Public Trustee Investment Funds Information Guide

Public Trustee

The Public Trustee Investment Funds are used for the investment of funds from clients with a long-term outlook and are designed to allow for more flexibility in meeting different client objectives.

These Funds are often referred to as Strategic Investment Accounts and are strategic common accounts under the *Public Trustee Act 1941*.

Each Investment Fund has its own investment objectives and strategy, using a multi-manager investment approach across a mix of investments.

The Public Trustee can choose the Fund to give clients access to different asset classes and a mix of investment managers and investment styles to suit them.

It is important to note a) there is no guarantee that the expectations of higher risk and return characteristics will be met over any period b) past performance is not necessarily an indicator of likely future performance.

Mercer, one of Australia's leading fund managers, has joined with the Public Trustee to manage the below funds.

	Conservative Fund	Growth Fund	Growth Plus Fund
Strategy	Funds are invested in a mix of 15% - 55% growth assets to offset inflation and 45% to 85% income producing assets.	Funds are invested in a mix of 55% - 95% growth assets to offset inflation and 5% to 45% income-producing assets.	Funds are invested in a mix of 70% to 100% growth assets and 0% to 30% defensive assets.
Objectives	• To achieve a rate of return in line with that expected of a peer group of Conservative Growth Funds (currently CPI + 1.50% after investment management fees) over rolling three-year periods • To invest in mostly defensive-oriented assets including fixed-interest and cash • To achieve an industry Standard Risk Measurement risk label of Low to Medium with 1 to 2 negative years over a 20-year period	• To achieve a rate of return in line with that expected of a peer group of Growth Funds (currently CPI + 3.50% after investment management fees) over rolling five-year periods • To invest in mainly growth-oriented assets, including shares, real assets, and alternatives • To achieve an industry Standard Risk Measurement risk label of Medium to High with 3 to 4 negative years over a 20-year period	• To achieve a rate of return in line with that expected of a peer group of High Growth Funds (currently CPI + 4.00% after investment management fees) over rolling seven-year periods • To invest in primarily growth assets, including shares, real assets, and alternatives • To achieve an industry Standard Risk Measurement risk label of High with 4 to 6 negative years over a 20-year period
Outcome	Expected to have a low level of fluctuation in market values, with mostly income, and some capital growth, forming the rate of return.	Expected to fluctuate more in market value than other funds. In the long term it is also expected to produce higher returns from capital growth than other funds.	Expected to have a moderate level of fluctuation in market values. In the long term, the capital growth component is expected to provide a total rate of return higher than the Growth or Conservative Funds.

Level of risk: Low to Medium		**Level of risk:** Medium to High		**Level of risk:** High	
Asset Allocation Range:		**Asset Allocation Range:**		**Asset Allocation Range:**	
Growth Investments	15% - 55%	Growth Investments	55% - 95%	Growth Investments	70% - 100%
Defensive Investments	45% - 85%	Defensive Investments	5% - 45%	Defensive Investments	0% - 30%

Investment Fees

Global Fees apply for the management of the Investment Funds. Fees are not charged at an individual level and are deducted before income distributions are credited back to the client's account.

- **Investment Funds:** Fee will not exceeding 2% per annum, calculated daily. Fees are based on the value of the assets, minus external management fees (net of any tax credits applicable).

Supervision of external investments and collection of income

Where the Public Trustee supervises external investments (such as external share portfolios) and the collection of income, a fee is calculated as per the Public Trustee's Scale of Fees Schedule, located on the website *publictrustee.wa.gov.au*.

Terms Explained

Alternative Assets: Investments which do not fit within the traditional broad asset classes (shares, property, income/ fixed interest and cash).

Asset Class: The names given to the different financial categories in which money is invested. Main asset classes include; shares, property, income (fixed interest), cash and alternative assets. They can be Australian or overseas assets, and direct or indirect.

Benchmark: The benchmark is the targeted long-term mix of investments. The actual mix may vary from the benchmark in the short term.

Consumer Price Index (CPI): Used to measure the rate of inflation, based on price changes of a selection of household goods and services.

Income Investments: Often called Defensive Investments, these types of investments endeavour to protect the capital from the chance of a negative return (i.e. fall in value). In the long term, returns are lower than Growth Investments.

Fixed Interest: Investors receive interest over a fixed term, usually at a fixed rate. The market value of fixed interest investments fluctuates less than shares and property but in the long term the returns are also lower.

Fund Objectives: Used to identify the type of return the Fund aims to achieve. The objectives should not be treated or relied upon as a forecast, indicator or guarantee of any future returns or performance. The value of any fund may rise or fall for any given period.

Growth investments: Investments where there is potential for capital growth over the long term. They tend to have more price variation in the short term. Eg, Shares and property.

Other investments:
Infrastructure - investments in capital intensive, long-term infrastructure assets required to fulfil major economic and social needs. Eg, airports, toll roads, pipelines and utilities (water, power).

Derivative structures are also classed as other investments.

Growth assets vs Income producing assets: Growth assets include Australian and overseas shares, property and infrastructure. Income-producing assets include Australian and overseas fixed interest, cash and alternative assets.

Level of Risk: Each Fund has an average expected likelihood of the Fund giving a negative return.

High - means a negative return is expected, on average, approximately once every three to five years.

Moderately High - means that a negative return is expected, on average, approximately once every five to six years.

Low - means that a negative return is expected, on average, less than approximately once every nine to ten years.

Very Low - means that a positive return is expected over rolling twelve month periods.

Note: Risk statements are based on historical data and should not be considered a forecast or guarantee that a negative return in one year will be followed by a positive return in the next year.

Investment Timeframe: This is a guide to the minimum time for an investment to be held in a Fund in order to meet the expected objectives of that Fund.

Multi-manager: A fund structure in which more than one investment manager may be appointed to manage assets in each class, sector or investment style within the fund.

Mix of Investments: The asset allocation range of a Fund.

Property: Investment in property may be by direct holding of the physical building or indirectly by units in a property trust. Property investments are suitable for long term investment.

Shares: Owning shares in a company is owning a portion of a company's business. The investment return depends on how the company performs over time and on economic factors. Long term returns from shares have historically tended to be higher than property, fixed interest, and cash. However, in the short term, returns have more volatility.

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