

Investment Update 2019



Important Notice



This presentation contains factual information and general advice only. It has been prepared without taking into account your objectives, financial situation and needs. You should consider whether the information 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.

Agenda



TelstraSuper investment returns 2018/2019



Investment performance in the 2018/2019 Financial Year



Economic Outlook



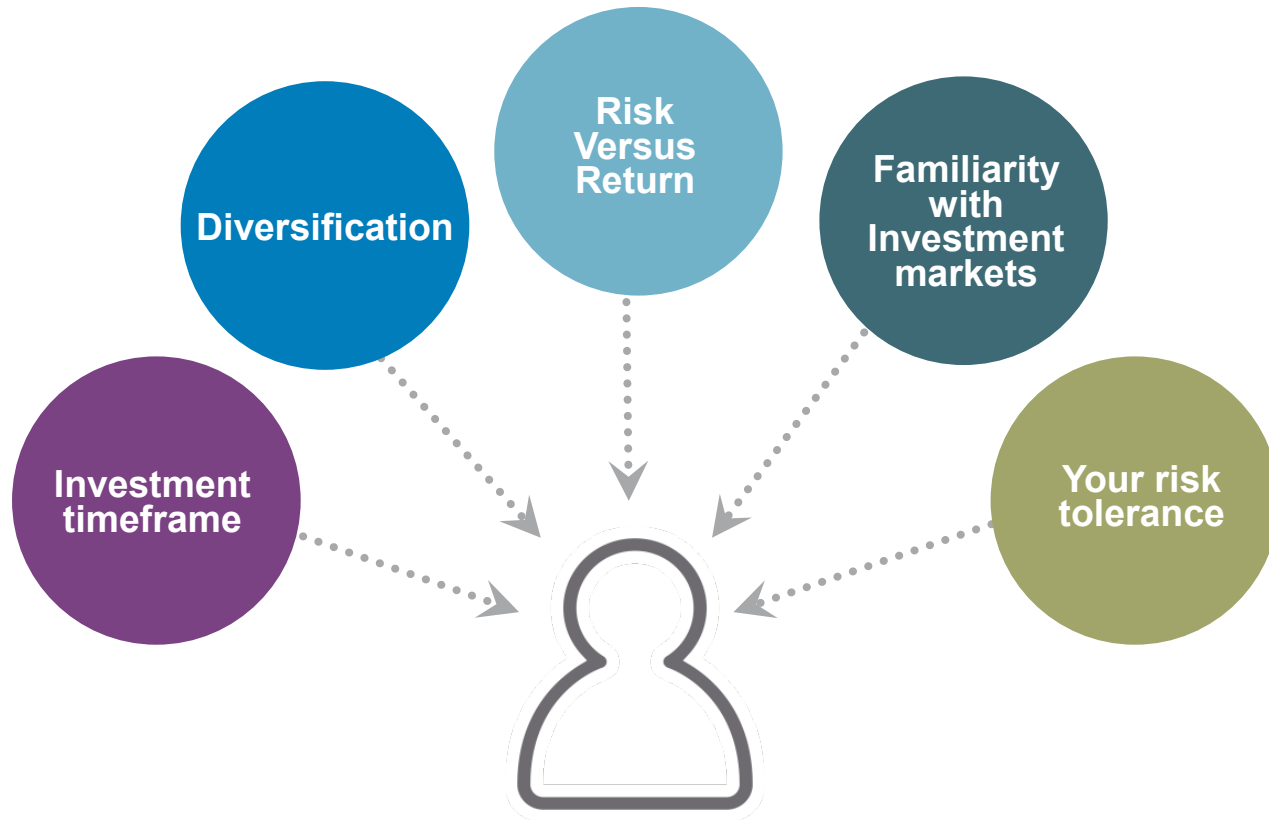
Deep dive into our Private Markets portfolio



Questions



Investment considerations



TelstraSuper RetireAccess investment returns*



Investment Option	1 Year Return
Growth	8.43%
Balanced	7.95%
Defensive Growth	9.12%
Conservative	6.36%
Diversified Income	7.67%
International Shares	7.84%
Australian Shares	9.02%
Property	10.73%
Fixed Interest	6.40%
Cash	2.30%

*Annualised investment returns to 30 June 2019. 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

TelstraSuper RetireAccess investment returns*



Investment Option	3 Years	5 Years	7 Years	10 Years
Growth	11.37%	9.13%	12.54%	11.28%
Balanced	9.96%	8.38%	11.27%	10.39%
Defensive Growth	9.13%	8.28%	9.84%	-
Conservative	6.96%	6.48%	8.01%	7.97%
Diversified Income	8.73%	7.64%	9.40%	-
International Shares	12.51%	9.91%	14.33%	11.74%
Australian Shares	13.00%	8.74%	12.36%	11.17%
Property	11.87%	12.48%	12.57%	13.22%
Fixed Interest	4.10%	4.42%	4.84%	5.97%
Cash	2.18%	2.34%	2.63%	3.21%

*Annualised investment returns to 30 June 2019. 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

TelstraSuper RetireAccess investment returns*



Investment Option	5 Years	TelstraSuper Objective	7 Years	TelstraSuper Objective
Growth	9.13%	5.10%	12.54%	5.42%
Balanced	8.38%	4.60%	11.27%	4.92%
Defensive Growth	8.28%	3.60%	9.84%	3.92%
Conservative	6.48%	3.10%	8.01%	3.42%
Diversified Income	7.64%	3.60%	9.40%	3.92%
International Shares	9.91%	5.10%	14.33%	5.42%
Australian Shares	8.74%	5.10%	12.36%	5.42%
Property	12.48%	4.60%	12.57%	4.92%
Fixed Interest	4.42%	1.60%	4.84%	1.92%
Cash**	2.34%	1.73%	2.63%	2.01%

*Annualised investment returns to 30 June 2019. 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.

**The Cash Option performance objective was changed effective 1st July 2018. The benchmark return calculation is a composite of the CPI and Bloomberg Bank Bill Index.

Investment Update 2019



Agenda



Investment performance in the 2018/2019 Financial Year



Economic Outlook



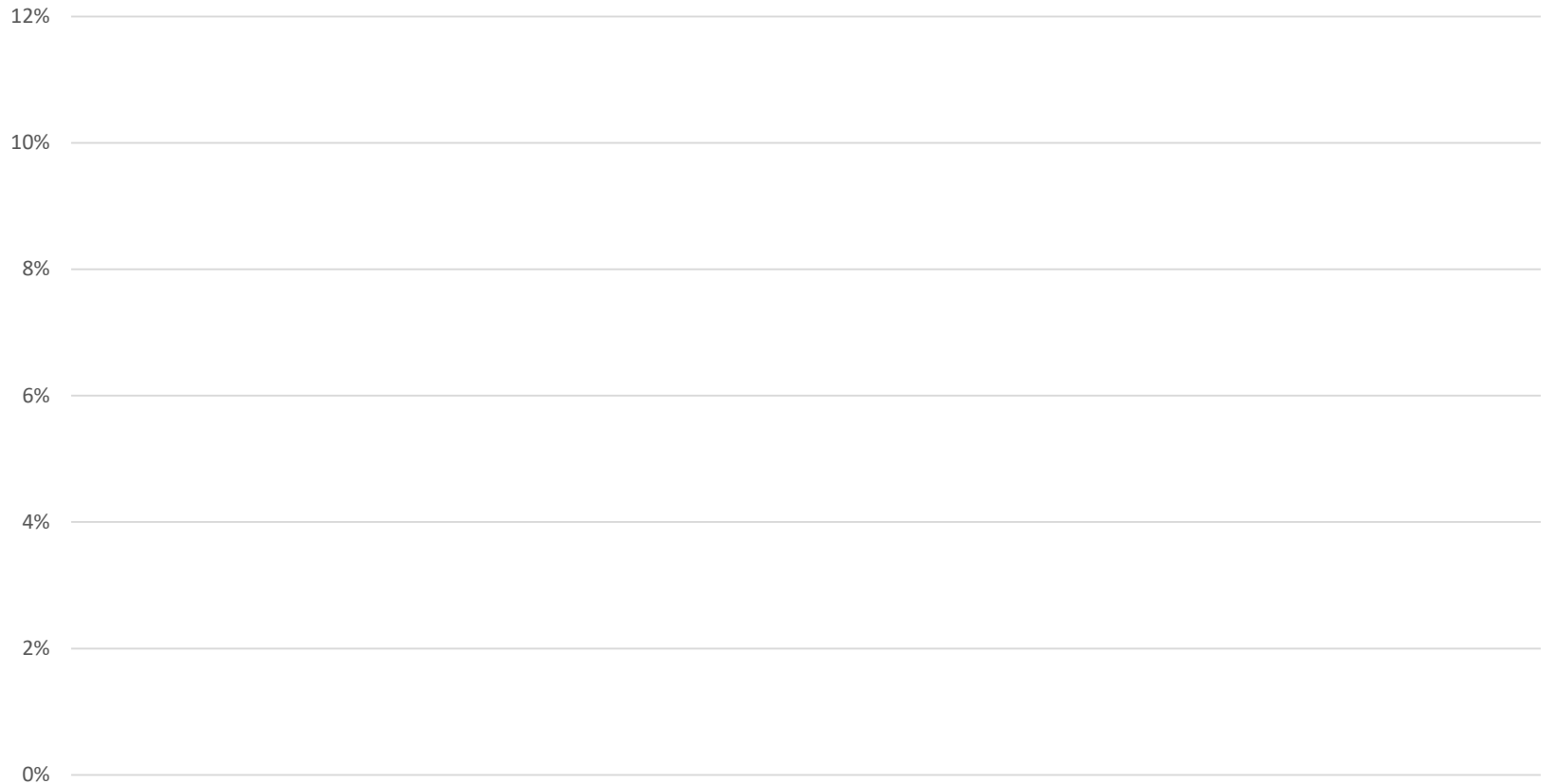
Deep dive into our Private Markets portfolio



Questions

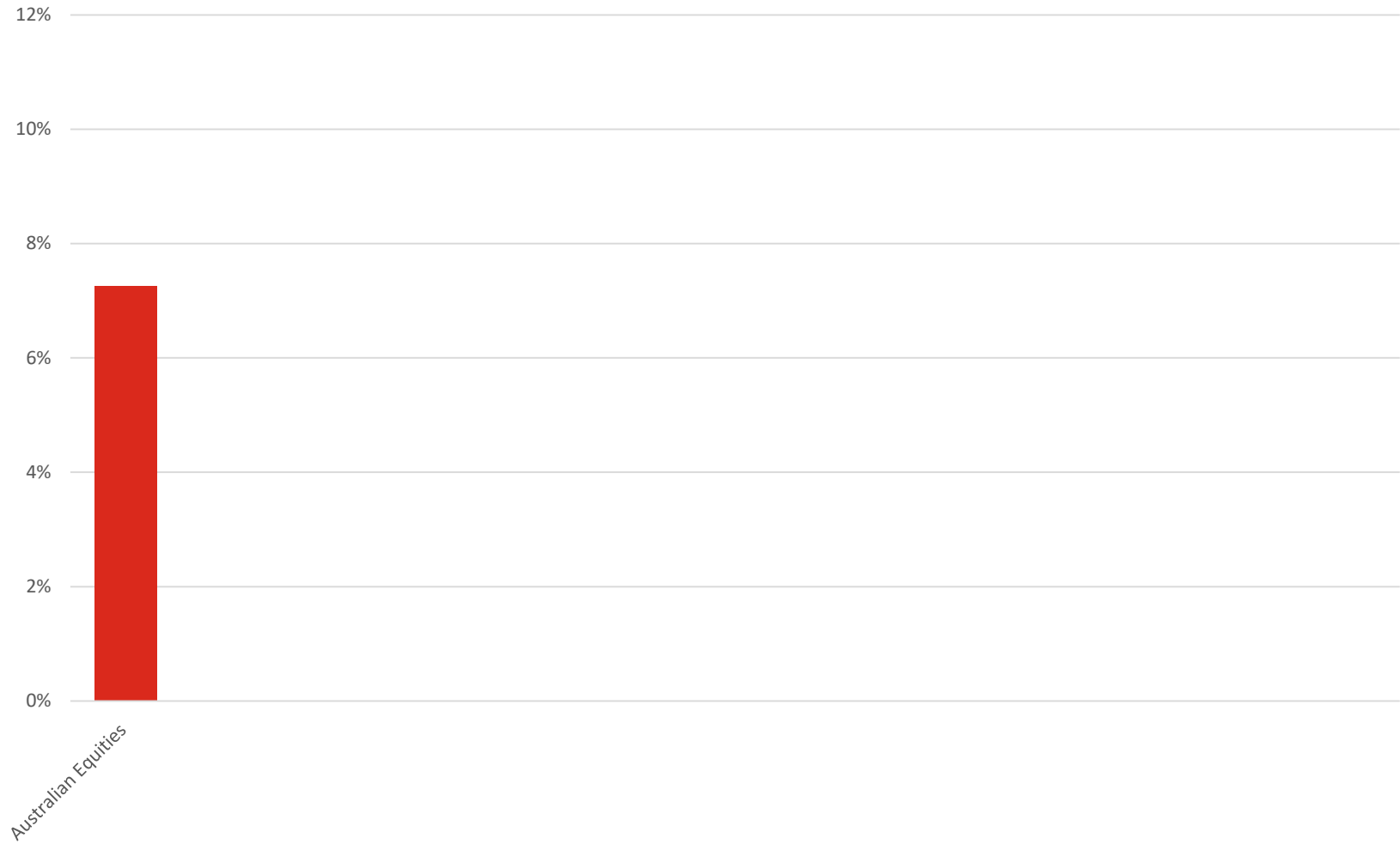


Performance of TelstraSuper's Asset Classes: 2018/2019



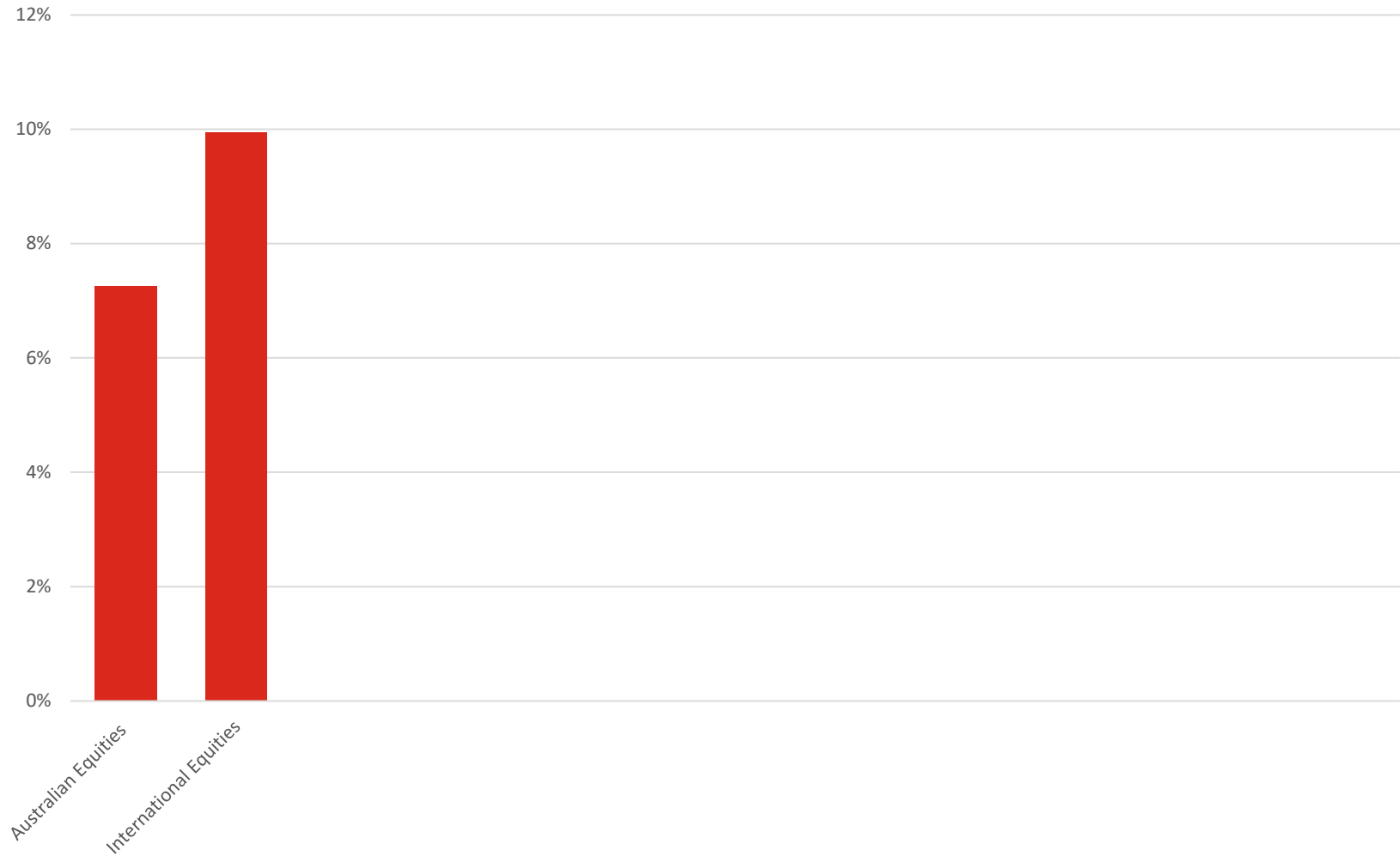
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



