



How we invest your money

VicSuper FutureSaver Member Guide

The information in this document forms part of the *VicSuper FutureSaver Product Disclosure Statement (PDS)* dated 1 July 2019.

VicSuper's investment policy

To help grow your super savings for later in life, VicSuper's investment policy is to:

- offer a range of investment options that cover the varying levels of risk and expected return that people seek for their super savings
- set a rolling 10-year return objective for most investment options
- invest each option according to a strategic asset allocation which may be varied within dynamic asset allocation ranges (where applicable)
- use a core and satellite investment approach to manager selection, and
- invest for the long term by integrating environmental, social, and governance factors into our investment strategy.

The money you invest in the VicSuper Fund is pooled with other members' savings and then invested to earn you a return. Pooling money allows access to a wide range of investments, which is common practice among super funds.

Investment returns and investment return objectives

The investment return objectives and expected long-term returns are based on modelling by Frontier Advisors Pty Ltd (Frontier) and are subject to review.

It is important to note that this information is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved.

Frontier, the principal asset consultant, is licensed by ASIC (AFSL 241266). It advises VicSuper on VicSuper Fund's investment objectives, strategies and investment managers. It is a 100% Australian-owned company that focuses on providing investment advice to institutional investors. Frontier has consented to this information being included in this document.

Every year VicSuper reviews investment objectives and strategy and requests Frontier to review the return, risk and correlation outlook for each major asset class.

Expected returns assumptions are based on:

- cash rate (risk-free money market interest rate), and
- risk premium (return earned above the cash rate to compensate investors for taking risk).

Risk and correlation assumptions are based on historical data for each asset class, adjusted to reflect the asset consultant's views of the changing relationships between asset classes. Adjustments are made for the impact of tax on both the risk and return assumptions for each asset class. The asset consultant uses a statistical model, which combines the return, risk and correlation assumptions, together with VicSuper Fund's strategic asset allocation weights, to determine expected total portfolio risk and return characteristics.

VicSuper's investment strategy

Our primary goal is to protect and grow our members' retirement savings by diversifying across a range of asset classes and investing for the long-term.

Strategic asset allocation

Each of VicSuper's investment options is invested according to a strategic long-term asset allocation.

The strategic asset allocation is the percentage of monies allocated to asset classes including equities, fixed interest, real assets, cash and alternatives for each investment option.

For instance, the strategic asset allocation for the Growth (MySuper) Option as at 1 July 2019 is as follows:

- 52% Equities
- 15% Alternatives
- 18% Real Assets
- 13% Fixed Interest
- 2% Cash

It is the strategic asset allocation that predominantly influences the expected risk and expected investment return for each option.

The strategic asset allocation for most of VicSuper's investment options is focused on achieving a rolling 10-year return, subject to a level of risk.

To set the strategic asset allocation for each option we act on advice from our principal asset consultant, Frontier.

The strategic asset allocation and investment strategy may be altered from time to time.

Dynamic asset allocation

Using the strategic asset allocation as a base VicSuper may implement dynamic tilts to it.

Using a dynamic asset allocation process, the ability to tilt is currently confined within the approved range of +/-15% of the strategic asset allocation of each asset class.

This typically occurs if market conditions warrant a change or if attractive investment opportunities exist to capitalise on either return-enhancing or risk-reducing investment strategies.

For example, the Fund can effectively manage its foreign currency hedging position through both its strategic exposure to foreign currency and dynamic asset allocation. VicSuper acts on advice from asset consultants and its internal investment team to determine the appropriate currency policy and position in light of expected market conditions at the time.

Dynamic asset allocation ranges apply only to investment options that contain more than one asset class, therefore the ranges do not apply to the Cash, Term Deposit or Australian Shares investment options.

Manager selection using a core and satellite approach

We employ a 'core' and 'satellite' investment structure within a number of asset classes, with the allocation to each varying depending on the nature of the asset class and available investment opportunities. Core investments generally provide market-like returns, while satellite investments are intended to provide potentially higher returns.

VicSuper's investment managers

All of the Fund's assets are externally managed.

To invest the Fund's assets, we engage the services of specialist external investment managers.

VicSuper may change its investment managers at any time.

For a list of investment managers, refer to **[vicsuper.com.au](https://www.vicsuper.com.au)**

Responsible investment

VicSuper is committed to the responsible investment of members' retirement savings since we believe that this is both consistent with our objective of optimising members' retirement savings and incomes, and helps to create the type of world our members want to live in.

Responsible investment beliefs direct our approach to responsible investment and form part of our broader investment beliefs. These beliefs are implemented through a responsible investment approach based on four pillars - environmental, social and governance (ESG) integration; active ownership; investing in sustainable outcomes and member choice. Our Responsible Investment Policy can be found on our website at vicsuper.com.au/responsibleinvestment

We undertake responsible investment for all asset classes with the exception of Cash. For all asset classes, we select investment managers that integrate ESG factors into their investment decisions. Further, we classify a portion of our Private Equity, Property and Infrastructure, as well as all of our Agriculture investments, as investing in sustainable outcomes.

