APRIL 2016 Monthly Update

Investment Newsletter

Issuer: Crescent Funds Management (Aust) Limited ACN 144 560 172; AFSL 365260

Market Overview

The Small Industrials Accumulation Index underperformed the S&P/ASX 100 by 1.1%, while the Small Resources Accumulation index outperformed the S&P/ASX100 Resources index by 1.0%. The Small Ordinaries Accumulation Index has now outperformed the S&P/ASX100 Accumulation Index by 3.6% over the last quarter and 10.7% over the year, and by 6.3% per annum over 2 years.

Commodity markets experienced a sharp reversal. Oil rallied strongly establishing YTD highs, with WTI (US$46) and Brent (US$48) up by 24% and 29% respectively. A rapid escalation in outages and improving Chinese economic data underpinned the move. Iron Ore prices rose another 23% to US$66 per tonne (after rising 19% in March) after production cuts announced by the "Big 3" (BHP, RIO and Vale) and an improving Chinese demand story narrowed the perceived supply-demand imbalance. Base metals turned up sharply with the LME Metals Index rising 6.3%. Nickel (+11.4%), aluminium (+10.5%), zinc (+6.9%), lead (+6.4%), copper (+3.8%) and tin (+3.2%) all rose over the month. Spot Gold rose 4.9% as rising US economic risks added upside bias to the precious metal. While Silver (+15.6%) was the major mover in precious metals. The A$ depreciated 0.7% against the US$ and most of Australia's trading partners.

Performance as at 30 April 2016

Crescent Wealth Managed Funds	6 Months	1 Year	2 Year (Annualised)	3 Year (Annualised)
Crescent Diversified Property Fund	7.9%	9.8%	16.3%	15.6%
Benchmark (RBA cash rate plus 3%)	*2.5%*	*5.0%*	*5.2%*	*5.4%*
Crescent International Equity Fund	-10.3%	-5.4%	11.2%	14.0%
Benchmark (MSCI World Islam Ex-Australia)	*-7.0%[1]*	*-3.2%[1]*	*7.5%[1]*	*14.3%[1]*
Crescent Islamic Cash Management Fund	1.5%*	1.4%*	1.9%*	2.0%*
Benchmark (RBA cash rate)	*2.1%**	*2.0%*	*2.2%**	*2.4%**
Crescent Australian Equity Fund	-5.1%	-8.6%	-5.5%	1.1%
Benchmark: 6.7938% p.a.	*3.3%*	*6.8%*	*6.8%*	*6.8%*
Crescent Wealth Superannuation Fund	**6 Months**	**1 Year**	**2 Year (Annualised)**	**Since Inception****
Crescent Wealth Growth	-1.1%	-0.7%	5.0%	13.7%
Crescent Wealth Balanced	-1.6%	-1.0%	4.3%	11.9%
Crescent Wealth Conservative	0.2%	0.5%	3.7%	8.4%

*Annualised **Inception date: 16 May 2013 [1]Source: Financial Express

Crescent Diversified Property Fund

Issuer: Crescent Funds Management (Aust) Limited ACN 144 560 172; AFSL 365260

Fund Commentary

Performance as at 30 April 2016	3 Months	6 Months	1 Year	2 Year* (annualised)	Since Inception* (annualised)
Crescent Diversified Property Fund	4.0%	7.9%	9.8%	16.3%	16.6%
Benchmark (RBA Cash Rate plus 3%)	1.2%	2.5%	5.0%	5.2%	5.4%
S&P/ASX 300 AREIT Accumulation Index	8.3%	10.5%	15.6%	20.7%	15.7%

#Returns are net of fees. *Inception 20th February 2013

THE CRESCENT DIVERSIFIED PROPERTY FUND POSTED A 1.4% RETURN FOR THE MONTH, OUTPERFORMING THE RBA CASH RATE PLUS 3% RETURN OF 0.4%. THE FUND IS MANAGED IN LINE WITH THE AAOIFI METHODOLOGY FOR DETERMINING COMPLIANCE WITH ISLAMIC INVESTMENT PRINCIPLES.