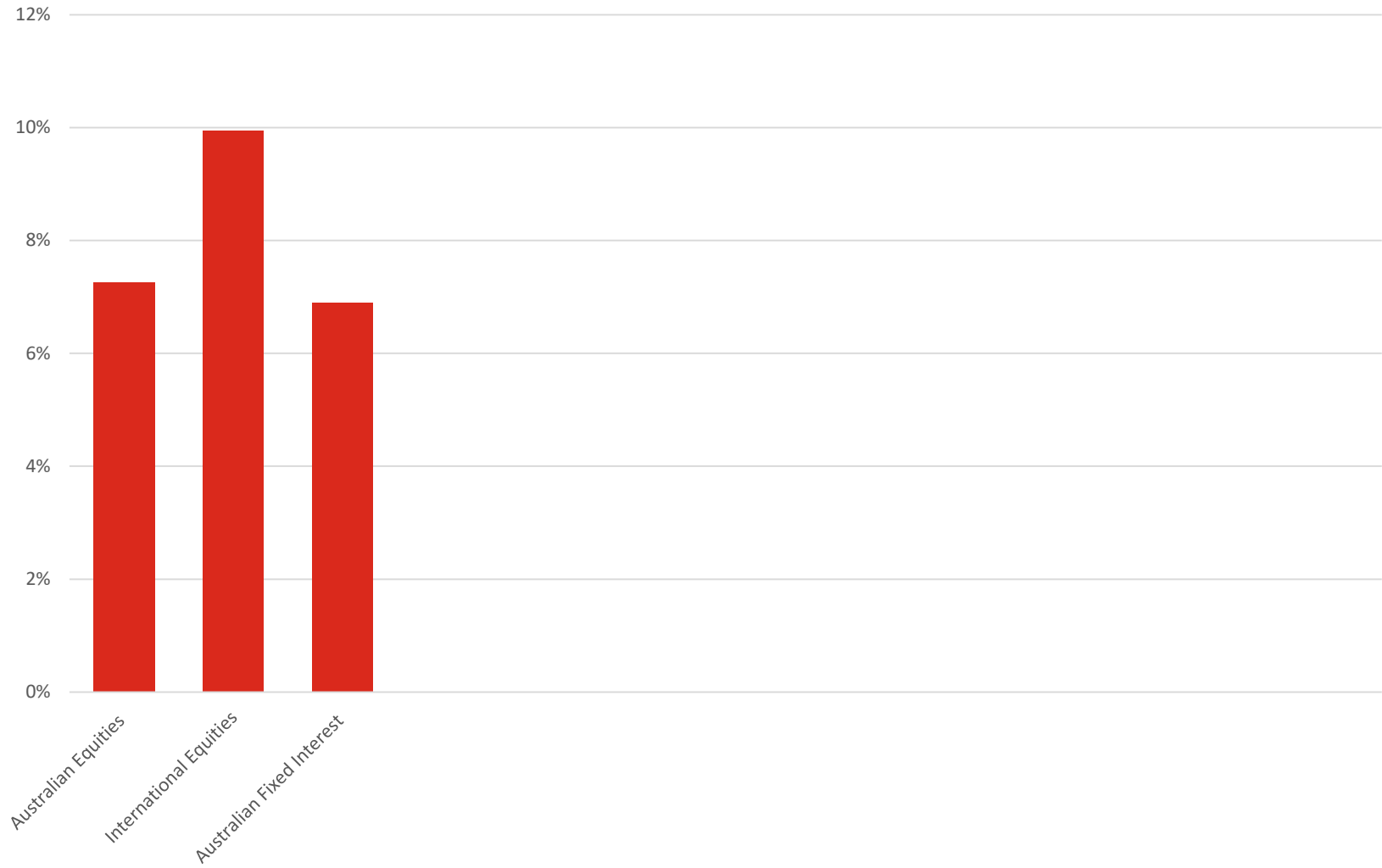
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



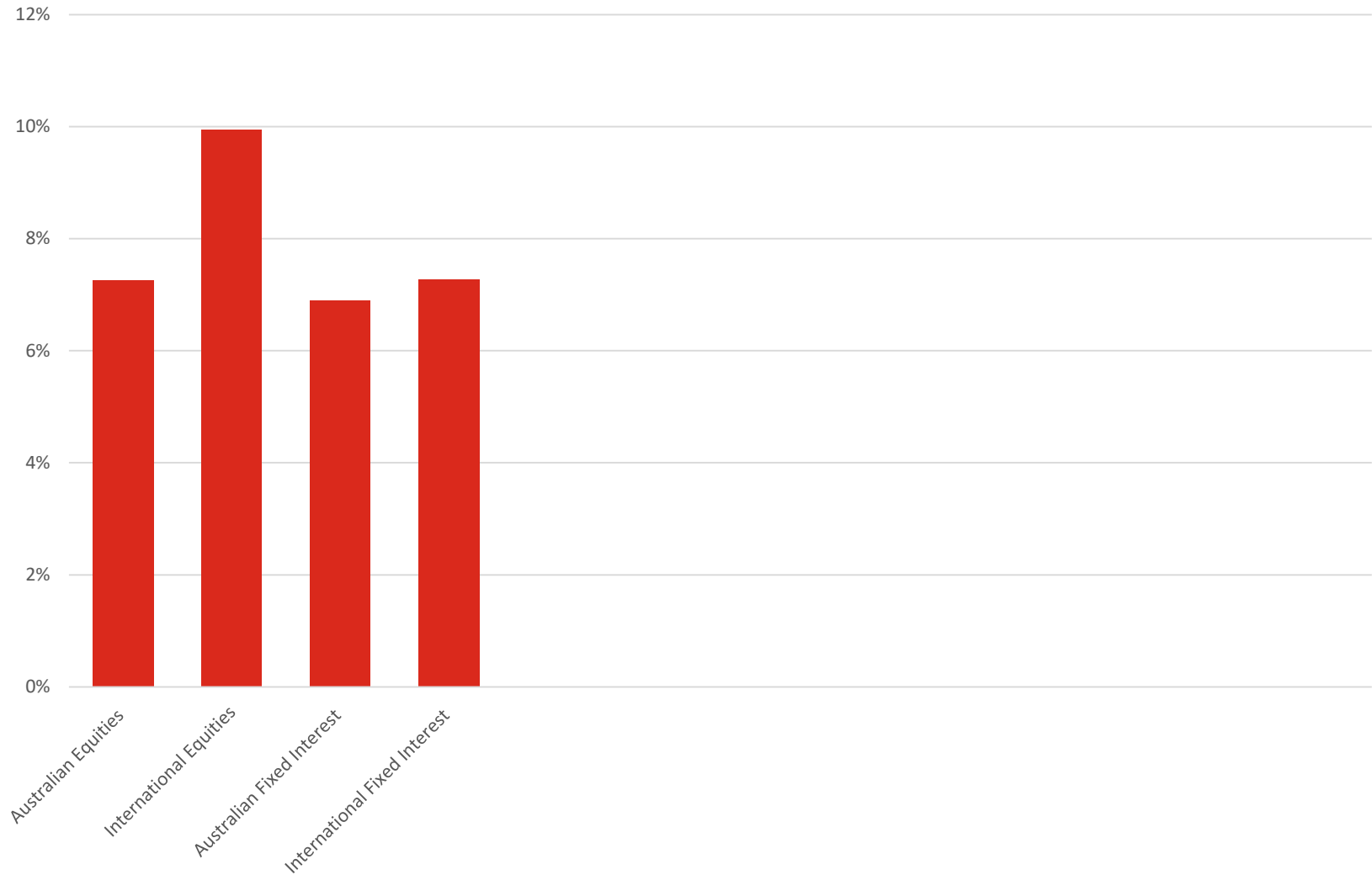
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



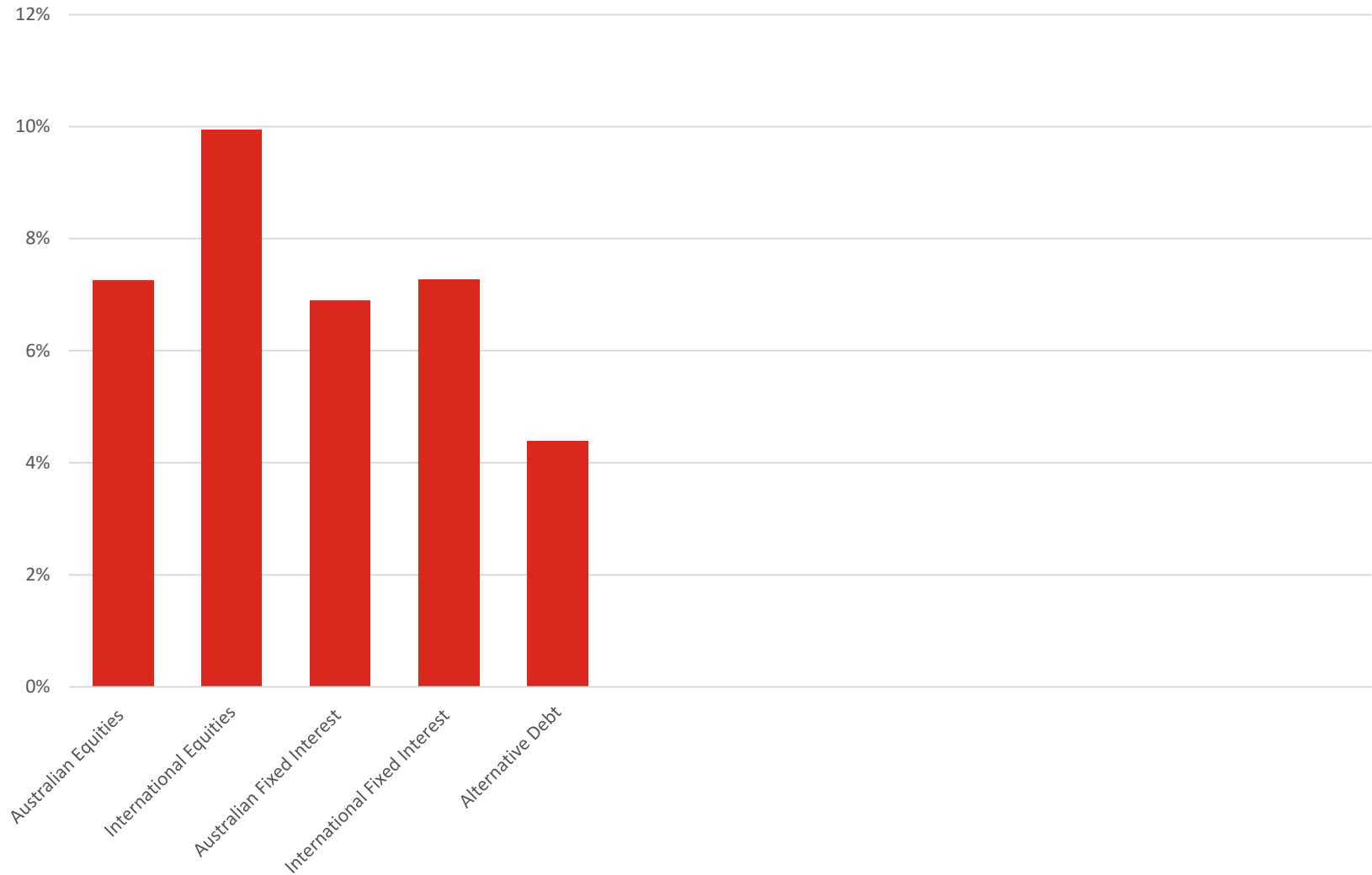
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



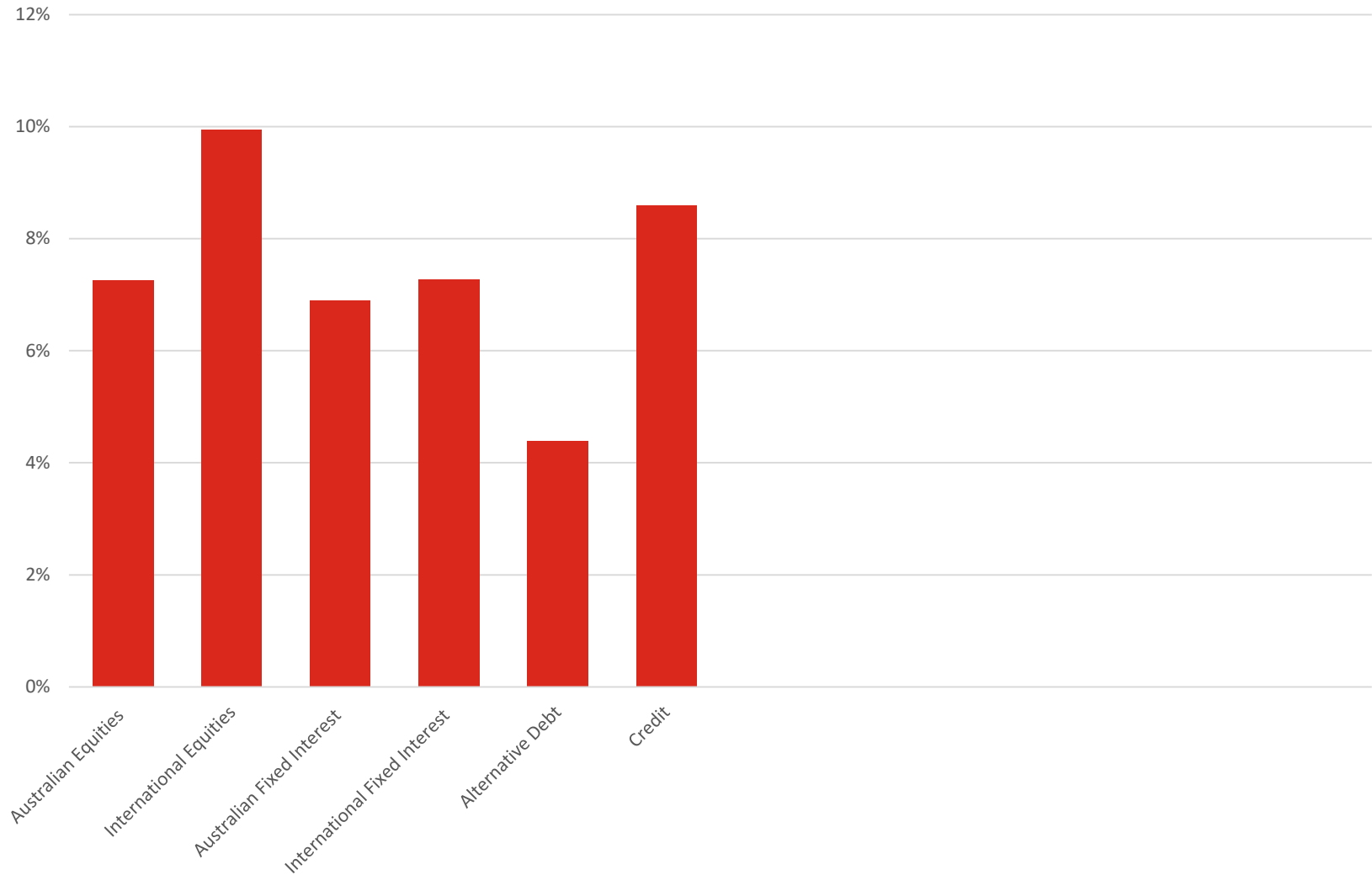
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



