RISK PROFILER

"TIME IN THE MARKET IS FAR MORE IMPORTANT THAN TIMING THE MARKET"

WHAT ARE THE MAIN TYPES OF INVESTMENTS?

Most investments can be split into 'asset classes', each of which provide different levels of risk and return.

- Risk is the probability of losing your initial investment or not receiving your expected income or growth return.
- Return is the increase or decrease in value of the investment you hold and consists of both income

and capital gains/losses. The following table shows the risk and return characteristics of the main asset classes:

TYPE OF INVESTMENT	SOURCE OF INVESTMENT RETURN	POTENTIAL TO GO UP AND DOWN IN VALUE
GROWTH ASSETS		
SHARES / EQUITIES Securities that represent ownership in a company.	• Returns come from increases or decreases in value. • Returns also come from income from the company's profits which are paid to shareholders as dividends.	• Potentially earn the highest return over the long term. • Value more likely to fluctuate in the short term. • Considered a high-risk investment.
ALTERNATIVE INVESTMENTS Infrastructure, such as roads and airports. Private equity investments.	• Returns come from increases or decreases in value. • Returns also come from income.	• Potentially earn more than property, fixed interest and cash over the long term. • Value tends to fluctuate more than property, fixed interest and cash in the short term. • Considered a medium-to-high risk investment.
PROPERTY Industrial, retail or commercial real estate. Unlisted property funds. Listed property trusts.	• Returns come from increases or decreases in value. • Returns also come from income in the form of rent. • Returns from listed property are linked to movements in the value of the securities and income generated by the property management companies.	• Potentially earn more than fixed interest and cash over the long term, but less than shares. • Value tends to fluctuate more than fixed interest and cash but not shares, over time.

