VicSuper

How we invest your money

VicSuper FutureSaver Member Guide

Date prepared 13 November 2020

Contents

The information in this document forms part of the *VicSuper FutureSaver Product Disclosure Statement* (PDS) dated 13 November 2020. It is based on laws that were current at 1 October 2020.

Issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340) the trustee for Aware Super (ABN 53 226 460 365). This Member Guide has been prepared by Aware Super Pty Ltd (referred to in this document as the 'Trustee', 'we', 'us', 'our'), the trustee for Aware Super (referred to as 'Aware Super' or 'the Fund'). VicSuper is a division of the Fund which includes the VicSuper FutureSaver product. The Fund is governed by a trust deed ('Trust Deed') as amended from time to time. For a copy of the Trust Deed see **vicsuper.com.au/trustdeed** or alternatively, you can contact the Member Centre on **1300 366 216**.

VicSuper FutureSaver was previously a product in the Victorian Superannuation Fund. It is now offered by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to the Fund on 1 July 2020. The Victorian Superannuation Fund no longer exists as a separate fund.

Your investment options

Growing your savings for a comfortable retirement partly comes down to making good investment choices. We offer a range of diversified and single asset class investment options.

Choose from nine investment options

Generally, you can choose to invest in one or more of the investment options in whatever proportions you choose. You can also make different choices for your current account balance, future contributions and amounts transferred to VicSuper from another fund.

Our diversified investment options

The diversified investment options provide you with the benefit of diversification by being invested across different asset classes, investment styles and managers.

Diversified options
Equity Growth
Growth (MySuper)
Socially Conscious
Balanced
Capital Stable
Capital Secure

Our single asset class options

The single asset class options give you a greater degree of control over your account by allowing you to invest in a single asset class.

Single asset class options
Australian Shares
Cash
Term Deposit

If you choose your own investment option(s), you should review your choices from time to time as you will remain in your chosen investment option(s) until you choose otherwise. You should also keep in mind that the single asset class investment options are not as well diversified compared to our diversified options and do not provide access to asset classes other than cash and Australian equities.

Our Socially Conscious investment option

The Socially Conscious investment option is a diversified investment option designed for members wanting to avoid particular industries and companies that don't align with their values. A key feature of the option is that it excludes investments considered to have a highly adverse environmental or social impact.

For more information, including the screening criteria applied to the option, refer to 'About the Socially Conscious option' on page 17 and the relevant investment option in the table on page 13.

Or you don't have to choose

If you don't make a choice when you join, we'll invest your super in the Growth (MySuper) option. This will apply to your account balance, future contributions and rollovers. The Growth (MySuper) option is a diversified option, which means it is invested across a range of asset classes. This is called diversification and it can reduce the risk of loss if one particular asset class performs poorly.

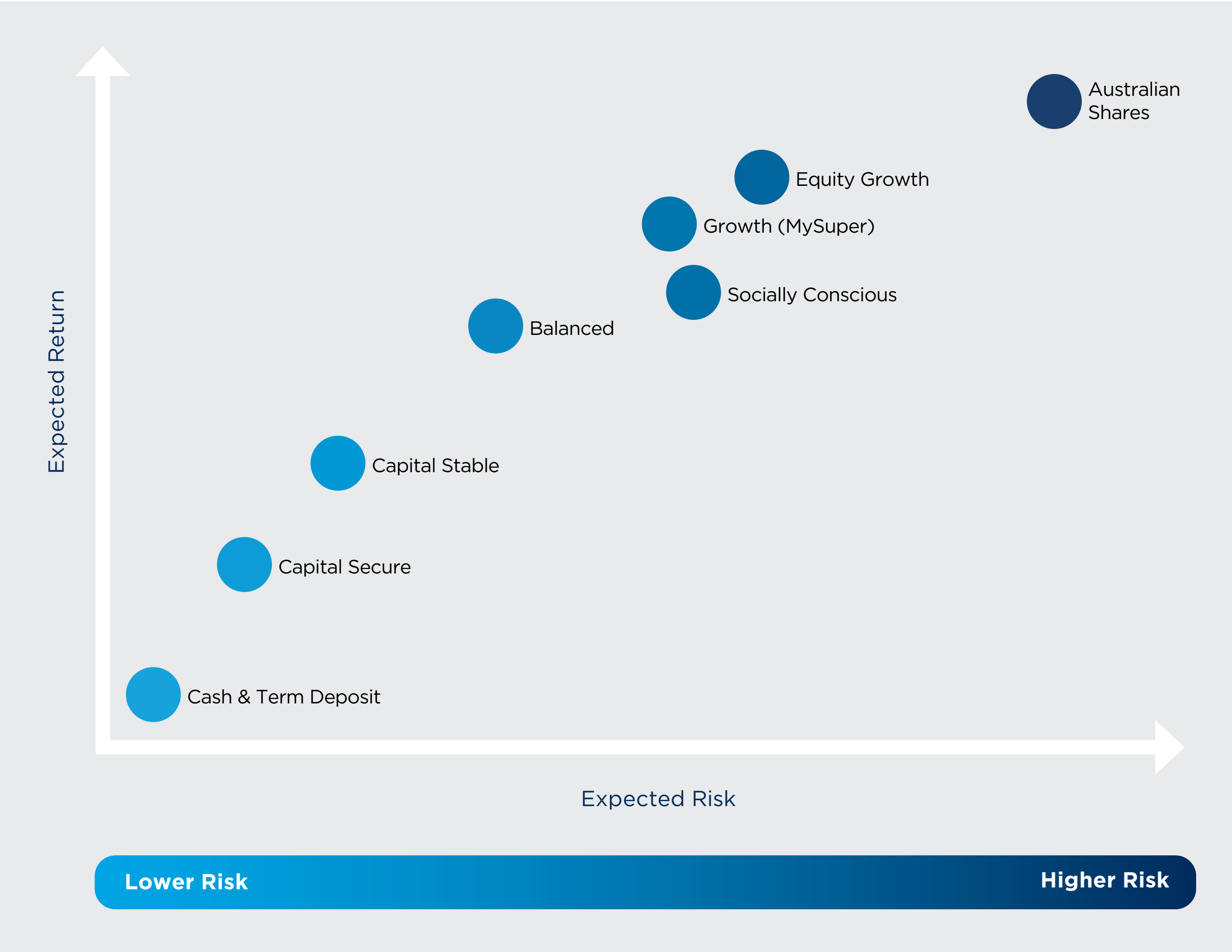
We may add, close, or terminate investment options, add or remove investment managers, or alter the objective, strategic asset allocation or asset allocation range of an investment option, including the Growth (MySuper) option, at any time. We will notify you about any material changes, although this may be after the change has occurred. If you have money in an investment option that the Trustee decides to discontinue, you may have an opportunity to switch to any of our other investment options. Alternatively, we may switch your money to an investment option with a similar risk/return profile.

We are not responsible for your investment choice and we do not review your investment choice. If you select one or more of the single asset class options without adequately diversifying your investment in the Fund, you could be exposing your superannuation benefits to a greater risk of loss. Please read 'The importance of diversification to manage investment risk' on page 21. You may wish to consult a financial planner before making any investment decisions.

Important information

The value of assets in the Fund's investment options may rise and fall from time to time. Nothing in this Member Guide is intended to forecast the future performance of the Fund or any of its investment options. Past performance is not a reliable indicator nor is it a guarantee of future performance. We do not guarantee the capital invested or the investment performance of any of the investment options available to members in the Fund.

