

Investment Growth Bond

Monthly performance report as at 30 April 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	22.2	1.0569	0.22	0.43	0.89	1.00	1.10	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	3NFI	CML0851AU	18-Mar-13	6.6	1.0997	-0.17	-0.56	0.29	0.95	1.70	-	-	-	-	-	98.8	1.2
NC - Conservative	3NCO	CML0855AU	18-Mar-13	62.9	1.1710	0.08	0.63	1.97	2.03	3.01	-	10.6	10.9	-	12.7	34.5	31.3
NC - Diversified	3NDI	CML0856AU	18-Mar-13	65.7	1.2158	0.21	1.28	2.96	2.69	3.86	-	19.5	19.4	-	15.0	22.7	23.4
NC - Balanced	3NBA	CML0857AU	18-Mar-13	34.9	1.3468	0.30	2.14	4.62	3.97	5.84	-	29.1	29.3	-	16.8	8.0	16.8
NC - Growth	3NGR	CML0858AU	18-Mar-13	23.2	1.3848	0.46	2.55	5.13	4.25	6.41	-	34.6	34.6	-	19.1	-	11.7
NC - Global Property	3NPR	CML0852AU	18-Mar-13	3.3	1.2810	0.33	1.55	2.41	1.83	4.35	-	-	-	100.0	-	-	-
NC - Australian Shares	3NAU	CML0853AU	18-Mar-13	17.1	1.3246	0.26	2.67	3.73	3.67	5.50	-	99.0	-	-	-	-	1.0
NC - International Shares	3NIN	CML0854AU	18-Mar-13	8.9	1.6461	0.82	4.65	10.68	7.24	10.09	-	-	99.1	-	-	-	0.9
Closed investment options²																	
Consensus Stable Fund	3CST	LGL0026AU	13-Aug-96	0.1	2.0905	0.01	0.52	1.82	1.75	2.75	2.92	10.4	10.8	-	12.3	34.1	32.4
Consensus Managed Fund	3CMG	LGL0018AU	13-Aug-96	0.2	2.9512	0.21	1.97	4.27	3.64	5.69	4.15	28.0	29.1	-	17.1	8.2	17.6
Stable Fund	3STB	LGL0205AU	1-Aug-89	103.2	2.7234	0.01	0.48	1.67	1.72	2.73	2.83	10.6	10.9	-	12.7	34.5	31.3
Managed Fund	3MGD	LGL0206AU	1-May-84	97.4	5.6106	0.21	1.94	4.24	3.59	5.51	4.14	29.1	29.3	-	16.8	8.0	16.8
Capital Guaranteed Fund	1ORD	LGL0201AU	1-Dec-87	6.2*	2.7185	0.72	1.48	3.02	3.03	3.23	3.18	-	10.7	-	9.2	30.9	49.2
Capital Guaranteed Cash Fund	3CSH	LGL0202AU	1-May-84	51.9	3.3133	0.10	0.21	0.44	0.55	0.67	1.37	-	-	-	-	-	100.0
Fixed Interest Fund	3FIX	LGL0203AU	1-Aug-89	37.1	3.0875	-0.28	-0.78	-0.13	0.53	1.30	2.75	-	-	-	-	98.8	1.2
Property Fund	3PRP	LGL0204AU	1-Aug-89	14.2	3.9359	0.29	1.50	2.43	1.76	3.98	2.30	-	-	100.0	-	-	-
Australian Equities Fund	3EQY	LGL0207AU	1-Aug-89	68.7	6.2529	0.16	2.46	3.32	3.24	5.11	3.63	99.0	-	-	-	-	1.0
International Equities Fund	3INT	LGL0208AU	1-Aug-89	22.8	4.2231	0.74	4.48	10.21	6.85	9.73	5.52	-	99.1	-	-	-	0.9

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.

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Financial markets commentary:

The Reserve Bank of Australia (RBA) Board met on the 3rd of April 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. Annual Consumer Price Index (CPI) data was at 1.9% for March quarter which was in line with the final quarter of 2017. With inflation under control, the market is expecting a low probability of the RBA increasing interest rates in the near future. With Australia's subdued inflation combined with stronger data in the US, saw the Australian dollar weaken nearly 2% against the US dollar. The Australian dollar fell by 0.3% against a trade-weighted basket of currencies.

The S&P/ASX 200 Accumulation Index rose 3.9% for the month of April. All sectors posted positive returns with Energy (+10.8%), Materials (+7.6%), and Health Care (+7.4%) the best performers. Energy and Materials stocks benefited from rising commodity prices. The Financials sector (+0.2%) delivered the lowest return in April as several acts of market misconduct were revealed through the Royal Commission.

The MSCI World Index finished the month up 1.2%. In April, around half of the S&P 500 companies announced their earnings results for the first quarter of 2018, in which more than three quarters beat consensus expectations and reported earnings growth of 24.6% (more than double the expected growth according to Thomson Reuters). Despite the positive upbeat earnings results, the S&P 500 Index was one of the weaker markets with some investors questioning whether earnings growth can improve any further, particularly with a further three US interest rate increases anticipated for this year. US core inflation measure picked up to 1.9% (year on year) in March, the fastest pace in over a year and is approaching the Federal Reserve's target of 2.0%. Inflationary pressure is supporting the case for further increases in interest rates in the US.

Global bond yields continued to trade in relatively wide ranges during the month. April saw investors refocus on fundamental drivers of fixed income markets such as increasing US official interest rates. Treasury yields rose as investors processed the modest increase in US CPI data releases. This supported the increasing likelihood of future interest rate hikes. Generic 10-year government bonds in the US rose 11bps. In Europe, UK and German 10-year government bonds increased by 7bps and 6bps respectively. Australian yields increased consistent with offshore moves, reversing some of the declines seen in March. The 10-year Australian bond yields closed the month at 2.77% which was an increase of 17bps.

Global credit spreads were little changed over the month indicating government bond yields were the main driver of the corporate bond returns. Strong US earnings season to date supports issuers' ability to service their repayment obligations and should continue to support a low level of defaults globally. However, many companies remain highly levered, which may cause some concern as funding costs increase. The Bloomberg Barclays Global Aggregate Corporate Index average spread moved 2bps tighter to 1.05%.

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