



# ipac Diversified Investment Strategies

February 2008

## strategy returns

|                                      | 1 mth<br>% | 3 mths<br>% | 6 mths<br>% | Fin YTD<br>% | 1 yr<br>% pa | 2 yrs<br>% pa | 3 yrs<br>% pa | 5 yrs<br>% pa |
|--------------------------------------|------------|-------------|-------------|--------------|--------------|---------------|---------------|---------------|
| Diversified Investment Strategy No 1 | -0.8       | -2.9        | -1.9        | -1.0         | 0.9          | 5.3           | 7.2           | 8.4           |
| Diversified Investment Strategy No 2 | -1.6       | -8.9        | -8.1        | -7.8         | -4.1         | 4.8           | 9.1           | 12.2          |
| Diversified Investment Strategy No 3 | -1.8       | -10.6       | -9.9        | -9.9         | -5.4         | 4.5           | 9.4           | 13.0          |
| Diversified Investment Strategy No 4 | -2.2       | -12.6       | -12.2       | -12.4        | -7.4         | 3.9           | 9.8           | 14.0          |
| Diversified Investment Strategy No 5 | -1.3       | -7.4        | -7.3        | -8.2         | -4.6         | 5.2           | n/a           | n/a           |

### Notes:

Strategy returns are based on month-end hard close exit prices with distributions reinvested. From 1 July 2006, performance is net of all fees and gross of tax. The fee charged within the Strategy increased by the amount of the Investment Service fee. Prior to 1 July 2006, the Investment Service fee was charged outside of the Strategy and not included in performance reporting.

A 50% currency hedge applies to the cumulative International Shares and International Smaller Companies exposure of each Strategy, excluding Diversified Investment Strategy No 5. For Diversified Investment Strategy No 5 a 100% currency hedge applies to the International Shares exposure.

Past performance should not be taken as an indication of future performance of the Strategies or a guarantee of return. All figures have been rounded to one decimal place.

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**manager performance (monthly, gross of funds management fees)**

| asset class                                   | manager return % | market return % | above/below index % |
|---|------------------|-----------------|---------------------|
| <b>Australian Cash Sector</b>                 |                  |                 |                     |
| AllianceBernstein                             | 0.3              | 0.5             | -0.2                |
| <b>Alternative Income Sector</b>              |                  |                 |                     |
| PIMCO   | 0.7              | 0.5             | 0.2                 |
| <b>Australian Fixed Interest Sector</b>       |                  |                 |                     |
| BGI Index                                     | -0.6             | -0.6            | 0.0                 |
| Credit Suisse                                 | -1.2             | -0.6            | -0.5                |
| <b>International Fixed Interest Sector</b>    |                  |                 |                     |
| BlackRock                                     | 0.1              | 0.6             | -0.5                |
| PIMCO   | 0.7              | 0.6             | 0.1                 |
| <b>Australian Property Sector</b>             |                  |                 |                     |
| BGI Index                                     | -5.4             | -5.6            | 0.1                 |
| Legg Mason                                    | -8.2             | -5.6            | -2.6                |
| SG Hiscock                                    | -8.4             | -5.6            | -2.8                |
| <b>International Property Sector</b>          |                  |                 |                     |
| CBRE  | -0.7             | -1.8            | 1.1                 |
| LaSalle                                       | -2.4             | -1.8            | -0.5                |
| <b>Australian Shares Sector</b>               |                  |                 |                     |
| BGI   | -0.4             | -0.7            | 0.3                 |
| Integrity                                     | -2.0             | -0.7            | -1.3                |
| Schroders                                     | -1.1             | -0.7            | -0.4                |
| Maple-Brown Abbott                            | -0.6             | -0.7            | 0.1                 |
| Investors Mutual                              | -0.6             | -0.7            | 0.1                 |
| Wallara                                       | -3.2             | -0.7            | -2.6                |
| Bernstein Value                               | -1.7             | -0.7            | -1.0                |
| MIR   | -2.3             | -0.7            | -1.6                |
| Challenger                                    | -3.7             | -0.7            | -3.0                |
| <b>International Shares (Unhedged) Sector</b> |                  |                 |                     |
| Wellington                                    | -4.6             | -5.3            | 0.6                 |
| GMO   | -3.8             | -5.3            | 1.5                 |
| Bernstein Value                               | -5.6             | -5.3            | -0.3                |
| Capital                                       | -4.2             | -5.3            | 1.0                 |
| Alliance Growth                               | -6.1             | -5.3            | -0.8                |
| LSV   | -5.3             | -5.3            | 0.0                 |
| <b>International Shares (Hedged) Sector</b>   |                  |                 |                     |
| BGI Index                                     | -1.3             | -1.3            | 0.0                 |
| Wellington                                    | -0.8             | -1.3            | 0.5                 |
| GMO   | 0.1              | -1.3            | 1.4                 |
| Bernstein Value                               | -1.7             | -1.3            | -0.4                |
| Capital                                       | -0.4             | -1.3            | 1.0                 |
| Alliance Growth                               | -2.2             | -1.3            | -0.9                |
| LSV   | -1.4             | -1.3            | -0.1                |
| <b>International Smaller Companies Sector</b> |                  |                 |                     |
| Arrowstreet                                   | -5.5             | -3.4            | -2.1                |
| <b>Global Emerging Markets Sector</b>         |                  |                 |                     |
| Legg Mason                                    | 3.4              | 2.4             | 0.9                 |
| <b>Alternative Assets Sector</b>              |                  |                 |                     |
| AXA Rosenberg                                 | 1.3              | 0.5             | 0.8                 |
| BGI Total Return Multi-Opportunity Fund       | -0.5             | 0.6             | -1.1                |
| BT Global Return Fund                         | -2.8             | 0.6             | -3.4                |