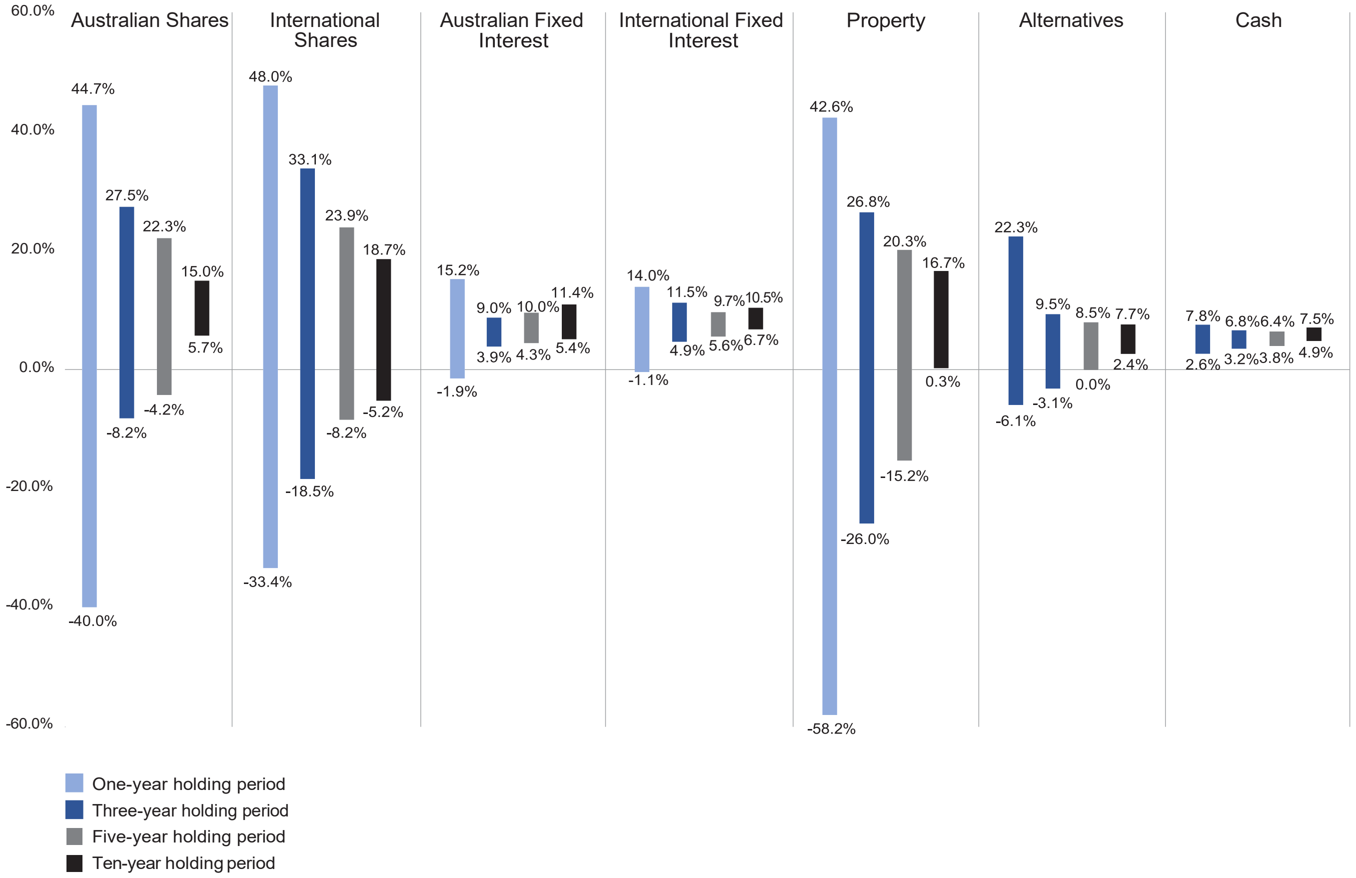
TYPE OF INVESTMENT	SOURCE OF INVESTMENT RETURN	POTENTIAL TO GO UP AND DOWN IN VALUE
DEFENSIVE ASSETS		
CASH & TERM DEPOSITS Money in bank deposits. Money in short-term money market securities.	• Returns come from interest paid on the amount invested. • Returns also come from increases or decreases in value of the underlying securities due to changing interest rates.	• Chance of losing money on a cash investment considered remote over a one-year period, but possible. • Generally a stable investment that provides steady returns. • Value tends to fluctuate due to changing interest rates. • Returns tend to be lowest of all asset classes over time. • Short-term money market securities can increase or decrease in value over time, unlike money in bank deposits.
FIXED INTEREST Bonds Debentures	• Returns come from interest paid on the loan amount. (When buying fixed-interest securities, investors are 'loaning' money to a corporation or government at an interest rate.) • Returns also come from increases or decreases in value of the underlying securities due to changing interest rates.	• Tend to provide better returns than cash over the long term, but lower returns than property and shares. • Value tends to fluctuate more than cash but less than property and shares.

TIME REDUCES RISK ACROSS ASSET CLASSES*

The longer you invest, the more predictable the performance outcomes are. For example, this chart shows the difference between the best returns and the worst returns among the different asset classes.

Looking at Australian Shares and International Shares, there can be a huge range of outcomes if you look at 1-year returns. But looking at 10-year returns, the range of outcomes is much smaller. Much of the volatility has evened out over time.

Compare that to Cash, which has a much lower range of outcomes, but much lower average returns.



Source: Morningstar, Bloomberg

* The range of performance is calculated on a rolling monthly basis. Returns are annualised and compounded over different holding periods between 1 January 2000 and 31 December 2014. Returns are calculated using benchmark indices. Past performance is not a reliable indicator of future performance.

