



Public Trustee

Public Trustee Common Account & Investment Funds Information Guide

This product information guide provides an outline of the main features of the Public Trustee Investment Funds (PTIF). The information contained in this guide is general information only and does not take into account individual financial objectives, financial situation or needs.

The Public Trustee's Common Account operates like a cash management account used to manage the day to day expenses of its clients. Funds are at call

and the interest rate is competitive in line with the current markets.

The Public Trustee's four Investment Funds are used for the investment of funds of clients with a long term outlook. The Funds have been designed to allow for more flexibility in meeting different client objectives.

One of Australia's leading fund managers, Mercer, has joined with the Public Trustee to manage the Funds. The four Funds are:

Cash

Funds are invested to earn income but there is no capital growth to offset inflation. The investments include cash and short term income-bearing securities. These investments are also often called defensive assets, or income-producing assets. The Cash Fund expects to have a very low level of fluctuation in market values, with a corresponding rate of return.

Conservative

Funds are invested in a mix of 30% growth assets to offset inflation and 70% income-producing assets. Growth assets include Australian and overseas shares, Australian and overseas property and infrastructure. Income-producing assets include Australian and overseas fixed interest, cash and alternative assets. The Conservative Fund expects to have a low level of fluctuation in market values, with mostly income, and some capital growth, forming the rate of return.

Growth

Funds are invested in a mix of 70% growth assets to offset inflation and 30% income-producing assets. Growth assets include Australian and overseas shares, Australian and overseas property and infrastructure. Income-producing assets include Australian and overseas fixed interest, cash and alternative assets. The Growth Fund expects to have a moderate level of fluctuation in market values and, in the long term, the capital growth component is expected to provide a total rate of return higher than the Cash or Conservative Funds.

Growth Plus

Funds are invested in growth assets to offset inflation. These include Australian and overseas shares, Australian and overseas property, infrastructure and alternative assets. While the Fund expects 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 the other funds.

The Public Trustee Investment Funds are sometimes also called Strategic Investment Accounts and are strategic common accounts under the Public Trustee Act 1941.

The Public Trustee Common Account is capital guaranteed by the State Government. The Public Trustee Investment Funds do not carry this guarantee.



Investment Funds in More Detail

Each of the Public Trustee Investment Funds has its own investment objective and strategy. The Public Trustee can choose the Fund to give clients access to different asset classes and mixes of investment managers and investment styles to suit them. Further details of each Fund can be found in the Fund Description section of this guide. For an explanation of terms, refer to the Some Terms Explained section.

Note that there is no guarantee that the expectations of higher risk and return characteristics will be met over any particular period. Also, past performance is not necessarily an indicator of likely future performance.

PTIF Cash Fund

Fund Objectives

- to achieve a rate of return at or above the benchmark index (before fees and taxes) over rolling one-year time periods
- to achieve a positive return over all time periods

Investment Strategy

The Fund invests in cash and short term income-earning investments.

Level of risk	Very low
Mix of investments	
	Benchmark %
Income Investments:	100%

PTIF Conservative Fund

Fund Objectives

- to achieve a return at or above CPI increases by at least 3 % per annum (before fees and taxes) over rolling five year periods
- to achieve a negative annual return no more frequently than one year in every ten

Investment Strategy

The Fund invests in a mix of investments using a multimanager investment approach.

Level of risk	Low
Mix of investments	
	Benchmark %
Growth Investments:	
Australian shares	11%
Overseas shares	9%
Property	10%
Infrastructure	0%
Total Growth Investments	30%
Income Investments:	
Fixed interest	30%
Cash	30%
Total Income Investments	60%
Other Investments:	
	10%

Fees for investing

Fees apply for the management of both the Common Account and the Investment Funds. These fees are global fees and are deducted from funds before income distributions are credited back to the client's account. Fees are not charged at an individual level.

Common Account

The income earned and received in a client's Common Account will incur a fee of 6% per annum.

Management of Investment Funds

The Public Trustee will receive a fee not exceeding 2% per annum, calculated daily, of the value of the assets under management in the Fund, minus external management fees and charges (net of any tax credits applicable to those external management fees and charges).



