PORTFOLIO MODELS – Quarter 1, 2020 Report

Market Review

This quarter has not been an easy one for most investors. While it was already clear that we were in the later stages of the economic cycle, nobody could have predicted at the start of this year that large parts of the global economy would be brought to an abrupt halt by the COVID-19 pandemic.

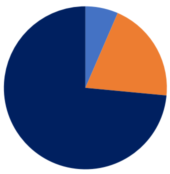
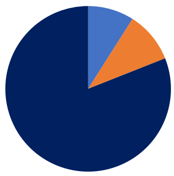
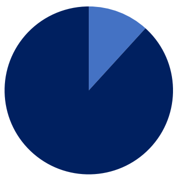
Unfortunately, the debate has now moved on from whether or not there will be a recession this year, to how deep and long it will be. As markets have moved to reflect this new reality, equities have fallen sharply, with the worst returns coming in March. The S&P500 fell 20% over the quarter and the FTSE all share declined by 25%.

At least the defensive part of portfolios has performed as expected with government bonds rising in price, as central banks cut interest rates and restarted quantitative easing. However, concerns about the effect of the shutdowns on corporate profits have led to corporate bond prices declining, which will have detracted from the returns of some fixed income portfolios. As should be expected, riskier, junk-rated corporate bonds have fallen by more than investment grade rated companies, with high yield energy bonds the worst hit.

Commodity prices, other than gold, fell sharply over the quarter. As countries around the world halted activity to try to bring the spread of the virus under control, demand for most commodities declined, hitting prices. Oil was caught in a perfect storm with an agreement between OPEC and Russia to constrain supply breaking down just as the outlook for demand fell. This led the oil price to fall by more than 60%.

In the US, a very substantial fiscal stimulus package has been agreed, worth about 10% of GDP, which will include some grants to small businesses. The package also provides government backing for credit to be provided by the Federal Reserve (the Fed) to investment grade companies. This should ensure that large investment grade companies don't fail in the near term because of a lack of cash-flow. However, again, some large companies may require grants or bailouts rather than just credit to survive this shock in the longer term.

IndexInvest Strategic Portfolio models - Holdings (%)

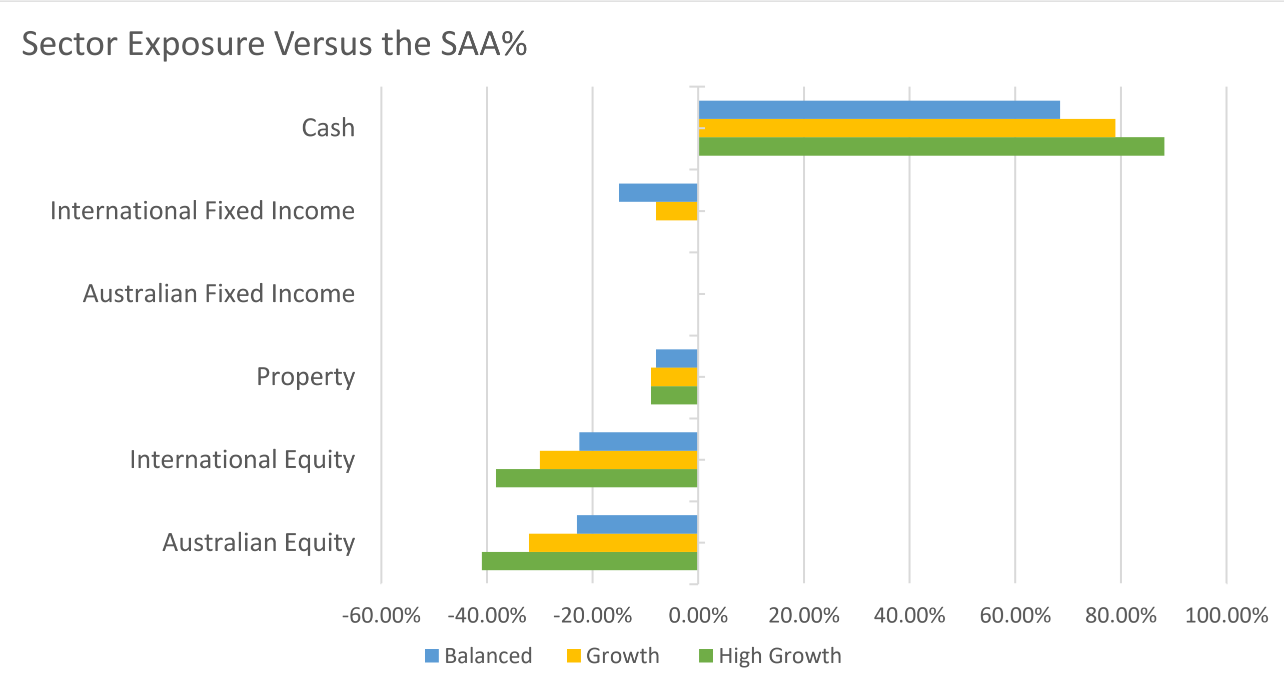
Portfolio Constituents & Weights - 31 March 2020		Balanced	Growth	High Growth
				
