

# CHAIRMAN'S REPORT

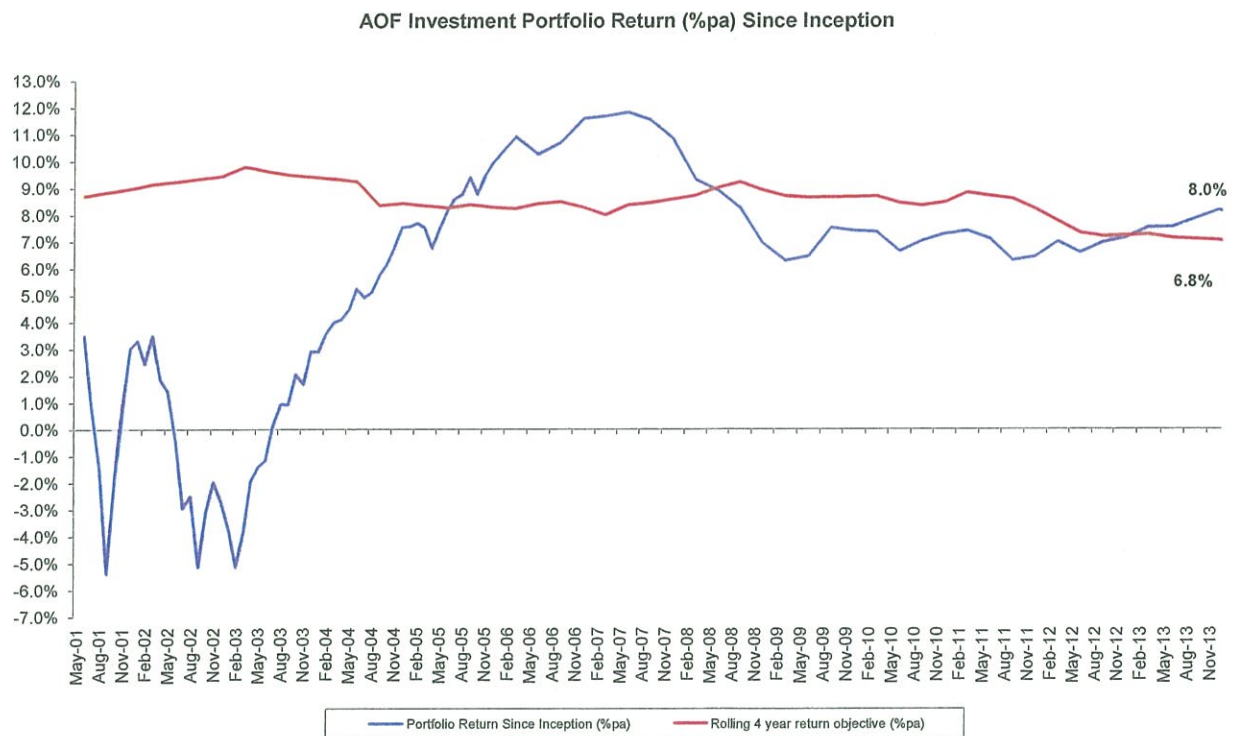
## TO THE BOARD OF THE AUSTRALIAN OLYMPIC FOUNDATION

FRIDAY 9 MAY 2014

As advised in the 2013 Annual Report of the Australian Olympic Foundation (Foundation), net assets at 31 December 2013 totalled \$135.1 million.

Following volatility in equity investment valuations in Australia and internationally in the March quarter net assets at 31 March 2014 were \$134.2 million.

The Foundation made an interim distribution of \$1.15 million to the AOC for the March Quarter 2014, bringing total cash contributions to the AOC to \$86.1 million since 1 January 2001.



The above graph shows the composite return for the Foundation since inception to March 2014 versus the target objective of a rolling 4 year CPI plus ten year bond rate which is currently 6.8%.

Since inception to 31 March 2014 the Foundation's portfolio has returned 8% per annum.

Equity markets internationally and in Australia have been volatile in 2014. The US continues to taper its Quantitative Easing Program as its expansion gradually picks up pace.

Despite some finance concerns China is still maintaining relatively high growth levels although slowing in early 2014.

European economies are slowly improving.

Australia with economic fundamentals in good shape relative to most other countries is facing an unclear overall economic climate with expansion in housing construction but with resources sector investment spending set to decline and issues around the May Federal Budget.

Events in Russia/Ukraine remain of concern and any further escalation is likely to have an effect on equity markets globally.

The Foundation's Investment Advisory Committee met in March and on 5 May 2014. At the March Meeting presentations were made by our consultants, Mercer and also Fund Managers, Lend Lease (Direct Property) and Wellington Management (Investment Grade Credit).

At the 5 May Meeting presentations were made by Mercer and the Goodman Australia Industrial Fund.

Whilst the remainder of 2014 will I believe continue to see economic issues arise internationally and in Australia which will affect Fund valuations, we believe the Foundation through its balance of funds invested is well placed to meet these challenges.

**JOHN COATES AC**  
Chairman