

First Guardian Super

**Global multi-sector strategy
Adhering to Ethical Principles**

**Managed by First Guardian Capital Limited
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About First Guardian

- First Guardian Super is a Melbourne based superannuation fund, that is specifically designed and managed for socially conscious investors, within the Muslim community. Our investment team have a combined total of over 100 years global financial market experience.

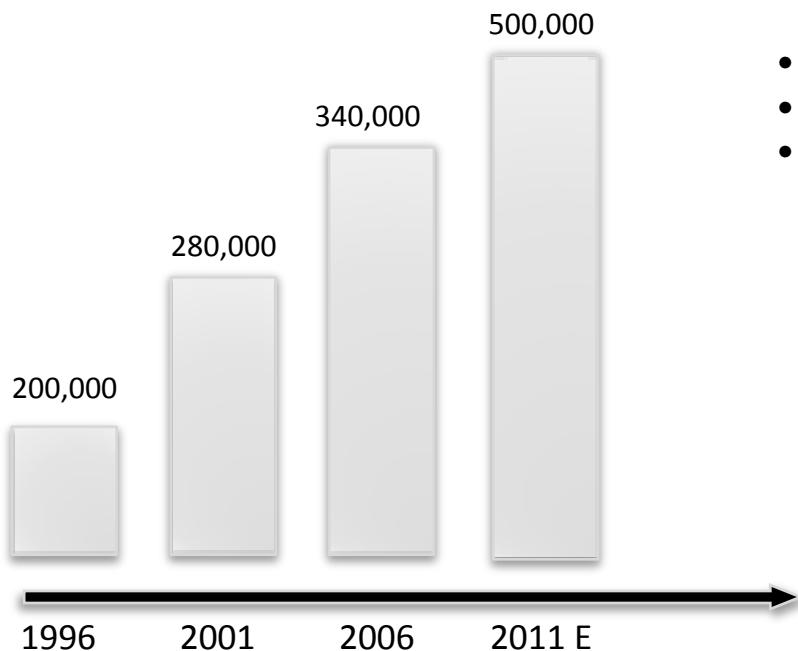
We have managed ethical, Shariah compliant portfolios since June 2009, and have outperformed the Australian market, by 5.3% per year, since inception.

- The team at First Guardian Super has over 25 years of extensive investment experience, with deep knowledge of Islamic finance and investing. These principles are applied to all portfolios operated for the betterment of the community.
- Our focus is on providing strong, consistent investment performance, whilst also contributing to positive, sustainable change, across society and the environment.
- Our philosophy is that of integrating environmental, social and governance (ESG) considerations in an Islamic way into our investment approach which then has two benefits:
 - It serves to improve risk adjusted investment returns to members.*
 - It works to advance the betterment of the community and environment.*

Opportunities and themes

Australian Muslim community

Approximate number of Australian Muslims



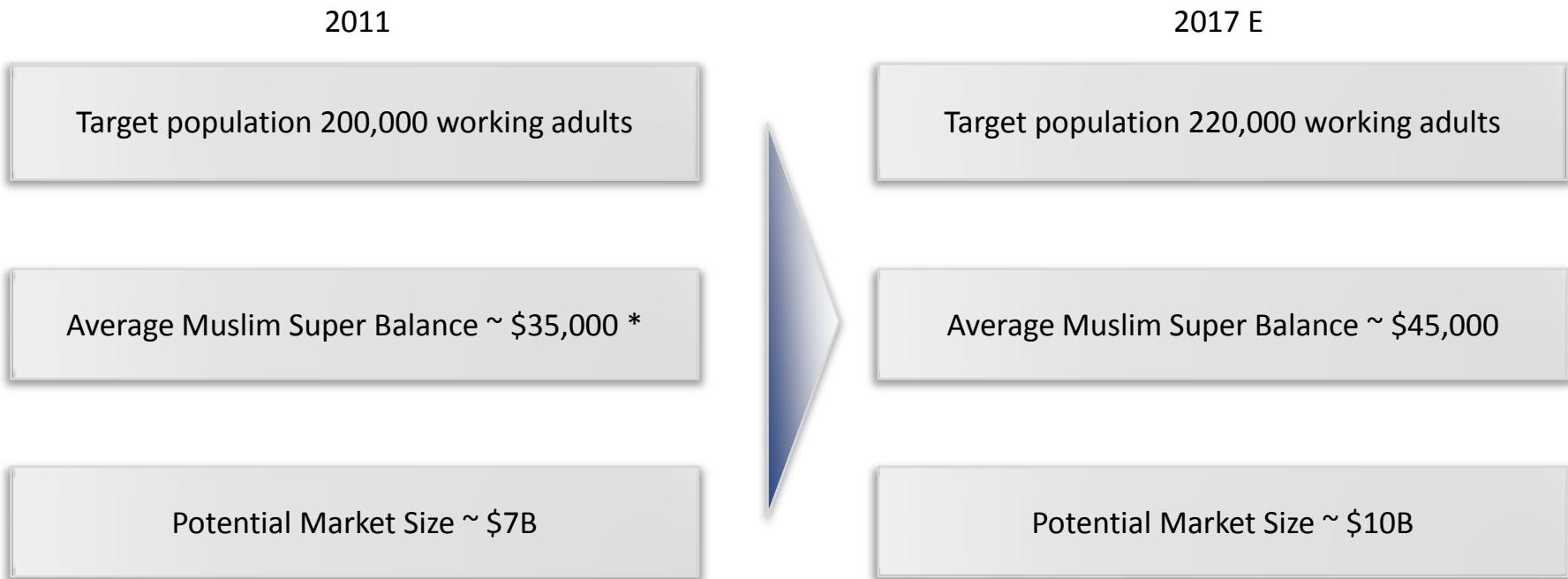
- 95% are less than 65 years of age
- 50% are less than 25 years of age.
- 80% reside in either Melbourne or Sydney.

