

# Investment Growth Bond

Monthly performance report as at 31 May 2018



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 <sup>1</sup>	Fixed interest	Cash
<b>Open investment options</b>																	
NC - Cash	3NCS	CML0850AU	18-Mar-13	22.2	1.0580	0.26	0.47	0.91	1.00	1.10	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	3NFI	CML0851AU	18-Mar-13	6.6	1.1051	0.31	-0.50	0.06	1.19	1.91	-	-	-	-	-	99.1	0.9
NC - Conservative	3NCO	CML0855AU	18-Mar-13	64.1	1.1738	0.31	0.32	1.95	2.10	3.10	-	10.7	10.9	-	12.6	34.7	31.1
NC - Diversified	3NDI	CML0856AU	18-Mar-13	66.2	1.2187	0.39	0.73	3.07	2.73	3.95	-	19.6	19.3	-	14.9	23.0	23.2
NC - Balanced	3NBA	CML0857AU	18-Mar-13	34.2	1.3501	0.39	1.26	4.86	3.97	5.83	-	29.1	29.0	-	17.1	8.2	16.6
NC - Growth	3NGR	CML0858AU	18-Mar-13	23.7	1.3878	0.45	1.49	5.43	4.23	6.34	-	34.8	34.4	-	18.8	-	12.0
NC - Global Property	3NPR	CML0852AU	18-Mar-13	3.4	1.2981	4.90	1.05	4.00	2.29	5.25	-	4.9	-	100.0	-	-	-
NC - Australian Shares	3NAU	CML0853AU	18-Mar-13	17.5	1.3334	0.06	1.81	6.65	4.36	6.13	-	98.9	-	-	-	-	1.1
NC - International Shares	3NIN	CML0854AU	18-Mar-13	9.1	1.6481	0.85	2.32	8.61	6.54	9.24	-	-	99.0	-	-	-	1.0
<b>Closed investment options<sup>2</sup></b>																	
Consensus Stable Fund	3CST	LGL0026AU	13-Aug-96	0.1	2.0949	0.24	0.22	1.79	1.82	2.82	2.93	10.5	10.8	-	12.3	34.3	32.1
Consensus Managed Fund	3CMG	LGL0018AU	13-Aug-96	0.2	2.9571	0.30	1.08	4.50	3.63	5.66	4.15	28.3	28.8	-	17.1	8.3	17.5
Stable Fund	3STB	LGL0205AU	1-Aug-89	102.5	2.7292	0.24	0.18	1.64	1.79	2.81	2.84	10.7	10.9	-	12.6	34.7	31.1
Managed Fund	3MGD	LGL0206AU	1-May-84	94.7	5.6227	0.31	1.06	4.49	3.59	5.49	4.13	29.1	29.0	-	17.1	8.2	16.6
Capital Guaranteed Fund	1ORD	LGL0201AU	1-Dec-87	6.2*	2.7253	0.75	1.48	3.00	3.03	3.22	3.17	-	10.8	-	9.2	32.0	48.0
Capital Guaranteed Cash Fund	3CSH	LGL0202AU	1-May-84	51.9	3.3153	0.14	0.24	0.45	0.56	0.67	1.34	-	-	-	-	-	100.0
Fixed Interest Fund	3FIX	LGL0203AU	1-Aug-89	37.0	3.1015	0.20	-0.72	-0.35	0.76	1.49	2.78	-	-	-	-	99.1	0.9
Property Fund	3PRP	LGL0204AU	1-Aug-89	14.2	3.9899	5.03	1.00	4.08	2.22	4.81	2.76	-	-	100.0	-	-	-
Australian Equities Fund	3EQY	LGL0207AU	1-Aug-89	68.9	6.2928	-0.03	1.62	6.25	3.93	5.73	3.59	98.9	-	-	-	-	1.1
International Equities Fund	3INT	LGL0208AU	1-Aug-89	22.8	4.2272	0.76	2.15	8.23	6.17	8.85	5.49	-	99.0	-	-	-	1.0

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

<sup>2</sup> 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.

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#### 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.

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**Financial markets commentary:**

The Reserve Bank of Australia (RBA) Board met on the 5th of June and left the official cash rate on hold at 1.5% as expected. The official cash rate has been on hold since August 2016, which is the longest period that Australian interest rates have remained unchanged. 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. The 2018-19 Commonwealth Budget was released but did not contain any major surprises. There was increased volatility in the global currency markets during the month, driven by trade friction between the US and China along with political instability in Italy and its effect on the Euro. However, the Australian dollar appreciated 0.5% against the US dollar and by 1.1% against a trade-weighted basket of currencies.

The S&P/ASX 200 Accumulation Index rose 1.1% for the month of May. Most sectors produced positive returns with Health Care (5.6%) and Consumer Discretionary (5.1%) being the best performers. Telecoms (-10.2%), Consumer Staples (-0.4%) and Financials (-0.2%) were the only negative performing sectors for the month. Telecoms' stocks struggle was primarily attributed to sector heavyweight Telstra's significant decline after announcing that it expects earnings to be on the lower end of guidance in fiscal year 2018.

The MSCI World Index finished the month up 0.7% in USD terms. Information Technology sector had performed particularly well during the month. Apple reached a record high during the month on the back of strong sales data and robust outlook. Emerging Markets underperformed the month by -3.5% in USD terms. The US economy remains in a healthy state with unemployment falling to 3.9% in April which is the lowest level since 2000. The latest inflation data (in April) was 1.8%. Any further inflationary pressure could prompt the US Federal Reserve to continue to raise interest rates.

Global bond yields started the month moving higher steadily. 10-year US Treasury yields rose through the 3% level and up all the way to 3.10%. Trade concerns were eased with the US delaying the implementation of steel import tariffs. The catalyst for global markets to turn and have bond yields drop sharply was the political events in Italy. Concern grew in mid-May as a coalition seemingly had formed with nationalist parties that had campaigned against European Union policies as well as Italy's membership in the EU. 10-year US Treasury yields fell 9bps from last month to 2.86%. In Europe, UK and German 10-year government bond yields dropped by 19bps and 22bps respectively. The 10-year Australian bond yields closed the month at 2.67% which was a decrease of 10bps.

The Bloomberg Barclays Global Aggregate Corporate Index average spread widen 13bps to 1.18%. Like other risk assets, corporate bonds were affected by political uncertainty in Italy. Uncertainty was also reflected in the US high yield market spreads which had widened 22bps to 3.17%. While the concerns in the political uncertainty had eased by the end of the month, sentiment towards credit remained fragile. Investors continued to be wary due to the US trade tensions and the potential impact of US protectionist policies.

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