

Appendix B: Asset Allocation

	Benchmark Fund (%) ^(a)	CURRENT SAA (%) ^(a)	Actual Allocation (%)	Alternative 1 (%)	Alternative 2 Recommend (%)	Alternative 3 (%)	Alternative 4 (%)
Alternatives	26.0	35.0	18.1	30.0	30.0	30.0	25.0
Infrastructure - Unlisted	12.0	6.2	5.7	10.0	10.0	10.0	10.0
Infrastructure - Listed	0.0	5.8	5.4	0.0	0.0	0.0	0.0
Property - Unlisted	5.0	15.0	1.7	10.0	10.0	10.0	10.0
Property - Listed	3.5	5.0	4.0	0.0	0.0	0.0	0.0
Private Equity	3.5	3.0	1.3	0.0	0.0	0.0	0.0
Alternatives Credit	0.0	0.0	0.0	5.0	5.0	5.0	5.0
Other Defensive Alternatives	2.0	0.0	0.0	5.0	5.0	5.0	0.0
Listed Equity	51.0	50.0	51.7	49.0	49.0	45.0	49.0
Australian Equity	26.0	30.0	27.4	27.0	27.0	25.0	27.0
Overseas Equity	25.0	20.0	24.3	22.0	22.0	20.0	22.0
Defensive Assets	23.0	15.0	30.2	21.0	21.0	25.0	26.0
Cash - Low Risk	5.0	1.9	8.6	7.0	5.0	5.0	5.0
Cash - Enhanced	0.0	3.1	9.3	3.0	2.0	4.0	2.0
Australian Fixed Interest - Government	0.0	2.1	2.7	0.0	2.0	2.0	7.0
Australian Fixed Interest - Composite	10.5	0.0	0.0	0.0	0.0	0.0	0.0
Australian Fixed Interest - Credit	0.0	6.9	8.6	10.0	3.0	5.0	3.0
Australian Fixed Interest - Inflation Linked	0.0	1.0	1.0	1.0	1.0	1.0	1.0
Overseas Fixed Interest - Composite	7.5	0.0	0.0	0.0	0.0	0.0	0.0
Global Floating Rate Credit	0.0	0.0	0.0	0.0	8.0	8.0	8.0
Medium Term Characteristics (3 Yr Horizon)							
Expected Return (Beta + Alpha)	6.4	7.1	6.6	6.7	6.5	6.3	6.3
Absolute Standard Deviation (Beta + Alpha)	8.0	7.9	7.7	7.5	7.5	7.0	7.2
Probability of Negative Real Return (In 1 Year)	35.0	28.0	29.8	28.8	29.9	29.3	30.0
Growth Ratio	70.0	72.3	65.4	59.5	59.5	55.5	57.0
Listed Equity Exposure Relative to Peers (including listed infrastructure and listed property)	N/A	6.3	6.6	-5.5	-5.5	-9.5	-5.5
Longer Term Characteristics (7 Yr Horizon)							
Expected Return (Beta + Alpha)	7.2	8.0	7.4	7.5	7.3	7.1	7.1
Absolute Standard Deviation (Beta + Alpha)	7.4	7.3	7.1	6.9	7.0	6.5	6.7
Probability of Negative Real Return (In 1 Yr)	29.9	22.8	24.4	23.6	24.7	23.8	24.6
Probability of Meeting Return Obj. (CPI+3.5%)	59.4	65.6	61.8	62.5	60.6	59.9	59.5

(a) The Balanced Benchmark Fund represents the average SAA of peer funds in the SuperRatings Pension Balanced universe.

(b) Where appropriate, we have used the LTIP's actual asset allocation as at 30 April 2016 to apportion the current SAA into more granular asset classes.