

# CHAIRMAN'S REPORT

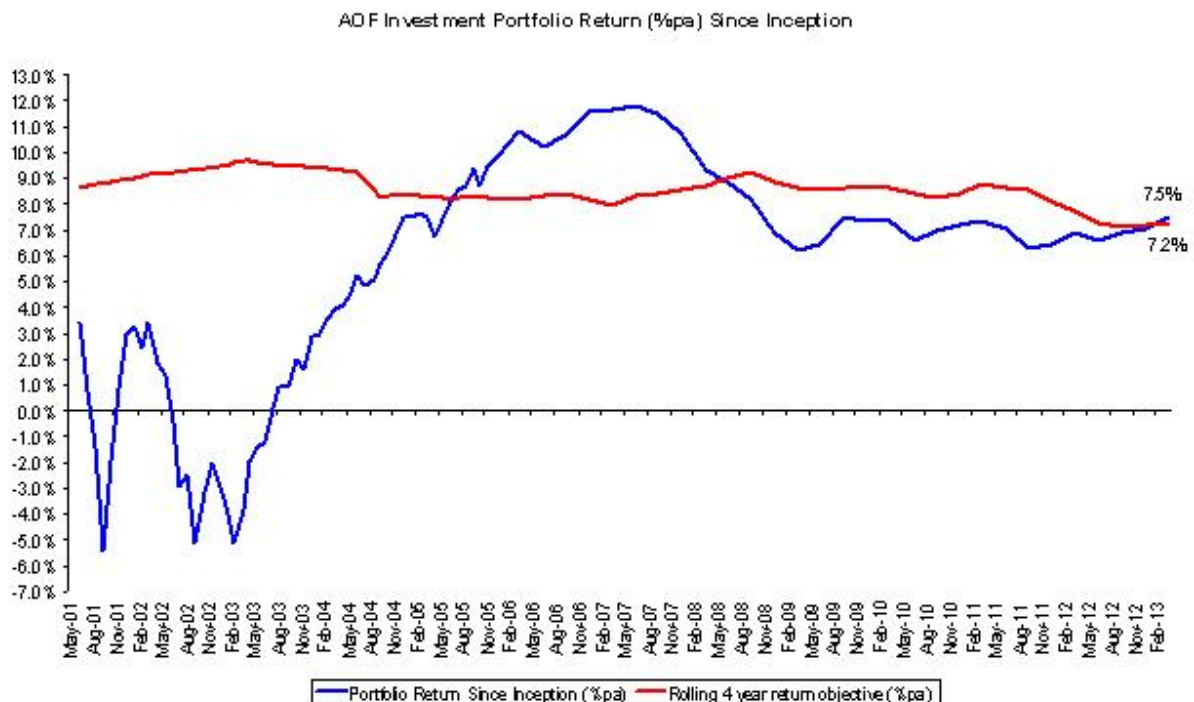
## TO THE BOARD OF THE AUSTRALIAN OLYMPIC FOUNDATION

FRIDAY 3 MAY 2013

As advised in the 2012 Annual Report of the Australian Olympic Foundation (Foundation), net assets at 31 December 2012 totalled \$115.6 million.

Following improvement in equity investment valuations in Australia and particularly internationally in the March quarter net assets at 31 March 2013 increased to \$121.4 million.

The Foundation made an interim distribution of \$1.15 million to the AOC for the March Quarter 2013, bringing total cash contributions to the AOC to \$81.5 million since 1 January 2001.



The above graph shows the composite return for the Foundation since inception to March 2013 versus the target objective of a rolling 4 year CPI plus ten year bond rate which is currently 7.2%.

Since inception to 31 March 2013 the Foundation's portfolio has returned 7.5% per annum.

In my Chairman's Review in the Annual Report, I noted that 2012 ended with Europe still beset by economic problems but having averted any major crisis, China maintaining growth albeit at lower levels, the United States recovery gathering strength, and the Australian economy still very much dependent on the mining and resources industry with high volumes but volatility in commodity prices.

Against this backdrop the first quarter of 2013 saw record equity markets in the United States, a stronger equity market in Australia and positive signs in some of the emerging markets.

Following continuing economic problems in Europe, concern over commodity volumes and commodity prices generally, as a broad result of lower than expected growth in China, and inconsistent economic data at times from the United States, we have seen high volatility in recent days in equity markets in Australia and internationally.

Despite this, equity indexes have moved above the relatively high levels achieved at the end of the first quarter of 2013.

We are witnessing emerging problems in Australia with economic fundamentals in good shape relative to most other countries but facing a slowing of expansion in the resource and energy sectors and at the same time pressure on margins.

In April equity indexes saw the US Dow Jones Price Index establish new record levels finishing at 14,840 and the Australian ASX 200 Price Index finish at 5191, an increase of 4.5% for the month.

The Foundation's Investment Advisory Committee met in February and on 29 April 2013. At the February Meeting presentations were made by our consultants, Mercer and also Fund Managers, Lend Lease (Direct Property) and Wellington Management (Investment Grade Credit).

At the 29 April Meeting presentations were made by Mercer and the Goodman Australia Industrial Fund.

Whilst the remainder of 2013 will continue to see economic issues arise internationally and in Australia, we believe the Foundation through its balance of funds invested is well placed to face these challenges and participate in the opportunities ahead in Australian and international economies.

**JOHN COATES AC**  
Chairman