

Investment Advisory Committee (IAC) quarterly report to IGC Board

Quarter ending 30 September 2024

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EXECUTIVE SUMMARY

Revised Investment Policy

In the August 2024 board meeting, the board approved a revised investment policy which documented a revised purpose of Relevant Funds along with revised investment and risk objectives and investment strategy (summarised below).

Overall purpose

- i. retain a minimum amount of Relevant Funds of \$5M (indexed to CPI effective 1 January 2023) - to be labelled the Core component
- ii. enable funds surplus to that amount (to be labelled the Surplus" component), to be available (subject to member approval) for expenditure, consistent with the Club's Long Term Infrastructure Plan, as determined by the Board.

The specific purpose of the Relevant Funds is two-fold, as reflected in the Core and Surplus components as follows:

Core component

To act as a contingency to fund unpredictable (ie in timing and amount) expenditure relating to adverse events such as another flood, damage to the underwater pipe from Fairfield water treatment plant and potentially for appropriations permitted under Clause 25 of the IGC Constitution.

Surplus component

To fund projects consistent the Club's Long Term Infrastructure Plan as determined by the Board.

The investment objective and strategy of each of the Core and Surplus components is designed to reflect the purposes of each component as detailed in Section 1 of this policy.

Core component

Investment and risk objectives

The investment objective over rolling 7 year periods, is to to meet or exceed cash (as measured by the Bloomberg Ausbond Bank Bill Index) + 3% pa net of investment management fees within the following risk tolerances:

- a negative annual return (not less than -7%) not more than 1 year in 4; and
- given a 1 in 20-year adverse event:
 - an annual return of not less than -15%; and
 - a return not less than 0% pa over rolling 5 year periods

Surplus component

Investment and risk objectives

To provide an investment risk/return consistent with the investment horizon of those projects as determined by the Board and consistent with the short to medium term strategies of the Core component.

The investment objective over rolling 5 year periods, is to to meet or exceed cash (as measured by the Bloomberg Ausbond Bank Bill Index) + 1% pa net of investment management fees within the following risk tolerances:

- *a negative annual return (not less than -2%) not more than 1 year in 7; and*
- *given a 1 in 20-year adverse event:*
 - *an annual return of not less than -6%; and*
 - *a return not less than the Bloomberg Ausbond Bank Bill Index over rolling 5 year periods*

Inception date

Note that “inception date” in this report refers to 15 September 2019.

Performance

- return of **+7.1%** or **\$664,165** for the period 1 January to 30 September 2024 consisting of:
 - **+4.0%** or **+\$381,982** for the **September** quarter
 - **-1.2%** or **-\$113,522** for the **June** quarter
 - **+4.0%** or **+\$395,705** for the **March** quarter
- return of **+2.1%** pa or **+\$1,802,200** since inception to 30 September 2024

Transactions

- transactions during the period 1 January to 30 September 2024:
 - RV payment received **\$ 51,900**
 - SGM approved expenditure **\$913,791**

Introduction

The September 2020 Quarterly Report outlined the establishment of investment governance, processes and a phased investment implementation as recommended by the IAC and approved by the Board. The phased implementation was completed in the December 2020 quarter with final investments made in late December. The Relevant Funds have been fully invested for 3.75 years to the reporting date.

Reporting requirements and guidelines

The Board approved Investment Policy for the Relevant Funds requires the IAC to:

- prepare a Quarterly Report outlining the performance of investment markets, the portfolio and underlying investment managers; and
- confirm compliance with the Investment Policy during the period.

Compliance

The IAC confirms compliance with the IGC Investment Policy.