WHY DIVERSIFICATION MAKES SENSE

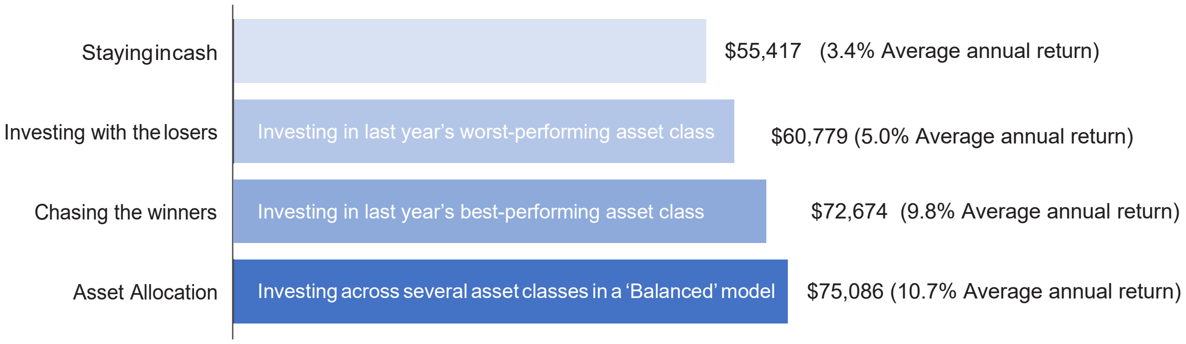
Because it's so difficult to predict which asset classes will perform well in any one year, it makes sense to diversify or spread your investment across different asset classes.

This strategy allows you to combine the benefits of potentially higher returns from growth assets with the reduced risk that defensive assets provide. If one or two asset classes perform poorly, you've generally got others that perform better to compensate for some or all of the losses.

The result of diversification is that you usually experience more consistent performance.

This chart shows an investment of $10,000 invested annually between 2010 and 2014 (last 5 years) and how four different portfolios performed.

- The first portfolio invested only in cash.
- The second portfolio invested in the worst-performing asset class from the previous year hoping for a rebound.
- The third portfolio chased the 'winners' and invested in the best-performing asset class from the previous year.
- The fourth portfolio invested consistently across all the major asset classes. As you can see the diversified portfolio came out on top.

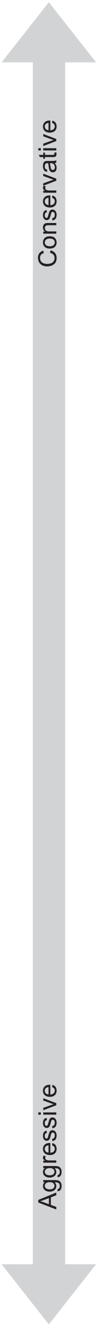


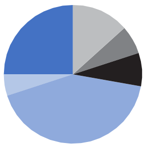
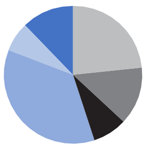
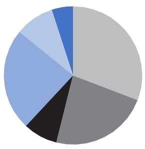
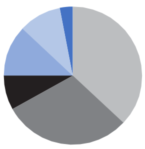
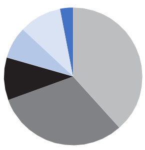
Note

Returns shown have been calculated using benchmark indices based on $50,000 invested annually between 2010 and 2014.

The asset allocation scenario is based on investments in a 'Balanced' portfolio diversified across different asset classes. Diversification does not assure a profit or protect against loss. It is possible to lose money in a diversified portfolio. The Balanced model is rebalanced on an annual basis and is before tax, includes both capital growth and income. The examples are for illustrative purposes only and do not reflect actual performance of any investments. The data is historical. Past performance is not a reliable indicator of future performance. It is not possible to invest directly in an index.

WHAT ARE THE MAIN RISK PROFILES?



