Investment Growth Bond

Monthly performance report as at 31 January 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[1]	Fixed interest	Cash
Open investment options																	
NC - Cash	3NCS	CML0850AU	18-Mar-13	24.3	1.0546	0.21	0.44	0.88	1.04	-	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	3NFI	CML0851AU	18-Mar-13	6.9	1.1016	-0.39	-0.03	1.31	1.12	-	-	-	-	-	-	99.0	1.0
NC - Conservative	3NCO	CML0855AU	18-Mar-13	60.3	1.1701	0.55	1.82	3.36	2.40	-	-	10.4	10.7	-	11.9	34.3	32.7
NC - Diversified	3NDI	CML0856AU	18-Mar-13	59.4	1.2132	1.07	2.99	4.84	3.18	-	-	18.5	18.8	-	12.2	22.1	28.4
NC - Balanced	3NBA	CML0857AU	18-Mar-13	33.6	1.3428	1.84	4.94	7.55	4.77	-	-	28.7	28.9	-	17.0	7.9	17.5
NC - Growth	3NGR	CML0858AU	18-Mar-13	22.8	1.3785	2.09	5.50	8.39	5.12	-	-	32.6	32.5	-	16.4	-	18.5
NC - Global Property	3NPR	CML0852AU	18-Mar-13	3.3	1.2768	1.22	0.73	3.07	1.17	-	-	-	-	100.0	-	-	-
NC - Australian Shares	3NAU	CML0853AU	18-Mar-13	16.5	1.3212	2.40	5.73	7.79	5.08	-	-	99.0	-	-	-	-	1.0
NC - International Shares	3NIN	CML0854AU	18-Mar-13	8.5	1.6327	3.80	10.95	16.61	8.14	-	-	-	98.5	-	-	-	1.5
Closed investment options[2]																	
Consensus Stable Fund	3CST	LGL0026AU	13-Aug-96	0.1	2.0902	0.51	1.77	3.16	2.12	3.10	2.96	10.3	10.5	-	12.4	33.8	33.0
Consensus Managed Fund	3CMG	LGL0018AU	13-Aug-96	0.2	2.9451	1.76	4.74	7.20	4.48	6.27	4.10	27.8	28.5	-	17.4	8.2	18.1
Stable Fund	3STB	LGL0205AU	1-Aug-89	105.2	2.7232	0.47	1.67	3.05	2.09	3.08	2.86	10.4	10.7	-	11.9	34.3	32.7
Managed Fund	3MGD	LGL0206AU	1-May-84	98.3	5.5987	1.73	4.73	7.15	4.41	6.08	4.12	28.7	28.9	-	17.0	7.9	17.5
Capital Guaranteed Fund	1ORD	LGL0201AU	1-Dec-87	6.2*	2.6990	0.75	1.50	2.94	3.07	3.23	3.20	-	10.5	-	9.4	28.5	51.6
Capital Guaranteed Cash Fund	3CSH	LGL0202AU	1-May-84	51.6	3.3099	0.10	0.21	0.44	0.60	0.70	1.44	-	-	-	-	-	100.0
Fixed Interest Fund	3FIX	LGL0203AU	1-Aug-89	38.0	3.0962	-0.50	-0.25	0.89	0.70	1.67	2.83	-	-	-	-	99.0	1.0
Property Fund	3PRP	LGL0204AU	1-Aug-89	14.3	3.9244	1.21	0.75	3.01	1.09	4.94	2.26	-	-	100.0	-	-	-
Australian Equities Fund	3EQY	LGL0207AU	1-Aug-89	69.4	6.2428	2.30	5.53	7.36	4.65	5.89	3.59	99.0	-	-	-	-	1.0
International Equities Fund	3INT	LGL0208AU	1-Aug-89	23.0	4.1920	3.71	10.77	16.09	7.75	10.38	5.34	-	98.5	-	-	-	1.5

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.

Financial markets commentary:

The Reserve Bank of Australia (RBA) Board met on the 6th of February and left the official cash rate on hold at 1.5% as expected. The 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. Despite consumer confidence being at its highest level in more than four years, following improving labour market conditions, Australia's inflation remains slightly below the RBA's 2%-3% target range. This implies there is a limited likelihood of interest rate increases in the near term.

The Australian dollar appreciated by more than 1% against a trade-weighted basket of currencies for the month of January. The dollar ended the month at US$0.8136, which was the highest level since May 2015. The move followed a general weakness in the US dollar and a more positive outlook for global economic growth.

The S&P/ASX 200 Accumulation Index returned -0.4% during January. Healthcare was the best performer returning 3.2%. Bond proxy sectors such as Property Trusts and Utilities weighed on the broader market falling -3.3% and -4.5% respectively. Financials finished -0.8% lower with the 'big four' banks all losing ground.

The S&P ASX 200 A-REIT index finished January down -3.3%. All stocks lost ground in January. Retail A-REITs (-2.3%) and Office A-REITs (-2.3%) were the strong performers, while Industrial A-REITS (-3.9%) lagged. The global FTSE EPRA/NAREIT Developed Index (TR) was flat in USD terms. In local currency terms, Japan (+7.8%) was the strongest property market, while the US (-4.2%) underperformed.

Global equity markets had a strong start to the New Year. The MSCI World Index surged 5.3% in USD terms. Markets continued to set new records over the month in terms of both index levels and the sustainability of the rally with the MSCI World Index registering its 15th consecutive monthly gain. Markets were supported by favourable economic data and solid earnings results in the US and Europe. The US market was the strongest performer with the S&P 500 being up 5.7%. Of the 24% of companies in the S&P 500 that announced results in January, 81% of them reported sales above the consensus estimates. The FTSE 100 was the weakest performer being down almost 2% with investors remaining nervous of the potential outcome of 'Brexit' negotiations.

The US Federal Reserve Open Market Committee (FOMC) did not meet in February with the next meeting scheduled for the 20th-21st of March. For a few days in mid-January, a number of US government departments had to shut down as Congress failed to pass a new funding deal. However, a temporary solution was agreed upon which enabled investors to refocus on the positive economic data releases. The European Central Bank (ECB) met on the 25th of January and as anticipated held its benchmark refinancing rate at 0%. The Governing Council expects the key ECB interest rates to remain at their present levels for an extended period of time. The ECB has started talks about the possibility of lifting interest rates once its asset purchase program ends later this year.

The risk-on market sentiment in early 2018 resulted in a strong upward move in global government bond yields. Market optimism was boosted by US tax reforms being passed at the end of 2017 and announcements that many US companies would award pay rises and bonuses. US 10-year Treasury yields rose to their highest level since April 2014 (+30bps) at 2.71%. 10 year yields rose in Germany (+27bps) and Australia (+18bps) to 0.69% and 2.81% respectively.

Global investment grade credit spreads continued to tighten, reflecting ongoing optimism towards risk markets. The Bloomberg Barclays Global Aggregate Corporate Index average spread moved 9bps tighter to 0.85%. US credit moved 7bps tighter with the Bloomberg Barclays US Aggregate Corporate Index average spread closing at 0.82%. In Europe, the spread of the Bloomberg Barclays European Aggregate Corporate Index was 12bps tighter to 0.74%. US high yield credit spreads closed wider as Bank of America Merrill Lynch Global high yield Index (BB-B) finished 27bp out to 2.59%.

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