

IFS Cautious Model – March 2019 Quarterly Report

Actual asset allocation as at 31 March 2019



■ Cash	29%
■ Fixed Interest	34%
Alternative Debt	5%
Liquid Alternatives	5%
Australian Shares	159
 International Shares 	129

Fund facts

Inception date

1 December 2017

Portfolio manager

Industry Fund Services

Asset Consultant

Frontier Advisors

Recommended investment timeframe

5 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 10

Investment Management fee

Direct: 0.15% (cap \$5m)

Indirect: 0.14% Total: 0.29%

Fund Objective

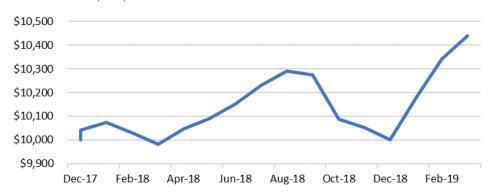
The Cautious model aims to achieve a return of inflation + 2.25% p.a. on a rolling five-year basis. Since inception in December 2017, a notional investment of \$10,000 would now be worth \$10,439.

Performance Review

	3 Months %	1 Year %
Net return	4.39	4.58
Objective (CPI +2.25%)	0.56	3.58

Net return is shown after investment fees and costs but before administration fees.

Growth of \$10,000



Fund Commentary

The Cautious model returned 4.39% 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.



IFS Cautious Model – March 2019 Quarterly Report (continued)

Allocations

Geographic Allocation		Currency exposures	
Australia	62.24%	Australian Dollar	95.21%
United States	18.43%	US Dollar	3.83%
Japan	4.46%	Euro	-
United Kingdom	1.74%	Japanese Yen	-
France	1.92%	UK Pound	-

Top 5 Exposures	
Bank certificates of deposit	25.97%
Australia (Commonwealth of)	8.53%
United States Treasury	7.31%
Japan (Government of)	3.22%
Floating Rate Notes	2.77%

Top 5 Equity Exposures	
Commonwealth Bank of Australia	1.05%
BHP Billiton	0.97%
Westpac Banking Corporation	0.75%
Australia & New Zealand Banking	0.66%
CSL	0.65%

Investments held

Australian Shares	15.08%
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
International Shares	11.43%
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
Alternatives	4.96%
Pinebridge Global Dynamic Asset Allocation Fund	Global Multi Asset, growth oriented
Alternative Debt	4.86%
T. Rowe Price Dynamic Global Bond Fund	Low duration, active bonds
Fixed Interest	34.18%
State Street Australian Fixed Interest Income Trust	Low cost index fund
State Street Global Fixed Interest Income Trust	Low cost index fund
Cash	29.49%
State Street Australian Cash Trust	Actively managed domestic cash portfolio

This document is prepared and published by Industry Fund Services ABN 54 007 016 195, AFSL 232514 (IFS) as the promoter and distributor of ifsinvest. Part performance is not an indicator of future performance. IFS believe the information contained in this document is based on reliable information; no warranty is given as to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Any opinions and forecasts reflect the judgment and assumptions of IFS and its representative on the basis of information at the date of publication and may later change without notice. This material is of a general nature only. It has been prepared without considering your personal objectives, financial situation or needs. We recommend you should assess your own financial situation, seek professional advice and read any Product Disclosure Statements (PDS) applicable before making any investment decisions or taking any action based on this Quarterly Report. The PDS is available at www.ifsinvest.com.au or by calling 1300 734 496. No part of this material may be reproduced or disclosed, in whole or in part, without the prior written consent of Industry Fund Services