



TASPLAN

Your Choice for Super

Investment Policy Statement December 2011

PLAN CHARACTERISTICS

Benefit Design

- Tasplan Super (“Tasplan” or “the Plan”) was established by the Tasmanian Confederation of Industries and the Tasmanian Trades and Labor Council in 1987 to provide award superannuation benefits in Tasmania.
- On 1 July 2003, the Bus and Coach Superannuation Scheme (BACSS) and Transport Employees Security Scheme (Transecure) were merged into Tasplan.
- The benefits provided by Tasplan are defined contribution (accumulation) benefits.
- Members are able to elect between a predominantly equity-based investment strategy (‘Equities Option’), a growth investment strategy (‘Longer Term Growth Option’), a balanced investment strategy (‘Balanced Option’, which is the default investment strategy), a defensive strategy (‘Short Term Defensive Option’) and a cash investment strategy (‘Cash Option’).
- Pension Options (“TasPension”) were established in the Plan during 2007. Members of TasPension are able to elect the same investment strategies available to non-pension members: Equities Option, Longer Term Growth Option, Balanced Option, Short Term Defensive Option, and Cash Option.

Trust Deed

- Tasplan Ltd (ACN 009 563 062) is the Trustee of the Plan.
- The Trust Deed provides the Trustee with broad authority to invest the Plan’s assets.
- The Trustee shall invest the assets of the Plan in a manner expected to ensure the continuing compliance of the Superannuation Industry (Supervision) Act 1993 and any other relevant legislation.

INVESTMENT RISK

- Members bear the investment risk and reap the rewards in respect of the returns credited to accumulation accounts. Fluctuations in investment returns directly affect benefits accruing to members.

INVESTMENT PHILOSOPHY

Plan Level

- The Trustee views superannuation balances to be long term investments. It professionally manages the assets supporting those balances with the aim of growing them in excess of price inflation, with the expected level of growth dependent on the level of aggressiveness of each Investment Option. While aiming to minimise negative returns, the Trustee acknowledges that to increase expected returns above cash requires accepting an increased likelihood of negative returns.

Equities

- The aim is to maximise long term investment returns through diversified investments in share portfolios.

Longer Term Growth

- The aim is to target high long term returns, while moderately constraining volatility through a degree of asset class diversification.

Balanced

- The aim is to target long term growth, while seeking to preserve capital in the medium term.

Short Term Defensive

- The aim is to preserve capital in the medium term, while seeking reasonable long term growth.

Cash

- The aim is to preserve capital in the short term, while seeking to add incremental value relative to cash.

INVESTMENT OBJECTIVES

The investment objectives of each Option are outlined below. Reference is made to investment returns after tax and fee where applicable. Subject to changes in tax regulation, the investment returns for pension members are currently estimated gross of tax. The risk characteristics of each Option are provided in the table following this list of investment objectives.

Equities Option

- The investment return objective will be to seek returns after tax and fees that exceed CPI increases by at least 5% pa over rolling seven year periods.
- The secondary investment objective is to outperform the benchmark and a suitable peer group over 3 year periods.
- The investment risk objective will be to achieve a positive return 14 out of every 20 years.

Longer Term Growth Option

- The investment return objective will be to seek returns after tax and fees that exceed CPI increases by at least 4.5% pa over rolling seven year periods.
- The secondary investment objective is to outperform the benchmark and a suitable peer group over 3 year periods.
- The investment risk objective will be to achieve a positive return 15 out of every 20 years.

Balanced Option

- The investment return objective will be to seek returns after tax and fees that exceed CPI increases by at least 4% pa over rolling five year periods.
- The secondary investment objective is to outperform the benchmark and a suitable peer group over 3 year periods.
- The investment risk objective will be to achieve a positive return 16 out of every 20 years.

Short Term Defensive Option

- The investment return objective will be to seek returns after tax and fees that exceed CPI increases by at least 3% pa over rolling three year periods.
- The secondary investment objective is to outperform the benchmark and a suitable peer group over 3 year periods.
- The investment risk objective will be to achieve a positive return 18 out of every 20 years.

Cash Option

- The investment return objective will be to seek returns after tax and fees that exceed cash rates (as measured by the UBS Australia Bank Bill Index) over successive one year periods.
- The investment risk objective will be to avoid negative cumulative returns measured over successive one year periods.