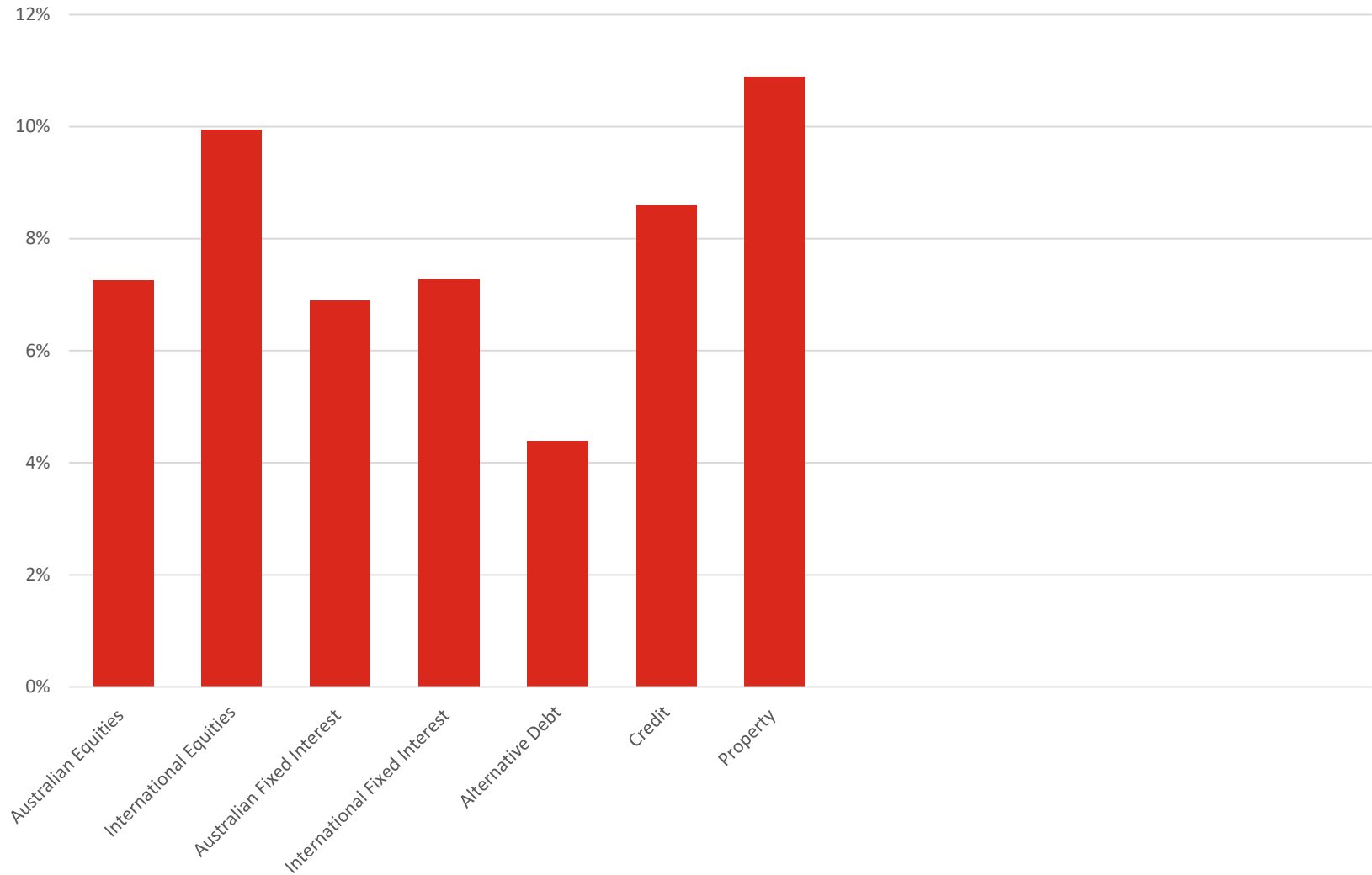
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



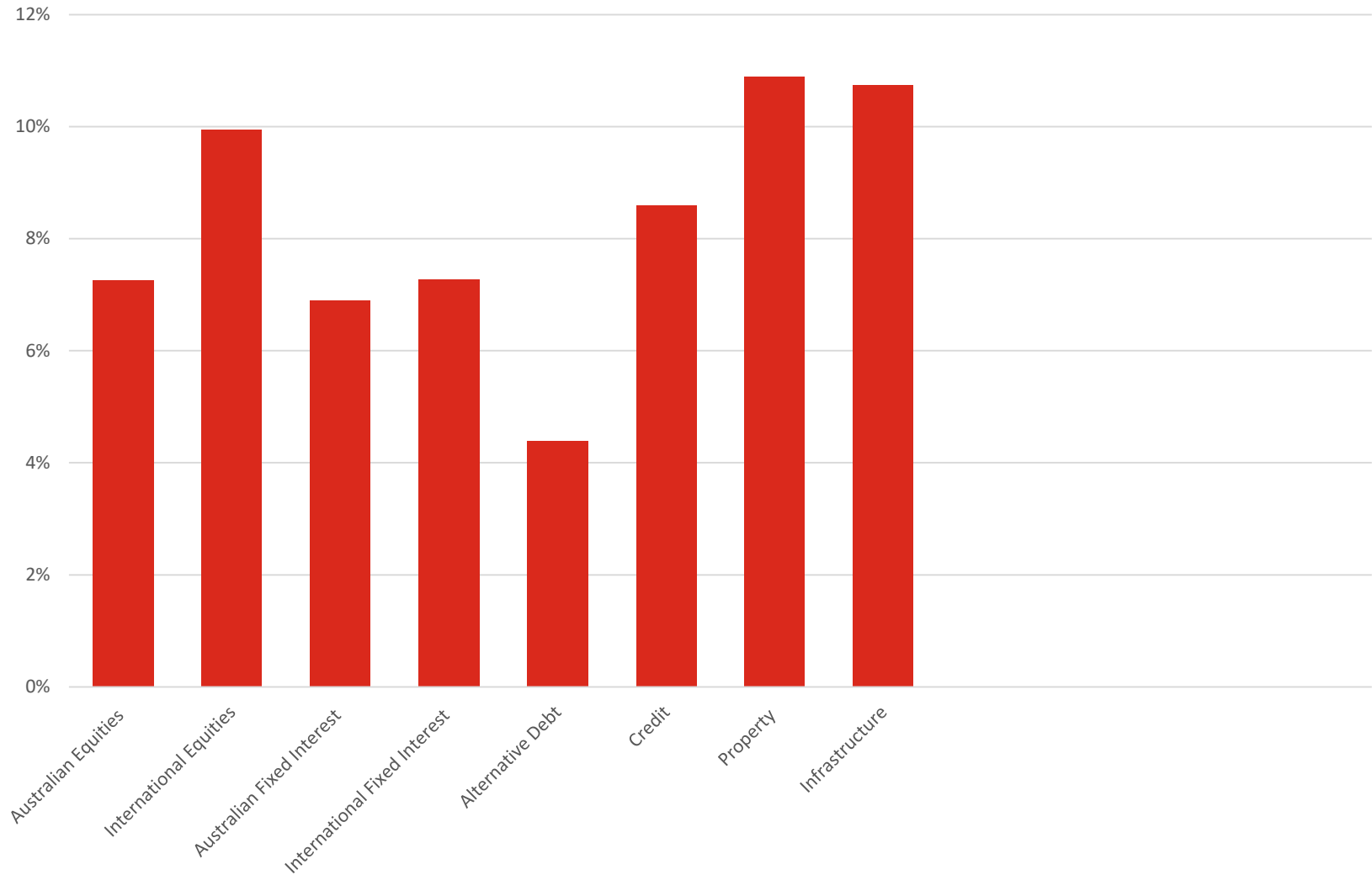
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



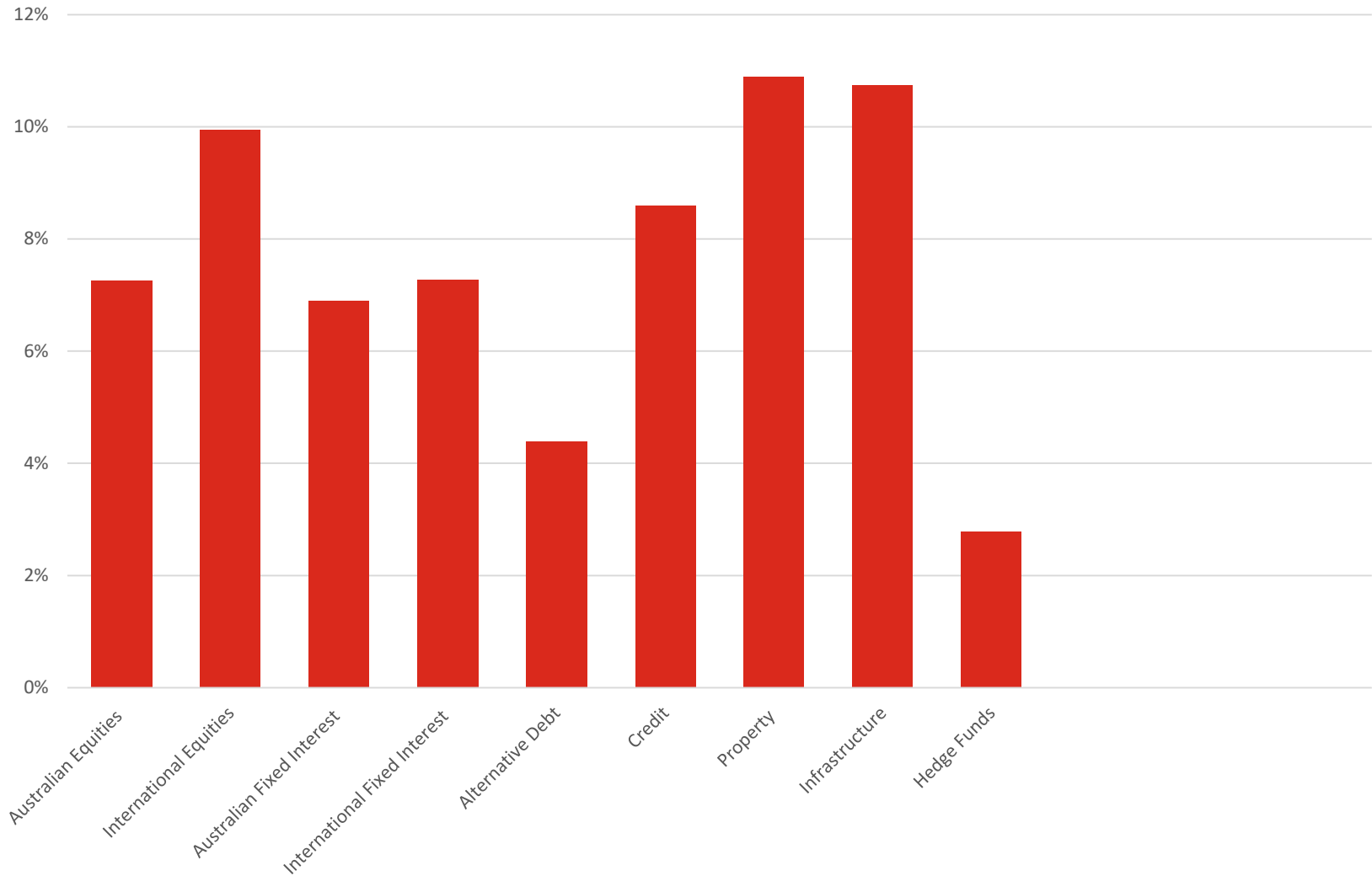
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



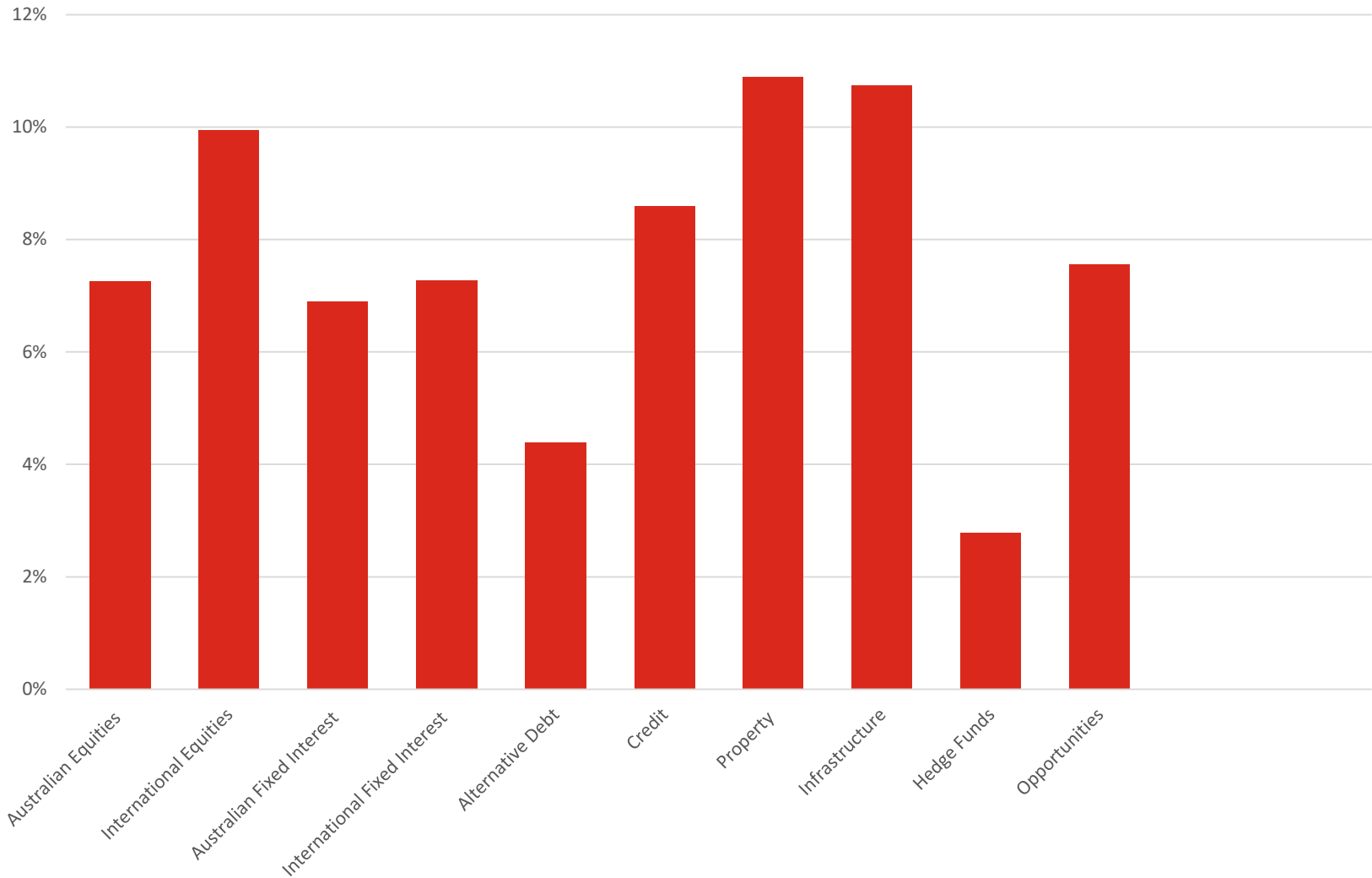
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



