# A Guide to Investing your Super

*The industry super fund*
***for everyone***

***Issue Date:***
*November 2011*

Asset Super
Our members first

Asset's Guide to Investing your Super provides you with some guidance on the choice of investment options for your super. This document contains general advice only, not personal advice. It has been prepared without taking into account your objectives, financial situation or needs.

We recommend that, before you make any financial decision about Asset Super, including whether to invest or remain a member, you consider the relevant Product Disclosure Statement (PDS) and seek professional advice.

We have contracted Money Solutions Pty Limited (AFSL No 258145) to provide a personal financial advice service to our members, and to individuals considering investing in the fund. For information relating to this service, go to page 28.

The information in this guide is up to date at the time of its preparation (November 2011). Details of investment-related charges are contained in the current Product Disclosure Statements for Asset Super and the Asset Flexible Pension. Current unit prices and our recent investment performance are available on our website.

Copies of the relevent PDS can be obtained from us by visiting our website or calling us.

This guide is issued by A.S.S.E.T. Limited ABN 13 003 257 190, (referred to in this document as 'Asset', 'we', 'our' and 'us') as Trustee of the Australian Superannuation Savings Employment Trust (referred to as 'Asset Super' and 'the fund').

Asset's registered address is Level 7, 140 Arthur Street, North Sydney NSW 2060. Asset holds an Australian Financial Services Licence No. 230070.

If you have any questions about investing your super or any feature of Asset Super please contact us.


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Asset's Guide to Investing your Super is designed to help you find out what sort of investor you are, and assist you to make the right choice from the investment options available.

You probably already know that your super is very important to the quality of life you will enjoy after you retire. The more you can accumulate in super, the more you'll have to spend and enjoy life with when the time comes to stop work.

One way to ensure that you get the most out of your super is to choose the right investment option(s). The choice that is best for you will depend on many factors, including the time you have until you retire, your attitude toward investment risk and the level of involvement you want to have.

Because Asset understands that different people have different investing needs, we offer a range of 10 investment options for you to choose from. You can choose the type of investments that appeal to you. But more about that later.

Let's look at how to use this guide.

## Using this guide

We have designed this guide to help you make this important investment decision. We've broken it down into 5 simple steps.



Get a handle on the basic principles of investing. Find out about investment sectors, the relationship between risk and return, and different ways to manage risk.



Take the principles from Step 1 and apply them to your own situation to identify what kind of investor you are.



See the full details of the investment options available to you. Read through the 'About the tables' section (page 20) for details about these options you need to be aware of.



Select your investment option(s) and communicate your choice to Asset.



Find out how to monitor and maintain your investments over the long term. Learn strategies to help keep your investments on track.

***Remember it's your super – Take control to make it work for you!***

### What are the building blocks?

Investments are usually divided into two types:

- Growth Investments; and
- Defensive Investments.

In this section we explain where different investments fit and what their main characteristics are and other important investment considerations.

## Growth Investments

Growth investments carry more risk but have the potential to deliver higher returns over the long term.

### Australian Shares

Companies listed on the Australian Stock Exchange issue shares as one way of raising capital.

Investing in shares entitles you to share in any profits the company makes (usually distributed as dividends). When Asset invests in shares as part of your investment option, those dividends (and any tax credits that go with them) are received by the fund and attributed to that investment option. Any capital gains or losses on those shares are also attributed to that option.

Share prices may rise and fall due to the company's performance, industry conditions or fluctuations in the market generally.

### International Shares

International Shares are shares that are listed on overseas stock exchanges. When Asset invests in international shares as part of your investment option, you gain exposure to a wider range of companies, industries and economic conditions. These may be less reliant on the performance of Australian companies and the Australian economy.

Like Australian shares, international shares may fluctuate in value due to company performance or market sentiment. For an Australian investor, their value may also be affected by currency movements.

### Property

Property is a familiar investment to most Australians. It includes land and buildings that can be bought, sold or leased.

When Asset invests in property as part of your investment option, you gain exposure to properties that may otherwise be too expensive for you to acquire on your own, such as office buildings and shopping complexes.

Like shares, property markets are influenced by factors such as supply and demand, interest rates and the health of the economy.

## *Defensive Investments*

Defensive investments carry lower risk, however, they generally also deliver lower returns over the long term.

### Australian Bonds

A bond is a type of loan that governments and other institutions use to raise money. In effect, when you buy a bond you're lending money to the issuer in return for a promise to be paid a specified amount on a particular date (known as the maturity date) and regular interest payments throughout the loan period.

With bonds, unlike shares, you know exactly how much you will earn if you hold them to maturity.

However, bonds can be bought and sold at any time, and their value is affected by interest rates and other factors. That said, bond prices are usually more stable than share prices.

### International Bonds

International bonds are offered by overseas governments and institutions. Investing in international bonds gives you exposure to a wider range of opportunities and reduces your reliance on the Australian economy.

Like Australian Bonds, International Bonds can be bought and sold at any time, and their value is affected by interest rates and other factors.

The returns from International bonds are usually more stable than from international shares, but they can still be affected by movements in exchange rates.

### Cash

Cash investments include bank bills and term deposits, which are generally very secure.

However, the trade-off for this security is generally lower returns and, over the long term, cash is likely to produce the lowest return of all the main investment sectors.

Through the different Asset investment options, you can invest in some or all of these main investment sectors. You can also gain exposure to what are called 'alternative investments'.

## *Alternative Investments*

Alternative investments can be growth or defensive in nature, and they include things such as infrastructure (toll roads, ports, gas, water and electricity supply, airports etc), private equity (companies that are not listed on any stock exchange) and hedge funds (investments which seek to deliver positive returns regardless of the direction of the major investment markets).

You'll find more detailed information, including the characteristics and risks of each of Asset's investment options, on pages 15 to 19.

## The relationship between risk and return

Generally speaking, growth investments have the potential to produce higher returns over the long term than defensive investments.

So the higher the proportion of growth investments you have in your investment mix, the higher the potential return you can expect over the long term.

There is a trade-off, however.

Growth investments also tend to produce less predictable returns, so there's a greater chance of an unexpectedly low (or high) return over short periods.

