PITCHER RETIREMENT PLAN ***NEWS***

October 2019

We are pleased to provide this report on performance results for the year ended 30 June 2019 and an update on the merger with Equip Super. This report should be read with your 2019 Member Statement. Together, both documents make up our annual reporting to members.

The full 2019 Member Report is available at ***www.prpsuper.com.au***. Alternatively, you can contact the Fund administrator to request a printed copy.

Merger Update

We wrote to you recently to advise that the Board have decided it would be in the best interests of members to merge with ***Equip Super***.

Equip Super is a low-cost profit-for-member superannuation fund with exceptional long-term investment performance. We are confident the merger will result in reduced costs to members while also providing access to improved investment opportunities. Equip have agreed to take over the current Fund insurance policy, which means members will continue to have access to insurance cover at a reasonable cost.

We have formed a working group with Equip and are meeting regularly to ensure the merger continues to progress smoothly. The merger is still subject to legal sign-off, however we expect the merger will be completed prior to 30 June 2020. Further information will be provided to you as matters progress.

Each of the Fund's investment options achieved positive returns for the 2018/2019 financial year as follows:

Investment strategy	Cash	Capital Stable	Balanced	Growth	High Growth
Strategy Performance	2.13%	4.28%	5.00%	4.42%	3.40%

Investment Commentary

There were many reasons why the 2019 financial year was a challenging one for investors. Global growth slowed, trade disputes continued, geo-political conflicts flared, central banks reversed their policy, and there was greater volatility in corporate earnings.

Despite this, most asset classes delivered positive returns. Although the December 2018 quarter was disappointing, positive returns were subsequently delivered after major central banks indicated lower interest rates in the future and increased monetary stimulus.

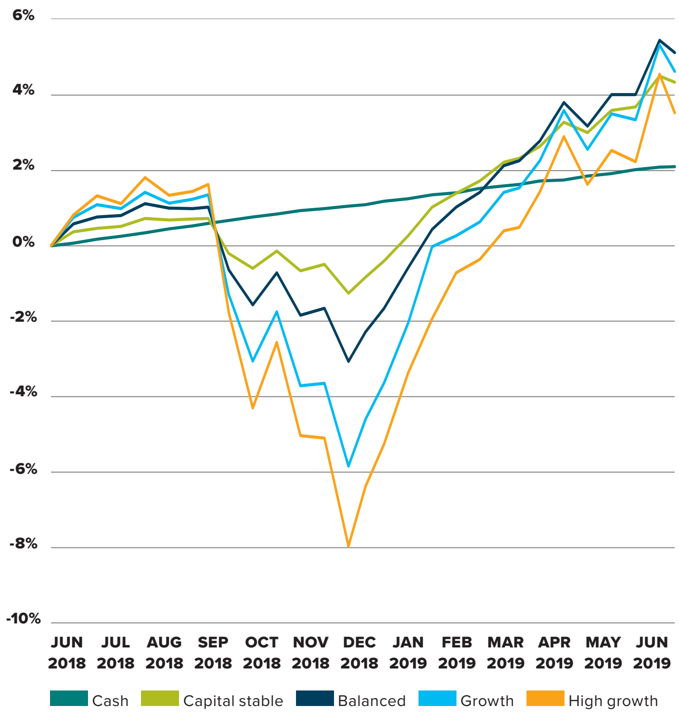
While each asset class provided positive returns, the returns to PRP members (and investors in general) were dependent on how portfolios were positioned within asset classes.

Strategy Performance

The long-term performance of each investment strategy (except Capital Stable and Cash) has exceeded long term performance targets. Capital Stable and Cash have underperformed the 5-year average target based on CPI due to the low rate environment in recent years.

Further information on each investment option, including the likelihood of negative returns, is outlined in the Plan's publication "Choosing your investment strategy". This is available from the Plan's website ***www.prpsuper.com.au***.

Strategy Performance – twelve months ended 30 June 2019



Crediting Rates

The following summarises the annual crediting rates (after tax), the long-term earnings rate and the long-term performance target for each investment option.

Year/Period Ended#	Cash	Capital Stable	Balanced	Growth	High Growth
2019	2.13%	4.28%	5.00%	4.42%	3.40%
2018	2.31%	4.58%	6.83%	9.22%	12.26%
2017	2.39%	3.58%	5.03%	6.80%	8.79%
2016	2.45%	4.69%	6.08%	5.44%	4.62%
2015	2.95%	5.61%	7.81%	8.96%	10.85%
5-year average^	2.45%	4.55%	6.14%	6.95%	7.93%
5-year target*	2.90%	4.90%	5.40%	6.40%	6.90%
10-year average^	3.47%	6.03%	7.23%	7.83%	8.61%

 # Please contact the Plan for the specific pension crediting rates. Investment earnings of pension accounts will be different than those disclosed above
^ 5 year / 10 year compound average return
** 5 year rolling average target, based on CPI movements of 1.9%*

Investment Review

After a year of volatility, most asset classes ended the year with positive returns. Returns across the superannuation sector were largely dependent on the choice of whether to actively or passively invest. Active investments (including those used by PRP) struggled to outperform over the year. On a longer-term basis, returns have remained strong and have largely outperformed stated investment objectives.

Members should note that the Trustee has an obligation to invest in the asset classes for each investment option as they are detailed in the Fund's Product Disclosure Statement (PDS), irrespective of prevailing market conditions. It is crucial you consider and actively monitor the best investment option in your circumstances and act to switch investments if appropriate. Investment switches can be made at any time and there is no cost involved in doing so.

When considering investment options and investment performance, you should consider the underlying exposure to growth and income assets. There is no industry standard on exposure concentrations and investment options described the same way can have significantly different asset exposures. The Fund's Balanced Investment Option for example has 50% exposure to growth assets as it has been the Board's view that this represents a balanced investment approach between growth and income. The Balanced investment option in many other funds however may be much higher, some will be as high as 90% exposure to growth assets.

Investment Outlook

We are currently at an unusual juncture within financial markets. Central banks are attempting to arrest the slide in economic activity through what are effectively emergency policy settings (i.e. low to negative interest rates).

The trade dispute between the U.S & China has weighed on global growth, with business investment dipping, earnings growth fading and profit margins under pressure. We believe this theme will continue to influence sentiment over the coming 6-12 months.

The U.S economy has reached its equal longest post war economic expansion – although there has been a recent dip in activity. The market seems to have priced in a far more stimulatory outlook (lower for longer) for interest rates than what the Federal Reserve has publicly committed to. We expect to see further volatility if these views remain going forward.

For Australia, the surprise re-election of the Coalition Government has certainly provided some surety and confidence for business, consumers and investors alike – however we are yet to see this translate into meaningful economic results. The housing market has shown some tentative signs of stabilisation, however credit growth (reflecting both demand and supply) from the banks remains subdued.

Despite the tougher macro environment, we believe the low interest rate setting is likely to continue to support strong capital flows into risk assets, given the high opportunity cost associated with low cash rates and bond yields.

Further Information

Disclosure documents and forms are available from the Plan's website ***www.prpsuper.com.au***
Any questions you may have can also be directed to the Plan's administrator on (03) 9691 2944 or **prp@pitcher.com.au**.

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