



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 2018.

VicSuper's investment policy

To grow your super savings for later 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 each investment option
- 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
- 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. This 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 correlations 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 2018 is as follows:

52% Equities
17% Alternatives
16% 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 each 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 (including through dynamic asset allocation).

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. The Investment Committee (a sub-committee of the Trustee) acts on advice from asset consultants and VicSuper's 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

VicSuper uses a 'core and satellite' approach within its equities and fixed interest asset classes. This involves using index or enhanced index investments as the core of a portfolio, with actively managed satellite investments to complement the core.

Core investments

Currently, core investments constitute the majority of VicSuper Fund's assets, within equities and fixed interest asset classes. The core investments are managed relatively passively (ie index or in an enhanced manner). This management approach seeks to closely match the relevant benchmark index, and achieve investment returns at least equal to the return of the relevant financial market.

For example, if the S&P/ASX 200 Accumulation Index (the largest 200 companies listed on the Australian Securities Exchange) achieves a return of 10% in a year, the investment manager aims to achieve a similar return before fees and charges.

Indexing is an important part of VicSuper's investment strategy. Indexing focuses on low portfolio turnover which is expected to lead to a reduction in the cost of investing, and can aid overall returns while closely matching the benchmark in the long term.

Satellite investments

For a proportion of fund assets, within the equities and fixed interest asset classes, we use active investment (the satellite/s). The satellite investments are actively managed with the aim to exceed the returns of the market within a risk-controlled framework. In equities, for example, this type of investing aims to outperform the market by investing in a smaller number of securities that are believed to achieve higher returns than other securities.

Active equity investment management involves looking for mispricing in markets. Mispricing occurs when a company's share price is considered lower than the company's real value. VicSuper uses active investment strategies to invest in Australian and international shares and fixed interest.

Active equity investment managers may make their investment decisions based on fundamental analysis of factors such as business strategies, financial strength and management teams of the companies they research.

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.

Integrating environmental, social and governance factors into investing

As a responsible corporate citizen, and to help protect the long-term value of our members' retirement savings, VicSuper integrates environmental, social and governance (ESG) factors into the investment process across the investment portfolio (with the exception of Cash, which is not subject to ESG integration).

The majority of the VicSuper Fund is invested in listed (public) markets. VicSuper's listed satellite managers integrate ESG factors into the fundamental analysis of the companies to minimise exposure to various risk factors and to assist in identifying companies that are relatively better positioned than others to deal with long-term challenges. This process influences stock selection and portfolio construction.

VicSuper's listed core managers that invest in companies within the underlying index may also have the ability to integrate ESG factors into portfolio construction.

Within the unlisted assets (private markets), VicSuper's managers integrate ESG into their investment process (though each manager's approach may differ) and investments are only made after a proper due diligence and risk assessment process.

Investment managers consider and monitor **environmental** factors, which include a company's development of environmental policies and standards (on issues like climate change, waste generation, resource use and eco-efficiency) and how they're integrated into strategic and operational decision-making.

Social factors include the company's development of policies and standards for stakeholder engagement, impact on local communities, management of intellectual capital and employee remuneration, supply chain labour standards and public reporting. These labour standards are based on International Labour Organisation principles.

Governance considerations include issues like director independence, board quality, committees of the board, separate roles for the Chairperson and

CEO, board diversity and director remuneration. Broader issues such as related party transactions, management of conflicts of interest and business ethics, are other key elements of a sound governance model.

The extent to which each of these factors is taken into account depends on the individual investment manager, and currently VicSuper does not impose a set standard across its managers.

However, when appointing new investment managers, VicSuper reviews the ESG policies a manager has in place as part of the due diligence process. VicSuper also monitors how investment managers integrate ESG factors into their processes and their investment decisions.

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 diversity, natural capital and improved corporate governance practices.

VicSuper has resolved to exclude those companies producing tobacco products from the Fund's investment portfolio. Where VicSuper invests in pooled vehicles managed by third parties, the exclusion will be on a best endeavours basis. Other than the exclusion of companies producing tobacco products, VicSuper does not apply values based screening to any of its investment options, other than the Socially Conscious Option.

For more information on VicSuper's ESG integration, active ownership or tobacco screen go to vicsuper.com.au/responsibleinvestment

Socially Conscious Option

VicSuper's Socially Conscious 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 or whose principal business revenue is derived from direct fossil fuel activities;
- 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, controversial weapons, civilian firearms, 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 Socially Conscious Option applies a number of exclusionary screens when selecting companies for investment.

These exclusionary screens only apply to the Australian and international equities components of the investment option. Investments across the other asset classes apply an ESG integration strategy, with the exception of Cash, which is not subject to ESG integration.

