

Investment Update 2017



Important Notice

Any advice in this presentation has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions.

If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.

Any information about taxation in this presentation is factual information or general advice only and does not consider the application or interpretation of any taxation laws to your personal circumstances. If you require taxation advice you should seek advice from a registered tax agent or a registered tax (financial) adviser.



Benefits of TelstraSuper



Security of Australia's largest corporate fund

- \$19 billion invested
- 100,000 members
- Not for profit
- Over 25 years' experience



All your super in one account

Locate and combine your other super accounts into your TelstraSuper account.



Your fund for life

You can stay a TelstraSuper member even if you change jobs and your eligible family members can join too!



Strong investment performance

Our consistently strong investment returns ensure your super continues to grow over the long term.



Multi award winning fund

2015 SuperRatings*
Fund of the year

2015, 2014 & 2012
SuperRatings*
Super of the year



Comprehensive insurance cover

Enjoy the security of automatic income protection cover and employer-paid base death and disability insurance.

Agenda



Investment results and benchmarking



Investment Update



Looking ahead

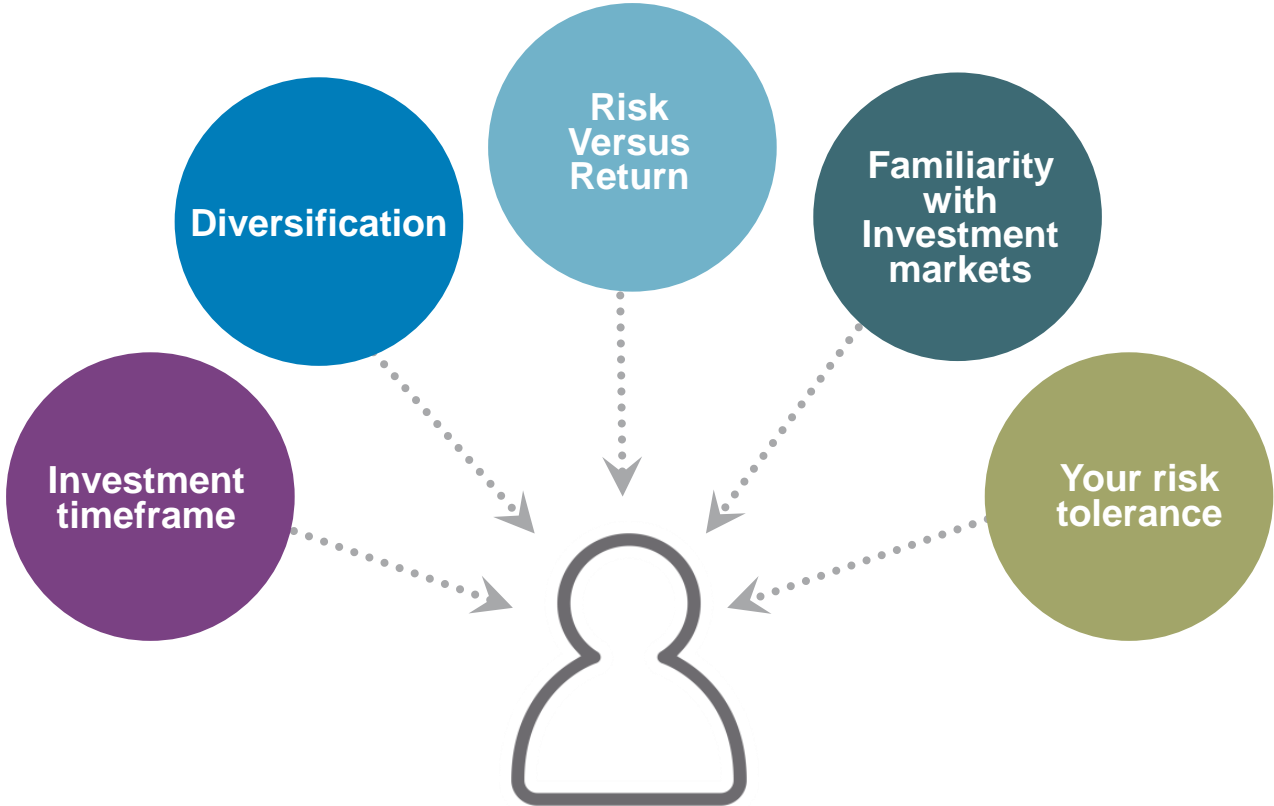


Deep dive into our property portfolio



Questions

Investment considerations



Investment options



Options	Growth/Defensive %	Return Objective CPI+	Investment Timeframe (years)
Growth	90.5 / 9.5	3.5%	7-10
Balanced	74.5 / 25.5	3%	5-10
Diversified Income	55.5 / 44.5	2%	4-6
Defensive Growth	59.5 / 40.5	2%	2-6
Conservative	38.5 / 61.5	1.5%	3-10
Australian Shares	100	4%	8-10
International Shares	100	4%	8-10
Property	100	3%	5-7
Fixed Interest	100	CPI+	2-4
Cash	100	CPI+	0-2
Telstra Super Direct Access			
ASX 300 Shares	100	n/a	8-10
Term Deposits	100	n/a	0-2