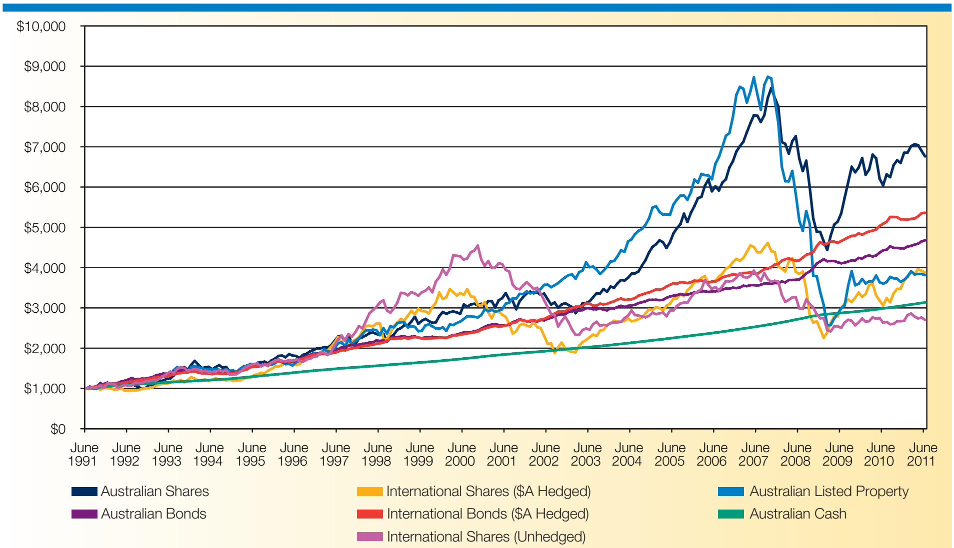
These fluctuations (commonly known as volatility) can also produce negative returns over periods of a year or more. In investment terms, that's called higher risk.

The reverse is true for defensive investments – generally they are less risky and their returns are more predictable (less volatile), but over the long term they generally produce lower returns than growth investments.

## Long-term performance of the main investment sectors

### $1,000 invested over 20 years to 30 June 2011

This chart plots the cumulative returns using the most appropriate benchmark index or market indicator for each investment sector.




*Please note: Returns are gross of fees and taxes. Remember that past performance is not a reliable indicator of future performance.*

*Source: Mercer MPA*

## Diversification – an important way to reduce risk

Diversification is a risk management strategy that involves spreading your money across a range of investments. The idea is to reduce the chances of them all performing poorly at the same time.

This helps to reduce the risk or volatility you don't want, while capturing the investment returns you do want.

You can diversify your investment by spreading it across a number of different sectors.

You can also achieve diversification within a sector by choosing different securities in that sector – for example, shares in different companies in different industries.

Again, spreading your money across a range of different investment managers reduces your dependence on any one of them and their effect on your returns.

As you'll see later, Asset gives you plenty of opportunities to diversify your investment and we make it easy for you.

## Getting the right investment mix

Getting the right investment mix for your own situation is probably the most important thing you'll do when selecting your Asset investment option.

The idea is to strike a balance between achieving your investment goals and smoothing the ride along the way.

If you want to maximise your growth potential, you may favour growth investments such as shares and property.

Alternatively, if you want to reduce the risk of fluctuating returns you may choose a more defensive mix, with more of your money invested in cash and bonds.

## Understanding differences between investment options

Before you tell us how you want your money invested, you'll need to become familiar with the options that are available.

One of the fundamental differences between the options is the number and mix of sectors that they invest in.

Blended options spread your money across all the main investment sectors, giving you instant diversification.

The Medium Growth option, for example, invests in Australian and international shares, property, Australian and international bonds, a range of alternative investments and cash.

The proportions in each sector determine the risk and return characteristics of that option. When you invest in blended options, Asset and our investment consultant, Mercer, establish and monitor the investment mix for you.

Single sector options each invest in just one investment sector.

The Australian shares option, for example, only invests in Australian shares.

A single sector option does offer diversification within that sector, as the money is spread across different investment managers and different securities. It does not, however, provide any diversification across sectors.

## Understanding investment risk

All investments carry some form of risk.

These may include:

- Market risk including investor sentiment, economic impacts, regulatory conditions and political events.
- Company risk such as changes to management, legal action against the company or profit/loss announcements.
- Credit risk where the borrower is not able to meet loan obligations.
- Inflation risk that erodes the real value of an investment.
- Interest rate risk where movements in interest rates affect the value of certain assets, especially bonds.
- Liquidity risk where certain investments, especially unlisted or alternative investments, may be difficult to sell quickly and may be realised at a discount.
- Currency risk where the value of international investments may be affected by movements in the Australian dollar relative to foreign currencies.
- Derivatives risk where financial instruments are used that can result in significant gains or losses depending on the movement of the underlying investment.

Each of the investment options is exposed to some or all of these risks to some degree. The effect may be that your investment does not continually accumulate returns, or that it falls in value.

Asset does not guarantee that your investment will increase in or retain its value, nor does it guarantee the repayment of capital or the performance of any investment option.

## Other investment considerations

### Socially responsible investing

We have engaged an external professional manager to manage the investments of the Socially Responsible option and take labour standards and environmental, social and ethical considerations into account when selecting external managers for this option. However, we have no pre-determined view about what we regard to be a labour standard or to be an environmental, social or ethical consideration for the purposes of this option.

Our Socially Responsible option fact sheet sets out the responsible investment approach adopted by the external manager in relation to the Socially Responsible option. This document is available from our Client Service team or our website.

### Derivatives

The investment managers' mandates may permit them to use defined derivatives with limited exposures, provided that the investment portfolio may not be geared and that all derivative positions must be backed by cash or physical stocks.

The main purpose of investing in derivatives is to hedge for currency exposure and 'out of market' exposure, or to obtain the desired exposure to a market or company in the most efficient manner.

# Step 2. Understand investment styles

## In this section –

Apply the basic investment principles you learned in Step 1 to your own situation by working through the activities in this section. These activities are designed to help you identify your investment style and this in turn can help you learn more about the investment options available to you.

Importantly as you work through these activities you may wish to investigate your needs and options further. You can seek professional advice over the phone and at no cost to you – see page 28 to find out how.