The fund invests predominantly in listed Australian Real Estate Investment Trusts (Australian REITs) and will eventually invest an increasing proportion direct in unlisted property assets. Over the medium term, the Fund will seek to hold up to 50 per cent of its assets in unlisted property securities and 45 per cent in listed property securities. The fund will also look to hold up to 5% of its assets in cash.

The Crescent Diversified Property Fund's diversification strategy aims to provide stable income through periods of change in the economic environment and in any individual property, and enables us to actively manage the portfolio including the future liquidity of the Fund. We aim to deliver a total return (income and capital growth) above the Reserve Bank of Australia Cash Rate plus 3% over a rolling three year period, while providing a steady level of income paid as regular quarterly distributions. We will also seek to deliver an attractive level of tax advantaged components within the income.

Market Commentary

The A-REIT sector returned +2.8% for April, underperforming the broader market by 0.5%, which benefitted from a significant rebound in the resource stocks. The AREIT sector meanwhile saw most of its gains later in the month following the release of a lower than expected inflation number, resulting in the RBA deciding to cut the official interest rate by 25bpts during the first week of May. rate cut in May becoming a very real option. Other key global data points such as the release of an underwhelming US GDP print of 0.5% on an annualised basis – its lowest growth in 2 years – continues to see investors attracted to defensive asset classes such as AREITs and infrastructure. In stock specific news, the outcome of the Investa Office Fund (IOF.ASX) proposed merger with Dexus (DXS.ASX) did not receive the required unitholder support. Many investors were no doubt influenced by the lack of clarity surrounding Cromwell's (CMW.ASX) intentions following their acquisition of a 9.8% stake in IOF just days before the vote. The other significant event was the proposal by Growthpoint (GOZ.ASX) to acquire all the units in GPT Metropolitan Office Fund (GMF.ASX) via a cash and scrip bid at a significant premium. In the Utilities space we saw both Sydney Airports (SYD.ASX) and Transurban Group (TCL.ASX) release passenger and traffic numbers respectively, with both Groups continuing to see solid gains. The other main news was the release by the ACCC East Coast Gas Report which made specific recommendations regarding the need for increased regulation. Given APA Group's (APA.ASX) dominant market position on the East coast, this put some short term pressure on APA's share price despite only being a recommendation at this time.

Looking forward, the macro backdrop continues to be supportive for the sector with low (and potentially lower) interest rates underpinning continued asset price growth which, coupled with the highly visible growth in earnings, represents a relatively safe risk adjusted investment option amid the increasingly uncertain global outlook.

Performance Update

The fund added 1.0% above the benchmark for the month, with all stocks except Mirvac Group making positive contributions to performance. The main contributors to performance are outlined below.

Goodman Group (GMG): Reaffirmed earnings guidance at their quarterly update. The business is currently in a very strong position, with increasing development starts, conservative gearing and growing funds under management.

Folkstone Education Trust (FET): saw good support following an asset tour highlighting some of their portfolio. The childcare space continues to gain increasing interest as a institutional grade asset class.

Stockland Group (SGP): Like GMG, reaffirmed earnings guidance of 6.5%-7.5% at their most recent quarterly update.

BWP Trust (BWP): Continues to benefit from its low risk earnings profile, with revenue underpinned by long term leases to a portfolio of Bunnings Warehouses.

Vicinity Group (VCX): Has seen a significant re-rating following a strong offshore marketing effort. The group also reaffirmed earnings guidance during the month while retail sales continue to remain positive.

Key detractors

Mirvac Group (MGR): gave back some of the previous month's strong gains with management stating that they are currently happy to operate 'as is', ruling out any potential break-up of the business which disappointed some investors who believe a break up of the Group will unlock some embedded value.