Investment options expected risk and return profile



Note: The above graph provides a broad overview of the expected risk and return for investment options for comparison.

It is illustrative only and is not a forecast or guarantee of the future returns of the investment options shown. Similarly, it should not be relied on as providing an accurate indication of the level of risk associated with any one option. Each option is subject to different types of risks and can be impacted by those particular risks to varying degrees depending on the nature of the option's investments.

For more information on each investment option refer to pages 12 to 16 of this guide.

Responsible Ownership

We integrate environmental, social and governance (ESG) considerations into our investment processes across all of our investment options and asset classes. Known as Responsible Ownership, this approach helps us better manage risk and generate strong long-term returns for our members, while also contributing positively to the world in which our members live and retire.

We believe it is important to take ESG considerations into account since a company's approach to managing ESG risks and opportunities can have a meaningful impact on its long-term viability and success. Over the long term, we think companies and assets with sound ESG management are more likely to increase in value. By contrast, companies that poorly manage ESG risks have the potential to destroy shareholder value and may also harm the broader community and environment.

Our Responsible Ownership approach consists of four main pillars which are outlined below. We understand that things can change quickly, and this multi-faceted approach means we are able to identify emerging ESG risks and issues and respond appropriately.

Pillar 1: Integration

Our approach is not limited to a set-and-forget analysis of an investment, but rather is a holistic approach to assessing ESG risks and opportunities over an investment's life. We do this by considering ESG factors both at the time of initial investment due diligence and selection (ie before we make a new investment), and via ongoing monitoring thereafter.

When we are considering partnering with an external investment manager, we assess their ESG capabilities and policies before deciding to invest with them. We also regularly meet with them to review their ESG integration approach and discuss how they are monitoring ESG risks and issues. While we expect the investment managers we partner with to monitor ESG risks that relate to our investments, we allow them some flexibility to determine the manner in which ESG considerations are implemented.

Examples of some of the key ESG factors we consider are provided below.

Environmental factors	• Climate change and its potential impact on investments • Waste, pollution and contamination • Water (eg availability and supply) • Biodiversity and sustainable land use
Social factors	• Workplace health and safety • Diversity and inclusion • Adherence to international conventions • Modern slavery/forced labour (both in company operations and supply chains) • The effectiveness of a company in maintaining its 'licence to operate' and managing labour relations • Product responsibility
Governance factors	• Board composition (diversity, expertise & independence) • Executive remuneration • Transparency & reporting • Conduct & culture • Technology & innovation • Data privacy & cyber security

We may take into account other ESG factors if they apply to a particular investment or investment manager.

Where investment managers take into account ESG considerations, they may consider different ESG factors.

Pillar 2: Voting

As a large investor we own shares in a diverse range of companies which entitles us to vote on various matters. We use our voting rights to support resolutions that seek to enhance value for our members across a range of areas such as board composition, executive remuneration, and climate-related disclosure and action. Information on our voting decisions is available on the website at **vicsuper.com.au/responsibleinvestment**.

Where applicable, external and internal investment managers are expected to actively consider their position on company resolutions. However, the Trustee has the right to any final voting decision and can override a manager's vote.

Pillar 3: Engagement

We monitor ESG considerations continually, and when a material risk or issue is identified we use our ownership rights to engage with the relevant company, particularly where we believe its management of ESG issues is deficient relative to government/regulator or industry standards and/or community expectations, or its conduct threatens its reputation and value. The objective of engagement is to encourage the company to improve its ESG policies and practices, and thereby protect or increase its economic value. Where engagement does not lead to the desired outcome or changes within a reasonable timeframe, other actions such as voting against directors, or raising a Shareholder proposal, are considered.

Pillar 4: Collaboration & advocacy

We believe we can be more effective and have a more material impact by working alongside other like-minded investors and industry associations. We are involved in a number of collaborative initiatives including the Australian Council of Superannuation Investors (ACSI), Responsible Investment Association of Australasia (RIAA), Climate Action 100+, the Investor Group on Climate Change (IGCC), and the Water Disclosure Project. Collaborating with other large investors in these initiatives helps us to better understand the risks and opportunities associated with various ESG issues across a range of industries and sectors.

Climate change

We believe climate change is one of the most significant long-term risks to our portfolio – and therefore our members' retirement outcomes. As a result, we have undertaken significant research and work to establish a plan to help us address the large, systemic and structural changes that limiting temperature rises and climate change will require. Our plan, known as the Climate Change Portfolio Transition Plan, is a framework of recommendations and targets that will focus our efforts on:

- developing a decarbonisation pathway for our investment portfolio
- transitioning our portfolio to lower climate change risk in our investments and, where required, helping those investments adapt to a changing climate, eg working with our agricultural investments to help them adapt their practices to a warming and changing climate
- proactively investing to capture opportunities in energy-efficient investments, that will emerge as we move towards a decarbonised economy, and
- lowering risk through actively managing and engaging with portfolio investments on their climate change transition pathway.

You can find more information on our Climate Change Portfolio Transition Plan on our website at **vicsuper.com.au/transitionplan**

Our investment restrictions and exclusions

While in general our approach is to use engagement and proxy voting to positively influence the behaviour and ESG practices of the companies we invest in, in certain circumstances we believe it is appropriate to exclude a particular sector or company from our investment portfolios. These circumstances include:

- if we consider that an investment is inappropriate to the extent that it may have a negative reputational impact
- if the investment would lead to contravention of international treaties or conventions, or
- if it is not deemed possible to influence a company through engagement or proxy voting.

On this basis, we have implemented the below portfolio-wide restrictions and exclusions.

1. **Tobacco** – direct investments in tobacco manufacturers and/or producers (including subsidiaries, joint ventures and affiliates) which derive 5% or more of their revenue from the manufacture and/or production of tobacco products.
2. **Thermal coal** – direct investments in companies that generate 10% or more of their revenues directly from mining thermal or energy coal.[1]
3. **Controversial weapons** – direct investments in companies that derive any revenue from the manufacture and/or production of controversial weapons including chemical weapons, cluster munitions, land mines and depleted uranium.

Note that the above exclusions don't apply to the use of derivatives which may have an indirect exposure to these types of companies. In addition, implementation of the above exclusions may be affected by the accessibility and accuracy of data, or an error by an external service provider. This may result in inadvertent holdings, typically over the short term, in investments we are seeking to exclude.

We may divest from other sectors, industries or investments without prior notice, in line with our Responsible Investment Policy as updated from time to time.

For more information, you can read our Responsible Investment Policy, available at **vicsuper.com.au/responsibleinvestment** or you can obtain a copy, free of charge, by calling us on **1300 366 216**.

1. Due to liquidity constraints, unlisted thermal coal mining assets may take time to divest from and there may be a small residual exposure. Such assets will be sold at fair value as soon as reasonably practicable, but by no later than 30 June 2023.

Our investment approach

Investment overview

Our investment approach aims to ensure we deliver strong long-term investment returns, over and above inflation, to help you grow your retirement savings. We take care when choosing investments to ensure we only take on risk that we believe will be adequately rewarded. We also incorporate ESG considerations into our investment decision making process.

Tailoring our investment approach to the needs of our members

As part of our members first philosophy, we have taken steps to ensure we tailor the way we manage money to meet the differing needs of our members.

Equity Growth and Growth options

These options are typically used by members during the initial phase of their superannuation journey, and our investment strategy for these options is focused on generating strong capital growth.