Source: Telstra Super Investment Guide, 1 July 2017

TelstraSuper Accumulation investment returns*



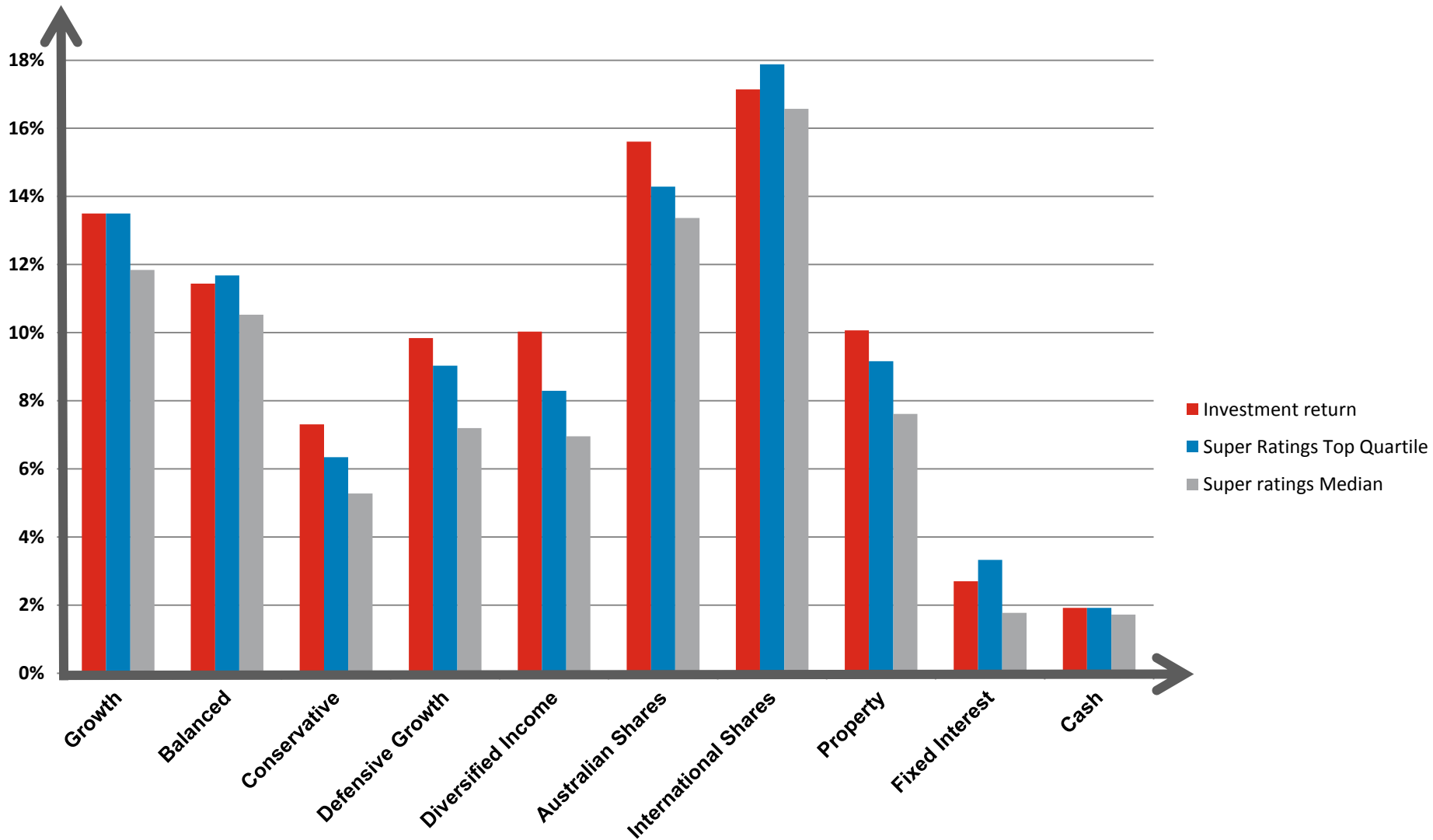
Investment Option	1 Year Return
Growth	13.50%
Balanced	11.44%
Defensive Growth**	9.84%
Conservative	7.31%
Diversified Income***	10.03%
International Shares	17.14%
Australian Shares	15.61%
Property	10.07%
Fixed Interest	2.70%
Cash	1.92%

*Annualised investment returns to 30 June 2017. The investment returns are net of investment management fees and investment taxes but before any applicable percentage-based administration fee, the dollar based administration fee or any applicable rebate. Past performance is not a reliable indicator of future performance

** This option was introduced on 1 July 2010 and as such no long-term historical investment returns are available.

*** This option was introduced on 2 July 2012 and as such no long term historical investment returns are available.

TelstraSuper Accumulation investment returns



Source: Super Ratings.