## How involved would you like to be?

It's a great question! Some people like to be actively involved with their investments. They like to watch the markets and adjust their investment mix as needed. Others are more easy going and prefer to let the experts worry about the details.

Asset has designed a range of investment options to suit both types of people.

Our blended options i.e. High Growth, Medium Growth, Stable Growth and Socially Responsible options, provide diversification across a number of investment sectors within each option. Each option also carries different risk and performance expectations. You can simply choose the option that suits you best.

Or you can choose from our single options such as Australian Shares or Australian Bonds. You can use one of these options or a combination. Again it's about what suits you.

## If you don't make a choice

If you don't make your own investment choice when you join the fund, the money in your account will automatically be invested in the default option as determined by us. It will remain in that option until such time as you advise us in writing that you wish to switch to a different investment option.

The default option for new **super members** is **Medium Growth.**

The default option for new **pension members** is **Stable Growth**.

## How much time do you have?

Your time horizon is a critical factor in determining your investment strategy.

By time horizon we mean the time you have before you will need to access your retirement savings. You may want to access your super as a lump sum when you retire, or like many people you may choose to draw your retirement income from a personal super pension. In that case, your time horizon may be 20, 30 or more years beyond the date you retire.

With Asset you can keep the same investments in your retirement simply by transferring your super into our account based pension product, which is called the Asset Flexible Pension.

If you have a long time horizon you may be more prepared to weather the short-term ups and downs of investments, like shares or property, and take advantage of their long-term potential for growth.

If your time horizon is shorter (say five years or less), you may want to start moving money into more defensive sectors such as cash and bonds.

## *Exercise: Calculate your time horizon*

Do you intend to set up an income stream in retirement or take a lump sum, or are you already retired? Take a look at the three columns which follow and identify which one applies to you. Then use the formula to calculate your estimated time horizon.

### *Income Stream*

If you intend to draw an income stream from a personal super pension

***Your time horizon =***

The number of years until you retire
+ expected length of your retirement

***Number of years until you intend to retire*** ☐

+

***Expected length of retirement*** ☐
*See life expectancy table on page 11.*

=

***Your time horizon*** ☐

### *Lump Sum*

If you intend to take your super as a lump sum when you retire

***Your time horizon =***

The number of years until you retire

***Age you intend to retire*** ☐

-

***Your age now*** ☐

=

***Your time horizon*** ☐

## Already Retired

If you have already retired

***Your time horizon =***

The estimated length of your remaining retirement

***Your age now***

***Your life expectancy***

*(See life expectancy tables alongside)*

=

***Your time horizon***

*Repeat the number from the box above*

## *Your life expectancy*

The Government calculates the number of years the average Australian is expected to live. These figures help you estimate how long you'll need a retirement income – a very important factor in deciding your time horizon.

| Age | Male Life Expectancy (years) | Female Life Expectancy (years) |
|---|---|---|
| 55 | 27.2 | 30.7 |
| 56 | 26.3 | 29.8 |
| 57 | 25.4 | 28.9 |
| 58 | 24.6 | 27.9 |
| 59 | 23.7 | 27.0 |
| 60 | 22.9 | 26.1 |
| 61 | 22.0 | 25.3 |
| 62 | 21.2 | 24.4 |
| 63 | 20.4 | 23.5 |
| 64 | 19.5 | 22.6 |
| 65 | 18.7 | 21.8 |
| 66 | 18.0 | 20.9 |
| 67 | 17.2 | 20.0 |
| 68 | 16.4 | 19.2 |
| 69 | 15.7 | 18.4 |
| 70 | 14.9 | 17.5 |
| 71 | 14.2 | 16.7 |
| 72 | 13.5 | 15.9 |
| 73 | 12.8 | 15.1 |
| 74 | 12.1 | 14.4 |
| 75 | 11.4 | 13.6 |
| 76 | 10.8 | 12.8 |
| 77 | 10.1 | 12.1 |
| 78 | 9.5 | 11.4 |
| 79 | 9.0 | 10.7 |
| 80 | 8.4 | 10.0 |

*Source: Australian Bureau of Statistics, Australian life tables (2007-2009).*

## *Exercise: Take the quiz*

To make the right investment choice, you really need to balance two things – your time horizon and the amount of risk you feel comfortable taking. That can be tricky, so we've devised a simple quiz to help you. For each question, circle the number that most closely fits your personal views and circumstances.

**1. What is my time horizon?**

(Circle the score closest to the time horizon you calculated on the previous page)

| 1 to 2 years | 3 to 5 years | 6 to 8 years | 9 to 12 years | Over 12 years |
|---|---|---|---|---|
| 4 | 8 | 12 | 16 | 20 |

**2. Staying ahead of inflation is important to me.**

| Disagree strongly | | | | Agree strongly |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

**3. If the value of my investment drops sharply over the course of a year, I would stick to my long-term plan and not switch to another investment that had performed better.**

| Disagree strongly | | | | Agree strongly |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

**4. To achieve a high return on your investments in the long term, you are prepared to take on higher risk in the short term.**

| Disagree strongly | | | | Agree strongly |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

**5. I understand financial matters and keep up to date with financial news.**

| Disagree strongly | | | | Agree strongly |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

Work out your score by adding up the numbers that you circled above. ***Write your total here***

## Find your profile

Match your score from the previous page to one of the profiles below.

**Score of 30 to 40**

### Dynamic Investor

People in this range tend to be looking for the ***maximum returns over the long term.***

These types of investors usually can cope with relatively high risk and are prepared for negative returns in some years.

**Score of 19 to 29**

### Moderate Investor

People in this range tend to be looking for ***reasonable growth over the long term.***

These types of investors usually can cope with a medium level of risk, but not extreme volatility. They are prepared for occasional years of negative returns, but not as often as a Dynamic Investor may experience.

**Score of 8 to 18**

### Conservative Investor

People in this range tend to be looking for ***consistent if relatively modest returns.***

These types of investors usually don't want major fluctuations in the value of their investments, and are only prepared for a small chance of a negative return in any one year.

***Read through all the profiles*** and make sure you feel comfortable with the description of the one that fits your score. If not, select the one that agrees with your own feelings about risk and return.

## Your strategy is up to you!

Asset's **10 investment options** target different investment performance objectives, investment time frames and offer exposure to varying levels of growth and defensive assets.