Capital Secure, Capital Stable and Balanced options

These options are more conservative in nature and are typically used by members in the lead up to retirement. Our investment approach for these options aims to provide growth and protection from the effects of inflation, while also aiming to reduce the impact of large share market falls.

For details of our Socially Conscious option go to 'About the Socially Conscious option' on page 17.

Investing in a range of assets

We have determined an appropriate split between growth and income assets for each option that is consistent with the option's risk level and is most likely to meet the option's investment objective.

- **Growth assets** have the potential to achieve capital growth over the medium to long term. Examples include Australian and international equities, private equity, property, infrastructure, and more growth-oriented liquid alternatives investments. While in the long term these types of assets have the potential to produce higher returns, they can be more volatile (or risky) in the short term when compared with income assets and have a greater potential to produce negative returns in the short to medium term.
- **Income assets** (also known as defensive assets) generally provide an income stream and typically include cash, fixed income investments (bonds), credit income and more defensively-oriented liquid alternatives investments. These investments are generally considered to be less risky than growth assets, but can at times produce a negative return.

For more information on what is included in each asset class, refer to 'Understanding the asset classes' on page 10.

Strategic asset allocation

Each diversified option is assigned a medium to longer term target asset allocation, known as the strategic asset allocation. We also establish asset allocation ranges which are the minimum and maximum amounts we can invest in each asset class. For the current strategic asset allocation and asset allocation ranges for each investment option, see pages 12 to 16. Note that each of the asset classes may include small cash balances for portfolio management purposes.

The actual asset allocation in place at a particular time may vary from the strategic asset allocation because we use an active asset allocation approach. This allows us to take advantage of market conditions by temporarily increasing or decreasing our exposure to a particular asset class (or a specific sector or geography within an asset class, eg US equities). This can help shield members from the risks of being overexposed to expensive markets and add incremental returns by increasing exposures to asset classes when they are attractive.

These deviations from the strategic asset allocation are generally in place for a short to medium term period and must be consistent with the investment objective and strategy of the option. While generally the actual asset allocation will be within the strategic asset allocation ranges, during an episode of significant market stress the actual asset allocation may be moved outside the ranges shown in the investment option tables.

> We may vary the strategic asset allocation and asset allocation ranges for an investment option from time to time without prior notice. The latest asset allocations can be found at **vicsuper.com.au/assetallocations**

Professional investment managers invest your money

We work with a panel of professional investment managers who specialise in different asset types to assist us in managing your super. A current list of managers by asset class is available on our website at **vicsuper.com.au/investmentmanagers**

We also have a team of investment specialists who oversee our investment portfolios and manage a number of investments in house. The investment team seeks to deliver value to members with an approach that focuses on:

- Active and strategic asset allocation to get an appropriate mix of different investment types.
- High quality research to underpin and improve investment decisions.
- Managing select assets in house, which brings market insights and greater access to unique opportunities.

- Integrating ESG considerations into the investment process.
- Active ownership and engagement to drive positive change with the companies we invest in.

The team also performs a cash flow and portfolio rebalancing function for the diversified investment options to help ensure each option is invested as closely as possible in line with the target asset allocations.

Investment approaches

Investment managers use different approaches to select investments, with two of the main approaches, passive and active management, described below. No single approach is guaranteed to outperform all others in all market conditions.

Passive management

Also known as index managers, passive managers choose investments to form a portfolio that closely tracks a market benchmark (or index). Passive managers usually charge lower fees because they don't require extensive resources to select investments.

Active management

Active managers select investments which they believe will perform better than a market benchmark over the long term. They buy or sell investments when their market outlook alters or their investment insights change.

Important information about the investment options

Investment objectives

Each investment option has a stated objective which is the desired investment outcome for the option. Investment objectives vary with the level of risk associated with the assets that make up the option. Keep in mind when reviewing the options' objectives that they are not a forecast of future returns, or prediction of the earnings on your investment.

For each diversified option, the investment objective is to achieve investment growth above inflation (as measured by the Consumer Price Index) over rolling time periods. By contrast, the investment objectives for the single asset class options are generally to track or outperform a relevant market benchmark or index, for example in the case of the Cash option, the Bloomberg AusBond Bank Bill Index.

We may change the investment objective of an investment option from time to time.

Standard Risk Measures

The investment option tables on the following pages show a risk band, risk label and estimated number of negative annual returns over any 20-year period for each investment option. This is known as the Standard Risk Measure, or SRM, and is based on a methodology developed by the industry so that consumers can compare investment options within and across funds. As shown in the table below, the risk measures range from 1 (being the lowest risk) to 7 (being the highest risk). The SRM of an investment option depends on the risk profile of the asset classes and investments that make up the option.

It's important to keep in mind that the SRM is not a complete assessment of all forms of investment risk. For instance, it does not take into account the potential size of a negative return, or the potential for a positive return to be less than a member may require to meet their objectives. In addition, it does not take into account administration costs.

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Foreign currency management

When investing in overseas assets such as international equities or bonds, returns reflect both changes in the value of the underlying investments, as well as currency movements. We may hedge some or all of the currency exposure back to Australian dollars in order to manage risk or enhance returns.

On each investment option profile we show the target foreign currency exposure and range. These amounts refer to the proportion of assets that are subject to foreign exchange rate movements. The remainder of the investment option is either currency hedged or denominated in Australian dollars.

We may change the currency exposure over time with the intention of improving the investment option's ability to meet its performance and risk objectives.

Different options may carry different levels of risk, depending on the assets that make up the option. When choosing an investment option, you should consider the level of investment risk that is appropriate for you, which depends on your age, investment timeframe, where other parts of your wealth are invested and your attitude to risk. Seeking advice from a financial planner can help you choose the most suitable investment option.

Understanding the asset classes

An asset class refers to a group of assets that are considered to have similar risk and return characteristics. The information below describes the asset classes your super may be invested in.

Cash

Cash investments include a range of short and medium-term interest-bearing investments, such as term deposits, bank bills and treasury notes. For the diversified investment options, the Cash asset class can also include corporate debt and asset-backed securities which aim to add value while substantially retaining the low-risk characteristics of more traditional cash investments.

Typically the least risky of all asset classes, cash is often chosen by investors who want to access their money in the short to medium term. However, while the risk of negative returns from cash investments is much lower than for other asset classes, expected returns are also lower. The buying power of your money may also be reduced as it may not keep up with inflation.

The value of a cash investment will fluctuate due to a number of factors, but primarily with the rise and fall in interest rates.

Equities (shares)

Equities (shares) are a portion or share of a company that can be bought or sold on an exchange. Equities allow investors to access both large and small listed companies across a range of industries in Australia and overseas (both developed and emerging markets).

The return investors receive from investing in equities includes income in the form of dividend payments, as well as capital gains (and losses) from changes in the value of the underlying shares, and for international equities, currency movements.

Long-term returns from equity investments tend to be higher than those achieved from property, fixed income and cash investments. But in the short term, their performance is more volatile and returns can be negative, making them a higher risk investment.

Various factors like consumer sentiment, commodity prices and company performance can all have an impact on a company's share price.

Note that our Australian and international equities asset classes can also include a small exposure to unlisted companies which are less liquid than listed companies.

Fixed income (bonds)

A fixed income investment is a loan to a government, semi-government authority or large corporation in exchange for regular interest payments, plus repayment of the principal amount at maturity.

Interest is paid to investors over the life of the investment, usually at a fixed rate. However, for some bonds, the interest payments and/or principal are adjusted for the rate of inflation. These are known as 'inflation-linked bonds' and they are designed to help protect investors from inflation.