TelstraSuper Accumulation investment returns*



Investment Option	5 Years	SuperRatings Rank	7 Years	SuperRatings Rank
Growth	12.30%	7	9.97%	7
Balanced	10.95%	9	9.27%	11
Defensive Growth**	9.50%	1	8.98%	1
Conservative	7.77%	2	7.26%	2
Diversified Income***	9.20%	7	-	
International Shares	14.50%	36	10.85%	27
Australian Shares	11.74%	19	9.65%	9
Property	11.19%	8	10.23%	8
Fixed Interest	4.29%	10	5.04%	14
Cash	2.46%	13	2.95%	16

*Annualised investment returns to 30 June 2017. The investment returns are net of investment management fees and investment taxes but before any applicable percentage-based administration fee, the dollar based administration fee or any applicable rebate. Past performance is not a reliable indicator of future performance

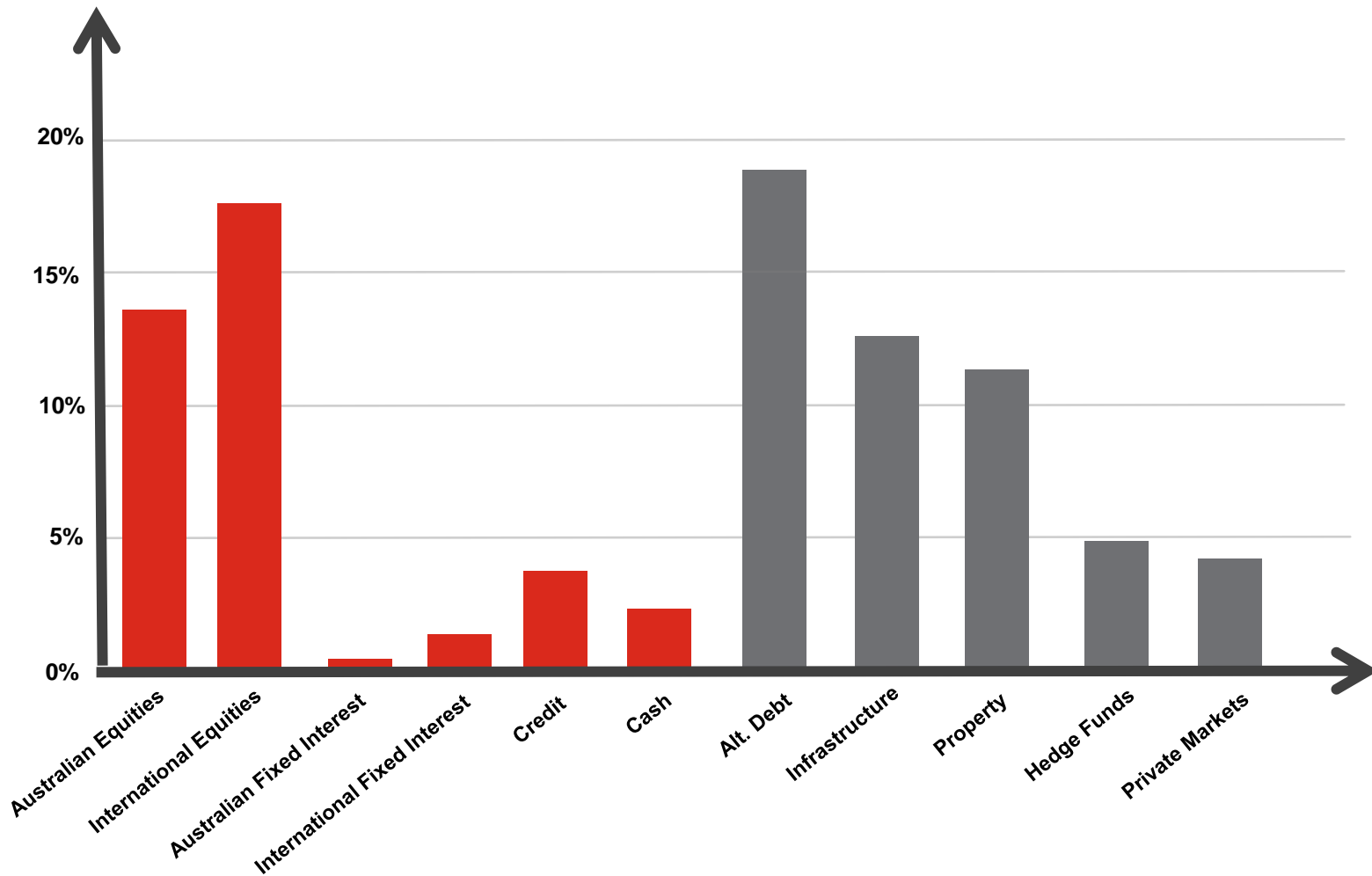
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Investment Update



