



MATURITY LADDER PORTFOLIO (SERIES 1)

INVESTMENT OBJECTIVE

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

- A regular and predictable income stream
- Return of capital from maturing XTBs on an annual basis
- 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.

Designed for investors who:

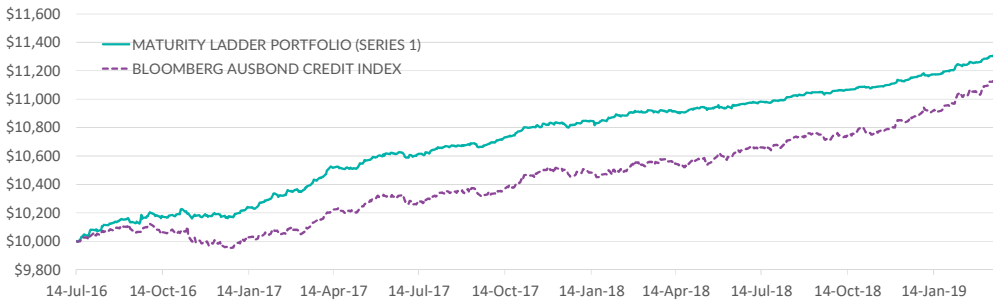
- Seek a transparent and capital-stable fixed income portfolio that offers a regular and predictable income stream
- Seek a return of capital on a yearly basis to manage their cash flow requirements
- Are looking for lower risk than equities & hybrids and higher returns than 'cash-like' investments.

PORTFOLIO PARAMETERS

YTM	2.69%
Running Yield	5.37%
Years to Maturity	1.84
Modified Duration	1.53



PERFORMANCE - TOTAL RETURNS



PORTFOLIO CHANGES IN LAST 3 MONTHS

Change XTB
No changes

PERFORMANCE - TOTAL RETURNS

	1 mo	3 mo	6 mo	1 year	3 year	5 year	Inception (p.a.)
Portfolio Return	0.72%	1.58%	2.58%	3.86%	--	--	4.78%
Benchmark Return	0.12%	0.36%	0.75%	1.51%	--	--	1.52%
Excess Return	0.60%	1.22%	1.83%	2.35%	--	--	3.26%

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	0.72%	1.58%	2.58%	3.86%	--	--	4.78%
Distribution	0.54%	0.53%	2.95%	5.70%	--	--	5.26%
Price Change	0.18%	1.05%	-0.37%	-1.84%	--	--	-0.48%

ATTRIBUTION FOR LAST 3 MONTHS

XTB	Total Return	Distribution	Price Change
YTMAWC	0.79%	0.00%	0.79%
YTMAZJ	1.28%	0.00%	1.28%
YTMDO1	2.34%	2.13%	0.21%
YTMQF2	1.90%	0.00%	1.90%

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.

PORTFOLIO MANAGER'S SUMMARY

- In Q1, Australian interest rates continued to move lower. This produced higher prices and positive returns. Bond returns were helped by an environment where the US Federal Reserve pivoted their approach calling for a possible end to Monetary Tightening and ceasing balance sheet reduction. In addition to this, the ECB has adopted a more dovish stance as it forecasts the region's economic outlook
- Domestically, market consensus has moved to pricing two 0.25% rate cuts by the RBA
- As a result, the 3-year government bond finished 46bp lower in yield at 1.39% while the 10-year government bond ended 45bps lower in yield at 1.78%
- The 10-year government bond created a new record low in YTM during the month at 1.775%
- The December 2019 Official Cash Rate (OCR) implied by the ASX futures moved from 1.41% to 1.11% which prices the probability of two rate cuts
- The OCR is currently 1.50% and was unchanged during the quarter
- Credit spreads, or the premium required to hold a corporate bond instead of a government bond, tightened during Q1. Therefore, corporate bonds in 0-5 year maturities outperformed government bonds. The 0-5 Credit Index returned 1.92% while the Government Bond Index for 0-5 years returned 1.46%
- During the quarter, the XTB portfolio returned 1.58% of which the manager attributes 1.08% to the performance of the equivalent government bonds. 0.50% was estimated to be attributed to holding the individual XTBs instead of government bonds (1.58% = 1.08% + 0.50%). To estimate the equivalent government bonds the portfolio is compared to the Treasury Index which contains 0-3 year government bonds

Source:

Australian Corporate Bond Company Limited and Bloomberg as at 31 March 2019. Past performance is no guarantee of future performance. Returns reflect the underlying bond performance adjusted for XTB fees.