Because VicSuper uses external investment managers to invest on our behalf, our approach to ESG integration is part of the selection, appointment and monitoring of investment managers. All potential managers are asked to respond to asset class specific due diligence questions relating to their responsible investment commitment, approach, implementation and disclosure. Once appointed, managers are monitored about how they integrate ESG factors into their asset selection and portfolio construction processes.

VicSuper does not impose a set approach to ESG integration, therefore the approach to ESG integration and the factors considered will vary by manager. ESG factors considered by investment managers may include:

Environment (E)

- Climate change
- Biodiversity
- Pollution and waste
- Land use changes
- Resource depletion

Social (S)

- Human rights
- Relations with Local communities
- Labour rights
- Consumer Protection
- Health & Safety
- Human capital management
- Diversity

Governance (G)

- Broad structure, size, diversity, skills and independence
- Business ethics, bribery and corruption
- Executive pay
- Risk management
- Shareholder rights

Investments classified as 'investing in sustainable outcomes' include, but are not limited to, investments in renewable energy, greener property and sustainable agriculture.

VicSuper also undertakes active ownership (which includes engagement and proxy voting).

Through service providers and our external investment managers, we engage with the underlying companies we invest in as a means to influence positive corporate behaviour and risk management practices.

VicSuper uses the services of Hermes EOS (international developed market equities), and the Australian Council of Superannuation Investors (Australian equities - ASX 300) to engage with those companies.

VicSuper has established engagement and proxy voting objectives, including climate change, human rights, gender equity, natural capital and improved corporate governance practices.

VicSuper's responsible investment approach does not focus on excluding sectors outside of the Socially Conscious investment option.

However, tobacco is an exception to this approach. VicSuper excludes investment in companies involved in the production of tobacco from all of our investment options. In the limited cases where VicSuper invests in pooled trusts, exclusion of tobacco production is on a best endeavours basis.

For more information on VicSuper's ESG integration, investments in sustainable outcomes, active ownership or tobacco exclusion go to vicsuper.com.au/responsibleinvestment

Socially Conscious investment option

VicSuper's Socially Conscious investment option incorporates a wide range of explicit social and environmental objectives and it aims to help our members:

- take action on climate change by not investing in companies that hold fossil fuel reserves used for energy purposes;
- minimise social harm by not investing in companies that are materially involved in activities that potentially cause social harm, for example tobacco production, alcohol, gambling, military weapons, civilian firearms, nuclear power, adult entertainment and genetically modified organisms;
- protect human rights, labour rights and the environment by not investing in companies that have been involved in severe incidents and/or controversies, or have been found not to be adhering to widely accepted global conventions.¹

The objectives are achieved by applying a number of exclusionary screens when selecting companies for investment.

These exclusionary screens only apply to the equities and fixed interest components of the investment option.

1. See link to MSCI methodologies at vicsuper.com.au/sociallyconscious for more information on how controversies are assessed and monitored.

Socially Conscious investment option
Environmental, social and labour objectives and exclusionary screens

Take action on climate change	Excludes investment in companies: <ul style="list-style-type: none"> • with coal, oil and/or gas reserves used for energy purposes. • deriving 30% or more revenue from mining of thermal coal or thermal coal based power generation.¹ • whose principal business revenue is derived from direct fossil fuel activity in the following GICS² sectors: Integrated Oil & Gas; Oil & Gas Exploration & Production; Oil & Gas Refining & Marketing; Coal & Consumable Fuels; Oil & Gas Storage & Transportation; Oil & Gas Equipment & Services^{1,3}
Minimalise social harm	Excludes investment in companies materially ⁴ involved in: <ul style="list-style-type: none"> • Tobacco • Alcohol • Gambling • Civilian Firearms • Military Weapons (cluster munitions, landmines, depleted uranium, biological/chemical^l, nuclear, conventional) • Nuclear Power • Adult Entertainment • Genetically Modified Organisms
Protect human and labour rights and the environment	Excludes companies that have been found not to be adhering to international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. Excludes companies that have been involved in significant ⁵ ESG controversies.



The Certification Symbol signifies that a product or service offers an investment style that takes into account certain environmental, social, governance or ethical considerations. The Symbol also signifies that the VicSuper Socially Conscious investment option adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superfund Option. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and the VicSuper Socially Conscious investment option's methodology and performance can be found at responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA.⁶

We may introduce additional screenings in the future. Investments across the other asset classes apply an ESG integration approach, with the exception of Cash, which is not subject to ESG integration.

Investment risk may be slightly higher for the Socially Conscious investment option because the portfolio is not as well diversified and has fewer underlying investment managers compared to our standard investment options. Investment risk may also be higher due to the exclusion of specific industries including fossil fuels, alcohol and gambling. Notwithstanding, its investment universe is sufficiently diverse to avoid inadequate diversification.