While fixed income investments such as bonds are usually less volatile than many other investments like shares, they may also have a lower expected return over the long term.

It is also important to note that fixed income investments are not without risk and do not provide a fixed rate of return like a term deposit. The fact that bonds are traded in a marketplace with buyers and sellers means they are exposed to price movements, and the possibility exists for low or negative returns from time to time.

Bond values are driven by prevailing interest rates and expected interest rate movements. In general, when interest rates rise, the market value of bonds tends to fall, and when interest rates fall, bond values tend to rise. This can have a significant impact on performance.

Credit income

Credit income covers a range of alternative debt investments. Like fixed income, credit income investments involve a loan to a borrower in exchange for regular interest payments, plus repayment of the principal amount at maturity. However, compared to traditional fixed income investments, the loans are typically to borrowers with a lower credit rating, and as a result, may command a higher rate of return to compensate the investor for the risk of default. Credit income investments include loans to a range of companies in Australia and globally across a variety of industries including infrastructure, real estate and various corporate sectors.

Property

Property investments include office buildings, shopping centres and industrial estates, as well as residential property such as apartment buildings and retirement villages. Investors can access property investments either directly or indirectly by purchasing units in a property trust (unlisted or listed) and the property investments may be in Australia or global.

Direct and unlisted property investment returns reflect a combination of rental income and capital growth, and are dependent on a range of economic factors such as interest rates and employment, as well as the location and quality of properties.

Listed property investments (often known as Real Estate Investment Trusts or REITs) are investments in their own right and their returns will also reflect changes in securities prices on listed markets, which will be different (and more volatile) than the returns earned from owning direct or unlisted property investments.

Property investments are subject to a moderate to high degree of risk and are typically most suitable for long-term investors seeking high growth over the medium to long term, who are willing to accept fluctuations in returns and the possibility of negative returns over the short term.

Infrastructure and real assets

Infrastructure assets are the utilities and facilities that provide essential services to communities. Examples include utilities (electricity, gas, water and communications), power (including renewables), transport (airports, seaports, toll roads and rail), social infrastructure assets (hospitals, education facilities and community infrastructure such as a convention centre) and agriculture (including land and water assets, as well as timber assets).

New infrastructure sub-sectors which exhibit similar features to traditional infrastructure investments, for example land title registries, have also developed over time.

Due to their scale and importance, infrastructure investments typically have high barriers to entry, but generally offer investors a steady income stream, potential for capital growth over the long term, and lower volatility than other growth assets such as equities. However, there are risks. For example, changes to government regulations, usage rates, and interest rates may affect their value.

Similar to property, investors can access infrastructure investments directly by investing in individual assets, or indirectly via unlisted or listed pooled funds.

Private equity

Private equity includes investments in Australian and overseas companies that are not listed on a stock exchange. Such companies can include large established companies needing investment and expertise to support future growth plans, as well as smaller, rapidly growing businesses.

The private equity market is less efficient and less regulated than listed equity markets. This creates opportunities for skilled managers to add value. However, private equity investments are typically illiquid and high risk, and so are typically best suited to investors with a medium to long-term horizon.

Liquid alternatives

Liquid alternatives include a range of non-traditional strategies such as real return strategies and hedge funds. Unlike traditional fund managers which are often restricted to investing in a single asset class (eg Australian equities), these managers have a wider range of allowable investments and are able to utilise a combination of equities, bonds, currencies, commodities and other liquid asset classes. They can make investments in these asset classes via physical exposures or, more typically, via derivatives (see page 25 for details about the Fund's use of derivatives).

The managers we partner with to manage this asset class are selected for their potential to provide strong diversification, or to deliver returns above CPI (or an official cash rate) by dynamically moving around their exposure to different asset classes.

To best align the investments of this asset class with the risk/return profiles of the various diversified options, we differentiate between growth-oriented and more defensively-oriented liquid alternatives strategies. The growth-oriented strategies are focused on generating strong capital growth but can also carry a high level of risk and are therefore most suited to our higher risk diversified investment options. By contrast, the defensively-oriented strategies aim to reduce total portfolio risk by providing positive returns when equity markets experience large negative returns, making them more suitable for our balanced and lower risk diversified investment options.

Diversified options

	Growth (MySuper)			Equity Growth		
Summary	Invests in a wide range of Australian and overseas investments with a bias towards capital growth.			Invests in a range of Australian and overseas investments with a strong bias towards capital growth via a large equities allocation.		
Investment objective[1]	CPI + 3.75% pa over rolling 10-year periods after taking into account fees, costs and tax.			CPI + 4.00% pa over rolling 10-year periods after taking into account fees, costs and tax.		
Growth/income allocation[2]		**Target**	**Range**		**Target**	**Range**
	Growth assets	75%	55% - 95%	Growth assets	92%	72% - 100%
	Income assets	25%	5% - 45%	Income assets	8%	0% - 28%
Strategic asset allocation[2]						
		Target	**Range**		**Target**	**Range**
	Australian equities	19%	9% - 29%	Australian equities	24%	14% - 34%
	International equities	31%	21% - 41%	International equities	41%	31% - 51%
	Private equity	6%	0% - 26%	Private equity	8%	0% - 28%
	Infrastructure & real assets	9%	0% - 29%	Infrastructure & real assets	9%	0% - 29%
	Property	7%	0% - 27%	Property	7%	0% - 27%
	Liquid alternatives (Growth)	3%	0% - 23%	Liquid alternatives (Growth)	3%	0% - 23%
	Liquid alternatives (Defensive)	0%	0% - 0%	Liquid alternatives (Defensive)	0%	0% - 0%
	Credit income	5%	0% - 25%	Credit income	3%	0% - 23%
	Fixed income	10%	0% - 25%	Fixed income	0%	0% - 10%
	Cash	10%	1% - 45%	Cash	5%	1% - 15%
	Currency exposure[3]	22%	0% - 41%	Currency exposure[3]	29%	0% - 51%
Minimum suggested investment timeframe	Medium to long term (7 years)			Long term (10 years)		
Standard Risk Measure[4]	6 – High			6 – High		
Estimated number of negative annual returns over any 20-year period[4]	4 to less than 6			4 to less than 6		
Who might invest in this option?	This option may suit investors who can accept fluctuations in returns, including years of negative returns, but are seeking strong long-term returns.			This option may suit investors who can accept significant fluctuations in returns, including years of negative returns, in exchange for strong long-term returns.		

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 9 for information on investment objectives.
2. We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. The current asset allocations are available at **vicsuper.com.au/assetallocations**
3. These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the Trustee may change the currency exposure targets or ranges from time to time. For further information, refer to 'Foreign currency management' on page 9.
4. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 9.

