

Investment Growth Bond

Monthly performance report as at 31 May 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 equities	International equities	Listed property	Alternatives ¹	Fixed interest	Cash
Open investment options																	
NC - Cash	3NCS	CML0850AU	18-Mar-13	23.7	1.0485	0.23	0.46	1.00	1.14	-	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	3NFI	CML0851AU	18-Mar-13	7.7	1.1044	1.22	1.76	1.49	2.35	-	-	-	-	-	-	99.1	0.9
NC - Conservative	3NCO	CML0855AU	18-Mar-13	54.2	1.1514	1.33	2.54	2.97	3.10	-	-	9.8	10.6	-	10.1	34.0	35.5
NC - Diversified	3NDI	CML0856AU	18-Mar-13	46.9	1.1824	1.69	3.55	4.24	3.84	-	-	18.3	18.8	-	11.2	22.8	28.9
NC - Balanced	3NBA	CML0857AU	18-Mar-13	30.9	1.2875	2.40	5.24	6.33	5.19	-	-	27.7	29.8	-	14.9	8.1	19.5
NC - Growth	3NGR	CML0858AU	18-Mar-13	16.7	1.3163	2.68	6.03	7.30	5.57	-	-	33.1	35.6	-	15.6	0.0	15.7
NC - Global Property	3NPR	CML0852AU	18-Mar-13	2.8	1.2482	-1.82	2.06	1.28	5.32	-	-	-	-	100.0	-	-	-
NC - Australian Shares	3NAU	CML0853AU	18-Mar-13	14.8	1.2503	1.03	5.30	6.86	4.18	-	-	99.7	-	-	-	-	0.3
NC - International Shares	3NIN	CML0854AU	18-Mar-13	6.6	1.5174	6.90	12.13	13.81	8.68	-	-	-	99.3	-	-	-	0.7
Closed investment options²																	
Consensus Stable Fund	3CST	LGL0026AU	13-Aug-96	0.1	2.0581	1.24	2.33	2.65	2.77	3.70	2.73	10.0	10.7	-	11.9	34.2	33.2
Consensus Managed Fund	3CMG	LGL0018AU	13-Aug-96	0.2	2.8297	2.30	5.04	5.94	4.96	7.25	3.21	27.5	29.6	-	14.4	8.0	20.5
Stable Fund	3STB	LGL0205AU	1-Aug-89	110.4	2.6851	1.25	2.38	2.67	2.79	3.68	2.63	9.8	10.6	-	10.1	34.0	35.5
Managed Fund	3MGD	LGL0206AU	1-May-84	98.4	5.3810	2.30	5.04	5.91	4.84	7.06	3.29	27.7	29.8	-	14.9	8.1	19.5
Capital Guaranteed Fund	1ORD	LGL0201AU	1-Dec-87	5.8*	2.6460	0.72	1.36	2.87	3.22	3.22	3.21	2.4	7.7	-	10.4	71.6	7.9
Capital Guaranteed Cash Fund	3CSH	LGL0202AU	1-May-84	55.6	3.3005	0.12	0.24	0.56	0.71	0.81	1.67	-	-	-	-	-	100.0
Fixed Interest Fund	3FIX	LGL0203AU	1-Aug-89	42.4	3.1125	1.11	1.54	1.06	1.91	2.29	3.09	-	-	-	-	99.1	0.9
Property Fund	3PRP	LGL0204AU	1-Aug-89	14.8	3.8335	-2.03	1.90	0.99	5.21	6.79	1.62	-	-	100.0	-	-	-
Australian Equities Fund	3EQY	LGL0207AU	1-Aug-89	69.2	5.9228	0.92	5.08	6.46	3.74	7.83	2.72	99.7	-	-	-	-	0.3
International Equities Fund	3INT	LGL0208AU	1-Aug-89	22.2	3.9057	6.72	11.82	13.31	8.30	11.01	3.51	-	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.

