



Performance histories of the PPS Profit-Share Account Portfolio Choice options as at end August 2019:

The PPS Portfolio Choice options are ranked from medium-high risk to low risk based on the equity exposure of each option, with higher risk options having a greater equity exposure. Over time equities have proven to deliver a higher return than other asset classes, but this higher return does come with higher volatility, which can result in a negative return at times.

This equity volatility is evident in the return profiles across the PPS Portfolio Choice options in the one-year to five-year time periods. Over these periods the higher risk options, which hold more equities, have underperformed the lower risk options. However, over the long-term seven and ten-year investment horizons the higher risk options have delivered the greater levels of return. Year to date there has been only a small difference in the return profiles as equities have delivered a return similar in magnitude to the less risky asset classes.

It is therefore important when selecting a PPS Portfolio Choice option to consider both the time horizon of the investment and the level of risk that would be appropriate. Longer time horizons allow for more risk to be assumed as short-term volatility can be tolerated in order to attain the long-term returns. Instead of a once-off adjustment, de-risking over time as the investment horizon shortens may prove to be a suitable strategy. This is however better utilised as a pre-planned strategy over time as opposed to a change for perceived short-term gains.

All four the PPS Portfolio Choice options are managed on a multi-manager basis, where underlying managers are diversified across various styles in order to deliver a more consistent risk-return profile over time. This ensures as far as possible that these options are not susceptible to a single risk factor.

	YTD	1 yr	2 yrs	3 yrs	5 yrs	7 yrs	10 yrs	Risk Profile
Pooled PPS Profit Share Portfolio (High Equity)	6.32%	-1.66%	3.15%	4.29%	6.44%	10.27%	11.20%	Medium - High
Medium Equity Portfolio	6.91%	0.53%	4.42%	4.34%	5.56%	8.11%	8.35%	Medium
Low Equity Portfolio	6.68%	3.78%	6.30%	5.71%	6.59%	7.95%	7.94%	Medium - Low
Fixed Interest Portfolio	5.22%	7.98%	7.70%	7.84%	7.82%	7.05%	7.29%	Low

	2018	2017	2016	2015	2014	2013	2012	2011
Pooled PPS Profit Share Portfolio (High Equity)	-3.67%	13.82%	4.64%	10.45%	10.54%	24.30%	18.61%	6.90%
Medium Equity Portfolio	-0.29%	8.86%	2.83%	7.77%	9.09%	16.82%	13.74%	4.38%
Low Equity Portfolio	3.89%	7.58%	3.21%	8.74%	8.94%	12.94%	10.32%	5.53%
Fixed Interest Portfolio	8.22%	7.27%	8.79%	6.48%	5.76%	5.07%	7.81%	6.68%

Note: The performance shown is net of all underlying manager and administration fees and reflect the returns experienced by members (gross of taxes). Source: PPS.

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