IFS Balanced Model – March 2019 Quarterly Report

Actual asset allocation as at 31 March 2019



Cash	9%
Fixed Interest	38%
Alternative Debt	4%
Liquid Alternatives	5%
Property	5%
Australian Shares	22%
International Shares	17%

Fund facts

Inception date

1 January 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 2.25% per annum, over 5 years

Risk objective

Limit negative annual returns to 1 in 6

Investment Management fee

Direct: 0.15% (cap \$5m) Indirect: 0.13% Total: 0.28%

Fund Objective

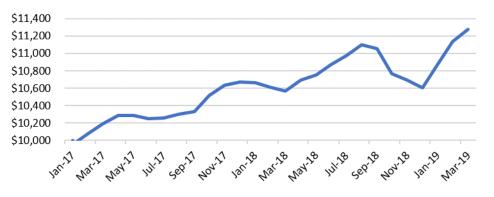
The Balanced model aims to achieve a return of inflation + 2.25% p.a. on a rolling five-year basis. Since inception in January 2017, a notional investment of \$10,000 would now be worth \$11,274.

Performance Review

	3 Months %	1 Year %	2 Year %
Net return	6.32	6.72	5.20
Objective (CPI +2.25%)	0.56	3.58	3.87

Net return is shown after investment fees and costs but before administration fees. 12 month performance will be illustrated for the March 2019 quarter.

Growth of \$10,000



Fund Commentary

The Balanced model returned 6.32% 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.







Allocations

Geographic Allocation	
Australia	50.68%
United States	24.05%
Japan	5.76%
United Kingdom	2.31%
France	2.25%

Top 5 Exposures

Australia (Commonwealth of)	9.67%
United States Treasury	8.13%
Bank certificates of deposit	7.61%
Japan (Government of)	3.65%
QLD Treasury Corp	1.65%

Currency exposures	
Australian Dollar	85.21%
US Dollar	9.13%
Euro	1.23%
Japanese Yen	0.95%
UK Pound	0.59%

Top 5 Equity Exposures	
Commonwealth Bank of Australia	1.50%
BHP Billiton	1.38%
Westpac Banking Corporation	1.08%
Australia & New Zealand Banking	0.95%
CSL	0.93%

Investments held

Australian Shares	21.45%
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
International Shares	16.83%
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	5.23%
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
Alternatives	4.92%
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	38.46%
State Street Australian Fixed Interest Income Trust	Low cost index fund
State Street Global Fixed Interest Income Trust	Low cost index fund
Cash	9.25%
State Street Australian Cash Trust	Actively managed domestic cash portfolio

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