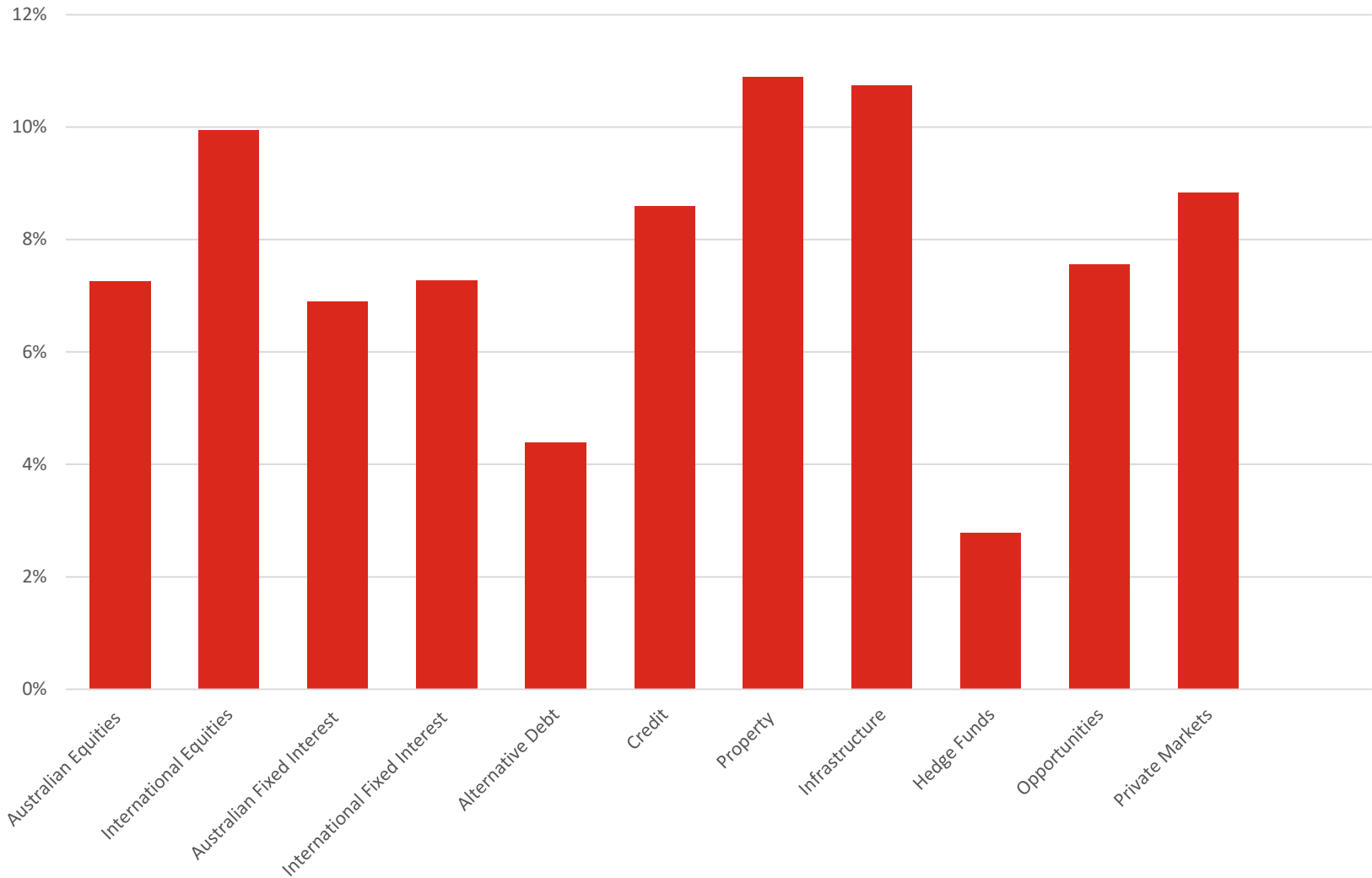
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



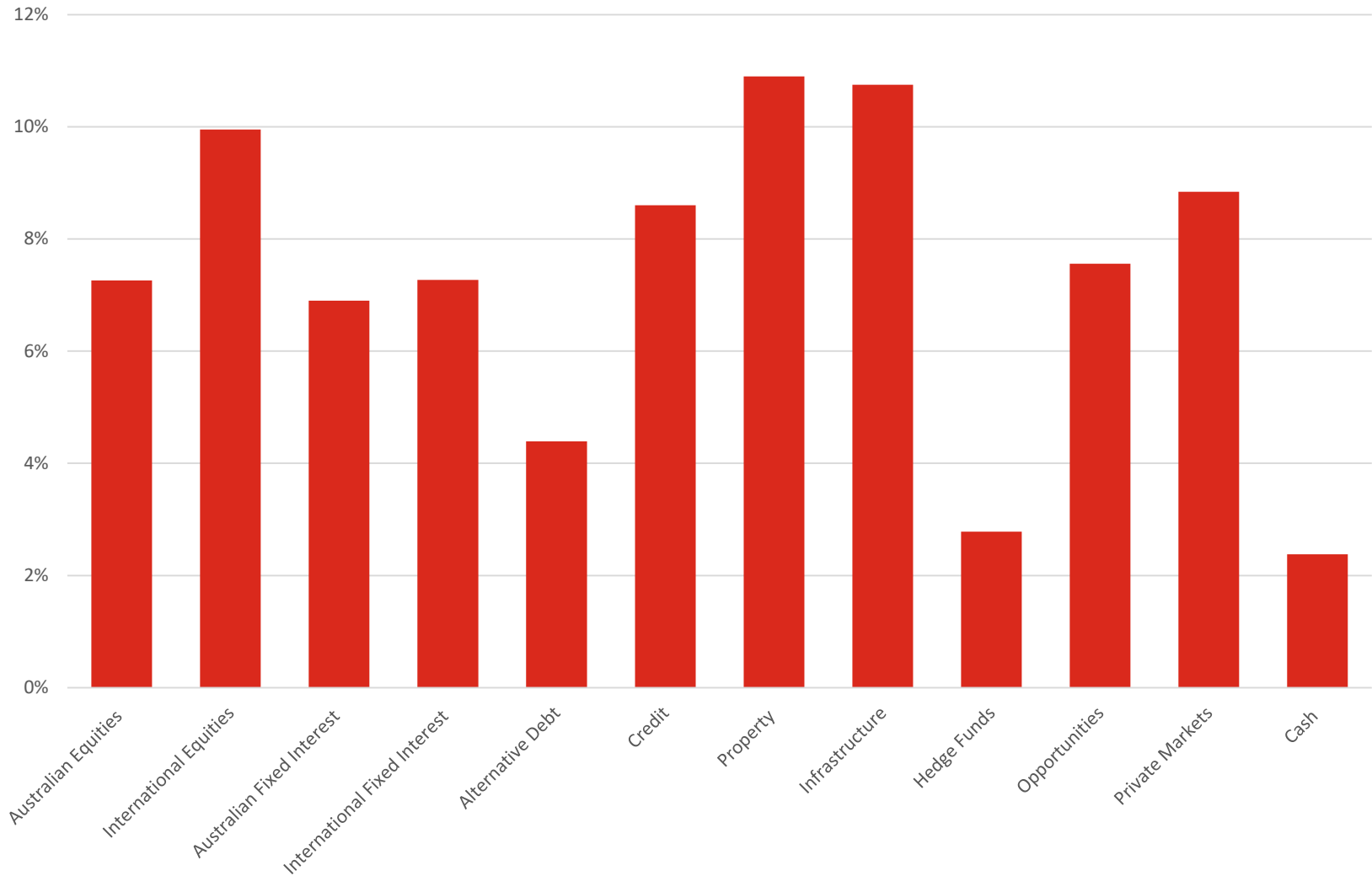
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



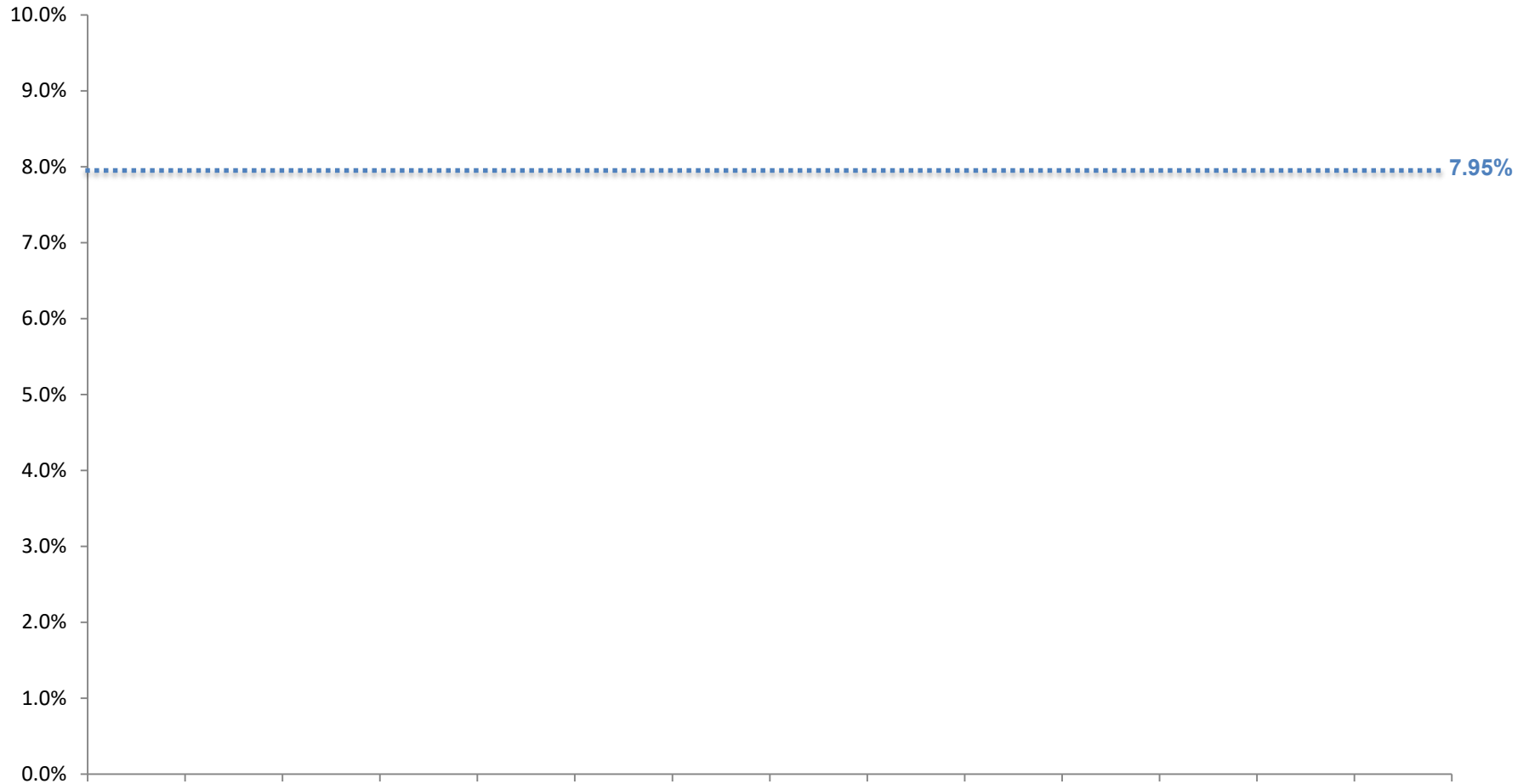
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Performance of TelstraSuper's Asset Classes: 2018/2019



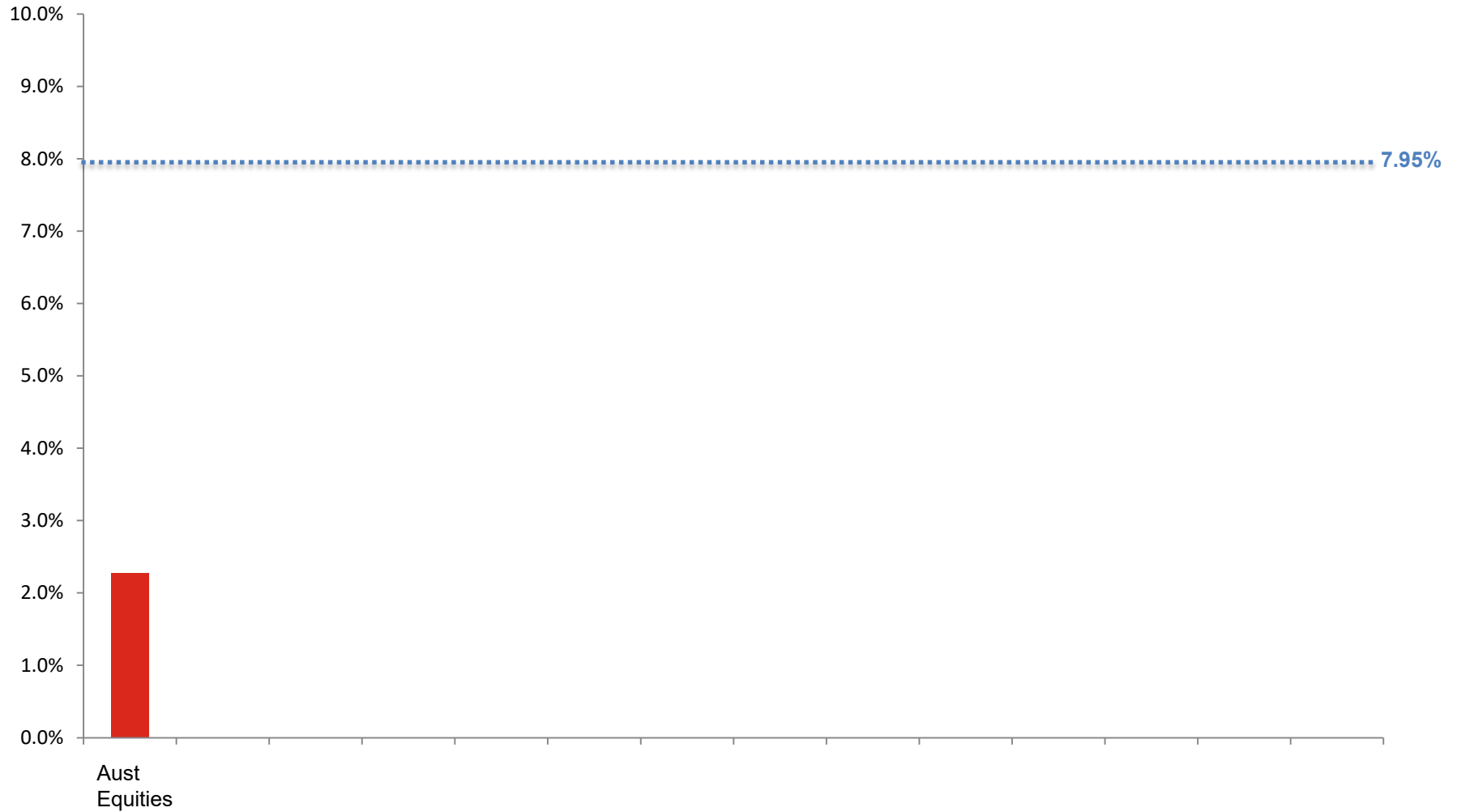
Source: JP Morgan. Accumulation asset classes: Net of fees, before tax

