

# CHIMAERA SUPER FRANKED INCOME

INDEX RETURNS WITH SUPERIOR FRANKED YIELDS

BLOOMBERG: CHIM<go>

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## Investment Objective

The Chimaera Super Franked Income Model is designed to generate high levels of franked income from an index based Australian equity Portfolio.

The Super Franked Income model is designed to accumulate a superior, highly franked income stream over a full year through portfolio rotation into the safest stocks. This rotation reduces the need to overreach for yield, in turn limiting the capital risk associated with exposures which exhibit a low probability of consistent payment of dividends.

## Investment Strategy and Approach

The Chimaera Super Franked Income model consists of 30 - 60 ASX listed blue chip companies in similar sector proportions to widely recognised broad based Australian market indices such as the S&P / ASX 200.

The strategy achieves a superior dividend stream through quarterly rebalancing designed to capture the upcoming dividend payments of a carefully screened subset of ASX listed companies which meet various investability criteria.

| Index Returns               |                          | Sep 14-<br>To Date | Jun14-<br>Aug14 | Mar14-<br>May14 | Dec13-<br>Feb14 | Sep13-<br>Nov13 | Jun13-<br>Aug13 | FY<br>2013/14 | Annualised<br>Returns<br><br>Since<br>Inception % |
|-----------------------------|--------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---|
| CSFI<br>Managed<br>Account* | Accumulation<br>Return % | -1.22%             | 2.78%           | 1.54%           | 1.74%           | 6.51%           | 4.48%           | 16.49%        | 7.94%   |
|                             | Dividend<br>Yield %      | 1.10%              | 1.52%           | 1.69%           | 1.37%           | 2.59%           | 1.72%           | 8.25%         | 7.34%   |
|                             | Franking<br>Credits %    | 0.44%              | 0.58%           | 0.68%           | 0.50%           | 1.02%           | 0.69%           | 3.17%         | 2.89%   |

|                |                          |        |       |       |       |       |       |        |       |
|----------------|--------------------------|--------|-------|-------|-------|-------|-------|--------|-------|
| S&P ASX<br>200 | Accumulation<br>Return % | -1.19% | 3.48% | 2.76% | 2.60% | 4.86% | 5.33% | 17.43% | 9.13% |
|                | Dividend<br>Yield %      | 0.58%  | 1.03% | 1.11% | 0.99% | 1.21% | 1.05% | 4.43%  | 4.23% |
|                | Franking<br>Credits %    | 0.20%  | 0.41% | 0.52% | 0.33% | 0.51% | 0.32% | 1.68%  | 1.63% |

|     |                          |        |       |       |       |       |       |        |       |
|-----|--------------------------|--------|-------|-------|-------|-------|-------|--------|-------|
| STW | Accumulation<br>Return % | -1.04% | 2.94% | 2.86% | 2.50% | 4.86% | 4.92% | 17.20% | 8.39% |
|     | Dividend<br>Yield %      | 0.00%  | 1.89% | 0.00% | 2.46% | 0.00% | 1.65% | 4.97%  | 3.13% |
|     | Franking<br>Credits %    | 0.00%  | 0.45% | 0.00% | 1.00% | 0.00% | 0.48% | 1.65%  | 1.04% |

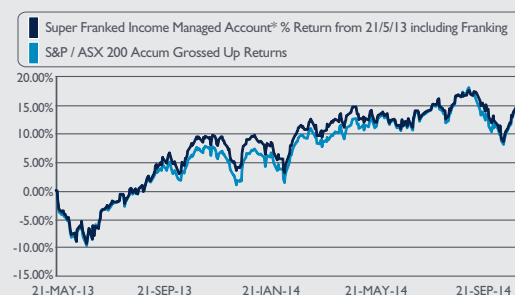
|                  |                         |       |        |        |        |       |        |       |       |
|------------------|-------------------------|-------|--------|--------|--------|-------|--------|-------|-------|
| EXCESS<br>RETURN | (Including<br>Franking) | 0.20% | -0.54% | -1.07% | -0.69% | 2.16% | -0.49% | 0.55% | 0.06% |
|------------------|-------------------------|-------|--------|--------|--------|-------|--------|-------|-------|

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## Key Benefits

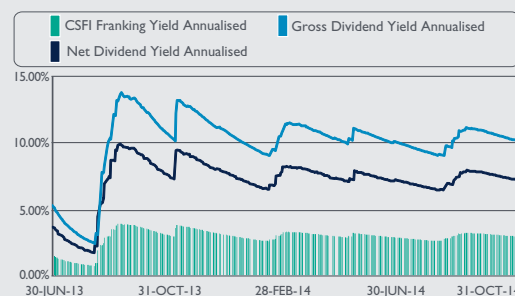
- Invest for tax efficient equity income, in a diversified portfolio of ASX listed blue chip and high quality companies.
- Superior franked income achieved free from leverage or option overlay, combined with high levels of franking for the efficient allocation of imputation credits
- Long term price returns consistent with Australian equity market risk profile.
- Investors will gain exposure to the broad sector weightings associated with widely accepted market based indices such as the S&P / ASX 200.
- Low transaction Costs
- Compatibility with various equity risk hedging overlay and leverage strategies

## Accumulation Returns (including Franking)



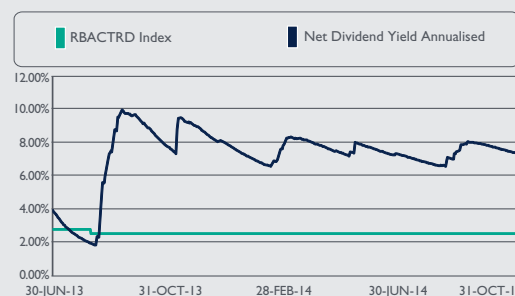
Source: Chimaera Index Advisors , Bloomberg

## Annualised Dividend Yields %



Source: Chimaera Index Advisors , Bloomberg

## Dividend Yield % versus RBA Cash Rate



Source: Chimaera Index Advisors , Bloomberg

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