Inflation history Brisbane (Australia)

Over the September quarter (3 months):	-0.9% (0.2%)
Over the calendar year to date (9 months) :	1.2% (2.2%)
Over the 2025 financial year (12 months) :	-0.9% (0.2%)
Since inception:	3.8%pa, 20.7% absolute (3.8% pa, 19.3% absolute)

Relevant Funds summary

• summary position

	\$
Market value of RF	9,856,584
less retentions	206,870
less final reimbursement relating to City nine works	238,140
balance	9,411,574
Consisting of:	
Core component - \$5M minimum retained**	5,274,321
Surplus component	4,137,253

** commencing 1 January 2023. Change in Brisbane CPI to 30 September 2024 was 5.5%. Includes \$517,738 balance of SGM 2017

• significant transaction history

\$	Transactions
19,500,000	initial investments in managed funds
11,603,203	subsequent investment redemptions less new investments in managed funds
12,537,252	SGM approved expenditure
476,350	RV payments

- **summary balance history**

Date	Total (\$)	Investments (\$)	Cash/term deposits (\$)
30 September 2024	9,856,584	9,406,584	450,036
30 June 2024	9,436,740	9,029,285	407,456
31 March 2024	9,623,108	9,338,892	284,216
31 December 2023	10,054,309	9,460,336	593,974
31 December 2022	16,249,502	15,371,015	878,487
31 December 2021	21,222,164	20,922,655	299,509
31 December 2020	20,251,774	19,851,721	400,053
31 December 2019	19,942,678	0	19,942,678
15 September 2019	20,115,455	0	20,115,455

- **summary performance history**

Period	% return	\$ return
since inception*	+2.1%pa	+\$1,802,200
9 months to 30 September 2024	+7.1%	+\$664,165
2023 calendar year	+7.7%	+\$1,015,188
2022 calendar year	-7.3%	-\$1,540,748
2021 calendar year	+5.3%	+\$1,071,544
2020 calendar year	+2.6%	+\$510,085
15/9 to 31/12/ 2019	+0.4%	+\$81,975

ATTACHMENTS

- Investment market performance – short term ([September quarter, 1 January to 30 September 2024](#))
- Relevant Funds investment performance – short term ([September quarter, 1 January to 30 September 2024](#))
- Relevant Funds investment performance summary – by calendar year since inception
- IGC portfolio snapshot at the reporting date

Note that IGC portfolio investment manager returns over 1,3 and 5 years and benchmark investment market returns over similar periods are provided annually in the December quarter investment report.

Investment market performance – short term

The following returns are those of investment market indices* which are generally used by investors as performance benchmarks. Examples are:

- S&P/ASX 300 Accumulation Index for Australian shares
- MSCI World Index for International shares
- Bloomberg Ausbond Composite 0+ Yr for Australian bonds

*source Vanguard

Index returns are calculated assuming reinvestment of all income distributions but do not allow for taxes, management and transaction costs. Investment manager returns for investors are on the other hand before taxes, but after management and transaction costs.

September quarter (3 months)

- domestic cash returned +1.1%
- domestic fixed interest returned +3.0%
- international fixed interest (currency hedged) returned +4.0%
- the \$A appreciated 4.6% against the \$US
- domestic shares returned +7.8%
- international shares returned +4.4% (currency hedged) and +2.3% (currency unhedged) – the difference mainly due to the appreciating \$A
- international listed infrastructure securities returned +13.1% (currency hedged) and +10.3% (currency unhedged) – the difference mainly due to the appreciating \$A
- domestic property securities returned +14.3%
- international listed property securities returned +14.4% (currency hedged) and +12.0% (currency unhedged) – the difference mainly due to the appreciating \$A

1 January to 30 September 2024 (9 months)

- domestic cash returned +3.3%
- domestic fixed interest returned +3.2%
- international fixed interest (hedged) returned +3.5%
- the \$A appreciated 1.3% against the \$US
- domestic shares returned +12.3%
- international shares returned +18.4% (currency hedged) and +17.0% (unhedged) – the difference mainly due to the appreciating \$A
- international listed infrastructure securities returned +15.0% (currency hedged) and +13.5% (currency unhedged) – the difference mainly due to the appreciating \$A
- domestic property securities returned +25.3%
- international listed property securities returned +11.0% (currency hedged) and +9.9% (currency unhedged) – the difference mainly due to the appreciating \$A

