

Investment Growth Bond

Monthly performance report as at 31 December 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	20.6	1.0644	0.25	0.53	1.02	1.00	1.08	-	-	-	-	-	-	100.0
NC - Global Fixed Interest	3NFI	CML0851AU	18-Mar-13	6.4	1.1117	0.50	0.58	0.59	1.43	2.07	-	-	-	-	-	99.2	0.8
NC - Conservative	3NCO	CML0855AU	18-Mar-13	70.6	1.1689	-1.40	-0.71	-0.05	2.03	2.58	-	10.4	10.4	-	14.1	34.9	30.2
NC - Diversified	3NDI	CML0856AU	18-Mar-13	79.2	1.2057	-2.70	-1.62	-0.44	2.63	3.08	-	19.2	18.9	-	17.0	23.0	21.9
NC - Balanced	3NBA	CML0857AU	18-Mar-13	35.9	1.3265	-4.22	-2.61	-0.79	3.76	4.21	-	28.6	28.2	-	20.3	8.7	14.2
NC - Growth	3NGR	CML0858AU	18-Mar-13	29.1	1.3569	-5.07	-3.23	-1.11	4.07	4.43	-	34.2	34.1	-	21.2	-	10.5
NC - Global Property	3NPR	CML0852AU	18-Mar-13	3.3	1.2513	-4.68	-4.66	-4.01	0.95	4.84	-	-	-	100.0	-	-	-
NC - Australian Shares	3NAU	CML0853AU	18-Mar-13	17.3	1.2910	-5.79	-5.16	-2.60	4.17	3.73	-	99.3	-	-	-	-	0.7
NC - International Shares	3NIN	CML0854AU	18-Mar-13	9.3	1.5943	-8.81	-4.26	-0.66	6.56	6.44	-	-	99.6	-	-	-	0.4
Closed investment options²																	
Consensus Stable Fund	3CST	LGL0026AU	13-Aug-96	0.1	2.0839	-1.45	-0.80	-0.24	1.79	2.31	3.33	10.2	10.2	-	13.7	34.9	31.0
Consensus Managed Fund	3CMG	LGL0018AU	13-Aug-96	0.2	2.9006	-4.25	-2.71	-1.09	3.40	4.00	5.26	27.6	27.7	-	19.6	8.9	16.2
Stable Fund	3STB	LGL0205AU	1-Aug-89	94.1	2.7132	-1.47	-0.86	-0.34	1.73	2.28	3.22	10.4	10.4	-	14.1	34.9	30.2
Managed Fund	3MGD	LGL0206AU	1-May-84	84.1	5.5128	-4.31	-2.78	-1.16	3.39	3.86	5.06	28.6	28.2	-	20.3	8.7	14.2
Capital Guaranteed Fund	1ORD	LGL0201AU	1-Dec-87	5.6*	2.7730	0.77	1.51	3.02	2.99	3.19	3.10	-	10.9	-	10.2	34.6	44.3
Capital Guaranteed Cash Fund	3CSH	LGL0202AU	1-May-84	50.3	3.3268	0.15	0.31	0.56	0.55	0.64	1.13	-	-	-	-	-	100.0
Fixed Interest Fund	3FIX	LGL0203AU	1-Aug-89	36.6	3.1118	0.38	0.35	0.14	1.00	1.63	2.70	-	-	-	-	99.2	0.8
Property Fund	3PRP	LGL0204AU	1-Aug-89	12.8	3.8366	-4.90	-4.92	-4.34	0.82	4.39	4.44	-	-	100.0	-	-	-
Australian Equities Fund	3EQY	LGL0207AU	1-Aug-89	61.3	6.0782	-5.88	-5.35	-2.98	3.76	3.31	5.69	99.3	-	-	-	-	0.7
International Equities Fund	3INT	LGL0208AU	1-Aug-89	19.4	4.0801	-8.91	-4.45	-1.02	6.18	6.06	6.30	-	99.6	-	-	-	0.4

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

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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:

In December, the Reserve Bank of Australia left interest rates on hold at 1.50% for a 26th consecutive meeting. With inflation at 1.9% (remaining below the RBA's target range), it appears unlikely that official interest rates will be increased in 2019. GDP data for September 2018 quarter were released during the month and came well below expectations. The economy grew 0.3% for the quarter (vs 0.6% increase expectation).

The Australian dollar depreciated by -3.6% against the USD in December, falling to 70.42 cents. The lower than expected Australian economic data and the anticipation of further US interest rate hikes in 2019 resulted in a weaker AUD.

The Australian equity market closed slightly higher by the end of December, with the S&P/ASX 100 Accumulation Index up +0.3% for the month. This gain was a recovery from being down from a -3.1% monthly low. The recovery was led by positive economic data in the US and optimism over US/China trade talks. The Materials sector was the best performer being up +6.0%. Sector heavyweights BHP Billiton and RIO Tinto benefited on rising iron ore prices. The Communication Services and Financials sectors were the worst performers, declining -3.6% and -3.1% respectively. The positive returns in the Australian equity markets for December were skewed towards large cap stocks as there was a -4.2% decline in the S&P/ASX Small Ordinaries Index.

Ongoing US/China trade tensions and concerns over slowing global growth continued to impact the markets during December with MSCI World Index finished down a further -4.1% in AUD terms resulting in the quarterly return of -10.9% and annual return of +2.0%. These returns reflect the worst December and calendar year returns for global markets since the GFC. The Australian market was one of the stronger performers for the month even though there was weakness in the AUD. In line with global markets, UK's FTSE 100 and Japan's Nikkei 1000 fell by -3.5% and -10.3% respectively in local currency terms over December.

Investors favoured defensive investments as equity markets sold off causing a higher demand for government bonds. In the US, 10-year Treasury yields dropped 33 basis points in December to 2.68% which is the lowest level since January. In the UK and Europe, 10-year yields declined 9 basis points and 7 basis points respectively. In Australia, 10-year yields dropped 27 basis points to 2.32% which is the lowest level in more than 2 years.

Global credit spreads continued to widen in December. There are ongoing concerns regarding US corporates' ability to absorb the increasing US interest rates. Investment grade credit spreads widened by 12 basis points, to 1.55%. High yield spreads closed the month 95 basis points higher, at 4.59%.

Commentary Source: The commentary has been prepared based on information from Colonial First State Global Asset Management and Bloomberg's data/insights.

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