You can create just about any mix you want.

So consider the style you have identified through the exercises in this section:

- How involved do you want to be in choosing individual assets?
- What asset classes do you want to be exposed to?
- Your time horizon – when will you need to access your funds?

Then take a look at Step 3 – Know your options.

Here we have set out each of the options and provided information on key points so you can compare. Take what you learnt about yourself in this section and make your investment selection.

Remember you can invest in one or more options and you can change your investment election for either your total super balance or for future contributions only leaving existing contributions invested as they are – it's all up to you!

Right now – you will fall into one of two categories. You have either made your investment choice or you haven't.

## I can't decide – Is there anyone I can talk to?

It is important to remember that this guide does not take into account your personal investment objectives, financial situation and needs. If you are unsure about how to invest your super and would like someone to assist you in selecting an investment option, we recommend that you seek personal advice from a qualified financial adviser.

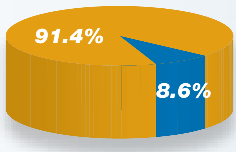
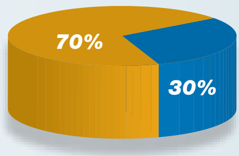
Asset can help you through an arrangement with Money Solutions – see page 28 to find out more.

## So I've decided – what's next?

Once you have made your investment choice, Step 4 shows you how to put this decision in place and Step 5 give you tips on how to maintain your investments.

Your super is your money, so make sure you are comfortable with your investment selection.

## Investment options compared – blended options

| | High Growth | Medium Growth |
|---|---|---|
| **Investment Performance Objective** | To achieve a rate of return (after tax and investment management fees) that exceeds CPI increases by at least 3.5% pa over rolling 8 year periods. | To achieve a rate of return (after tax and investment management fees) that exceeds CPI increases by at least 3.0% pa over rolling 7 year periods. |
| **Target Investment Mix**<br>Growth<br>Defensive |  |  |

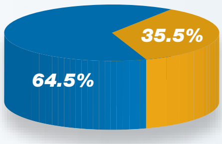
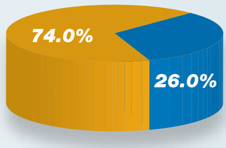
This is the long-term setting. It may vary + or – 5% in the short term.

| High Growth | | Medium Growth | |
|---|---|---|---|
| Australian shares | 37.0% | Australian shares | 30.0% |
| International shares | 31.0% | International shares | 20.0% |
| Property | 8.4% | Property | 7.0% |
| Alternative investments (growth) | 15.0% | Alternative investments (growth) | 13.0% |
| **Total Growth** | **91.4%** | **Total Growth** | **70.0%** |
| Australian bonds | 2.2% | Australian bonds | 9.0% |
| International bonds | 2.2% | International bonds | 9.0% |
| Alternative investments (defensive) | 2.0% | Alternative investments (defensive) | 3.0% |
| Cash | 2.2% | Cash | 9.0% |
| **Total Defensive** | **8.6%** | **Total Defensive** | **30.0%** |

| | High Growth | Medium Growth |
|---|---|---|
| **Risk Profile** | **Medium to high risk**<br>Positive returns expected in 3 out of every 4 years. | **Medium risk**<br>Positive returns expected in 4 out of every 5 years. |
| **Specific Risks**<br>These are the most significant risks that may affect the performance of each option. | • Market<br>• Company<br>• Credit<br>• Inflation<br>• Interest rate<br>• Liquidity<br>• Currency<br>• Derivatives | • Market<br>• Company<br>• Credit<br>• Inflation<br>• Interest rate<br>• Liquidity<br>• Currency<br>• Derivatives |
| **Investment Timeframe** | 7 +<br>7 years or more | 5 +<br>5 years or more |

*This table is for general guidance only. Please read the 'About the tables' section starting on page 20 and the 'Fees and other costs' section in the relevant PDS before you make any investment decision. Current performance figures and unit prices can be found on our website.*

## Investment options compared – blended options

| | Stable Growth | Socially Responsible |
|---|---|---|
| **Investment Performance Objective** | To achieve a rate of return (after tax and investment management fees) that exceeds CPI increases by at least 2.0% pa over rolling 4 year periods. | To achieve a rate of return (after tax and investment management fees) that exceeds CPI increases by at least 3% pa over rolling 5 year periods. |
| **Target Investment Mix**<br>Growth<br>Defensive |  |  |





This is the long-term setting. It may vary + or – 5% in the short term.

| Asset class | Stable Growth | Socially Responsible |
|---|---|---|
| Australian shares | 12.0% | 36.0% |
| International shares | 10.0% | 26.0% |
| Property | 6.0% | 11.0% |
| Alternative investments (growth) | 7.5% | 1.0% |
| **Total Growth** | **35.5%** | **74.0%** |
| Australian bonds | 18.0% | 11.5% |
| International bonds | 18.0% | 11.5% |
| Alternative investments (defensive) | 2.5% | 0.0% |
| Cash | 26.0% | 3.0% |
| **Total Defensive** | **64.5%** | **26.0%** |

| | Stable Growth | Socially Responsible |
|---|---|---|
| **Risk Profile** | **Low to medium risk**<br>Positive returns expected in 9 out of every 10 years. | **Medium risk**<br>Positive returns expected in 4 out of every 5 years. |
| **Specific Risks**<br>These are the most significant risks that may affect the performance of each option. | • Market<br>• Company<br>• Credit<br>• Inflation<br>• Interest rate<br>• Liquidity<br>• Currency<br>• Derivatives | • Market<br>• Company<br>• Credit<br>• Inflation<br>• Interest rate<br>• Liquidity<br>• Currency<br>• Derivatives |
| **Investment Timeframe** | 3 +<br>3 years or more | 5 +<br>5 years or more |