Investment markets to 30 June 2016

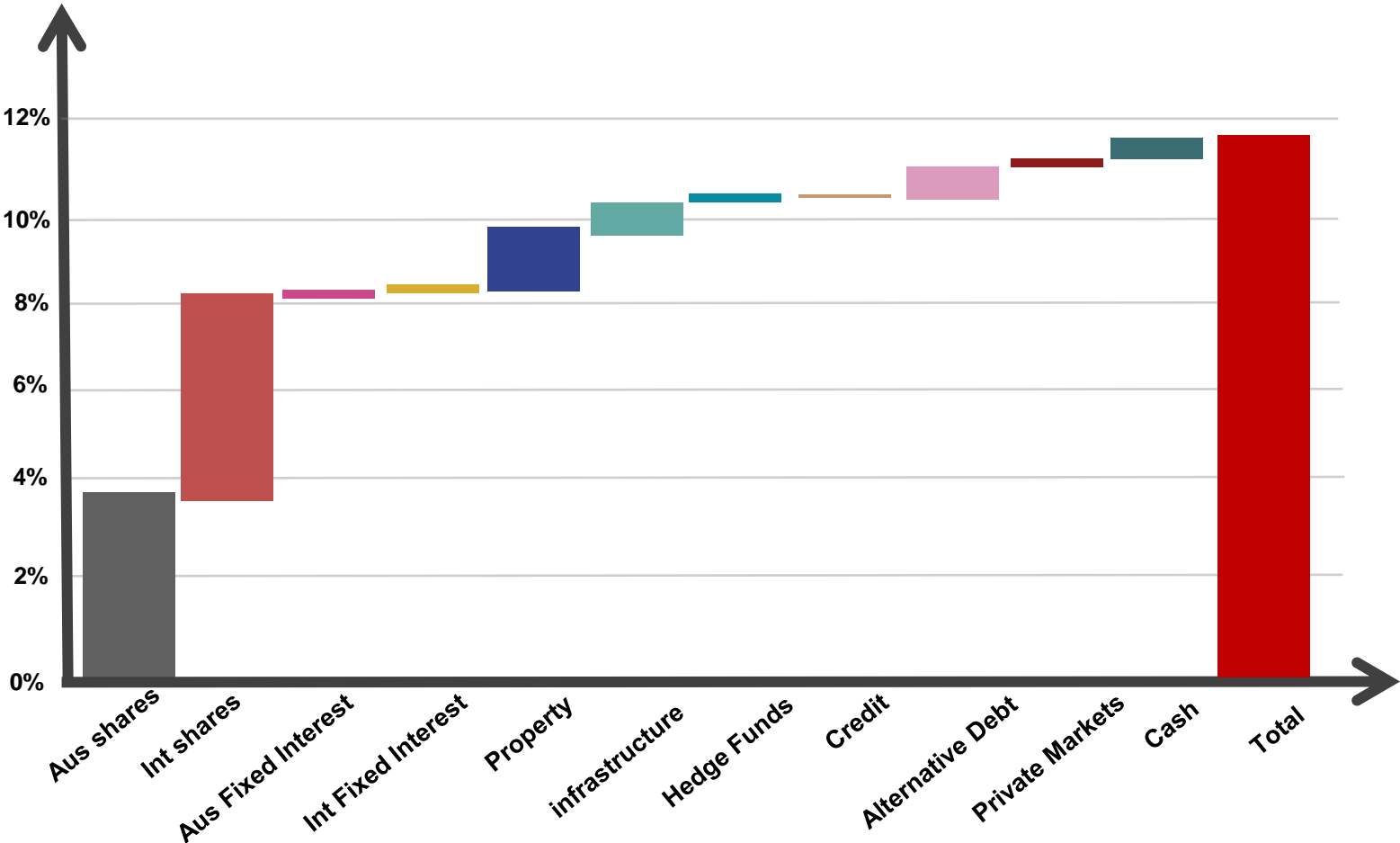


Balanced Investment Option

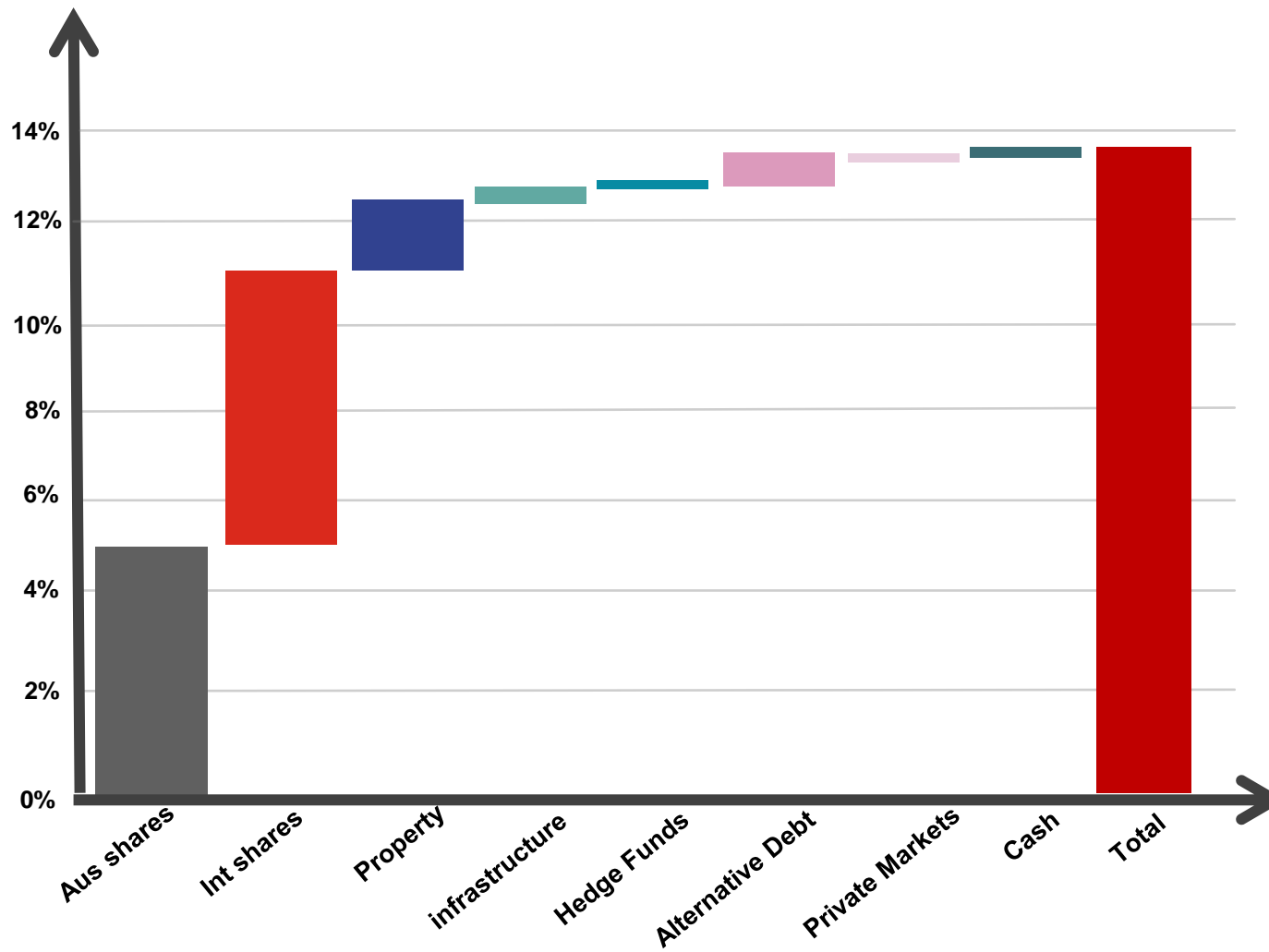


- Australian Shares **27%** (15-50%)
- International Shares **27%** (15-50%)
- Property **10%** (0-25%)
- Australian Fixed Interest **7%** (0-25%)
- Cash **7%** (0-25%)
- Infrastructure **5%** (0-15%)
- Alternative Debt **4%** (0-20%)
- Private Markets **4%** (0-15%)
- Hedge Funds **4%** (0-15%)
- International Fixed Interest **3%** (0-25%)
- Credit **2%** (0-10%)
- Income Securities **0%** (0-10%)
- Opportunities **0%** (0-10%)