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



CERTIFIED BY RIAA

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 Option's methodology and performance can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA.²

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

2 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.

Socially Conscious

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. • whose principal business revenue is derived from direct fossil fuel activity in the following GICS¹ sectors: Integrated Oil & Gas; Oil & Gas Exploration & Production; Oil & Gas Refining & Marketing; Coal & Consumable Fuels; Oil & Gas Storage & Transportation; Oil & Gas Equipment & Services²
Minimalise social harm	Excludes investment in companies materially ³ involved in: <ul style="list-style-type: none"> • Civilian Firearms • Nuclear Weapons • Tobacco • Alcohol • Nuclear Power • Adult Entertainment • Conventional Weapons • Gambling • Genetically Modified Organisms • Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons)
Protect human and labour rights and the environment	Excludes companies that have 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 ⁴ ESG controversies.

After applying the exclusionary screens listed in the table above, a best-in-class selection process⁵ is applied to the remaining equities in the selection universe.

Colonial First State Asset Management (Australia) Limited (CFSAMAL), AFSL 289017 is the manager of the Australian and international equity investments in the Socially Conscious 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.

Links to detailed methodologies and criteria for the applicable MSCI Indexes can be found on VicSuper’s website vicsuper.com.au/sociallyconscious. The additional fossil fuel direct activity screen excludes companies that operate in the following GICS sub-sectors: Integrated Oil & Gas; Oil & Gas Exploration & Production; Oil & Gas Refining & Marketing; Coal & Consumable Fuels; Oil & Gas Storage & Transportation; Oil & Gas Equipment & Services.

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.

VicSuper also undertakes an annual review of the option and its objectives.

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

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, rates and shares. VicSuper uses derivatives carefully and all positions are fully covered.

VicSuper does not borrow money to leverage the Fund in the manner a hedge fund may. 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 income 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.

1 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.
 2 Companies who demonstrate that they are transitioning to clean energy may remain investable.
 3 Generally derive greater than 5% revenue from the activity.
 4 MSCI Controversies score of 0.
 5 Companies with an ESG ratings score below a specified threshold will not be selected for investment

Understanding the asset classes

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

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 consists of, but is not limited to, Australian and international private (unlisted) equity 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

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.

4. Timber

These are timber assets (mainly plantation timber or managed forests) managed for 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 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 investments held in bank bills and short-term deposits (for a period of less than 12 months) with banks and other financial institutions. Interest earned provides returns, which are generally very 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.

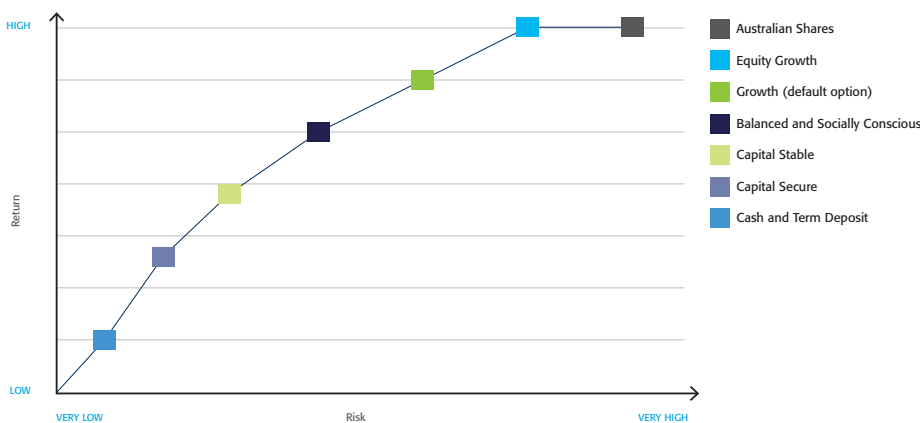
VicSuper’s range of options covers the varying levels of investment risk and therefore expected return that you may seek from your super savings.

Each of VicSuper’s investment options has a Standard Risk Measure, ranging from very low for the Cash, Capital Secure 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 less volatile and less likely to have negative returns in any one financial year.

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

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



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

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.

Definitions

Growth assets - typically higher in risk¹

and therefore potentially produce higher returns in the long term (e.g. shares). Growth assets have the potential to return a capital gain or loss (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 (e.g. 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 6 for more information on the asset classes.

¹ See page 9 for information on the Standard Risk Measure.

VicSuper's investment options, and their varying risk and return profiles are represented in the table below.