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**Notes:**

Performance based on ipac Diversified Investment Strategies No. 2 & 5.

Manager performance is calculated based on month-end hard close valuations using a time-weighted return methodology and are gross of fees and tax. Hedged manager returns are based on month-end hard close exit prices for the Hedged trusts, gross of management fees, ongoing fees and expenses, assume distributions are reinvested and tax is not deducted. External unit trust returns are based on month-end hard close unit prices by the manager.

Market return is the return of the nominated market index for each asset class.

BGI Index (AFI, AP & Intl Share – Hedged), Bernstein Value (Aust Shares), BGI Total Return Multi-Opportunity Fund & BT Global Return Fund (Alternative Assets) are only available in Diversified Investment Strategy No. 5.

The nominated market index for International Smaller Companies is the S&P/Citigroup World <US\$1.5bn Cap Range Index (net dividends reinvested) in AUD unhedged.

The nominated market index for Alternative Assets is the UBSA Bank Bill Index.

The performance of the BT Global Return Fund (net of all fees charged by the manager) & BGI Total Return Multi Opportunity Fund are calculated based on the hard close exit unit price one month lagged as reported by the manager. The market return for the BT Global Return Fund and BGI Total Return Multi-Opportunity Fund is also one month lagged. These funds are only available in Diversified Investment Strategy No. 5.



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### asset allocation vs targets