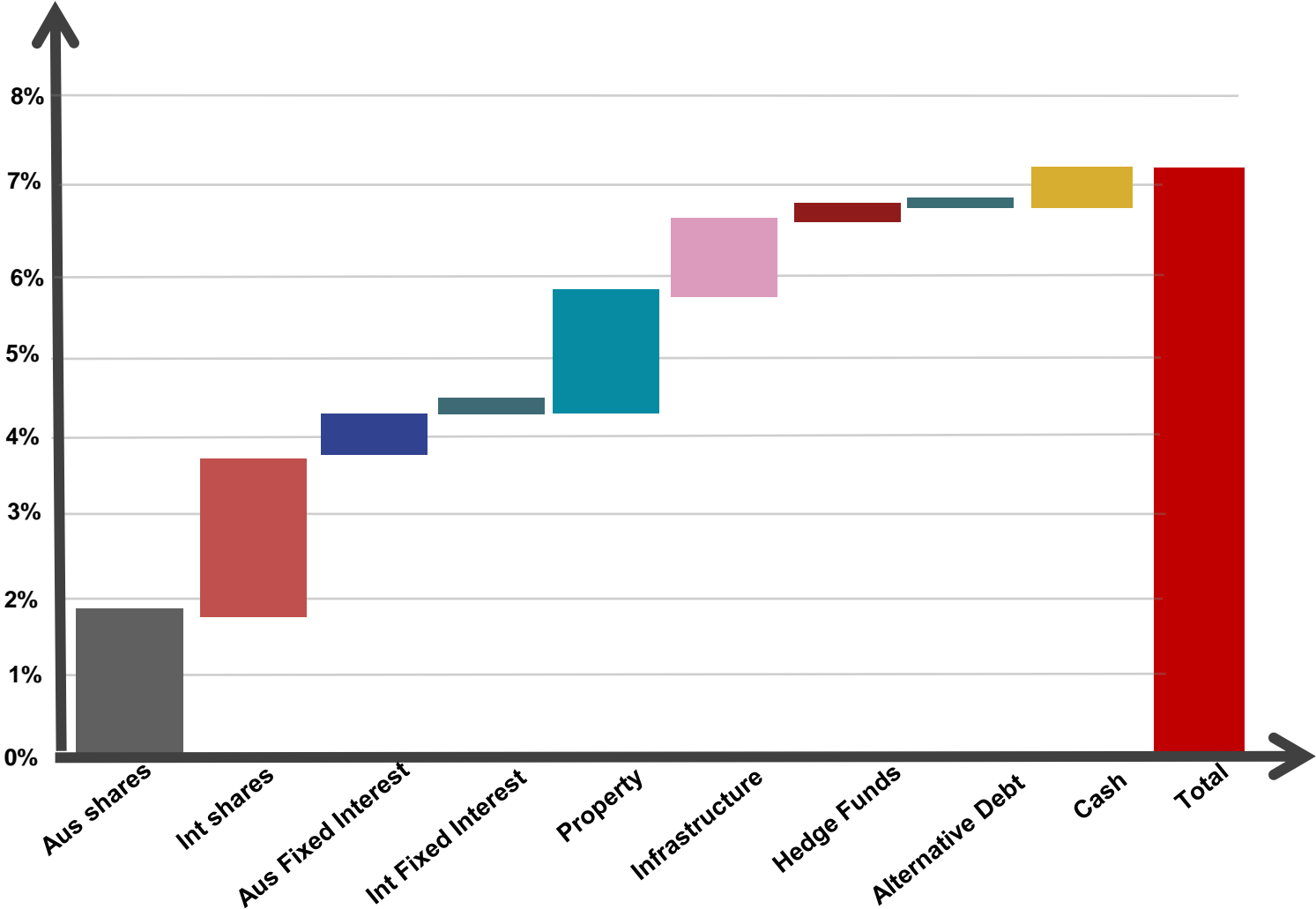
The balanced return



Growth Investment Option



Conservative Investment Option



Economic outlook



Economic outlook



Positive factors

- Interest rates are **very low**, and are likely to stay that way for a long time
- Unemployment is low (in US and Australia)
- Inflation is low
- Most corporations are in pretty good financial health
- Governments are spending again
- Europe and Japan seem to be over the worst
- Emerging markets continue to grow

Economic outlook



Negative factors

- Governments and households continue to spend more than they earn
- Geopolitical risks are elevated
- Wages growth is very slow
- Low interest rates are forcing investors “up the risk curve”
- Inequality is rising and traditional political structures are being challenged
- Most assets look expensive using traditional valuation measures
- The higher Australian dollar is hurting our competitiveness

