

# La Trobe Australian Credit Fund

## 12 Month Term Account

July 2017 – As at 30 June 2017



# 1 Year 5.20%<sup>\*</sup>pa

VARIABLE

annualised compounding interest rate 5.33% variable

LTC0002AU - APIR

The 12 Month Term Account of the La Trobe Australian Credit Fund is designed to take advantage of the outstanding risk/return characteristics of the Australian property credit market. The conservative investment strategy of the 12 Month Term Account is based on La Trobe Financial's 60 years of property credit experience throughout Australia. It aims to provide reliable monthly income for investors at a strong premium to cash, with a high level of capital stability. As Australia's most awarded property credit fund,\* it aims to provide diversification (with exceptionally low correlation to equities) and stable variable returns that are responsive to inflation.

*"Few products offer our combination of real assets, which in turn provides a unique investment solution not possible from a stand-alone listed property or infrastructure fund."*

Chris Andrews – Vice President, Chief Investment Officer ph: 0410 220 183

### INVESTMENT OBJECTIVES:

The primary objectives of the 12 Month Term Account are to provide a stable and predictable return with a strong premium to cash while outperforming the Bloomberg Ausbond Bank Bill Index + 1.50%

- Substantial capital stability
- Stable absolute returns with low volatility

### INTENDED BENEFITS\*:

- Capital stability
- Strong and stable absolute return with low volatility
- Return outperformance relative to risk, peers and benchmark
- Exposure to strong underlying asset class
- Superior portfolio diversification
- Flawless liquidity and capital return history

### THIS FUND MAY BE SUITED TO INVESTORS SEEKING:

- Stable and reliable income at a premium to cash and TDs
- Substantial capital stability
- Exposure to the property credit asset class

### AWARDS



### RESEARCH RATINGS



### ABOUT THE MANAGER AND PRODUCT

La Trobe Financial Services Pty Limited has been managing mortgages and cash since 1952, including wholesale investment mandates of up to \$800m. It currently has over \$3.7 billion in FUM and group equity in excess of \$100 million. The La Trobe Australian Credit Fund has \$1,586 million in FUM and includes the 12 Month Term Account, which has \$863.3 million in FUM.

### WRAP / PLATFORM AVAILABILITY

netwealth • Hub24 • PowerWrap • OneVue • managedaccounts.com.au • Mason Stevens • Wilson HTM

### ALLOCATIONS (AT 30 JUNE 2017)

Chart 1 – Geographic

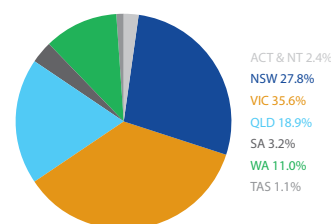
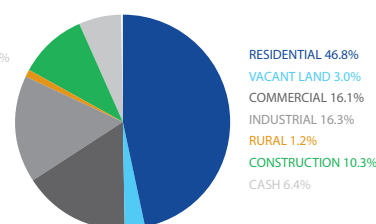


Chart 2 – Sector allocation



### AT A GLANCE

|                                |  |
|--------------------------------|--|
| Type of fund                   | Property Credit (Australian Mortgages)                                   |
| Commencement date              | 1 October 2002   |
| Fund Size                      | \$863.3m (as at 30 June 2017)  |
| Investment timeframe           | Minimum 12 months  |
| Minimum investment amount      | \$1,000  |
| Minimum additional amount      | Unlimited  |
| Income distribution            | Monthly (within 14 days after end of month)                              |
| Withdrawals                    | At 12 month maturity date  |
| Distribution reinvestment plan | Available  |
| Borrowing                      | Nil  |
| Entry and exit fees            | Nil  |
| Management costs               | 1.50%  |
| Buy/sell spread                | Nil  |
| Adviser remuneration           | Up to 0.50% – rebated referral fee to investor available to boost return |

### CONTACTS



## FUND OVERVIEW

The 12 Month Term Account is a mortgage (or 'property credit') fund investing predominantly in Australian property credit secured by registered first mortgages with a strategic allocation to cash.

## RETURNS THAT CASH CAN'T MATCH\*

With yields on cash and term deposits approaching zero (real), the 12 Month Term Account offers enhanced returns built on a diversified portfolio and a ten year track record of out performance.

Key fact: The 12 Month Term Account offers the opportunity for investors to receive monthly income at the headline interest rate (currently 5.20% p.a.) or to reinvest monthly distributions for a compounded return (currently 5.33% p.a.)

## YIELDS BEYOND BONDS\*

New bond investors are now having to settle for either modest yield or increased credit risk. With interest rates at or near cyclical lows, the potential for capital gains is limited and the risk of future capital losses is growing.

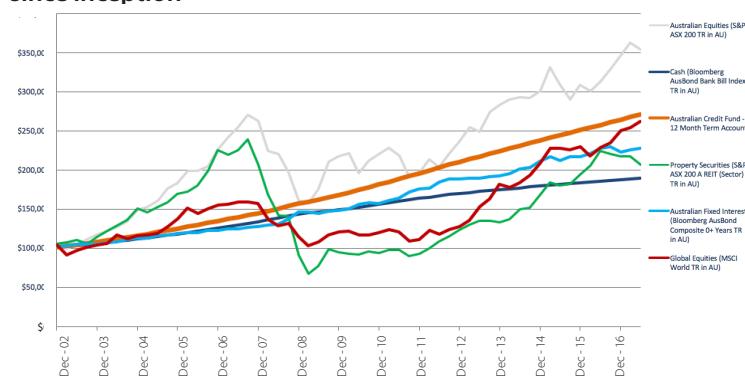
Key fact: The 12 Month Term Account's return profile is notably stable (see graph opposite) and far less volatile than some traditional fixed interest investments. No investor has ever lost a cent of capital.