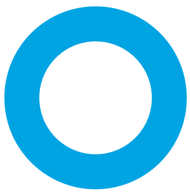
	Socially Conscious	Target	Range	Balanced	Target	Range
Summary	Invests in a wide range of Australian and overseas investments with a bias towards capital growth. Note that this option excludes investments considered to have a highly adverse environmental or social impact. For more information, refer to the 'About the Socially Conscious option' section on page 17. CERTIFIED BY RIAA [1]			Invests in a diversified portfolio of income and growth assets with a slight bias towards growth assets.		
Investment objective[2]	CPI + 3.25% pa over rolling 10-year periods after taking into account fees, costs and tax.			CPI + 3.00% pa over rolling 10-year periods after taking into account fees, costs and tax.		
Growth/income allocation[3]		Target	Range		Target	Range
	Growth assets	75%	55% - 95%	Growth assets	57%	37% - 77%
	Income assets	25%	5% - 45%	Income assets	43%	23% - 63%
Strategic asset allocation[3]						
		Target	Range		Target	Range
	Australian equities	20%	10% - 30%	Australian equities	14%	4% - 24%
	International equities	33%	23% - 43%	International equities	22%	12% - 32%
	Private equity	6%	0% - 26%	Private equity	5%	0% - 25%
	Infrastructure & real assets	9%	0% - 29%	Infrastructure & real assets	8%	0% - 28%
	Property	7%	0% - 27%	Property	8%	0% - 28%
	Liquid alternatives (Growth)	0%	0% - 0%	Liquid alternatives (Growth)	0%	0% - 0%
	Liquid alternatives (Defensive)	0%	0% - 20%	Liquid alternatives (Defensive)	4%	0% - 24%
	Credit income	5%	0% - 25%	Credit income	10%	0% - 30%
	Fixed income	10%	0% - 25%	Fixed income	17%	0% - 35%
	Cash	10%	1% - 45%	Cash	12%	1% - 60%
	Currency exposure[4]	24%	0% - 43%	Currency exposure[4]	16%	0% - 32%
Minimum suggested investment timeframe	Medium to long term (7 years)			Medium term (5 years)		
Standard Risk Measure[5]	6 – High			4 – Medium		
Estimated number of negative annual returns over any 20-year period[5]	4 to less than 6			2 to less than 3		
Who might invest in this option?	This option may suit investors seeking strong long-term returns from socially responsible investments that can accept fluctuations in returns and the possibility of negative returns over the short term.			This option may suit investors who can accept some years when returns are negative but who expect that, over the long term, returns will be well above inflation.		

1. 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 our 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. 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.
2. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 9 for information on investment objectives.
3. We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. The current asset allocations are available at **vicsuper.com.au/assetallocations**
4. These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the Trustee may change the currency exposure targets or ranges from time to time. For further information, refer to 'Foreign currency management' on page 9.
5. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 9.

	Capital Stable			Capital Secure		
Summary	Invests in a range of income and growth assets but mostly fixed income and cash, with a small allocation to shares and other assets.			A low risk option investing predominantly in income generating assets such as cash and fixed income (eg bond) investments.		
Investment objective[1]	CPI + 2.00% pa over rolling 10-year periods after taking into account fees, costs and tax.			CPI + 1.25% pa over rolling 10-year periods after taking into account fees, costs and tax.		
Growth/income allocation[2]		**Target**	**Range**		**Target**	**Range**
	Growth assets	38%	18% - 58%	Growth assets	25%	5% - 45%
	Income assets	62%	42% - 82%	Income assets	75%	55% - 95%
Strategic asset allocation[2]						
		Target	**Range**		**Target**	**Range**
	Australian equities	7%	0% - 17%	Australian equities	5%	0% - 15%
	International equities	12%	2% - 22%	International equities	8%	0% - 18%
	Private equity	3%	0% - 23%	Private equity	0%	0% - 20%
	Infrastructure & real assets	8%	0% - 28%	Infrastructure & real assets	6%	0% - 26%
	Property	8%	0% - 28%	Property	6%	0% - 26%
	Liquid alternatives (Growth)	0%	0% - 0%	Liquid alternatives (Growth)	0%	0% - 0%
	Liquid alternatives (Defensive)	2%	0% - 22%	Liquid alternatives (Defensive)	0%	0% - 20%
	Credit income	10%	0% - 30%	Credit income	4%	0% - 24%
	Fixed income	25%	0% - 45%	Fixed income	25%	0% - 50%
	Cash	25%	1% - 75%	Cash	46%	1% - 85%
	Currency exposure[3]	8%	0% - 22%	Currency exposure[3]	6%	0% - 18%
Minimum suggested investment timeframe	Medium term (4 years)			Short to medium term (3 years)[4]		
Standard Risk Measure[5]	3 – Low to Medium			2 – Low		
Estimated number of negative annual returns over any 20-year period[5]	1 to less than 2			0.5 to less than 1		
Who might invest in this option?	This option may suit investors seeking modest capital growth over the medium term who are willing to accept a moderate level of risk. However, remember that in return for relatively few years of negative returns you may be sacrificing the potential for higher long-term returns.			This option may suit investors seeking fairly stable returns over the short to medium term with a low risk of capital loss. However, remember that in return for shorter term stability you may be sacrificing the potential for higher long-term returns.		

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 9 for information on investment objectives.
2. We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. The current asset allocations are available at **vicsuper.com.au/assetallocations**
3. These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the Trustee may change the currency exposure targets or ranges from time to time. For further information, refer to 'Foreign currency management' on page 9.
4. An investment horizon of 3 years is suggested as it provides greater confidence of the investment objective being achieved. However, the low likelihood of a negative return also makes this option suitable for shorter investment horizons (1 to 3 years).
5. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 9.

Single asset class options

	Australian Shares	Cash
Summary	Invests in wide range of companies listed on the Australian Securities Exchange (ASX). Note that this option is passively managed by an index-replicating manager.	Primarily invests in term deposits and other short-term debt securities with a maturity of less than one year. Note that this option is not guaranteed by the Australian Government or the Trustee.
Investment objective[1]	To track the return of the Aware Super Custom Index on MSCI Australia Shares 300,[2] before taking into account fees, costs and tax.	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.
Strategic asset allocation	 **Target** ● Australian equities[3] 100%	 **Target** ● Cash 100%
Minimum suggested investment timeframe	Long term (10 years)	Short term (up to 2 years)
Standard Risk Measure[4]	7 – Very High	1 – Very Low
Estimated number of negative annual returns over any 20-year period[4]	6 or greater	Less than 0.5
Who might invest in this option?	This option may suit investors wanting strong long-term returns but who are prepared to accept full exposure to the ups and downs of investing in the share market, including periods of negative returns.	This option may suit investors who seek a very low risk short-term investment with very stable but low expected returns. You should be aware that, depending on prevailing interest rates, the return you receive may not keep pace with inflation, which may mean there is little or no short-term real growth.

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 9 for information on investment objectives.
2. A custom Index calculated by MSCI based on the responsible ownership criteria provided by Aware Super.
3. The asset class may include small cash balances for portfolio management purposes.
4. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 9.

Term Deposit

Summary	A non-unitised option that provides a fixed rate of return for a specified term by investing in term deposits. For more information on how term deposits work, see 'About the Term Deposit option' on page 23.
Investment objective[1]	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.
Strategic asset allocation	 **Target** Cash 100%
Minimum suggested investment timeframe	Investors can choose a 3, 6, 9, or 12-month investment timeframe.
Minimum investment amount	$5,000
Maximum investment amount	$5 million
Minimum account balance	$15,000 (excluding any amounts already invested in term deposits)
Standard Risk Measure[2]	1 – Very Low
Estimated number of negative annual returns over any 20-year period[2]	Less than 0.5
Who might invest in this option?	This option may suit investors who wish to lock in a fixed rate of return for the selected term of the investment to better plan for short to medium-term cash flow needs. You should be aware that, depending on prevailing interest rates, the return you receive may not keep pace with inflation, which may mean there is little or no short-term real growth.

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 9 for information on investment objectives.
2. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section on page 9.

About the Socially Conscious option

We offer the Socially Conscious option for members who want greater certainty about the environmental and social impact of their investments.