Equities

Colonial First State Asset Management (Australia) Limited (CFSAMAL AFSL 289017) is the manager of the Australian and international equity investments in the Socially Conscious investment option. CFSAMAL invests in companies sourced from a custom index prepared for VicSuper. The custom index combines the MSCI Global Fossil Fuels Exclusion Index and the MSCI Global Socially Responsible Index plus an additional fossil fuel direct activity screen.

After applying the exclusionary screens listed in the table above, a best-in-class selection process⁷ is applied to the remaining equities in the selection universe.

Links to detailed methodologies and criteria for the applicable MSCI indices and additional fossil fuel direct activity screen can be found at vicsuper.com.au/sociallyconscious

The composition of the MSCI Global Fossil Fuels Exclusion Index is maintained and reviewed by MSCI on a quarterly basis. The composition of the MSCI Global Socially Responsible Index is reviewed by MSCI on an annual basis. CFSAMAL is provided with updates on any changes following these reviews.

If there are any changes to the index, CFSAMAL will ensure that these are implemented within two weeks, where practicable, of receiving this change.

A full list of the equities that Socially Conscious invests in is available at vicsuper.com.au/sociallyconscious

1. This criterion applies to equities only.
 2. The Global Industry Classification Standard (GICS) is an industry taxonomy developed in 1999 by MSCI and Standard & Poor's (S&P) for use by the global financial community.
 3. Companies who demonstrate that they are transitioning to clean energy may remain investable.
 4. Materially means the company generally derives greater than 5% revenue from the activity.
 5. For equities, companies with MSCI controversies score of 3 or below are excluded. For fixed interest, companies with a score of 0 are excluded.
 6. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.
 7. Companies with an ESG ratings score below a specified threshold will not be selected for investment.

Fixed Interest

BlackRock Investment Management (Australia) Limited (BlackRock), AFSL 230523 is the manager of one of the Australian fixed interest investments in the Socially Conscious investment option. It applies exclusionary screens to the corporate bonds it invests in.

BlackRock is also the manager of the international fixed interest investments in the Socially Conscious investment option. For international fixed interest, it applies exclusionary screens to both corporate bonds and Treasury and Government-Related bonds it invests in.

VicSuper's Socially Conscious investment option is invested in BlackRock's iShares ESG Australian Bond Index Fund (ESGB) and iShares ESG Global Bond Index Fund (ESGOBI), which implement customised indices. ESGB uses a Bloomberg Barclays MSCI Australian Socially Responsible (SRI) and ESG-weighted Index. ESGOBI uses a Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels Index. Both ESGB and ESGOBI exclude non-government securities associated with fossil fuels, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, military weapons, civilian firearms and nuclear power, as well as companies with an MSCI controversies score of 0. In addition, ESGOBI excludes Treasury and Government-related issuers with an MSCI ESG Government rating below BB. The definitions for exclusion, together with the ESG-weighting methodology for ESGB, can be found at vicsuper.com.au/sociallyconscious

The composition of the indices is maintained and reviewed regularly and rebalanced monthly.

VicSuper undertakes an annual review of the Socially Conscious investment option and its objectives.

Other information about VicSuper's investments

VicSuper does not borrow money to invest or take inappropriate risks with your super savings. However, there is an element of risk in all investments, and negative returns are always possible.

As part of VicSuper's investment strategy, derivatives are used to control the risk of movements in currencies, commodities, rates and shares. VicSuper uses derivatives carefully and all positions are fully covered.

VicSuper does not use derivatives for speculation or to leverage the Fund.

Custodians

A custodian is a specialist organisation that holds title to a fund's assets and undertakes registration of securities, holds investments in safe custody and maintains accounting and taxation records on behalf of the fund.

VicSuper's custodians are National Australia Bank Ltd (NAB, AFSL 230686) (for the Fund's assets) and Westpac Banking Corporation (AFSL 233714) (for the Fund's bank accounts).

Securities lending

VicSuper has a securities lending agreement in place with VicSuper's custodian, NAB. The revenue earned by NAB is split with VicSuper. Securities included in the program are listed Australian and international shares, and international and Australian fixed interest securities held by VicSuper.

NAB uses these securities as it sees fit, which generally means they are on-lent to major retail banks, investment banks and brokers. These borrowers in return pledge collateral (usually cash) to NAB; VicSuper and NAB receive a profit when this collateral is reinvested. Full title to the securities passes to NAB while VicSuper retains all coupon payments, dividends, private placements and other benefits of ownership including the right to vote at annual general meetings.

Securities lending arrangements generally assist the efficiency of global financial markets by increasing liquidity and enabling prices to better reflect the underlying value of the securities.

Understanding the asset classes

An asset class refers to a group of assets that are considered to have similar risk and return characteristics.

VicSuper invests in five asset classes: equities, alternatives, real assets, fixed interest and cash.

Equities



Equities are often called company shares or stocks. This asset class potentially provides the highest average long-term returns but may also be subject to a higher risk of low or negative returns (high volatility) in the short to medium term.