TOP 5 Portfolio Holdings

Company	Holding
Goodman Group	12.6%
Mirvac Group	9.7%
GPT Group Property Trust	9.4%
Vicinity Centres	7.9%
Stockland Corporation	7.7%

Crescent International Equity Fund

Issuer: Crescent Funds Management (Aust) Limited ACN 144 560 172; AFSL 365260

Performance as at 30 April 2016	3 Months	6 Months	1 Year	2 Year* (annualised)	Since Inception* (annualised)
Crescent International Equity Fund	-0.8%	-10.3%	-5.4%	11.2%	14.1%
Benchmark (MSCI World Islam Ex-Australia)	1.0%[1]	-7.0%[1]	-3.2%[1]	7.5%[1]	14.6%[1]

#Returns are net of fees. *Inception 22nd February 2013 [1]Source: Financial Express

Market Commentary

On the economic front, the in-line first-quarter Chinese GDP growth of 6.7% soothed the financial markets and provided an early hint that the worst might be over. In the US, the economy grew a paltry 0.5% in the first quarter, and the Fed once again decided to keep the interest rates unchanged at 0.25%, as job growth and improving housing market were unable to contain the slowdown in business investments and exports. However, the Fed has indicated that it will continue on a measured interest rate hike path going forward. Elsewhere, the Eurozone GDP grew 0.6% YoY during the quarter. At the April ECB meeting, Mario Draghi expressed cautious optimism with an easing bias.

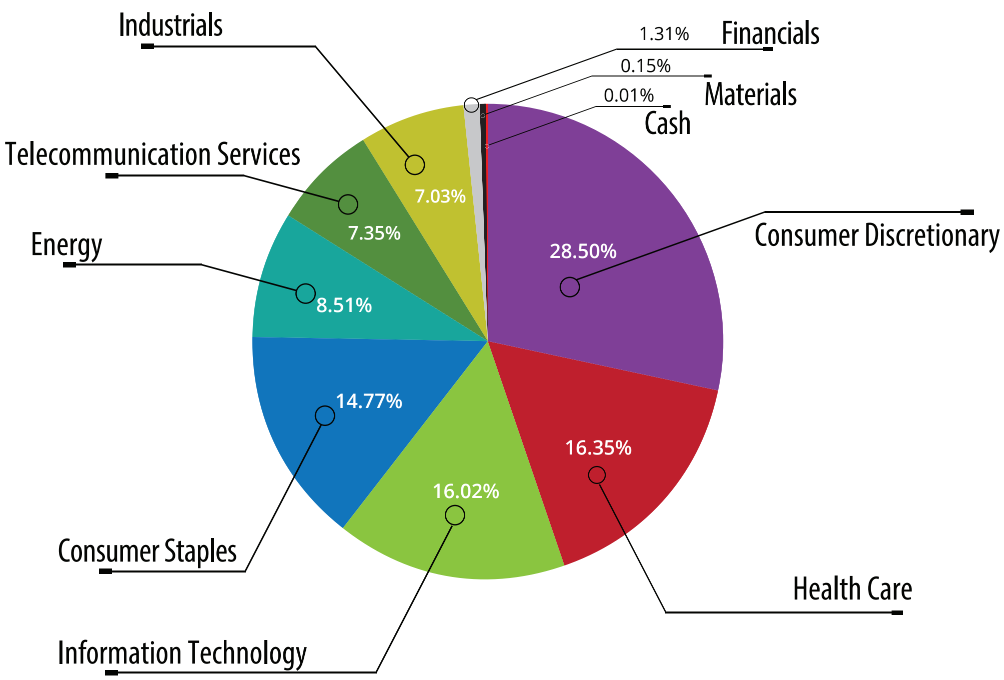
Top three gainers for the fund in April were Conoco Phillips (+19.74%), MTN Group (+16.63%), and Bristol Myer Squibb (+14.00%). Meanwhile top three decliners included Alaska Air Group (-13.36%), Apple Inc (-13.22%) and Hartalega Holdings (-11.73%).

Please note that we strive to preserve capital in down markets and grow capital in up markets. As such, we avoid excessive exposure to volatile sectors such as energy, materials, and industrials. Thus our performance can trail during times when these sectors perform well. By contrast, given our bottom-up stock picking focus, we have performed well during periods of market stress.

