3.2%	8.2%	20.3x	19.7x	18.2x	3.9%	3.8%	3.9%

Source: Solaris Investment Management, March 2019

Solaris High Alpha Australian Equity Fund

(APIR: WHT0016AU)

Quarterly Investment Report as at 31 March 2019

Market Outlook

Over the past quarter the downside risks to the global economic outlook have become more prominent. The ongoing trade friction between the United States and China, combined with the Brexit deliberations continues to add uncertainty to global markets. Domestically, the Australian economic conditions have softened. Following the royal commission into the banking sector we remain focused on whether domestic credit growth will be restricted at a time when the housing market remains soft (with clearance rates remaining weak and property prices in the major cities flat or negative year on year).

Given this backdrop, the Reserve Bank of Australia is expected to continue to provide a support for the local economy with cash rates held at 1.50% for the foreseeable future and a bias to easing policy if required. The upcoming Australian Federal election and any potential changes to government policy are front of mind. We remain cautiously optimistic, as the economy continues its 28th year of consecutive growth.

Contact Details

For further information, please contact Solaris' distribution partner:

Pinnacle Investment Management Limited on 1300 010 311,
alternatively, please email: distribution@pinnacleinvestment.com

Interests in the Solaris High Alpha Australian Equity Fund ('Fund') (ARSN 128 860 159) are issued by Pinnacle Fund Services Limited, ABN 29 082 494 362, AFSL 238371, as responsible entity of the Fund. Pinnacle Fund Services Limited is not licensed to provide financial product advice. You should consider the Product Disclosure Statement of the Fund available at www.solariswealth.com.au in its entirety before making an investment decision. Solaris Investment Management Limited ('Solaris') (ABN 72 128 512 621 AFSL 330505) is the investment manager of the Fund. Pinnacle Fund Services Limited and Solaris believe the information contained in this communication is reliable, however its accuracy, reliability or completeness is not guaranteed. Any opinions or forecasts reflect the judgment and assumptions of Solaris and its representatives on the basis of information at the date of publication and may later change without notice. The information in this communication is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. This communication is for general information only. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is not a reliable indicator of future performance.