

# IFS Moderate Model – September 2018 Quarterly Report

Actual asset allocation as at 30 September 2018



■ Cash	14%
■ Fixed Interest	30%
■ Alternative Debt	6%
■ Liquid Alternatives	10%
■ Australian Shares	23%
■ International Shares	17%

### Fund facts

Inception date	1 December 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 2.75% per annum, over 7 years
Risk objective	Limit negative annual returns to 1 in 5
Investment Management fee	Direct: 0.15% (cap \$5m) Indirect: 0.19% Total: 0.34%

## Fund Objective

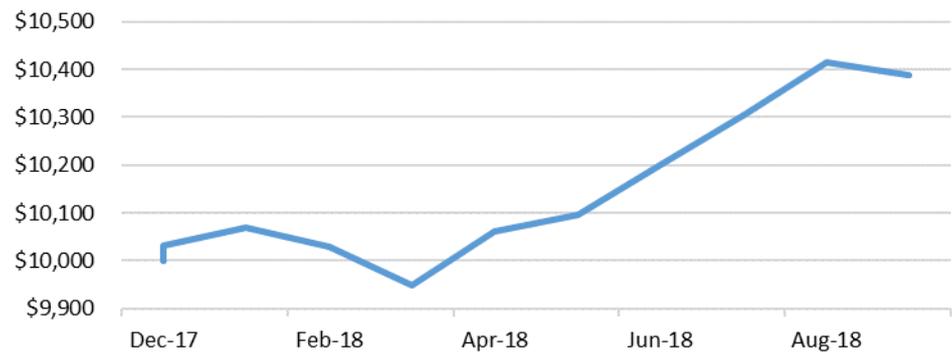
The Moderate model aims to achieve a return of inflation + 2.75% p.a. on a rolling seven-year basis. Since inception in December 2017, a notional investment of \$10,000 would now be worth \$10,388. The model has not been in operation long enough to have made meaningful progress toward its investment objectives.

## Performance Review

	3 Months %
Net return	4.42
Objective (CPI + 2.75%)	5.01

Net return is shown after investment fees and cost but before administration fees. 12 month performance will be illustrated for the December 2018 quarter.

## Growth of \$10,000



## Fund Commentary

The September started off along the same trend as previous quarters, delivering robust returns across most market sectors. This is reflected in the quarterly return for the Cautious portfolio of over 1.8%.

The portfolio has 55% of its equities in Australian shares (the other 45% being in International shares). This positioning failed to pay off during the September quarter, with the Australian market lagging major overseas markets. However, the benefit of franking credits (not included in our published returns) is a compelling factor for most of our investors, together with the expected volatility benefits of blending domestic and international equities.

## IFS Moderate Model – September 2018 Quarterly Report (continued)

## Allocations

Geographic Allocation		Currency exposures	
Australia	51.7%	Australian Dollar	90.0%
United States	20.7%	US Dollar	6.2%
Japan	4.8%	Euro	1.2%
United Kingdom	2.2%	Japanese Yen	0.9%
France	1.8%	UK Pounds	0.7%

Top 5 Exposures		Top 5 Equity Exposures	
Australia (Commonwealth of)	7.8%	Commonwealth Bank of Australia	1.6%
United States Treasury	3.6%	BHP Billiton	1.3%
Westpac Bank NCD	2.0%	Westpac Banking Corporation	1.2%
National Australia Bank NCD	1.8%	Australia & New Zealand Banking	1.0%
Commonwealth Bank of Australia	1.6%	CSL	0.9%

## Investments held

<b>Australian Shares</b>	<b>22.9%</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>17.55%</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>9.91%</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>5.95%</b>
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
<b>Fixed Interest</b>	<b>29.66%</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>14.03%</b>
Colonial First State Wholesale Cash Fund	Actively managed domestic cash portfolio