Risk Expectations for Strategic Benchmarks

Risk Expectations for Strategic Benchmarks	Equities	Longer Term Growth	Balanced	Short Term Defensive	Cash
x% expectation of a negative return in any particular year	21%	18%	14%	7%	0%
x% expectation of a negative return over rolling 3 years	14%	12%	9%	2%	0%
x% expectation of a negative return over rolling 5 years	11%	8%	5%	0%	0%
x% expectation of a negative return over rolling 7 years	8%	5%	2%	0%	0%
Expected number of negative years in a 20 year period	4.2	3.6	2.8	1.3	0
Classification of Options based on FSC & ASFA's Risk Band	High	Medium to High	Medium	Low to Medium	Very Low

These expectations are based on Mercer's long term capital market assumptions of the major asset classes' returns and volatility and correlations between the asset classes as at June 2011. The strategic benchmarks (asset allocation) of the Options and Mercer's long term capital market assumptions may change over time.

PLAN POLICY

General

- In taking decisions on investment strategy, the Trustee will have regard to the overall circumstances of the Plan and particular circumstances pertaining to each of the Options, and will comply with all applicable legislative requirements.
- The Plan's investments will be managed with a view to ensuring that the Plan will have sufficient liquidity to meet expected cash flow requirements.
- Investment risk will be limited by appropriate diversification both within and between asset classes.
- The services of one or more professional portfolio managers will be retained. The managers will have responsibility for the investment of the assets within specified constraints. Each manager will be expected to display the skill and expertise of a professional investment manager with investment objectives compatible with those of the Plan and each of the Options.
- The Trustee does not undertake day-to-day management of derivative instruments. External managers may utilise derivatives in managing pooled investment vehicles in which the Trustee invests. The Trustee considers the risks and the controls in place by analysing the managers' Derivatives Risk Statements (DRSs) and receives regular reporting on the managers' compliance with their DRSs. The Trustee has also adopted its own DRS in which the relationship between the overall investment strategy for the Plan and the usage of derivatives is outlined.
- For reasons of diversification, not more than 10% of the Plan's assets will be invested in any one asset or security, unless a larger investment is specifically authorised by the Trustee.
- Holdings of more than 5% in any one asset or security will be notified to members in annual reports.
- The Plan's interest in any externally managed pooled fund shall not exceed 10% of the assets of that pool, unless a larger investment is specifically authorised by the Trustee.

Unit Pricing Policy

Calculation and management of unit pricing is an area that exposes Tasplan to the possibility of significant reputation and/or financial risk if it is not very carefully managed and controlled.

Tasplan has developed a separate "Unit Pricing Policy" to ensure that all parties involved in the process understand their responsibilities, the work that has to be carried out, when particular tasks need to be completed and the documentation required to be completed as

evidence of the work carried out. This tightly controlled process is designed to minimise the opportunity for errors to occur and hence damage to reputation and/or the need for compensation to be paid.

The policy is also comprised of the following documents;

- Unitisation – Operating Guidelines for Tasplan
- NAS – Unit Pricing Methodology
- Deferred Tax Assets Policy
- Tasplan Unit Price Strike Checklist
- Unit Pricing Error & Compensation Policy

These additional documents form the appendices of the Unit Pricing Policy.

Reserving Policy

- Tasplan does not maintain reserves for the purpose of smoothing investment returns (please refer to the document “Tasplan Reserving Policy”).

Asset Allocation Strategy

- The Trustee has formulated an investment strategy for each Option. The strategies are intended to provide a range of options for members to meet their particular investment needs. The strategies are consistent with the investment objectives adopted for the various Options.
- Foreign assets that are indicated as hedged (H) are protected against the fluctuation of foreign currencies relative to the Australian dollar.
- Each investment strategy is expressed in the form of a benchmark portfolio and a set of ranges around the benchmark within which each Option’s exposures to the various asset classes will be maintained.