Relevant Funds investment performance – short term

- **September quarter 2024** **+4.0%**
or **\$381,982** consisting of:
 - \$ 4,720 bank account and term deposit interest
 - \$ 377,262 managed funds change in market value*
- **1 January to 30 September 2024** **+7.1%**
or **\$664,165** consisting of:
 - \$ 18,077 bank account and term deposit interest
 - \$ 646,088 managed funds change in market value*

Relevant Funds investment performance – since inception

- **since inception** **+2.1% pa**
or **\$1,802,200** consisting of:
 - \$ 286,316 bank account and term deposit interest
 - \$1,132,489 managed funds change in market value*
 - \$ 1,515,884 managed funds change in market value*
- **2023 calendar year** **+7.7%**
or **\$1,015,188** consisting of:
 - \$ 15,409 bank account and term deposit interest
 - \$ 999,779 managed funds change in market value*
- **2022 calendar year** **-7.3%**
or **-\$1,540,758**, consisting of:
 - \$ 11,883 bank account and term deposit interest
 - -\$1,552,640 managed funds change in market value*

- **2021 calendar year** **5.3%**
 or **\$1,071,544**, consisting of:

 - \$ 610 bank account and term deposit interest
 - \$1,070,934 managed funds change in market value*

- **2020 calendar year** **2.6%**
 or **\$510,085**, consisting of

 - \$158,364 bank account and term deposit interest
 - \$351,721 managed funds change in market value*

- **2019 calendar year (final 4 months)** **0.4%**
 or **\$81,975**, consisting of bank account and term deposit interest only

*including reinvestment of distributions

IGC portfolio snapshot as at 30 September 2024

Indooroopilly Golf Club		Manager and Asset Class Allocation (\$)							Net	Return net of fees	
Portfolio as at		AE	IE	PS	INF S	DS	Cash	Alt/Other	MV	Capital	Total
30 September 2024		\$000	\$000	\$000	\$000	\$000	\$000	\$000		Invested	\$
IGC Cash							450		450,036	163,720	286,316
	sub total						450		450,036	163,720	286,316
Macquarie Income Opportunities		-	-	-	-	1,596	-	-	1,596,422	1,540,000	56,422
Franklin Australian Absolute Return Bond		-	-	-	-	1,596	-	-	1,596,442	1,545,598	50,844
Perpetual Diversified Real Return		161	336	88	-	789	-	88	1,460,879	1,250,000	210,879
Schroder Real Return Fund		339	276	-	-	1,462	-	42	2,119,434	1,840,000	279,434
Maple-Brown Abbott Global Listed Infrastructure		-	-	-	570	-	-	-	569,635	100,000	469,635
Resolution Capital Global Property Securities		-	-	377	-	-	-	-	376,770	340,000	36,770
Fidelity Australian High Conviction		343	-	-	-	-	-	-	343,051	130,000	213,051
Schroder Wholesale Australian Equity		329	-	-	-	-	-	-	329,013	311,868	17,145
Walter Scott Global Equity (Hedged)		-	490	-	-	-	-	-	489,549	335,000	154,549
MFS International Shares		-	525	-	-	-	-	-	525,352	318,375	206,977
	TOTAL	1,172	1,626	464	570	5,444	450	130	9,856,584	8,054,384	1,802,200
Portfolio Allocation (excl cash, TDs)		12%	17%	5%	6%	55%	5%	1%	complies with policy?		
Policy Allocation ranges		0 - 25%	0 - 25%	0 - 10%	0 - 10%	30 - 100%	0 - 10%	0 - 10%	yes		

AE - Australian Equities, IE - International Equities, PS - Property Securities, INF S - Infrastructure Securities, DS - Debt Securities, Alt - Alternatives, MV - Market Value

* % pa for investment periods longer than 1 year, % for periods less than 1 year, IRR is the uniform annual rate of return applied to cashflows