PERIOD ENDING – 31 AUGUST 2021

Managed Funds

Fund name	Size $m	1 year % p.a.	1 year Rank	3 years % p.a.	3 years Rank	5 years % p.a.	5 years Rank
GROWTH							
Vanguard Diversified High Growth Index ETF	1327	27.0	6	12.5	1		
First Sentier Wholesale High Growth Fund	451	36.0	1	12.5	2	12.7	1
Vanguard High Growth Index Fund	4621	26.9	7	11.4	3	11.7	3
MLC Wholesale Horizon 6 Share	382	28.9	4	11.0	4	11.9	2
Fiducian Growth Fund	244	25.5	11	10.9	5	11.3	6
IOOF MultiMix Growth Trust	743	23.4	15	10.8	6	11.1	7
Vanguard Diversified Growth Index ETF	525	20.6	17	10.8	7		
BT Multi-Manager High Growth Fund	11	27.9	5	10.3	8	11.5	4
Perpetual Split Growth Fund	45	33.9	2	10.3	9	11.3	5
MLC Wholesale Index Plus Growth	227	22.8	16	10.0	10		
SECTOR AVERAGE	**667**	**23.9**		**8.8**		**9.4**	
BALANCED							
Ausbil Balanced Fund	154	30.3	1	11.5	1	11.6	1
Australian Ethical Balanced Fund	217	21.0	11	10.3	2		
BlackRock Global Allocation Fund (Aust)	571	16.5	27	10.3	3	9.3	9
Macquarie Balanced Growth Fund	852	17.5	24	10.3	4	9.9	3
BlackRock Tactical Growth Fund	518	20.5	16	10.1	5	9.9	4
Fiducian Balanced Fund	572	21.8	5	10.0	6	10.1	2
IOOF MultiMix Balanced Growth Trust	2002	18.9	20	9.6	7	9.6	5
State Street Passive Balanced Trust	104	20.5	14	9.3	8	9.3	8
First Sentier Whlsle. Div. Fund	1327	20.5	15	9.3	9	9.1	10
Dimensional World Allocation 70/30 Trust	1069	23.0	3	9.0	10	9.4	7
SECTOR AVERAGE	**823**	**17.7**		**7.8**		**7.8**	

Fund name	Size $m	1 year % p.a.	1 year Rank	3 years % p.a.	3 years Rank	5 years % p.a.	5 years Rank
CAPITAL STABLE							
Macquarie Capital Stable Fund	26	9.3	17	8.0	1	6.6	3
IOOF MultiMix Moderate Trust	611	14.6	4	7.6	2	7.6	1
Dimensional World Allocation 50/50 Trust	739	16.2	1	7.3	3	7.3	2
MLC Index Plus Conservative Growth	329	13.2	7	6.8	4		
Vanguard Diversified Conservative Index ETF	221	8.6	19	6.4	5		
Vanguard Conservative Index Fund	3119	8.6	20	6.4	6	5.7	8
MLC Horizon 3 Conservative Growth	1221	14.6	5	6.4	7	6.6	4
Fiducian Capital Stable Fund	430	9.8	13	6.0	8	5.7	7
Pendal Active Moderate Fund	185	15.0	3	6.0	9	6.2	5
UBS Tactical Beta Fund - Conservative	77	8.0	24	5.9	10	5.2	13
SECTOR AVERAGE	**466**	**10.3**		**5.4**		**5.0**	
CREDIT							
Brandywine Global Income Optimiser Fund	197	6.2	6	8.3	1		
MCP Real Estate Debt Fund	1304	7.4	1	8.3	2		
MCP Secured Private Debt Fund II	1054	6.9	3	7.8	3		
Principal Global Credit Opportunities Fund	296	1.3	37	7.3	4	5.1	2
BetaShares Aust. Investment Grade Corp. Bond ETF	508	2.3	32	6.4	5		
First Sentier Global Corporate Bond Fund	50	1.1	38	6.2	6	4.3	9
First Sentier Inv. Grade Corp. Bond Fund	708	3.4	20	6.2	7	4.4	7
Aberdeen Standard Global Corporate Bond Fund	263	3.2	22	6.0	8	4.2	10
MCP Wholesale Investments Trust	2382	5.2	11	6.0	9		
iShares Core Global Corp. Bond (AUD H) ETF	281	2.4	28	5.6	10	3.7	16
SECTOR AVERAGE	**598**	**3.5**		**4.1**		**3.6**	

