

ACBC FIXED INCOME NO. 1 PORTFOLIO - SMA

INVESTMENT OBJECTIVE

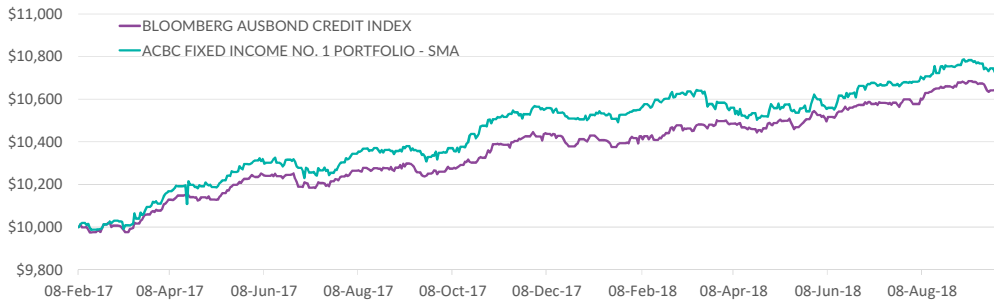
Within the investable universe of ASX traded XTBs to construct a fixed income model portfolio that aims to provide:

- 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.

PERFORMANCE - TOTAL RETURNS



PERFORMANCE - TOTAL RETURNS

	1 mo	3 mo	6 mo	1 year	3 year	5 year	Inception (p.a.)
Portfolio Return	-0.20%	0.64%	1.39%	3.70%	--	--	4.40%
Benchmark Return	0.12%	0.37%	0.75%	1.51%	--	--	1.51%
Excess Return	-0.32%	0.27%	0.64%	2.19%	--	--	2.89%

Benchmark refers to the RBA Cash Rate

ATTRIBUTION

	1 mo	3 mo	6 mo	1 year	3 year	5 year	Inception (p.a.)
Total Return	-0.20%	0.64%	1.39%	3.70%	--	--	4.40%
Distribution	0.21%	0.68%	2.28%	5.14%	--	--	4.83%
Price Change	-0.41%	-0.04%	-0.88%	-1.44%	--	--	-0.43%

ATTRIBUTION FOR LAST 3 MONTHS

XTB	Total Return	Distribution	Price Change
YTMAWC	0.68%	0.00%	0.68%
YTMD01	1.18%	2.07%	-0.89%
YTMDX1	0.10%	0.00%	0.10%
YTMGP1	0.40%	1.74%	-1.34%
YTMMSG2	1.61%	1.67%	-0.06%
YTMQF3	0.78%	0.00%	0.78%
YTMMSG2	0.55%	0.00%	0.55%
YTMTL1	0.43%	1.85%	-1.42%
YTMAST	0.05%	0.00%	0.05%
YTMSCG	0.00%	0.00%	0.00%
YTMLL1	-0.37%	0.00%	-0.37%

PORTFOLIO MANAGER'S SUMMARY

- In Q3 interest rates generally ended slightly higher. The 3-year government bond finished 1bp lower in yield at 2.05% while the 10-year government bond ended 4bps higher in yield at 2.67%. During the quarter the 10-year government bond yield got as high as 2.79%.
- The September 2019 Official Cash Rate (OCR) implied by the ASX futures moved from 1.64% to 1.60%. The OCR is currently 1.50% and was unchanged during the quarter.
- The 3-year government bond's yield fell by 0.01% to 2.05% pa (which means the price rose slightly ignoring any effect of accrued interest).
- The 10-year government bond rose in yield from 2.63% to 2.67% (a rise in yield of 0.04%).
- Corporate bonds in 0-5 maturities outperformed government bonds. The 0-5 Credit Index returned 0.84% while the Government Bond Index for 0-5 years returned 0.57%. Longer dated corporate bonds also outperformed government bonds with equivalent maturities.
- During the quarter the XTB portfolio returned 0.64% of which the manager attributes 0.66% to the performance of the equivalent government bonds, -0.02% was estimated to be attributed to holding the individual XTBs instead of government bonds. (0.64% = 0.66% - 0.02%). To estimate the equivalent government bonds the portfolio is compared to the Treasury Index which contains 3-5 year government bonds.
- *Our performance figures use our Fixed Income No.1 Reference Index.*

Source:

Australian Corporate Bond Company Limited and Bloomberg as at 30 September 2018. Past performance is no guarantee of future performance. Returns reflect the underlying bond performance adjusted for XTB fees.

PORTFOLIO PARAMETERS

YTM	3.22%
Running Yield	4.43%
Years to Maturity	4.54
Modified Duration	3.83



PORTFOLIO CHANGES IN LAST 3 MONTHS

Change XTB

11-Jul-18

Out	YTMSCG
Out	YTMAST
Out	YTMLL1
In	YTMMSG2
In	YTMAWC
In	YTMTL1

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.