Most Australian Muslims aspire to the 'Australian Dream' and seek harmony through 'social cohesion and social inclusion'.

Australia's Muslim population growth is expected to outpace the national average, through immigration, and high fertility rates.

Target Market Opportunity

Australian Muslim market demographics:



* NB: ABS Survey of Income and Housing 2009/2010 Average Australian Super Balance is \$56k
First Guardian Ltd estimate was derived by a one third subtraction.

A socially responsible, sustainable investor

First Guardian Super's investment approach is two fold. The initial approach addresses ethical issues, which we screen for Shariah Compliance. We then apply a rigorous, institutional quality investment process.

In essence, we exclude companies that are inconsistent with Shariah Investing, and reward those, that are deemed to be promoting positive change.

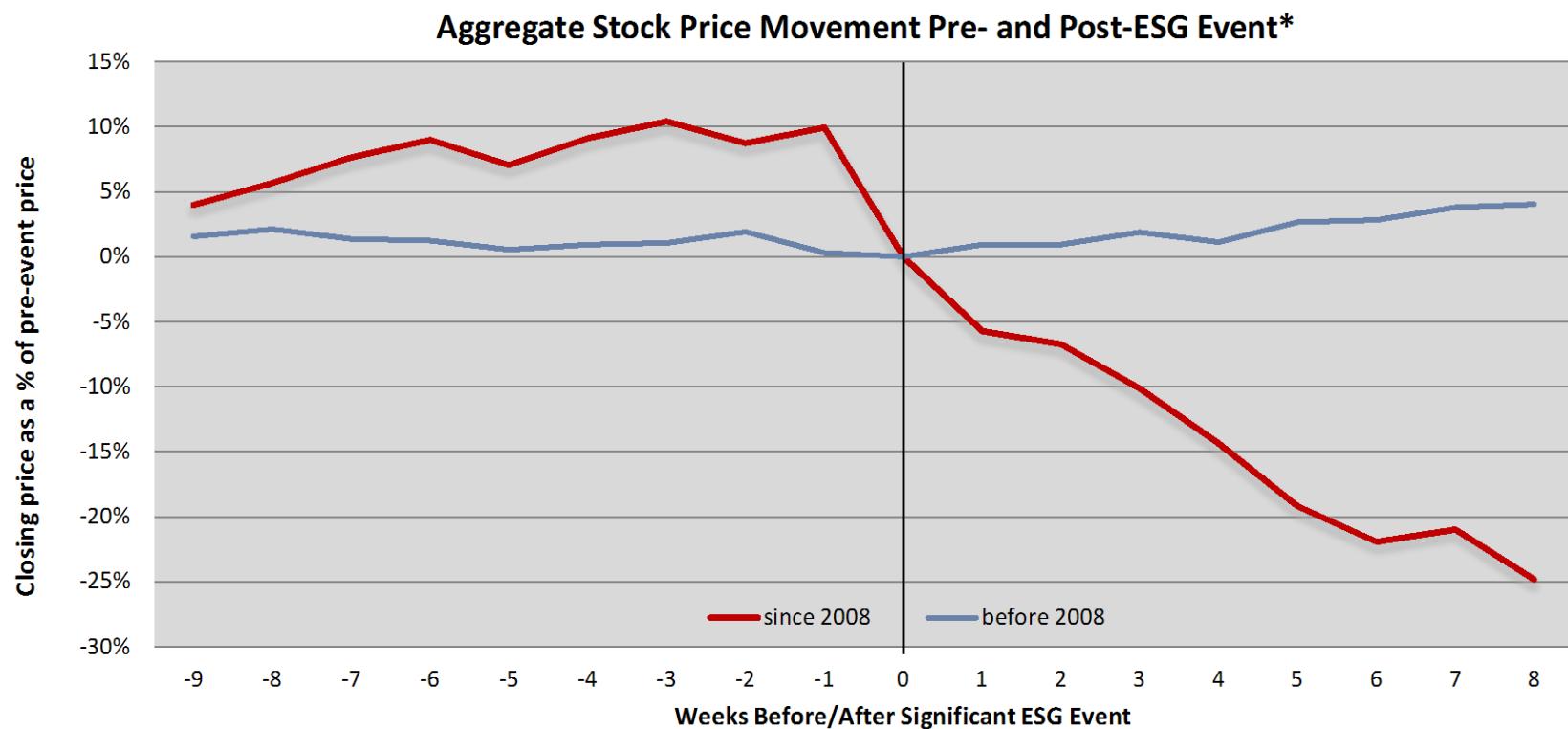
Our process rewards investments that:	Our process avoids investments that:
Support the community (local and global) <ul style="list-style-type: none">• Encourage locally-based businesses• Advance health and prosperity• Work to overcome poverty	Damage the environment <ul style="list-style-type: none">• Destruction or waste of resources• Environmental degradation• Pollution and non-renewable energy