Equities are classified as growth assets because they primarily provide returns in the form of capital gain (or loss) as well as a dividend or income yield.

VicSuper's investments in this asset class are shares in public companies listed on stock exchanges, which can be bought and sold by the public. The asset class is made up of three sub-asset classes, being Australian equities, international developed market equities and international emerging market equities.

Returns are made when the market price increases and dividends are paid. On the other hand, investment losses are made when the market price of these shares decreases.

Alternatives



Investments in this asset class currently consist of, but are not limited to, Australian and international private (unlisted) equity, credit and absolute return strategies. The private equity sub-asset class contains equities that are not listed on stock exchanges.

Over time other sub-asset classes may be added to alternatives. The alternatives asset class will hold investments that do not fall under any of the other four asset classes.

Real assets



These are investments in property, infrastructure, agriculture and timber. In line with industry practice, VicSuper has defined the 'real assets' asset class as exhibiting the attributes of both growth and defensive assets.

1. Property

These are assets such as office buildings, shopping centres and industrial buildings. These investments are usually structured for capital growth and rental income. Returns are made from rental income and movements in property market value.

2. Infrastructure

These are assets that deliver services necessary for daily life and economic activity such as airports, seaports, railways, power and water utilities (including renewables), toll roads and pipelines. Returns are made from fees, patronage, rental income and the revaluation of assets.

3. Agriculture and Timber

VicSuper's investments in agriculture include land and water assets primarily located in northern Victoria. Returns are currently derived from traditional broad-acre agriculture, water revenue streams and the movements in asset market value.

VicSuper's investments in timber assets (mainly plantation timber or managed forests) are managed for the production of pulp, chip, sawn timber and higher-value wood products. Returns are derived from net rental income and movements in asset market value.

Fixed interest



These are investments in debt instruments issued by governments, semi-government agencies, supranationals/sovereigns agencies and corporations. Often called 'bonds', they are issued for a set amount (the principal or face value) over an agreed period, usually at an agreed interest rate (the yield). Returns are made from regular coupon payments and the movement in capital value.

Cash



These are short-term (12 months or less) and floating rate investments held in bank accounts, bank bills, negotiable certificates of deposit, other bank deposits/securities, and corporate securities. Interest earned provides returns, which are generally reliable and consistent but usually lower than the other asset classes.

Cash and fixed interest are considered defensive asset classes, as they are not subject to the level of volatility experienced by some other asset classes such as equities.

Investment options

As a VicSuper Fund member, you can choose one investment option, or a mix of investment options. VicSuper’s range of options cover the varying levels of investment risk and therefore expected return that you may seek from your super savings.

Each of VicSuper’s investment options has a Standard Risk Measure, ranging from very low for the Cash and Term Deposit options, through to very high for the Australian Shares option. VicSuper’s investment options and their varying risk and return profiles are represented in the stylised diagram below.

Broadly speaking, investment options vary because of the mixture of growth and defensive assets in them. Options with a high allocation to growth assets typically experience greater volatility, meaning the unit price will go up and down more frequently and the likelihood of negative returns in any one financial year is higher. Options with a lower percentage of growth assets (and a higher percentage of defensive assets) are usually less volatile and less likely to have negative returns in any one financial year.

VicSuper’s default option is the Growth (MySuper) Option

If you joined VicSuper:

- through your employer – you are automatically placed in the Growth (MySuper) Option when you first join.
- as an individual – you may choose your investment option when you first join. If you don’t choose an investment option or mix of options, your funds will be placed in the Growth (MySuper) Option.

VicSuper’s long-term investment objectives

With the exception of the Cash and Term Deposit options, each investment option is designed to generate an expected annual net investment return over rolling 10-year periods.