Asset allocation positioning



Shares

- Maintain allocations at or close to target
- Maintain modest overweight international/underweight Australian position
- Maintain neutral allocations to Emerging Markets



Fixed interest

- Remain significantly underweight



Property and infrastructure

- Remain overweight
- Have reduced exposure

TelstraSuper Property Portfolio

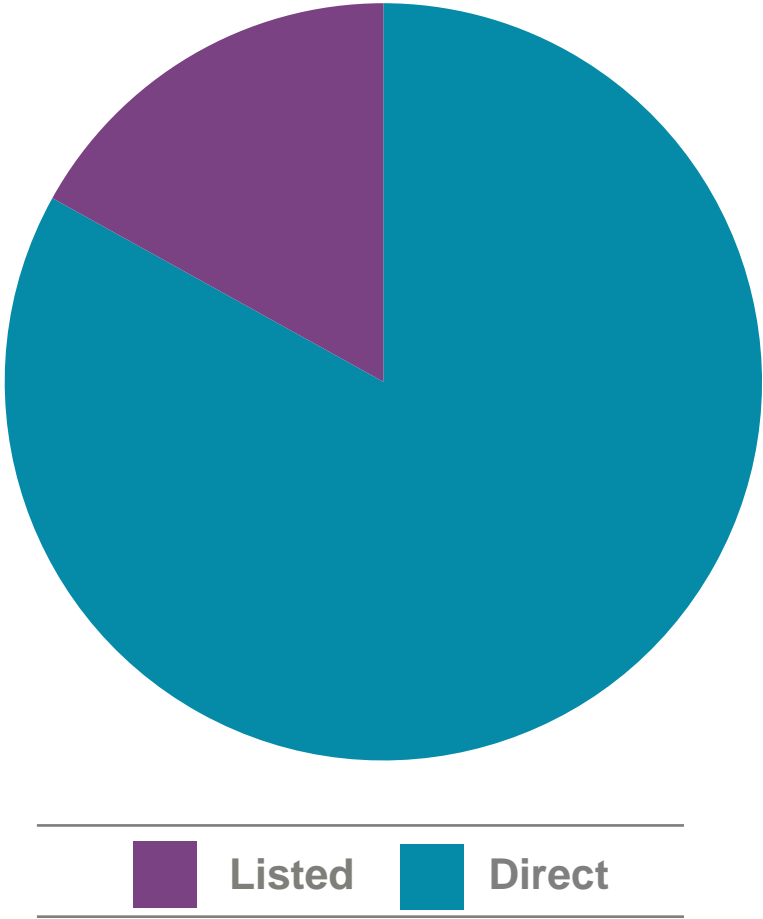


TelstraSuper's Property portfolio

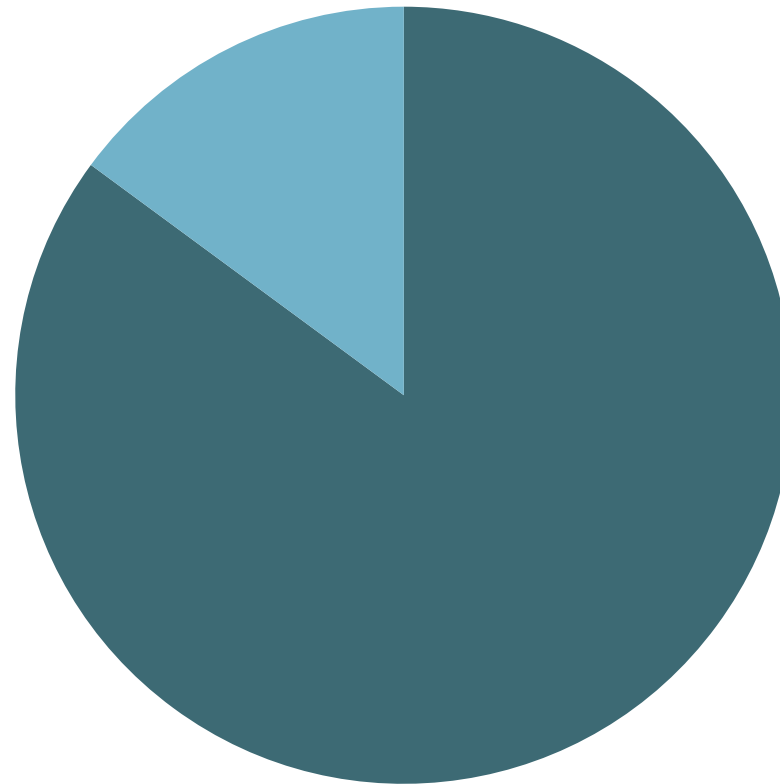


\$2.154
billion

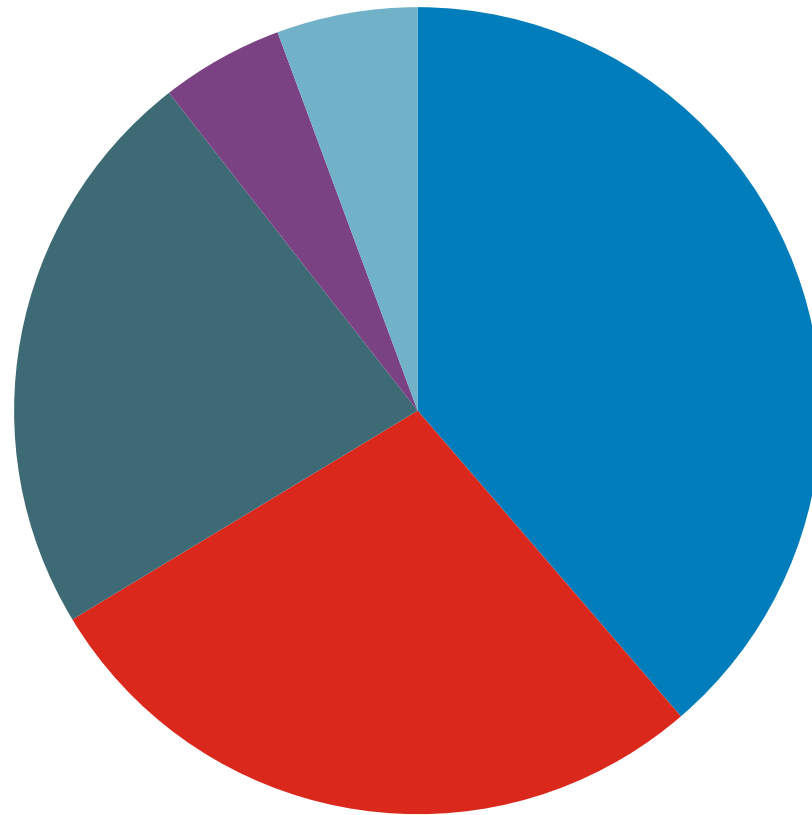
TelstraSuper's Property portfolio



TelstraSuper's Property portfolio



TelstraSuper's Property portfolio



Properties Melbourne

Office

- Bourke Place
- Collins Place
- 700 Bourke Street
- 485 LaTrobe Street
- 11 Exhibition Street

Retail

- Bunnings Dandenong
- Brandon Park
- Craigieburn Centre
- Caroline Springs Square

Industrial

- Somerton Logistics Centre
(Target, Woolworths, The Reject Shop)
- Mulgrave Distribution Centre
(Peters Ice Cream)

Office

- 200 George Street
- Darling Park
- 1 Shelley Street
- 333 George Street
- Barangaroo Towers 1, 2, and 3

Industrial

- Yennora Distribution Centre (Woolworths)
- Chullora Distribution Centre (Australia Post)

Retail

- **Major shopping** - Mid City Sydney, Erina Fair, Macarthur Square