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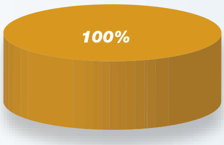
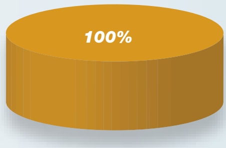
## Investment options compared – single sectors

| | Australian Shares | International Shares |
|---|---|---|
| **Investment Performance Objective** | Target is to outperform (before tax and after investment management fees) the return of the Australian Sharemarket (measured by the S&P/ASX 300 Accumulation Index) over rolling 5 year periods. | Target is to outperform (before tax and after investment management fees) the return of a composite benchmark consisting of 50% MSCI World ex Australia Index – Unhedged, $A and 50% MSCI World ex Australia Index – hedged $A over rolling 5 year periods. |
| **Target Investment Mix**<br>Growth<br>Defensive | <br> | <br> |

This is the long-term setting. It may vary + or – 5% in the short term.

| | Australian Shares | International Shares |
|---|---|---|
| Australian shares | 100% | 0.0% |
| International shares | 0.0% | 100% |
| Property | 0.0% | 0.0% |
| Alternative investments (growth) | 0.0% | 0.0% |
| **Total Growth** | **100%** | **100%** |
| Australian bonds | 0.0% | 0.0% |
| International bonds | 0.0% | 0.0% |
| Alternative investments (defensive) | 0.0% | 0.0% |
| Cash | 0.0% | 0.0% |
| **Total Defensive** | **0.0%** | **0.0%** |

| | Australian Shares | International Shares |
|---|---|---|
| **Risk Profile** | **High risk**<br>Positive returns expected in 2 out of every 3 years. | **High risk**<br>Positive returns expected in 2 out of every 3 years. |
| **Specific Risks**<br>These are the most significant risks that may affect the performance of each option. | • Market<br>• Company<br>• Inflation<br>• Derivatives | • Market<br>• Company<br>• Inflation<br>• Derivatives<br>• Currency |
| **Investment Timeframe** | 10+<br>10 years or more | 10+<br>10 years or more |

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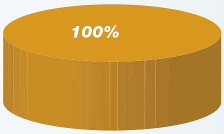
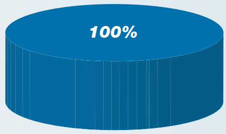
## Investment options compared – single sectors

| | Property | Australian Bonds |
|---|---|---|
| **Investment Performance Objective** | Target is to outperform (before tax and after investment management fees) the return of the Listed Property Market (measured by 30% UBS Global Real Estate Investor Index, hedged into $A and 30% S&P/ASX 200 Property Trusts Accum. Index and 40% Mercer Unlisted Property Index) over rolling 5 year periods. | Target is to match (before tax and after investment management fees) the return of the Australian Bond Market (measured by the UBS Composite Bond Index) over rolling 3 year periods. |
| **Target Investment Mix**<br>Growth<br>Defensive |  |  |

This is the long-term setting. It may vary + or – 5% in the short term.

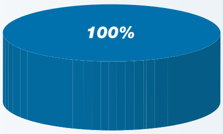
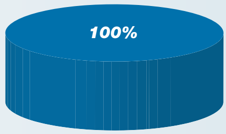
| | Property | Australian Bonds |
|---|---|---|
| Australian shares | 0.0% | 0.0% |
| International shares | 0.0% | 0.0% |
| Property[1] | 100% | 0.0% |
| Alternative investments (growth) | 0.0% | 0.0% |
| **Total Growth** | **100%** | **0.0%** |
| Australian bonds | 0.0% | 100% |
| International bonds | 0.0% | 0.0% |
| Alternative investments (defensive) | 0.0% | 0.0% |
| Cash | 0.0% | 0.0% |
| **Total Defensive** | **0.0%** | **100.0%** |

| | Property | Australian Bonds |
|---|---|---|
| **Risk Profile** | **Medium to high risk**<br>Positive returns expected in 3 out of every 4 years. | **Low to medium risk**<br>Positive returns expected in 7 out of every 8 years. |
| **Specific Risks**<br>These are the most significant risks that may affect the performance of each option. | • Market<br>• Company<br>• Inflation<br>• Interest rate | • Market<br>• Credit<br>• Inflation<br>• Interest rate<br>• Derivatives |
| **Investment Timeframe** | 7 +<br>7 years or more | 5 +<br>5 years or more |

*This table is for general guidance only. Please read the 'About the tables' section starting on page 20 and the 'Fees and other costs' section in the relevant PDS before you make any investment decision. Current performance figures and unit prices can be found on our website.*

*[1] Our property investment option is invested in 30% Australian listed property, 40% Australian unlisted property, and 30% global listed property.*

## Investment options compared – single sectors

| | International Bonds | Cash |
|---|---|---|
| **Investment Performance Objective** | Target is to outperform (before tax and after investment management fees) the return of the International Bond Market (measured by the Barclays Capital Global Aggregate Bond Index hedged into $A) over rolling 3 year periods. | To maintain the invested capital and to achieve a rate of return (before tax and investment management fees) comparable to that available on bank bills (measured by the USBA bank Bill Index) over a 1 year period. |
| **Target Investment Mix** (Growth / Defensive) |  |  |



This is the long-term setting. It may vary + or – 5% in the short term.

| | International Bonds | Cash |
|---|---|---|
| Australian shares | 0.0% | 0.0% |
| International shares | 0.0% | 0.0% |
| Property | 0.0% | 0.0% |
| Alternative investments (growth) | 0.0% | 0.0% |
| **Total Growth** | **0.0%** | **0.0%** |
| Australian bonds | 0.0% | 0.0% |
| International bonds | 100.0% | 0.0% |
| Alternative investments (defensive) | 0.0% | 0.0% |
| Cash | 0.0% | 100.0% |
| **Total Defensive** | **100.0%** | **100.0%** |

| | International Bonds | Cash |
|---|---|---|
| **Risk Profile** | **Low to medium risk**<br>Positive returns expected in 14 out of every 15 years. | **Low risk**<br>Positive returns expected |
| **Specific Risks**<br>These are the most significant risks that may affect the performance of each option. | • Market<br>• Credit<br>• Inflation<br>• Interest rate<br>• Derivatives | • Market<br>• Credit<br>• Inflation<br>• Interest rate<br>• Derivatives |
| **Investment Timeframe** | 3 +<br>3 years or more | No Minimum – usually short term. |

*This table is for general guidance only. Please read the 'About the tables' section starting on page 20 and the 'Fees and other costs' section in the relevant PDS before you make any investment decision. Current performance figures and unit prices can be found on our website.*

## About the tables

The tables on pages 15 to 19 are intended to provide some guidance to help you choose appropriate investment options.

