

Solaris Core Australian Equity Fund (Performance Fee Option)

(APIR: WHT0017AU)

Monthly Investment Report as at 30 November 2020

Fund Performance

The fund underperformed its benchmark for the month by 0.12%. Overweight holdings in National Australia Bank Limited, Woodside Petroleum Limited, Scentre Group and Qantas Airways Limited and an underweight position in Afterpay Limited made a positive contribution to relative performance. The main detractors were overweight holdings in Altium Limited, Sonic Healthcare Limited, Northern Star Resources Ltd and Saracen Mineral Holdings Limited together with an underweight position in Australia and New Zealand Banking Group Limited.

Returns	Month	Rolling Quarter	FYTD	1 Year	3 Years p.a.	5 Years p.a.	7 Years p.a.	Since Inception p.a. (31/08/2012)
Fund Gross Return [^]	10.17%	7.82%	10.70%	-5.47%	6.39%	9.15%	8.38%	10.85%
Benchmark Return [*]	10.21%	8.22%	11.85%	-1.98%	6.94%	9.05%	7.31%	10.12%
Active Return	-0.04%	-0.41%	-1.15%	-3.49%	-0.55%	0.10%	1.07%	0.73%
Fund Net Return [^]	10.09%	7.56%	10.25%	-6.38%	5.37%	8.10%	7.34%	10.13%
Benchmark Return [*]	10.21%	8.22%	11.85%	-1.98%	6.94%	9.05%	7.31%	10.12%
Active Return (After fees)	-0.12%	-0.67%	-1.60%	-4.40%	-1.57%	-0.95%	0.03%	0.01%

[^] Performance is for the Solaris Core Australian Equity Fund (APIR: WHT0017AU), also referred to as Class C 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

Scentre Group (+33.3%)

The owner and operator of Westfield malls in Australia and New Zealand performed strongly over the month as the economy entered a re-opening phase. As the lockdown restrictions eased, footfall and rent collection continued to increase, highlighting the quality of the portfolio.

Woodside Petroleum Ltd (+27.7%)

Management hosted the 2020 investor briefing during the month which confirmed the strong balance sheet and attractive investment opportunities that lie ahead. Further to this investor sentiment was buoyed by the re-opening sentiment and expectations that demand will recover when the global economy re-opens.

National Australia Bank Limited (+24.8%)

National Australia Bank performed strongly over the month as the positive vaccine news leads to expectations of an improving asset quality outlook and the potential for the regulator to remove dividend restrictions earlier than investors had previously anticipated.

Significant Detractors

Altium Limited (-4.7%)

The printed circuit-board software firm failed to keep pace with the strong market over the month, despite reaffirming earnings guidance of \$76-89 million. Management hosted the annual general meeting during the month and confirmed the strategy to pivot customers from perpetual licenses to term-based subscription services is on track.

Sonic Healthcare Limited (-5.4%)

Sonic Healthcare underperformed the market as it failed to keep pace with the "re-opening rally". Management hosted the 2020 annual general meeting and confirmed that in Australia, where the pandemic is under control, revenue from the base business (excluding COVID-19 testing revenues) has returned to positive growth.

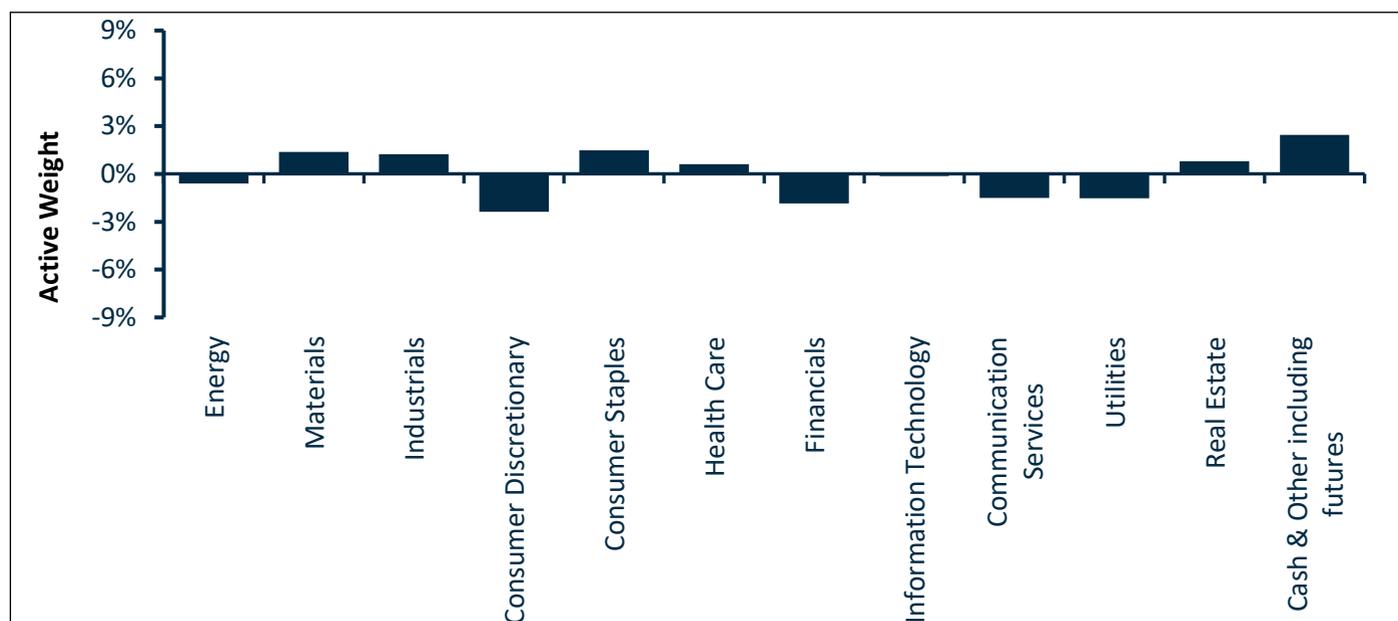
Australia and New Zealand Banking Group Limited (+22.6%)

The bank rallied over the month as investors anticipate lower than expected bad debts, less loan deferrals and earlier than expected increases in dividends. Supported by federal government stimulus the economy has performed far better than many expected, which has led to lower than expected levels of bad debts.