Equities Option

Asset Class	Benchmark (%)	Range (%)
Australian Shares	57.0	45 – 75
Overseas Shares - unhedged	16.5	10 – 25
Overseas Shares - hedged	16.5	10 – 25
Opportunistic Property & Private Equity	5.0	0 – 10
Infrastructure	5.0	0 – 10
Total Growth Assets	100.0	

Longer Term Growth Option

Asset Class	Benchmark (%)	Range (%)
Australian Shares	38.5	25 – 55
Overseas Shares - unhedged	13.5	10 – 25
Overseas Share - hedged	15.0	10 – 25
Opportunistic Property & Private Equity	5.0	0 – 10
Unlisted Property (Australian & Global)	5.0	0 – 10
Australian Listed Property	3.0	0 – 10
Global Listed Property	2.0	0 – 4
Infrastructure	5.0	0 – 10
Emerging Market Debt	3.0	0 - 5
Total Growth Assets	90.0	80 – 100
Australian Fixed Interest	1.0	0 – 5
Global Sovereign Bond (H)	1.0	0 – 5
Credit	1.0	0 - 5
Absolute Returns	6.0	3 – 12
Cash	1.0	0 – 7
Total Defensive Assets	10.0	0 – 20

Balanced Option

Asset Class	Benchmark (%)	Range (%)
Australian Shares	28.5	15 – 45
Overseas Shares - unhedged	8.5	5 – 17
Overseas Shares - hedged	10.0	5 – 17
Opportunistic Property & Private Equity	5.0	0 – 10
Unlisted Property (Australian & Global)	5.0	0 – 10
Australian Listed Property	2.5	0 – 7
Global Listed Property	2.5	0 – 5
Infrastructure	5.0	0 – 10
Emerging Market Debt	3.0	0 - 5
Total Growth Assets	70.0	60 – 80
Australian Fixed Interest	5.0*	0 – 15
Global Sovereign Bond (H)	5.0*	0 – 15
Credit	4.0*	0-10
Absolute Returns	6.0	3 – 12
Cash	10.0*	5-15
Total Defensive Assets	30.0	20 – 40

* A decision to move the AFI, GSB & Credit allocations to 6.5%, 6.5% and 6.0% respectively, together with a reduction in the Cash allocation to 5%, was made in December 2010. However, it was agreed to defer implementation for the time being whilst Term Deposit rates were offering significantly higher yields than fixed income investments.

Short Term Defensive Option

Asset Class	Benchmark (%)	Range (%)
Australian Shares	12.0	5 – 20
Overseas Shares - unhedged	3.5	0 – 10
Overseas Shares - hedged	4.5	0 – 10
Unlisted Property (Australian & Global)	2.0	0 – 8
Australian Listed Property	2.0	0 – 5
Global Listed Property	2.0	0 – 5
Infrastructure	2.0	0 – 5
Emerging Market Debt	2.0	0 - 5
Total Growth Assets	30.0	20 – 40
Australian Fixed Interest	12.0*	5 – 30
Overseas Fixed Interest (H)	12.0*	5 – 30
Credit	4.0*	0 - 10
Absolute Returns	6.0	3 – 12
Cash	36.0*	0 – 50
Total Defensive Assets	70.0	60 – 80

* A decision to move the AFI, GSB & Credit allocations to 17.0%, 17.0% and 5.0% respectively, together with a reduction in the Cash allocation to 25%, was made in December 2010. However, it was agreed to defer implementation for the time being whilst Term Deposit rates were offering significantly higher yields than fixed income investments.

Cash Option

Asset Class	Benchmark (%)	Range (%)
Cash	100.0	100.0
Total Defensive Assets	100.0	

- Managers' mandates will be structured so that each Option's underlying asset allocation is consistent with the stated strategy.
- Each Option's exposures to the various asset classes will be monitored, taking into account the underlying exposures in any pooled investment vehicles and the impact of futures and options on an effective exposure basis.
- Effective exposure of an option contract will be measured by reference to the relationship between the change in the price of the option relative to a change in the

price of the underlying asset to determine an equivalent market value exposure to the underlying asset.

- Effective exposure to any asset or asset class is the sum of the market value of physical assets, the underlying market value represented by futures contracts and the effective exposure derived from options contracts.
- The appropriateness of these benchmark portfolios will be formally assessed at least once a year and kept under constant review to reflect any fundamental changes in the investment environment and changes to the Plan's investment policy.