The Fund's four pillar approach to integrating ESG considerations into our investment activities applies to all of our investment options, including the Socially Conscious option.[1] However, because the Socially Conscious option is designed for members wanting to avoid particular industries and companies that don't align with their values, the investments for this option are selected and managed according to additional and more specific restrictions and exclusions (ie 'screens').

A key feature of the option is that it excludes investments considered to have a highly adverse environmental or social impact via the application of our screening criteria.

Screening Criteria

The screening criteria applied to the Socially Conscious option as at the date of this PDS is set out below and applies to all asset classes.[2] Investments in companies and other entities involved in the activities described that meet the applicable threshold are excluded from this option. However, note that the screening criteria does not apply to the use of derivatives which may have an indirect exposure to these types of investments.

Climate change screens

Screen	Description	Threshold
Coal[3]	Thermal, energy and metallurgical coal mining, extraction, production, refining and processing.	5% or more of revenue
Coal fired power generation	Thermal coal power generation.	5% or more of revenue
Oil and gas (conventional/ unconventional)	Oil and gas exploration, production, refining and marketing – includes conventional oil, unconventional oil (including oil sands, tar sands, shale oil), as well as conventional and unconventional gas (including Coal Seam Gas and shale gas).	5% or more of revenue
Fossil fuel transportation	Includes fossil fuel (coal, oil and gas) storage & transportation including pipelines, storage tanks, freight, rail and ports.	5% or more of revenue
Fossil fuel supply chain and services	Directly owning and/or supplying fossil fuel (coal, oil and gas) mining equipment, oil & gas equipment & services	5% or more of revenue
Fossil fuel reserves	Companies that hold fossil fuel reserves (whether proven or probable) with the intention of exploration and/or development of those reserves for revenue generation (rather than for own use)	No threshold (ie any company holding reserves for the purpose described)

1. See 'Responsible Ownership' (on page 5) for more information on our approach and examples of the ESG factors we consider.
2. The screening criteria is periodically reviewed by our Responsible Investment team and may be updated from time to time.
3. There is a Fund wide exclusion for companies generating 10% or more of their revenues directly from mining thermal or energy coal. A lower threshold of 5% is applied to the Socially Conscious option and the exclusion is extended to other forms of coal, such as metallurgical coal. The Socially Conscious screen also incorporates extraction, production, refining, processing and mining, and extends beyond direct investments.

Ethical screens

Screen	Description	Threshold
Tobacco[1]	Tobacco production/manufacture	5% or more of revenue
Gambling	Production, distribution or provision of services in relation to gambling	5% or more of revenue
Alcohol	Production of alcohol	5% or more of revenue
Pornography	Production and/or distribution of pornography	5% or more of revenue
Uranium	Uranium mining	5% or more of revenue
Nuclear power	Nuclear power production and/or generation	5% or more of revenue
Civilian firearms	Production and/or distribution of civilian firearms and related services	5% or more of revenue
Live animal exports	Owning and/or operating live animal export operations	No threshold (ie companies generating any revenue from live animal exports)

Conventions and controversies-based screens

Screen	Description	Threshold
Controversial weapons[2]	Manufacture/production of controversial weapons, including chemical weapons, cluster munitions, land mines and depleted uranium.	Any involvement
Corporate controversies	Companies consistently involved in very severe incidents/corporate controversies, or that are believed to be at high risk of being involved in serious incidents in the future (see examples below).	Any involvement

Exclusion of an investment as a result of the Corporate controversies screen will be based on an assessment by the Responsible Investment team. Where available, relevant screens/scores provided by external ESG data providers will be considered as part of the assessment. Importantly, companies will be assessed not just against minimum allowable legal standards but also against perceived best practice.

Examples of negative corporate behaviours that may result in a company being excluded from the Socially Conscious option are provided below.

- Environmental, ecological and biodiversity wrongdoings: including companies complicit in excessive or unauthorised emissions of CO_2 and other greenhouse gases, companies contributing to worsening water quality and companies with inadequate waste management practices.
- Bribery and corruption: including both authenticated allegations and convicted violations.
- A lack of commitment to engagement and cultural sensitivity to indigenous people and local communities.
- Violation of human rights: including companies not adhering to the UN Guiding Principles for Business and Human Rights, for example by engaging in child labour, or otherwise not upholding international labour standards.
- Corporate governance failings: including companies that fail to undertake adequate investigations and implement preventative measures in relation to identified corporate governance issues.
- Serious health and safety failings: including companies that fail to undertake adequate investigations and implement preventative measures in relation to identified health and safety issues.

Discretionary exclusions

A company may be identified as being unsuitable for the Socially Conscious option for factors outside the formal criteria above at the discretion of the Responsible Investment team. In such cases, the company will be assessed and considered for divestment from the option. Engagement with the relevant company to discuss the specific concerns may be sought, although is not a requirement. In order for an excluded company to be re-included in the portfolio at a later date, it must demonstrate substantive improvements in relation to the issues of concern. A plan for improvement only is not sufficient to warrant reinvestment.

Ongoing monitoring

The Socially Conscious option's investments are periodically reviewed to ensure they meet the criteria for inclusion. For listed assets, a quarterly review of the holdings against the screening criteria is undertaken. For unlisted assets, a detailed assessment is undertaken prior to the initial investment, and at least once a year thereafter, to ensure the screening criteria continues to be met.

If an investment is identified as not meeting the criteria, it will be sold or removed from the option as soon as reasonably practicable, but typically within two months, subject to liquidity constraints.

1. As outlined in the 'Responsible Ownership' section (on page 5), there is a Fund wide exclusion in relation to tobacco investments. However, the Socially Conscious screen extends beyond direct investments.
2. As outlined in the 'Responsible Ownership' section (on page 5), there is a Fund wide exclusion in relation to controversial weapons investments. However, the Socially Conscious screen extends beyond direct investments.

Note that implementation of the screening criteria may be affected by the accessibility and accuracy of data, or an error by an external service provider. This may result in inadvertent holdings, typically over the short term, in investments we are seeking to exclude.

Management of the Socially Conscious option

We have appointed a number of specialist external investment managers to manage the equities and a portion of the fixed income asset classes for the Socially Conscious option. These managers have their own socially responsible investment guidelines outlining what in their view constitutes labour standards and environmental, social and ethical considerations. They have a methodology for taking these standards and considerations into account when selecting, retaining and selling investments, although must adhere to the screening criteria outlined above. These specialist managers are also required to have a robust ESG scoring framework in place that seeks to ensure their portfolios are overweight companies with better ESG practices.

For all other investments and asset classes in the Socially Conscious option, we leverage the investment managers (both internal and external) responsible for managing these investments for the whole Fund. However, investments assessed as not meeting the screening criteria are excluded from the option.

A list of the investment managers applicable to the Socially Conscious option is available at **vicsuper.com.au/investmentmanagers**.

We have absolute discretion to change the underlying investment managers and the ESG considerations that are taken into account in the investment process. In addition, we may divest from sectors, industries or investments without prior notice, in line with our Responsible Investment Policy, as updated from time to time.

Investment risk may be higher for the Socially Conscious option since it isn't as well diversified. This is due to the exclusion of specific industries like alcohol, gambling and fossil fuels and having fewer investment managers than the other diversified investment options. For an indication of risk, see the Standard Risk Measure on page 13.

Risks of super

The risk/return trade off

All investments involve some level of risk. Typically, to grow your account over the long term, you need to take some risk. The key short-term risk is market volatility and the impact this can have on your account balance. The two main risks over the long term are that your savings are not enough to last your whole retirement, or don't keep up with the rising cost of living over time.

