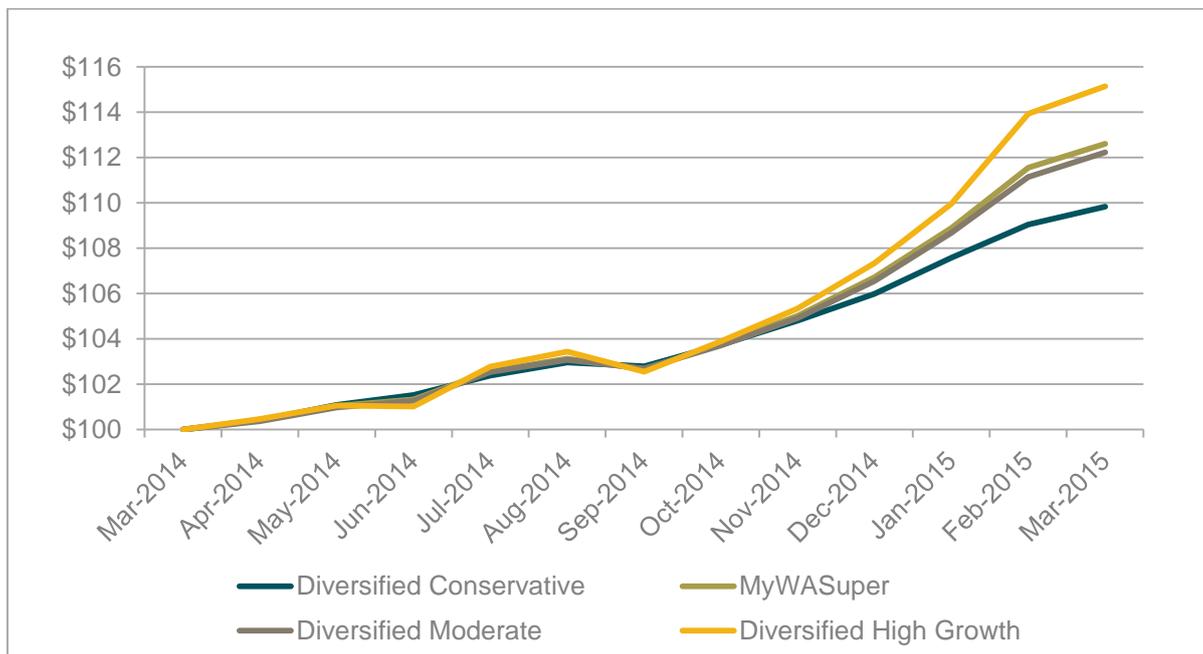


## INVESTMENT UPDATE MARCH QUARTER 2015

- » All asset classes showed positive returns over the March quarter, led by growth assets which responded positively to central bank activity to encourage economic growth.
- » The Australian S&P/ASX 300 Accumulation index's 10.3% return was the largest first quarter return in its history, although was surpassed by strong gains in Europe and China.
- » Developed market bond yields remain at or near historical lows across the globe. Australian bonds (2.7%) outperformed global bonds (2.5%), and within global bonds government bonds outperformed corporate bonds.