		Typical asset allocation	May be appropriate if	Targeted long-term objective	Suggested minimum timeframe	Probability of negative years	Expected forecast returns^
Cash only		100% Cash	You prefer maintaining the current value of your investment above all other considerations.	Target inflation* + 1.0% - 1.5%	Any	0 years	3.75% pa
Conservative		13.5% Australian Shares 6.5% International Shares 8% Property & Infrastructure 5% Alternatives 25% Cash 42% Fixed Interest	You prefer relative stability range of returns over the short to medium term with potential for modest long term growth.	Target inflation* + 3.0%	3–5 years	1 in 9 years	6.4% pa
Moderately Conservative		23.5% Australian Shares 13.5% International Shares 8% Property & Infrastructure 7% Alternatives 12% Cash 36% Fixed Interest	You prefer steadier performance over time with some opportunity for growth.	Target inflation* + 4.0%	3–5 years	1 in 6 years	7.6% pa
Balanced		31% Australian Shares 23% International Shares 8% Property & Infrastructure 9% Alternatives 5% Cash 24% Fixed Interest	You want some opportunity for growth and can tolerate some up and down movement in your portfolio's value.	Target inflation* + 5.0%	5–7 years	1 in 5.5 years	8.6% pa
Growth		37% Australian Shares 30% International Shares 8% Property & Infrastructure 10% Alternatives 3% Cash 12% Fixed Interest	You have a preference for growth and can tolerate significant up and down movement in your portfolio's value.	Target inflation* + 5.5%	7–10+ years	1 in 5 years	9.2% pa
High Growth		38.5% Australian Shares 31% International Shares 10% Property & Infrastructure 10% Alternatives 3% Cash 7.5% Fixed Interest	You have a strong preference for growth and can tolerate wide, and sometimes sudden, up and down movement in your portfolio's value.	Target inflation* + 6.0%	10+ years	1 in 4.5 years	9.5% pa

* Target inflation of 2.5% pa

^ Expected forecast returns are based on weighted average of underlying asset classes. Actual portfolio performance will differ from expected forecast returns.

Disclaimer:

The expected forecast returns are predictive and based on past performance for each underlying asset class. This is based upon modelling analysis of the expected variance in returns given the underlying neutral asset allocation represented across each portfolio. Whilst we have used every effort to ensure that the assumptions on which the expected forecast returns are based are reasonable, the returns may be based on incorrect assumptions or may not take into account known or unknown risks and uncertainties. Actual portfolio performance may differ materially from these expected forecast returns. Past performance is not a reliable indicator of future performance.

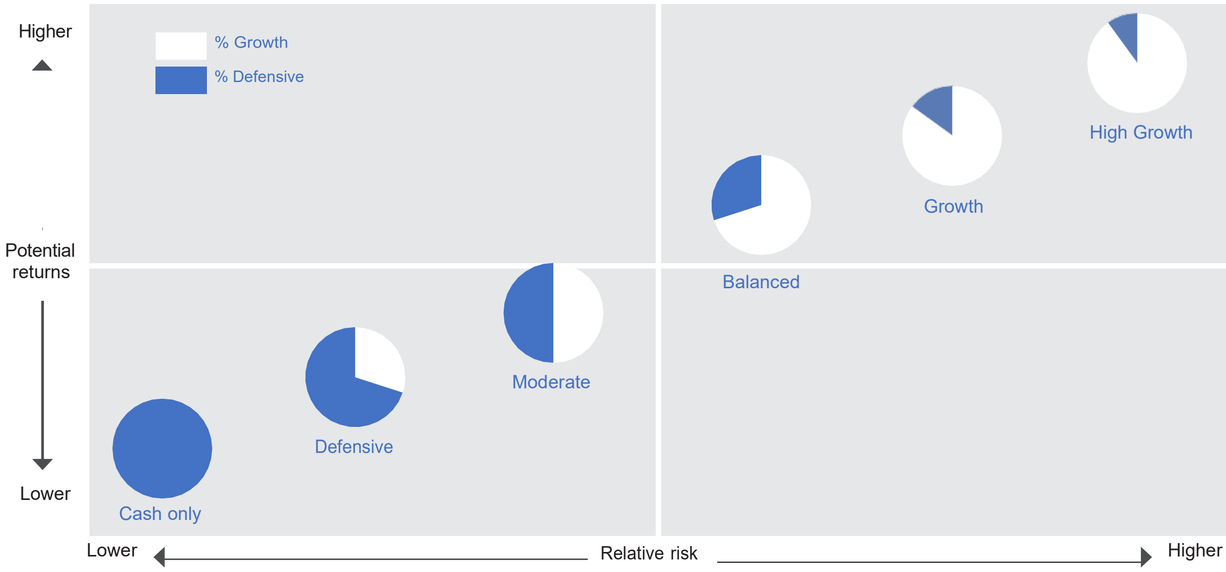
HOW DO YOU CHOOSE YOUR RISK PROFILE?

