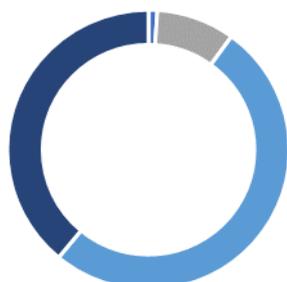


IFS High Growth Model – June 2019 Quarterly Report

Actual asset allocation as at 30 June 2019



- Cash 1%
- Property 9%
- Australian Shares 51%
- International Shares 39%

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 3.0% per annum, over 7 years

Risk objective

Limit negative annual returns to 1 in 3.5

Investment Management fee

Direct: 0.15% (cap \$5m)

Indirect: 0.12%

Total: 0.27%

Fund Objective

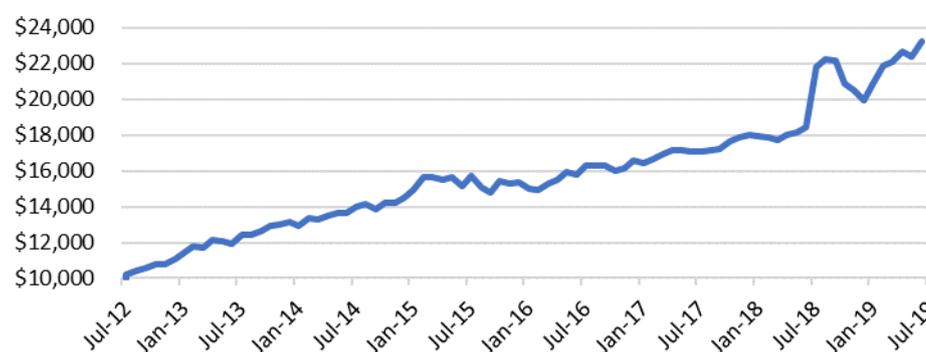
The High Growth model aims to achieve a return of inflation + 3% p.a. on a rolling seven-year basis. Since inception in July 2012, a notional investment of \$10,000 would now be worth \$23,263.

Performance Review

	3 Months %	1 Year %	3 Years %	5 Years %
Net return	5.17	8.83	11.26	9.40
Objective (CPI + 3%)	0.75	4.33	4.79	4.60
Standard deviation			8.07	9.07
<i>Standard deviation – ASX 300 index</i>			9.03	11.10

Net return is shown after investment fees and costs but before 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

The High Growth model returned 5.17% over the June quarter, significantly above its objective. Returns over the longer term have also been strong, and materially above objective in the 1, 3 and 5 year categories.

Investment markets delivered impressive returns for the 2018/19 financial year, although it was a bumpy ride. Shares fell significantly in the last three months of 2018, due to indications from the US Federal Reserve that monetary policy conditions would be tightened. US shares make up around 60% of the entire world stock market; therefore, the sharp drop in US shares had a global impact. However, the monetary policy stance was subsequently eased, which led to US shares rebounding throughout 2019. Australian shares recovered especially well, as a surge in the iron ore price also benefitted mining companies and resource stocks more generally.

Fixed Interest was also a standout, with an extraordinary 9.57% benchmark annual return for Australian bonds. Bond valuations initially rose following the drop in equity markets (the 'flight to safety' factor) in late 2018. The June quarter saw Bond prices rise dramatically after the RBA cut interest rates by 50 basis points, an outcome the market had not expected.

IFS High Growth Model – June 2019 Quarterly Report (continued)

Allocations

Geographic Allocation		Currency exposures	
Australia	50.49%	Australian Dollar	75.00%
United States	28.56%	US Dollar	13.51%
Japan	4.09%	Euro	2.54%
United Kingdom	2.53%	Japanese Yen	1.73%
France	1.58%	UK Pounds	1.22%

Top 5 Exposures		Top 5 International Exposures	
Commonwealth Bank of Australia	3.78%	Apple	0.83%
BHP Billiton	3.17%	Microsoft	0.87%
Westpac Banking Corporation	2.58%	Alphabet	0.59%
Australia & New Zealand Banking	2.23%	Amazon	0.70%
CSL Ltd	2.21%	Simon Property Group	0.41%

Investments held

Australian Shares	51%
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
International Shares	39%
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
Property	9%
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
Cash	1%
State Street Australian Cash Trust	Actively managed domestic cash portfolio