

## ACBC FIXED INCOME NO. 1 PORTFOLIO - SMA

### INVESTMENT OBJECTIVE

Within the investable universe of ASX traded XTBs to construct a fixed income model portfolio that aims to provide:

- A regular and predictable income stream
- A capital preservation focus and low levels of price volatility
- An absolute return that is above returns on term deposits
- Liquidity, to ensure investment flexibility.

The Fixed Income No. 1 portfolio is designed for investors and SMSFs seeking:

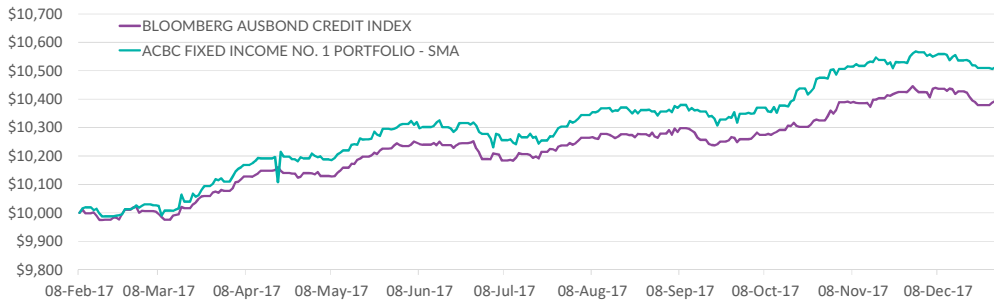
- A fixed income portfolio using individual securities available on ASX
- A transparent and capital-stable fixed income model portfolio that offers a regular and predictable income stream
- An investment risk profile less than equities and hybrids, and a higher return than 'cash-like' investments.

### PORTFOLIO PARAMETERS

YTM	3.02%
Running Yield	4.67%
Years to Maturity	4.93
Modified Duration	4.13



### PERFORMANCE - TOTAL RETURNS



### PORTFOLIO CHANGES IN LAST 3 MONTHS

Change	XTB	Yield at Date
<b>18-Dec-17</b>		
Remove:	YTMAGL	2.45%
	YTMNA1	2.27%
	YTMZJ	2.04%
Add:	YTMSCG	2.37%
	YTMGP1	3.42%
	YTMMG2	3.23%

### PERFORMANCE - TOTAL RETURNS

	1 mo	3 mo	6 mo	1 year	3 year	5 year	Inception
Portfolio Return	-0.59%	1.52%	2.21%	--	--	--	5.05%
Benchmark Return	0.12%	0.37%	0.75%	--	--	--	1.34%
Excess Return	-0.71%	1.15%	1.46%	--	--	--	3.71%

*Benchmark refers to the RBA Cash Rate*

### ATTRIBUTION

	1 mo	3 mo	6 mo	1 year	3 year	5 year	Inception
Total Return	-0.59%	1.52%	2.21%	--	--	--	5.05%
Distribution	0.53%	2.12%	2.39%	--	--	--	4.91%
Price Change	-1.12%	-0.60%	-0.18%	--	--	--	0.14%

### ATTRIBUTION FOR LAST 3 MONTHS

XTB	Total Return	Distribution	Price Change
YTMAGL	2.29%	2.23%	0.06%
YTMZJ	1.70%	2.52%	-0.82%
YTMNA1	1.16%	1.84%	-0.68%
YTMAS	0.72%	2.53%	-1.81%
YTMDO1	1.57%	0.00%	1.57%
YTMGX1	2.06%	2.10%	-0.04%
YTMGP1	-0.38%	0.00%	-0.38%
YTMML1	1.70%	2.66%	-0.96%
YTMMG2	-0.38%	0.00%	-0.38%
YTMQF3	1.21%	3.11%	-1.90%
YTMSCG	2.18%	0.00%	0.35%

### PORTFOLIO MANAGER

Ian Martin



Chief Investment Officer

Ian Martin has over 30 years' experience in fixed income markets globally. Prior to the formation of ACBC, Ian held the position of Head of Rates Australia and New Zealand for Deutsche Bank Australia. He was a member of the AFMA Market Governance Committee, a board member of Yieldbroker and a member of Deutsche Bank's Global Rates Executive Committee.

