

Investment Growth Bond

Monthly performance report as at 31 August 2017



Investment options	Investment option code	APIR code	Inception date	Fund size (\$m)	Unit price (\$)	Return for specified period (%)			Compound annual returns (%)			Asset allocation (%)					
						3 mths	6 mths	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Australian shares	Global shares	Listed property	Alternatives ¹	Fixed interest	Cash
Open investment options																	
NC - Cash	3NCS	CML0850AU	18-Mar-13	24.8	1.0507	0.21	0.44	0.91	1.10	-	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	3NFI	CML0851AU	18-Mar-13	7.4	1.1032	-0.11	1.11	-0.39	1.93	-	-	-	-	-	-	99.1	0.9
NC - Conservative	3NCO	CML0855AU	18-Mar-13	56.6	1.1515	0.01	1.34	1.91	2.72	-	-	10.1	10.6	-	9.4	34.7	35.2
NC - Diversified	3NDI	CML0856AU	18-Mar-13	52.0	1.1810	-0.12	1.57	3.08	3.34	-	-	18.7	18.7	-	9.5	22.1	31.0
NC - Balanced	3NBA	CML0857AU	18-Mar-13	31.6	1.2842	-0.26	2.14	4.73	4.51	-	-	29.0	29.5	-	16.1	8.4	17.0
NC - Growth	3NGR	CML0858AU	18-Mar-13	18.1	1.3117	-0.35	2.32	5.62	4.80	-	-	34.0	33.8	-	14.6	0.0	17.6
NC - Global Property	3NPR	CML0852AU	18-Mar-13	3.1	1.2614	1.06	-0.78	-0.80	4.52	-	-	-	-	100.0	-	-	-
NC - Australian Shares	3NAU	CML0853AU	18-Mar-13	14.9	1.2494	-0.07	0.95	5.12	3.48	-	-	99.3	-	-	-	-	0.7
NC - International Shares	3NIN	CML0854AU	18-Mar-13	6.8	1.4898	-1.82	4.96	9.87	7.30	-	-	-	99.3	-	-	-	0.7
Closed investment options²																	
Consensus Stable Fund	3CST	LGL0026AU	13-Aug-96	0.1	2.0575	-0.03	1.22	1.62	2.41	3.31	2.72	10.7	11.2	-	11.5	35.1	31.5
Consensus Managed Fund	3CMG	LGL0018AU	13-Aug-96	0.2	2.8212	-0.30	2.00	4.38	4.30	6.59	3.24	28.8	28.9	-	16.0	8.3	18.0
Stable Fund	3STB	LGL0205AU	1-Aug-89	106.7	2.6833	-0.07	1.18	1.60	2.41	3.31	2.60	10.1	10.6	-	9.4	34.7	35.2
Managed Fund	3MGD	LGL0206AU	1-May-84	96.6	5.3634	-0.33	1.97	4.35	4.17	6.37	3.30	29.0	29.5	-	16.1	8.4	17.0
Capital Guaranteed Fund	1ORD	LGL0201AU	1-Dec-87	6.1*	2.6657	0.74	1.47	2.82	3.15	3.23	3.22	2.5	7.6	-	8.3	70.8	10.8
Capital Guaranteed Cash Fund	3CSH	LGL0202AU	1-May-84	55.1	3.3039	0.10	0.23	0.48	0.67	0.77	1.61	-	-	-	-	-	100.0
Fixed Interest Fund	3FIX	LGL0203AU	1-Aug-89	40.6	3.1068	-0.18	0.92	-0.80	1.50	1.93	3.02	-	-	-	-	99.1	0.9
Property Fund	3PRP	LGL0204AU	1-Aug-89	14.5	3.8780	1.16	-0.89	-1.05	4.43	5.90	1.53	-	-	100.0	-	-	-
Australian Equities Fund	3EQY	LGL0207AU	1-Aug-89	68.2	5.9127	-0.17	0.75	4.70	3.04	6.79	2.75	99.3	-	-	-	-	0.7
International Equities Fund	3INT	LGL0208AU	1-Aug-89	21.5	3.8301	-1.94	4.65	9.36	6.90	9.98	3.47	-	99.3	-	-	-	0.7

¹ These are investments in non-traditional sectors, such as private equity, direct property and infrastructure investments.

² These options are no longer available to new investors.

* The fund size is only calculated on a six monthly basis as at 30 June and 31 December each year.

Using the 125% rule to grow your investment

Did you know that you can keep topping up your Investment Growth Bond each year? Each year, you can invest up to 125% of the previous year's contribution amount (based on your policy anniversary date) without impacting the tax status of your policy. If you hold your policy for 10 years without breaking the 125% rule, your withdrawal will not be subject to personal tax. To top up, you can make a contribution via BPay or by sending us a cheque. For more information, call us on 1800 624 100 between 8.30 am - 6 pm (Sydney time), Monday to Friday.

Notes for investment performance:

Past performance is not indicative of future performance.

Performance figures (returns) are based on the unit prices as at the date quoted, which are calculated net of investment management fees and taxes (but exclude all other fees). Returns are assumed to be reinvested. Returns are only provided where the investment option was offered through this product, for the whole of the specified period.

This information has been prepared for general information only, not having regard to any person's objectives, financial situation or needs. Because of this, you should consider the appropriateness of the information having regard to your own objectives, financial situation and needs. Before making a decision to act upon any of this information, professional advice specific to your individual circumstances is recommended.