PTIF Growth Fund

Fund Objectives

- to achieve a return at or above CPI increases by at least 3.5 % per annum (before fees and taxes) over rolling five year periods
- to achieve a negative annual return no more frequently than one year in every five

Investment Strategy

The Fund invests in a mix of investments using a multimanager investment approach.

Level of risk Moderately High

Mix of investments

Benchmark %

Growth Investments:	
Australian shares	33%
Overseas shares	27%
Property	10%
Infrastructure	0%
Total Growth Investments	70%

Income Investments:	
Fixed interest	10%
Cash	10%
Total Income Investments	20%

Other Investments:	
	10%

PTIF Growth Plus Fund

Fund Objectives

- to achieve a return at or above CPI increases by at least 4.5% per annum (before fees and taxes) over rolling seven year periods
- to achieve a negative return no more frequently than one year in every four

Investment Strategy

The Fund invests in a mix of investments using a multimanager investment approach.

Level of risk High

Mix of investments

Benchmark %

Growth Investments:	
Australian shares	45%
Overseas shares	45%
Property	10%
Total Growth Investments	100%

Income Investments:	
	0%

Supervision of external investments and collection of income

Where the Public Trustee supervises external investments (such as external share portfolios; not including investments in the Common Account or Public Trustee Investment Funds) and the collection of income, it will determine the total value of the external investments and charge:

- 0.66% on the first \$100,000
- 0.55% on the next \$400,000
- 0.33% on the next \$1,500,000
- 0.11% on the amount exceeding \$2,000,000.

This does not apply when the Public Trustee is:

- executor or administrator of a deceased estate
- Donee of an enduring power of attorney that first came into force on or before 30 June 2009
- trustee of a court trust established during the period 1 July 2004 to 30 June 2009, until the fifth anniversary of the trust's establishment
- manager of frozen or confiscated property.

Other fees and charges may also apply. For detailed information regarding our fees, please refer to our Scale of Fees available on our website at www.publictrustee.wa.gov.au or by calling 1300 746 116.



Some Terms Explained

Alternative Assets

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

Asset Class

Asset classes are the names given to the different financial categories in which money is invested. The major asset classes include shares, property, income (fixed interest), cash and alternative assets. They can be further segmented into Australian or overseas assets, and direct or indirect. All asset classes have different levels of market fluctuation and return characteristics.

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)

The CPI is used to measure the rate of inflation, based on price changes of a selection of household goods and services.

Income Investments

Income investments are often called Defensive Investments. These types of investments endeavour to protect the capital from the chance of a negative return (that is, a 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

The fund objectives identify the type of return the Fund aims to achieve. Fund 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 of time.

Growth investments

Growth investments are investments where there is potential for capital growth over the long term. They tend to have more price variation (up and down) in the short term. Shares and property are the two main growth investments

Other investments

Other investments include infrastructure, which are investments in capital intensive, long-term infrastructure assets required to fulfil major economic and social needs. Examples include airports, toll roads, pipelines and utilities (water, power). Derivative structures are also included in other investments.

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.

Level of Risk

Each Fund has an average expected likelihood of the Fund giving a negative return. In this context:

- a 'high' level of risk means a negative return is expected, on average, approximately one in every three to five years.
- a 'moderately high' level of risk means that a negative return is expected, on average, approximately one year in every five to six years.
- A 'low' level of risk means that a negative return is expected, on average, less than approximately one year in every nine to ten years.
- A 'very low' level of risk means that a positive return is expected over rolling twelve month periods.

Note these 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.

Mix of Investments

This refers to the benchmark asset allocation of a 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.

Property

Investment in property may be by direct holding of the physical building or indirectly by units in a property trust. Property trusts may or may not be listed on a stock exchange. Property investments are suitable for long term investment.

Shares

Owning shares in a company is owning a portion of a company's business; literally a "share" of it. 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 "ups and downs". That is, they experience more "volatility".

For more information on Public Trustee Investment Funds, contact the Public Trustee on 1300 746 212.



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