The illustrations in the tables are graphic devices only, not precise measures.

The row labelled 'Risk Profile' is intended to show the relative risk or volatility of each investment option.

The row labelled 'Specific Risks' indicates the most important investment risks that apply to each option and that may affect its performance.

The row labelled 'Investment Timeframe' shows the timeframe over which Asset, based on advice from Mercer, believes there is a strong likelihood of achieving a return greater than inflation (i.e. a positive real return).

The terms 'low risk', 'medium risk' and 'high risk' are also relative terms. They are intended to show the likely future volatility of the investment options relative to each other. Similarly, where the table indicates the probability of a positive return for an investment option, this should be taken only as a measure of risk, not as a forecast or prediction of how that option may perform in the future.

The sector allocations shown in the 'Target Investment Mix' section are the target allocations for each investment option among the various investment sectors and may vary + or -5% in the short term.

From time to time we will rebalance the investments to meet target allocation. We have the right to change the 'investment mix' of an investment option at any time without prior notice.

The Investment Performance objectives do not constitute a forecast or guarantee future performance or the future rates of return of the investment option.

The fund's investment returns will change, and the recent investment returns shown in the relevant PDS may be updated from time to time. You can obtain current investment performance figures:

- by visiting our website; or
- by calling us; or
- by writing to us.

In preparing the descriptions in these tables, Asset has had regard to advice from its investment consultant, Mercer Investment Consulting ('Mercer').

## About Mercer

Mercer is a leading global provider of consulting, outsourcing and investment services with 40 years experience in Australia and with more than 25,000 clients worldwide.

Mercer's investment consulting business provides advice on investment objectives, investment policy, portfolio construction, investment manager selection and ongoing monitoring services to a broad range of superannuation funds, foundations, charities, insurance groups and other institutional investors.

Mercer also provides investment solutions to multi-manager providers and the wealth management sector more broadly.

Mercer's experienced and highly qualified consultants and analysts are supported by extensive global and local capabilities in strategic, capital markets and manager research. Mercer not only has one of the best resourced global research teams, but the team is integrated geographically by disciplined processes, regular interaction and purpose-built technology.

Mercer has given its written consent to all statements about it in the form and context in which they are included in this document, and has not withdrawn that consent at the date of issue of this document.

# Step 4. Make a selection

## New members – how to invest with Asset Super

To invest with Asset make sure you have read the current version of the relevant Product Disclosure Statement (PDS).

The PDS contains important details about the fund, the benefits it provides and the associated fees and other costs. Then follow these simple steps:

1. Complete the Application Form included with the PDS.
2. The Application Form allows you to select your own investment strategy, using one or more of the Blended and/or Single Sector options. If you don't make your own choice, your money will automatically be invested in the default option as explained in the PDS and on page 9 of this guide.
3. Send your completed Application Form to the address marked on the form. We will send you a letter welcoming you to the fund and confirming, amongst other things, the details of your investment selection.

## Existing members – how to change your investment strategy

There may be times when you want to change your investment strategy. You can switch money from one option to another throughout the year. Switching rules are explained in the relevant PDS and on our website. The switch will apply to future contributions and, if you wish, to your existing balance as well.

The PDS also explains how switch requests are processed and how you need to take into account any buy/sell spreads when switching money between different investment options.

Remember you can invest in one or more options and you can change your investment election for your whole super balance or your future contributions only leaving existing contributions invested as they are – it's all up to you!

To switch between investment options, log in to the MemberAccess section of our website, go to 'My Investments' and follow the prompts.

Or you can complete the Investment Strategy Switching Form enclosed with this Guide. There are separate forms for super and pension members.

Please select the form that applies to you, complete the details requested, sign and date the form and return it to us (see inside front cover for mailing address).

We'll send you a confirmation letter showing your new selection once we've processed your request.

## Unitised pricing and buy/sell spreads

Asset's investment options are unitised. This simply means your investment buys a certain number of units in your chosen option depending on their price on that day. As the investments of each option move up or down in value, so does the unit price. Unit prices are updated every week.

To help allocate transaction costs equitably, the unit pricing for some investment options includes a buy/sell spread. This means that the price at which units in those options are bought (the 'buy price') is higher than the price at which they are redeemed (the 'sell price'). The difference, or spread, is expressed as a percentage of the sell price.

As a result, the transaction costs when you make an investment in one of those options are met by you alone, rather than by all the members invested in that option.

The buy/sell spreads are set out in the PDS, and you should consider their effect when making any decision to buy or switch units, since a switch involves selling units in one option and buying units in another.

## Investment switch requests

The weekly unit price(s) that will apply to investment switches are determined on a forward pricing basis.

All investment switches are processed using the next available unit price(s). This means that the unit price(s) applied to the switch is determined after the switch election is received.

For example, if we receive your switch request anytime between Monday to Friday, it will be processed using the unit prices released on Wednesday of the next week after your switch request has been received.

If we receive your switch request on a non-business day, we will treat it as if we received it on the next business day and it will be processed using the forward unit pricing rule applicable on that next business day.

We may delay the processing of any application money, contribution, withdrawal or switch until we receive the monies or unit price from the relevant investment manager, or if the total of such transactions on any one day would adversely affect the interests of other members.

## All net earnings go to members

The value of your Asset account on any given day is the number of units you hold multiplied by their sell price on that day. You'll receive a statement every year, and if you want to check your balance more frequently you can do so online at our website.

It's important to note that Asset passes on all investment earnings directly to your account (after deducting charges and tax), without holding back any investment reserves.

## Investment-related charges

The fund's assets are managed by investment managers appointed by Asset. The management fees and other investment-related costs charged by these managers are deducted from the investments made with them. Investment performance, on which unit prices and therefore the value of your account is based, is quoted net of these fees and costs.

The investment-related charges vary between the different investment options, so the charges you incur will depend on which option, or options, your account is invested in. You do not pay these charges directly. Instead they are deducted from the gross returns of the different investment options before the unit prices are determined.

The charges are set out in the PDS, which you should read before you make any investment decision.

## Check your progress

One way to get a head start on your retirement planning is to monitor the performance of your super on a regular basis. Reviewing your benefit statement is a good place to start.