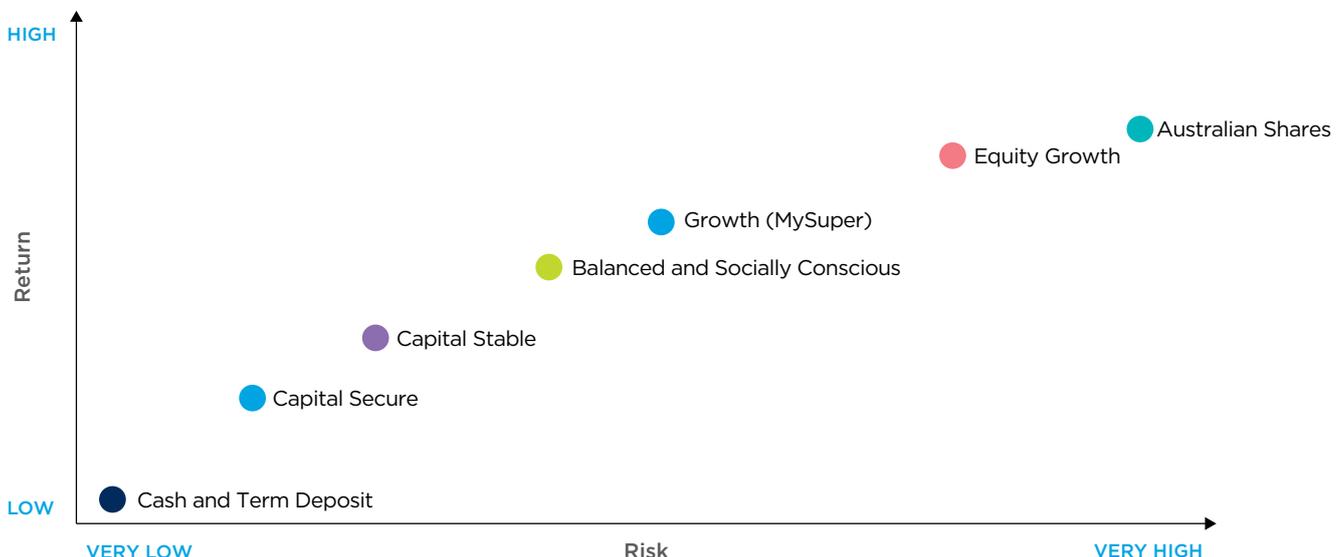
Due to the long term nature of super, we believe this is an appropriate timeframe to measure performance.

Please note:

- Investment objectives are based on advice from Frontier and are subject to review. Frontier has consented to this information being included in this document. It is important to note that this information is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties, and may differ materially from results ultimately achieved. Visit vicsuper.com.au/glossary for further information on the investment return objectives.
- The higher the likelihood of fluctuations in annual investment returns, the greater the likelihood of negative returns in a particular year or years.

VicSuper’s investment options: long-term risk and expected return

Note: This is a stylised diagram and is not based on actual returns.



Definitions

Growth assets - typically higher in risk¹

and therefore potentially produce higher returns in the long term (eg shares). Growth assets are expected to generate a significant portion of their return from capital movements (as opposed to defensive assets which are mainly only income producing).

Defensive assets - typically lower risk¹

and generally produce lower returns over the long term (eg bonds or cash). Defensive assets generally derive the majority of returns from income.

Real assets and alternatives are classified as part growth and part defensive. See page 7 for more information on the asset classes.

1. See page 10 for information on the Standard Risk Measure.

VicSuper offers you a range of investment options

VicSuper FutureSaver provides a range of investment options, covering the varying levels of risk and expected investment return that people generally seek for their super savings.

Cash

Description	This option has no allocation to growth assets, with a very low risk of fluctuating returns.								
Investment return objective	To earn an investment return (after tax and investment expenses) that matches or exceeds the Bloomberg AusBond Bank Bill Index (after tax).								
Growth/defensive asset split	Growth 0% Defensive 100%								
Most suitable for	Investors who have a very low tolerance for risk.								
Minimum suggested investment timeframe	No minimum timeframe is suggested.								
Asset classes	 <table border="1" data-bbox="954 1205 1412 1332"> <thead> <tr> <th>Asset</th> <th>Strategic Asset Allocation</th> <th>Target Range</th> </tr> </thead> <tbody> <tr> <td>● Cash</td> <td>100%</td> <td>N/A</td> </tr> </tbody> </table>			Asset	Strategic Asset Allocation	Target Range	● Cash	100%	N/A
Asset	Strategic Asset Allocation	Target Range							
● Cash	100%	N/A							
Standard Risk Measure¹	<p>Risk band: 1</p> <p>Risk label: Very low</p> <p>● ○ ○ ○ ○ ○ ○ ○</p> <p>Estimated number of negative annual returns over any 20 year period:</p> <p>Less than 0.5</p>								

View past performance at our website. Past performance is not a reliable indicator of future performance.

1. Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. VicSuper assesses the Standard Risk Measure for each of its investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

	Term Deposit	Capital Secure																								
Description	This option has no allocation to growth assets. Once selected, the interest rate and term of the term deposit is locked in and cannot change.	This option has a 25% ¹ allocation to growth assets. The risk of fluctuating returns is low.																								
Investment return objective	To earn an investment return (after tax and investment expenses) that matches or exceeds the Bloomberg AusBond Bank Bill Index (after tax).	To earn an investment return of 1.25% per annum (after tax and investment expenses) above the rate of inflation, over rolling 10-year periods.																								
Growth/defensive asset split	Growth 0% Defensive 100%	Growth 25% ¹ Defensive 75% ¹																								
Most suitable for	Investors who have a very low tolerance for risk.	Investors who have a low tolerance for risk.																								
Minimum suggested investment timeframe	Investors can choose a 3, 6, 9 or 12 month investment timeframe. ⁵	1-year plus																								
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View past performance at our website. Past performance is not a reliable indicator of future performance.

