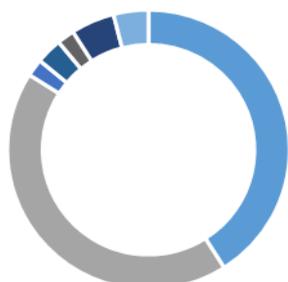


IFS Secure Model – September 2018 Quarterly Report

Actual asset allocation as at 30 Sep 2018



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

Fund Objective

The Secure 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 \$13,422.17.

Performance Review

	3 Months %	1 Year %	3 Years %	5 Years %
Net return	0.68	3.13	3.53	4.26
Objective (CPI + 1.5%)	0.73	3.58	3.18	3.41
<i>Standard deviation</i>			1.42	1.88
<i>Standard deviation – ASX 300 index</i>			8.97	10.59

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 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 Commentary

The September started off along the same trend as previous quarters, delivering robust returns across most market sectors. However, defensive sectors lagged with (for example) international bonds recording a flat return for the quarter. The highly defensive nature of the Secure portfolio was therefore an impediment to a strong return, but nonetheless an outcome of 0.68% represents a solid premium over pure defensive assets such as cash or a diversified portfolio of government bonds.

The Secure model commenced nearly 5 and a half years ago. In that time, it is pleasing to note that it has never generated negative returns.

IFS Secure Model – September 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

Australian Shares	5.23%
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
International Shares	4.03%
iShares Hedged Indexed International Equities	Market cap weighted index fund (MSCI W)
Property	2.12%
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
Alternatives	2.98%
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
Invesco Wholesale Global Targeted Returns Fund	Low Volatility, diversified returns
Alternative Debt	1.96%
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
Fixed Interest	42.59%
iShares Australian Bond Index Fund	Low cost index tracking fund
iShares Global Bond Index Fund	Low cost index tracking fund
Cash	41.09%
Colonial First State Wholesale Cash Fund	Actively managed domestic cash portfolio