

# Investment Advisory Committee (IAC) quarterly report to IGC Board

## Quarter ending 31 December 2024

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### EXECUTIVE SUMMARY

#### Snapshot

##### Performance

- return of +8.1% or \$753,955 for the 2024 calendar year
- return of +2.1% pa or +\$1,891,989 since inception to 31 December 2024

##### Transactions

- transactions during the 2024 calendar year:
  - RV payment received \$218,429
  - SGM approved expenditure \$1,151,931

##### Summary position

Relevant Funds	\$9,874,762
less retentions	\$206,869
balance	\$9,667,869
Relevant Funds consist of:	
managed funds	\$9,491,105
Cash	\$383,658
Managed funds consist of:	
CORE component - \$5M minimum retained**	\$5,304,590
SURPLUS component^	\$4,186,515^

\*\* commencing 1 January 2023. Change in Brisbane CPI to 31 December 2024 was 6.1%.

^ plus available cash

## 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 4 years to the reporting date.

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

- retain a minimum amount of Relevant Funds of \$5M (indexed to CPI effective 1 January 2023) - to be labelled the Core component
- 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.

For performance reporting purposes, the commencement date for both components is 1 July 2024.

## 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 <a href="#">December</a> quarter (3 months):	0.6% (0.2%)
Over the <a href="#">calendar year (12 months)</a> :	1.8% (2.4%)
Over the <a href="#">2025 financial year to date (6 months)</a> :	-0.3% (0.4%)
Since inception:	3.7%pa, 21.4% absolute (3.6% pa, 20.8% absolute)

## Relevant Funds summary

### • significant transaction history

\$	Transactions
19,500,000	initial investments in managed funds
14,557,336	investment redemptions from managed funds
2,948,000	Investments in managed funds
12,775,392	SGM approved expenditure
642,879	RV payments

## • summary balance history

### Relevant Funds

Date	Total (\$)	Investments (\$)	Cash/term deposits (\$)
31 December 2024	9,874,762	9,491,105	383,658
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

### By component

Date	Total (\$)	CORE (\$)	SURPLUS (\$)	Cash (\$)
31 December 2024	9,874,762	5,782,456	3,708,648	\$383,658
30 September 2024	9,856,584	5,744,459	3,662,088	\$450,036
30 June 2024	9,442,872	5,490,741	3,544,675	\$407,456

## • summary performance history

Period	% return	\$ return
since inception*	+2.1%pa	+\$1,891,959
6 months to 31 December 2024	+5.0%	+\$471,772
2024 calendar year	+8.1%	+\$753,955
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

### CORE component

Period	% return	\$ return
since inception^	+5.4%	+\$297,847

^1 July 2024

### SURPLUS component

Period	% return	\$ return
since inception^	+4.6%	+\$163,973

^1 July 2024

## ATTACHMENTS

- Investment market commentary
- Investment market performance – short term ([December quarter, 2024 calendar year, 2025 financial year to date \(6 months – in preparation for IGC’s new financial year\)](#))
- Relevant Funds investment performance – short term ([December quarter, 2024 calendar year, 2025 financial year to date \(6 months\)](#))
- Relevant Funds investment performance summary – by calendar year since inception
- Relevant Funds investment managers returns and benchmarks over 1,3 and 5 years to the reporting date
- IGC portfolio snapshot at the reporting date

### Investment market commentary

In this quarter’s commentary we present the views of Dr Shane Oliver - head of Investment Strategy and Economics and Chief Economist, AMP Investments.

#### Introduction

The 2024 calendar year saw another year of strong investment returns on the back of falling inflation, global rate cuts and growth and profits better than expected. US shares were particularly boosted by AI related enthusiasm and optimism that President elect Trump will boost the US economy with tax cuts and de-regulation.

