

Learn more about market trends and how our investment plans for your GESB Super, West State Super or Retirement Income account performed over the quarter ending 31 December 2019.

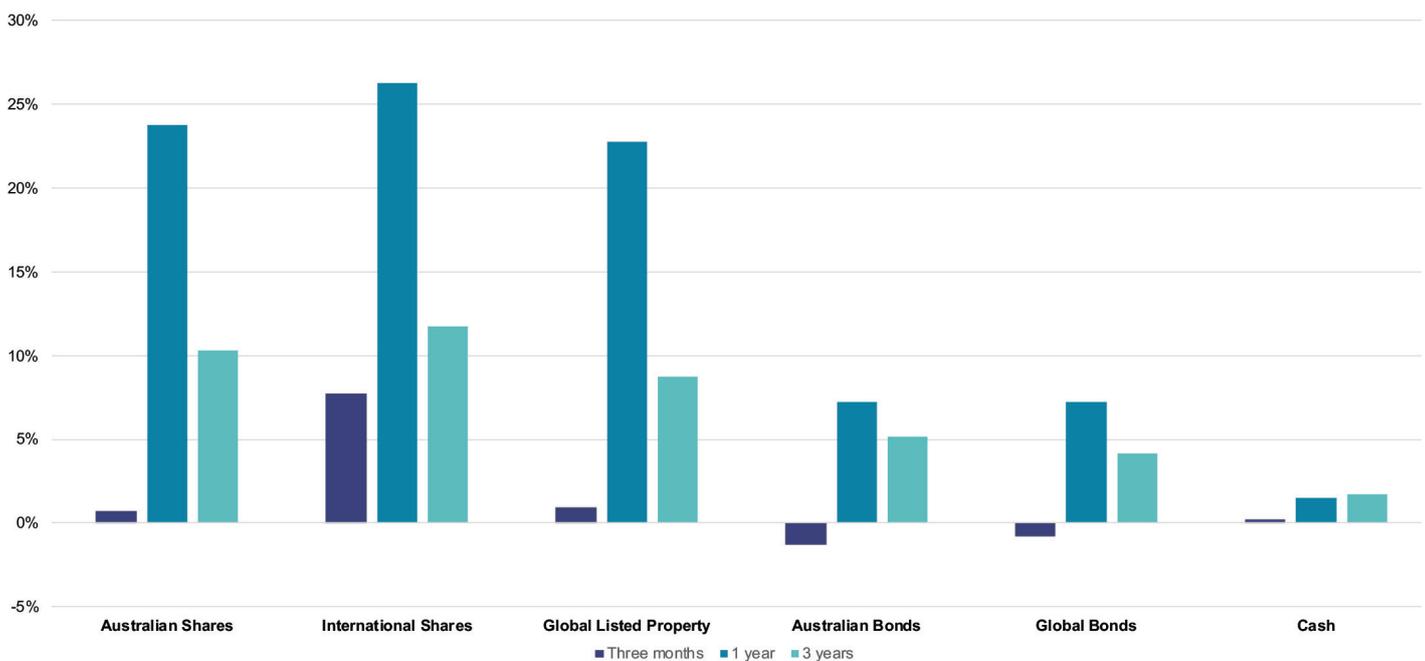
Key highlights:

- Share markets performed well over the past three months, benefiting from the progress of a US-China trade deal
- Interest rates continued to remain low
- International Shares added 8% over the quarter (ignoring the impact of currency movements) to be the top performing major asset class. It was also the best performing major asset class over the last 12 months
- Bond markets posted slightly negative returns
- My GESB Super returned 2.19% for the quarter
- My West State Super returned 2.32% for the quarter
- RI Allocated Pension Conservative plan returned 0.95% for the quarter

Investment market returns: short and medium term

Over the three months to 31 December 2019, asset class returns were mixed, with Shares and Property achieving positive returns, whilst the price of Bonds fell. The returns over the past year and past three years were generally strong, as shown below.

Asset class index returns



Source: Australian Shares - S&P/ASX Total Return 300 Index; International Shares - MSCI ACWI Net Total Return Local Index; Global Listed Property - FTSE Custom EPRA/NAREIT Global Index Values Local TRI; Australian Bonds - Bloomberg AusBond Composite 0+ Yr Index; Global Bonds - Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged AUD; Cash - Bloomberg AusBond Bank Bill Index.