Support innovation and advancement <ul style="list-style-type: none">• Life sciences research and development• Green or renewable technologies• Efficient and sustainable technologies	Lead to harm or suffering <ul style="list-style-type: none">• Business activities that harm humans or animals• Marketing products that may lead to addiction• Involved in military or defense related fields• Exploitive or predatory financial practices
Support the environment <ul style="list-style-type: none">• Contribute to preserving eco-systems• Minimise pollution and waste• Energy efficient building practices• Recycling	Treat people unfairly <ul style="list-style-type: none">• Exploitation through low wages• Provision of poor working conditions• Discrimination• Misleading or deceitful marketing

Market Reaction to ethical issues

With growing regularity, Ethical factors impact companies' operations and trigger rapid share price adjustments

Ethical issues = Low probability + high impact

Traditional earnings estimates surprise = high probability + low impact



*'BP PLC', 'Tokyo Electric Power', 'Massey Energy', 'StatOil', 'Exxon Mobil', 'Conoco-Phillips', 'Chevron', 'News Corporation', 'PG&E', 'Foxconn', and 'Royal Dutch Shell' from 180 to 211
Source: MSCI ESG Research

Issues to address

How to build next generation portfolios?

- How do we cater for investors' changing risk appetite over time?
- How do we provide diversified portfolios that are competitive against mainstream institutional super funds?
- What are the next generation super ideas we should be implementing?

