

# 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

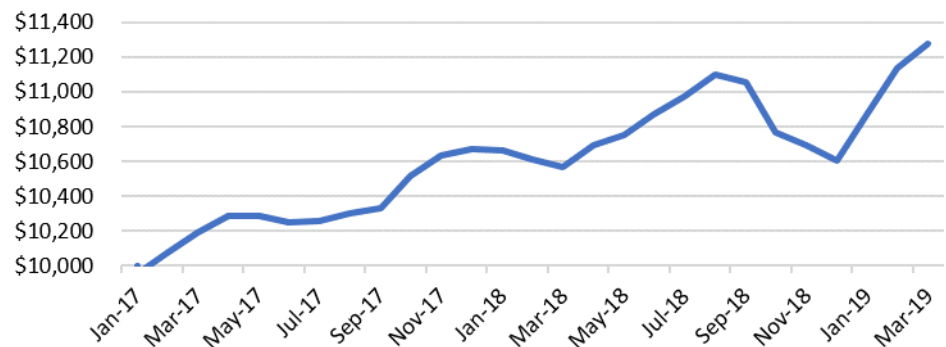
The Balanced model aims to achieve a return of inflation + 2.25% p.a. on a rolling five-year basis. Since inception in January 2017, a notional investment of \$10,000 would now be worth \$11,274.

## 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 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 Balanced Model – March 2019 Quarterly Report (continued)

### Allocations

Geographic Allocation		Currency exposures	
Australia	50.68%	Australian Dollar	85.21%
United States	24.05%	US Dollar	9.13%
Japan	5.76%	Euro	1.23%
United Kingdom	2.31%	Japanese Yen	0.95%
France	2.25%	UK Pound	0.59%

Top 5 Exposures		Top 5 Equity Exposures	
Australia (Commonwealth of)	9.67%	Commonwealth Bank of Australia	1.50%
United States Treasury	8.13%	BHP Billiton	1.38%
Bank certificates of deposit	7.61%	Westpac Banking Corporation	1.08%
Japan (Government of)	3.65%	Australia & New Zealand Banking	0.95%
QLD Treasury Corp	1.65%	CSL	0.93%

### Investments held

<b>Australian Shares</b>	<b>21.45%</b>
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
<b>International Shares</b>	<b>16.83%</b>
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
<b>Property</b>	<b>5.23%</b>
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
<b>Alternatives</b>	<b>4.92%</b>
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
<b>Alternative Debt</b>	<b>3.86%</b>
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
<b>Fixed Interest</b>	<b>38.46%</b>
State Street Australian Fixed Interest Income Trust	Low cost index fund
State Street Global Fixed Interest Income Trust	Low cost index fund
<b>Cash</b>	<b>9.25%</b>
State Street Australian Cash Trust	Actively managed domestic cash portfolio