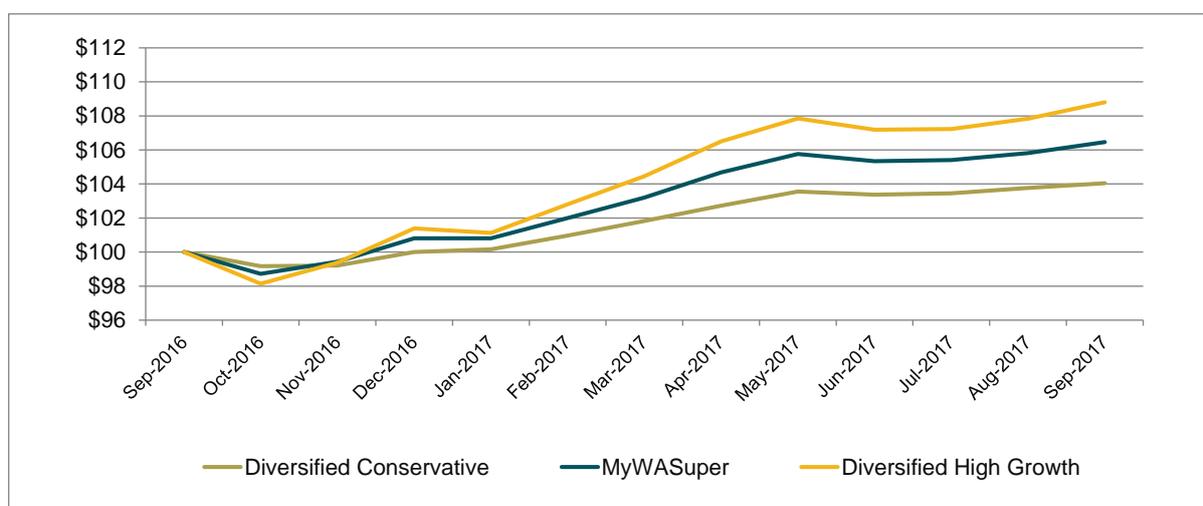


INVESTMENT UPDATE SEPTEMBER QUARTER 2017

- » Global shares had strong performance over the quarter to September, posting a gain of 2.89%.
- » The AUD appreciated against the USD over the quarter, offsetting some of the gains in Global shares. From a starting point of around 0.76 at the end of June, the exchange rate peaked above 0.8 before settling at 0.78 to end September.
- » After two rate hikes earlier in 2017, the US Federal Reserve did not raise rates again in September. However, markets appear to be pricing in one more rate hike in 2017. The Fed also announced that it would begin the process of reducing its balance sheet, unwinding positions that had built up as a result of monetary easing policies.

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 (4.04%) has delivered the lowest return over the last year due to its higher allocation to defensive assets. This option performed its principal objective of providing lower volatility than the higher risk options while still delivering a reasonable return over the previous 12 months
- » The MyWASuper option (6.46%) was a positive performer for the past year with balanced allocations to defensive and growth assets. This option also provided solid growth (1.06%) for the quarter
- » The Diversified High Growth option (8.81%) led the other diversified options over the last year due to its higher exposure to growth assets. It was also the best performer over the September quarter (1.50%)
- » All of the Diversified Options have exceeded their CPI-linked return targets over the past year and quarter.

Chart 2: Asset Class Index Performance – Quarter and Year to September 2017



Source: BlackRock

September Quarter Insights

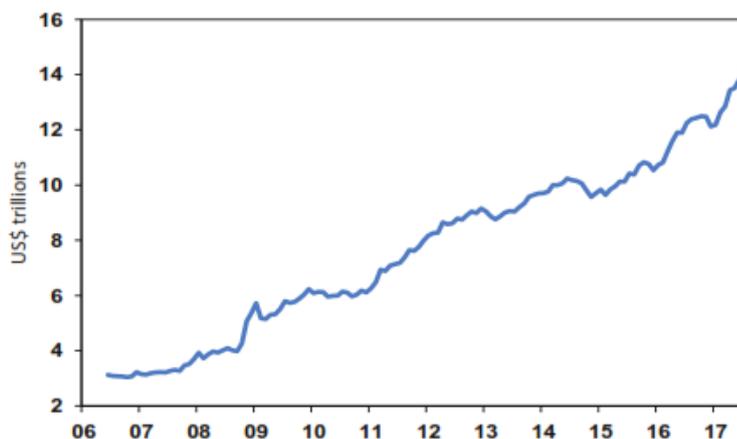
- In September the US Federal Reserve announced that in October it will begin the process of gradually reducing its balance sheet, currently worth about 20% of US GDP. Markets generally expect that the Central Banks of other major economies will mirror the Fed’s policies over the short term.

- The preceding decade of quantitative easing policies by central banks has kept interest rates at historic lows in most developed countries and buoyed asset prices. Now that central banks are signalling the withdraw of their support and interest rates are beginning to rise, markets forecast lower growth rates going forward.

- Political uncertainty continues to trouble the European Union. The Conservative Party in Britain looks increasingly fragmented and appears unlikely to negotiate an orderly exit from the EU. In Spain, the region of Catalonia, Spain’s richest and most productive, has been agitating for its own independence referendum.

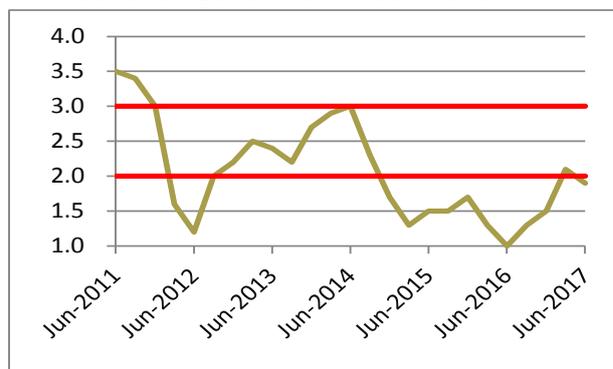
- The RBA left the cash rate unchanged at 1.50% over the quarter, noting the need to balance the risks associated with high household debt in a low-inflation environment.

Chart 3: Balance Sheets of Major Central Banks



Source: Thomson Reuters Datastream

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.