CONTACT US

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DISTRIBUTIONS FOR LAST 3 MONTHS

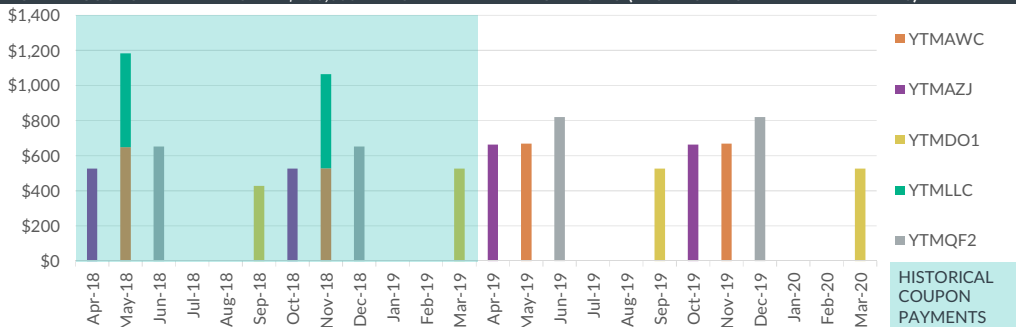
XTB	Issuer	Coupons (per XTB)	Ex-Date	Payment
YTMAWC	Alumina	0.0000	--	--
YTMAZJ	Aurizon	0.0000	--	--
YTMDO1	Downer	2.2500	28-Feb-19	14-Mar-19
YTMQF2	Qantas	0.0000	--	--

LIST OF TICKERS

ASX:
YTMAWC
YTMAZJ
YTMDO1
YTMQF2

IRESS:
YTMAWC.AXW
YTMAZJ.AXW
YTMDO1.AXW
YTMQF2.AXW

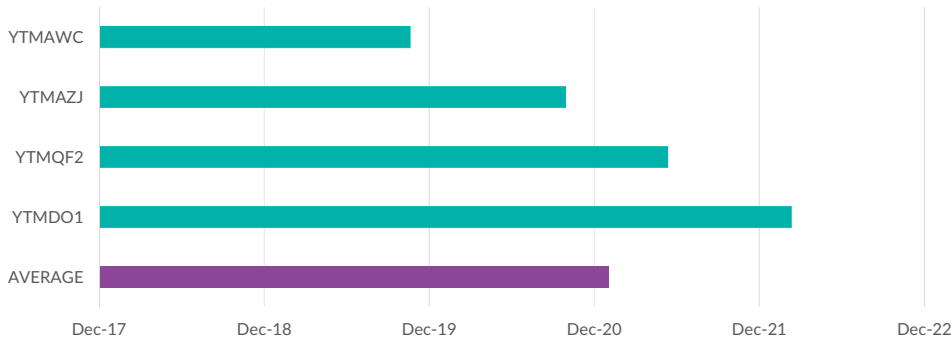
INDICATIVE COUPON PAYMENTS PER \$100,000 INVESTMENT IN THE PORTFOLIO (BASED ON BOND PAYMENT DATES)



Bloomberg:
YTMAWC AU Equity
YTMAZJ AU Equity
YTMDO1 AU Equity
YTMQF2 AU Equity

Note: We calculate future coupons using the current Portfolio, equally weighted.

MATURITY PROFILE



DID YOU KNOW?

Other XTB Portfolios:

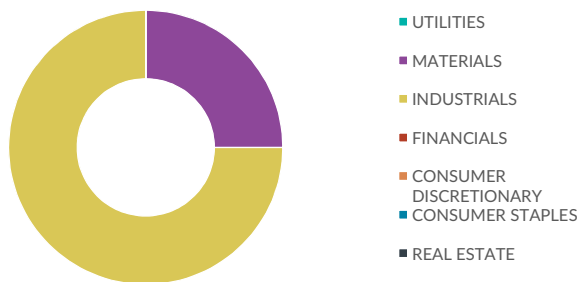
- Concentrated High Yield
- High Yield
- Monthly Income

Contact us for any Custom Portfolio requirements

SMA Portfolios:

- Macquarie Wrap SMA
- Praemium SMA
- Praemium SuperSMA
- HUB24 ESG

SECTOR BREAKDOWN



FINANCIAL SERVICES GUIDE

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

Source: Australian Corporate Bond Company Limited and Bloomberg as at 31 March 2019. Past performance is no guarantee of future performance. Returns may reflect the underlying bond performance adjusted for XTB fees.

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The portfolio is reviewed on the second Wednesday each month.

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