Since Inception Performance*

Based on Net returns (including dividends net of withholding tax rates)

TOP SECTOR HOLDINGS*



TOP 5 Holdings*		
Rank	Name	%
1	HAIN Celestial Group Inc	3.64
2	Under Amour Inc	3.6
3	Valeo	3.25
4	Alaska Air Group Inc	3.11
5	TJX CO INC	3.11

* As at 30 June 2015

TOP 5 Regions*		
Rank	Name	%
1	North America	90.3
2	Europe	3.25
3	Asia	2.87
4	UK	1.93
5	Pacific Basin	1.65

* As at 30 June 2015

Crescent Islamic Cash Management Fund

Issuer: Crescent Funds Management (Aust) Limited ACN 144 560 172; AFSL 365260

Fund Commentary

Performance as at 30 April 2016	3 Months (annualised)	6 Months (annualised)	1 Year	2 Year (annualised)	Since Inception* (annualised)
Crescent Islamic Cash Management Fund	2.2%	1.5%	1.4%	1.9%	2.0%
RBA Cash Rate	2.1%	2.1%	2.0%	2.2%	2.6%

*Inception 24th May 2012

About the Fund

The Crescent Islamic Cash Management Fund is a registered managed investment scheme which invests in short term money market and cash-based instruments, based on Islamic investment principles. The Fund also invests in Islamic bonds known as Sukuk through its partnership with the Bank of London and Middle East. The Fund is innovative and unique in the Australian investment landscape as it provides investors the ability to generate returns from low risk cash based investments that comply with Islamic investment principles. The Fund's investments do not receive or pay interest.

Investment Objective

The Fund aims to achieve a total return (after fees) above the Reserve Bank of Australia Cash Rate. The likelihood of the value of your investment going down over the short-term is relatively low compared to investments in funds investing in other types of assets such as shares.

Investment Strategy

The Fund has been structured as a liquid investment scheme investing client moneys in short to medium term cash assets and bonds that comply with Islamic investment principles. The Fund will aim to invest up to 50% of its capital with HSBC Amanah in Islamic Term Deposits known as TDi's. We invest the remaining capital in Islamic fixed income through Islamic bonds known as Sukuk, with an allocation target of 50%. This portfolio will be managed by the Bank of London and Middle East, Europe's largest Islamic bank.

Fixed Income Markets

Although the developed market risk assets held their ground in April, emerging market assets staged another month of outperformance – albeit starting from a low base – helped by a continued recovery in the price of oil. A dovish Federal Reserve added to the positive tone, providing further cause for weakness to the US Dollar.

The OPEC meeting this month ended up being another 'buy the rumour, sell the fact' event, disappointing with no resolution on freezing output (although tired of bad news, the GCC fixed income space rallied anyway). It seemed that although the other countries were prepared to reach an agreement on a 'level', Saudi Arabia was not prepared to agree terms without Iranian involvement. The market opened with oil gapping more than 7% lower. However, losses reversed in the following days due to strike action by public sector workers in Kuwait, protesting against wage-cut plans, forcing Kuwait to cut production by 63% for a few days.

Most of the market seems to have settled on the view that there isn't likely to be a rate cut until September, with implied probabilities of a June and July hikes standing at a mere 12% and 26% respectively. This is coupled with an interesting few months coming up for Europe which has the UK referendum in June, Greece debt relief negotiations, and a refugee crisis. Markets will be taking it one week at a time and benchmark yields are likely to remain firmly anchored for now, which helps fixed income assets. The sukuk market has been helped by a comeback in commodities since their February lows and an improvement in sentiment as reforms in the GCC are revealed. Expect a flurry of issuance out of the sukuk/GCC market before the summer months and Ramadan, which turns out to be good timing, having recovered from the volatility in Q1.

Crescent Australian Equity Fund

Performance as at 30 April 2016	3 Months	6 Months	1 Year	2 Year* (annualised)	Since Inception* (annualised)
Crescent Australian Equity Fund (Retail)	4.0%	-5.1%	-8.6%	-5.5%	-1.2%
S&P/ASX 300	1.6%	3.3%	6.8%	6.8%	6.8%

#Returns are net of fees. *Inception Date 10 July 2011

THE CRESCENT AUSTRALIAN EQUITIES FUND POSTED A 1.8% RETURN FOR THE MONTH UNDERPERFORMING THE S&P/ASX300 RETURN OF 3.3%.

