Risks of super

VicSuper FutureSaver Member Guide

Date prepared 1 July 2018

The information in this document forms part of the *VicSuper FutureSaver Product Disclosure Statement* (PDS) dated 1 July 2018.

Understanding risk

Super is a tax-effective way to save for your retirement. However there are certain risks associated with superannuation that you should be aware of.

You should make yourself aware of and consider all risks, as well as your own personal circumstances, before making decisions about your super. In particular, you should note that the value of your investment in VicSuper FutureSaver may rise or fall. If you leave VicSuper FutureSaver, you may get back less money than the amount of contributions paid in, because of the level of investment returns earned by the Fund, the Fund's fees and costs, insurance premiums (if applicable) and the impact of tax.

Under exceptional circumstances (such as the closure of a major sharemarket) and in the interests of all members, VicSuper may temporarily suspend transactions and/or the calculation and application of unit prices in the Fund.

Superannuation is an investment and all investments have a level of risk. The types of investment risk, which may have an impact on your investment in VicSuper, that you should consider include:

Counterparty risk

This is the risk that a party to a financial contract (eg a derivative contract) fails to meet its obligations. This may result in loss of value.

Credit risk

This is the risk that the issuer of a bond will fail to discharge their obligations (ie repay the principal and/or coupons) and cause the Fund to incur a financial loss.

Currency risk

This is the risk that investments in other countries will fluctuate in value as a result of currency movements relative to the Australian dollar.

Derivatives risk

VicSuper and its managers may use derivatives to reduce risk or gain exposure to underlying assets, such as equities, bonds and currencies, when this is considered appropriate. The risks associated with the use of derivatives include market risk, the value of the derivative failing to move in line with the value of the underlying assets, potential illiquidity of the derivative and counterparty risk. VicSuper is not allowed to leverage the Fund.

Inflation risk

This is the risk that inflation (CPI) may reduce the purchasing power of your investment more than expected.

Interest rate risk

This is the risk that changes in interest rates may have a positive or a negative effect, directly or indirectly, on investment returns.

Liquidity risk

This is the risk that assets, especially unlisted assets, may not be able to be sold within a relatively short period without negatively impacting the price of the asset.

Market risk (systemic risk)

Economic, technological, political and legal conditions, and even market sentiment can change. Market risk is the risk that changes in the value of investment markets will affect the value of the Fund's investments.

Specific risk

Specific risk refers to the non-market risk exposure of assets. Individual assets can fall in value for many reasons—for example, changes in the internal operations or management of a fund or company, or in its business environment.

Each of VicSuper's investment options is exposed to these investment risks in different degrees, depending on the assets that are allocated to the option. You can find further information about the risks of each option on VicSuper's website under VicSuper's investment policy and investment options.

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

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vicsuper.com.au

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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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