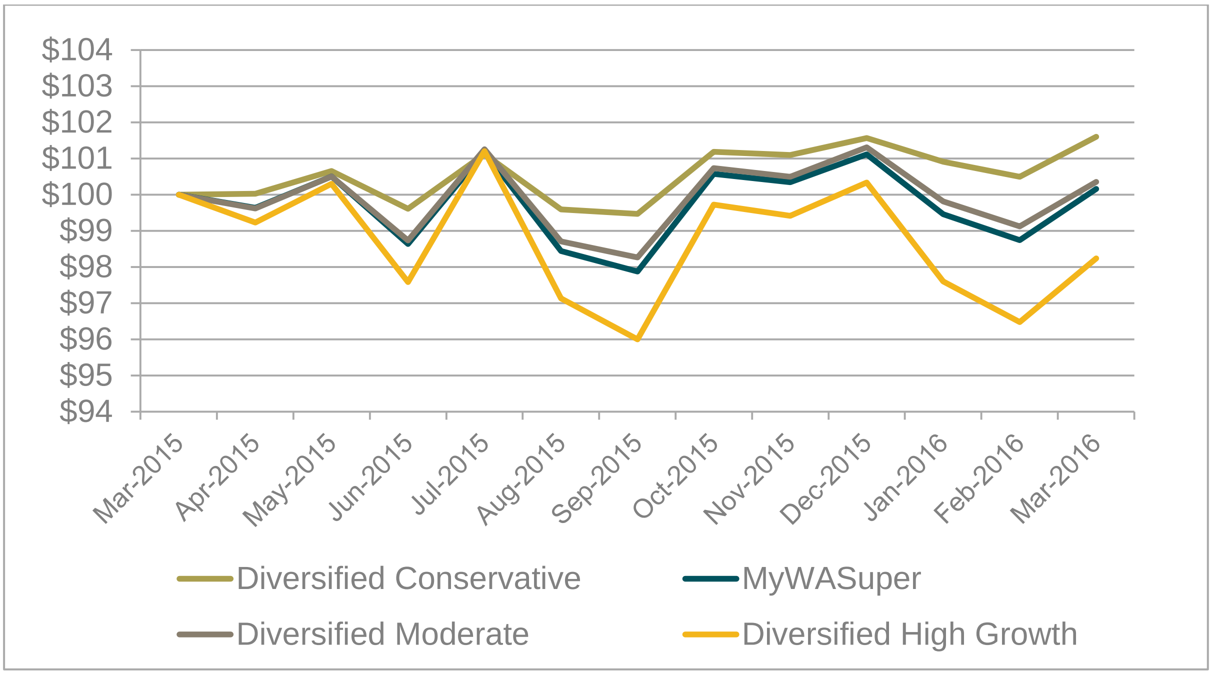
INVESTMENT UPDATE
MARCH QUARTER 2016

» Growth asset classes were mixed over the March quarter as equity markets fell in January and February before recovering in March. Global shares fell 5.8% in Australian dollar terms or 1.8% in hedged terms as the Australian dollar appreciated from $0.68 to $0.75 versus the US dollar over the quarter. Commodity prices rebounded from their downward trend with resource-linked equity markets outperforming - Emerging Market countries gained 5.2% and the Australian Materials sector rose 3.3% despite the overall market falling 2.6%.

» Defensive asset classes served their role as cushions against growth asset volatility over the quarter; global bonds returned 3.7%, Australian bonds returned 2.1% and cash gained 0.6%.

» The volatility of the last 12 months is a reminder of the importance of diversified sources of risk and return in a portfolio particularly during periods of heightened market volatility

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



Source: WA Super

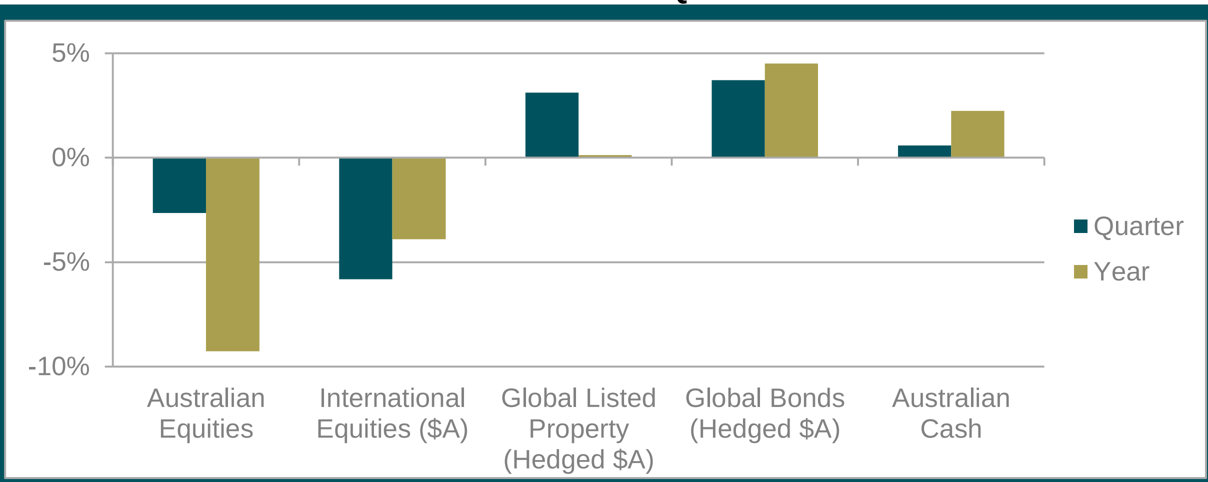
The MyWASuper option and the other diversified options are pre-mixed investment options where WA Super has chosen the asset allocation based on the return objective and appetite for risk. These options are automatically rebalanced and regularly reviewed.

