

# **CHAIRMAN'S REPORT**

## **TO THE BOARD OF THE AUSTRALIAN OLYMPIC FOUNDATION**

**FRIDAY 4 MAY 2012**

As advised in the 2011 Annual Report of the Australian Olympic Foundation (Foundation), net assets at 31 December 2011 totalled \$106.3 million.

Following strong improvement in equity investment valuations in Australia and internationally in the March quarter net assets at 31 March 2012 increased to \$112.5 million.

The Foundation made an interim distribution of \$1.57 million to the AOC for the March Quarter 2012, bringing total cash contributions to the AOC to \$75.7 million since inception on 1 January 2001.

Since inception the Foundation's portfolio has returned 6.9% per annum.

In my Chairman's Review in the Annual Report, I noted that 2012 results were likely to be affected by the outcome of European sovereign debt issues and the possibility of recession in parts of Europe. This is still the case.

I noted also that the United States economy was showing signs of improvement, China's growth was moderating, although demand from China and Asia remained strong but likely to face price pressure. I believe this is still the position.

In regard to the Australian economy, I noted it was strong by comparison to other developed countries but still very dependent on the mining and resources industry maintaining export levels and commodity prices. Whilst this is still the case, weaknesses are emerging in the non-resource and commodity areas and are particularly evident in the retail and service sectors across Australia. Despite this, Australia remains healthy from a financial and economic perspective relative to other countries.

In April equity indexes saw the US Dow Jones Price Index hold around March levels at 13,214 and the Australian ASX 200 Price Index finish at 4396, an increase of 1.4% for the month.

The Foundation's Investment Advisory Committee met in February and on 1 May 2012. 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 1 May Meeting presentations were made by Mercer and the Goodman Australia Industrial Fund.

Whilst the remainder of 2012 will probably continue to see economic issues arise internationally and in Australia, we believe the Foundation through its strategic asset allocation of funds invested is well placed to face these challenges and participate in the future growth of the Australian and international economies.

**JOHN COATES AC**  
Chairman