All you need to do is follow these three steps:

1. Examine your account summary to see what's been happening with your super over the past year.
2. Check that your investment mix is still appropriate to your circumstances. If your personal situation has changed, you may want to adjust your investment strategy.
3. Take the time to read regular investment commentary on our website, as it will explain how local and world events are affecting your investments.

You can also access your Asset account 24 hours a day 7 days a week through our online system called MemberAccess.

Once you have entered your password, you can view:

- how much your account is worth;
- how your account balance is invested;
- what is being added to it by way of regular contributions;
- how much would be paid out if you were to die or become permanently disabled; and
- who you have nominated to receive your death benefit.

MemberAccess puts your back in control - visit our website to go online now.

## Stick to your strategy

It's natural to want to get the best possible returns for your super, and at times you might be tempted to switch your money to an option that's been performing well recently.

However, there are a number of good reasons why you may wish to stick to your original strategy.

1. Your original investment strategy may have been selected for good reasons. Unless your goals or circumstances have changed substantially, this strategy may continue to be appropriate.
2. Short-term results can be deceptive. For example, the value of growth investments such as shares and property can fluctuate dramatically. This means they may earn very high or very low returns over a relatively short period of time. There's no guarantee what will happen next, so chasing short-term gains may prove to be counter-productive in the long term.
3. Keep in mind your attitude towards risk. By switching your investments, you may end up taking more risks than you are comfortable with. Or you may end up investing too conservatively, which might limit your returns in the future.

### ... unless your circumstances have changed

There are times, however, when varying your investment strategy may be appropriate.

For example, a shift in your employment situation such as becoming self-employed, a change in your family circumstances, a change in your financial position such as receiving an inheritance, a change in your retirement plans, or your attitude to risk can all affect your chosen strategy.

It's important to remember that your best source of advice about managing change is your financial adviser. They can help you evaluate any change in your financial situation and manage it effectively.

Don't have a financial adviser? – we can help. See page 28 for more information.

### Keep your investment strategy on target

If you choose to be an active investor you may want to rebalance your portfolio from time to time. Rebalancing simply means bringing your investment mix back into line with your original strategy by moving money from one option to another. Please note that buy/sell spreads may apply.

That may mean taking money out of investments that have done well and transferring it to others that have done less well, which may seem strange. Remember, however, that a strong performance one year is no guarantee of a strong performance in the future. Also, if your investment mix becomes too heavily weighted to one sector you lose some of the benefits of diversification that we mentioned earlier.

If you invest in a Blended option, the investment experts will rebalance your investment mix for you, so you probably won't need to make a switch unless your personal circumstances, goals or attitude have changed.

## Asset Trustee Board

Responsible for the management of Asset Super and sets the overall investment strategy. The Board has the power to appoint external advisers, such as the fund's investment consultants.

## Investment Committee

Appointed by the Asset Trustee Board reviews and amends the objectives and strategies for the different investment options. Makes recommendations to the Trustee Board on the appointment of specialist investment managers and other investment service providers.

## Investment Consultant

External experts are appointed to assist the Investment Committee and the Trustee Board in matters including the investment mix of the different options and the appointment and monitoring of specialist investment managers. Our current investment consultant is Mercer. See page 21 for more information.

## Custodian

The external organisation responsible for safeguarding and maintaining the fund's investments and reporting to the Investment Committee on the fund's performance. Our Custodian is currently the National Australia Bank Limited.

## Professional investment managers

Professional investment managers are appointed to manage the investments of the fund according to the Board's guidelines and directions.

They are typically selected on the basis of their expertise in a particular investment sector.

Most of the money in Asset is held in collective investment vehicles or cash.

This means your super is pooled with the retirement savings of thousands of other members, which provides two immediate benefits:

1. Access to a range of investments not normally available to private investors; and
2. Lower fees resulting from the larger sums being invested.

The list of specialist investment managers we use can be found in the relevant PDS or on our website.

# Need help to decide

The information in this guide does not take into account your personal investment objectives, financial situation and needs. If you are unsure about your profile or would like assistance in selecting an investment option, we recommend that you seek personal advice from a qualified financial adviser.

Asset offers a tiered advice service, through an arrangement with Money Solutions Pty Limited (ABN 36 105 811 836, AFSL No. 258145), a wholly owned subsidiary of Australian Administration Services (ABN 62 003 429 114), which is the responsible licensee for any financial planning advice given.

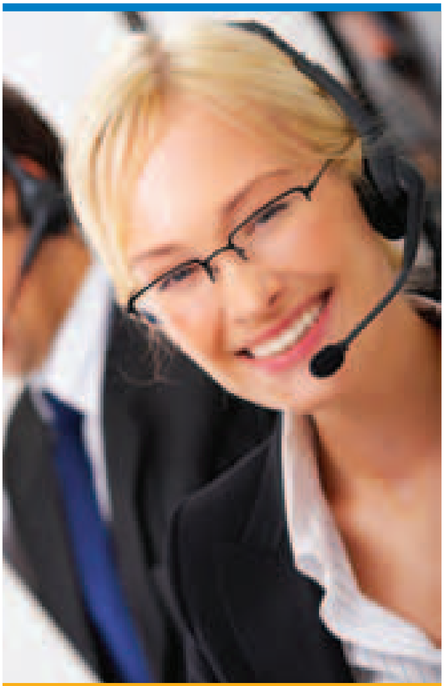
This service starts with single issue advice you can receive over the phone about your Asset Super membership including:

- choosing the appropriate investment option;
- what contribution strategies are right for you;
- what level of insurance cover should you have; or
- how a transition to retirement strategy might help you ease into retirement.

If the advice requires a more in-depth understanding of your financial situation, Money Solutions will recommend that you meet one of their financial planners. This will involve a free 1 hour meeting followed, if required, by a full financial plan. This financial plan will be provided on a fee for service basis and this fee will be payable by you.

We do not act as an agent or representative of Money Solutions and we do not accept responsibility or liability for any advice provided to you by Money Solutions.

If you want to know more about this service please call our Client Service team.



If you have any questions about how to invest your super or any feature of Asset Super, please contact us.