In general, investments that are volatile over short periods of time, such as Australian and international shares, grow more over longer periods. By contrast, investments like cash and fixed income tend to produce more stable returns, but may not generate the returns you need to reach your retirement goals. This is often called the risk/return trade off and is a key thing to keep in mind when choosing an investment option.

If you are unsure about the level of risk appropriate to your needs and circumstances, you should seek financial advice.

Investment risks

Some of the most significant investment risks which can have an impact on your account include:

Inflation risk – while your investment may produce a positive return, there is a risk that your savings do not keep up with the rising cost of living over time (inflation). One way you can help manage this risk is by investing in assets that are expected to generate returns in excess of inflation over the medium to long term. Each of our diversified options has been designed to generate returns above inflation as measured by the Consumer Price Index (CPI).

Sequencing risk – the timing and order of returns can be nearly as important as the size of the returns, making the sequence of returns a significant determinant of outcomes. Sequencing risk refers to the risk of poor investment returns at the wrong time, for example just before or at the start of retirement when your account balance is at its greatest. To mitigate this risk, we recommend that you review your investment mix from time to time to ensure it continues to be appropriate for your circumstances.

Market risk – market risk is the risk of loss due to the factors that affect an entire asset class or market such as the Australian share market. This includes economic conditions, government policy and investor sentiment. Maintaining a well-diversified portfolio across a range of asset classes can reduce, but not eliminate, the impact of market risk.

Security/asset risk – individual investments such as shares, bonds and property assets are affected by risks specific to the investment. For example, the value of a company's shares may be impacted by a change in strategy, operations, or business environment, as well as merger and acquisition activity.

Other investment risks to consider include:

Timing risk – there is a risk that, at the date of investment, your money is invested at higher market prices than those available shortly afterwards. Similarly, there is risk that, at the date you withdraw funds your investments are sold at lower prices than those that were recently available or would have been available shortly afterwards. Timing risk can also relate to trying to predict future prices in making investment decisions, for example when switching investment options.

Illiquidity risk – the risk that an investment cannot be easily sold (converted to cash) without a substantial loss in value due to difficult or abnormal market conditions. This risk is greatest for investments that are inherently illiquid such as real property and infrastructure assets, as well as unlisted equity interests. We mitigate this risk through limiting investment in illiquid investments and regular monitoring of liquidity.

Interest rate risk – changes in interest rates can have a negative effect on an investment's value or returns. For example, the cost of a company's borrowings can increase, reducing its profitability, or the income from a cash or fixed income investment may be lower than expected.

Investment manager risk – although we carefully research and monitor the investment managers we partner with, there is a risk that a particular manager will underperform compared to similar managers or their return objective. This could be because their view on markets is inaccurate, they lose key investment personnel, or because the environment is not favourable for their investment style.

Currency risk – the value of our offshore investments may decrease because the currencies of the countries in which we invest decrease in value relative to the Australian dollar. We mitigate this risk by managing the currency exposure as described in the 'Foreign currency management' section on page 9.

Financial risk due to climate change – climate change and environmental issues pose both risks and opportunities for the long-term performance of our members' investments. We work with our external fund managers, and with the listed companies in which we invest, to address these impacts. Refer to the 'Climate change' section on page 6 for more information on what we are doing to mitigate this risk.

Counterparty risk – there is a risk of loss where the counterparty to a contract cannot meet its payment obligations. For example, in the case of a fixed income security such as a bond, this includes the risk that the issuer doesn't pay back the money borrowed when it is due. This risk is mitigated by appointing investment managers with appropriate credit assessment skills and by imposing limits on individual counterparties.

Derivative risk – investing in derivatives can involve additional risks. These include the possibility that the derivative does not perform as expected or that parties do not perform their obligations under the contract. As using derivatives may involve leverage, losses can be significant. We mitigate this risk by having limitations and controls in place and monitoring the use of derivatives. See page 25 for additional information on the Fund's use of derivatives.

Short selling risk – short selling may be used when an investment manager believes an asset's price will fall. The manager borrows the asset from a lender, usually a broker, and sells it with the intention of buying it back at a lower price. If the price of the asset increases, the loss could be significant. This is different to investing directly in a security without borrowing where losses are generally limited to the value of the investment made. We mitigate this risk by restricting and monitoring the use of short selling by the managers we partner with.

Gearing risk – gearing can be achieved by using loans (borrowing to invest), or investing in certain derivatives such as futures. Gearing amplifies the potential gains and losses of an investment which means fluctuations in the value of a geared investment will be larger compared to the same investment which is not geared. We mitigate this risk by limiting and regularly monitoring the amount of gearing in the investment options.

The importance of diversification to manage investment risk

Generally speaking, you can reduce the risk of your investment by spreading your money across a range of asset classes. This is called diversification. Diversification can reduce investment risk because asset classes tend to perform differently at different times in the economic cycle. By spreading your money across a range of asset classes, you also spread the risk of loss should a particular asset class or investment perform poorly. You can diversify your investment by investing in one of our diversified options, which have a mixed portfolio of assets.

Before choosing an investment option(s), you should assess your risk/return profile and the level of diversification you require. Keep in mind that our single asset class investment options are not as well diversified compared to our diversified options and do not provide access to asset classes other than cash and Australian equities. If you are unsure about the level of risk appropriate to your needs and circumstances, you can seek advice from a financial planner.

Changing your investment options

Switching your investment options

You can switch the investment option for your current account balance or future contributions, or change back to the Growth (MySuper) option, at any time, provided you do not have an investment switch or term deposit application pending. You can switch via VicSuper MembersOnline at **vicsuper.com.au** (if you have registered for our online services), or by completing a *Change your investment options* form (V501). This form is available on our website or by contacting us.

If we receive a valid request from you to switch the investment option(s) for your current account balance by 11:59pm (for online requests) or before 4pm (for paper requests) on a business day, we will normally process it using the unit prices that apply for the next business day[1] when they become available. If we don't have enough information from you to proceed with your request, a later unit price may be used.

You cannot cancel a switch request or term deposit application once submitted and you cannot submit any additional change requests until your initial request has been finalised, which is generally within three business days.

Nominations to change the investment options for your future contributions and transfers received by 11:59pm (for online requests) or before 4pm (for paper requests) on a business day will take effect the following business day.[1] Where the nomination to change is made on a *Change your investment options* form (V501) and a contribution is included with your form, the contribution will also be invested in line with your chosen strategy.

If you ask us to contact your other funds to transfer all or part of your superannuation to VicSuper, you can make an investment selection for the amount transferred by completing the *Change your investment options* form (V501). This form is available on our website or by contacting us, and there is no charge for making an investment selection using this form.

Rebalancing your investment options

If you are invested in more than one investment option, the percentage of your account balance in each option will change over time with market movements. This could also mean that the risk profile of your account balance changes. As a result, you may wish to rebalance your account periodically to bring the percentage invested in each investment option back in line with your original selection. This involves you switching a portion of your account balance from one option to another (see Switching your investment options on this page).

When you rebalance your account, you may be moving money from options that have performed well to options that have not performed as well. While this may seem counterintuitive, it's important to remember that it can be risky to rely too heavily on any one asset class. There is also the possibility that the asset class or investment option with the highest returns one year may not perform as well the following year.

If you invest in one of the diversified options, we regularly monitor the allocation to the different asset classes and take care of rebalancing for you.

Please read all of the information in this Member Guide before making an investment switch decision. You should choose investment options to suit your personal objectives, financial situation and needs, and consider seeking advice from a financial planner before you choose or change your investment option(s).