1. These numbers have been rounded.
2. Alternatives are classified as part growth and part defensive.
3. Real assets are classified as part growth and part defensive.
4. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. VicSuper assesses the Standard Risk Measure for each of its investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.
5. Term Deposit interest rates vary depending on the chosen term (3, 6, 9 or 12 months) and date commenced. To view current rates go to our website.

	Capital Stable	Balanced																																				
Description	This option has a 41% ¹ allocation to growth assets. The risk of fluctuating returns is low to medium.	This option has a 61% ¹ allocation to growth assets. The risk of fluctuating returns is medium.																																				
Investment return objective	To earn an investment return of 2.25% per annum (after tax and investment expenses) above the rate of inflation, over rolling 10-year periods.	To earn an investment return of 3.25% per annum (after tax and investment expenses) above the rate of inflation over rolling 10-year periods.																																				
Growth/defensive asset split	Growth 41% ¹ Defensive 59% ¹	Growth 61% ¹ Defensive 39% ¹																																				
Most suitable for	Investors who have a low to medium tolerance for risk.	Investors who have a medium tolerance for risk.																																				
Minimum suggested investment timeframe	3-years plus	5-years plus																																				
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Alternatives ²	11%	0-26%																																				
Real assets ³	17%	2-32%																																				
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Fixed interest	20%	5-35%																																				
Cash	8%	0-23%																																				
Standard Risk Measure⁴	<p>Risk band: 3</p> <p>Risk label: Low to medium</p> <p>●●●○○○○</p> <p>Estimated number of negative annual returns over any 20 year period:</p> <p>1 to less than 2</p>	<p>Risk band: 4</p> <p>Risk label: Medium</p> <p>●●●●○○○○</p> <p>Estimated number of negative annual returns over any 20 year period:</p> <p>2 to less than 3</p>																																				

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3. Real assets are classified as part growth and part defensive.
4. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. VicSuper assesses the Standard Risk Measure for each of its investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

	Socially Conscious	Growth (MySuper)																																				
Description	This option has a 61% ¹ allocation to growth assets. The risk of fluctuating returns is medium.	This option has a 74% allocation to growth assets. The risk of fluctuating returns is medium to high.																																				
Investment return objective	To earn an investment return of 3.25% per annum (after tax and investment expenses) above the rate of inflation over rolling 10-year periods.	To earn an investment return of 3.75% per annum (after tax and investment expenses) above the rate of inflation over rolling 10-year periods.																																				
Growth/defensive asset split	Growth 61% ¹ Defensive 39% ¹	Growth 74% Defensive 26%																																				
Most suitable for	Investors who have a medium tolerance for risk.	Investors who have a medium to high tolerance for risk.																																				
Minimum suggested investment timeframe	5-years plus	7-years plus																																				
Asset classes	 <table border="1"> <thead> <tr> <th>Asset</th> <th>Strategic Asset Allocation¹</th> <th>Target Range¹</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>42%</td> <td>27-57%</td> </tr> <tr> <td>Alternatives²</td> <td>13%</td> <td>0-28%</td> </tr> <tr> <td>Real assets³</td> <td>17%</td> <td>2-32%</td> </tr> <tr> <td>Fixed interest</td> <td>20%</td> <td>5-35%</td> </tr> <tr> <td>Cash</td> <td>8%</td> <td>0-23%</td> </tr> </tbody> </table>	Asset	Strategic Asset Allocation ¹	Target Range ¹	Equities	42%	27-57%	Alternatives ²	13%	0-28%	Real assets ³	17%	2-32%	Fixed interest	20%	5-35%	Cash	8%	0-23%	 <table border="1"> <thead> <tr> <th>Asset</th> <th>Strategic Asset Allocation</th> <th>Target Range</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>52%</td> <td>37-67%</td> </tr> <tr> <td>Alternatives²</td> <td>15%</td> <td>0-30%</td> </tr> <tr> <td>Real assets³</td> <td>18%</td> <td>3-33%</td> </tr> <tr> <td>Fixed interest</td> <td>13%</td> <td>0-28%</td> </tr> <tr> <td>Cash</td> <td>2%</td> <td>0-17%</td> </tr> </tbody> </table>	Asset	Strategic Asset Allocation	Target Range	Equities	52%	37-67%	Alternatives ²	15%	0-30%	Real assets ³	18%	3-33%	Fixed interest	13%	0-28%	Cash	2%	0-17%
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	Equity Growth	Australian Shares																		
Description	This option has a 98% allocation to growth assets and a high risk of fluctuating returns.	This option has a 100% allocation to growth assets and a very high risk of fluctuating returns.																		
Investment return objective	To earn an investment return of 4.25% per annum (after tax and investment expenses) above the rate of inflation over rolling 10-year periods.	To earn an investment return of 4.25% per annum (after tax and investment expenses) above the rate of inflation over rolling 10-year periods.																		
Growth/defensive asset split	Growth 98% Defensive 2%	Growth 100% Defensive 0%																		
Most suitable for	Investors who have a high tolerance for risk.	Investors who have a very high tolerance for risk.																		
Minimum suggested investment timeframe	7-years plus	7-years plus																		
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Asset	Strategic Asset Allocation	Target Range																		
Equities	100%	N/A																		
Standard Risk Measure³	<p>Risk band: 6</p> <p>Risk label: High</p> <p>●●●●●○</p> <p>Estimated number of negative annual returns over any 20 year period:</p> <p>4 to less than 6</p>	<p>Risk band: 7</p> <p>Risk label: Very high</p> <p>●●●●●●●</p> <p>Estimated number of negative annual returns over any 20 year period:</p> <p>6 or greater</p>																		

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Choosing and changing investment options

When you become a member of VicSuper FutureSaver, you can choose an investment option, or mix of options, with a risk and expected return profile that suits your needs.