Note: The performance figures for diversified funds are net of fees, performance figures for sector specific funds are adjusted for fees.

Source: Rainmaker Information

Inflation: I'm baaaaack

Brumbie

By Alex Dunnin
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I've always been supremely confident Australia would survive the COVID-19 pandemic because we've been here before. The 1918-20 Spanish Flu pandemic brutalised Australia, and we got through that.

That took three years and it looks likely it will take just two years to get through this one.

The Spanish Flu was 50-times worse, however. From a population of five million that had just been ravaged by the War to End All Wars, it claimed 15,000 Australian lives. From a population of 25 million, COVID-19 has claimed 1500 lives. A population mortality ratio of 0.3% versus 0.006%.

When the Spanish Flu did fade away, the world, quickly moved on. But while history can give comfort, it can also warn of what might come.

In the 1970s the world confronted an economically horrific period of what become known as 'stagflation', when economic stagnation combines with rampant inflation. The term was coined in 1965 by the British politician Iain Macleod, when he was Chancellor of the Exchequer.

It's caused when supply cost-push inflation shocks suddenly drive up prices much faster and higher than economic conditions can support. In the 1970s, the trigger was the global oil crisis.

But in 2021 it's being caused by a potent mix of surging demand for limited energy supplies, economic slowdowns caused by COVID-induced lockdowns and the massively rising global debt that is being used to try and buy our way out of fiscal crisis.

The Washington-based Institute of International Finance (IIF) estimates that in the past year, global debt jumped almost 10% to AUD$385 trillion. Australia's debt meanwhile increased almost three-times faster at 30% to $880 billion.

The extra $190 billion is almost exclusively absorbed by the federal government writing its COVID-19 payment costs against the same amount of government bonds that are very helpfully being bought up by our central bank.

Global debt at this level is putting us into unchartered waters. The IFF estimates that right now the ratio of global debt to global GDP is 353%. While it's down from 362% back in March this year, it's still up one-quarter from what it was just before the Global Financial Crisis in 2008.

If all this isn't worrying enough, the world is confronting a wall of high inflation, the likes of which haven't been seen in decades. It's 5.4% in the US, 3.2% in the UK, 4.1% in Germany, 5.3% in India, 4.0% in Spain, 4.5% in New Zealand, 2.5% in South Korea and in Australia it's 3.8%.

Yet government bond rates are 1.6% in the US and 1.7% in Australia, with Australia's official interest rates locked in at 0.10%. Bizarrely, the Reserve Bank's governor said they'll stay at this level for the next couple of years.

If economic history has taught us anything, this will lead a great disconnect that could profoundly rock the global economy, and Australia's along with it.

For example, right now we have tens of thousands of Australians queuing up to borrow to buy property, seemingly assuming mortgage interest rates will stay stuck in the 2-3% zone. But given 40% of the money Australian banks lend to home borrowers is itself borrowed from global credit markets; this is living on the wild side.

With AUD$385 trillion in global debt chasing AUD$165 trillion in the global bond market lenders, it might not take too much to reset sentiment. The result could be rising bond yields and rising costs of funds for Australian lenders.

Rising yields will heap even more punishment on fixed interest investors, drive more money into equities and bludgeon the real economy for years to come.

We better hope global capital markets don't impose interest rate penalties on non-net zero Australian borrowers. If so, Australia is cooked. Giddyup. FS