#### Five key themes from 2024

- Stronger than feared growth and profits. This was despite “high” interest rates, China worries and weak conditions in Europe.
- Global divergence. US growth was strong, Europe and Japan soft.
- Further disinflation. Inflation in major countries, including Australia, has fallen from peaks of 8 to 11% in 2022 to around 2 to 3%.
- Falling interest rates. The RBA lagged but should start early this year.
- Geopolitical threats failed to dent investment markets.

#### Five lessons for investors from 2024

- Monetary policy still works in controlling inflation, particularly if central bank credibility is high – the lags may be long and variable, and some are hit harder than others but there is nothing new here.
- Population growth and public spending matter a lot. Growth in both remained strong in Australia offsetting high rates in avoiding recession.
- Inflation matters more to voters than unemployment – as everyone is hit by the former but not the latter. This was evident in incumbent governments globally losing power in 2024.
- Timing markets is hard – it was easy to be gloomy with a long worry list but timing markets on the back of the worries was hard.
- Geopolitics is hard to predict and can be less impactful than feared, with the Middle East war not (yet) causing a surge in oil prices, despite lots of fear that it would.

## Seven big worries for 2025 - expect more volatility

- Shares are expensive, with the key US share market trading on a 26 times forward PE and offering no earnings yield pick up over bonds. Australia is not so bad at 20 times but it's not cheap either.
- Uncertainty remains around how much the US Fed, the RBA and some other central banks will cut rates as core inflation is still not at target.
- Bond yields could continue to rise on the back of Trump's tax cut and tariff policies, placing more pressure on shares.
- The risk of recession remains, particularly in the US if rising bond yields prevent a recovery in manufacturing and housing and in Australia if the RBA leaves rates too high for too long.
- A global trade war in response to Trump's threatened tariffs could add to this risk particularly in Europe and Asia.
- Risks for the Chinese economy are high and could be amplified as Trump ramps up tariffs & if Chinese policy stimulus remains modest.
- Geopolitical risk is high: "maximum pressure" from Trump to resolve the war in Ukraine and Iran's nuclear aims could see the Ukraine and Middle East wars getting worse before they get better threatening higher oil prices; tensions with China could escalate; political uncertainty is high in Europe with issues in France and Germany; but the Australian election is unlikely to lead to a radical change in policy.

These considerations point to a high risk of a significant share market correction at some point this year, particularly as Trump starts to ramp up tariffs as we saw in 2018.

## Investment market performance – short term

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

Asset Class	Market Index
Cash	Bloomberg AusBond Bank Bill
Australian Fixed Interest	Bloomberg AusBond Composite 0+ Year
International Fixed Interest (hedged)	Barclays Global Aggregate Index (hedged)
Australian Shares	S&P/ASX 300 Accumulation
International Shares (hedged)	MSCI World ex-Australia Index (hedged)
International Shares (unhedged)	MSCI World ex-Australia Index (unhedged)
Australian Property	S&P/ASX 300 AREIT
International Property (hedged)	FTSE EPRA/NARIT Developed ex_Australia Rental (hedged)
International Property (unhedged)	FTSE EPRA/NARIT Developed ex_Australia Rental (unhedged)
International Infrastructure (hedged)	FTSE Developed Core Infrastructure (hedged)
International Infrastructure (unhedged)	FTSE Developed Core Infrastructure (unhedged)

\*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.

## December quarter (3 months)

- domestic cash returned +1.1%
- domestic fixed interest returned -0.3%
- international fixed interest (currency hedged) returned -1.2%
- the \$A depreciated 10.3% against the \$US
- domestic shares returned -0.8%
- international shares returned +1.9% (currency hedged) and +12.1% (currency unhedged) – the difference mainly due to the depreciating \$A
- international listed infrastructure securities returned -3.7% (currency hedged) and +6.0% (currency unhedged) – the difference mainly due to the depreciating \$A
- domestic property securities returned -6.1%
- international listed property securities returned -7.9% (currency hedged) and +1.8% (currency unhedged) – the difference mainly due to the depreciating \$A

