

# IFS Balanced Model – June 2018 Quarterly Report

Actual asset allocation as at 30 June 2018



- Cash 9%
- Fixed Interest 38%
- Alternative Debt 4%
- Liquid Alternatives 5%
- Property 5%
- Australian Shares 22%
- International Shares 17%

### Fund facts

Inception date	1 January 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 2.25% per annum, over 5 years
Risk objective	Limit negative annual returns to 1 in 6
Investment Management fee	Direct: 0.15% (cap \$5m) Indirect: 0.15% Total: 0.30%

## Fund Objective

The Balanced model aims to achieve a return of inflation + 2.25% p.a. on a rolling five-year basis. Since inception in January 2017, a notional investment of \$10,000 would now be worth \$10,870 compared to the target of \$10,631.

## Performance Review

	3 Months %	1 year %
Net return	2.88	6.03
Objective (CPI +2.25%)	1.01	4.15

## Growth of \$10,000



## Fund Commentary

June was a solid quarter for the markets, and this is reflected in the near 3% return achieved by the Balanced portfolio.

The portfolio's defensive assets anchored it well from a risk perspective. However, the growth assets were the predominant factor in returns. Our house preference to slightly favour Australian shares over International shares paid off, with the Australian shares part of the portfolio delivering over 7% versus 4.8% for International. Our published returns do not include the additional benefit to investors from franking credits (as they have a different value to each investor, depending upon their tax circumstances). However, for a tax exempt investor, this may add around 0.3% to the 1 year return.

The portfolio has a 10% exposure to foreign currency, an allocation which has worked well over the quarter as well as over the full year. Over the quarter, currency provided approximately 0.18% additional return as the AUD weakened against major currencies.

## IFS Balanced Model – June 2018 Quarterly Report (continued)

### Allocations

Geographic Allocation		Currency exposures	
Australia	50.2%	Australian Dollar	90.0%
United States	22.9%	US Dollar	6.2%
Japan	5.7%	Euro	1.2%
United Kingdom	2.7%	Japanese Yen	0.9%
France	2.0%	UK Pound	0.7%

  

Top 5 Exposures		Top 5 Equity Exposures	
Australia (Commonwealth of)	9.9%	Commonwealth Bank of Australia	1.5%
United States Treasury	4.1%	BHP Billiton	1.3%
Japan (Government of)	1.9%	Westpac Banking Corporation	1.2%
Queensland Treasury Corp	1.6%	Australia & New Zealand Banking	0.9%
Commonwealth Bank of Australia	1.5%	CSL	0.9%

### Investments held

<b>Australian Shares</b>	<b>21.5%</b>
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Perpetual Wholesale Australian Share Fund	Value broad caps
Perpetual Wholesale Smaller Companies Fund	Value small caps
<b>International Shares</b>	<b>17.0%</b>
iShares Indexed International Equities	Market cap weighted index fund (MSCI W)
iShares Hedged Indexed International Equities	Market cap weighted index fund (MSCI W)
<b>Property</b>	<b>5.0%</b>
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
<b>Alternatives</b>	<b>5.0%</b>
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
Invesco Wholesale Global Targeted Returns Fund	Low Volatility, diversified returns
<b>Alternative Debt</b>	<b>4.0%</b>
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
<b>Fixed Interest</b>	<b>38.0%</b>
iShares Australian Bond Index Fund	Low cost index tracking fund
iShares Global Bond Index Fund	Low cost index tracking fund
<b>Cash</b>	<b>9.5%</b>
Colonial First State Wholesale Cash Fund	Actively managed domestic cash portfolio

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