



## PORTFOLIO SUMMARY

The Ventura KFM Income Fund portfolio returned (before fees and inclusive of franking credits) 1.33% in the month of June and 9.62% for the 2019 financial year.

Annualised returns of 9.62%pa, 7.19%pa and 7.90%pa were recorded over 1, 2 and 3 years respectively, delivering excellent risk adjusted returns from a portfolio of diversified income generating assets. The portfolio outperformed its performance benchmark return of 3.74% (1 yr swap rate plus 2%) and delivered outperformance over all yearly periods since 2007 inception. Risk/volatility has consistently measured around 25%-40% of equity market risk.

Global growth continued to slow worsened by US trade war tensions. Central banks have shifted to an accommodative stance and markets have aggressively priced in rate cuts. The US Fed Funds futures expects rates to be 1.75% by December 2019 from 2.5% presently. Property Trusts, Utilities and Hybrids returned 4.2%, 3.2% and 1.8% respectively over the month and over one year returned 19.3%, 5.7% and 8.8% respectively. The portfolio is well weighted towards these sectors and participated in a placement by Charter Hall Long WALE REIT priced on a yield of 5.9% and 3.9% discount to the market price. In addition, the portfolio holds around 14% in banks and BHP through a buy & write strategy to capture dividends and minimise capital risk. Banks and BHP performed well in June rising 3.5% and 9.0% respectively. BHP has benefited from exceptionally strong iron ore prices and a weak Australian dollar.

The RBA delivered a rate cut in June to 1.25% from 1.50% and Australian 10-year bond yields fell to 1.32% recording the largest one-year decline in bond yields globally of 1.32%, effectively half the rate a year before. Markets are expecting the RBA to cut rates to a low of 0.7% by mid-2020. The significant shift in the RBA interest rate outlook was driven by a re assessment of NAIU (non-accelerating inflation rate of unemployment) to around 4.5% compared to the current 5.1% unemployment rate. The outlook for the Australian economy has improved post-election with the prospect of fiscal stimulus in the form of tax cuts and monetary stimulus from lower interest rates. APRA's easing of credit assessment conditions will also help steady the residential property market and consumer sentiment. This is positive for income generating assets that achieved strong returns in June. The manager has actively deemphasized buy & writes in equities in favour of quality assets in property trusts, utilities and floating interest rate securities. Their asset allocation maintains a cautious stance as economic growth momentum is soft and risks to global growth remain to the downside.

### Performance of the Fund

30/06/2019

Period	Franking %	Income % (incl. Franking)	Growth %	Fund Return %
1 month	0.10	0.10	1.23	1.33
3 months	0.28	1.26	2.06	3.31
6 months	0.57	3.55	3.43	6.97
1 yr pa	1.14	7.60	2.02	9.62
3 yr pa	1.06	7.76	0.14	7.90
5 yr pa	1.07	7.59	-0.66	6.92
7 yr pa	1.03	7.42	0.75	8.17
Since Inception	0.71	6.88	-1.12	5.76

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

### Top Ten Holdings

30/06/2019

Sector	ASX Code	Portfolio %
Interest Rate Securities	NAB	9.40
	ANZ	9.30
Property Trusts	CLW	8.10
	VVR	4.90
Utilities	SKI	4.10
	Industrials	TLS
Materials	BHP	0.20
	Buy Write	NAB
Banks	ANZ	1.00
	WBC	0.60

\* 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

30/06/2019

Sector	Yield %	Portfolio %	Neutral Position %
Interest Rate Securities	4.50	56.9%	30.00
Utilities	6.20	4.9%	13.00
Property Trusts	5.90	23.5%	12.00
Buy Writes	6.40	14.4%	25.00
Cash	1.30	0.3%	20.00

For more information speak to your financial adviser.

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