### PORTFOLIO MANAGER'S SUMMARY

- In Q4 bonds generally ended lower in yield and higher in price.
- The December 2018 Official Cash Rate implied by ASX futures moved from 1.88% to 1.74%. The OCR is currently 1.50% and was unchanged during the quarter.
- 3 year government bond yield fell by 0.02% to 2.13% pa (which means the price rose).
- 10 year government bond reduced in yield from 2.84% to 2.63% (a fall in yield of 0.21%).
- Corporate bonds in 0-5 year maturities generally outperformed government bonds. The 0-5 year Credit Index returned 1.03% while the Government Bond Index for 0-5 years returned 0.55%.
- During the quarter the Fixed Income No. 1 Portfolio returned 1.52% of which the managers attribute 0.77% to the performance of the equivalent government bonds. 0.75% was estimated to be attributed to holding the individual XTBs instead of government bonds (1.52% = 0.77% + 0.75%).
- Our performance figures use our Fixed Income No.1 Reference Index.

Source: Australian Corporate Bond Company Limited and Bloomberg as at 31 December 2017. Past performance is no guarantee of future performance. Returns reflect the underlying bond performance adjusted for XTB fees.

### CONTACT US

E: advisers@xtbs.com.au  
T: 1800 995 993

www.xtbs.com.au **XTB**

**ACBC FIXED INCOME NO. 1 PORTFOLIO - SMA**

DATA AS AT 31-DEC-2017  
INCEPTION DATE 08-FEB-2017

**DISTRIBUTIONS FOR LAST 3 MONTHS**

XTB	Issuer	Coupons (per XTB)	Ex-Date	Payment
YTMAGL	AGL	2.500	26-Oct-17	09-Nov-17
YTMZJ	Aurizon	2.875	19-Oct-17	02-Nov-17
YTMNA1	NAB	2.000	07-Dec-17	21-Dec-17
YTMAS	AST	2.875	19-Dec-17	02-Jan-18
YTMDO1	Downer	0.000	--	--
YTMDX1	Dexus	2.375	26-Oct-17	09-Nov-17
YTMGP1	GPT	0.000	--	--
YTMML1	Lendlease	3.000	31-Oct-17	16-Nov-17
YTMMG2	Mirvac	0.000	--	--
YTMQF3	Qantas	3.875	07-Nov-17	23-Nov-17
YTMSCG	Scentre	0.000	--	--

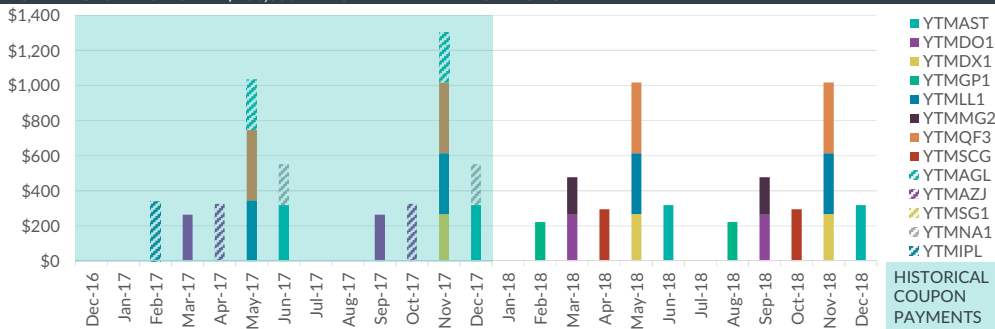
**LIST OF TICKERS**

**ASX:**  
YTMAS  
YTMDO1  
YTMDX1  
YTMGP1  
YTMML1  
YTMMG2  
YTMQF3  
YTMSCG

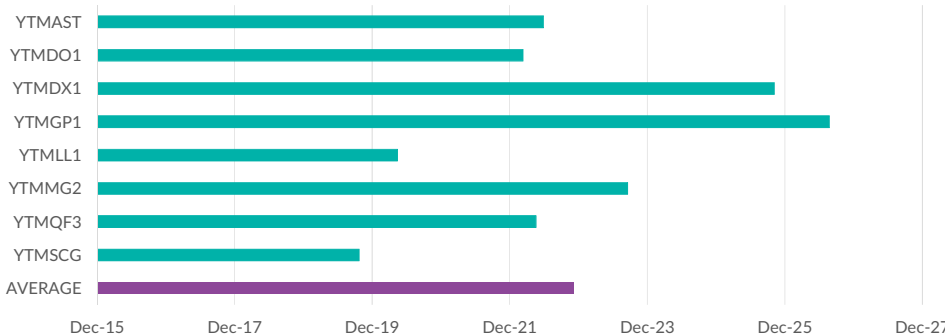
**IRESS:**  
YTMAS.AXW  
YTMDO1.AXW  
YTMDX1.AXW  
YTMGP1.AXW  
YTMML1.AXW  
YTMMG2.AXW  
YTMQF3.AXW  
YTMSCG.AXW