The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA) is a wholly owned but non-guaranteed subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945.

Commonwealth Bank of Australia and (except to the extent expressly stated otherwise in the relevant product brochures) its subsidiaries do not guarantee or in any way stand behind the performance of the Investment Growth Bond, or the repayment of capital or interest by CMLA. Investments in the products listed in the Investment Growth Bond are not deposits or other liabilities of Commonwealth Bank of Australia or its subsidiaries (other than CMLA), and investment-type products are subject to investment risk including possible delays in repayment and loss of income and principal invested.

Financial markets commentary:

The Reserve Bank of Australia (RBA) Board met on the 1st of August and as expected left the official cash rate on hold at 1.5%. Official cash rate has been on hold since August 2016. The RBA continues to focus on the key risks of the economy for their monetary policy decisions; the outlook for inflation, the labour market strength and household financial stability. There was a move into safe haven currencies due to the escalation of geopolitical risks with North Korea's missile testing and rhetoric from US President Trump. In August, the Australian dollar rose 1.5% against the British sterling and 3.9% against the New Zealand dollar. But it fell against the US Dollar (-0.7%), Euro (-1.2%) and Japanese Yen (-1.0%).

The S&P/ASX 200 Accumulation Index returned 0.7% during August, finishing relatively flat for the third consecutive month. As it was last month, there was significant divergence in performance between industry sectors. The market's best performers were Energy (+5.7%), Materials (+4.4%), Industrials (+4.6%) and Consumer Staples (+5.3%). The worst performing sector was Telcos (-7.4%) following double digit losses from Telstra after its dividend cut announcement. Financials fell (-2.2%) due to weaker-than-expected results from general insurers and also CBA being under investigation by AUSTRAC and APRA.

The S&P ASX 200 A-REIT index finished August up 1.3% and outperformed the S&P/ASX 200 by 0.6%. The A-REIT index was up as much as 3.3% in August following positive earnings results announced early in the month and the market's interpretation of the Reserve Bank Board's recent minutes that any interest rate hike is still a while away. However, the index gave back some strong returns later in the month following disappointing results from larger cap stocks such as Scentre Group and Goodman Group. Outside of Australia, the FTSE EPRA/NAREIT Developed Index (TR) fell -0.5% over the month in USD terms, while New Zealand was the worst performing market in USD terms. The UK, Japan and United States were also all down in USD terms (-3.0%, -2.9% and -1.0% respectively). Hong Kong was the strongest performer return a rare positive result of +3.4% in USD terms.

Global equity markets finished relatively flat for August after being weighed down by the Northern Hemisphere summer break and rising geopolitical tensions with North Korea. The MSCI World Index fell by 0.1% in USD terms but rose 0.6% in AUD terms. In the US, S&P500 (+0.1%), the Dow Jones (+0.3%) and the NASDAQ (+1.3%) produced positive results with NASDAQ outperforming on the back of strong gains in Apple (+10.7%). In Europe, equity markets were mixed with France (-0.2%), Germany (-0.5%) and Spain (-1.9%) falling following strength in the euro. In the UK, the FTSE100 rose 0.8% despite Brexit negotiation concerns, while Italy rose 0.9%.

The US Federal Reserve Open Market Committee (FOMC) did not meet in August, with the next meeting scheduled for 19-20 September 2017. The broad market expectation for this upcoming meeting is rates to be left on hold with the focus on unwinding of the Fed's \$US4.5 trillion balance sheet. The European Central Bank (ECB) did not meet in August with the next meeting scheduled for 7 September 2017.

Since the spike in bond yields toward the end of June, which were driven by perception of co-ordinated action by global central banks, there has been a downtrend in bond yields that has continued through August. This downtrend was helped along by investors moving to safe-haven bonds due to geopolitical unrest from North Korea. Also impacting markets in the month were concerns around potential for a lack of any positive fiscal reform in the US and as the debt ceiling deadline approaches. The 10-year government bond yields traded towards the bottom of the range for 2017 globally. UK gilts were down 20 bps to 1.03% in August, while US treasuries and German bunds were both down 18 bps to 2.12% and 0.36% respectively. Australia was the only market to increase in yields, up 4 bps to 2.71%, due to decoupling with offshore yields and positive business investment data toward month end.

Global investment grade credit spreads widened slightly in the month given the risk off market environment following geopolitical tension in North Korea and concerns over the future of US fiscal policy reforms. The Bloomberg Barclays Global Aggregate Corporate Index average spread moved 7bps wider to 1.09%. US credit moved 6bps wider with the Bloomberg Barclays US Aggregate Corporate Index average spread closing at 1.04%. In Europe, the spread of the Bloomberg Barclays European Aggregate Corporate Index was 7bps wider to 0.99%. US high yield credit spreads closed higher as Bank of America Merrill Lynch Global high yield Index (BB-B) widened 20bp to 3.01%. Australian credit spreads performed well in the month despite an initial reaction to the first round of North Korea's missile tests. The average spread relative to swap on the Bloomberg Australian Corporate Index moved half a basis point tighter to 80bps.

Taxation considerations are general and based on present taxation laws and may be subject to change. You should seek independent, professional tax advice before making any decision based on this information.

CMLA is also not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

This report is issued by CMLA. Commlnsure is a registered business name of CMLA.
Level 1, 11 Harbour Street Sydney NSW 2000

Enquiries: 1800 624 100
commbank.com.au/igb