

Investment Growth Bond

Monthly performance report as at 31 August 2020



Investment options	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	CML0850AU	18-Mar-13	20.0	1.0736	-	0.03	0.21	0.72	0.84	-	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	CML0851AU	18-Mar-13	5.9	1.1854	1.04	-0.03	0.52	2.42	2.16	-	-	-	-	-	-	98.8	1.2
NC - Conservative	CML0855AU	18-Mar-13	73.5	1.2398	0.83	-0.94	0.44	2.49	2.51	-	10.4	10.0	-	16.1	39.5	24.0	
NC - Diversified	CML0856AU	18-Mar-13	89.5	1.2996	1.36	-1.03	0.80	3.24	3.23	-	20.3	20.2	-	15.5	30.4	13.6	
NC - Managed #	CML0857AU	18-Mar-13	41.7	1.4662	1.91	-1.29	1.38	4.52	4.52	-	28.9	29.1	-	19.0	18.1	4.9	
NC - Growth	CML0858AU	18-Mar-13	38.6	1.4975	2.01	-2.07	0.65	4.51	4.68	-	35.3	35.1	-	19.2	7.3	3.1	
NC - Global Property	CML0852AU	18-Mar-13	3.7	1.3317	3.04	-7.82	-6.84	1.82	2.55	-	-	-	100.0	-	-	-	
NC - Australian Shares	CML0853AU	18-Mar-13	16.8	1.4310	2.71	-5.06	-2.47	4.63	5.09	-	99.0	-	-	-	-	-	1.0
NC - International Shares	CML0854AU	18-Mar-13	11.4	1.9094	4.19	1.73	6.31	8.62	7.78	-	-	99.0	-	-	-	-	1.0
Closed investment options²																	
Consensus Stable Fund	LGL0026AU	13-Aug-96	0.1	2.1954	0.84	-0.99	0.09	2.19	2.20	3.10	11.0	10.2	-	12.2	39.6	27.0	
Consensus Managed Fund	LGL0018AU	13-Aug-96	0.1	3.1741	1.74	-1.74	0.69	4.01	4.08	5.32	28.0	28.4	-	19.2	18.4	6.0	
Stable Fund	LGL0205AU	1-Aug-89	57.5	2.8769	1.24	-0.58	0.65	2.35	2.30	3.13	10.4	10.0	-	16.1	39.5	24.0	
Managed Fund	LGL0206AU	1-May-84	72.9	6.0685	2.11	-1.26	1.21	4.20	4.18	5.31	28.9	29.1	-	19.0	18.1	4.9	
Capital Guaranteed Fund	LGL0201AU	1-Dec-87	6.2*	2.9232	0.83	1.63	3.27	3.12	3.08	3.19	-	10.2	-	10.2	30.8	48.8	
Capital Guaranteed Cash Fund	LGL0202AU	1-May-84	36.0	3.3507	0.37	0.37	0.37	0.47	0.51	0.94	-	-	-	-	-	100.0	
Fixed Interest Fund	LGL0203AU	1-Aug-89	26.5	3.3053	1.29	0.08	0.43	2.09	1.79	2.46	-	-	-	-	98.8	1.2	
Property Fund	LGL0204AU	1-Aug-89	10.7	4.0798	3.41	-8.14	-7.24	1.71	2.47	4.83	-	-	99.8	-	-	-	0.2
Australian Equities Fund	LGL0207AU	1-Aug-89	51.5	6.7233	3.04	-4.84	-2.43	4.38	4.76	5.14	99.0	-	-	-	-	-	1.0
International Equities Fund	LGL0208AU	1-Aug-89	18.7	4.8670	4.43	1.80	6.18	8.31	7.44	8.34	-	99.0	-	-	-	-	1.0

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. (The Fund balances mentioned above are as on 30 June 2020).

Prior to 29/6/2019, investment option known as NC-Balanced.

Notes for investment performance:

Returns can go up and down. Past performance is not necessarily 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.

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CMLA has entered into a Joint Cooperation Agreement with AIA Australia Limited (AIA) and Commonwealth Bank of Australia (CBA) for the joint operation of the CMLA and AIA businesses. AIA is part of the AIA Group, the largest publicly listed life insurance group in the Asia Pacific region with a presence in 18 markets. Whilst CBA will remain the ultimate shareholder of CMLA, under the terms of the Joint Cooperation Agreement AIA will have an appropriate level of direct management and oversight of the CMLA business.

CMLA's Privacy Policy - As part of operationalising the Joint Cooperation Agreement, CMLA has adopted the AIA Australia Group Privacy Policy.

Please read the Product Disclosure Statement before making an application at www.commbank.com.au/igb

Financial markets commentary:

The Reserve Bank of Australia (RBA) held the cash rate on hold in August at 0.25%. Latest official unemployment rate increased to 7.5% but other indicators indicate actual unemployment conditions are somewhat worse. The Reserve Bank of Australia latest projections suggested that the official unemployment rate could increase to around 10% towards the end of 2020. The JobKeeper program is continuing to help support overall income levels, however economists are suggesting that much of this income is being saved rather than spent which could be delaying the intended economic rebound. The Australian dollar continued to appreciate against the major currencies. The Australian dollar appreciated 3.3% against the US dollar, closing the month at 73.8 cents which is the highest level in over 2 years.

The S&P/ASX 300 Accumulation Index rose 3.0% in August, closing the fifth consecutive month of gains. Earnings rose around 15% in the June quarter compared to the first quarter, however the overall results were underwhelming as expected. The positive return was primarily driven by strength of overseas markets rather than strength of the earnings season. Australia's technology sector was the strongest sector for the fifth consecutive month returning +18.2%. Communications sector was the worst performing sector falling -5.6%, primarily driven by poor performance by sector giant Telstra falling -11.4% over the month. The S&P/ASX Small Ordinaries Accumulation Index outperformed their large cap peers, rallying strongly over the month with a 7.2% return.

The MSCI World Index added 3.5% in AUD terms. Most major equity markets enjoyed continued gains in August, as optimism was boosted by progress on a Covid-10 vaccine. While economic indicators remained deflated, support from governments and central banks have kept risk sentiment afloat. The corporate earnings season has showed signs of improvement in various industries, particularly in US. US equities continued to generate positive returns with the S&P 500 Index return 7.2% in USD terms, which was one of the best August performances of the index since the 1980s.

Over the month of August, government bond yields rose in all major markets, hampering the returns from fixed income. While economic data has been poor, they have not been as bad as anticipated suggesting conditions may be steadily improving. Australian 10-year government bond yields closed the month 17 basis points higher at 0.98%. The Australian government continued its new bond issuance program to help fund Covid-related spending packages with nearly \$35 billion raised during August.

Credit spreads narrowed for the fifth consecutive month as corporate bonds continued to recover from March's sell-off. However the outlook for corporate earnings remained mixed and news releases suggested companies in various sectors and in different countries continue to face serious financial pressures. Despite this and the historically low yields on offer, the demand for investment grade credit remains very strong. Investors appear to be assured that the Federal Reserve and other major central banks would step in with large scale purchases to support valuations if there was any sign of weakness.

Commentary Source: The commentary has been prepared based on information from First Sentier Investors and Bloomberg's data/insights.

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Enquiries: 1800 624 100
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