Freecall: 1800 805 981

Email: asset@assetsuper.com.au

Website: www.assetsuper.com.au

Super members
Mail: Asset Super
Locked Bag 5088
Parramatta NSW 2124

Pension members
Mail: Asset Super
Locked Bag 5042
Parramatta NSW 2124

*This pocket contains:*

- Switching Form for Super Members
- Switching Form for Pension Members

Asset Super

Our members first

Asset Super
Our members first

**Trustee:** A.S.S.E.T. Limited. ABN: 13 003 257 190. AFSL No. 230070
**Fund:** Asset Super. ABN: 98 061 665 900. SFN: 131 944 944.

# Super Members Investment Strategy Switching Form

November 2011

All investment switches are processed using the next available unit prices. This means that the unit prices applied to the switch are determined after the switch request is received. For example if we receive your switch request anytime between Monday and Friday, it will be processed using the unit prices released on Wednesday of the next week after your switch request has been received. If we receive your switch request on a non-business day, we will treat it as if we received it on the next business day and it will be processed using the forward unit pricing rule applicable on that next business day. Before you complete this form, we recommend that you visit the Investment section of our website at assetsuper.com.au for the latest information on our investment options, asset allocations and managers. If you have any queries, please contact our Client Services team on **1800 805 981**.

When you have completed and signed this form, mail it to: ***Asset Super, Locked Bag 5088, Parramatta NSW 2124*** or fax it to: ***1300 785 772***.

## Your personal details

Member number

Telephone number *(daytime)*

Mr/Mrs/Ms/other

Your given name/s

Your surname

Date of birth *(DD/MM/YYYY)*

Residential address – Street or Unit number

Street name

Suburb/town

State

Postcode

## Your new investment strategy

### Existing account balance

Only complete this section if you want to change the way your existing account balance is invested. Please show the percentage to be invested in each option.

| | | | |
|---|---|---|---|
| ***Blended Options*** | High Growth | | % |
| | Medium Growth | | % |
| | Stable Growth | | % |
| | Socially Responsible | | % |
| ***Single Sector Options*** | Australian Shares | | % |
| | International Shares | | % |
| | Property | | % |
| | Australian Bonds | | % |
| | International Bonds | | % |
| | Cash | | % |
| (Please ensure that the total percentages add up to 100%) | Total | 1 0 0 | % |

### Future contributions to your account

Only complete this section if you want to change the way your future contributions are invested.

| | | | |
|---|---|---|---|
| ***Blended Options*** | High Growth | | % |
| | Medium Growth | | % |
| | Stable Growth | | % |
| | Socially Responsible | | % |
| ***Single Sector Options*** | Australian Shares | | % |
| | International Shares | | % |
| | Property | | % |
| | Australian Bonds | | % |
| | International Bonds | | % |
| | Cash | | % |
| (Please ensure that the total percentages add up to 100%) | Total | 1 0 0 | % |

Please note that Asset Super only allows 4 switches to occur in any financial year. The first switch is free and any subsequent switch incurs a fee of $22 (Note: buy/sell costs may also apply).

Signature of member

Date *(DD/MM/YYYY)*

Asset Super collects your personal information for the purpose of providing you with superannuation and insurance products or services. It is only disclosed to persons or organisations assisting us in providing those or related products or services. You may access your personal information by contacting Asset Super on 1800 805 981.
For further information see our Privacy Policy at www.assetsuper.com.au

Asset Super
Our members first

**Trustee:** A.S.S.E.T. Limited. ABN: 13 003 257 190. AFSL No. 230070
**Fund:** Asset Super. ABN: 98 061 665 900. SFN: 131 944 944.

# Pension Members Investment Strategy Switching Form

*November 2011*

All investment switches are processed using the next available unit prices. This means that the unit prices applied to the switch are determined after the switch request is received. For example if we receive your switch request anytime between Monday and Friday, it will be processed using the unit prices released on Wednesday of the next week after your switch request has been received. If we receive your switch request on a non-business day, we will treat it as if we received it on the next business day and it will be processed using the forward unit pricing rule applicable on that next business day. Before you complete this form, we recommend that you visit the Investment section of our website at assetsuper.com.au for the latest information on our investment options, asset allocations and managers. If you have any queries, please contact our Client Services team on ***1800 805 981***.

When you have completed and signed this form, mail it to: ***Asset Super, Locked Bag 5042, Parramatta NSW 2124*** or fax it to: ***1300 663 844***.

## Your personal details

Member number

Telephone number *(daytime)*

Mr/Mrs/Ms/other

Your given name/s

Your surname

Date of birth *(DD/MM/YYYY)*

Residential address – Street or Unit number

Street name

Suburb/town

State

Postcode

## Your new investment strategy

Only complete this section if you want to change the way your existing account balance is invested. Please show the percentage to be invested in each option.

| | | | |
|---|---|---|---|
| ***Blended Options*** | High Growth | | % |
| | Medium Growth | | % |
| | Stable Growth | | % |
| | Socially Responsible | | % |
| ***Single Sector Options*** | Australian Shares | | % |
| | International Shares | | % |
| | Property | | % |
| | Australian Bonds | | % |
| | International Bonds | | % |
| | Cash | | % |
| (Please ensure that the total percentages add up to 100%) | Total | 1 0 0 | % |

## Pension drawdown strategy

Only complete this section if you want to change the investment options from which your pension payments are drawn, please indicate the new percentages below. If you do not complete this section, your pension payments will be paid from the investment option(s) as indicated on your original application or your most recent advice.

| | | | |
|---|---|---|---|
| ***Blended Options*** | High Growth | | % |
| | Medium Growth | | % |
| | Stable Growth | | % |
| | Socially Responsible | | % |
| ***Single Sector Options*** | Australian Shares | | % |
| | International Shares | | % |
| | Property | | % |
| | Australian Bonds | | % |
| | International Bonds | | % |
| | Cash | | % |
| (Please ensure that the total percentages add up to 100%) | Total | 1 0 0 | % |

Please note that Asset Super only allows 4 switches to occur in any financial year. The first switch is free and any subsequent switch incurs a fee of $22 (Note: buy/sell costs may also apply).

Signature of member

Date *(DD/MM/YYYY)*

ABInvestGuide 388.4 11/11 ISS5

Asset Super

Our members first