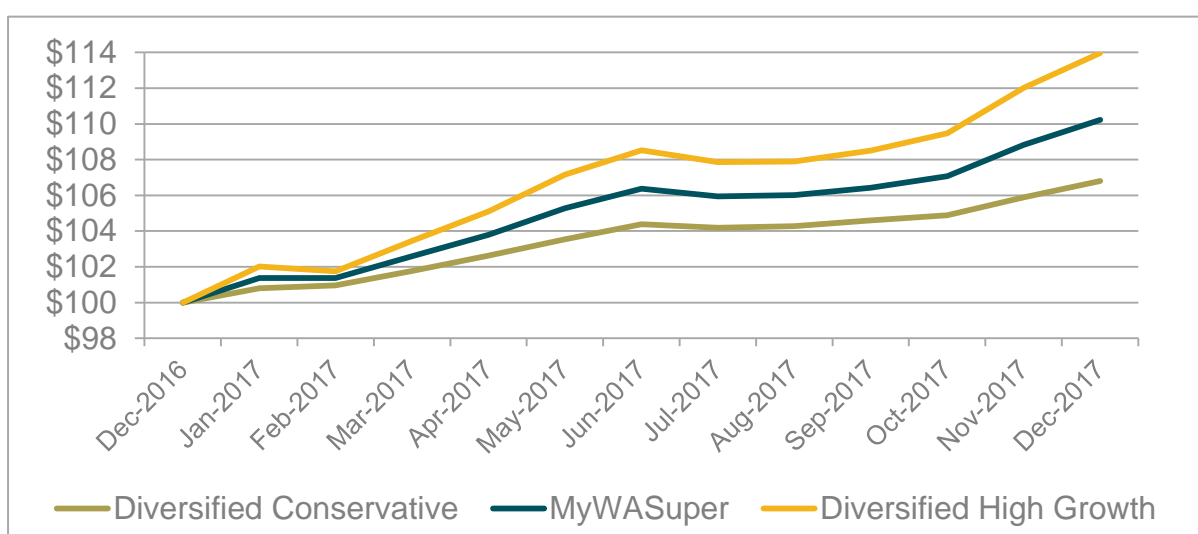


INVESTMENT UPDATE DECEMBER QUARTER 2017

Australian shares had a strong performance over the quarter to December, posting a gain of 8.59%. Global shares also performed well, delivered a gain of 6.72%.

- » The AUD held the 0.78 mark against USD for the December Quarter. The strong performance of Australian shares came from the Resources sector. Surging commodity prices, including oil and iron ore have contributed positively to miners and energy companies. Globally, investor sentiment was supported by the passing of US tax reform and the strong earnings data from the US
- » Both Global and Australian yield curves witnessed a pronounced flattening during the final quarter of 2017.

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

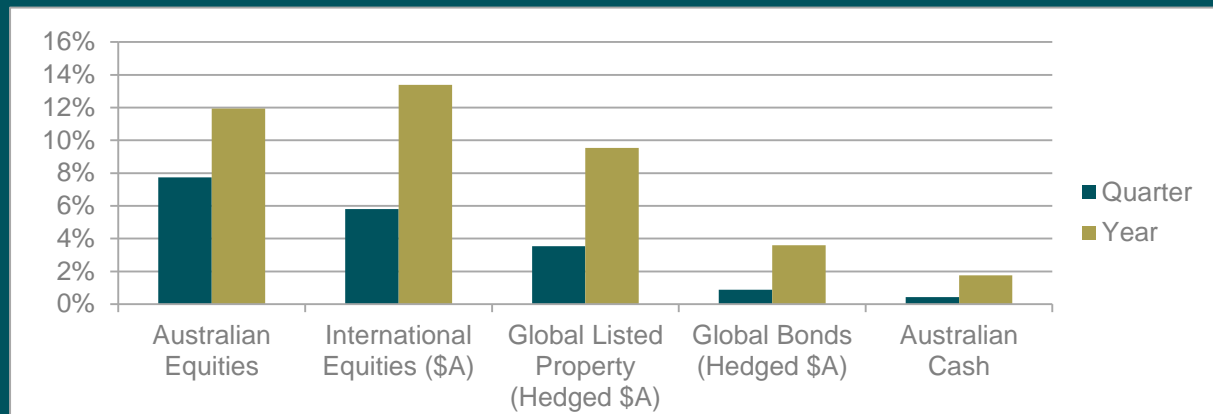


Source: WA Super

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 (6.08%) 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 (9.08%) was a positive performer for the past year with balanced allocations to defensive and growth assets. This option also provided solid growth (3.29%) for the quarter
- » The Diversified High Growth option (12.28%) 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 December quarter.
- » 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 December 2017

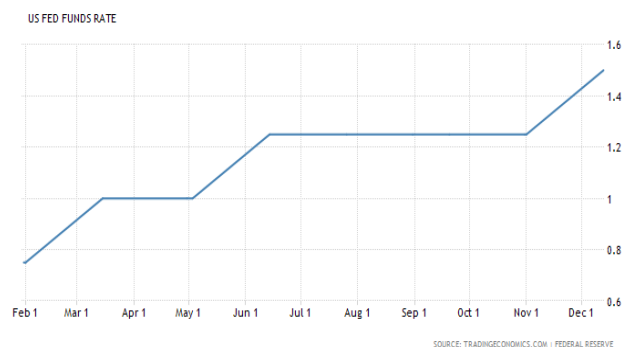


Source: BlackRock

December Quarter Insights

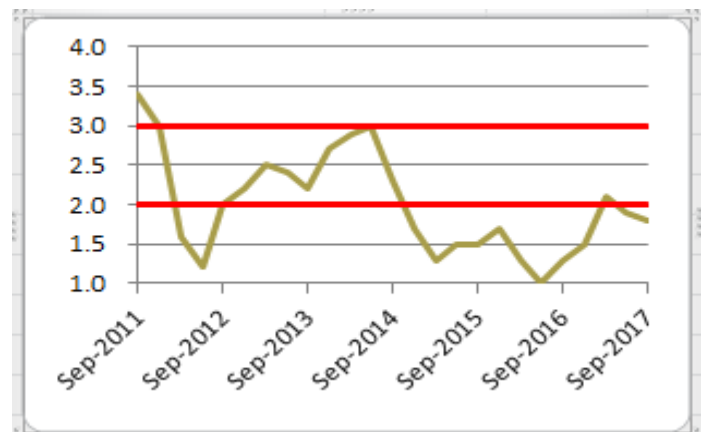
- December saw the US Federal reserve increase interest rates by 0.25%, the 3rd increase for the year. The December rate rise was widely anticipated and the announcement was coupled with bullish sentiments on the economy and labour markets.
- President Trump's tax cuts passed congress in December boosting US indices. Global markets rallied also as expectations are that the boost to the US economy will have flow on effects around the globe.
- In Europe, hope that Merkel's pro-European CDU party will be able to form a coalition government, along with an improving European economy has led to the Euro reaching a 3 year high. Such has been the optimism in a sustained recovery that markets continue to rise in spite of investors pricing in a withdrawal from central bank stimulus.
- The RBA left the cash rate at 1.5% over the quarter, the same level since August 2016. The central bank signalled a steady outlook for the foreseeable future.

Chart 3: US FED FUNDS RATE



Source: Tradingeconomics.com

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.