Balanced Option Return – Year ended 30 June 2019



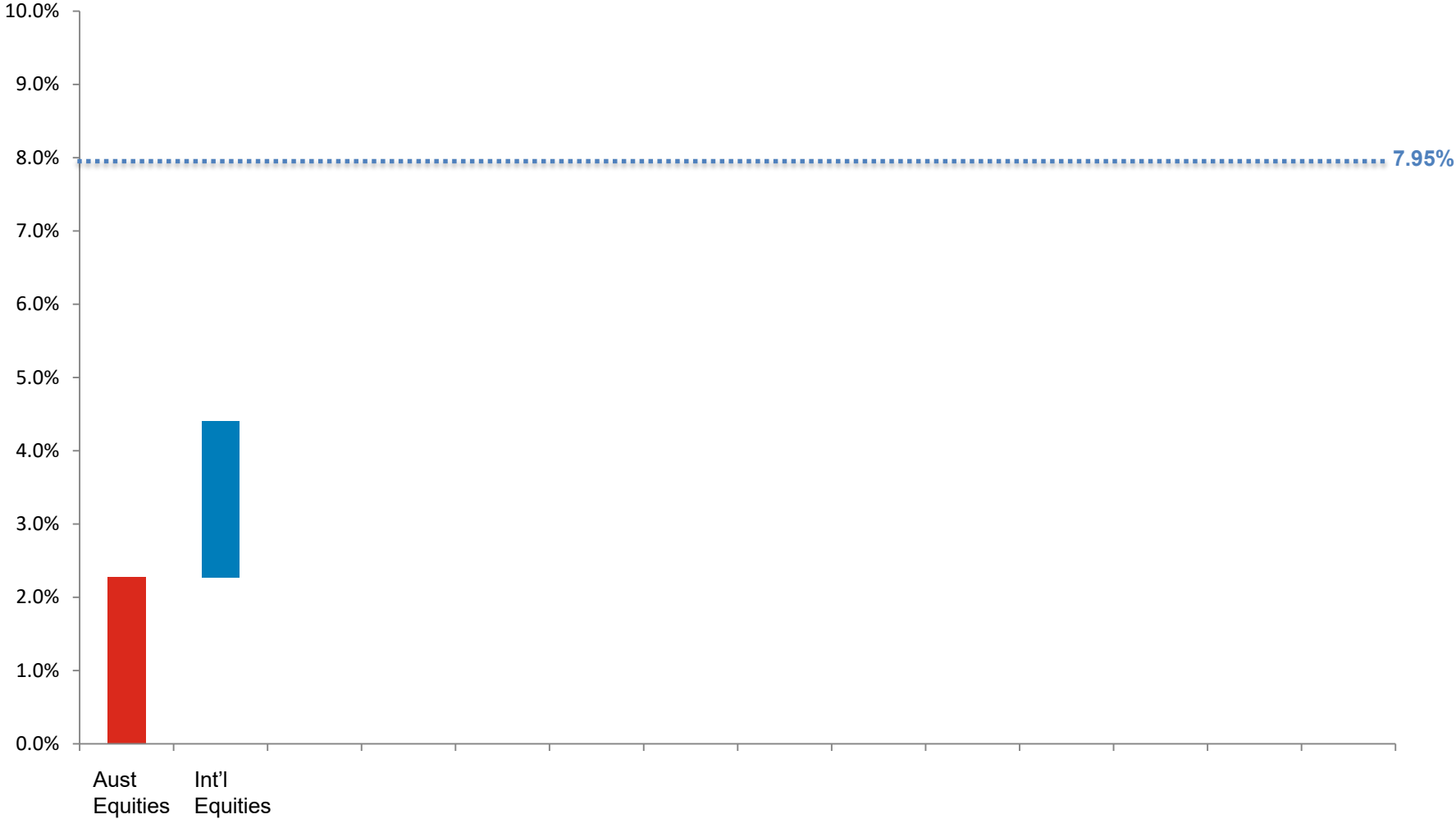
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



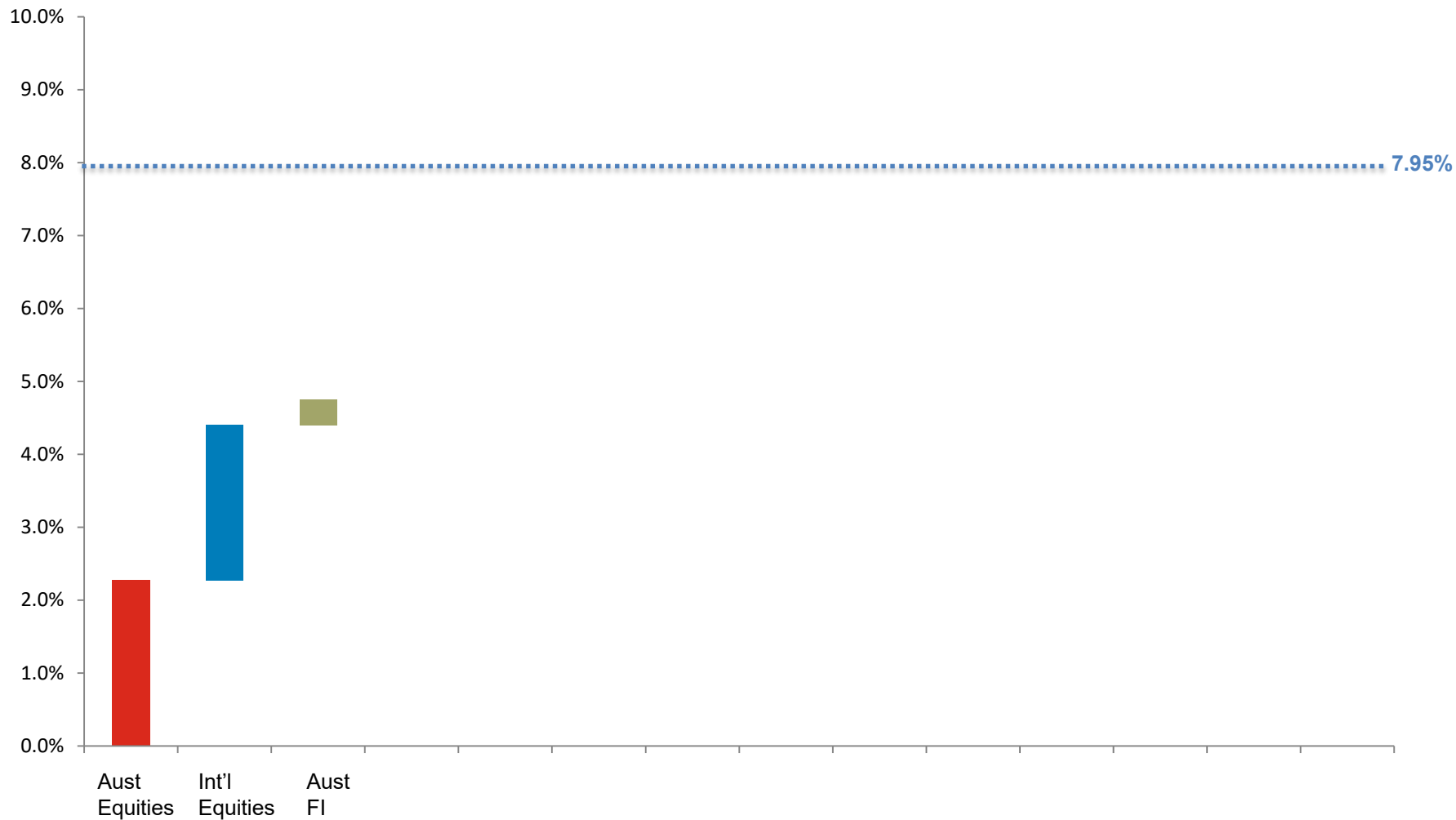
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



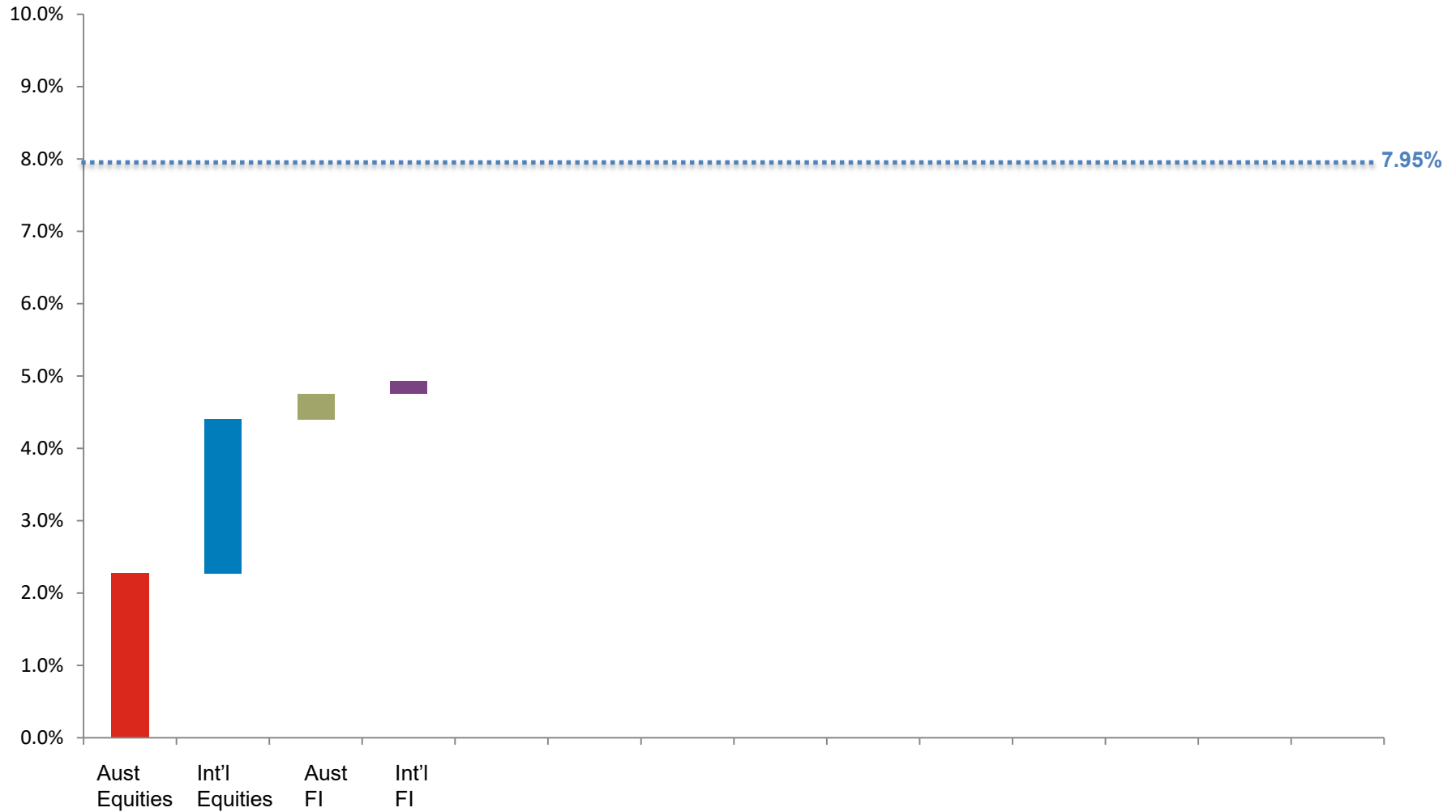
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



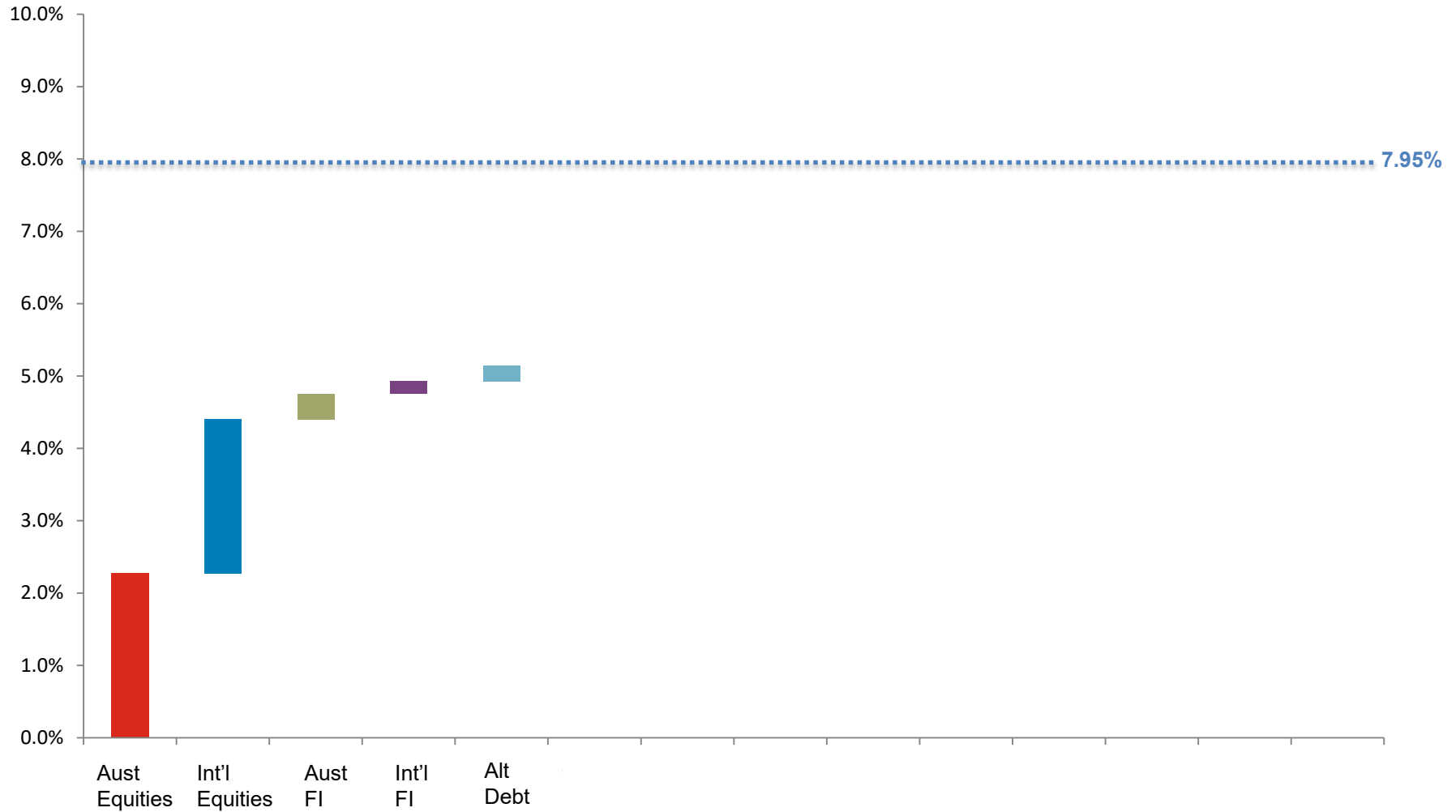
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



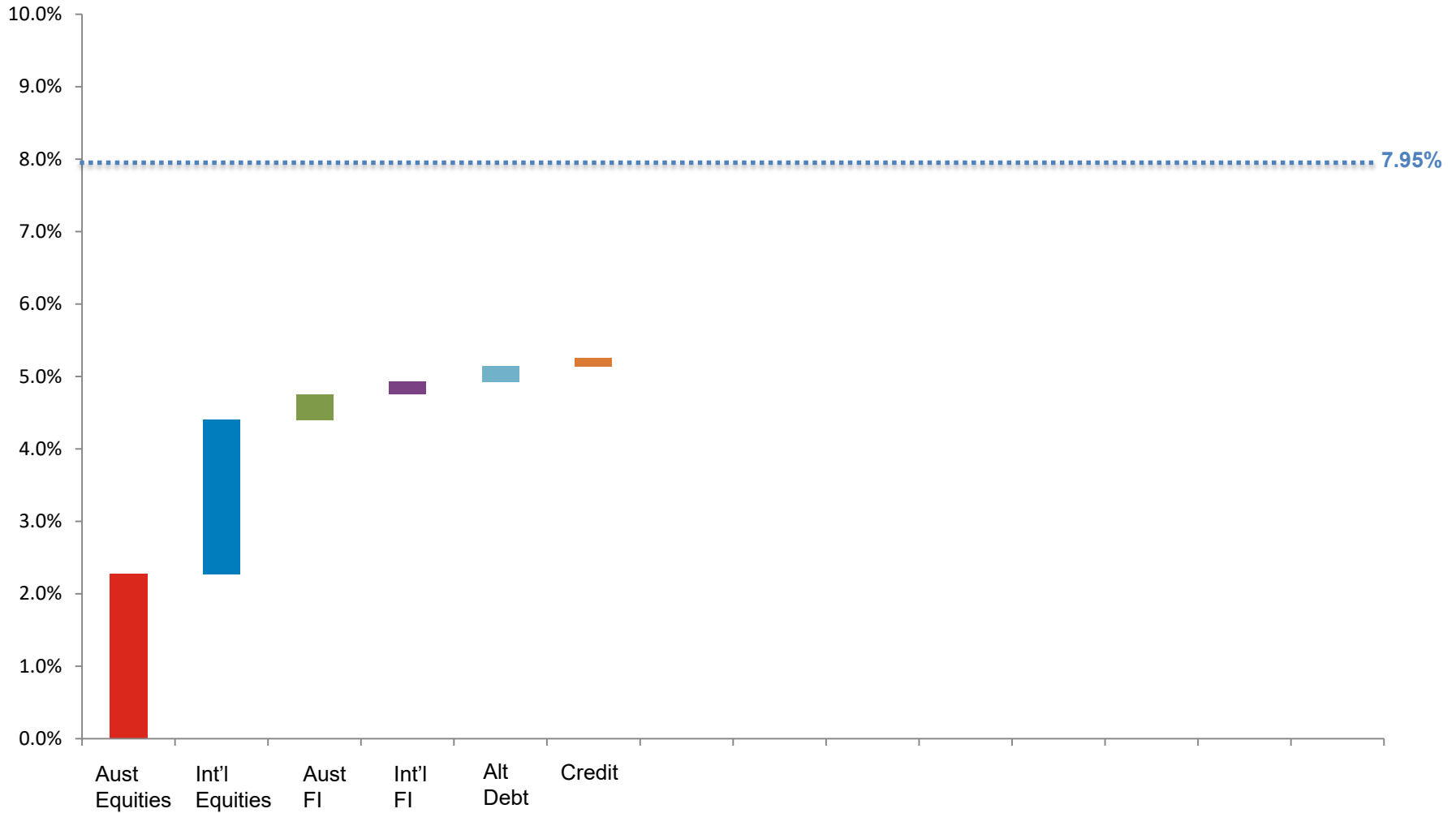
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



