PITCHER RETIREMENT PLAN

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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September 2017

Key Facts & Figures – 2017 Review

We are pleased to present this summary report to you highlighting performance results for the Pitcher Retirement Plan for the year ended 30 June 2017.

This summary report should be read with your 2017 Member Statement. Together, both documents make up our annual reporting to members.

The full 2017 Member Report is available at www.prpsuper.com.au. Alternatively, you can contact the Plan administrator to request a printed copy. Contact details are provided at the end of this report.

Summary

Volatile market conditions during the year saw mixed results across investment sectors. Australian and International equites produced strong returns while returns from Australian listed property were negative. Fixed interest returns were close to zero with low official cash rates also impacting cash returns.

Each of the Plan's investment strategies achieved strong positive returns for the 2016/2017 financial year as follows:

Investment Strategy	Cash	Capital Stable	Balanced	Growth	High Growth
Crediting rate	**2.39%**	**3.58%**	**5.03%**	**6.80%**	**8.79%**

Investment Commentary

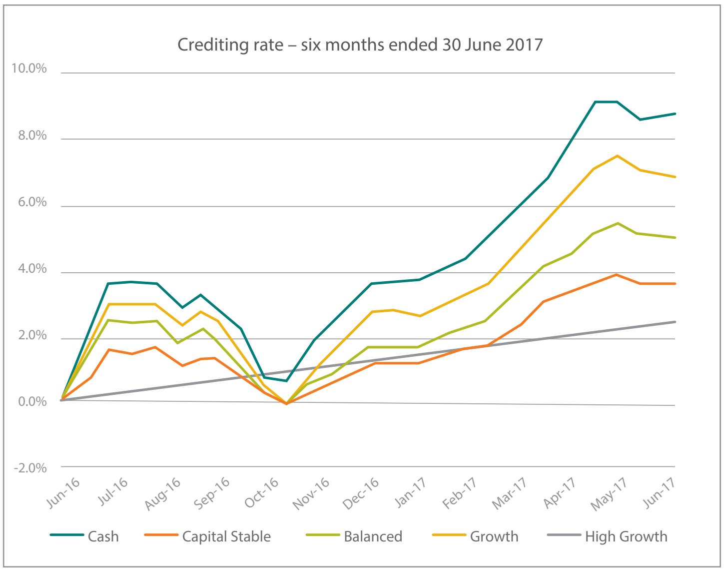
What a difference 12 months makes! This time last year uncertainty was high and market returns were low as investors were digesting the twin threats of 'Brexit' and the looming U.S election.

Fast forward 12 months and equity markets have delivered double digit gains. Australian equities lagged their global counterparts but still delivered a very healthy 14.1% return for the 2017 financial year.

Equity markets were fuelled by a general improvement in the global economy and a rebound in corporate earnings. A slew of positive data releases were observed across the major regions, including strong job growth, increasing consumer and business sentiment and lower unemployment. This positive momentum was enough to counterbalance political uncertainty in Europe, which we note was beginning to abate toward the end of the financial year.

Tempering the positive impact from equities were flat to modest gains generated by global and Australian government bonds, with yields rising over the period. Popular bond proxy trades, such as listed property trusts, were generally sold down by yield seeking investors, with the S&P/ASX 200 A-REIT Accumulation Index declining by 6.3% for the full year.

In contrast, conditions were very supportive for credit, with corporate profitability and investor demand high. Local and global credit spreads tightened markedly over the period, pushing corporate bond prices even higher.



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Crediting rates

The following summarises the annual crediting rates (after tax), the long term earnings rate and the long term performance target for each investment strategy.

Year/Period Ended	Cash	Capital Stable	Balanced	Growth	High Growth
2017	2.39%	3.58%	5.03%	6.80%	8.79%
2016	2.45%	4.69%	6.08%	5.44%	4.62%
2015	2.95%	5.61%	7.81%	8.96%	10.85%
2014	3.49%	7.56%	10.56%	11.87%	13.32%
5 Year Average^	3.10%	6.11%	8.44%	9.52%	11.28%
5 Year Target*	2.96%	4.96%	5.46%	6.46%	6.96%
10 Year Average^	4.17%	4.45%	4.64%	4.11%	4.17%

Please contact the Plan for specific pension crediting rates. Investment earnings of pension accounts will be different than those disclosed above
^ 5 year/10 year compound average return
* 5 year rolling average target, based on CPI movements of 1.96%

The long term performance of each investment strategy has exceeded long term performance targets.
Further information on each investment strategy, including the likelihood of negative returns, is outlined in the Plan's publication "Choosing your investment strategy". This is available from the Plan's website **www.prpsuper.com.au**.

Investment Outlook

Recent hawkish and 'tapering' statements from major central banks indicate we are closer to the end of a 10yr period of unconventional monetary policy, where interest rates have been pushed to zero, facilitating balance sheet repair and creating the platform for a recovery in economic growth for many areas of the developed world.

Equities are likely to continue to be supported through the coming year as the synchronisation of growth in developed and emerging economies gathers pace, political risks dissipate within Europe and investors continue to focus on relative valuation appeal against other asset classes. We balance this favourable backdrop against rising political risk in the U.S, premium valuations across many areas of the developed world and the current low levels of volatility.

Specific strategies within the alternatives asset class hold clear appeal due to their diversification attributes in generating low levels of correlation with both equities and bonds.

Within fixed income, the U.S Fed have announced a commencement of their 'balance sheet normalisation' program with rate raises expected by the market over the coming year. In Australia we expect rates to remain on hold for the best part of the next year. We note a sequential improvement in many macro indicators, however the structural imbalance of a heavily indebted consumer and an overheated property market, is likely to weigh heavily on the future trajectory of any rate rises. We remain underweight interest rate duration and prefer selective credit exposures, which we admit have become more expensive over the last year.

In aggregate we believe returns will be positive but are unlikely to reach the double digit gains enjoyed in recent years. The role of active managers will become critical when risk eventually gets repriced off its current low levels.

Fees Reduced

The Board has approved a reduction in the percentage based administration fee for members of smaller employer groups and personal division members. The administration fee has been reduced by 0.1% p.a. for eligible members starting from 1 July 2017. The fee reduction is part of the Board's longer term strategy to reduce member fees when possible.

Maximum Fee Cap

The Board has also introduced an administration fee cap starting from 1 July 2017. The fee cap is designed to ensure members with larger balances are not paying more than it costs to administer their account. The fee cap matches similar fee caps recently introduced by other large superannuation funds.

Further information

Disclosure documents and forms are available from the Fund's website **www.prpsuper.com.au**. Any questions you may have can also be directed to the Plan's administrator on **(03) 9691 2944** or **prp@pitcher.com.au**.

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