Choosing your risk profile is one of the most important investment decisions you will make as it will largely determine how your investment will behave.

Some of the main questions to help determine your risk profile are:

- **How long do you have to invest?** Is it a short-term goal, or should you invest in growth assets (which may potentially give you a higher return) because you won't need access to funds for many years?
- **What returns do you want to achieve?** Will you meet your investment goals if you achieve a return of 5% per annum or do you need investments that can potentially offer 10% per annum?
- **How much risk are you prepared to accept?** Would you be comfortable if your portfolio could fall in value by up to 5% over your investment timeframe? What if, in any one year period, it could fall by 20%?

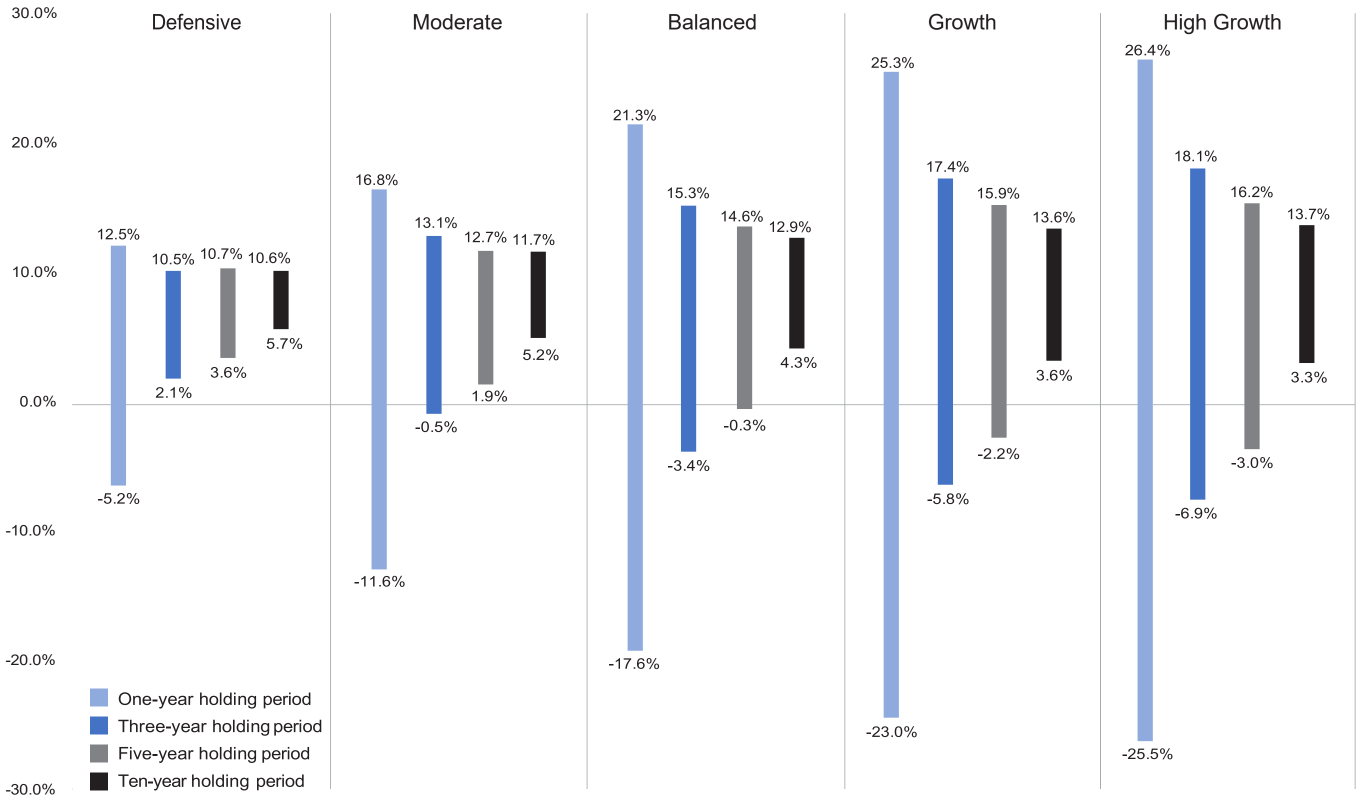
These considerations all go together and trade-offs are often required, as you don't get high returns without taking some risks.



