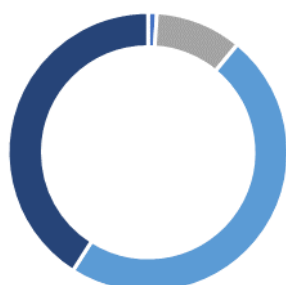


IFS High Growth Model – December 2019 Quarterly Report

Actual asset allocation as at 31 December 2019



- Cash 1%
- Property 10%
- Australian Shares 48%
- International Shares 41%

Fund facts

Inception date

1 July 2012

Portfolio manager

Industry Fund Services

Asset Consultant

Frontier Advisors

Recommended investment timeframe

7 years plus

Performance-related fee

0.00%

Return objective

Inflation plus 3.0% per annum, over 7 years

Risk objective

Limit negative annual returns to 1 in 3.5

Investment Management fee

Direct: 0.15% (cap \$5m)

Indirect: 0.12%

Total: 0.27%

Fund Objective

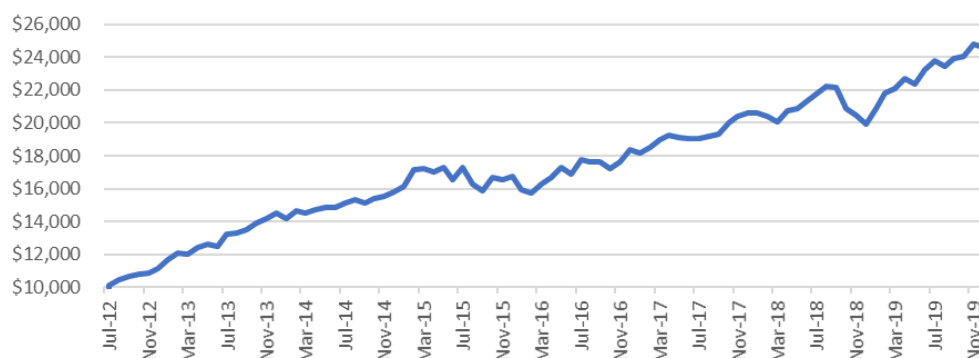
The High Growth model aims to achieve a return of inflation + 3% p.a. on a rolling seven-year basis. Since inception in July 2012, a notional investment of \$10,000 would now be worth \$24,581.

Performance Review

	3 Months %	1 Year %	3 Years %	5 Years %
Net return	2.69	23.42	10.19	9.22
Objective (CPI + 3%)	1.27	4.67	4.80	4.64
Standard deviation			7.50	9.18
<i>Standard deviation – ASX 300 index</i>			8.47	10.64

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 Commentary

The model beat its investment objective for the quarter, as well as for the year.

Since suffering a correction in the last few months of 2018, equity markets (both local and overseas) have rebounded with aplomb. This recovery continued in the last quarter of 2019, with Australian shares clocking up over 23% for 2019 (measured by the ASX 200 index) and overseas shares performing to an even higher extent, returning 26.8% in AUD terms for developed world equities. Fixed interest has also delivered, with returns over 7% for the year. In many respects, the strong returns are understandable. The economy has remained out of recession with unemployment still low; demand for commodities has been resilient; interest rates are at historic lows and expected to stay that way. The political risks (or at least the perception of them), which have formed a backdrop to economic growth in recent years, appear to have receded a little. On the downside, with equity valuations now relatively high, volatility may be higher than in 2019. Markets are likely to react to a greater degree if expected earnings are missed or if governments are perceived to have made policy mis-steps.

IFS High Growth Model – December 2019 Quarterly Report (continued)

Allocations

Geographic Allocation		Currency exposures	
Australia	50.36%	Australian Dollar	75.00%
USA	28.76%	US Dollar	13.61%
Japan	4.18%	Euro	4.20%
UK	2.53%	Japanese Yen	1.76%
France	1.40%	UK Pounds	1.18%

Top 5 Exposures		Top 5 International Exposures	
Commonwealth Bank of Australia	3.44%	Apple	1.09%
BHP Billiton	2.97%	Microsoft	0.93%
Westpac Banking Corporation	2.26%	Alphabet	0.67%
CSL Ltd	2.79%	Amazon	0.64%
ANZ Bank	1.89%	Facebook	0.40%

Investments held

Australian Shares	48.55%
State Street Australian Equity Index Trust	Market cap weighted index fund (ASX 200)
Schroders Equity Opportunity Fund	Active broad cap fund
International Shares	40.69%
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	9.80%
Macquarie Hedged Index Global Real Estate	Market cap weighted index fund (FTSE/EPRA)
Cash	0.96%
State Street Australian Cash Trust	Actively managed domestic cash portfolio