## POSITIONED TO REDUCE RISK\*

The 12 Month Term Account is uniquely positioned to deliver the capital-stable, income-producing investments that are so important to investors today. With a ten year track record spanning the global financial crisis and a manager with over sixty years' asset class experience, the 12 Month Term Account may assist advisers to deliver portfolio performance without increasing portfolio risk.

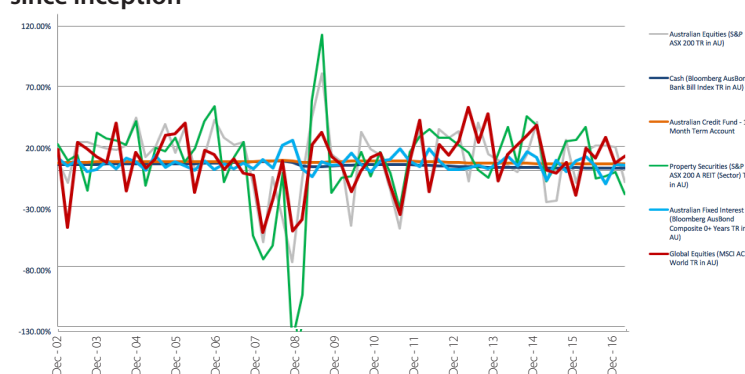
As the graphs (opposite) show, the 12 Month Term Account has delivered returns with exceptionally low absolute return volatility since inception in 2002. Importantly, its performance profile has notably low correlation to other asset classes and has acted to stabilise portfolio performance both in market peaks and in market troughs. The average rate of return since inception is 7.05% p.a.\*

## 12 Month Term Account Accumulation Comparison since inception



Source: La Trobe Financial

## 12 Month Term Account Annual Performance Comparison since inception



Source: La Trobe Financial

|  | 1 month      | 3 months     | 6 months     | ANNUALISED * |              |              |              |              |                 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
|  |              |              |              | 1 year       | 3 years      | 5 years      | 7 years      | 10 years     | Since inception |
| <b>12 Month Term Account</b>                     | <b>0.43%</b> | <b>1.31%</b> | <b>2.63%</b> | <b>5.33%</b> | <b>5.55%</b> | <b>6.00%</b> | <b>6.56%</b> | <b>6.92%</b> | <b>7.05%</b>    |
| <b>Bloomberg Ausbond Bank Bill Index + 1.50%</b> | 0.27%        | 0.82%        | 1.64%        | 3.32%        | 3.72%        | 4.03%        | 4.63         | 5.31         | 5.85            |
| <b>Outperformance/ (Under performance)</b>       | 0.16%        | 0.49%        | 0.99%        | 2.01%        | 1.83%        | 1.97%        | 1.93         | 1.61         | 1.20            |

\*La Trobe Financial Asset Management Limited ACN 007 332 363 Australian Financial Services Licence 222213 Australian Credit Licence 222213 is the issuer and manager of the La Trobe Australian Credit Fund ARSN 088 178 321. It is important for you to consider the Product Disclosure Statement for the Credit Fund in deciding whether to invest, or to continue to invest, in the Credit Fund. You can read the PDS on our website or ask for a copy by telephoning us. \*Returns on our investments are variable and paid monthly. Past performance is not a reliable indicator of future performance. The rates of return from the Credit Fund are not guaranteed and are determined by the future revenue of the Credit Fund and may be lower than expected. Investors risk losing some or all of their principal investment. An investment in the Credit Fund is not a bank deposit. Withdrawal rights are subject to liquidity and may be delayed or suspended. Visit our website for further information. <sup>1</sup>The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. 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Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>. <sup>3</sup>The Lonsec Rating (assigned June 2016) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold La Trobe Financial's product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the Fund Manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.beyond.lonsec.com.au/intelligence/lonsec-ratings>. <sup>4</sup>Australia Ratings has made every effort to ensure the reliability of the views and rankings expressed in this report and those published on its websites. Australia Ratings research is based upon information known to us or which was obtained from sources which we believed to be reliable and accurate at time of publication. However, like the markets, we are not perfect. 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If the law prohibits the exclusion of such liability, Australia Ratings hereby limits its liability, to the extent permitted by law, to the resupply of the said information or the cost of the said resupply. <sup>5</sup>Lipper ratings for Preservation reflect funds' historical loss avoidance relative to other funds within the same asset class. The ratings are subject to change every month. The highest 20% of funds in each peer group are named Lipper Leader or a score of 5 for Preservation. Lipper Ratings for Total Return reflect funds' historical return performance relative to peers. The ratings are subject to change every month. The highest 20% of funds in each peer group are named Lipper Leader or a score of 5 for Total Return. Research houses receive a fee from La Trobe Financial for rating the product. To view our awards & ratings reports visit our Awards & Ratings page on our website [latrobefinancial.com](http://latrobefinancial.com). Any rating is only one factor to be taken into account in deciding to invest.