

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 30 June 2020.

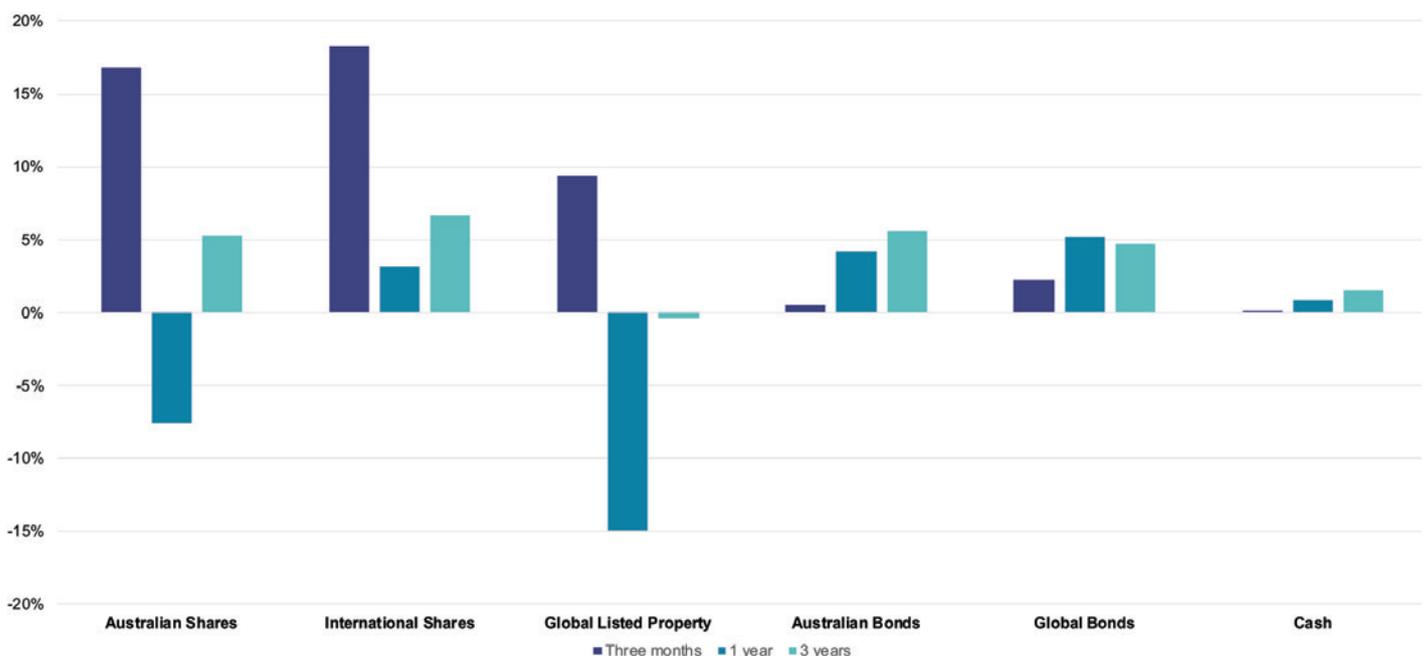
## Key highlights:

- Over the June quarter, international share markets gained an average of 18%, excluding the impact of currency movements. The Australian share market also performed strongly and was up 17%. The easing of lockdown restrictions and progress on developing a COVID-19 coronavirus vaccine contributed to the positive sentiment in financial markets
- Over the past year, International Shares returned 3% on average, while Australian Shares returned -8%
- My GESB Super returned 7.26% for the quarter compared to -12.05% the previous quarter
- My West State Super returned 7.22% for the quarter compared to -11.65% the previous quarter
- RI Allocated Pension Conservative plan returned 4.28% in the June quarter, versus -5.96% for the previous quarter

## Investment market returns: short and medium term

Australian and International Shares delivered positive returns for the June quarter as a result of revived risk sentiments to financial markets. Listed property markets also achieved positive returns, though not as strong as broader share markets. Returns from the lower risk asset classes of Cash and Bonds were positive, but not as high as Shares and Property.

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 of lockdown restrictions and potential vaccines in development**

Positive developments globally helped share markets end the second quarter higher. Consumer spending rebounded and investors became more optimistic on the development of a COVID-19 vaccine. The US share market was up 20%, European share markets were up 17% and the Australian share market was up 17%.

- **Continued central bank stimulus helped recovery in many countries**

Central banks in most developed countries have low to near-zero official interest rates and are willing to keep their interest rates low for the foreseeable future. The US Federal Reserve maintained its official cash rate at 0% to 0.25% while the Reserve Bank of Australia left its official cash rate at 0.25%.

Stimulus packages were announced by most major central banks, led by US Federal Reserve's \$1 trillion lending programme in May. The European Commission proposed a 750-billion-euro recovery package, which was in addition to its 540-billion-euro rescue package in April. The extra money has driven down yields on government bonds, making other assets, such as Shares, more attractive.