TIME REDUCES RISK ACROSS RISK PROFILES*

The longer you invest, the more predictable the performance outcomes are. For example, this chart shows the difference between the best returns and the worst returns among the different risk profiles.

Looking at Growth and High Growth, there can be a huge range of outcomes if you look at 1-year returns. But looking at 10-year returns, the range of outcomes is much smaller. Much of the volatility has evened out over time.



Source: Morningstar, Bloomberg

*Returns are calculated using benchmark indices. Returns are annualised and compounded over different holding periods between 1 January 2000 and 31 December 2014. Past performance is not a reliable indicator of future performance.

THE DANGERS OF TIMING THE MARKET

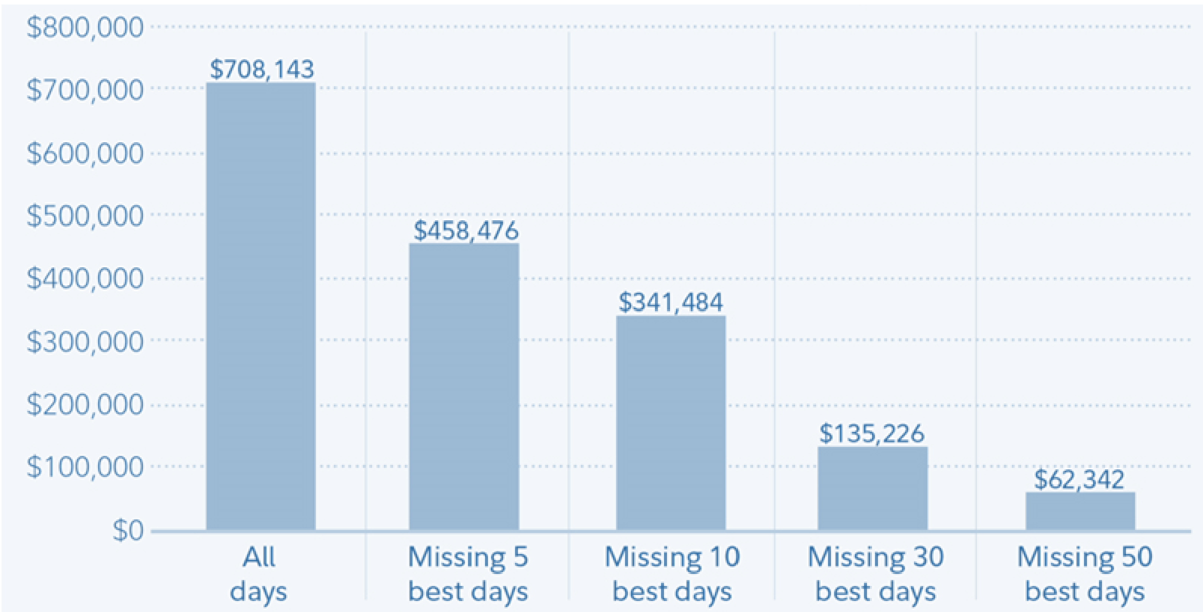
Many people try to pick when the best time to invest will be. They aim to invest when the market is low, and exit when the market is high, hoping to get more for their investment dollar.

Unfortunately, markets are unpredictable, and this approach may mean missing out on some of the best days the market has to offer.

Rather than trying to time your entry and exit points, a 'buy and hold' strategy means that you don't allow yourself to be influenced by the ups and downs of the markets. Instead, you stay invested for the whole time.

The table below shows a fidelity study the returns of what would have happened to a hypothetical $10,000 investment into an S&P 500 index fund from 1980 to 2018 if you missed the best five market days.