What were the main reasons for recent investment market returns?

- **Easing trade tensions**

The first phase of the US-China trade deal was announced during the quarter, which included higher purchases of US goods by China and lower US tariffs on Chinese goods. In addition to the trade deal, the Conservative Party won a clear majority at the UK elections, which helped reduce uncertainty around Brexit and prompted improved returns from some UK-sensitive assets.

- **International Share markets were leading the rally**

International Shares added 7.7% for the quarter, while Australian Shares added 0.7%. European shares performed well due in part to stable economic data from Germany and the progress of US-China trade deal.

- **Central Banks continued to reduce interest rates**

The Reserve Bank of Australia cut its official interest rate by 0.25% at its meeting in October. The official cash rate in Australia is at an all-time low of 0.75% and expectations are that there could be a further interest rate cut during the first half of 2020.

The US Federal Reserve cut its official interest rate once during the quarter and is now in the range of 1.50% to 1.75%.

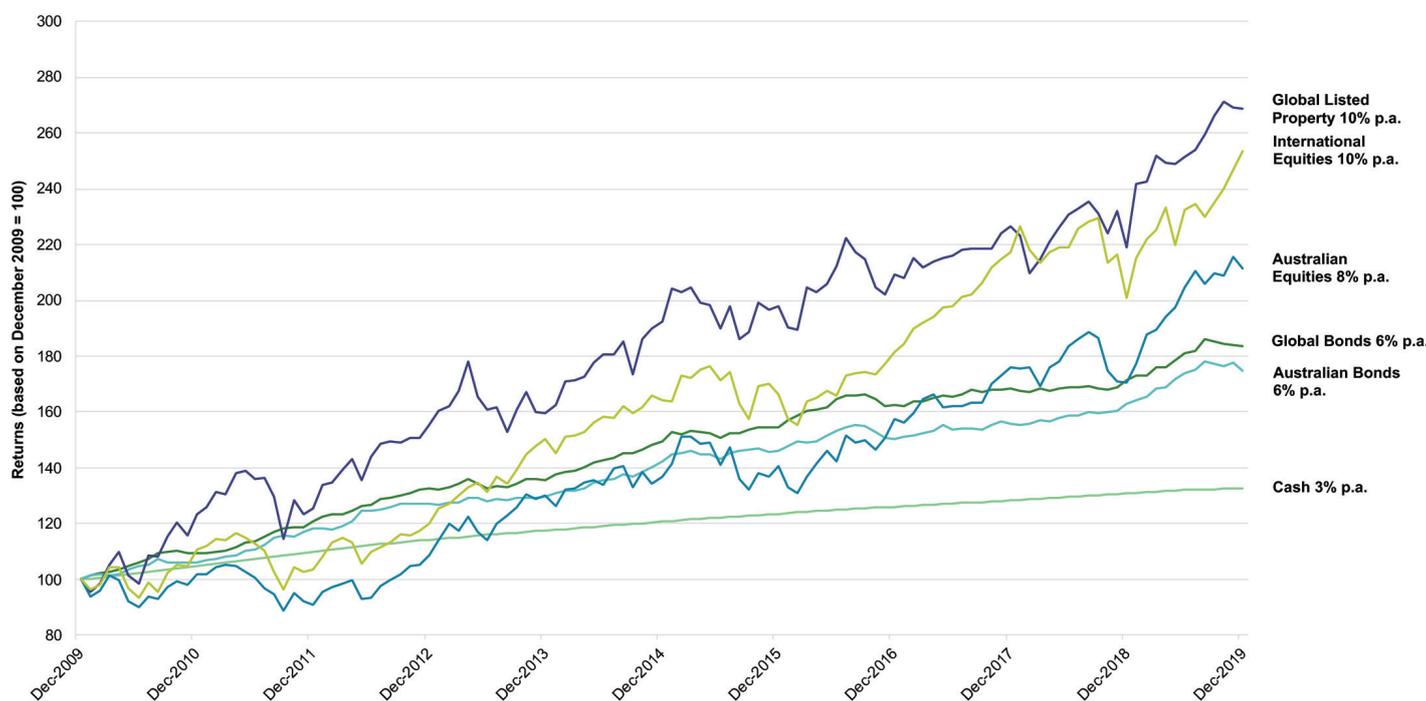
The European Central Bank maintained its official cash rate at -0.5%. Christine Lagarde took over as President of the European Central Bank on 1 November. In her first major speech, she urged governments to boost public investment in order to increase domestic demand in Europe.