» The Diversified Conservative option (1.6%) has delivered the highest return over the past 12 months 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 was also the best performer for the March quarter (0.0%) with a flat return in a risk off environment.

» The MyWASuper option (0.2%) and the Diversified Moderate option (0.4%) were mildly positive performers for the past year with allocations to defensive assets offsetting growth asset volatility. Both options were slightly negative (-0.9%) for the quarter.

» The Diversified High Growth option (-1.8%) suffered the greatest falls over the last year due to its higher exposure to growth assets. It was also the lowest performer over the March quarter (-1.8%) as growth assets saw another bout of volatility.

Chart 2: Asset Class Index Performance – Quarter and Year to March 2016



Source: Bloomberg

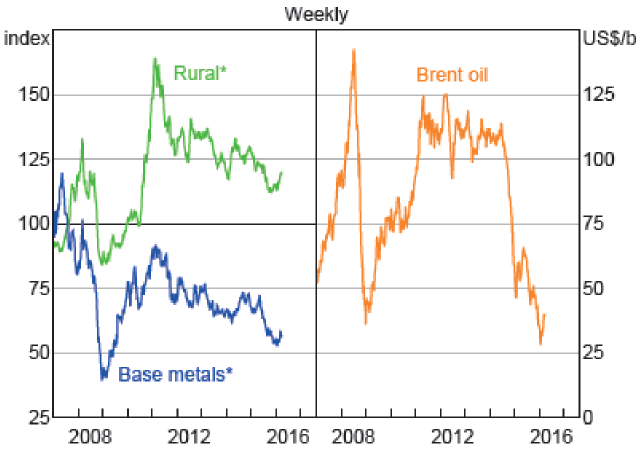
March Quarter Insights

- Commodity prices began to reverse the downward trend of 2015 (Chart 3) as concerns of a hard landing in China declined. Iron ore finished the quarter 23% higher while Brent crude oil prices rebounded from lows under $30/barrel reached in January 2016 to reach over $40/barrel by the end of quarter.

- The recovery in commodities did little to lift the Australian share market, which fell 2.6% for the quarter. The Banks sector was the largest detractor falling by 12.0%. The Australian February reporting season saw the Resource and Energy sectors report large falls in their expected earnings while the rest of the market is expected to grow modestly over the next 12 months.

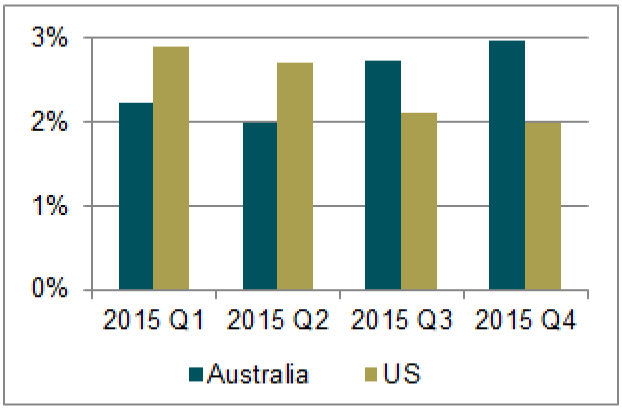
- Despite the downturn in the mining sector, Australian economic growth has been surprisingly strong, growing by 3.0% over the year to December 2015 (Chart 4). In comparison, US economic growth has been slowing after peaking in March 2015. The US Federal Reserve now expects two interest rate increases over 2016 instead of four increases it had previously forecast in December 2015.

Chart 3: Commodity Prices



Source: Reserve Bank of Australia (RBA)

Chart 4: Australian and US GDP Growth



Source: Australian Bureau of Statistics (ABS), US BEA