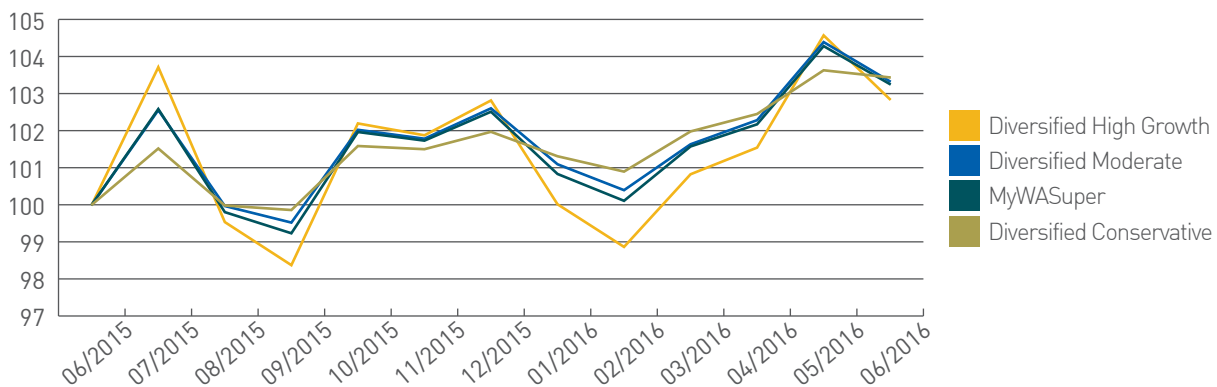


Investment update June quarter 2016

- Growth asset classes were generally positive over the June quarter, rebounding after a softer first quarter of 2016 but falling at the end of June due to market concerns surrounding the United Kingdom 'Brexit' vote to leave the European Union.
- Brexit did cause volatility in global shares which lost 1.3% for the quarter in local currency terms but returned 4.4% for Australian investors as the Australian dollar depreciated over the quarter. Japan (-7.1%) and Europe (-4.7%) were the major detractors while the UK (6.5%) produced a surprisingly positive result and the US (2.5%) and Australia (4.0%) were relatively strong performers.
- Defensive asset classes served their role as cushions against growth asset volatility over the quarter - global bonds and Australian bonds both returned 2.9% and cash gained 0.6%.

CHART 1: WA SUPER DIVERSIFIED INVESTMENT OPTIONS – GROWTH OF \$100

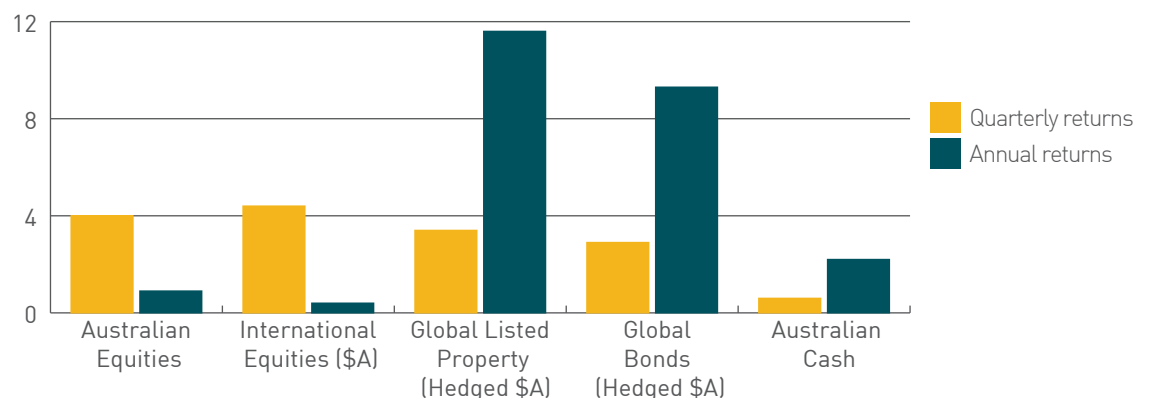


Source: WA Super

The MyWASuper option and the other diversified options are pre-mixed investment options where WA Super has chosen the asset allocation based on the return objective and appetite for risk. These options are automatically rebalanced and regularly reviewed.