Overall, Global Bonds posted slightly negative returns over the past three months.

Investment market returns: long term

Over the longer term (10 years), Shares and Property have produced the highest returns (but with greater variability), while Cash and Bonds have produced lower (but more stable) returns. This is illustrated in the chart below.

Cumulative asset class index returns



Source: Australian Shares - S&P/ASX Total Return 300 Index; International Shares - MSCI ACWI Net Total Return Local Index; Global Listed Property - FTSE Custom EPRA/NAREIT Global Index Values Local TRI; Australian Bonds - Bloomberg AusBond Composite 0+ Yr Index; Global Bonds - Bloomberg Barclays Global-Aggregate Total Return Index Value Hedged AUD; Cash - Bloomberg AusBond Bank Bill Index.

What does this mean for your investment?

The strong investment returns over both the short and long term have helped our returns over the past 10 years. The table below sets out the performance of some of our investment plans.

Performance of investment options

INVESTMENT PLAN RETURNS	December 2019 quarter	1 year	3 year (p.a.)	5 year (p.a.)	10 year (p.a.)
RI Allocated Pension Conservative plan ¹	0.95%	9.18%	5.46%	4.99%	6.02%
Transition to Retirement Balanced plan ²	1.87%	13.74%	-	-	-
My West State Super ³	2.32%	15.55%	8.20%	7.11%	8.21%
My GESB Super ¹	2.19%	14.80%	7.85%	6.97%	7.72%
RI Allocated Pension Balanced plan ¹	2.03%	15.61%	8.23%	7.27%	8.15%
RI Term Allocated Pension Balanced plan ¹	2.04%	15.65%	8.25%	7.24%	7.96%
West State Super Growth plan ³	2.85%	17.33%	8.89%	7.82%	8.65%

Other investment plans

See the investment returns for all of our available plans at gesb.wa.gov.au/investment_returns

Returns greater than one year are annualised.

¹ Returns are reported net of fees and taxes.

² Transition to Retirement Pension was inception on 15 June 2017, so longer term returns are not available. Returns are reported net of fees and taxes.

³ Returns are reported net of fees.

What does this mean for your investment?

Performance of investment options (cont.)

Our diversified plans have performed well over the past one, three, five and 10 years, and returns are ahead of primary investment objectives. This performance has been helped by both the strong market performance and our above index returns across Cash, Bonds, Infrastructure and Property over the past year.

While short-term performance has been strong, we are by no means complacent. We are focused on delivering long-term returns that meet or exceed objectives, while remaining flexible to manage evolving investment market conditions. We follow a careful process to ensure our investment managers are making prudent decisions and achieving returns consistent with our investment objectives.

More information

- Find out more about investing with us at gesb.wa.gov.au/investingwithus
- See our super investment options at gesb.wa.gov.au/superinvest or retirement investment options at gesb.wa.gov.au/retireinvest
- Read our tips for investing during a market downturn at gesb.wa.gov.au/uncertaintimes
- Access previous investment updates at gesb.wa.gov.au/investmentupdate

Need help?

- Read our investment FAQs at gesb.wa.gov.au/investmentFAQs
- Get help with finding a personal financial adviser at gesb.wa.gov.au/advice
- Call us on **13 43 72**

Performance information should be used as a guide only, is of a general nature, and does not constitute legal, taxation, or personal financial advice. The performance of your investment plan is not guaranteed and returns may move up or down depending on market conditions. Past performance should not be relied on as an indication of future performance. In providing this information, we have not taken into account your objectives, financial situation or needs. You should consider whether the information is appropriate to your objectives, financial situation, or needs before acting on it. You should consider seeking appropriate independent professional advice from a qualified advisor before making any decision with respect to your investment plan or your account. We are not licensed to provide financial product advice. You should read this information in conjunction with other relevant disclosure documents we have prepared.

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