

# ipac Income Generator

Quarterly Investment Option Update

30 June 2016

## Aim and Strategy

To provide regular income with some capital growth over the medium to long term with moderate fluctuations in value likely.

The portfolio uses a range of specialist investment managers to invest in a diversified mix of income-producing assets including traditional income-generating investments like fixed interest and growth assets like equities (particularly Australian shares that generally pay higher dividends and can provide franking credits).

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

### Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1708AU
AMP Flexible Super - Retirement account	AMP1763AU
AMP Flexible Super - Super account	AMP1755AU
CUSTOM SUPER	AMP1708AU
Flexible Lifetime - Allocated Pension	AMP1716AU
SignatureSuper	AMP1735AU
SignatureSuper Allocated Pension	AMP1742AU

Asset Allocation	Benchmark	Range (%)
Australian Shares	5	0-15
Global Shares	34	15-45
Property & Infrastructure - Australian Infrastructure	3	0-5
Global Infrastructure	3	0-5
Australian Property	1.5	0-7.5
Global Property	1.5	0-7.5
Australian Bonds	20.5	15-35
Global Bonds	20.5	15-35
Global Bonds	8	0-20
High Yield Bonds	2	0-5
Cash	1	0-20

### Investment Option Overview

**Investment category** Multi - Sector

**Suggested investment timeframe** 5 or more years

**Relative risk rating** Medium - High

**Investment style** Multi - Asset

Top Ten Securities Exposure	%
Commonwealth Bank of Australia	7.95
WELLTOWER INC	2.07
Westpac Banking Corp	4.92
WEC Energy Group Inc	2.06
Telstra Corp Ltd	3.93
National Grid PLC	2.01
AT&T INC	2.01
Wesfarmers Ltd	3.88
PPL Corp	1.93
DUET Group	3.36

Actual Allocation	%
Australian fixed income	45.09
Australian shares	34.03
Global shares	5.01
Inflation linked bonds	4.76
Australian listed property	4.50
Infrastructure	4.26
Hybrids	1.87
Cash	0.47

## Investment Option Commentary

The Income Generator continued to deliver on its objective to generate regular and reliable income. **The Fund harvested yield from multiple sources to achieve a yield of 5.01% for 0% tax payers over the past year.** This figure includes the benefit of franking credits on Australian dividends.

One of the benefits of the Income Generator is its yield harvesting 'raison d'être'. The Income Generator seeks out companies that offer reliable dividends that are likely to grow over time.

**Given this, the fund's top holdings can at times be markedly different to a standard Australian share market benchmark.**

In the period the Income Generator sourced yield from companies such as Duet Group and Insurance Australia Group. This approach helped fund deliver the 5.01% yield - an attractive outcome for income seeking investors at a time when cash rates fell to 2.5%.

In the 2013/2014 financial year, the Income Generator made 12 distributions of 0.381 cents per unit (CPU) based on the income estimate for the financial year. The 12<sup>th</sup> distribution in June 2014 also included the release of an income reserve of 0.069 CPU making a total distribution of 0.45 CPU. In addition, the Income Generator made a 13<sup>th</sup> distribution of 0.450 CPU comprising of income in excess of the 12 monthly distributions and realised capital gains.

In order to be consistent with the objective of delivering sustainable income over time, we have reinvested the gains from the 13<sup>th</sup> distribution in the form of additional units for investors. **Investors will see an increase in their number of units in the Income Generator in their July statement.**

## Contact Us

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