GROWTH OF $10,000 INVESTED IN S&P500 INDEX BETWEEN 1 JAN 1980 - 2018



(Note: They disregard taxes and fees for simplicity.)

The above chart tracks a 38-year period, or roughly 10,000 days of stock trading. So, if you think you can time the market, you're betting that you can get in and out without missing just five of those 10,000 days — which could happen at anytime. It seems far simpler to us to stay invested rather than take on those odds.

RISK PROFILE DESCRIPTIONS

High Growth

High Growth Investors are interested in capital growth and accumulating wealth more quickly relative to their investment time-frame. They understand the cyclical nature of investments and accept that there will be a very high level of volatility in the value of your investments. Their investment time horizon is for the long-term, 9 years or more. When they make a financial decision, they always focus on the possible gains. They can accept very high levels of variability in investment returns, as they understand that the higher the risks associated with investments, potentially the higher level of returns expected.

Expected Return (5 year average) 7.6% p.a **Expected negative return 1 in every 3 years**

Growth

This suits investors with a minimum nine-year time frame or those who are willing to accept high levels of investment value volatility in return for high potential investment performance. The 85 percent exposure to growth assets (shares, listed property and infrastructure) means that capital stability is only a minor concern. They are prepared to invest for a long term and ride out extended periods of negative returns provided they may benefit from higher returns. Capital is not guaranteed and there will be large fluctuations and some negative returns from year to year. There is a significant risk of a portfolio decreasing in value in the short term although this is substantially reduced for investments over the recommended minimum investment term of nine years. When they make a financial decision, growth investors always focus on the possible gains. They understand the cyclical nature of investments and accept that there will be a high level of volatility in the value of your investments.

Expected Return (5 year average) 7.1%p.a **Expected negative return 1 in every 4 years**

Balanced

This suits investors with a minimum seven-year timeframe or those who are willing to accept higher levels of investment value volatility in return for higher potential investment performance. Some exposure to interest bearing assets is still desired, but the primary concern is a higher return, hence the 70 percent exposure to growth assets (shares, listed property and infrastructure). They are prepared to 'ride out' longer periods of negative returns provided they may benefit from higher returns. Capital is not guaranteed and there is the possibility of some medium to large fluctuations in value from year to year. There is a medium risk of the portfolio decreasing in value in the short term. When they think of the term risk, they think it means 'opportunity'. When they make a financial decision, they usually focus on the possible gains. They understand that investment markets can and will fluctuate and that different market sectors offer different levels of risks, income and growth.

Expected Return (5 year average) 6.5%p.a **Expected negative return 1 in every 5 years**

Moderately Conservative

The Moderately conservative portfolio is suitable for investors seeking an investment which balances risk and return. It is also suitable for investors who have a short - medium term investment time frame, as they may need access to their funds within five years. The Moderate portfolio will have an allocation of around 50% to growth assets such as shares and property. Capital is not guaranteed and there may be fluctuations and some negative returns from year to year. There is a risk of a portfolio decreasing in value although this is substantially reduced for investments over the recommended minimum investment term of five years. Moderately conservative investors generally think of 'possibilities& uncertainty' when they think of risk. They can accept that there will be some volatility in the value of their investments.

Expected Return (5 year average) 5.5%p.a **Expected negative return 1 in every 7 years**