|  | Div No 1     | target       | Div No 2     | target       | Div No 3     | target       | Div No 4     | target       | Div No 5     | target       |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | %            | %            | %            | %            | %            | %            | %            | %            | %            | %            |
| Australian Cash Sector                 | 20.5%        | 20.0%        | 5.5%         | 5.0%         | 3.2%         | 2.5%         | 1.1%         | 1.0%         | 5.5%         | 5.0%         |
| Alternative Income Sector              | 19.8%        | 20.0%        | 5.8%         | 5.0%         | 3.0%         | 2.5%         | 0.0%         | 0.0%         | 8.5%         | 7.5%         |
| Australian Fixed Interest Sector       | 14.9%        | 15.0%        | 8.9%         | 9.0%         | 5.5%         | 5.0%         | 0.0%         | 0.0%         | 4.6%         | 4.5%         |
| International Fixed Interest Sector    | 15.0%        | 15.0%        | 10.2%        | 9.0%         | 5.8%         | 5.0%         | 0.0%         | 0.0%         | 5.6%         | 5.0%         |
| <b>Defensive Assets</b>                | <b>70.2%</b> | <b>70.0%</b> | <b>30.5%</b> | <b>28.0%</b> | <b>17.5%</b> | <b>15.0%</b> | <b>1.1%</b>  | <b>1.0%</b>  | <b>24.3%</b> | <b>22.0%</b> |
| Australian Property Sector             | 3.5%         | 4.0%         | 3.4%         | 4.5%         | 3.7%         | 4.0%         | 4.0%         | 4.0%         | 7.0%         | 7.5%         |
| International Property Sector          | 3.7%         | 4.0%         | 4.2%         | 4.5%         | 3.5%         | 4.0%         | 4.2%         | 4.0%         | 7.1%         | 7.5%         |
| Australian Share Sector                | 14.2%        | 14.0%        | 31.0%        | 31.0%        | 35.9%        | 36.0%        | 39.7%        | 39.0%        | 22.4%        | 21.5%        |
| International Share (Unhedged) Sector  | 4.1%         | 4.0%         | 10.7%        | 11.0%        | 12.9%        | 13.5%        | 17.3%        | 17.5%        | 0.0%         | 0.0%         |
| International Share (Hedged) Sector    | 4.2%         | 4.0%         | 13.1%        | 13.0%        | 16.4%        | 16.5%        | 21.9%        | 21.5%        | 20.9%        | 21.5%        |
| International Smaller Companies Sector | 0.0%         | 0.0%         | 1.9%         | 2.0%         | 2.9%         | 3.0%         | 3.9%         | 4.0%         | 0.0%         | 0.0%         |
| Global Emerging Markets Sector         | 0.0%         | 0.0%         | 3.7%         | 3.0%         | 3.9%         | 3.0%         | 5.2%         | 4.0%         | 0.0%         | 0.0%         |
| <b>Growth Assets</b>                   | <b>29.8%</b> | <b>30.0%</b> | <b>67.9%</b> | <b>69.0%</b> | <b>79.2%</b> | <b>80.0%</b> | <b>96.2%</b> | <b>94.0%</b> | <b>57.4%</b> | <b>58.0%</b> |
| Alternative Assets Sector              | 0.0%         | 0.0%         | 1.6%         | 3.0%         | 3.4%         | 5.0%         | 2.7%         | 5.0%         | 18.3%        | 20.0%        |
| <b>Alternative Assets</b>              | <b>0.0%</b>  | <b>0.0%</b>  | <b>1.6%</b>  | <b>3.0%</b>  | <b>3.4%</b>  | <b>5.0%</b>  | <b>2.7%</b>  | <b>5.0%</b>  | <b>18.3%</b> | <b>20.0%</b> |

#### Notes:

The exposure to each asset class is managed within a range of +/- 3% of the target asset allocation.

Totals may not add up to 100% due to the rounding of individual components.