Top 10 Stocks

Name	Sector
CSL Limited	Health Care
BHP Group Limited	Materials
National Australia Bank Limited	Financials
Westpac Banking Corporation	Financials
Commonwealth Bank of Australia	Financials
Macquarie Group Limited	Financials
Goodman Group	Real Estate
Rio Tinto Limited	Materials
James Hardie Industries PLC	Materials
Woodside Petroleum Limited	Energy

Sector Allocation



Market Valuation & Earnings Estimates:

Pro-rated to June	Market & Sector EPS Growth			Market & Sector PE's			Market & Sector Dividend Yield		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
All Companies	-18.3%	8.6%	10.9%	22.1x	20.5x	18.4x	3.1%	3.2%	3.6%
Banks	-29.2%	1.8%	13.9%	17.0x	16.6x	14.6x	3.6%	3.5%	4.6%
Listed Property Trusts	-9.9%	-3.9%	8.5%	17.4x	18.0x	16.5x	4.3%	3.9%	4.3%
Resources	-6.9%	25.9%	-4.1%	16.0x	12.7x	13.3x	3.9%	4.5%	4.3%
Industrials ex-Banks	-17.1%	3.0%	19.2%	28.1x	27.5x	23.1x	2.7%	2.7%	3.1%

Estimate only

Market Review

The S&P/ASX 200 Accumulation Index rallied a historic +10.2% over the month of November. A potent cocktail of positive news arrived during the month including the early success of several leading vaccine trials, the preliminary US election result of a Biden presidency (positive for global stability) combined with a Republican controlled senate until at least 2022 (limited ability to raise US taxes) and the emergence of Australia from the "second wave" of the COVID movement restrictions. This led to a large rally in companies that had been impacted by COVID-19 and drove the S&P/ASX 200 Accumulation Index to the strongest month in its history (the index dates back to March 2000). The All Ordinaries Index which dates to 1979 posted the strongest month since March 1988.

Over the month the top three moves within the index were Unibail-Rodamco-Westfield (+73.1%) which rallied after activist shareholders voted down a proposed heavily dilutive \$3.5 billion Euro equity raise, followed by Webjet (+65.3%) and Flight Centre (+52.0%) which both benefitted from the positive news and re-opening sentiment following the success of leading vaccine trials. The bottom three moves were Saracen Mineral Holdings (-16.5%), Silver Lake Resources (-16.1%) and Northern Star Resources (-15.1%) with share prices weaker primarily due to the fall in the gold price over the month.

S&P/ASX 200 Top & Bottom performing sectors for the month ending 30 November:

The best performing sectors in the S&P/ASX200 Accumulation Index for the month were Energy (+28.5%), Real Estate Management & Development (+18.4%), Banks (+18.3%), Media & Entertainment (+15.4%) and Insurance (+14.9%). The worst performing sectors included Automobiles & Components (-10.2%), Consumer Durables & Apparel (-7.6%), Food & Staples Retailing (-1.5%), Health Care Equipment & Services (+0.7%) and Food Beverage & Tobacco (+0.8%).

S&P/ASX200 Top & Bottom performing stocks for the month ending 30 November:

The top 5 performing stocks in the S&P/ASX200 Accumulation Index for the month were Unibail-Rodamco-Westfield (+73.1%), Webjet Ltd (+65.3%), Flight Centre Travel Group Ltd (+52.0%), Beach Energy Ltd (+49.2%) and Oil Search Ltd (+41.6%). The bottom 5 performers included Saracen Mineral Holdings Ltd (-16.5%), Silver Lake Resources Ltd (-16.1%), Northern Star Resources Ltd (-15.1%), Ramelius Resources Ltd (-12.7%) and Dominos Pizza Enterprises Ltd (-12.6%).`

Market Outlook

After the news during the month that several leading vaccine trials are highly effective, it is now expected that one or more vaccines will be available for mass distribution in 2021. This is a major positive development that cannot be understated. It effectively removes a range of "end of the world" downside outcomes associated with COVID-19 including a scenario where no vaccine for COVID-19 is ever discovered and a scenario where any vaccine candidates are ineffective in suppressing the virus.

Domestically, the Australian economy continues to re-open following the successful suppression of the virus and awaits the delivery of a vaccine in 2021. This phase is expected to continue to benefit companies that are exposed to a normalisation of economic activity. There remains a large amount of stimulus in the Australian economic system and it is important an appropriate level of Federal, State and Council stimulus remains in place to avoid a "fiscal cliff". We anticipate that a level of fiscal and monetary support will remain in place for the foreseeable future and we expect that this crisis, like crises of the past, will end.

Against this backdrop, we remain focused on companies with strong balance sheets, strong market positions and strong management teams that will be able to see through this volatile period and take advantage of opportunities that arise. An array of companies that are poised to benefit from this re-opening phase continue to look attractively priced, while an array of companies that benefitted from the lockdown phase continue to look expensive. We expect this environment will create significant opportunities for stock selection.

Contact Details

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