Conservative

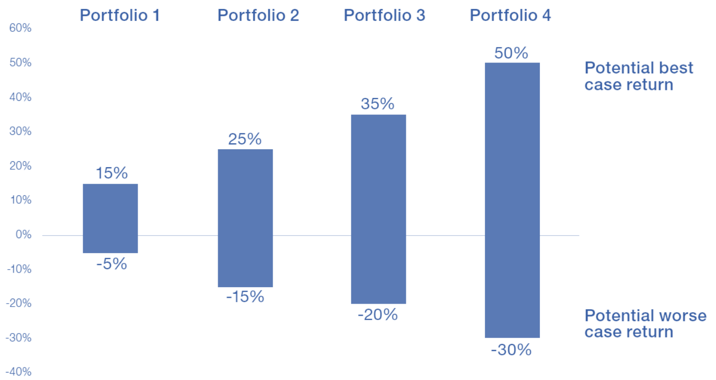
The conservative portfolio is suitable for investors seeking a relatively low-risk investment. They don't want to aim for higher returns if it means their portfolio may decrease significantly in value. It is also suitable for investors who have a short-term investment time frame, as they may need access to their funds within three years. The conservative portfolio will have an allocation of around 30% to growth assets such as shares and property. Capital is not guaranteed and there is some risk of a portfolio decreasing in value, although this is substantially reduced for investments over the recommended minimum investment term of three years. Conservative Investors have a general understanding of investment markets. When they think of the term risk, it means 'uncertainty'. They are generally low risk takers who are more focused on avoiding losses than chasing possible gains.

Expected Return (5 year average) 4.7% p.a **Expected negative return 1 in every 10 years**

RISK PROFILING QUESTIONAIRRE

CLIENT NAME................................... Date...........................

CLIENT 2 NAME................................ Date...........................

QUESTION	ANSWER	POINTS
Suppose a year ago you'd invested your superannuation / pension. Today you've checked its value and find it is now worth 20% less. How would you feel? **A. Panic – I'd want my adviser to sell, and invest the proceeds in cash.** **B. Nervous – I'd want my adviser to sell part of the portfolio, and invest the proceeds in a less volatile investment.** **C. Patient – I'd sit tight, expecting the portfolio to recover.** **D. Positive – If I had any more money I'd invest it in the same portfolio.**	A ☐ B ☐ C ☐ D ☐	0 5 10 15
At the beginning of the year you have a significant amount of money to invest. The chart and options below show the performance of four possible investments. Each bar gives a range of possible best/worst returns over the next year. Which investment would you prefer?  The chart is for illustrative purposes only and does not reflect the performance of a specific index or fund. **A. Portfolio 1** **B. Portfolio 2** **C. Portfolio 3** **D. Portfolio 4**	A ☐ B ☐ C ☐ D ☐	5 10 15 20
Which of the following best describes your financial goals? **A. Avoid losing yourcapital** **B. Achieve returns above inflation** **C. Generating some current income and growing assets over an extended time frame** **D. Growing assets substantially over an extended time frame**	A ☐ B ☐ C ☐ D ☐	0 5 10 15

Most investments can fluctuate both up and down i.e. volatility. How much could your superannuation / pension fall in value over a 12-month period before you feel concerned and anxious? **A.** **More than 50%** **B.** **Up to 50%** **C.** **Up to 25%** **D.** **Up to 10%** **E.** **Up to 5% Any fall in the value of my investments would make me feel concerned and anxious**	A ☐ B ☐ C ☐ D ☐ E ☐	25 20 15 10 5
Over the longer term (10 years +), what return do you reasonably expect to achieve from your superannuation / pension portfolio? **A.** **8% or above per annum** **B.** **6-8% per annum** **C.** **4-6% per annum** **D.** **2-4 % per annum** **E.** **0-2% per annum**	A ☐ B ☐ C ☐ D ☐ E ☐	25 20 15 10 5

TOTAL SCORE

Based on your total risk tolerance score, your indicative risk profile has been assessed as follows:

INDICATIVE RISK PROFILE		Growth Assets (%)	Defensive Assets (%)
80–95	High Growth	100%	0%
70–79	Growth	85%	15%
60–69	Balanced	70%	30%
50–59	Moderately Conservative	50%	50%
20–40	Conservative	35%	65%
0 – 20	Cash Only	0%	100%

☐ I, acknowledge that the above indicative investment risk stance is consistent with my superannuation investment risk requirements and profile. I have had the concept of investment risk explained to me and am happy to proceed on this basis with a ____risk profile.

☐ The above investment risk stance is not consistent with my risk requirements and profile which I hereby nominate to be ___________________________________risk profile. Due to the following reasons:

Signature

Date