The default investment option is Growth (MySuper) but you may change from Growth (MySuper) to another option, or a mix of options. For further information about choosing and changing investment options, visit vicsuper.com.au

Important considerations when choosing your investment options

Here are some questions you can ask yourself when considering your investment options:

1. What are my goals and plans for retirement?
2. When do I plan to start using my super?
3. What is my risk profile?
For example, am I comfortable taking the risk of fluctuating annual returns knowing that I may achieve higher average returns in the long term?
Or would I prefer a lower risk option that may produce more consistent annual returns but lower average returns in the long term?
4. Is investing my super in a socially and environmentally responsible way important to me?

A 'business day' refers to a Melbourne business day.

Superannuation advice from a qualified financial planner

If you would like to discuss your investment strategy and determine the best option, or mix of options, for your risk and return profile.

To make an appointment with a VicSuper financial planner visit vicsuper.com.au/advice or call us on (03) 9667 9200

Changing your investment options

You may generally change your investment option, or mix of options, on any business day (except if you have a pending investment switch or term deposit application) via VicSuper MembersOnline at vicsuper.com.au or by completing the *Change your investment options* form (V501).

When you change your investment options, your balance is determined using the following business day's unit price.

If your request is received through VicSuper MembersOnline by 11.59pm on any day, or at a VicSuper advice centre before 4pm on a business day, it will be processed using the next business day's unit prices. You cannot make another change to your investment options (including investing in the Term Deposit Option) until your initial request has been finalised, which is generally in three business days.

Cancelling your investment option request

Once submitted, you cannot cancel a change of investment option or term deposit application request.

Investing in a term deposit

VicSuper has a range of investment options, including a Term Deposit Option. You can choose from 3, 6, 9 and 12 month terms.

To commence a term deposit, you must have a minimum account balance of \$15,000 (excluding any amounts already in term deposits) and you must leave the greater of \$10,000 or 10% of your account balance invested in options other than a term deposit. This is because deductions cannot be withdrawn from a term deposit.

Each term deposit you hold must be a minimum of \$5,000 and a maximum of \$5 million.

When investing in a term deposit, it is important that you also understand the following rules and restrictions:

- You can apply for a term deposit on any business day provided you have no other term deposit application, maturity, or change of investment options pending. Term deposit applications will be effective the business day after we receive your application (however note that another two days are required to fully process the application and display it in VicSuper MembersOnline).
- The interest rates that apply to term deposits are available at vicsuper.com.au/investments and are subject to change without notice.
- The term deposits you select will receive the interest rates applicable on the business day following receipt of your correctly completed *Term deposit application* form (V504) (available at vicsuper.com.au/termdeposit if received at a VicSuper advice centre before 4pm on a business day or online application via VicSuper MembersOnline (if received before 11.59pm).
- Once you submit an application for a term deposit (or any investment option), it cannot be cancelled.
- If VicSuper receives a *Term deposit application* form (V504) and a change of investment option request on the same day, the term deposit application will be processed first, unless you provide us with clear instructions to do otherwise. This means that the *Change in your investment options* form (V501) will not be processed until the term deposit application has been finalised, which generally takes three business days.

- On maturity, the funds in your term deposit will be transferred to the Cash Option. Another two days are required to fully process and finalise the transaction. If you wish to apply for another term deposit, you can do so by completing a new *Term Deposit application* form (V504) or apply online via VicSuper MembersOnline.
- Once funds are invested in a term deposit, you will not be able to move those funds to another investment option or make a withdrawal until after the term deposit matures and the funds have been transferred to the Cash Option.
- Early termination of a term deposit before its maturity date will only be allowed (subject to VicSuper's discretion, as trustee) if a request for a payment is provided and the term deposit needs to be redeemed early in order to process the payment. An interest adjustment, in the form of a reduction in accrued interest, may apply where a term deposit is redeemed before maturity.