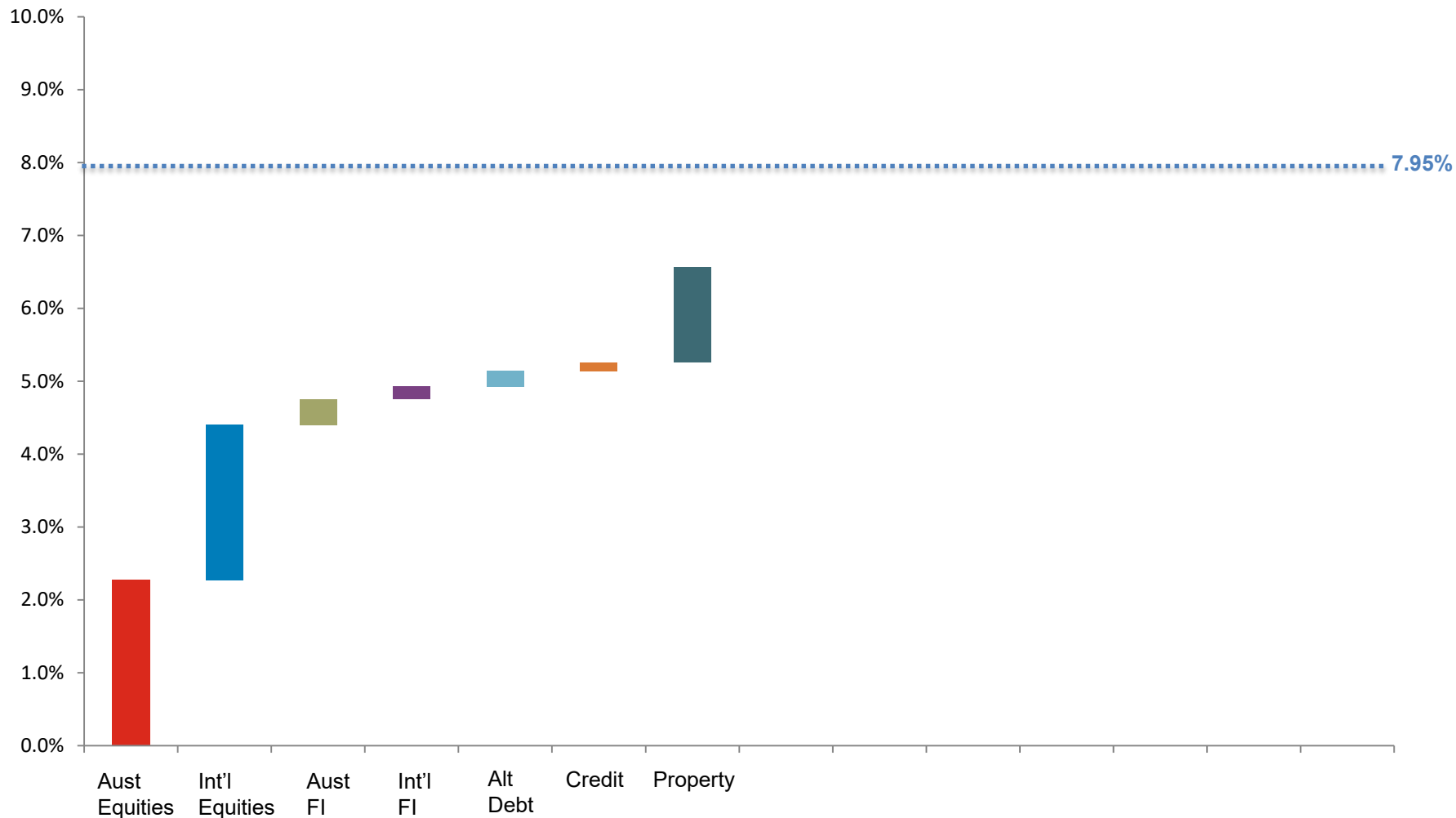
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



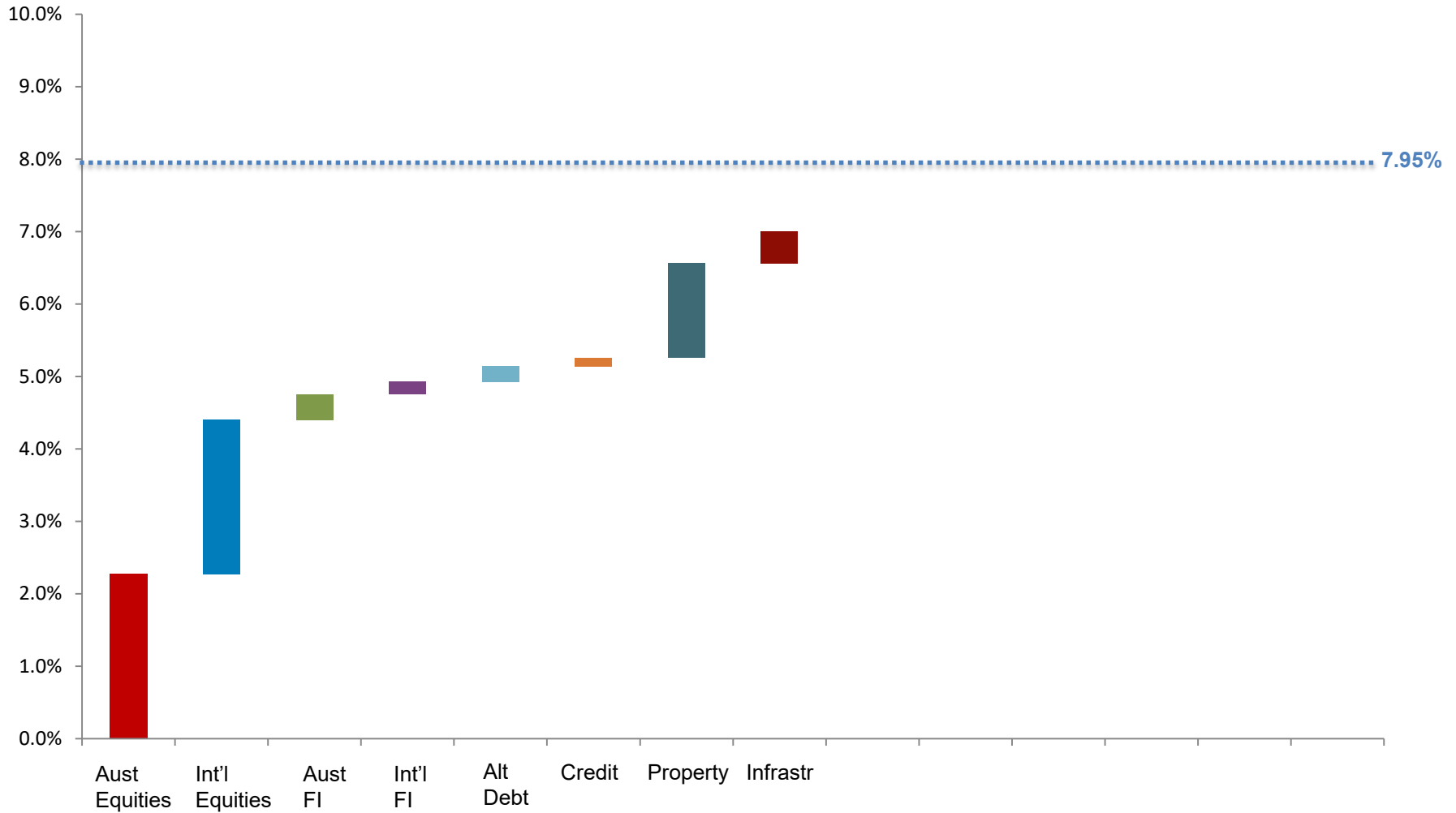
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



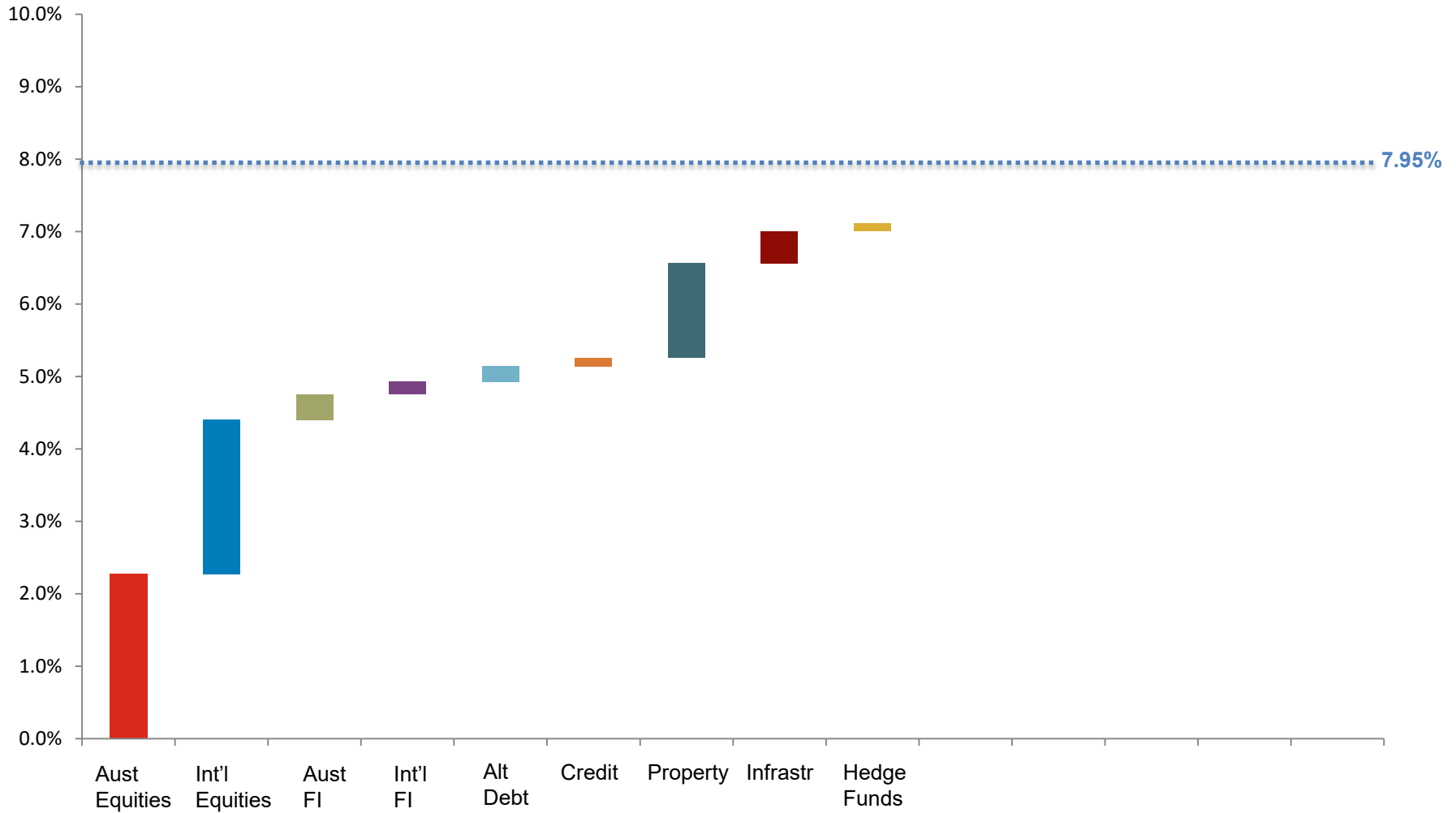
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



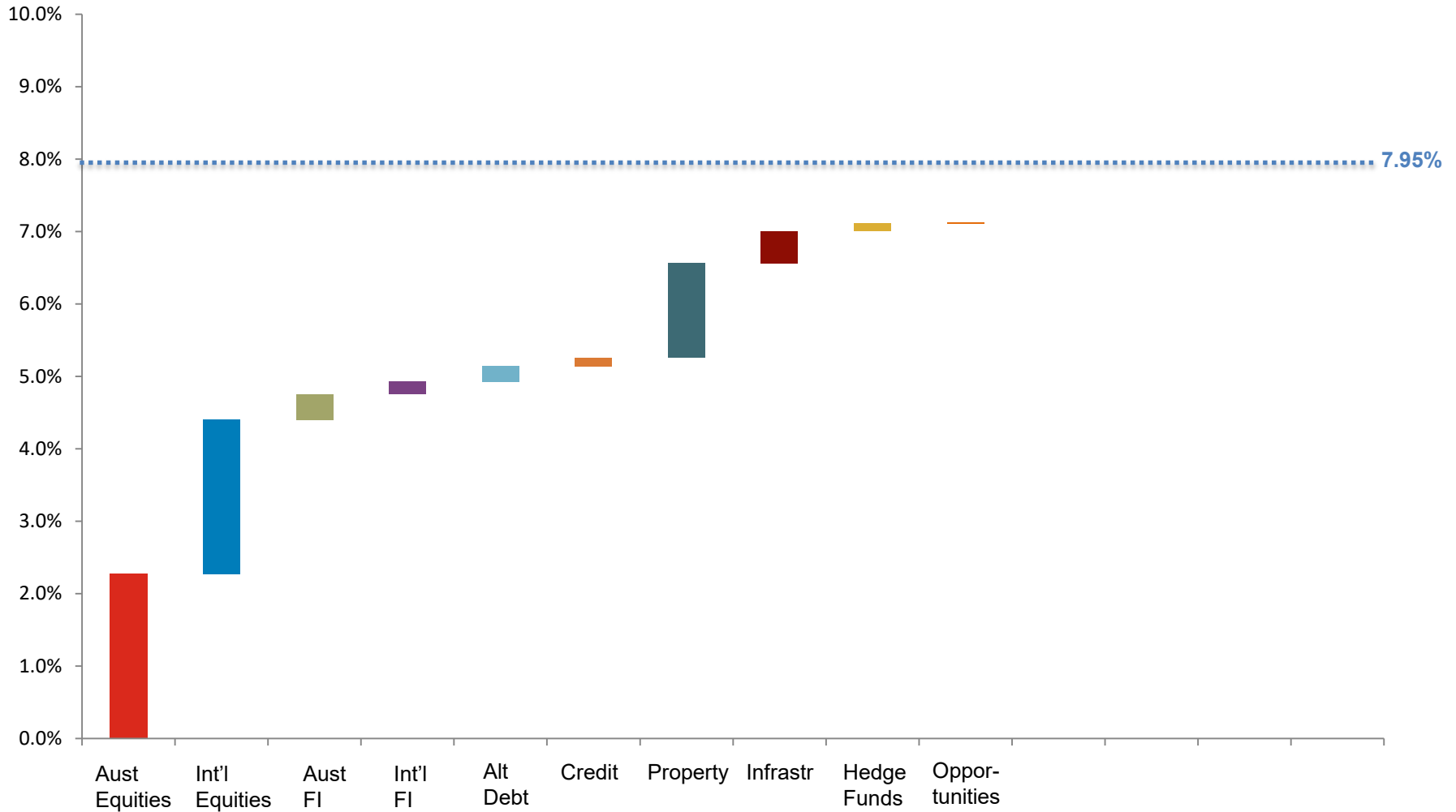
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