Investment option	Investment objective (after tax and investment expenses)	Growth assets (%) ¹	Standard Risk Measure	Asset class	Strategic asset allocation at 1 July 2018 (%) ¹
1. Cash	0.75% above the rate of inflation over rolling 10-year periods	0	Very low	Cash	100
2. Term Deposit	0.75% above the rate of inflation over rolling 10-year periods	0	Very low	Cash	100
3. Capital Secure	1.5% pa above the rate of inflation over rolling 10-year periods	25	Very low	Equities Alternatives ² Real assets ³ Fixed interest Cash	12 9 14.5 30.5 34
4. Capital Stable	2.25% pa above the rate of inflation over rolling 10-year periods	42	Low	Equities Alternatives ² Real assets ³ Fixed interest Cash	24 12 16 29 19
5. Balanced	3.25% pa above the rate of inflation over rolling 10-year periods	62	Medium	Equities Alternatives ² Real assets ³ Fixed interest Cash	42 14 16 20 8
6. Socially Conscious	3.25% pa above the rate of inflation over rolling 10-year periods	62	Medium	Equities Alternatives ² Real assets ³ Fixed interest Cash	42 14 16 20 8
7. Growth (MySuper)	3.75% pa above the rate of inflation over rolling 10-year periods	75	Medium to high	Equities Alternatives ² Real assets ³ Fixed interest Cash	52 17 16 13 2
8. Equity Growth	4.25% pa above the rate of inflation over rolling 10-year periods	100	High	Equities Alternatives ²	86 14
9. Australian Shares	4.25% pa above the rate of inflation over rolling 10-year periods	100	Very high	Equities	100

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.

Cash

VicSuper's Cash Option	
Description	This option has no allocation to growth assets, with a very low risk of fluctuating returns.
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a very low tolerance for risk. No minimum timeframe is suggested.
Asset classes (strategic allocation) (%)	Cash 100%
Investment return objective	To earn an investment return of 0.75% per annum (after tax and investment expenses) above the rate of inflation, over rolling 10-year periods.
Standard Risk Measure	Risk Band: 1 Risk label: Very low Estimated number of negative annual returns over any 20 year period: Less than 0.5

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

Standard Risk Measure

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.

Term Deposit

VicSuper's Term Deposit Option	
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.
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a very low tolerance for risk. Investors can choose a 3, 6, 9 or 12 month investment timeframe.
Asset classes (strategic allocation) (%)	Cash 100%
Investment return objective	To earn an investment return of 0.75% per annum (after tax and investment expenses) above the rate of inflation, over rolling 10-year periods.
Standard Risk Measure	Risk Band: 1 Risk label: Very low Estimated number of negative annual returns over any 20 year period: Less than 0.5

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.

VicSuper FutureSaver term deposit interest rates are shown before the deduction of tax of 15% on investment return.

Standard Risk Measure

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.

Capital Secure

VicSuper's Capital Secure Option

Description	This option has a 25% ¹ allocation to growth assets. The risk of fluctuating returns is very low.	
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a very low tolerance for risk and/or have a one-year plus investment timeframe.	
Asset classes (strategic allocation) (%) ¹	Equities	12
	Alternatives ²	9
	Real assets ²	14.5
	Fixed interest	30.5
	Cash	34
Dynamic asset allocation ranges (%) ¹	Equities	0 - 27
	Alternatives ²	0 - 24
	Real assets ²	0 - 29.5
	Fixed interest	15.5 - 45.5
	Cash	19 - 49
Investment return objective	To earn an investment return of 1.5% per annum (after tax and investment expenses) above the rate of inflation, over rolling 10-year periods.	
Standard Risk Measure	Risk Band:	1
	Risk label:	Very low
	Estimated number of negative annual returns over any 20 year period: Less than 0.5	

1 These numbers have been rounded.

2 Real assets and alternatives are classified as part of growth and part defensive.

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

Standard Risk Measure

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.

Capital Stable

VicSuper's Capital Stable Option		
Description	This option has a 42% ¹ allocation to growth assets. The risk of fluctuating returns is low to medium.	
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a low to medium tolerance for risk and/or have a three-year plus investment timeframe.	
Asset classes (strategic allocation) (%) ¹	Equities	24
	Alternatives ²	12
	Real assets ²	16
	Fixed interest	29
	Cash	19
Dynamic asset allocation ranges (%) ¹	Equities	9 - 39
	Alternatives ²	0 - 27
	Real assets ²	1 - 31
	Fixed interest	14 - 44
	Cash	4 - 34
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.	
Standard Risk Measure	Risk Band:	2
	Risk label:	Low
	Estimated number of negative annual returns over any 20 year period: 0.5 to less than 1	

¹ These numbers have been rounded.

² Real assets and alternatives are classified as part of growth and part defensive.

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Standard Risk Measure

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.