## 2024 calendar year (12 months)

- domestic cash returned +4.5%
- domestic fixed interest returned +2.9%
- international fixed interest (hedged) returned +2.2%
- the \$A depreciated 9.1% against the \$US
- domestic shares returned +11.4%
- international shares returned +20.7% (currency hedged) and +31.2% (unhedged) – the difference mainly due to the depreciating \$A
- international listed infrastructure securities returned +10.8% (currency hedged) and +20.4% (currency unhedged) – the difference mainly due to the depreciating \$A
- domestic property securities returned +17.6%
- international listed property securities returned +2.2% (currency hedged) and +11.9% (currency unhedged) – the difference mainly due to the depreciating \$A

## 2025 financial year to date (6 months)

- domestic cash returned +2.2%
- domestic fixed interest returned +2.8%
- international fixed interest (hedged) returned +2.7%
- the \$A depreciated 6.2% against the \$US
- domestic shares returned +6.9%
- international shares returned +6.4% (currency hedged) and +14.7% (unhedged) – the difference mainly due to the depreciating \$A
- international listed infrastructure securities returned +8.9% (currency hedged) and +16.9% (currency unhedged) – the difference mainly due to the depreciating \$A
- domestic property securities returned +7.3%
- international listed property securities returned +5.4% (currency hedged) and +14.0% (currency unhedged) – the difference mainly due to the depreciating \$A

## Investment market performance – longer term (>1 year)

Asset Class	Investment Market Indices	1 Year (%)	3 Year (% pa)	5 Year (% pa)	7 Year (% pa)	10 Year (% pa)
Cash	Bloomberg AusBond Bank Bill	+4.5	+3.2	+2.0	+1.9	+2.0
Australian Fixed Interest	Bloomberg AusBond Composite 0+ Yr	+2.9	-0.8	-0.2	+1.5	+2.0
International Fixed Interest	Barclays Global Aggregate Index (hedged)	+2.2	-1.9	-0.5	+0.9	+1.9
Australian Shares	S&P/ASX 300 Accumulation	+11.4	+7.1	+8.0	+8.4	+8.5
International Shares (hedged)	MSCI World ex-Australia (hedged)	+20.7	+6.4	+10.5	+9.9	+10.3
International Shares (unhedged)	MSCI World ex-Australia (unhedged)	+31.2	+12.3	+14.1	+14.1	+13.2
Australian Property	S&P/ASX 300 AREIT	+17.6	+3.2	+6.0	+7.5	+8.6
Global Property (hedged)	FTSE/EPRA/NAREIT Developed ex-Australia Rental (hedged)	+2.2	-6.8	-1.6	+1.1	+2.7
Global Property (unhedged)	FTSE/EPRA/NAREIT Developed ex-Australia Rental (unhedged)	+11.9	-1.4	+1.8	+5.1	+5.4
Global Infrastructure (hedged)	FTSE Developed Core Infrastructure (hedged)	+10.8	+0.5	+3.1	+5.4	+5.7
Global Infrastructure (unhedged)	FTSE Developed Core Infrastructure (unhedged)	+20.4	+6.3	+6.3	+9.4	+8.4
Inflation	Australian Consumer Price Index	2.4	4.7	3.7	3.2	2.7
AUD/USD exchange rate Absolute (not % pa) change over period		-9.1	-14.3	-11.3	-20.3	-24.2

## Relevant Funds (all) investment performance – short term

- **December quarter 2024** **+0.9%**  
or **\$89,790** consisting of:
  - \$ 5,232 bank account and term deposit interest
  - \$ 84,558 managed funds change in market value\*
- **1 July to 31 December 2024** **+5.0%**  
or **\$471,772** consisting of:
  - \$ 9,952 bank account and term deposit interest
  - \$ 461,820 managed funds change in market value\*

