

CHAIRMAN'S REPORT

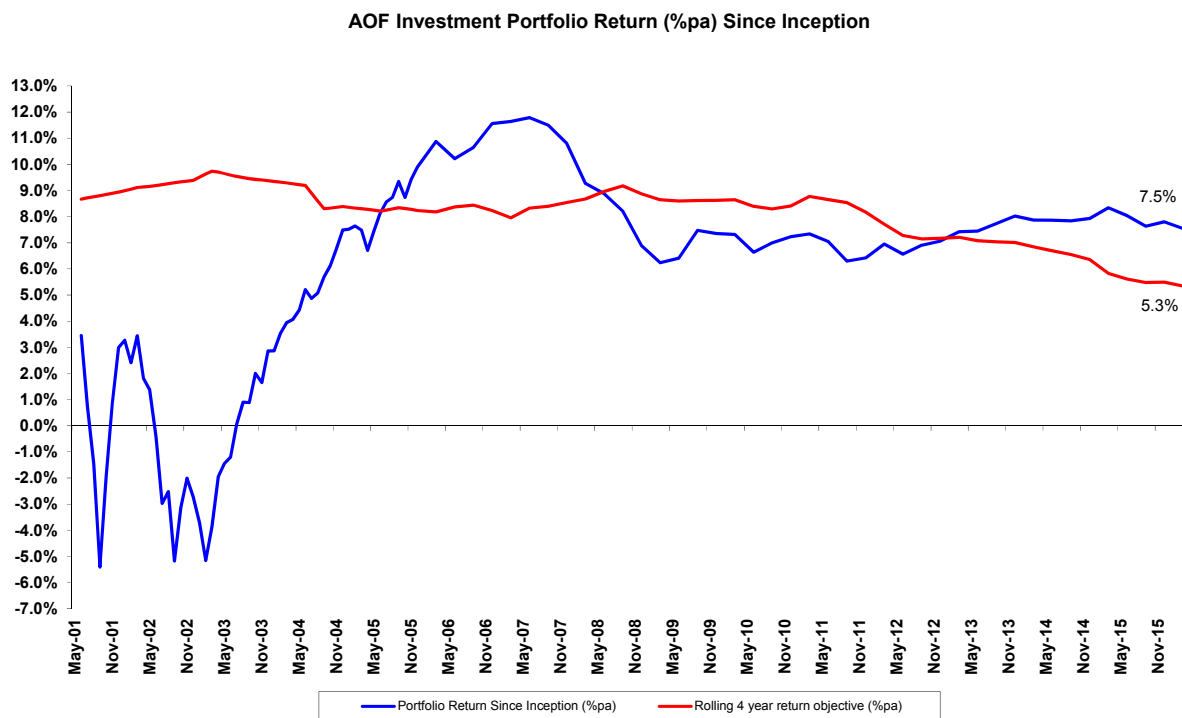
TO THE BOARD OF THE AUSTRALIAN OLYMPIC FOUNDATION

FRIDAY 6 MAY 2016

As advised in the 2015 Annual Report of the Australian Olympic Foundation (Foundation), net assets at 31 December 2015 totalled \$142.3 million.

Following continued volatility in equity investment markets in Australia and internationally in the March quarter net assets at 31 March 2016 were \$139.6 million.

The Foundation has made interim distributions of \$1.15 million to the AOC for the March and June quarters 2016, bringing total cash contributions to the AOC to \$96.4 million since 1 January 2001.



The above graph shows the composite return for the Foundation since inception to March 2016 versus the target objective of a rolling 4 year CPI plus ten year bond rate which is currently 5.3%.

Since inception to 31 March 2016 the Foundation's portfolio has returned 7.5% per annum.

Equity markets internationally and in Australia continue to be volatile in 2016. The US economy has continued to improve as expansion picks up and employment improves.

Despite some concerns China still targets annual growth levels between 6.5% and 7%.

European economies are slowly improving with the European Central Bank maintaining its support program.

Australia faces an unclear economic climate with lower resource prices and falling mining and resource investment with confidence a major issue in the current election climate.

The Foundation's Investment Advisory Committee met in February and on Monday 2 May 2016.

At the February Meeting presentations were made by our consultants, Mercer and also Fund Manager, Schroder (Australian Equities).

At the 2 May Meeting presentations were made by Lend lease (Direct Property) and the Goodman Australia Industrial Partnership.

Whilst noting the current volatility in international and Australian equity markets we believe the Foundation with its allocation of assets is well placed going forward.

JOHN COATES AC
Chairman