

Funds in Court

Common Fund No. 3

Annual Fact Sheet – 30 June 2017



Fund Overview

Common Fund No. 3 [CF-3] provides beneficiaries with the potential to achieve capital growth over the long term. The Fund invests in a portfolio of publicly listed Australian shares, whilst a small percentage of the Fund is also invested in cash.

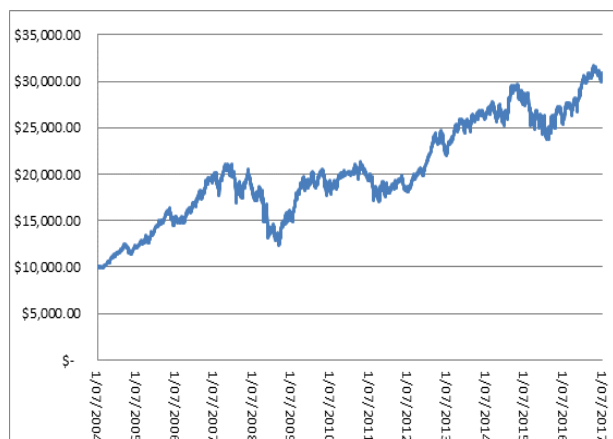
CF-3 operates as a unit trust structure. This means that each beneficiary's investment in CF-3 is represented by the issue of a number of "units" in the Fund, rather than directly owning individual shares. The "unit holding" and the "unit price", which reflects the value of the underlying shares in the portfolio, is used to calculate the value of each beneficiary's investment in CF-3.

Due to the volatile nature of the share market the "unit price" may rise or fall on a daily basis.

Investment Approach

CF-3 is actively managed relative to the benchmark but with low portfolio turnover. The Fund primarily invests in large capitalisation shares (commonly referred to as "blue chip" shares) across a range of industry sectors. The Fund will typically hold between 20 and 25 shares.

Growth of \$10,000.00 since inception (with distributions reinvested)



Fund Details

Fund Objective:	To provide capital growth and income over an investment timeframe of at least 6 years.
Performance Benchmark	S&P/ ASX 50 Accumulation Index
Fund Size:	\$591,825,326.17
Inception Date:	1 July 2004
No. of Stocks:	22
Income Distribution:	Monthly (if applicable)
Unit Pricing:	Daily
Unit Price:	\$1.7115
Management Costs:	No direct fees are charged for the management of CF-3. However, as part of the Funds in Court cost recovery process, beneficiaries with an allocation to both CF-3 and Common Fund No. 2 [CF-2] are credited with a CF-2 annual crediting rate, that is, 0.20% less than the crediting rate for beneficiaries with an allocation to CF-2 only.

PLEASE NOTE:

There are a number of risks associated with investing in CF-3. For further information on how FIC seeks to minimise these risks, please refer to the relevant Information Guide on our website at www.fundsincourt.vic.gov.au



Total Return

As at 30 June 2017	Qtr %	1 Yr %	3 Yr % p.a.	5 Yr % p.a.	7 Yr % p.a.	10 Yr % p.a.	Since Inception# % p.a.	Since Dec. 92* % p.a.
CF-3	-2.8	16.6	5.2	10.9	7.8	4.6	8.9	10.8
S&P/ASX 50	-2.5	14.1	5.4	11.5	8.9	4.1	8.5	10.0

CF-3 commenced on 1 July 2004.

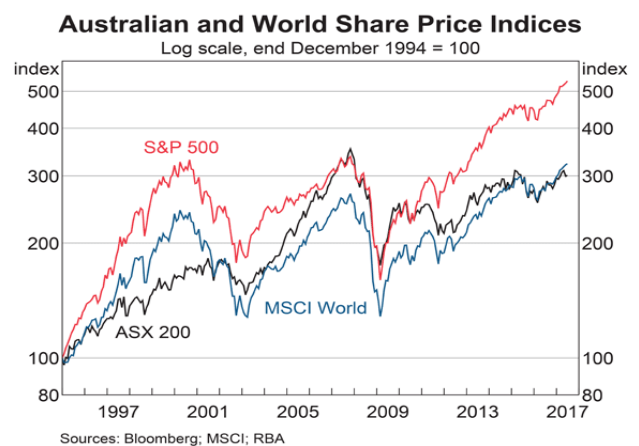
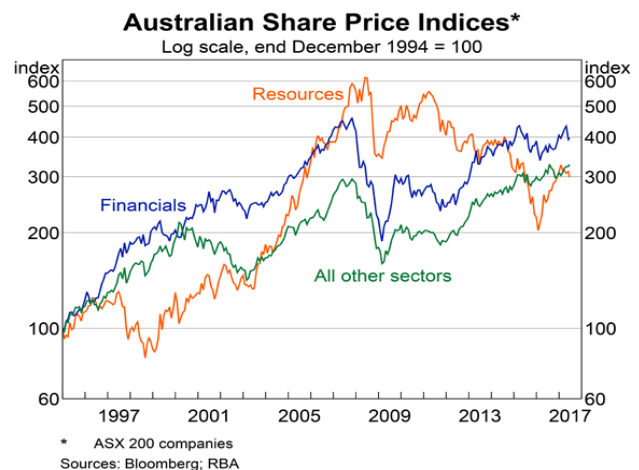
* The Senior Master first purchased equities directly for beneficiaries on 21 December 1992.