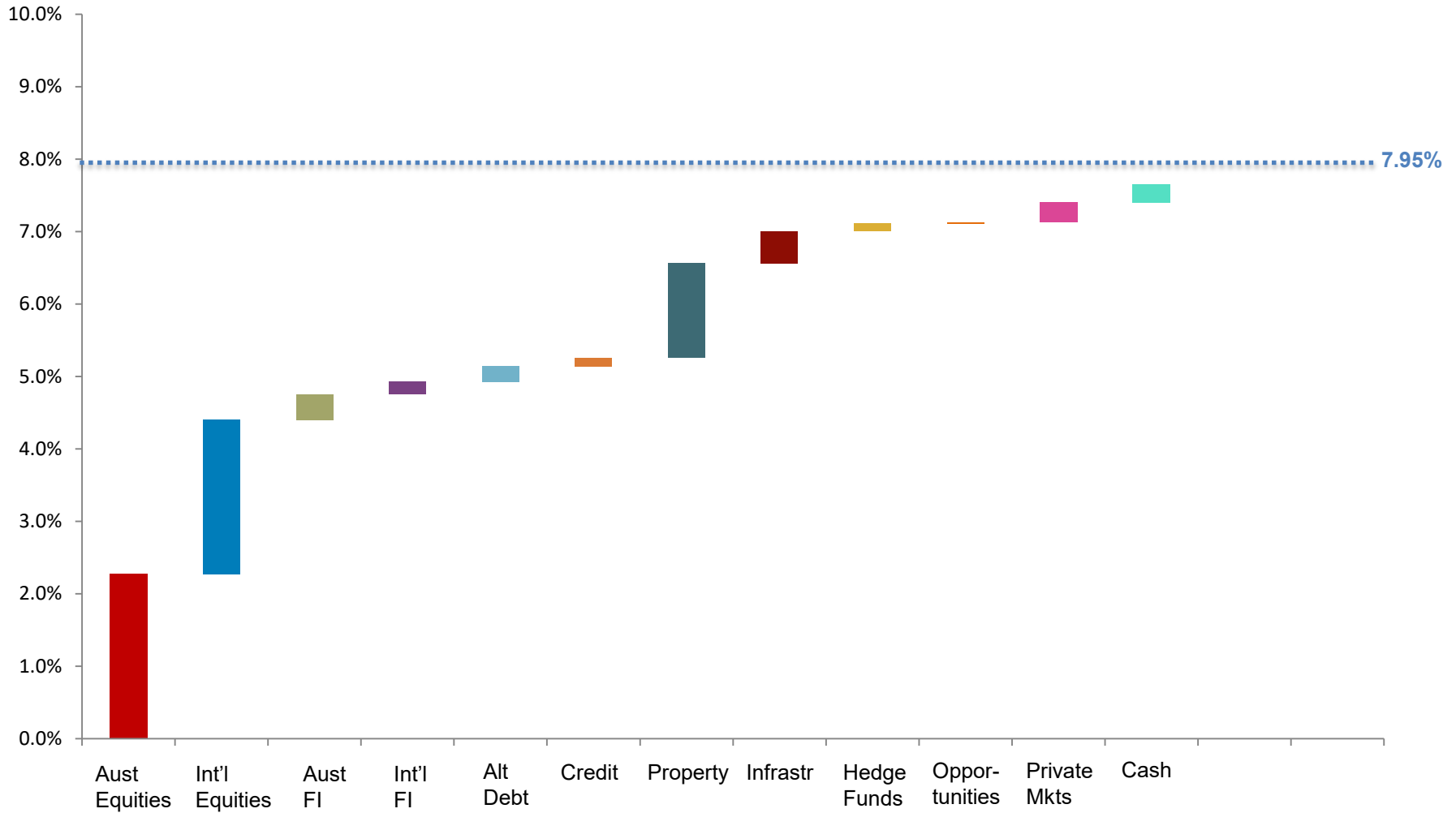
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



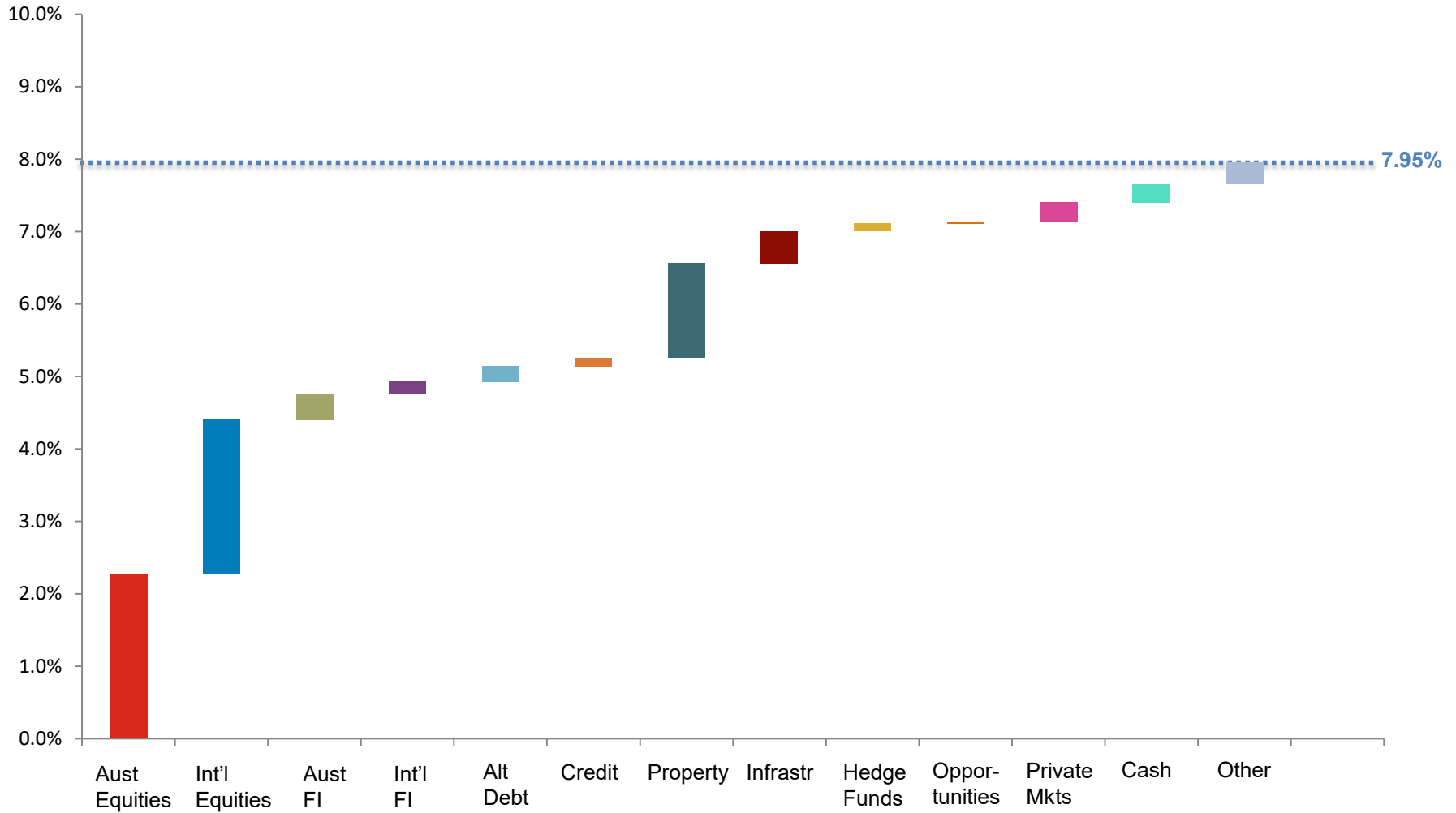
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



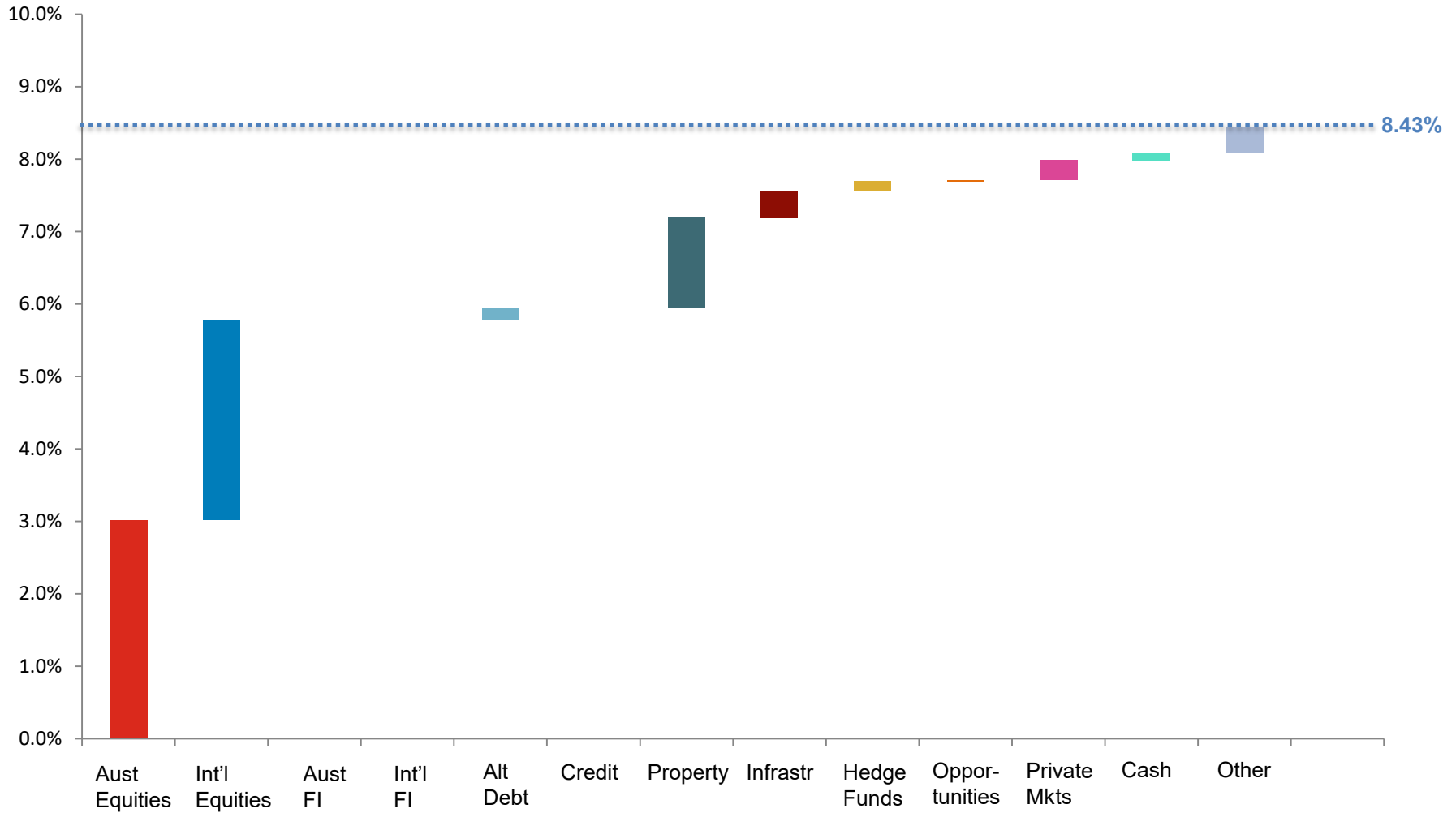
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Balanced Option Return – Year ended 30 June 2019



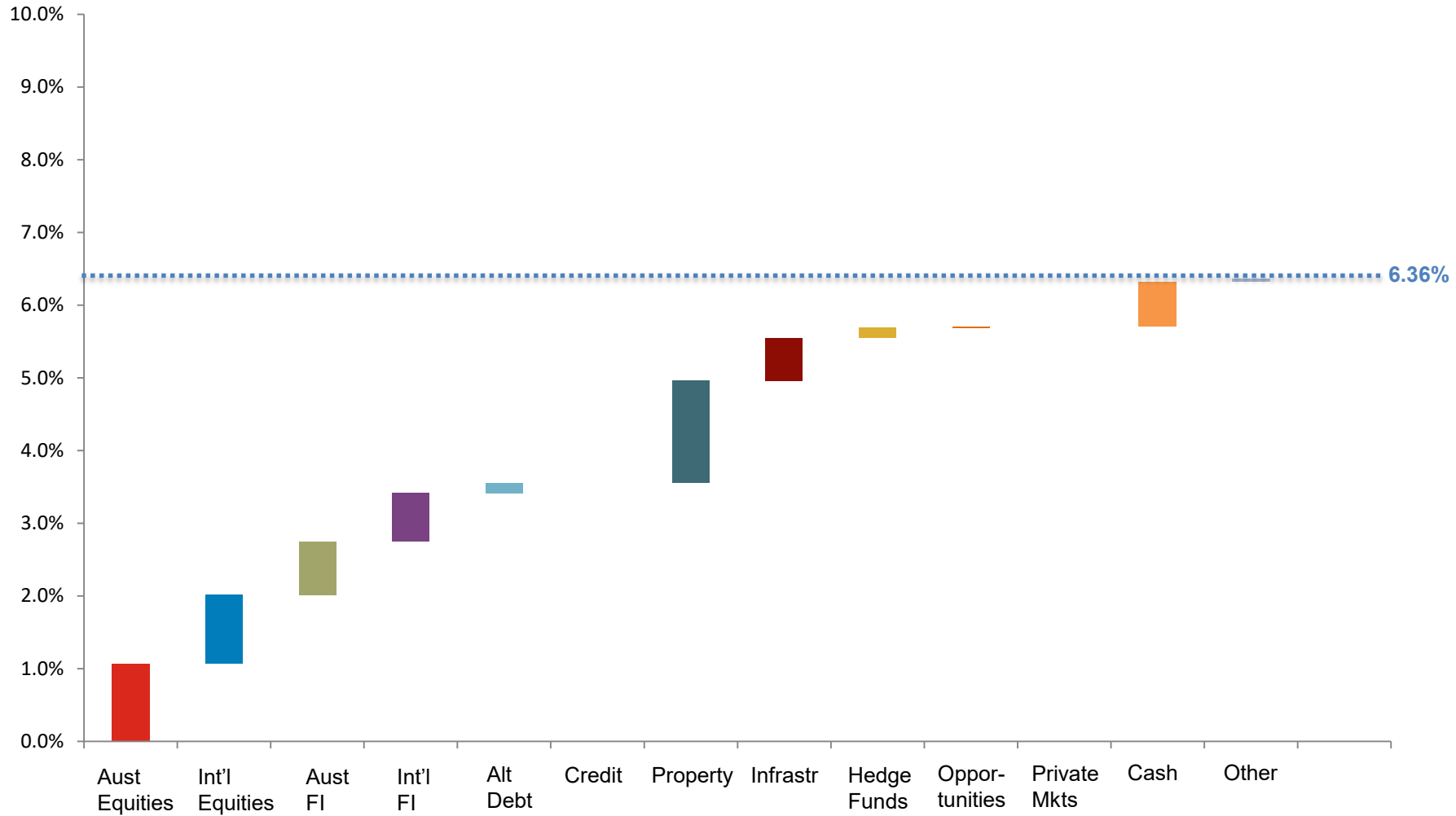
TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Growth Option Return – Year ended 30 June 2019



TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Conservative Option Return – Year ended 30 June 2019



TelstraSuper annual returns, net of fees, for Retire Access members. Returns for Personal Plus and Corporate Plus members are lower as a result of tax.