## Relevant Funds (all) investment performance – since inception

- **since inception** **+2.1% pa**  
or **\$1,891,989** consisting of:
  - \$ 291,548 bank account and term deposit interest
  - \$1,600,441 managed funds change in market value\*
- **2024 calendar year** **+8.1%**  
or **\$753,955** consisting of:
  - \$ 23,309 bank account and term deposit interest
  - \$ 730,646 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

## Investment manager returns\* and benchmarks to reporting date

Investment Manager Benchmark	1 Year Performance (%pa)	3 Year Performance (%pa)	5 Year Performance (%pa)
Macquarie Income Opportunities	5.3	2.4	1.9
Bloomberg AusBond Bank Bill	4.5	3.2	2.0
Franklin Australian Absolute Return Bond	6.1	2.4	2.1
Bloomberg AusBond Bank Bil)	4.5	3.2	2.0
Perpetual Diversified Real Return	5.2	3.1	4.2
#	6.4	8.7	7.7
Schroder Real Return Fund	11.1	4.5	4.8
#	6.4	8.7	7.7
Maple-Brown Abbott Global Listed Infrastructure	15.4	9.5	6.7
FTSE Global Core Infra 50/50 NR AUD	20.7	7.7	5.9
Resolution Capital Global Property Securities	4.3	-5.5	-0.2
FTSE EPRA NAREIT Dvlp NR Hdg AUD	2.8	-5.6	-1.4
Fidelity Australian High Conviction	10.3	4.2	6.6
SPX/ASX 200	11.4	7.4	8.1
Schroder Wholesale Australian Equity Fund	7.9	7.0	8.2
SPX/ASX 200	11.4	7.4	8.1
Walter Scott Global Equity (Hedged)	9.7	2.0	7.6
MSCI World ex Australia Hedged	20.7	6.4	10.5
MFS International Shares	16.4	5.4	8.5
MSCI World ex Australia	30.8	12.2	14.0

\*net of fees

# inflation plus target over rolling 3 years, have used a 4% premium on inflation

## IGC portfolio snapshot as at 31 December 2024

Indooroopilly Golf Club									
Portfolio as at 31 December 2024	Manager and Asset Class Allocation (\$)						MV	Net Capital Invested	Return net of fees Total \$
	AE \$000	IE \$000	PS \$000	INF S \$000	C&DS \$000	DRR \$000			
IGC Cash					384		383,658	92,109	291,548
Macquarie Income Opportunities	-	-	-	-	1,606	-	1,605,904	1,540,000	65,904
Franklin Australian Absolute Return Bond	-	-	-	-	1,620	-	1,620,335	1,545,598	74,737
Perpetual Diversified Real Return						1,465	1,465,332	1,250,000	215,332
Schroder Real Return Fund						2,166	2,166,265	1,840,000	326,265
Maple-Brown Abbott Global Listed Infrastructure	-	-	-	585	-	-	585,411	100,000	485,411
Resolution Capital Global Property Securities	-	-	351	-	-	-	350,538	340,000	10,538
Fidelity Australian High Conviction	333	-	-	-	-	-	333,009	130,000	203,009
Schroder Wholesale Australian Equity	322	-	-	-	-	-	322,179	311,868	10,311
Walter Scott Global Equity (Hedged)	-	484	-	-	-	-	483,856	335,000	148,856
MFS International Shares	-	558	-	-	-	-	558,277	318,375	239,902
<b>TOTAL</b>	<b>655</b>	<b>1,042</b>	<b>351</b>	<b>585</b>	<b>3,610</b>	<b>3,632</b>	<b>9,874,762</b>	<b>7,982,773</b>	<b>1,891,989</b>
Portfolio Allocation (excl cash, TDs)	7%	11%	4%	6%	37%	37%	complies with policy?		
Policy Allocation ranges	0 - 20%	0 - 25%	0 - 10%	0 - 12%	25 - 100%	0 - 55%	yes		

AE - Australian Equities, IE - International Equities, PS - Property Securities, INF S - Infrastructure Securities, C&DS - Cash and Debt Securities, DRR - diversified real return, 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