## manager allocations vs target

| asset class                            | manager                         | Div 1-4<br>allocation<br>% | Div 1-4<br>target<br>% | Div 5<br>allocation<br>% | Div 5<br>target<br>% |
|--|---------------------------------|----------------------------|------------------------|--------------------------|----------------------|
| Australian Cash Sector                 | AllianceBernstein               | 100.0                      | 100.0                  | 100.0                    | 100.0                |
| Alternative Income Sector              | PIMCO                           | 100.0                      | 100.0                  | 100.0                    | 100.0                |
| Australian Fixed Interest Sector       | BGI Index                       | 0.0                        | 0.0                    | 100.0                    | 100.0                |
|  | Credit Suisse                   | 100.0                      | 100.0                  | 0.0                      | 0.0                  |
| International Fixed Interest Sector    | BlackRock                       | 49.9                       | 50.0                   | 0.0                      | 0.0                  |
|  | PIMCO                           | 50.1                       | 50.0                   | 100.0                    | 100.0                |
| Australian Property Sector             | BGI Index                       | 0.0                        | 0.0                    | 50.0                     | 50.0                 |
|  | Legg Mason                      | 50.1                       | 50.0                   | 0.0                      | 0.0                  |
|  | SG Hiscock                      | 49.9                       | 50.0                   | 50.0                     | 50.0                 |
| International Property Sector          | CBRE                            | 52.4                       | 50.0                   | 50.8                     | 50.0                 |
|  | LaSalle                         | 47.6                       | 50.0                   | 49.2                     | 50.0                 |
| Australian Share Sector                | BGI                             | 20.6                       | 21.0                   | 0.0                      | 0.0                  |
|  | Integrity                       | 5.8                        | 5.0                    | 0.0                      | 0.0                  |
|  | Schroders                       | 19.9                       | 20.0                   | 0.0                      | 0.0                  |
|  | Maple-Brown Abbott              | 15.6                       | 15.0                   | 30.1                     | 30.0                 |
|  | Investors Mutual                | 6.8                        | 7.0                    | 35.1                     | 35.0                 |
|  | Wallara                         | 17.6                       | 18.0                   | 0.0                      | 0.0                  |
|  | Bernstein Value                 | 0.0                        | 0.0                    | 14.9                     | 15.0                 |
|  | MIR                             | 6.7                        | 7.0                    | 19.9                     | 20.0                 |
| Challenger                             | 7.0                             | 7.0                        | 0.0                    | 0.0                      |                      |
| International Share (Unhedged) Sector  | Wellington                      | 24.8                       | 25.0                   | 0.0                      | 0.0                  |
|  | GMO                             | 15.0                       | 15.0                   | 0.0                      | 0.0                  |
|  | Bernstein Value                 | 17.8                       | 17.5                   | 0.0                      | 0.0                  |
|  | Capital                         | 20.4                       | 20.0                   | 0.0                      | 0.0                  |
|  | Alliance Growth                 | 14.7                       | 15.0                   | 0.0                      | 0.0                  |
|  | LSV                             | 7.3                        | 7.5                    | 0.0                      | 0.0                  |
| International Share (Hedged) Sector    | BGI Index                       | 0.0                        | 0.0                    | 19.7                     | 20.0                 |
|  | Wellington                      | 25.0                       | 25.0                   | 0.0                      | 0.0                  |
|  | GMO                             | 15.1                       | 15.0                   | 0.0                      | 0.0                  |
|  | Bernstein Value                 | 17.7                       | 17.5                   | 50.0                     | 50.0                 |
|  | Capital                         | 19.9                       | 20.0                   | 0.0                      | 0.0                  |
|  | Alliance Growth                 | 14.8                       | 15.0                   | 0.0                      | 0.0                  |
|  | LSV                             | 7.5                        | 7.5                    | 30.3                     | 30.0                 |
| International Smaller Companies Sector | Arrowstreet                     | 100.0                      | 100.0                  | 0.0                      | 0.0                  |
| Global Emerging Markets Sector         | Legg Mason                      | 100.0                      | 100.0                  | 0.0                      | 0.0                  |
| Alternative Assets Sector              | AXA Rosenberg                   | 100.0                      | 100.0                  | 3.8                      | 25.0                 |
|  | BGI Total Return Multi-Opp Fund | 0.0                        | 0.0                    | 47.6                     | 30.0                 |
|  | BT Global Return Fund           | 0.0                        | 0.0                    | 48.7                     | 45.0                 |

### Notes:

Allocation % based on ipac Diversified Investment Strategies No. 2 & 5

Target % based on agreed allocation within each asset class.

Note: Totals may not add up to 100% due to the rounding of individual components.

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