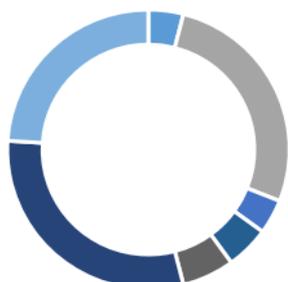


# IFS Growth Model – June 2018 Quarterly Report

Actual asset allocation as at 30 June 2018



■ Cash	4%
■ Fixed Interest	27%
■ Alternative Debt	4%
■ Liquid Alternatives	5%
■ Property	6%
■ Australian Shares	30%
■ International Shares	24%

### Fund facts

Inception date	1 July 2012
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 4
Investment Management fee	Direct: 0.15% (cap 5m) Indirect: 0.16% Total: 0.31%

## Fund Objective

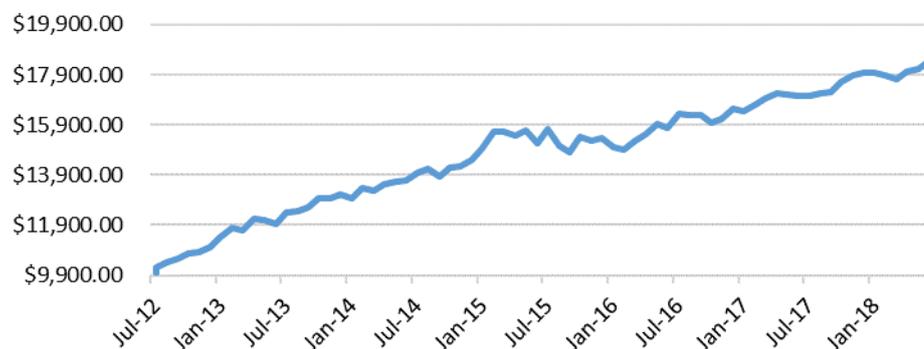
The Growth model aims to achieve a return of inflation + 2.75% p.a. on a rolling seven-year basis. Since inception in July 2012, a notional investment of \$10,000 would now be worth \$18,420 compared to the target of \$13,184.

## Performance Review

	3 Months %	1 Year %	3 Years %	5 Years %
Net return	3.84	8.02	6.72	9.03
Objective (CPI + 2.75%)	1.13	4.65	4.53	4.67
Standard deviation			5.97	6.16
<i>Standard deviation – ASX 300 index</i>			<i>10.59</i>	<i>10.79</i>

Net return is shown after investment fees and costs but before IFS Invest administration fees. Standard Deviation is a historical measure of the degree to which the portfolio's returns varied over time. The higher the standard deviation, the greater the likelihood that a portfolio's performance will fluctuate and exhibit volatility. Lower standard deviations indicate that the historical returns have been less volatile.

## Growth of \$10,000



## Fund Commentary

June was a solid quarter for the markets, and this is reflected in the near 4% return achieved by the Growth portfolio.

The portfolio's defensive assets anchored it well from a risk perspective, although they did not meaningfully contribute to returns over the quarter. However, the growth assets performed strongly, with all sectors providing a robust return. 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 0.4% to the 1 year return.

The Growth portfolio has a 15% exposure to foreign currency, an allocation which has worked well over the quarter as well as over longer time periods. Over the quarter, currency provided approximately 0.2% additional return, as the AUD weakened against major currencies.

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

### Allocations

Geographic Allocation		Currency exposures	
Australia	47.4%	Australian Dollar	85.0%
United States	25.7%	US Dollar	9.3%
Japan	5.5%	Euro	1.8%
United Kingdom	2.9%	Japanese Yen	1.3%
France	1.9%	UK Pounds	1.0%

Top 5 Exposures		Top 5 Equity Exposures	
Australia (Commonwealth of)	7.1%	Commonwealth Bank of Australia	2.1%
United States Treasury	3.1%	BHP Billiton	1.7%
Commonwealth Bank of Australia	2.1%	Westpac Banking Corporation	1.6%
BHP Billiton	1.7%	Australia & New Zealand Banking	1.3%
Westpac Banking Corporation	1.6%	CSL	1.2%

### Investments held

<b>Australian Shares</b>	<b>29.5%</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>24.0%</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>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>27.5%</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>4.0%</b>
Colonial First State Wholesale Cash Fund	Actively managed domestic cash portfolio