Dynamic Asset Allocation Strategy

- The short to medium term asset allocations of each Option shown above may be altered on a regular basis through a medium term Dynamic Asset Allocation (DAA) strategy. The Trustee employs the services of an external adviser to provide DAA advice on a quarterly basis, taking into account the prevailing market environment and expectations over the following one to three year period.
- The DAA advice is implemented by using cash surplus from members' contributions to gradually bring the asset allocation close to the DAA targets. Where the estimated cash surplus is not sufficient to achieve the DAA targets in the foreseeable future, a rebalancing of the portfolio may be required by redeeming investments from asset classes with allocation above the DAA targets to fund asset classes that are underweight.

INVESTMENT PERFORMANCE MONITORING

- The principal goals of performance monitoring are to:
 - assess the extent to which each Option's investment objectives are being achieved;
 - compare the performance of the Plan's appointed managers against the performance of other relevant professional managers and market indices;
 - ascertain the existence of any particular weakness in the manager; and
 - allow the Trustee to continually assess the ability of the manager(s) to successfully meet each Option's objectives.
- Returns achieved by the appointed managers will be assessed by the Trustee in relation to their stated objectives and the objectives of each Option. Returns will also be compared with returns earned by a suitable peer group, such as a group of other professional fund managers.
- Returns on each Option will be monitored by the Trustee in relation to the relevant benchmark portfolio nominated in this Investment Policy Statement. The

benchmark portfolio is a performance monitoring tool and is not intended to reflect actual or targeted asset allocation at any stage.

- It is not the intention of the Trustee to restrict or encourage an appointed manager to invest in any one static asset allocation. Each manager will be assessed in relation to an asset allocation relevant to that manager.
- Performance for individual asset classes will be measured against suitable indices such as those indicated in the following table:

Asset Class	Index
Australian Shares	S&P/ASX 300 Accumulation Index
Overseas Shares - unhedged	Morgan Stanley Capital International All Countries World Index (ex Aust) in \$A with net dividends reinvested
Overseas Shares - hedged	Morgan Stanley Capital International World Index (ex Aust) in \$A with net dividends reinvested, hedged into \$A
Opportunistic Property & Private Equity	CPI + 8% per annum
Australian Listed Property	S&P/ASX 300 GICS Property Accumulation Index
Unlisted Property (Australian & Global)	Mercer Unlisted Property Fund Index
Global Listed Property	UBS Real Estate Global Investors Index (Hedged)
Infrastructure	CPI + 6% per annum
Emerging Market Debt	J.P.Morgan Government Bond Index – Emerging Markets Diversified (Unhedged)
Australian Fixed Interest	UBS Australia Composite Bond Index (All Maturities)
Global Sovereign Bonds	Citigroup World Govt Bond Index hedged into \$A
Credit	Barclays Global Credit Index
Absolute Returns	UBS Australia 90 Day Bank Bill Index
Cash	UBS Australia 90 Day Bank Bill Index

S&P = Standard & Poor's

ASX = Australian Stock Exchange

- Manager performance will be monitored with a view to an annual evaluation of rolling three and five year results.
- Managers' roles will be reviewed by the Trustee on a regular basis. Factors taken into account in these reviews will include investment style, resources, organisational strength, investment performance relative to objectives, and any other factors considered relevant to the manager's continuing ability to meet its investment objectives.

Environmental, Social & Governance (ESG) Policy

Tasplan has developed a separate policy on the environmental, social and governance aspects of investments called Environmental, Social and Governance (ESG) Guidelines. These Guidelines outlines the principles that the trustee has adopted on ESG, including the United Nation Principles for Responsible Investments for which the trustee is a signatory, the engagement with various service providers of Tasplan in implementing the Guidelines, and reporting and monitoring of the Guidelines implementation.

Meetings

- Each portfolio manager will attend meetings of the Trustee as required to discuss strategy, portfolio activity and performance. The manager will report at least quarterly in accordance with a format agreed with the Trustee.
- Each portfolio manager will report to the Trustee any major shifts in investment strategy or significant change in the management structure or other characteristic of the manager as soon as is practicable.
- Professional consulting advice will be sought at least quarterly in respect of the performance and continued suitability of externally appointed fund managers, the adequacy of the returns achieved in respect of each Option and the continuing suitability of their investment policies.