Balanced

VicSuper's Balanced Option		
Description	This option has a 62% ¹ allocation to growth assets. The risk of fluctuating returns is medium.	
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a medium tolerance for risk and/or have a five-year plus investment timeframe.	
Asset classes (strategic allocation) (%) ¹	Equities	42
	Alternatives ²	14
	Real assets ²	16
	Fixed interest	20
	Cash	8
Dynamic asset allocation ranges (%) ¹	Equities	27 – 57
	Alternatives ²	0 – 29
	Real assets ²	1 – 31
	Fixed interest	5 – 35
	Cash	0 – 23
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.	
Standard Risk Measure	Risk Band:	4
	Risk label:	Medium
	Estimated number of negative annual returns over any 20 year period: 2 to less than 3	

1 These numbers have been rounded.

2 Real assets and alternatives are classified as part of growth and part defensive.

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Standard Risk Measure

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

VicSuper's Socially Conscious Option

Description	This option has a 62% ¹ allocation to growth assets. The risk of fluctuating returns is medium.	
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a medium tolerance for risk and/or have a five-year plus investment timeframe.	
Asset classes (strategic allocation) (%) ¹	Equities	42
	Alternatives ²	14
	Real assets ²	16
	Fixed interest	20
	Cash	8
Dynamic asset allocation ranges (%) ¹	Equities	27 – 57
	Alternatives ²	0 – 29
	Real assets ²	1 – 31
	Fixed interest	5 – 35
	Cash	0 – 23
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.	
Standard Risk Measure	Risk Band:	4
	Risk label:	Medium
	Estimated number of negative annual returns over any 20 year period: 2 to less than 3	

1 These numbers have been rounded.

2 Alternatives and real assets are classified as part growth and part defensive.

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

Standard Risk Measure

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.

Growth (MySuper)

VicSuper's Growth (MySuper) Option		
Description	This option has a 75% strategic asset allocation to growth assets. The risk of fluctuating returns is medium to high.	
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a medium to high tolerance for risk and/or have a seven-year plus investment timeframe.	
Asset classes (strategic allocation) (%)	Equities	52
	Alternatives ¹	17
	Real assets ¹	16
	Fixed interest	13
	Cash	2
Dynamic asset allocation ranges (%)	Equities	37 – 67
	Alternatives ¹	2 – 32
	Real assets ¹	1 – 31
	Fixed interest	0 - 28
	Cash	0 - 17
Investment return objective	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.	
Standard Risk Measure	Risk Band:	5
	Risk label:	Medium to high
	Estimated number of negative annual returns over any 20 year period: 3 to less than 4	

¹ Alternatives and real assets are classified as part growth and part defensive.

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Standard Risk Measure

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.

Equity Growth

VicSuper's Equity Growth Option		
Description	This option has a 100% allocation to growth assets and a high risk of fluctuating returns.	
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a high tolerance for risk and/or have a seven-year plus investment timeframe.	
Asset classes (strategic allocation) (%)	Equities	86
	Alternatives ¹	14
Dynamic asset allocation ranges (%)	Equities	71 - 100
	Alternatives ¹	0 - 29
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.	
Standard Risk Measure	Risk Band:	6
	Risk label:	High
	Estimated number of negative annual returns over any 20 year period: 4 to less than 6	

¹ Alternatives are classified as part of growth and part defensive.

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

Standard Risk Measure

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.

Australian Shares

VicSuper's Australian Shares Option	
Description	This option has a 100% allocation to growth assets and a very high risk of fluctuating returns.
Type of investors this is suitable for and minimum suggested investment timeframe	Investors who have a very high tolerance for risk and/or have a seven-year plus investment timeframe.
Asset classes (strategic allocation)	Equities (Australian) 100%
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
Standard Risk Measure	Risk Band: 7 Risk label: Very high Estimated number of negative annual returns over any 20 year period: 6 or greater

As this investment option was introduced on 4 February 2013, no long-term past performance data is available. View the year to date and 1, 3 and 5 year investment returns at our website. Past performance is not a reliable indicator of future performance.

Standard Risk Measure

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.

Choosing and changing investment options

With any VicSuper account, 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 mix of options. There is comprehensive information on choosing and changing your investment option on VicSuper's website. Summary information is provided below.

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?

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, visit vicsuper.com.au/superadvice or call us on (03) 9667 9200 to request an appointment.

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 change of investment options request is received through VicSuper MembersOnline by 11.59pm on any day, or at a VicSuper advice centre before 4pm on a business day, the request 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 to not 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
 - 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 (e.g. 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 \$2,000 (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 1:

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.

Example 2:

If your SG contribution of \$100 effective 26 May and the unit price for this date was 0.81000 for 27 May, you will receive 123.45679 units.

Tax

The government taxes certain contributions to super (e.g. 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

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 half-yearly 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 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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