

Centrepoint Alliance Risk Profiles and Strategic Asset Allocations

Risk Profile	Defensive	Conservative	Balanced	Growth	High Growth	High Growth Plus
Portfolio Characteristics %						
● Growth Assets	15	30	50	70	85	95
● Defensive Assets	85	70	50	30	15	5
Minimum Investment Period	2 years	3 years	5 years	7 years	9 years	10 years
Strategic Asset Allocation %						
● Australian Equity	5	9	16	22	28	38
● International Equity (50% Hedged)	7	13	23	33	41	47
● Property and Infrastructure	3	5	8	11	13	7
● Diversified Alternatives	0	6	6	8	6	6
● Australian Fixed Interest	28	23	20	12	6	0
● International Fixed Interest	21	17	14	8	3	0
● Cash	36	27	13	6	3	2
Property and Infrastructure % Split						
Australian Listed Property	0	0	2	3	3	2
International Listed Property	3	3	4	5	6	3
Global Infrastructure	0	2	2	3	4	2
Returns %						
Expected Long-Term Returns¹						
Total	4.2	4.7	5.5	6.2	6.7	7.1
Income	3.6	3.3	3.3	3.2	3.2	3.1
Growth	0.5	1.3	2.0	2.7	3.1	3.5
Franking Credit	0.1	0.1	0.2	0.3	0.4	0.5
Projected wealth level of \$100,000 invested over a decade (in dark blue) and the likely range of outcomes (95% confidence interval) ²						
	\$500,000					
	\$400,000					
	\$300,000					
	\$200,000					
	\$100,000					
	\$-					
	150,860	158,787	170,572	182,192	191,403	198,654
	184,089	206,164	251,580	304,533	354,618	397,125
	123,130	121,444	113,845	106,008	99,205	94,377
Projected Range of Returns % pa (95% confidence interval)²						
5 year	1.2 to 7.2	0.8 to 8.7	-0.4 to 11.4	-1.7 to 14.1	-2.9 to 16.3	-3.8 to 18
10 years	2.1 to 6.3	2 to 7.5	1.3 to 9.7	0.6 to 11.8	-0.1 to 13.5	-0.6 to 14.8
20 years	2.7 to 5.7	2.8 to 6.7	2.5 to 8.4	2.2 to 10.1	1.9 to 11.5	1.7 to 12.5
Risk²						
Expected probability of a negative return over any single year %	9.5	12.8	18.6	22.3	24.5	25.8
Expected number of negative years in 20 years	1.9 yrs.	2.6 yrs.	3.7 yrs.	4.5 yrs.	4.9 yrs.	5.2 yrs.

¹ Income, growth and other capital market assumptions refer to long term expectations over multiple decades. Over shorter periods outcomes may vary significantly.

² Analytics shown in this table are a forecast not a prediction. The projected balance and results are only estimates, the actual amounts may be higher or lower.

Expected Long-Term Return and Volatility Assumptions¹

Asset Class	Compound		
	Total Return %	Income %	Standard Deviation %
Australian Equity ³	7.50	4.00	16.50
International Equity (50% Hedged)	7.25	2.50	13.00
Australian Listed Property	6.50	5.50	16.50
International Listed Property	6.75	4.00	18.00
Global Infrastructure	6.75	4.00	13.00
Diversified Alternatives	5.25	0.00	6.50
Australian Fixed Interest	3.75	3.75	5.25
International Fixed Interest	4.25	4.25	5.00
Cash	3.25	3.25	1.75

Expected Asset Class Correlations ¹	Australian Equity	International Equity	Australian Listed Property	International Listed Property	Global Infrastructure	Diversified Alternatives	Australian Fixed Interest	International Fixed Interest	Cash
Australian Equity	1.00	0.69	0.64	0.68	0.66	0.50	0.09	0.09	0.02
International Equity (50% Hedged)	0.69	1.00	0.44	0.67	0.68	0.45	0.05	0.05	-0.02
Australian Listed Property	0.64	0.44	1.00	0.67	0.65	0.50	0.18	0.15	0.01
International Listed Property	0.68	0.67	0.67	1.00	0.79	0.50	0.11	0.23	-0.06
Global Infrastructure	0.66	0.68	0.65	0.79	1.00	0.50	0.10	0.19	-0.02
Diversified Alternatives	0.50	0.45	0.50	0.50	0.50	1.00	0.20	0.20	0.00
Australian Fixed Interest	0.09	0.05	0.18	0.11	0.10	0.20	1.00	0.67	0.25
International Fixed Interest	0.09	0.05	0.15	0.23	0.19	0.20	0.67	1.00	0.12
Cash	0.02	-0.02	0.01	-0.06	-0.02	0.00	0.25	0.12	1.00

¹ Income, total return and other capital market assumptions refer to the long term i.e. multiple decades. Over shorter periods outcomes may vary significantly.

³ Total return incorporates franking. Income return is cash yield.

Risk Profile Definitions

Risk profile	Growth/Defensive Split %	Definition
Defensive	 15/85	This suits investors with a minimum two-year timeframe or those that seek a portfolio invested predominately in interest bearing assets, with a small proportion of growth assets. This portfolio also suits investors who give a high priority to the preservation of capital (while understanding loss is still possible) and are therefore willing to accept lower potential investment performance, hence the 85.0 percent exposure to defensive assets (cash and fixed interest).
Conservative	 30/70	This suits investors with a minimum three-year timeframe or those who seek a diversified portfolio of interest bearing and growth asset classes, with an emphasis on interest bearing assets. This portfolio also suits investors seeking a lower level of investment value volatility, and therefore willing to accept lower potential investment performance, hence the 70.0 percent exposure to defensive assets (cash and fixed interest).
Balanced	 50/50	This suits investors with a minimum five-year timeframe. This portfolio also suits investors who desire a modest level of capital stability but are willing to accept moderate investment value volatility in return for commensurate potential investment performance, hence the 50.0 percent exposure to growth (shares, listed property and infrastructure) and 50.0 percent exposure to defensive (cash and fixed interest) assets.
Growth	 70/30	This suits investors with a minimum seven-year timeframe or those who are willing to accept higher levels of investment value volatility compared to more defensive options in return for higher potential investment performance. Some exposure to interest bearing assets is still desired, but the primary concern is a higher return, hence the 70.0 percent exposure to growth assets (shares, listed property and infrastructure).
High Growth	 85/15	This suits investors with a minimum nine-year timeframe or those who are willing to accept high levels of investment value volatility in return for high potential investment performance. The 85.0 percent exposure to growth assets (shares, listed property and infrastructure) means that capital stability is only a minor consideration.
High Growth Plus	 95/5	This suits investors with a minimum ten-year timeframe or those who are willing to accept very high levels of investment value volatility to maximise potential investment performance. The 95 percent exposure to growth assets (shares, listed property and infrastructure) means that capital stability is not a consideration.

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