

# Morningstar Global Inflation Linked Securities (Hedged) Fund

# Q1 2017

All data and information as of March 31, 2017

## Quarterly Performance Update

APIR Code (Class A)	INT0092AU
Inception	26 Nov 2007
Size \$m	193.0
Unit Pricing	Daily
Distributions	Quarterly
Management Fee	Up to 0.56%
Buy/Sell Spread	0.12% / 0.12%
Minimum Investment	\$500,000

### Investment Objective

Aims to maximise outperformance relative to the benchmark (Ibbotson Inflation-Linked Index (A\$ Hedged)) over rolling three year periods, by investing predominantly in global inflation-linked securities.

### Investment Strategy

A Fund with exposures to predominantly highly-liquid government and semi-government inflation-linked bonds. The Fund maintains an active approach in currency management around a fully hedged benchmark and aims to provide capital preservation over the medium to long term.

Available to wholesale investors, and indirectly to retail investors via select retail platforms.

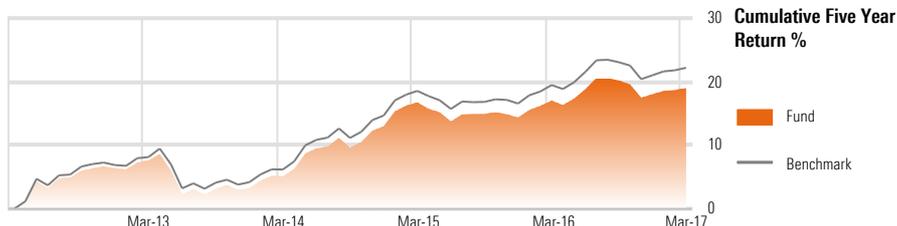
### Key Features

Provides a hedge against inflation and inflation surprises, adding a further level of diversification within a balanced portfolio.

Active manager evaluation maximises the potential for enhanced long-term portfolio performance.

The ability to identify exceptional managers throughout the world is assisted by our access to global resources.

### Performance<sup>1</sup>



Total Return %	3 Months	6 Months	1 Year	3 Years (pa)	5 Years (pa)
Fund (Net of Fees)	0.82	-0.99	1.70	4.22	3.54
Benchmark <sup>4</sup>	0.97	-0.70	2.28	4.79	4.09
Active Return	-0.15	-0.29	-0.58	-0.57	-0.55

### Portfolio Analysis<sup>2</sup>

Sector Allocations	Fund %	Bmark %	Maturity Breakdown	Fund %	Bmark %
Government	98.3	100.0	0 - 3 years	11.8	13.1
Cash	1.7	0.0	3 - 5 years	30.4	27.9

Regional Allocations	Fund %	Bmark %	Maturity Breakdown	Fund %	Bmark %
Australia/N.Z.	50.6	50.9	5 - 7 years	8.6	9.4
North America	30.3	29.0	7 - 10 years	25.2	27.6
Europe ex-UK	10.9	12.3	10 - 15 years	13.5	14.1
UK	5.9	6.1	15+ years	8.8	8.0
Japan	0.6	1.7	Cash	1.7	0.0
Cash	1.7	0.0			

### Manager Weightings

Manager	Style	%
Omega	Passive-enhanced	100.0

### Manager Styles

**Passive-enhanced:** An approach that aims to attain returns at or moderately above the benchmark while still maintaining the risk characteristics of a nominated benchmark.

Characteristics	Fund	Bmark
Modified Duration (years)	6.7	6.9
Yield to Maturity (%)	0.1	0.1

### Notes

1. Performance measures are expressed after fees, costs and before taxes. Performance may not sum due to the rounding of individual components. Fund inception date 26 November 2007, performance reporting commenced December 2006.

2. Allocations may not add up to 100% due to the rounding of individual components.

3. The Management fee is inclusive of GST (after taking into account Reduced Input Tax Credits) and can be negotiated for direct investors. Refer to the current disclosure document for more information on fees and costs.

4. The Fund's benchmark was the customised Barclays Ibbotson Inflation-Linked Bond Index (A\$ Hedged) until 31 May 2011, after which the benchmark became a composite benchmark of 50% in the Barclays World Government Inflation-Linked Bonds 1-15 Years Index (A\$ Hedged) and 50% in the Bloomberg AusBond Inflation Government Index.

5. Please refer to the Product Disclosure Statement on the Morningstar website for more information on how to apply.

## Morningstar's Investment Principles



**We put investors first.** We believe the firms that put investors first win in the long term because their investors win.

Since 1984, Morningstar, Inc. has been helping investors reach their financial goals. Our fiduciary duty to our principals is paramount.

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**We're independent-minded.** To deliver results, we think it's necessary to invest with conviction, even when it means standing apart from the crowd.

Our research shows that making decisions based on fundamental analysis, rather than short-term factors and sentiment, delivers better long-term investment results.

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**We invest for the long term.** Taking a patient, long-term view helps people ride out the market's ups and downs and take advantage of opportunities when they arise.

Investing with a multi decade horizon aligns with investors focus on increasing their purchasing power over their lifetimes.

The long term is the only period where fundamental, valuation driven investing works.

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**We're valuation-driven investors.** Anchoring decisions to an investment's fair value — or what it's really worth — can lead to greater potential for returns.

Valuation-driven investing through a long-term focus on the difference between price and intrinsic value enables investors to get more than they're paying for.

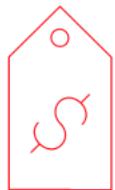
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**We take a fundamental approach.** Powerful research is behind each decision we hold, and we understand what drives each investment we analyse.

Fundamental investing incorporates a focus on the future earnings of an investment and not its prospective price change.

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**We strive to minimise costs.** Controlling costs helps investors build wealth by keeping more of what they earn.

Investment returns are uncertain, but costs are not.

Lower costs allow investors to keep more of their returns.

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**We build portfolios holistically.** To help manage risk and deliver better returns, truly diversified portfolios combine investments with different underlying drivers.

Portfolios should be more than the sum of their parts.

True diversification can have a powerful impact on a portfolio's risk-adjusted returns — but simply holding more investments isn't the same as true diversification.