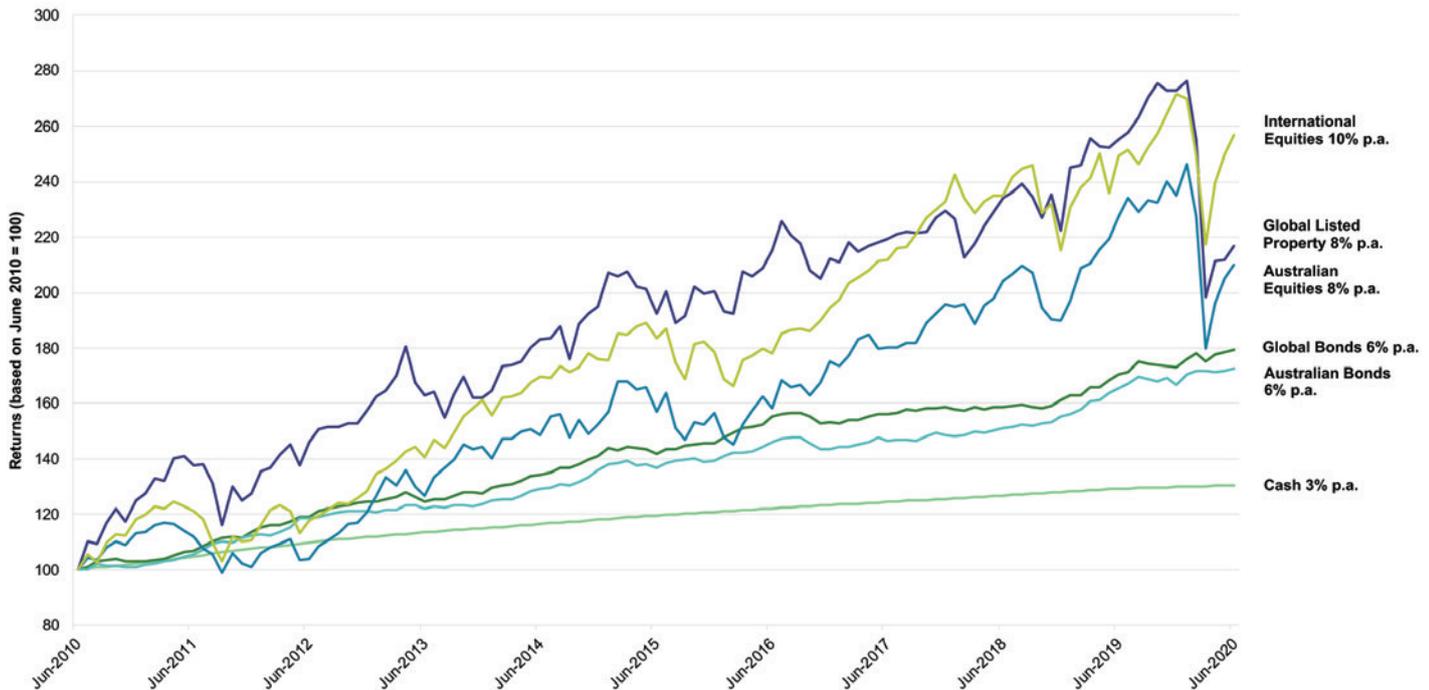
- **Technology stocks rally**

Information technology stocks have benefitted greatly from more people working from home and shopping online. The stock price increases were concentrated in some popular index leaders that have dominated performance in recent years. Due to their high earnings potential and lower debt levels, these stocks were preferred by investors as a defence against a potential stock market crash and lower bond yields. In the US, technology stocks were up 30% for the quarter, and up 44% for the quarter in Australia.

## Investment market returns: long term

Over the longer term (10 years), investments such as Shares and Property have produced the highest returns (but with greater variability), while Cash has produced the lowest (but most stable) returns. This is illustrated in the chart below.

Cumulative asset class index returns



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

## What does this mean for your investment?

The investment returns over both short and long terms for some of our diversified plans are illustrated in the table below. You can also see the investment return history at [gesb.wa.gov.au/investment\\_returns](https://gesb.wa.gov.au/investment_returns) for all of our available plans.

### Performance of investment options

INVESTMENT PLAN RETURNS	June 2020 quarter	1 year	3 year (p.a.)	5 year (p.a.)	10 year (p.a.)
RI Allocated Pension Conservative plan <sup>1</sup>	4.28%	0.52%	3.86%	4.11%	5.69%
Transition to Retirement Balanced plan <sup>2</sup>	6.74%	-1.17%	4.41%	-	-
My West State Super <sup>3</sup>	7.22%	-1.10%	4.86%	5.18%	7.71%
My GESB Super <sup>1</sup>	7.26%	-1.59%	4.52%	4.87%	7.25%
RI Allocated Pension Balanced plan <sup>1</sup>	7.82%	-1.46%	4.88%	5.33%	7.67%
RI Term Allocated Pension Balanced plan <sup>1</sup>	7.85%	-1.42%	4.90%	5.35%	7.50%
West State Super Growth plan <sup>3</sup>	8.13%	-2.19%	4.87%	5.37%	8.16%
<b>Other investment plans</b>	See the investment returns for all of our available plans at <a href="https://gesb.wa.gov.au/investment_returns">gesb.wa.gov.au/investment_returns</a>				

Returns greater than one year are annualised.

<sup>1</sup> Returns are reported net of fees and taxes.

<sup>2</sup> 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.

<sup>3</sup> Returns are reported net of fees.

## What does this mean for your investment?

### Performance of investment options (cont.)

The performance over the quarter has been helped by both the strong market performance and our above index returns across Australian Shares, Bonds and Infrastructure asset classes. Our diversified plans have performed well over 5 and 10 years, and returns are ahead of primary investment objectives.

While long-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 process to ensure well-credentialed investment managers are appointed and our portfolio is positioned in a manner consistent with our investment objectives.

### More information

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

### Need help?

- Read our investment FAQs at [gesb.wa.gov.au/investmentFAQs](https://gesb.wa.gov.au/investmentFAQs)
- Get help with finding a personal financial adviser at [gesb.wa.gov.au/advice](https://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. Therefore, you should consider the appropriateness of the information in relation to your objectives, financial situation or needs, before acting on it. We are not licensed to provide financial product advice. You should read this information in conjunction with other relevant disclosure documents we have prepared [gesb.wa.gov.au/brochures](https://gesb.wa.gov.au/brochures) and where necessary seek advice specific to your personal circumstances from a qualified financial adviser.

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