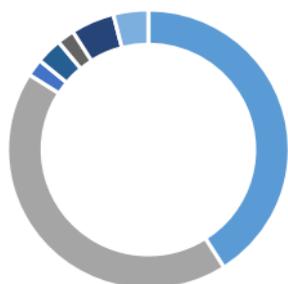


# IFS Secure Model – June 2018 Quarterly Report

Actual asset allocation as at 30 June 2018



- Cash 41%
- Fixed Interest 43%
- Alternative Debt 2%
- Liquid Alternatives 3%
- Property 2%
- Australian Shares 5%
- International Shares 4%

### 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 1.5% per annum, over 5 years

Risk objective

Limit negative annual returns to 1 in 50

Investment Management fee

Direct: 0.15% (cap 5m)

Indirect: 0.11%

Total: 0.26%

## Fund Objective

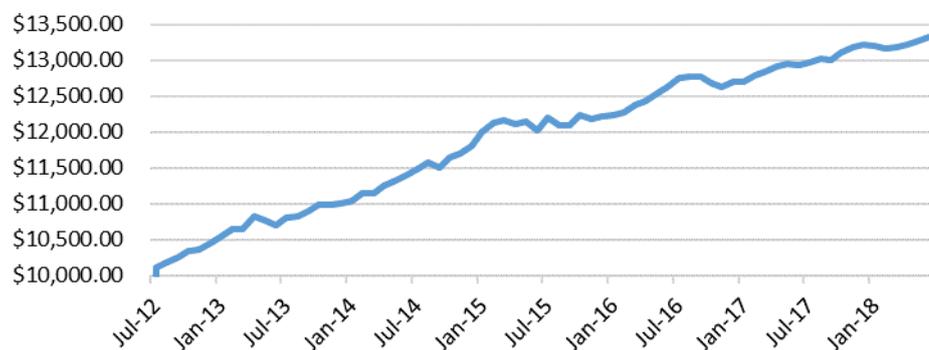
The Income Plus model aims to achieve a return of inflation + 1.5% p.a. on a rolling five-year basis. Since inception in July 2012, a notional investment of \$10,000 would now be worth \$13,331 compared to the target of \$12,252.

## Performance Review

	3 Months %	1 Year %	3 Years %	5 Years %
Net return	1.04	3.02	3.49	4.48
Objective (CPI + 1.5%)	0.82	3.40	3.28	3.42
Standard deviation			1.66	1.89
Standard deviation – ASX 300 index			10.59	10.79

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 1% return achieved by the Secure portfolio.

The portfolio has a 41% allocation to cash and a 43% exposure to fixed interest. In the current low interest rate environment, it will be difficult to repeat the strong returns the portfolio has achieved over the longer term. However, the cash component has performed relatively well, driven by allocations to negotiable certificates of deposit which have outperformed the cash reference (the bank bill swap rate). The volatility of returns has also continued to be low, an important consideration in a defensive portfolio such as IFS Secure.

The Secure portfolio has a low (13%) allocation to growth assets, however growth assets did contribute meaningfully to returns over the quarter. Standouts were Australian Shares and International Property, both returning over 7%. The slight preference to Australian over International shares helped, as the Australian market delivered a noticeably higher return over the course of the June quarter.

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

### Allocations

Geographic Allocation		Currency exposures	
Australia	67.6%	Australian Dollar	100.0%
United States	13.4%	US Dollar	-
Japan	4.5%	Euro	-
United Kingdom	1.7%	Japanese Yen	-
France	1.6%	UK Pounds	-

Top 5 Exposures		Top 5 Equity Exposures	
Australia (Commonwealth of)	11.0%	Commonwealth Bank of Australia	0.4%
Westpac Bank NCD	6.1%	BHP Billiton	0.3%
National Australia Bank NCD	5.6%	Westpac Banking Corporation	0.3%
ANZ Bank NCD	4.8%	Australia & New Zealand Banking	0.2%
United States Treasury	4.3%	CSL	0.2%

### Investments held

<b>Australian Shares</b>	<b>5.3%</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>4.3%</b>
iShares Hedged Indexed International Equities	Market cap weighted index fund (MSCI W)
<b>Property</b>	<b>2.0%</b>
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
<b>Alternatives</b>	<b>3.0%</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>2.0%</b>
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
<b>Fixed Interest</b>	<b>42.5%</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>41.0%</b>
Colonial First State Wholesale Cash Fund	Actively managed domestic cash portfolio