

# IFS Income Plus Model – March 2019 Quarterly Report

# Actual asset allocation as at 31 March 2019



■ Cash	15%
■ Fixed Interest	49%
Alternative Debt	4%
<ul><li>Liquid Alternatives</li></ul>	4%
■ Property	4%
<ul><li>Australian Shares</li></ul>	13%
<ul> <li>International Shares</li> </ul>	11%

#### **Fund facts**

#### Inception date

1 July 2012

#### Portfolio manager

**Industry Fund Services** 

#### **Asset Consultant**

Frontier Advisors

# Recommended investment timeframe

5 years plus

#### Performance-related fee

0.00%

#### Return objective

Inflation plus 2.0% per annum, over 5 years

#### Risk objective

Limit negative annual returns to 1 in 10

#### Investment Management fee

Direct: 0.15% (cap \$5m)

Indirect: 0.12% Total: 0.27%

### **Fund Objective**

The Income Plus model aims to achieve a return of inflation + 2% p.a. on a rolling five-year basis. Since inception in July 2012, a notional investment of \$10,000 would now be worth \$15,878.

#### Performance Review

	3 Months %	1 Year %	3 Years %	5 Years %
Net return	4.89	5.84	5.12	5.89
Objective (CPI + 2%)	0.50	3.33	3.79	3.60
Standard deviation			2.77	3.48
Standard deviation – ASX 300 index			9.25	11.03

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 Income Plus model returned 4.89% 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 except 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 Income Plus Model – March 2019 Quarterly Report (continued)

#### Allocations

Geographic Allocation	
Australia	53.84%
United States	21.25%
Japan	6.09%
United Kingdom	2.18%
France	2.44%

Currency exposures	
Australian Dollar	91.17%
US Dollar	5.57%
Euro	0.68%
Japanese Yen	0.53%
UK Pounds	0.31%

Top 5 Exposures	
Bank certificates of deposit	13.43%
Australia (Commonwealth of)	12.22%
United States Treasury	9.92%
Japan (Government of)	4.61%
Qld Treasury Corp	2.09%

Top 5 Equity Exposures	
Commonwealth Bank of Australia	0.93%
BHP Billiton	0.85%
Westpac Banking Corporation	0.67%
Australia & New Zealand Banking	0.59%
CSL	0.57%

#### Investments held

Australian Shares	13.21%
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
International Shares	10.65%
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	4.18%
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
Alternatives	3.94%
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
Alternative Debt	3.86%
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
Fixed Interest	48.58%
State Street Australian Fixed Interest Income Trust	Low cost index fund
State Street Global Fixed Interest Income Trust	Low cost index fund
Cash	15.58%
State Street Australian Cash Trust	Actively managed domestic cash portfolio

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