

DONOR UPDATE

MARCH 2020 PERFORMANCE

Quarterly and Annual ACF Performance Figures

ACF Portfolio	Portfolio 3-month Return	Composite Benchmark 3-month return	Variance	Portfolio 12-month return	Composite Benchmark 12-month return	Variance
Main Fund (Long-term)	-10.47%	-10.11%	-0.36%	-0.91%	-2.49%	1.58%
Extension Fund	-9.27%	-10.11%	0.84%	-1.50%	-2.49%	0.99%
Scholarship Fund	-8.13%	-10.11%	1.98%	0.77%	-2.49%	3.26%
Main Fund (Short term)	-4.70%	-0.62%	-4.08%	2.04%	3.92%	-1.88%

All performance figures quoted above are net of investment adviser fees and manager MERs

Market Environment

The market throughout the first quarter has been marked by significant levels of volatility across the board. The consensus forecast is that the global economy is heading for a deep recession on the back of the widespread economic shutdown and lockdown measures being implemented globally.

The Australian government has responded promptly and strongly to the COVID-19 crisis, with significant fiscal stimulus being implemented in an attempt to ensure a rapid recovery once the virus crisis is over. Furthermore, The Reserve Bank reduced the Cash Rate on two separate occasions throughout the first quarter, in a further attempt to stimulate the economy, resulting in a quarter-on-quarter reduction from 0.75% to 0.25%.

The COVID-19 outbreak continues to create severe uncertainty within the market, with the coming months set to determine much of the economic outlook for the second half.

Long Term

The first quarter of 2020 experienced significant levels of volatility, especially in equity markets both domestically and globally, which were down over 35% at one point during the COVID-19 outbreak. However, our conservative investment approach resulted in the ACF growth portfolios not being as impacted during this time, experiencing only approximately a -10% return, signifying that the three growth funds all held up well amidst the volatility. The Long Term Fund was the only growth fund to underperform the benchmark, due to a less defensive portfolio allocation. The strong performances of the growth funds were further aided by the Funds' Environmental Social Corporate Governance-oriented positioning, with little exposure to sectors such as Energy protecting the portfolio from such crises as the significant decline in oil prices seen in the quarter.

Short Term

The Income Fund holds both hybrid and regular fixed-income securities, with hybrids providing a potential for higher return, but also potential for higher risk. The Income Fund underperformed its benchmark for the quarter due to holding a higher proportion of hybrid securities compared to its benchmark, and it consequently did not perform well amidst the market volatility seen in the first quarter. Nevertheless, the defensive nature of the Income Fund compared to the three growth funds resulted in it performing best across the four Funds.