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Financial markets commentary:

The Reserve Bank of Australia (RBA) Board 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. In May, the RBA released its quarterly Statement on Monetary Policy. They reaffirmed its forecasts that GDP will return to 3% in the second half of 2017 and revised their forecast for 2018 GDP growth higher by 25 basis points to 2.75% - 3.75%. In regards to inflation, there were no changes to forecasts with expectations inflation will rise above 2% returning to the target band over the forecast horizon. Over the month of May the Australian dollar was weaker due to falls in bulk commodity prices particularly in iron ore and coal as well as concerns over the pace of Australia's growth. The AUD ended the month at \$0.7431, down 0.8% against the USD.

During May, the S&P/ASX 200 Accumulation Index declined by 2.8%, which is the largest monthly decrease since January 2016. The market was pulled down by weakness in the Financials sector (-7.7%), which makes up close to 40% of the Index. The 'big four' banks all fell due to the proposed Bank Levy in the Federal Budget and rising concerns on Australia's housing outlook. The strongest performers were Industrials (+4.7%), Telcos (+3.4%), Energy (+2.0%) and Utilities (+1.3%).

The S&P ASX 200 A-REIT index declined by -1.1% during May in AUD terms, led by the industrial and office sub-sectors. Industrial A-REIT Goodman Group (+4.8%) and office A-REIT Dexus (+1.9%) were the best performing A-REITs. The worst performers included retail A-REITs Westfield Corp (-6.6%) and Vicinity Centres (-4.2%) following concerns of challenging operating environments in the US and Australia. Listed property markets offshore gained for the month of May. The FTSE EPRA/NAREIT Developed Index (TR) rose 0.9% in local currency terms. Continental Europe was the best performing market, with a gain of 5.0%. The worst performing market was Australia with a loss of -1.1%.

Global equity markets finished with a positive month for May, despite the heavy news flows and increased geopolitical uncertainty. For positive news there was the market friendly result of the French Presidential election and continued signs of global economic growth. Negative news included the acts of terrorism in the UK and negative political developments in the US which may further delay President Trump's expansionary policy agenda. The MSCI World Index increased by 1.8% in USD terms and 2.8% in AUD terms. In the US, S&P500 (+1.2%), the Dow Jones (+0.3%) and the NASDAQ (+2.5%) all gained. Due to weaker economic and inflation data over the month, there was some winding back in expectations of the Federal Reserve to hike interest rates. In Europe, markets performed well as geopolitical risks eased during the month of May. Italy (+0.6%), France (+0.3%) and Germany (+1.4%) all rose. Greece rose 8.9% following positive progress in bailout talks with creditors. The FTSE100 increased 4.4% with the weaker pound, down 0.5% against the USD. The US Federal Reserve Open Market Committee (FOMC) met on 2-3 May 2017 and as expected there were no changes to the policy. A rate hike in June is around 95% priced in by the markets. The European Central Bank (ECB) did not meet in May with the next meeting scheduled for the 8th of June 2017.

Impeachment of President Trump talks dominated headlines and drove US bond yields down throughout the month. US 10-year government bond yields fell down 8 bps to 2.20%. Yields were down 4 bps in the UK to 1.05% and down 1 bp in Europe to 0.30%. Australian 10-year yields experienced a 19 bps fall to 2.39% impacted by falling commodity prices. The spread between US and Australian 10 year yields compressed to a new low of 19bps towards the end of the month. Australian yield continued its fall while US yields mildly rebounded as it became clearer the process to impeach President Trump would not be quick.

Global investment grade credit spreads tightened early in the month but widened on the back of the impeachment talks before flattening into month end. Investment grade issuance in the US and Europe remained strong in May. The Bloomberg Barclays Global Aggregate Corporate Index average spread moved 3bps tighter to 1.14%. US credit moved 3bps tighter with the Bloomberg Barclays US Aggregate Corporate Index average spread closing at 1.07%. In Europe, the spread of the Bloomberg Barclays European Aggregate corporate Index was 2bps tighter to 1.09% following the results of the French election. US high yield credit spreads closed little different from where it opened. Bank of America Merrill Lynch Global high yield Index (BB-B) tightening just 3 bps to 2.96%. Australian credit spreads moved a little tighter in May largely ignoring the volatility in outright yields. The average spread relative to swap on the Bloomberg Australian corporate Index moved 3bps tighter to 87bps.

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.

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Level 1, 11 Harbour Street Sydney NSW 2000

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