Economic Outlook: Positive factors

Interest rates are very low, and likely to stay that way for the foreseeable future

Unemployment is low

Inflation is low

Most corporations are in pretty good financial health

Governments are spending

House prices are beginning to stabilise

Economic Outlook: Negative factors

Markets have become “addicted” to low interest rates

A new cold war is emerging between China and the US

Wages growth is very slow

Inequality is rising and traditional political structures are being challenged

Most assets look expensive using traditional valuation measures

Households and Governments are becoming increasingly indebted

Recent Portfolio Changes

- Increased the International Shares and reduced the allocation to Australian Shares
- Reduced long term Hedge Fund allocation targets to zero
- Increased long term allocation targets to unlisted property, infrastructure and private markets
- Increased foreign currency exposure targets

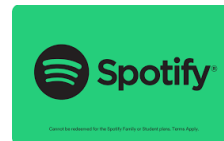
Current Portfolio Positioning

- Moderately underweight shares
- Significantly underweight fixed interest
- Overweight cash
- Building exposures to infrastructure and private markets

Asset class deep dive



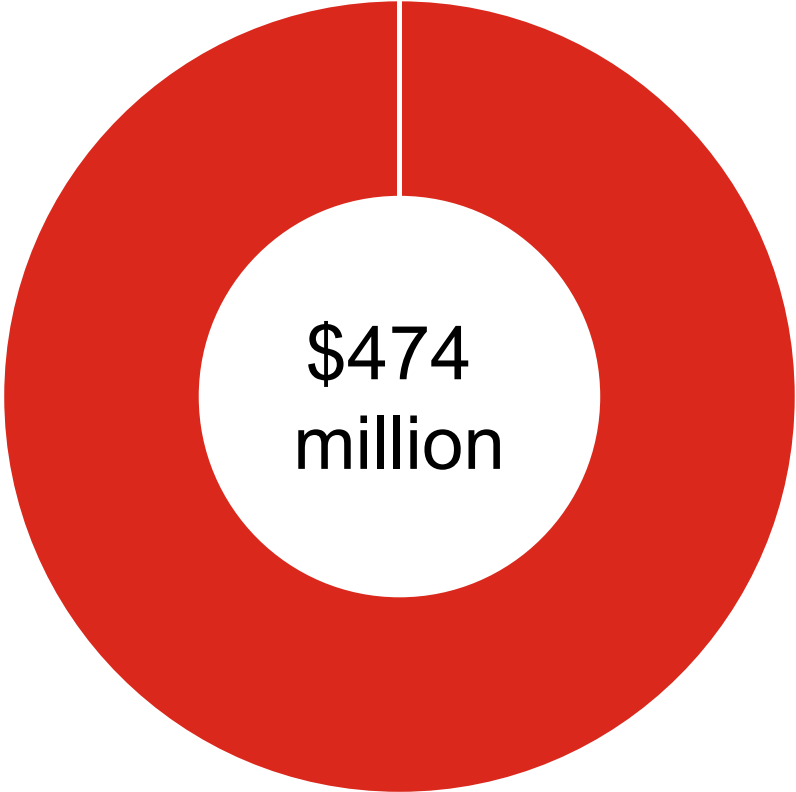
Private Markets



What are Private Markets?

- **Unlisted companies (equity or debt)**
- **Allocating capital where capital is needed to facilitate:**
 - **Innovation**
 - **Expansion**
 - **Professionalisation**
 - **Generational change**

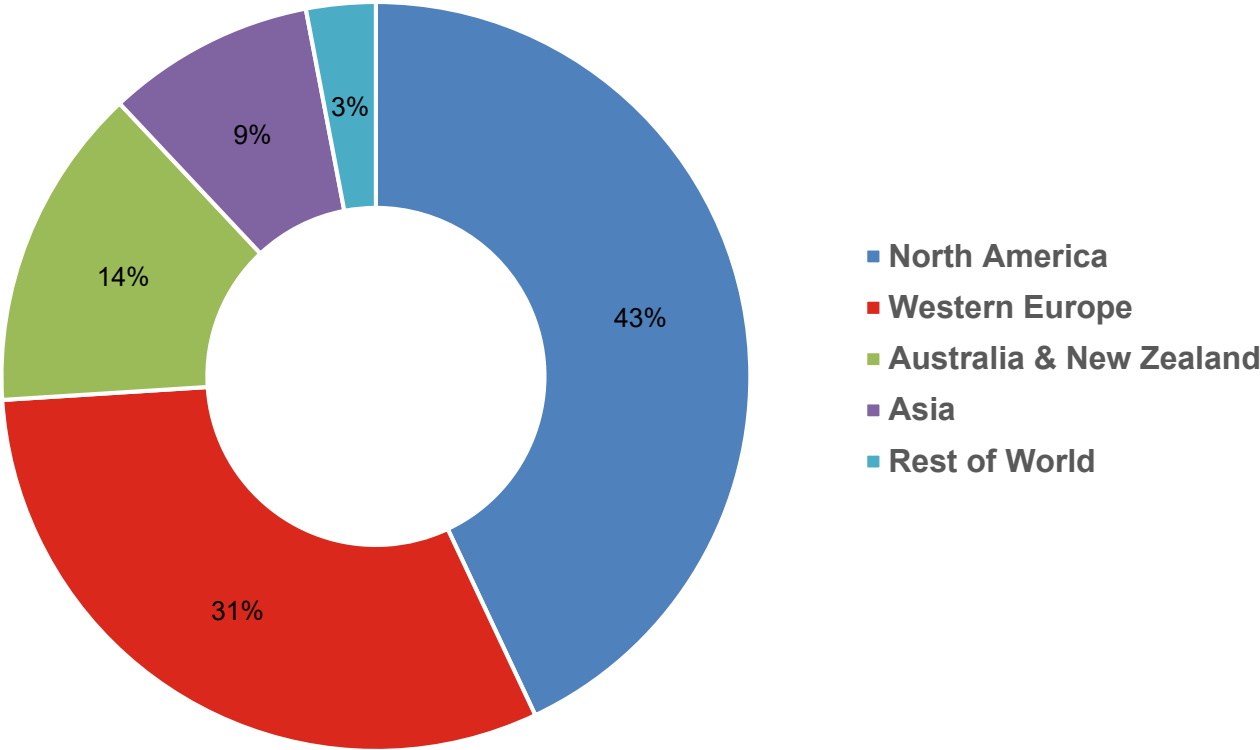
TelstraSuper's Private Markets Portfolio



TelstraSuper's Private Markets Portfolio



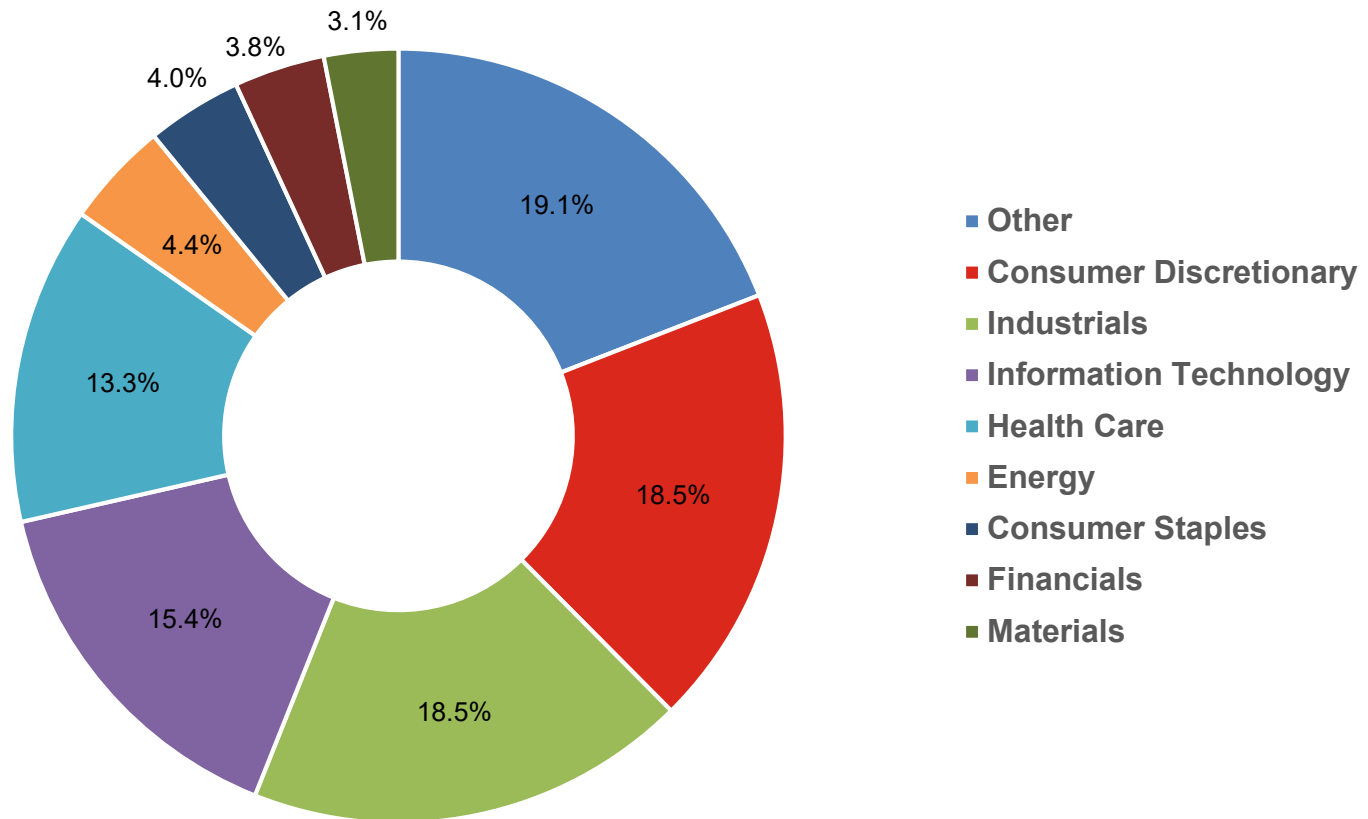
Exposure by Region



TelstraSuper's Private Markets Portfolio

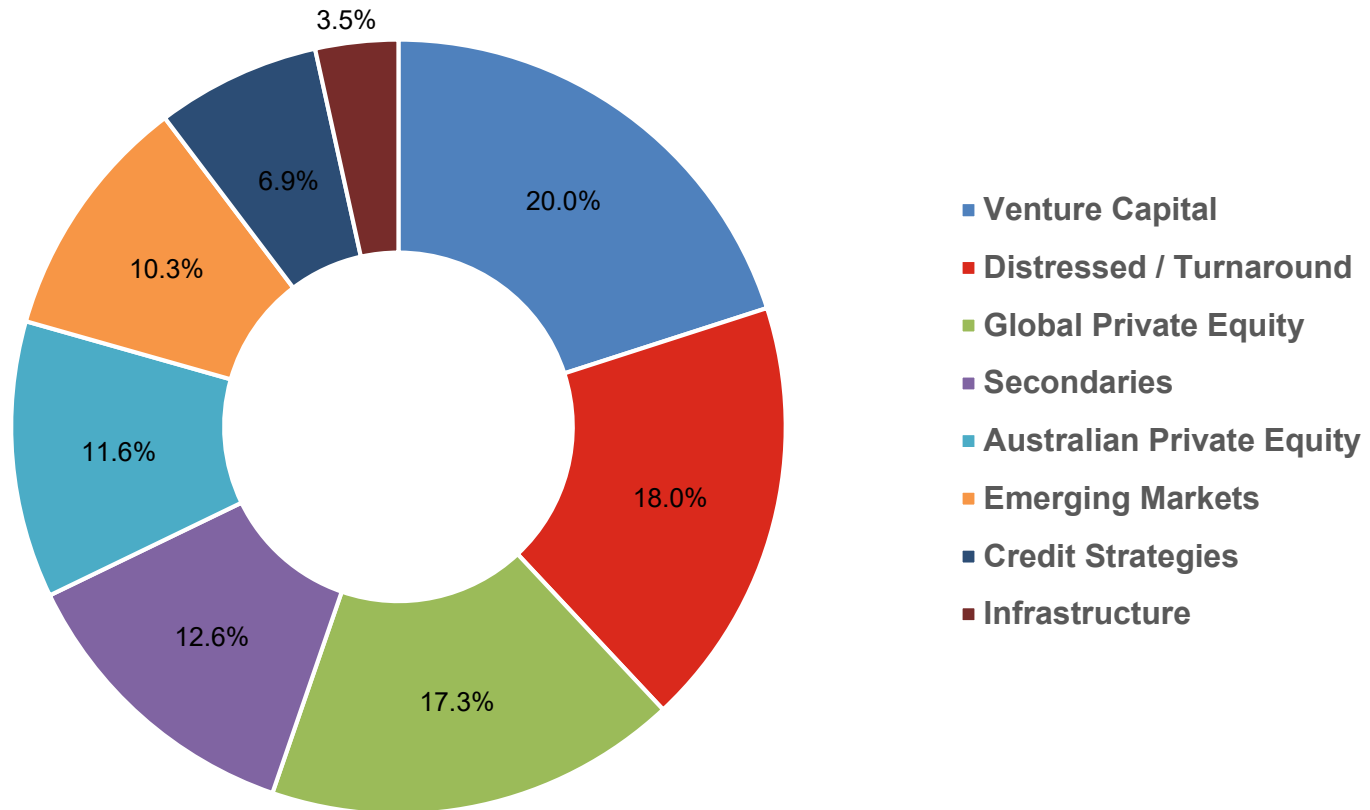


Exposure by Sector



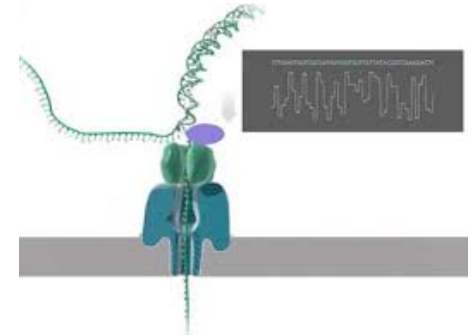
TelstraSuper's Private Markets Portfolio

Exposure by Strategy



Oxford Nanopore (\$8 million)

- **Innovative technology to enable users to sequence DNA on a low cost and portable device that fits in the palm of your hand.**
- **Being used in over 80 countries in human genomics, cancer research, microbiology, plant science and environmental research.**
- **Fast diagnosis of Ebola in Africa, tracking spread of Zika Virus in South America and Ross River Virus in Australia.**



Pegasus New Homes (\$6.8 million)

- **UK-based provider of independent living solutions tailored for the needs of the elderly population.**
- **Acquires, develops and operates high-end retirement housing.**
- **Recently won two Housing Design Awards reflecting the way it is redefining the concept of retirement living.**



Fitness & Lifestyle Group (\$6.4 million)

- Over 500 physical locations across Australia, New Zealand and South-East Asia in addition to its on-demand digital health and fitness programs. The company believes it helps almost a million people live healthier and more active lives.
- Key Statistics:
 - 510+ Health Clubs
 - 825,000+ Members & 8,000+ employees
 - 100,000+ Online Program Subscribers
 - 65 million+ workouts per year



Kinematics Manufacturing (\$5.8 million)

- Serving as the defacto standard slew drive supplier to the clean energy solar industry.
- Kinematics Manufacturing products support over 15 Gigawatts of installed solar tracker capacity.
- This is enough to power 10.5 million homes around the globe.

PV Tracker



Slew drives enable photovoltaic trackers to track the light from the sun to minimize the angle of incidence between the incoming light and a photovoltaic positioner. This increases the amount of energy produced from a fixed amount of installed power generating capacity.



Slew drives are essential transmission components for machines that need relative rotation and bears radial force, axial force and toppling movements at the same time.



Zazzle (\$5.0 million)

- Zazzle, The Make Engine™ is an online market place for customising apparel, stationary, and everything from skateboards to stamps.
- People can choose products they want to customise, makers who will create the products and designs they want to use if they don't wish to create their own designs.

SHOP FOR FATHER'S DAY

Dad's Favourites

25% Off 25 Bestsellers

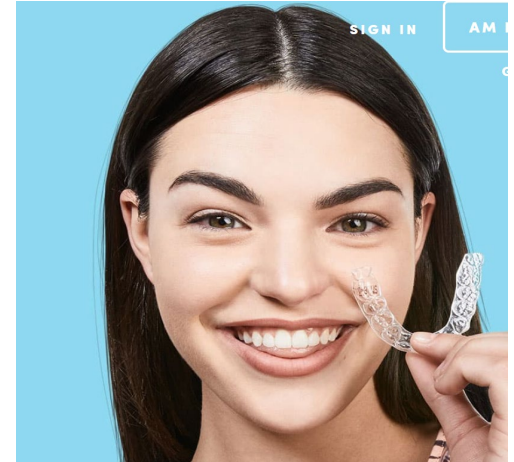
Custom t-shirts, mugs, ties, cases, can coolers and more.

Shop Now



Smile Club Direct (\$1.2 million)

- **Clear aligners for straightening teeth are disrupting dentistry.**
- **Smile Club Direct is making these even cheaper and more accessible.**
- **People can now walk into a shop in a mall, scan their teeth, the scans are reviewed remotely by a dentist, after which customers receive in the mail customised clear aligners, each slightly tighter, to gently guide teeth into place.**
- **These are typically half the price of traditional braces and treatment only takes six months.**



Questions

Thank you



 www.telstrasuper.com.au

 1300 033 166

 talkingsense@telstrasuper.com.au

