

MAJOR MARKET PLAYERS

LOCATION:
SUNSHINE COAST,
QUEENSLAND

DEGREE OF FOCUS ON KEY THEMES

Calibrating the
Organisational Compass



Revisiting
Investment Strategies



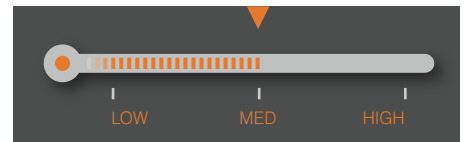
Assessing
Macroeconomic Drivers



Evolution of the
Regulatory Environment



INVESTMENT FOCUS OF FORUM CONTENT



Sunday 19 August – Wednesday 22 August 2012

Commences Sunday afternoon and concludes Wednesday late afternoon



SUNSHINE COAST QLD

CIE's annual Major Market Players forum caters for Australasian and Asia Pacific asset owners, whose investment actions, individually and collectively, influence their markets.

The agenda will address topical issues ranging from investment trends and strategic asset allocation, to specific asset sector issues, pertinent to major Superannuation Funds and other Institutional Investors.

WHO SHOULD ATTEND?

Chairs, trustees, chief executive officers, chief investment officers, investment committee members and senior investment staff of Institutional Investor entities with responsibility for directly or indirectly managing fund assets exceeding A\$1 billion

ATTENDANCE:

Approximately 50 superannuation fund representatives and 35 sponsor delegates



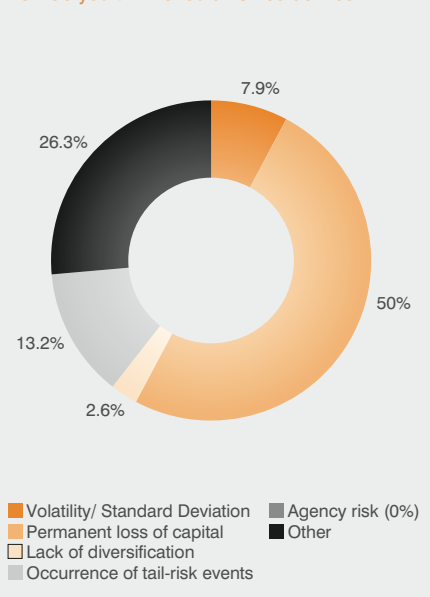
CIE's 2011 MMP forum, attended by delegates representing approximately AU\$525 billion, set out to achieve a number of objectives including; identifying trends within the global macroeconomic environment; discussing the need to focus on long-term investing; redefining risk and rethinking the role of currency in portfolios.

The forum began with a focus on the global macroeconomic environment. Many Western economies face an enormous debt burden, whilst the globe witnesses an economic and political power shift from the West to the East. However, considerable risks remain and those must be carefully managed.

Risks to the ongoing growth of China are possible catalysts for instability that would have a significant impact on investment markets, in view of its current role as a global growth driver. Additionally, the inability of European countries to effectively manage their monetary union and, the political indecisiveness surrounding the region's sovereign debt crisis (somewhat echoed in the US) is another source of systemic risk which received much attention at the forum.

The importance of long-term member outcome oriented goals was strongly emphasised. Superannuation is a long term commitment for members and, as such, funds agreed it best to set allocations with members' objectives in mind. This is important in order to ensure that members' account balances are maximised pre-drawdown, as they transition to retirement.

(Fig 1) From an investment point of view, how do you think should risk be defined?



Delegates at the 2011 Major Market Players forum identified the need for better post-retirement solutions, a theme seen throughout the year. 2012 forums will focus on further addressing the post-retirement issue and explore possibilities in developing solutions that cater better for retirees' needs.

Market volatility is a factor significantly impacting members, particularly those nearing retirement. However, volatility has become the norm in today's uncertain economic environment and superannuation funds must be positioned to deal with it. For this reason volatility, and more broadly risk, was a focal point of the 2011 forum. Most delegates stated that they believed they had a clear definition and understanding of risk, however an obvious disparity in the perceptions of what constituted risk was evident (Fig 1).

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“Outstanding insights provided on many current issues by high powered industry participants.”

Greg Boulton,
Trustee Director
Statewide
Superannuation

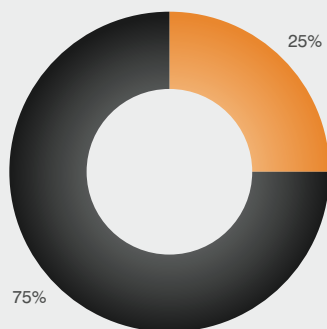
“The forum brings together participants from all facets of the industry, concentrating on current issues; it is a must for all superannuation funds.”

Peter O'Reilly,
Investments Manager
ANZ Australian Staff
Superannuation Scheme

“The forum was an extremely useful source of fresh insights and ideas, and helps challenge our current position to better inform our future strategy.”

Mark Coleman,
Investments Manager
Funds SA

(Fig 2) In your view, currency is:



■ A source of excess return
■ A source of risk to mitigate

Further, one of the largest sources of risk in portfolios with offshore exposure is currency, which again showed a disparity of views - 75% of delegates viewed currency as a source of risk to mitigate, whereas 25% saw it as a source of return generation (Fig 2). This curious divergence of opinions highlights the fact that there is no one clear cut view on some quite fundamental portfolio constructs. Given the volatility

experienced in the value of the Australian dollar and the impact of foreign exchange exposures on funds' returns, delegates debated the role currency should play in the portfolio, focusing increasingly on the impact of currency movements on contingent liabilities as well as the implementation of active or passive hedging strategies.

The above issues are some of the ongoing and sizeable challenges facing the industry that CIE will continue to address and build upon in 2012. CIE's forums will also examine how the issues raised this year evolve in response to the challenges of a new investment reality, one where economic uncertainty, resource scarcity, global power shifts and government financial instability are the norm.

Advisory committee

The topics addressed at the Major Market Players forum comprised of the collective views of all the advisory committee members who advised CIE's investment specific forum programs.

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