

IFS Balanced Model – September 2018 Quarterly Report

Actual asset allocation as at 30 June 2018



■ Cash	10%
■ Fixed Interest	38%
■ Alternative Debt	4%
■ Liquid Alternatives	5%
■ Property	5%
■ Australian Shares	21%
■ 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: 0.15% Total: 0.30%

Fund Objective

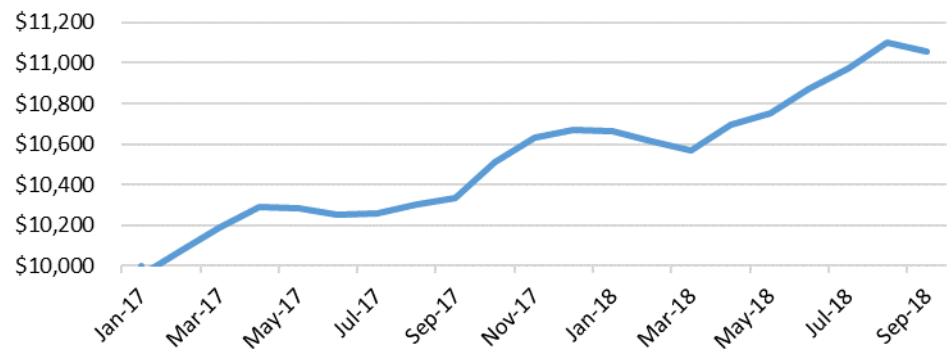
The Balanced model aims to achieve a return of inflation + 2.25% p.a. on a rolling five-year basis. Since inception in January 2017, a notional investment of \$10,000 would now be worth \$11,056.

Performance Review

	3 Months %	1 year %
Net return	1.72	7.02
Objective (CPI +2.25%)	0.92	4.33

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

Growth of \$10,000



Fund Commentary

September was a solid quarter, performing in line with the benchmark. Since inception in early 2017, the portfolio has delivered a healthy margin over its long-term objective (5.91% versus 4.06%).

Performance was aided by a strategic exposure of 10% to foreign currency via its exposure to unhedged international equities. This added 0.18% to the quarterly return and 0.79% to the 1 year return.

IFS Balanced Model – September 2018 Quarterly Report (continued)

Allocations

Geographic Allocation		Currency exposures	
Australia	50.2%	Australian Dollar	90.0%
United States	22.9%	US Dollar	6.2%
Japan	5.7%	Euro	1.2%
United Kingdom	2.7%	Japanese Yen	0.9%
France	2.0%	UK Pound	0.7%

Top 5 Exposures		Top 5 Equity Exposures	
Australia (Commonwealth of)	9.9%	Commonwealth Bank of Australia	1.5%
United States Treasury	4.1%	BHP Billiton	1.3%
Japan (Government of)	1.9%	Westpac Banking Corporation	1.2%
Queensland Treasury Corp	1.6%	Australia & New Zealand Banking	0.9%
Commonwealth Bank of Australia	1.5%	CSL	0.9%

Investments held

Australian Shares	21.41%
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	16.87%
iShares Indexed International Equities	Market cap weighted index fund (MSCI W)
iShares Hedged Indexed International Equities	Market cap weighted index fund (MSCI W)
Property	5.3%
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
Alternatives	4.97%
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
Invesco Wholesale Global Targeted Returns Fund	Low Volatility, diversified returns
Alternative Debt	3.9%
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
Fixed Interest	38.05%
iShares Australian Bond Index Fund	Low cost index tracking fund
iShares Global Bond Index Fund	Low cost index tracking fund
Cash	9.5%
Colonial First State Wholesale Cash Fund	Actively managed domestic cash portfolio