**Bloomberg:**  
YTMAS AU Equity  
YTMDO1 AU Equity  
YTMDX1 AU Equity  
YTMGP1 AU Equity  
YTMML1 AU Equity  
YTMMG2 AU Equity  
YTMQF3 AU Equity  
YTMSCG AU Equity

**INDICATIVE CASH FLOWS PER \$100,000 INVESTMENT IN THE PORTFOLIO**



**MATURITY PROFILE**



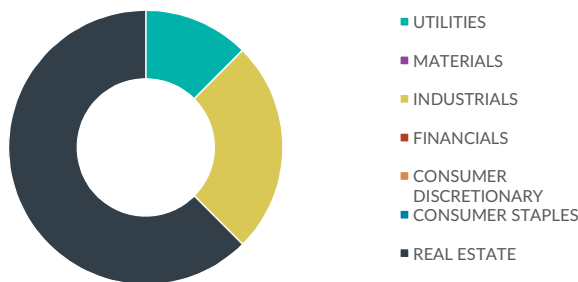
**DID YOU KNOW?**

- Other XTB Model Portfolios:**
- Cash Plus
  - Concentrated High Yield
  - High Yield
  - Maturity Ladder

Contact us for any Custom Portfolio requirements

- SMA Model Portfolios:**
- Macquarie Wrap SMA
  - Praemium SMA
  - Praemium SuperSMA

**SECTOR BREAKDOWN**



Source: Australian Corporate Bond Company Limited, IRESS and Bloomberg as at 31 December 2017. Past performance is no guarantee of future performance. Returns may reflect the underlying bond performance adjusted for XTB fees.

**Disclaimer:**  
Australian Corporate Bond Company Ltd (ABN 34 169 442 657, Authorised Representative No.: 469037) ("ACBC") is an Authorised Representative of Theta Asset Management Ltd (ABN 37 071 807 684, AFSL No.: 230920) ("Theta"). Theta is the Responsible Entity of the Australian Corporate Bond Trust and the issuer of the Exchange Traded Bond Units ("XTBs"). ACBC is the Securities Manager of the XTBs. ACBC and Theta will earn fees for making the XTBs available to investors, which is payable at the time that an Authorised Participant applies for an XTB. ACBC is solely responsible for the contents of this Portfolio Performance Report. The information contained in this document is general in nature and should not form the basis of any investment decision, it is provided for information purposes only. The distribution of this Portfolio Performance Report or any other material relating to XTBs, including any XTB PDS, to persons outside of Australia may be restricted by law and any person who comes into possession of such documents should seek their own advice on, and observe any such restrictions. Past performance is no guarantee of future performance. All performance data contained herein is sourced from ACBC, IRESS or Bloomberg and reflects the performance of the portfolio calculated in accordance with the portfolio rules, it does not take into account broker transaction costs or platform fees associated with acquiring and holding the Portfolio. Performance data assumes that the Portfolio was acquired on 8 February 2017, if you acquired the Portfolio on a different date the performance may vary. ACBC makes no warranty, express or implied, as to the completeness of any statement contained herein nor does it represent that this document contains all of the information that an investor may require in order to assess the merits of an investment in XTBs. No responsibility or liability can be accepted by ACBC or Theta nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this document or any of the information or data contained herein. XTB® is a registered trade mark of Global Bond Exchange Pty Ltd, a related body corporate of Australian Corporate Bond Company Limited. © Copyright 2018 Australian Corporate Bond Company Ltd ABN 34 169 442 657. All rights reserved 2018.

**FINANCIAL SERVICES GUIDE**

Download our Financial Services Guide at: [www.xtbs.com.au/fsq](http://www.xtbs.com.au/fsq)

The portfolio is reviewed on the second Wednesday each month.

**CONTACT US**

E: [advisers@xtbs.com.au](mailto:advisers@xtbs.com.au)  
T: 1800 995 993

[www.xtbs.com.au](http://www.xtbs.com.au) **XTB**