Past performance is not a reliable indicator of future performance.

Commentary

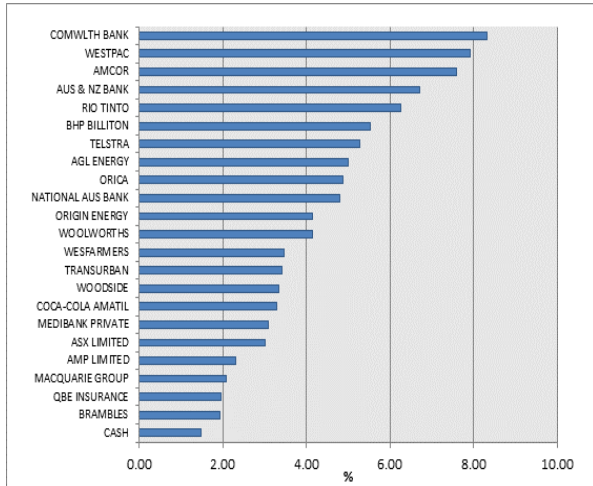
The CF-3 portfolio delivered a total return of 16.6% for the 12 month period ending 30 June 2017 outperforming the benchmark S&P/ASX 50 Index by 2.5%. The Fund's overweight positioning to the Materials Sector including stocks such as Orica [ORI] and Rio Tinto [RIO] was the key contributor to relative performance. The Utilities Sector lead mainly by AGL Energy [AGL] also contributed positively. The key detractors to relative performance over the period included Telstra [TLS], Brambles [BXB] and Medibank Private [MPL].

Whilst the Australian Sharemarket has performed strongly over the last 12 months it has lagged global markets, particularly the US market which has traded at record highs. The US economy is showing signs of recovery and the market is pricing in this positive growth story. Equities have also benefited somewhat from the sell-off in bonds and expectations for higher inflation over the long term. CF-3 continues to form an important part of the beneficiaries' asset allocation given its growth potential and role in providing a hedge against inflation over the long term. In addition, the portfolio dividend yield of 4.80% compares favourably to the current low rates on offer from cash and term deposits.

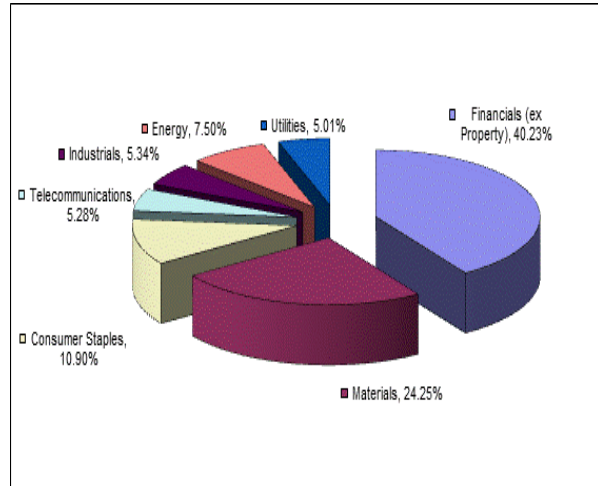




Holdings



Sector Exposure (excl. cash)



Portfolio Activity

The main change to the portfolio occurred in August 2016 when the Fund received the takeover proceeds for Asciano [AIO] totalling approximately \$19 million. The proceeds were used to purchase a new holding being Brambles Limited [BXB].

Portfolio turnover has been kept to a minimum throughout the financial year. This approach is consistent with the Fund's investment strategy which seeks to be a long term investor in the largest and most liquid shares listed on the ASX. As a result of the low portfolio turnover the holdings and sector positioning of the Fund remained largely unchanged over the last 12 months. Throughout the year any excess cash has been used to purchase additional shares in a selection of the Fund's existing holdings.

Distribution History

The investment earnings of CF-3 are distributed to unitholders on a monthly basis where applicable. The investment earnings may include cash interest, dividend income and realised capital gains. A summary of the total cents per unit distribution made from CF-3 for each of the last five financial years is provided below.

Financial Year	Cents per unit
2012/ 2013	6.8
2013/ 2014	7.6
2014/ 2015	8.0
2015/ 2016	7.4
2016/ 2017	7.3

PLEASE NOTE:

For further information relating to how FIC manage your funds please visit our website at www.fundsincourt.vic.gov.au or call 1300 039 390 to speak to a member of our staff.