Infrastructure as a fixed income substitute

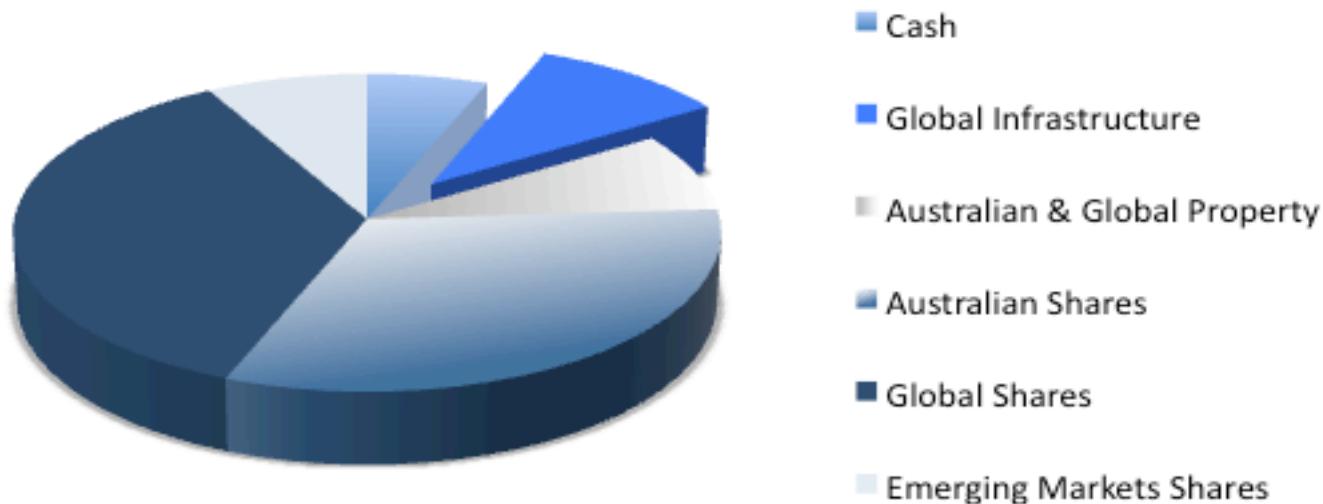
- Infrastructure is a smart way to boost return and diversification, whilst remaining Shariah compliant
- Many attractive characteristics of income returns, but without the interest!
- Contracted, reliable cash flows, often regulated by government
- By providing essential services, these investments carry low risk

	Expected Risk % pa	Expected Return % pa
Cash	0%	3.0%
Fixed Income (Australian Government 10 Year Bonds)	3.2%	4.3%
Defensive Global Infrastructure	8.1%	8.8%

Source: First Guardian long-term secular risk and return expectations

A new approach to asset allocation

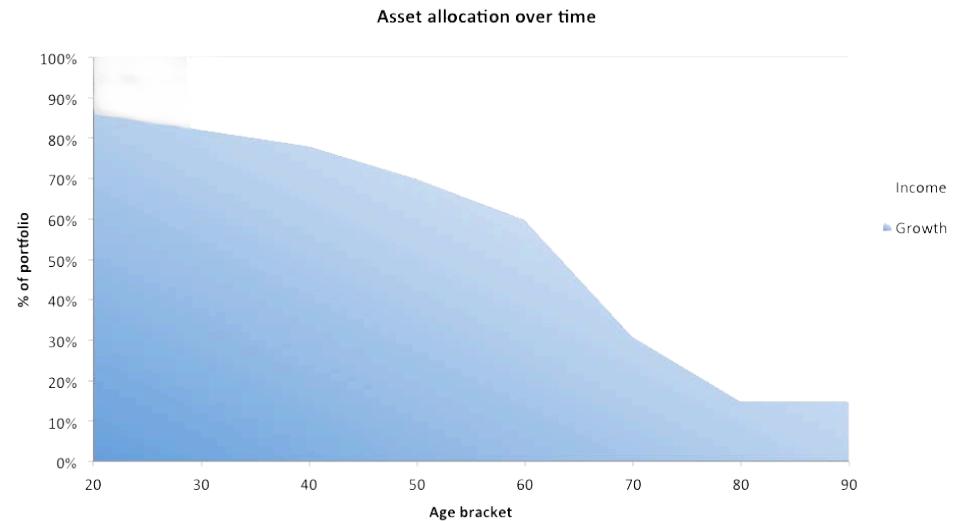
- Investors are looking for more stable returns, given unpredictable markets over recent years
- Infrastructure can play a valuable role in a portfolio, as a fixed income substitute.
- It is essential to source the right sub-sectors, that have appropriate investment characteristics



Lifecycle super

Leave the asset allocation decisions to us

- Lifecycle Super is designed for investors who would like us to automatically adjust the allocation between growth and defensive asset classes to become more conservative over time.
- Members in the Lifecycle Super, we will be invested into a strategy that corresponds to the decade in which they were born.
- These portfolios seek a higher rate of return during the early to mid-stages of working life, and then transitions to a more conservative, income focus later in life as members approach retirement.
- This allocation weighting process is commonly referred to as a glide path.



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First Guardian Capital
AFS License 302538
Suite 802
1 Queens Road
Melbourne VICTORIA 3004
AUSTRALIA
Tel: +61 3 9863 8558
www.firstguardiancapital.com