**Chart 1: WA Super Diversified Investment Options – Growth of \$100**

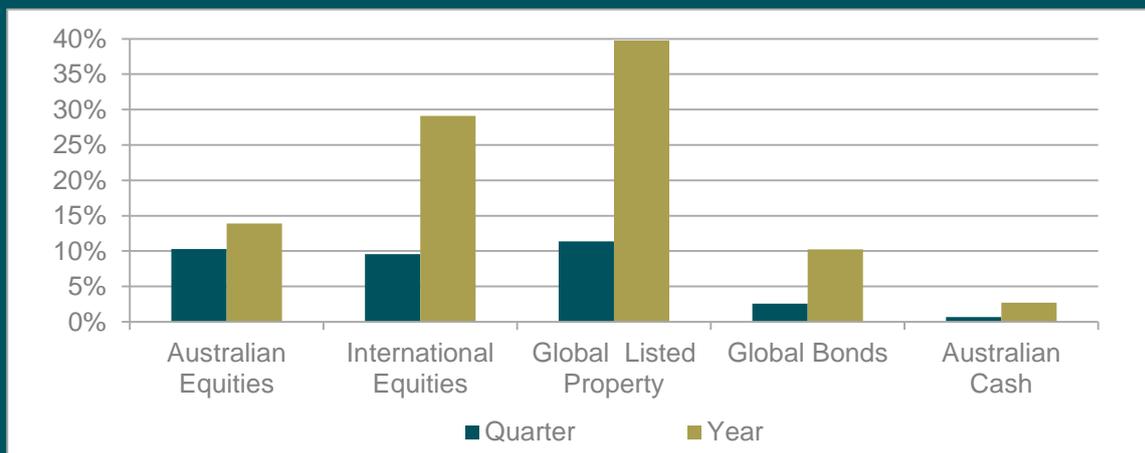


**Source: WA Super**

The My WA Super option and the other diversified options are pre-built 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 High Growth option delivered the highest return over the past 12 months due to its higher allocation to growth assets, in particular shares which performed well in the first quarter of 2015. Diversified High Growth has had significantly lower volatility of returns, a measure of risk, over the past year than historically despite two months of negative returns in the period.
- » The MyWASuper option and the Diversified Moderate option were also strong performers with higher allocations to growth assets than defensive assets. Both options have had lower volatility of returns of the past year than historically and just one month with a negative return in the period.
- » The Diversified Conservative option performed well, but lagged the strong performances of the options with higher exposure to growth assets. However, Diversified Conservative exhibited its defensive characteristics with just one month with a small negative return over the past year and lower risk or volatility than historically.

**Chart 2: Asset Class Index Performance – Quarter and Year to March 2015**

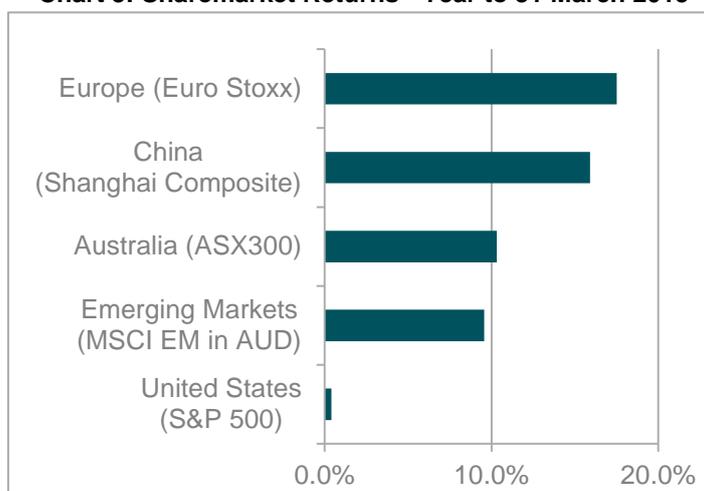


Source: Bloomberg

**March Quarter Insights**

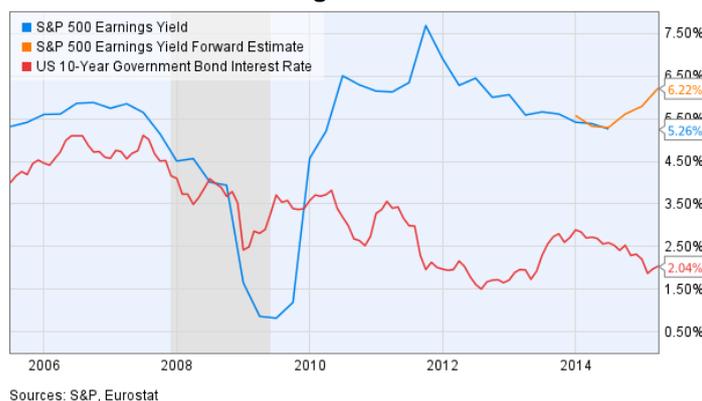
- » All asset classes delivered positive returns over the quarter (Chart 2).
- » Share markets, and listed property, were generally supported by central bank activity over the quarter (Chart 3).
- » The European Central Bank's (ECB) quantitative easing (QE) program of €1.1 trillion began in March and boosted European share markets.
- » The People's Bank of China cut interest rates 0.25% to 5.35% over the quarter to encourage economic growth as the property sector struggles. The Shanghai Composite rose 17.5%.
- » Reserve Bank of Australia (RBA) cut interest rates in February by 0.25% to a record low of 2.25% due to concerns about economic growth and continued high unemployment. The Australian share market returned 10.3% for the quarter.
- » Weaker economic data in the US has delayed expectations of Fed rate rises.
- » Share market valuations are expensive versus history on many measures, although yields on US shares remain significantly higher than yields on US bonds (Chart 4).

**Chart 3: Sharemarket Returns - Year to 31 March 2015**



Source: Bloomberg

**Chart 4: US Earnings Yield vs US Bond Yield**



Sources: S&P, Eurostat

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.