

ADVISER

Indexed Diversified investment option

Quarter ending 31 December 2018

This option has a high allocation to Australian and international shares and also includes fixed interest, cash and listed property.

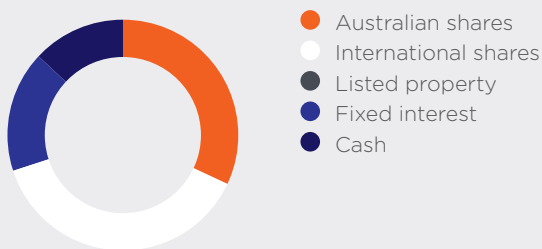
There are no infrastructure, direct property or private equity investments. It uses indexing strategies to invest in each asset class. It's designed for members who prefer a passive investment approach, and who are seeking medium to long-term growth and willing to accept short-term fluctuations in returns.

Investment objective

To achieve CPI by 3.0% pa over the medium to longer term.

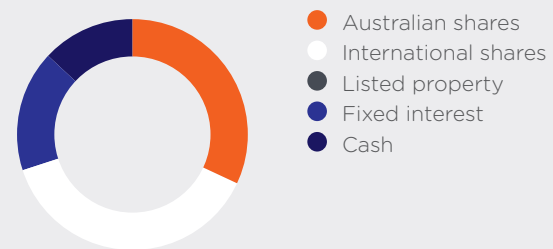
Strategic asset allocation (SAA) 2018/19

| Asset class | SAA % | Range % |
|----------------------|-------|---------|
| Australian shares | 32 | 20-50 |
| International shares | 38 | 20-50 |
| Listed property | 0 | 0-10 |
| Fixed interest | 17 | 0-30 |
| Cash | 13 | 0-30 |



Actual asset allocation (AAA) 31 December 2018

| Asset class | AAA % |
|----------------------|-------|
| Australian shares | 25.1 |
| International shares | 48.5 |
| Listed property | 0.0 |
| Fixed interest | 13.3 |
| Cash | 13.1 |



Investment fee

This Investment Fee is charged to cover the cost to us of managing your clients' investments. These costs include external investment management fees, performance related fees, plus transactional and operational costs. They are calculated in arrears as at 30 June each year.

Financial year ending 30 June 2018

| Investment management fees | Performance related fees | Transactional and operational costs | Total |
|----------------------------|--------------------------|-------------------------------------|-------|
| 0.12% | 0.00% | 0.04% | 0.16% |

* Previously credit was included in the fixed interest allocation. We now treat it as a different asset class due to its different risk and return characteristics. Fixed interest invests in government-issued debt securities and high quality corporate bonds. Returns are driven principally by the interest rate cycles in the countries where we invest. Credit invests in debt securities and loans that have a higher risk return and profile. Returns are driven principally by economic growth and the quality of the underlying collateral.

More detailed asset allocation

At 31 December 2018

| Australian shares | | |
|-------------------|----------------------------------|-------|
| Sector | Portfolio name | % |
| | Vanguard Australian shares index | 32.27 |

| International shares | | |
|----------------------|---|-------|
| Sector | Portfolio name | % |
| | Vanguard International shares Select Exclusions index: (unhedged) | 23.65 |
| Developed markets | Vanguard International shares Select Exclusions index: (hedged) | 8.60 |
| Emerging markets | Vanguard wholesale emerging markets shares index | 5.22 |

| Fixed Interest | | |
|----------------|--------------------------------|------|
| Sector | Portfolio name | % |
| Australian | Vanguard Australian FI index | 8.62 |
| International | Vanguard Global Aggregate Fund | 8.54 |

| Cash | | |
|--------|--------------------|-------|
| Sector | Portfolio name | % |
| | IFM Investors Cash | 13.10 |

Currency

Currency hedging can protect portfolios with international assets from adverse movements in exchange rates. It involves converting a percentage of the value of a portfolio's international assets into Australian dollars. When we set our strategic asset allocations every year we set a target currency exposure for each investment option that includes international assets.

| Investment option | Target currency exposure 2018/19 | Actual exposure 31 December 2018 |
|----------------------------|----------------------------------|----------------------------------|
| Indexed Diversified option | 29% | 28.48 |

These are the targets and exposures for the accumulation options. The targets and exposures for Choice Income options may vary.

Contact us

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