

IFS Moderate Model – March 2019 Quarterly Report

Actual asset allocation as at 31 March 2019



- Cash 14%
- Fixed Interest 32%
- Alternative Debt 6%
- Liquid Alternatives 7%
- Australian Shares 23%
- International Shares 18%

Fund facts	
Inception date	1 December 2017
Portfolio manager	Industry Fund Services
Asset Consultant	Frontier Advisors
Recommended investment timeframe	7 years plus
Performance-related fee	0.00%
Return objective	Inflation plus 2.75% per annum, over 7 years
Risk objective	Limit negative annual returns to 1 in 5
Investment Management fee	Direct: 0.15% (cap \$5m) Indirect: 0.16% Total: 0.31%

Fund Objective

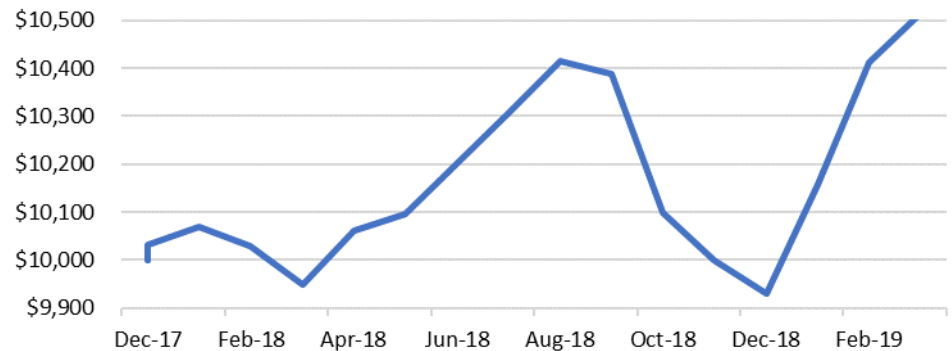
The Moderate model aims to achieve a return of inflation + 2.75% p.a. on a rolling seven-year basis. Since inception in December 2017, a notional investment of \$10,000 would now be worth \$10,514.

Performance Review

	3 Months %	1 Year %
Net return	5.89	5.69
Objective (CPI + 2.75%)	0.69	4.08

Net return is shown after investment fees and cost but before administration fees.

Growth of \$10,000



Fund Commentary

The Moderate model returned 5.89% over the March quarter, beating its objective and recouping losses associated with market turmoil during the previous quarter.

The previous quarter (December 2018) was one of the worst in years for equity markets. However, Australian equities rebounded in January. Positive half year earnings from several stocks saw this rebound accelerate into February. Global equities also had a positive quarter. Despite tensions and uncertainty remaining over several issues (US/China trade, Brexit, EU/Italy relations) the markets took a benign view of Chinese stimulus and US interest rate expectations.

Globally, bond yields fell as the US Federal Reserve indicated it did not expect to increase interest rates for the remainder of 2019. Australian bond yields also fell, with the fixed interest component of all IFS models contributing meaningful returns.

IFS Moderate Model – March 2019 Quarterly Report (continued)

Allocations

Geographic Allocation		Currency exposures	
Australia	53.65%	Australian Dollar	82.82%
United States	22.77%	US Dollar	10.99%
Japan	4.76%	Euro	1.37%
United Kingdom	2.00%	Japanese Yen	1.07%
France	2.03%	UK Pounds	0.63%

Top 5 Exposures		Top 5 Equity Exposures	
Bank certificates of deposit	11.64%	Commonwealth Bank of Australia	1.64%
Australia (Commonwealth of)	7.94%	BHP Billiton	1.51%
United States Treasury	7.24%	Westpac Banking Corporation	1.18%
Japan (Government of)	3.00%	Australia & New Zealand Banking	1.04%
Commonwealth Bank of Australia	1.64%	CSL	1.01%

Investments held

Australian Shares	23.45%
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
International Shares	17.80%
State Street International Equities Index Trust	Market cap weighted index fund (MSCI W)
State Street International Equities Index (Hedged) Trust	Market cap weighted index fund (MSCI W)
BlackRock Indexed Emerging Markets IMI Equity Fund	Market cap weighted emerging markets index fund
Alternatives	7.43%
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
Alternative Debt	5.82%
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
Fixed Interest	31.81%
State Street Australian Fixed Interest Income Trust	Low cost index fund
State Street Global Fixed Interest Income Trust	Low cost index fund
Cash	13.69%
State Street Australian Cash Trust	Actively managed domestic cash portfolio

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