Australian Fixed Income		**20.00%**	**10.00%**	**0.00%**
IAF	iShares Core Composite Bond ETF	20.00%	10.00%	0.00%
International Equity		**6.50%**	**9.00%**	**11.75%**
QHAL	VanEck Vectors MSCI World Ex-Australia Quality (Hedged)	4.50%	6.25%	8.00%
WXHG	SPDR S&P World ex Australian (Hedged) Fund	2.00%	2.75%	3.75%
Cash		**73.50%**	**81.00%**	**88.25%**
ISEC	iShares Enhanced Cash ETF	5.00%	2.00%	0.00%
	Cash Account	68.50%	79.00%	88.25%
Australian Equity		**0.00%**	**0.00%**	**0.00%**
Property		**0.00%**	**0.00%**	**0.00%**
International Fixed Income		**0.00%**	**0.00%**	**0.00%**

Quarterly Performance Commentary – IndexInvest Strategic Portfolio models

Global share markets have become acutely vulnerable to the coronavirus threat. The rapid increase in infections since the start of 2020 is a troubling threat to both global economic growth and corporate profits. Notably the World Health Organization (WHO) increased their coronavirus risk assessment to "very high at the global level" on 28 February. Political risks also feature prominently as a potential source for concerns. The US presidential election campaign and the mosaic of tensions in the Middle East (eg Iran, Syria) are risks that could impact investment returns.

Australia is particularly challenged by weak economic prospects this year. Australian consumers are reluctant to spend. The housing market is mixed with weak construction but rising prices. Adding to these concerns, the recent bushfire crisis and the new threat to Australian tourism and trade prospects with the coronavirus suggests that the Australian economy may struggle over comings months.

In the current environment, nimbleness and flexibility are more important than ever if the portfolio is to both generate returns and manage risk. We have been defensively positioned, relative to benchmark, for some time now and this has provided some cushioning from the full impact of significant share market falls in recent weeks, while maintaining adequate participation in a potential share market recovery. Our defensive positioning, relative to benchmark, has been achieved in a number of ways, including: 1. Exposure to real return strategies; 2. Overweight to hedged global shares and 3. Underweight to Australian shares.



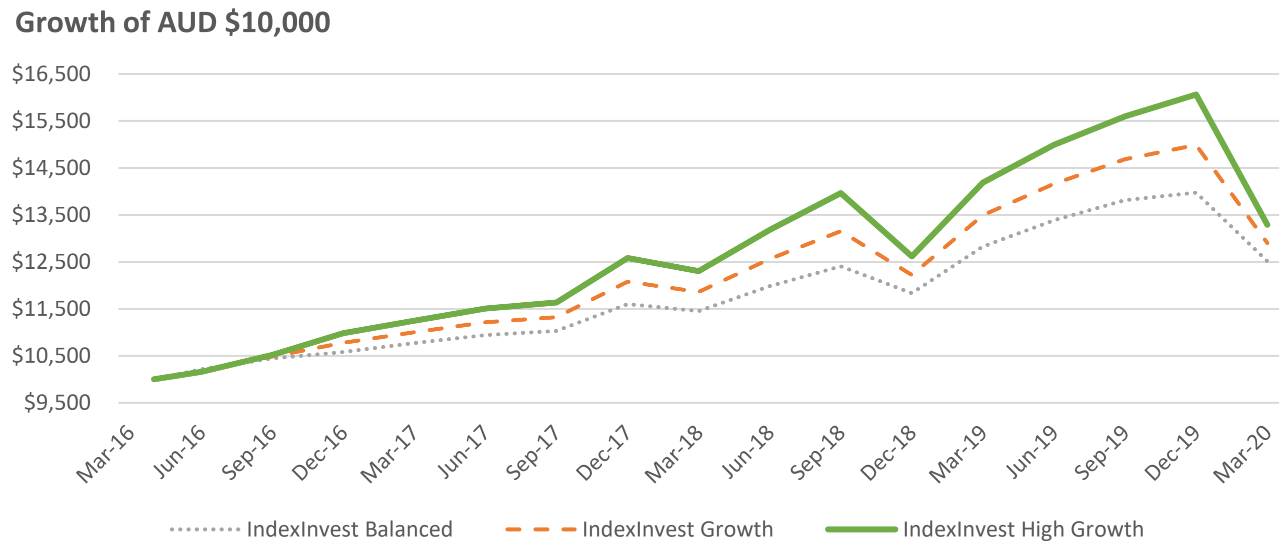
Portfolio Performance Ending 31 March, 2020

