



## PORTFOLIO SUMMARY

The Ventura KFM Income Fund portfolio returned (after fees and inclusive of franking credits) 1.03% in the month of December.

Annualised returns of 3.99%, 7.27% and 6.77% over 1, 3 and 5 years, delivering very good risk adjusted returns from a portfolio of diversified income generating assets.

The portfolio finished the year on a strong note in contrast to equity markets that have tumbled across the globe. With markets on a defensive footing the strategy of investing in a diversified range of income producing assets has delivered very good returns.

Asset markets shifted abruptly to realign with a more subdued growth outlook. The MSCI World Index (equities) fell -7.71% in December. US 10 year bond yields fell from 3.0% to 2.68%. Japanese bond yields dipped briefly below zero in a flight to safety. The removal of the "Greenspan Put" added weight to the significant contraction of PE multiples that negatively impacted equity markets. The US Fed followed through with its December rate hike to 2.5% with more to follow and continues to drain liquidity through QE tightening. It appears that GDP growth in both the US and China had peaked the June quarter at 4.2% and 6.75 respectively. Momentum is slowing quickly under the weight of trade conflict and geopolitical uncertainty. The inversion of the 2yr-5yr bond yield curve in the US was the trigger for a major asset allocation shift from equities into bonds and other defensive assets.

In Australia growth momentum has also slowed. The housing downturn continues with uncertainty over its duration. House prices have now fallen 11% below the July 2017 peak and stricter lending conditions has entrenched the down cycle. Commodity prices, especially metals and oil have weakened with global demand slowing. The Australia dollar tumbled from 73.14c to 70.53c providing a shock absorber to global weakness. Australian 10 year bond yields fell from 2.60% to 2.32%, however 90 day bank bill rates widened to back to 2.09% reflecting tight interbank liquidity, which has raised corporate lending rates to the benefit of hybrid distributions.

Over the month the portfolio experienced positive returns from hybrids and corporate bonds (+0.9%) and property trusts (+1.7%) that representing around 80% of the portfolio in aggregate. Utilities declined -6% and mixed performance was experienced in buy & writes representing the balance of the portfolio.

### Performance of the Fund

31/12/2018

Period	Franking %	Income % (incl. Franking)	Growth %	Fund Return %
1 month	0.10	0.10	0.93	1.03
3 months	0.29	1.29	-0.97	0.32
6 months	0.57	3.83	-1.36	2.47
1 yr pa	1.12	7.20	-3.21	3.99
3 yr pa	1.06	7.69	-0.42	7.27
5 yr pa	1.06	7.54	-0.78	6.77
7 yr pa	1.01	7.50	0.29	7.78
Since Inception	0.77	6.97	-1.52	5.45

Fund return is net of fees and inclusive of franking credits.

### Top Ten Holdings

31/12/2018

Sector	ASX Code	Portfolio %
Interest Rate Securities	NAB	11.10
	ANZ	8.70
Property Trusts	CLW	7.40
	VVR	4.80
Utilities	SKI	3.50
	Industrials	TLS
Materials	BHP	0.80
	Buy Write	WBC
Banks	NAB	1.80
	ANZ	1.70

\* Ex-ASX200 stocks not disclosed due to potential price sensitivities

### Fund Details

<b>APIR code</b>	VEN0007AU
<b>Minimum investment</b>	\$20,000 (or \$10,000 with Regular Investment Plan)
<b>Regular investment plan</b>	Minimum \$250 per month
<b>Management fee</b>	0.75% p.a.
<b>Expense recoveries</b>	0.10% p.a.
<b>Performance fee</b>	15.38% p.a. on returns above the benchmark plus 2% p.a.
<b>Benchmark</b>	Benchmark 1 Year Interest Rate Swap
<b>Frequency of distributions</b>	Quarterly

### Sector Allocations

31/12/2018

Sector	Yield %	Portfolio %	Neutral Position %
Interest Rate Securities	5.50	58.50	30.00
Utilities	5.10	4.10	13.00
Property Trusts	6.50	21.60	12.00
Buy Writes	8.00	12.80	25.00
Cash	1.50	2.90	20.00

For more information speak to your financial adviser.

1300 738 421  
info@venturafm.com.au  
venturafm.com.au

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