

# IFS Income Plus Model – March 2019 Quarterly Report

Actual asset allocation as at 31 March 2019



■ Cash	15%
■ Fixed Interest	49%
■ Alternative Debt	4%
■ Liquid Alternatives	4%
■ Property	4%
■ Australian Shares	13%
■ International Shares	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

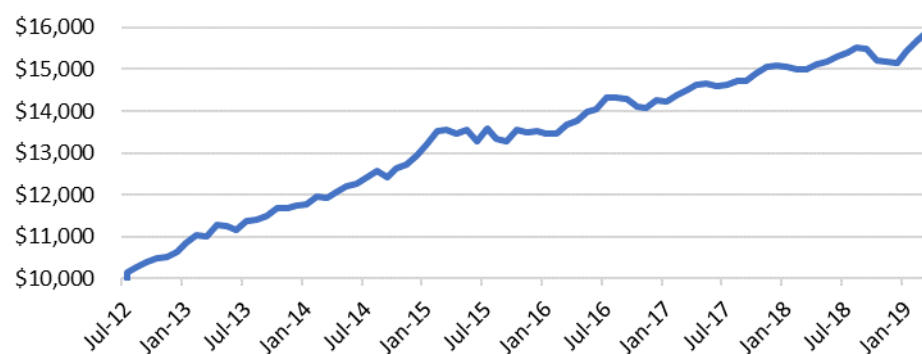
The Income Plus model aims to achieve a return of inflation + 2% p.a. on a rolling five-year basis. Since inception in July 2012, a notional investment of \$10,000 would now be worth \$15,878.

## 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 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 Income Plus Model – March 2019 Quarterly Report (continued)

### Allocations

Geographic Allocation		Currency exposures	
Australia	53.84%	Australian Dollar	91.17%
United States	21.25%	US Dollar	5.57%
Japan	6.09%	Euro	0.68%
United Kingdom	2.18%	Japanese Yen	0.53%
France	2.44%	UK Pounds	0.31%

Top 5 Exposures		Top 5 Equity Exposures	
Bank certificates of deposit	13.43%	Commonwealth Bank of Australia	0.93%
Australia (Commonwealth of)	12.22%	BHP Billiton	0.85%
United States Treasury	9.92%	Westpac Banking Corporation	0.67%
Japan (Government of)	4.61%	Australia & New Zealand Banking	0.59%
Qld Treasury Corp	2.09%	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