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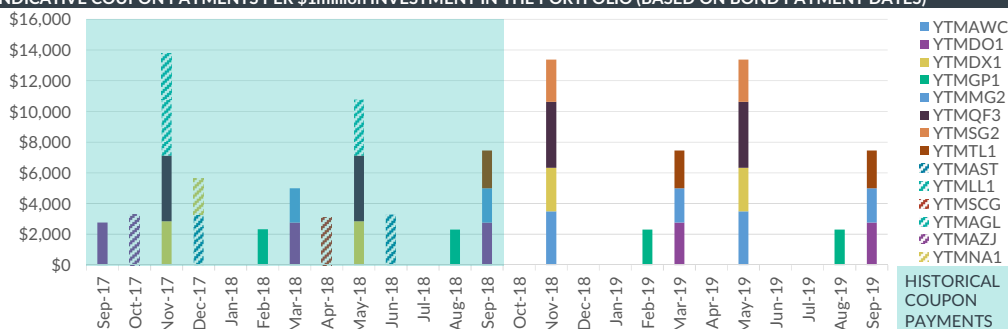
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DATA AS AT 30-SEP-2018
INCEPTION DATE 08-FEB-2017

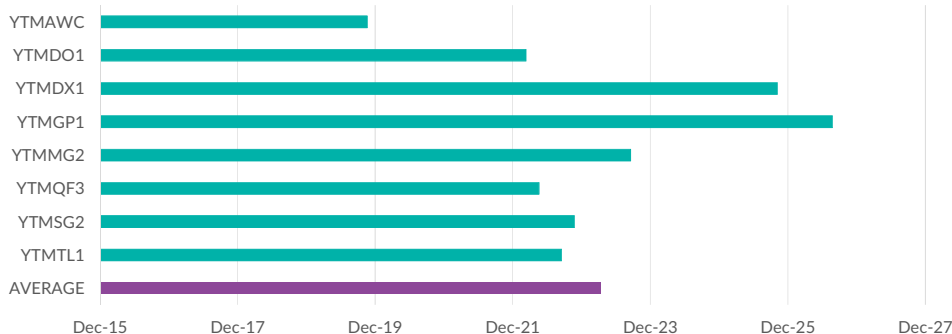
DISTRIBUTIONS FOR LAST 3 MONTHS

XTB	Issuer	Coupons (per XTB)	Ex-Date	Payment
YTMAWC	Alumina	0.0000	--	--
YTMDO1	Downer	2.2500	31-Aug-18	14-Sep-18
YTM DX1	Dexus	0.0000	--	--
YTMGP1	GPT	1.8285	15-Aug-18	29-Aug-18
YTM MG2	Mirvac	1.7500	07-Sep-18	21-Sep-18
YTMQF3	Qantas	0.0000	--	--
YTM SG2	Stockland	0.0000	--	--
YTM TL1	Telstra	2.0000	06-Sep-18	20-Sep-18
YTM AST	AST	0.0000	--	--
YTM SCG	Scentre	0.0000	--	--
YTM LL1	Lendlease	0.0000	--	--

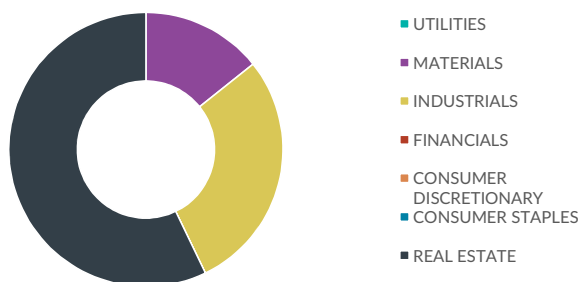
INDICATIVE COUPON PAYMENTS PER \$1million INVESTMENT IN THE PORTFOLIO (BASED ON BOND PAYMENT DATES)



MATURITY PROFILE



SECTOR BREAKDOWN



Source: Australian Corporate Bond Company Limited, IRESS and Bloomberg as at 30 September 2018. Past performance is no guarantee of future performance. Returns may reflect the underlying bond performance adjusted for XTB fees.

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LIST OF TICKERS

ASX:
YTMAWC
YTMDO1
YTM DX1
YTMGP1
YTM MG2
YTMQF3
YTM SG2
YTM TL1

IRESS:
YTMAWC.AXW
YTMDO1.AXW
YTM DX1.AXW
YTMGP1.AXW
YTM MG2.AXW
YTMQF3.AXW
YTM SG2.AXW
YTM TL1.AXW

Bloomberg:
YTMAWC AU Equity
YTMDO1 AU Equity
YTM DX1 AU Equity
YTMGP1 AU Equity
YTM MG2 AU Equity
YTMQF3 AU Equity
YTM SG2 AU Equity
YTM TL1 AU Equity

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
 - HUB24 ESG

FINANCIAL SERVICES GUIDE

Download our Financial Services Guide at: www.xtbs.com.au/fsfg

The portfolio is reviewed on the second Wednesday each month.

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