Portfolio	3 Months	6 Months	1 Year	3 Years p.a.	Inception p.a.*
IndexInvest Strategic High Growth	**-10.46%**	**-9.44%**	**-2.46%**	**5.12%**	**5.41%**
High Growth Benchmark – CPI+4%	^	*2.06%*	*4.25%*	*3.85%*	*3.63%*
IndexInvest Strategic Growth	**-13.91%**	**-12.14%**	**-4.36%**	**5.45%**	**6.18%**
Growth Benchmark – CPI+3%	^	*2.56%*	*5.28%*	*4.88%*	*4.58%*
IndexInvest Strategic Balanced	**-17.26%**	**-14.80%**	**-6.34%**	**5.71%**	**6.92%**
Balanced Benchmark – CPI+2%	^	*3.07%*	*6.33%*	*5.93%*	*5.53%*

**Inception date: 29 Apr 2016.   ^ CPI data for formulating the benchmark is not available at time of writing.*

Performance Details

Portfolio Chart



Risk Analysis

IndexInvest Strategic	Balanced	Growth	High Growth
Standard Deviation	8.34%	10.94%	13.62%
Sharpe Ratio	0.47	0.45	0.45
Information Ratio	0.29	0.23	0.19
Sotino Ratio	0.51	0.50	0.50

**Risk free rate is assumed to be 2.5%*

Fund Portfolio Performance Ending 31-March 2020

Fund	3 Months	6 Months	1 Year	3 Years p.a.	Inception p.a.
VanEck Vectors Australian Equal Weight ETF*	-28.14%	-27.10%	-19.78%	-1.77%	2.00%
BetaShares Australia 200 ETF*	-24.89%	-25.27%	-18.91%		
VanEck Vectors MSCI World Ex Australia Quality ETF *	-3.59%	3.61%	14.97%	15.76%	14.02%
VanEck Vectors MSCI World Ex-Australia Quality (Hedged)	-15.23%	-5.49%	-1.25%		
SPDR S&P World Ex Australia Fund*	-9.41%	-5.70%	3.64%	9.66%	9.57%
SPDR S&P World ex Australian (Hedged) Fund	-20.36%	-14.30%	-10.56%	1.56%	4.85%
SPDR Dow Jones Global Real Estate ETF*	-20.35%	-22.96%	-15.41%	1.02%	0.45%
VanEck Vectors Australian Property ETF*	-35.56%	-36.29%	-32.48%	-3.63%	-1.18%
Vanguard Australian Property Securities Index ETF *	-35.06%	-35.72%	-32.36%	-6.07%	-3.46%
ETFS Global Core Infrastructure ETF*	-14.18%	-15.41%	-6.69%		
iShares Core Composite Bond ETF	2.51%	0.82%	6.20%	5.38%	4.23%
Vanguard International Fixed Interest Index*	2.68%	1.23%	6.40%	4.52%	3.34%
iShares Enhanced Cash ETF	0.08%	0.35%	1.04%		

** These holdings were sold during this quarter to reduce the risk of negative returns.*

Important Information

Performance Data

The performance figures represent past performance of the model portfolios. Past performance is not indicative of future performance. Performance for periods longer than a year have been annualised and represent cumulative (i.e. compounded) returns. Performance is calculated to the last business day of the quarter. Performance does not include brokerage fees and commissions that may be incurred in the trading of securities within each model portfolio.

Performance figures include fund management fees and expenses of the ETFs included within a model portfolio and assume the reinvestment of distributions of any such ETF. Performance figures do not include investment management fees, if any, to be applied by IndexInvest. Performance returns do not reflect any management fees, transaction costs or expenses applied by product issuers.

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