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IMPORTANT INFORMATION

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**STANDARDS AUSTRALIA**

**Investment Objective**

The Board endorsed a revised Investment Objective for Standards Australia Limited’s (SA’s) Investment Amount in May 2006. The objective is:

“To grow the corpus in real terms over a seven year period, after providing for a minimum return of (CPI + 1%) + 4% per annum (after fees, and measured over the seven-year period), with moderate volatility of returns.”

In order to achieve the above investment objective, the following Strategic Asset Allocation was endorsed by the Board in August 2012.

<table>
<thead>
<tr>
<th></th>
<th>Strategic Asset Allocation (LTAA)</th>
<th>Medium Term Asset Allocation (MTAA)</th>
<th>Current Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Australian Equities</td>
<td>32</td>
<td>30</td>
<td>30.8</td>
</tr>
<tr>
<td>Overseas Equities</td>
<td>18</td>
<td>18</td>
<td>18.4</td>
</tr>
<tr>
<td>Property</td>
<td>18</td>
<td>18</td>
<td>17.2</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>9</td>
<td>9</td>
<td>7.8</td>
</tr>
<tr>
<td>Growth Alternatives</td>
<td>5</td>
<td>6</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Total Growth Assets</strong></td>
<td><strong>82</strong></td>
<td><strong>81</strong></td>
<td><strong>80.4</strong></td>
</tr>
<tr>
<td>Defensive Alternatives</td>
<td>8</td>
<td>11</td>
<td>10.0</td>
</tr>
<tr>
<td>Diversified Fixed Interest</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash</td>
<td>5</td>
<td>8</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Total Defensive Assets</strong></td>
<td><strong>18</strong></td>
<td><strong>19</strong></td>
<td><strong>19.6</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Summary of Recommendations**

During the March quarter, the portfolios aggregate exposure to equity was rebalanced and brought closer in line to the Medium Term Asset Allocation (MTAA).
Performance (After Fees) Versus Investment Objective

The performance of the Managed Funds\(^1\) ($M) compared to its CPI objective for the period ending 31 March 2014 is shown below. The performance for the total portfolio, and each of the individual asset classes versus their respective benchmarks are shown in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Quarter Percentage</th>
<th>FYTD Percentage</th>
<th>1 Year Percentage</th>
<th>3 Year Percentage</th>
<th>5 Years Percentage</th>
<th>7 Years Percentage</th>
<th>Since Inception Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed Funds (Since: 30 June 2004)</td>
<td>0.8</td>
<td>11.7</td>
<td>15.3</td>
<td>10.5</td>
<td>12.2</td>
<td>4.6</td>
<td>7.3</td>
</tr>
<tr>
<td>(CPI + 1%) + 4%p.a. ^</td>
<td>1.8</td>
<td>6.3</td>
<td>8.0</td>
<td>7.4</td>
<td>7.7</td>
<td>7.9</td>
<td>7.6</td>
</tr>
<tr>
<td>Benchmark Portfolio @</td>
<td>1.7</td>
<td>11.0</td>
<td>11.6</td>
<td>8.7</td>
<td>12.3</td>
<td>5.4</td>
<td>7.7</td>
</tr>
<tr>
<td>Benchmark Portfolio (50:50, OE:HOE) &amp;</td>
<td>1.4</td>
<td>10.8</td>
<td>12.6</td>
<td>8.7</td>
<td>11.1</td>
<td>5.0</td>
<td>7.2</td>
</tr>
<tr>
<td>Total Portfolio excess over CPI +1%</td>
<td>0.1</td>
<td>8.6</td>
<td>11.7</td>
<td>7.1</td>
<td>6.8</td>
<td>2.2</td>
<td>5.2</td>
</tr>
<tr>
<td>Total Portfolio (Since: 30 June 2004)</td>
<td>0.9</td>
<td>11.9</td>
<td>15.7</td>
<td>10.5</td>
<td>10.5</td>
<td>6.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>

**Australian Equities (Includes Franking) +**
- 2.4 20.8 18.1 11.2 16.6 5.5 9.8
- Benchmark (S&P/ASX 300)
- 2.0 16.3 13.0 8.1 13.2 2.8 7.5

**Overseas Equities**
- -3.5 16.0 35.6 17.2 17.0 4.1 7.2
- Benchmark (MSCI World ex Aust) *
- -2.3 17.3 35.5 15.2 17.3 3.1 6.8

**Property**
- 2.1 6.5 9.1 9.2 8.1 5.5 8.1
- Benchmark (Mercer Unlisted Prop pre tax)
- 2.0 6.3 8.8 8.5 5.8 6.0 8.7

**Infrastructure (Since: September 2012)**
- 1.4 4.1 N/A N/A N/A N/A 6.7
- Benchmark (CPI + 5%)
- 1.8 4.6 N/A N/A N/A N/A 7.5

**Growth Alternatives #**
- 2.0 7.0 8.4 10.5 7.8 4.6 6.5
- Benchmark (CPI + 5%)
- 1.8 6.3 8.0 7.8 8.3 8.6 8.4

**Defensive Alternatives (Since: June 2006)**
- 2.0 4.7 5.0 5.4 10.0 6.1 6.6
- Benchmark (CPI + 3%) ^
- 1.3 4.8 6.0 6.3 7.0 7.4 7.3

**Cash (excluding NAB cash)**
- 1.0 3.3 4.4 5.4 5.7 5.0 5.3
- Benchmark (UBS Bank Bills)
- 0.6 2.0 2.8 3.7 3.9 4.8 5.1

\(^{\text{a})\} The Investment Objective was CPI + 4.5\%p.a. until May 2006.

\(^{\text{b})\} The Overseas Equities exposure in the benchmark portfolio is 100% hedged.

\(^{\text{c})\} The Overseas Equities component of this benchmark is 50% hedged and 50% unhedged.

\(^{\text{d})\} Franking credits performance is added at 30 June each year.

\(^{\text{e})\} The performance stated in the above table includes an estimates quarter-end performance for GMO. The final market valuation for this product is typically released 5-6 weeks after the end of the quarter and will be reflected in the following quarter’s report. As such, the performance will be adjusted for the final valuation when it has been released.

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\(^{\text{1)} Managed Funds means surplus funds over and above monies retained in bank accounts for working capital purposes, excluding investments in real property.
Investment Performance

The chart below shows the actual cumulative investment performance compared to the investment objective performance. The investment objective performance is CPI + 1% (the annual retention amount) plus 4%p.a.

^ Investment Objective was CPI + 4.5%p.a. to May 2006.
Portfolio Valuation

The following chart shows the actual value of the investment portfolio compared to the target value. The target value is the value of the initial funds at 30 June 2004 ($161.1M) increased by CPI + 1%p.a. from May 2006 (prior to this CPI + 0.5%p.a. was used).

NB: The above chart includes an estimate of franking credits accrued each month.