VicSuper retains the right not to allow a term deposit to be terminated early. In addition, VicSuper will allow early termination of a term deposit without an interest adjustment in the following circumstances:

 - Death
 - Terminal illness
 - Total and permanent disability
 - Permanently incapacity
 - Financial hardship
 - Compassionate grounds (as determined by the ATO, from 1 July 2018).
- If there are insufficient funds in an investment option from which you have elected to withdraw money to invest in a term deposit, the remaining required funds will be withdrawn from the investment option with the highest available balance.
- If there are insufficient funds in your account to cover a term deposit application (eg. due to a drop in the value of the account between the date of application and the date the term deposit becomes effective), the term deposit application will not be approved.
- A term deposit is an illiquid investment because, by its nature, it requires an investment for a fixed term. VicSuper will not generally be able to rollover or transfer a benefit in full to another fund, if requested, within the 30 day period ordinarily required under superannuation legislation where an investment choice has been made. Instead any non-term deposit investment options minus \$6,000 (to cover the administration fee, account-keeping fee and insurance premiums, if applicable) will generally be transferred to another fund nominated within the three business days and term deposit investments and any remaining non-term deposit investments will be processed within the three business days of maturity of the term deposit.
- The maturity date of a term deposit may not be an exact number of months after the start date, due to the incidence of weekends and any public holidays during the term.

To download the *Term deposit application* form (V504), go to **vicsuper.com.au/termdeposit**

Unit prices

A new unit price is set each business day for each investment option.

VicSuper's custodian calculates the unit prices each business day based on the value of the assets in the investment option at that time. Unit prices change when the value of these assets change.

Investment fees, indirect costs and tax are factored into calculating the unit prices for each investment option (or term deposit maturity proceeds, if applicable).

Every dollar you contribute into your VicSuper account buys units in the investment option, or mix of options, that you have chosen. Each VicSuper investment option (other than the Term Deposit Option, for which interest rates apply) has a daily unit price, which reflects the net value of the assets within the investment option.

Unit prices can go up or down, similar to share prices. A change in unit price over time is a reflection of the investment performance of the assets in the investment options.

The unit prices for each investment option are published the following business day, generally after 6pm.

For the latest unit prices and term deposit rates, go to **vicsuper.com.au/investments**

When we receive a change of investment option request for your account, the unit price of the following business day will generally be applied. If we don't have enough information from you to proceed with your request, a later unit price may be used.

Withdrawals are paid using the latest available unit price at the time of payment processing.

Contributions are generally allocated within a reasonable timeframe using the unit price of the business day the contributions are processed, provided that sufficient information was supplied with the contribution to identify the payer and the recipient.

Application of unit prices

The number of units you receive depends on the investment option or mix of investment options you have chosen. The number of units you receive for a contribution is simply the dollar value of the contribution divided by the relevant unit price. For example:

Contributions

Example

If your superannuation guarantee (SG) contribution of \$100 is effective 25 May and the unit price for this date was \$0.80000, then you receive 125.00000 units.

Tax

The government taxes certain contributions to super (eg SG and salary sacrifice) at 15%. The contribution tax amount for the \$100 contribution in the above example would be calculated as follows:

Tax in dollars

Contribution of \$100 x 15% tax = \$15.00

Tax in units

Tax of \$15 ÷ unit price of \$0.80000 = 18.75000 units

We generally deduct contributions tax at the time a contribution is processed. The effective date of the deduction is the same as the effective date of the contribution it relates to.

Deductions

Contribution tax is generally deducted from your account by redeeming units from the option/s you have nominated for future contributions.

Fees, insurance premiums (if applicable) and some taxes are deducted from your account by redeeming units from the option/s in proportion to the balance you have invested in those options (excluding term deposits). All deductions are shown on your benefit statement in dollars.

Your account balance in dollars

Each VicSuper member's account holds a number of units in one or more investment options. The current balance of the account is simply the number of units in each option multiplied by the current unit prices in each option.

If you have one investment option, your account balance can be calculated using the formula below:

Number of units held x Current unit price = Your account balance

If you have money in two investment options, your account balance in dollars can be calculated using the formula below:

Number of units held x Current unit price = Balance in option 1
+
Number of units held x Current unit price = Balance in option 2
= Your account balance

If you withdraw your account balance, the amount you receive will be different as any fees and any applicable insurance premiums and taxes will be deducted at the time of the withdrawal.

Investment returns

You can view the investment returns for VicSuper's investment options over a range of time periods at **vicsuper.com.au/investments**

Get in touch – we're here to help

Call our Member Centre

1300 366 216 (from outside Australia +61 3 9667 9875)
and speak to a VicSuper super consultant
between 8.30am and 5pm, Monday to Friday

Visit us

Bendigo | Blackburn | Geelong | Melbourne CBD | Traralgon

Monday to Friday
8.30am to 5pm

To make an appointment to see a VicSuper financial planner
call **(03) 9667 9200**

Send us a fax

(03) 9667 9610

Write to us

VicSuper
GPO Box 89
MELBOURNE VIC 3001

Browse our website

vicsuper.com.au

Download our app

vicsuper.com.au/mobileapp

Manage your account online

Simply visit our website to login

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At an additional fee, financial advice can be provided on a broader range of financial matters and products under an Australian Financial Services Licence held by a third party, who is responsible for the advice.

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