1. A business day is all weekdays excluding the following public holidays: New Year's Day, Australia Day, Good Friday, Easter Monday, ANZAC Day (when it falls on a weekday), Queen's Birthday (in June), Christmas Day and Boxing Day.

About the Term Deposit option

How the Term Deposit option works

The Term Deposit option is a non-unitised investment option that provides a fixed rate of return for terms of 3, 6, 9, or 12 months.[1] The latest term deposit rates are available at **vicsuper.com.au/investments**

Each term deposit you hold must be a minimum of $5,000 and a maximum of $5 million. In addition, you must have:

- A minimum account balance of $15,000 (excluding any amounts already in the Term Deposit option), and
- The greater of $10,000 or 10% of your account balance invested in options other than Term Deposit – this is because deductions cannot be withdrawn from funds in the Term Deposit option.

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. Once you submit an application for a term deposit (or any investment option), it cannot be cancelled.

Term deposit applications will be effective the business day after we receive your application, although note that it generally takes an additional two business days to process the application and display it in VicSuper MembersOnline. 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)[2] if received at our Melbourne office before 4pm, or before 11.59pm if an online application via VicSuper MembersOnline.

On maturity, the funds in your term deposit will be transferred to the Cash option. Note that two business 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

Early termination of a term deposit before its maturity date is subject to our discretion (as Trustee) and we retain the right not to allow a term deposit to be terminated early.

An interest adjustment in the form of a reduction in accrued interest may apply where a term deposit is terminated before maturity. However, we will generally allow early termination of a term deposit without an interest adjustment in the following circumstances:

- Death
- Terminal illness
- Total and permanent disability
- Permanent incapacity
- Financial hardship
- Compassionate grounds (as determined by the ATO).

Rollovers

A term deposit is an illiquid investment since it requires an investment for a fixed term. As a result, if you have a term deposit investment and request a rollover or transfer of a benefit in full to another fund, we may not be able to process it within the 30-day period ordinarily required under superannuation legislation. Instead, the portion of your account balance in investment options other than the Term Deposit option, 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 three business days. The remainder of your account balance will be transferred within the three business days of maturity of the relevant term deposit(s).

Other important information

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

- 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.

If we receive a term deposit application 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 your request to change investment options will not be processed until the term deposit application has been finalised, which generally takes three business days.

1. The maturity date 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.
2. Available at **vicsuper.com.au/termdeposit**

Unit Prices

The money you invest with us is pooled with other members' savings and then invested to earn you a return. This allows access to a wider range of investments.

Your account is invested in one or more investment options. Other than Term Deposit, the investment options are unit-based, and the value of your account is determined by the value of your investment in the investment options you have chosen (or your investment in the Growth (MySuper) option, if you have not made a choice).

Money invested is used to buy additional units, and units are redeemed whenever money comes out of the investment option. The number of units bought or redeemed depends on the current unit price (see 'How the unit price is calculated' below).

Each business day[1] we calculate the unit price of each investment option (other than the Term Deposit Option, for which interest rates apply). We multiply the number of units you have by the unit price to determine the value of your investment in the option. The value of your investment in the option goes up and down depending on whether the unit price has gone up or down on that day.

In certain circumstances, such as the closure of investment markets, a delay in an underlying manager issuing unit prices, or if an underlying manager delays or suspends transactions, we may suspend unit pricing because it may not be possible to calculate a fair unit price. The suspension of unit pricing could be for some time and we are not responsible for any losses caused by these delays.

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**

How the unit price is calculated

At the end of each business day,[1] the value of the assets in each investment option is reported by the fund's custodian. We then deduct fees, expenses and tax to calculate the net value for each investment option. We divide the net value by the number of units issued for that investment option, which gives us the unit price.

Let's say the total asset value of the Growth investment option is $10,000,000 and there are 5,000,000 units issued to members. This means the unit price is $2.00 ($10,000,000 ÷ 5,000,000).

If the investment return is 10% after fees and taxes, then the total value of the fund will increase by 10% to $11,000,000.

The number of units hasn't changed so the new unit price is $11,000,000 ÷ 5,000,000 = $2.20.

Value of each investment option

The unit price of each unitised investment option is based on the net value of the assets in that option. The net value is equal to the sum of the market value of the individual assets less taxes, investment expenses, fees charged by external investment managers, amounts payable to the custodian, transaction costs and internal investment management costs.

If the investment option earns positive returns, both the unit price and the value of your investment will rise. Conversely, if the investment option experiences negative returns, the unit price and the value of your investment will both fall.

Example

Kate holds 10,000 units in the Growth investment option – which equals $22,000 at a unit price of $2.20 (10,000 x $2.20). If Kate makes a non-concessional (after tax) contribution of $1,001 to her super account at a unit price of $2.20, she will receive an additional 455 units ($1,001 ÷ $2.20), which takes her total number of units to 10,455 and her total account balance to $23,001.

No. of units	**10,000**
Unit price	**$2.20**
Starting balance	**$22,000**
Additional contribution	**$1,001**
Additional units	**455**
Total units	**10,455**
Account balance	**$23,001**

Note: The example is illustrative only and is based on the factors stated.

1. A business day as defined on page 22.

Other useful information

How the assets of the Fund are held

We have appointed State Street Australia Limited as custodian, whose role is to:

- hold the assets of the Fund on our behalf,
- perform certain administrative, unit pricing, accounting, taxation, monitoring and reporting functions for the Fund.

We may replace the custodian at any time without notice to you.

Securities lending

Securities lending involves the temporary transfer of a security, for example a share or bond, from the owner (lender) to another investor or financial intermediary (borrower), in exchange for collateral in the form of cash or securities.

The Trustee participates in a securities lending program, the primary rationale for which is to generate additional revenue to improve investment outcomes for members. Importantly, the program is subject to various controls and limits and regular reviews are performed to ensure the risks associated with lending assets of the Fund are commensurate with the reward.

The Fund's securities lending arrangements can be altered or terminated at any time.

Use of derivatives

Derivatives, such as futures or options, are investment products whose value is derived from the underlying investment. For example, the value of a share option is linked to the value of the underlying share. Gains and losses from holding positions in derivatives can occur due to market movements.

Derivatives may be used:

- to manage risk (eg foreign currency hedging)
- for asset allocation purposes
- as a way to implement investment positions efficiently, and
- to enhance returns.

Derivative contracts must not be held unless, at all times, there are sufficient assets to support the liability under each contract (ie derivatives cannot be used to leverage an investment option directly). We may also invest in unlisted trusts which employ leverage and derivatives with the objective of enhancing returns (eg hedge funds).

Valuation of the Fund's assets

Investments are valued regularly so that transactions can be processed at values that are fair and reasonable. Some investments, such as shares, fixed income and cash investments, are valued daily, while others are valued less frequently.

Listed investments such as shares are valued based on the end of day price quoted for the relevant exchange, for example the ASX. Fixed income securities, which are not traded on listed markets, such as government and corporate bonds, are valued using market average prices from independent sources.

Assets valued less frequently than daily include investments in real property and infrastructure, private equity, and some hedge funds. The timing of the valuations for these assets varies, but is typically quarterly or monthly, with all assets valued at least on an annual basis. Valuations of these assets are carried out by registered valuers or under pre-determined valuation methods.

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 super consultant between
8.30am and 5pm, Monday to Friday

To make an appointment to see one of our
financial planners call **(03) 9667 9200**

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