

1940's Lifestage Fund – A

Quarterly report – 31 December 2020

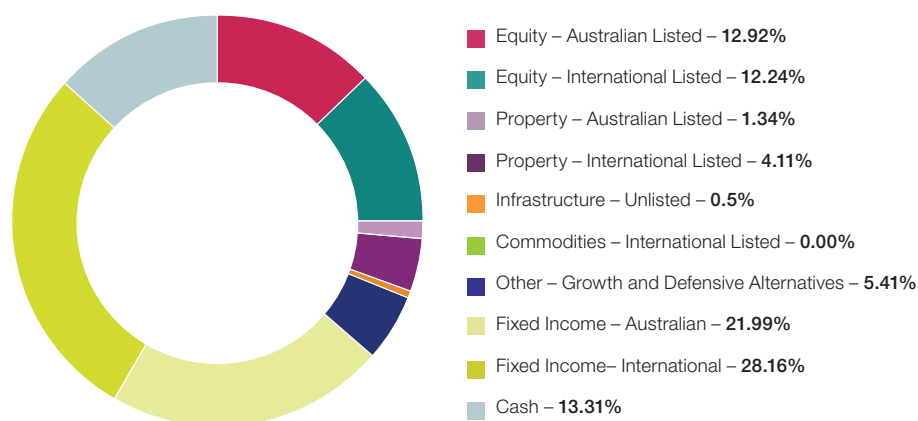
Fund overview

Inception date	1 October 2013
APIR code	BTA0452AU
Fund size (AUD millions)	\$142.54
Investment objective ¹	To provide returns (after fees) equivalent to CPI plus 2.0% pa over a 10 year period.
Recommended investment timeframe	3 years
Distribution frequency	Quarterly
Management costs (%) pa ²	0.42
Buy/sell spread (%)	0.18/ 0.18

Performance review³

Period ending 31 December 2020	1 months	3 months	1 year	3 years	5 years	Since inception
	%	%	%	% pa	% pa	% pa
Total Net return	0.57	4.03	3.55	4.75	4.75	4.47
Growth return	(0.28)	3.15	(1.82)	0.05	0.06	0.09
Distribution return	0.85	0.88	5.38	4.70	4.69	4.39

Actual asset allocation⁴



Fund update

The 1940's Lifestage Fund produced a positive return over the December quarter, resulting in positive 12 month performance.

The December quarter started with investor optimism as markets climbed higher during early October. However, investor sentiment soured mid-month as uncertainty over the US election and climbing COVID-19 cases reversed much of the gains. The Nov 3 US election coupled with approvals for a series of vaccinations resulted in strong equity returns during November that persisted into December, despite being softened by further lockdowns and increasing case rates into the western holiday period.

The domestic equity market, as represented by the S&P/ASX 300 Accumulation Index, was the stand out performer over the quarter, returning 13.8%, thanks in part to the Australian response to the pandemic and the additional monetary stimulus the RBA has been able to deliver through rate cuts. Global developed equities, as measured by the MSCI World ex Australia Net Return AUD Hedged Index, returned 11.7% over the quarter vs. a 5.7% increase in the unhedged index. The Australian Dollar appreciated against its developed market peers due to continuing global risk-on sentiment, ending the quarter buying 76.9c USD, up from 71.6c at the start of the quarter. Emerging markets measured by the MSCI Emerging Markets AUD Index returned 11.2%.

The domestic and international listed property sectors returned strongly over the quarter. The domestic listed property sector returned 13.2% but global listed property lagged, returning 10.6%, as measured by the S&P/ASX 300 A-REIT Index and the FTSE EPRA/NAREIT Developed AUD Hedged Net Total Return Index respectively.

Global bond yields reached record lows during the COVID-19 pandemic but increased during the December 2020 quarter. Domestic yields, as measured by the Australian 10 year government bond yield rose 18bps, leaving yields at 97bps, compared to 137bps 12 months prior. International yields followed a similar path, with US 10 year yields rising 23bps. A further tightening in credit spreads helped to offset some of the rise in yields, resulting in a -0.1% return for the Bloomberg Ausbond Composite 0+ Yr Index. International fixed interest markets, as measured by the Bloomberg Barclays Global-Aggregate Total Return AUD Hedged index returned 0.8%.

Over the quarter funds with higher allocations to growth assets outperformed those with a higher allocation to defensive assets, due to equity markets outperforming fixed interest assets.

Asset allocation ranges

Asset class	Investment managers	SAA ranges %
Equity – Australian Listed	BlackRock; FIL Limited; Nikko AM; Pental; Platypus; Realindex; Solaris; Vinva	0 – 25
Equity – International Listed	Ardevora; BlackRock; Hermes; Pental; Realindex; River & Mercantile; T.Rowe Price; Wellington	0 – 24
Property – Australian and International Listed	BlackRock; Heitman; Pental; Principal	0 – 19
Infrastructure – Unlisted	First Sentier Investors	0 – 17
Fixed Income – Australian	AMP; Janus Henderson; Pental	9 – 39
Fixed Income – International	Mellon; TCW; TwentyFour; Kapstream; PIMCO; Wellington; Western Asset	13 – 43
Other – Defensive and Growth Alternatives	Angelo, Gordon & Co.; BlackRock; PIMCO; Wellington; L.P; ICG; RV Capital	0 – 5
Commodities – International Listed	Janus Henderson	0 – 22
Cash	BlackRock; Pental	0 – 31

Footnotes

- 1 CPI Inflation: The Australian 'Consumer price index – All groups' measured on a non-seasonally adjusted basis is the total or 'headline' consumer price index. Percentage changes are calculated from the indices published in ABS Cat No 6401.0.
- 2 This includes effect of GST (net of RITC) and an estimate of performance fees paid for the 12 months ended 30 June 2019 of 0.02%. For the period from 1 April 2020 to 31 December 2020, the management fee charged has been reduced from 0.50% pa to 0.40% pa. Refer to the online disclosures for information on other Indirect Costs.
- 3 Past performance is not a reliable indicator of future performance. Performance returns are calculated net of management fees and costs.
- 4 Allocations may not equal 100% due to rounding.

For more information

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