- **Bunnings stores** - Narellan, Marsden Park, Chatswood, Castle Hill, Kingsgrove and Kirrawee
- **Neighbourhood Shopping** - Highlands, Carnes Hill, Rutherford, Thornleigh, West Ryde, Pemulwuy

Properties Queensland



Office

- Brisbane Square
- 69 Ann Street
- 275 George St

Retail

- Westfield Carindale
- Sunshine Plaza (Sunshine Coast)
- Bunnings Keperra and Burleigh Heads

Industrial

- Cascade Distribution Centre
- Murarrie Distribution Centre

Office

- Adelaide Tax Office (via CPOF)
- 60 Flinders Street
- 80 Flinders Street

Retail

- Westfield Marion Super-Regional Centre
- Brickworks Market Place

Industrial

- Edinburgh Parks Distributions Centre (Inghams)
- Gepps Cross Distribution Centre

Properties Perth



Office

- 225 St Georges, Perth
- Exchange Tower Perth
- Raine Square

Retail

- Wanneroo Central
- Joondalup Shopping mall

Industrial

- Stocklands Industrial Estate
- Hazelmere Distribution Centre (Centurion)

Summary

1. Long term strategic focus

2. Investment capital and Fund size

3. Our objectives around performance ie; top quartile

TelstraSuper Financial Planning



Simple advice options	
General and limited one-off personal advice about super	 Phone
Comprehensive advice options	
Other one-off personal advice	  Face-to-face Video chat
	  Face-to-face Video chat

Questions



Thank you



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