The Fund is managed in line with the AAOIFI methodology for determining Shariah Compliance. The Fund underperformed a falling S&P/ASX 300 index during the month. The Fund is managed in line with the AAOIFI methodology for determining Shariah Compliance.

Key points
Benefitted from exposure to commodity and resource stocks with BHP, RIO, Woodside Petroleum and Whitehaven Coal contributing.
Impacted by the downgrade from Murray Goulburn on the back of lower export sales of milk products. Position was sold due to potential conflicting interests between dairy farmers and shareholders. The resignation of the CEO and CFO also provides little confidence.
Fund continues to be positioned for a cyclical re-rating as risk aversion eases over time. Considerable Valuation upside evident in excess of 30%.

Portfolio changes and outlook

The Small Industrials Accumulation Index underperformed the S&P/ASX 100 by 1.1%, while the Small Resources Accumulation index outperformed the S&P/ASX100 Resources index by 1.0%. The Small Ordinaries Accumulation Index has now outperformed the S&P/ASX100 Accumulation Index by 3.6% over the last quarter and 10.7% over the year, and by 6.3% per annum over 2 years.

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We see considerable value across service companies exposed to the domestic economy across a range of sectors including IT services, waste services, childcare and salary packaging. Our largest positions include RXP Services (IT Services) Tox Free Solutions (waste management) and Smartgroup Corporation (salary packaging). We believe that the market is underestimating the resilience in the earnings of these companies such that the valuation gaps will close over time..

TOP 5 Holdings		
Company	**Industry**	**Holding**
BHP Billiton	Diversified Miner	9.3%
Rio Tinto	Diversified Miner	7.5%
Harvey Norman Holdings	Furniture & Electrical Retailer	6.1%
Woodside Petroleum	Oil & Gas Producer	3.9%
Centuria Metropolitan REIT	Suburban Office REIT	2.6%

The final sector where we are overweight is in mining services where we firmly believe it has been a case of throwing the baby out with the bathwater. We have been selective in owning stocks that have resilient balance sheets, earnings visibility, successfully diversified or intellectual property that the market is overlooking.

Our major underweights are in sectors where we believe the market has fully valued most of the stocks. Even though we believe the businesses themselves are of high quality, we believe this is more than reflected in current share prices. Hence we remain underweight healthcare, LPTs, financials and consumer discretionary.

Value Added

The fund benefitted from the following stocks:

- **BHP Billiton (+23%)** was stronger as commodity prices continue to rally .
- **RIO Tinto (+21%)** was higher on firmer commodity prices rallying through the month.
- **Woodside Petroleum (+9%)** rallied on firmer oil prices.
- **Whitehaven Coal (+18%)** was higher on a strong quarterly production report, with the company continuing to reduce costs and improve margins .
- **MACA Ltd (+22%)** acquired a road maintenance business to help bulk up its existing civil works business.

Value Detracted

- **Murray Goulburn (-47%)** announced a major downgrade due to weaker milk prices plus the resignation of both its CEO and CFO.
- **Smartgroup (-10%)** fell on little news .
- **Tox Free Solutions (-6%)** fell on little news.
- **Millenium Services (-20%)** announced the resignation of its CFO.
- Simonds Group (-26%) fell on little news.

Portfolio Actions

Stocks Added

No new stocks were added during the month.

Stocks Sold

Murray Goulburn (MGC) was sold due to the downgrade and loss of senior management raising doubts over the sustainability of the structure to serve both shareholder and dairy farmer interests..

Outlook

We expect the volatility in equity markets to be ongoing given global uncertainty around growth, the next movement in US interest rates, and Chinese financial market volatility.

Contact Us

Should you wish to speak to us about any aspects of the Crescent Wealth Performance or to obtain a copy of the Product Disclosure Statement please contact Crescent Wealth Investor Services on 1300 926 626 (within Australia) +61 2 9696 9800 (outside Australia), fax +61 2 9247 7709 or by email on info@crescentwealth.com.au.