Private sector finance

Increasing the options for affordable rental housing

15 April 2014
Response from the private sector, making it happen

Mr Daniel Berger
Investment Manager, AustralianSuper
AustralianSuper

- $74bn
- 2m Members
- Average Balance: $26k
- Average Age: 40
- Accumulation 91%
- Pension 9%
- 76% in the default Balanced plan
AustralianSuper

- Offer a range of products
- Premixed Options comprising equities, bonds, cash etc.
  - High Growth (98% Growth) → Stable (26% Growth)
- MIC Options
  - Equities
  - Property
  - Fixed Income
  - Cash
Investment appetite

Premixed Options

Cash

Low Risk

High

Equities

Fixed Income Portfolio

Government Bonds

Low Risk

High

High Yield
Asset allocation

Balanced Plan Asset Allocation

- Australian Equities, 30%
- International Equities, 30%
- Cash, 6%
- Fixed Income, 12%
- Infrastructure, 10%
- Property, 8%
- Private Equity, 3%
AHURI proposal

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defensive</td>
<td>Yes</td>
</tr>
<tr>
<td>Return Seeking</td>
<td>No, returns will be low</td>
</tr>
<tr>
<td>Diversification</td>
<td>Yes, diversifies our equity exposure</td>
</tr>
<tr>
<td>Income Producing</td>
<td>Yes</td>
</tr>
</tbody>
</table>
### AHURI proposal

<table>
<thead>
<tr>
<th>Return</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute</td>
<td>Government bond plus a margin</td>
</tr>
<tr>
<td>Relative to comparable fixed income investments</td>
<td>Depends on the margin above government bonds</td>
</tr>
<tr>
<td>Return comparable to other asset classes</td>
<td>Low</td>
</tr>
<tr>
<td>Risks</td>
<td>Assessment</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>Risk of losing money</td>
<td>Low, government guarantee (AAA)</td>
</tr>
<tr>
<td>Risk of not achieving return objectives</td>
<td>Low, hold to maturity the return will be the starting yield</td>
</tr>
<tr>
<td>Volatility</td>
<td>Low</td>
</tr>
<tr>
<td>Liquidity</td>
<td>To be determined</td>
</tr>
</tbody>
</table>