- The Diversified Conservative option (3.4%) has delivered the highest return over the last year due to its higher allocation to defensive assets which cushioned negative returns from growth assets, particularly in the September quarter 2015 and March quarter 2016. The Diversified Conservative option performed marginally below the other diversified options for the June quarter (1.4%) in an up-and-down environment.
- The MyWASuper option (3.3%) and the Diversified Moderate option (3.3%) were positive performers for the past year with balanced allocations to defensive and growth assets. Both options were also positive (1.7%) for the quarter.
- The Diversified High Growth option (2.8%) was behind the other diversified options over the last year due to its higher exposure to growth assets. However, it was the best performer over the June quarter (2.0%) as growth assets rebounded after falls in the March quarter.

CHART 2: ASSET CLASS INDEX PERFORMANCE – QUARTER AND YEAR TO JUNE 2016

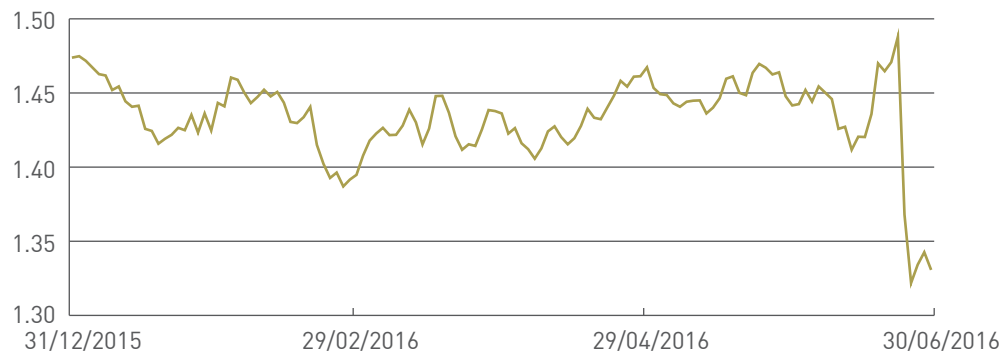


Source: Bloomberg

JUNE QUARTER INSIGHTS

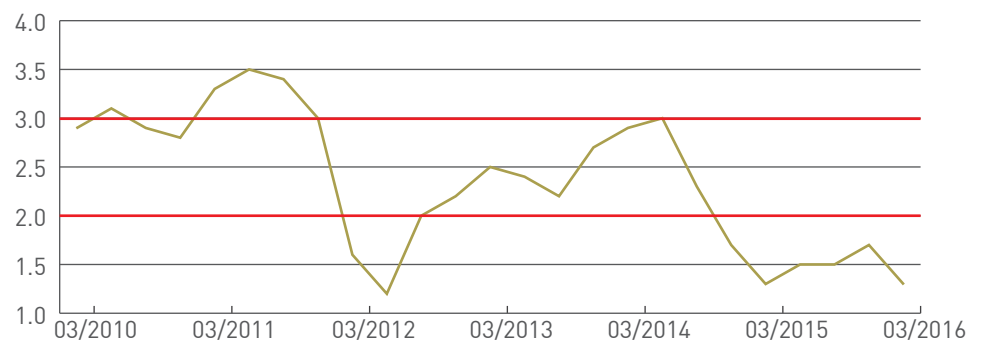
- The UK referendum held on 23 June saw a majority vote to leave the European Union (labelled 'Brexit') after 43 years of membership. The most immediate impact was on the UK's currency which fell 12% (Chart 3) following the outcome. European and Asian share markets fell on the decision.
- WA Super uses diversification across asset classes to reduce reliance on share investments to generate returns - and reduce the impact of short term fluctuations in share markets.
- It is too early to assess the longer term ramifications of Brexit as the impact will depend on the approach of the future leadership of the UK Conservative Party. In the shorter term, market participants expect that the Bank of England may implement monetary easing through lower interest rates.
- The Reserve Bank of Australia (RBA) lowered the cash rate 0.25% to 1.75% in May. The decision followed the release of inflation data indicating inflation had fallen to 1.3% per annum (Chart 4), which is well below the RBA's target band of 2-3%.

CHART 3: GREAT BRITAIN POUND VS US DOLLAR



Source: Reserve Bank of Australia (RBA)

CHART 4: AUSTRALIAN CONSUMER PRICE INFLATION



Source: Reserve Bank of Australia (RBA)

The information provided is of general nature only. It has not been prepared taking into account your particular investment objectives, financial situation and particular needs. You should assess whether any advice is appropriate to your individual investment objectives, financial situation and particular needs before making any decision. You should also consider seeking the assistance of a professional adviser. Investment markets can fall as well as rise, so you shouldn't rely on past performances as a guarantee of what future performance may be.



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