



March 2017

Quarterly Investment Report

Commentary

The first quarter of 2017 saw significant developments in the Future Super portfolio, the most meaningful being the addition of international equities through the investment in the Betashares Global Sustainability Leaders Exchange Traded Fund (ETHI). Future Super's Investment Manager provides the ethical and fossil free screening for ETHI, creating a portfolio of 100 global climate change leaders. The portfolio has a broad negative screen that has been designed to match the ethical investment criteria of the Future Super fund. The early performance of the international equities portfolio has been pleasing, contributing a positive return of 3% for the March quarter.

Development of our social and environmental impact focussed alternative assets portfolio continues as well. After adding the IIG Solar Income Fund in the second half of 2016, the portfolio also added the Aspire Social Impact Bond in the March quarter. The Aspire Bond is a social impact bond which generates a financial return based on the amount of vulnerable people it can assist out of the cycle of homelessness. We expect to add further alternative assets to the portfolio as it grows.

The March quarter was a difficult period for our Australian equities portfolio. Traditional sectors that ethical investment funds invest in, such as telecommunications, regional banks, and healthy foods, did not perform well in the quarter (although some positive movement has been seen in these sectors in April). Conversely, sectors that Future Super doesn't invest in such as mining and Australia's large banks had a positive run during the quarter.

One positive sector for our Australian equities portfolio was technology. Computershare, NextDC and Seek were standout investments for the fund during this period. Technology stocks did well globally as well, with Apple and Facebook having a very good quarter. Globally, Tesla's share price continued to power ahead and has been a good investment for the fund.

One poor sector for the fund was our theme of Australian healthy food. Almond producer Select Harvests was down, and unfortunately we were one of many ethical investment groups who suffered from the significant share drop in Bellamy's Organic. Telecommunications is another sector that has suffered. Telstra has had a bad start to 2017, and we made the decision to sell out of Vocus in early April.

Returns to 31 March 2017

	3 months	1 year (p.a.)	Since inception* (p.a.)	*Inception date 1 Sept 2014
Future Super	-0.24%	5.76%	5.71%	
Benchmark	1.08%	4.63%	4.06%	

Returns for Future Super above are after fees and costs have been taken out, and are based on movements in the unit price. Past performance is not a reliable indicator of future performance.



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The portfolio return for the quarter was slightly negative, though the longer term returns continue to compare well against benchmarks and comparable super funds. The Future Super Balanced Growth Fund has returned 5.76% over the last year and 5.83% per annum since inception in September 2014 (after fees).

Best Performing Stocks for March Quarter

Australian equities

Computershare	+13.5%
NextDC	+11.8%
AUB Group	+11.4%

International equities

Tesla	+30.2%
Apple	+24.3%
Facebook	+23.1%

Largest Holdings at 31 March 2017

Australian equities

Telstra
NextDC
Bank of Queensland
Suncorp
Mirvac

International equities

Apple
Facebook
Home Depot
Roche
Visa

Fixed Interest

Bendigo and Adelaide Bank
Suncorp
Insurance Australia Group
Bank of Queensland
Heritage Bank

Alternatives

IIG Solar Income Fund
Aspire Social Impact Bond

Asset Allocation at 31 March 2017

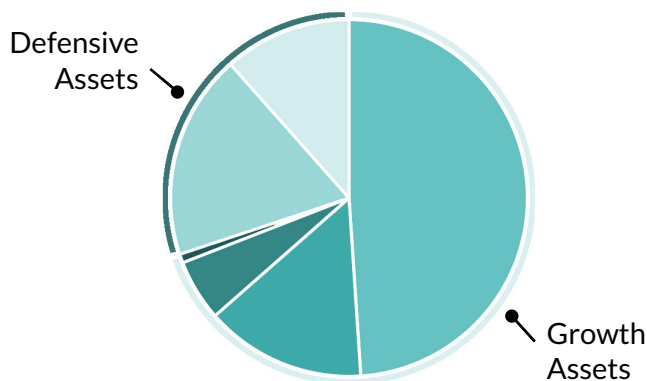
Growth

Australian shares	48.95%
International shares	14.58%
Property	5.57%
Alternatives	0.80%
Total Growth	69.9%

Defensive

Fixed Interest	18.57%
Cash	11.54%

Total Defensive 30.10%



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