

HOW WE INVEST YOUR MONEY

This fact sheet is dated 1 July 2022. It provides additional information not contained in the Active Super Account-Based Pension Product Disclosure Statement (PDS) and therefore forms part of the PDS dated 1 July 2022. This fact sheet is available free of charge at activesuper.com.au/PDS or you may request a copy from our member services team on 1300 547 873.

WHAT IS AN INVESTMENT OPTION?

An investment option is the investment portfolio that your account balance is held in. Each investment portfolio has been constructed with its own return and investment risk objective and is invested in a mix of different asset classes such as shares and bonds. Investment options with a higher allocation to growth assets such as shares generally have higher levels of returns and investment risk, whereas investment options with a higher allocation to defensive assets such as bonds or cash generally have lower levels of returns and investment risk.

In selecting an investment option, you are instructing Active Super to invest the amount nominated into a pool of assets constructed by Active Super to meet the objectives of that option.

Your investment in the Active Super Account-Based Pension Plan is not guaranteed. The value of your investment can rise or fall.

INVESTMENT OPTION OVERVIEW

You can choose to invest your account balance in one or more of the investment options shown below.

PRE-MIXED INVESTMENT OPTIONS	SINGLE SECTOR INVESTMENT OPTION
High Growth	Managed Cash
Balanced	
Conservative Balanced	
Conservative	

Note: Before 1 October 2021, the 'Balanced' investment option was called 'Balanced Growth' and the 'Conservative Balanced' investment option was called 'Balanced'.

INVESTMENT OPTIONS

High Growth

DEFINITION	<p>For high investment growth above the Consumer Price Index (CPI) over the long term.</p> <p>The High Growth option generally invests a very high proportion of its funds in growth assets, such as Australian and international shares and property. This combination aims to earn high real investment growth above CPI over a ten-year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this option. The value of the investment may fluctuate over the short term.</p>	
ASSET ALLOCATION	Asset class	Asset allocation range
	Australian Equities	23 – 43%
	International Equities	27 – 47%
	Australian Direct Property	0 – 10%
	International Listed Property	0 – 10%
	Private Equity	4 – 14%
	Private Credit	0 – 6%
	Growth Alternatives	0 – 5%
	Short Term Fixed Interest	0 – 10%
	Liquid Alternatives	0 – 5%
	Bonds	0 – 10%
	Infrastructure	0 – 10%
	Cash	0 – 10%
	Total split of Growth/Defensive	Range
	Growth Assets	85-95
	Defensive Assets	5-15
OBJECTIVE	3.5% net investment return per annum above CPI, measured over a rolling ten-year period.	
RISK PROFILE	<p>Standard Risk Measure:</p> <p>Risk band: 6</p> <p>Risk label: High</p>	

(Based on an estimate of 4.8 negative annual returns in any 20-year period).

Suggested investment time frame: 10 years.

Balanced

DEFINITION	For real investment growth above the CPI over the medium to longer term.	
	For investors who want high exposure to Australian and international shares and property and are prepared to accept more risk. The emphasis is on growth above CPI over a ten-year period so investors should be prepared for some potential short-term volatility. The value of the investment may fluctuate over the short term.	
ASSET ALLOCATION	Asset class	Asset allocation range
	Australian Equities	15 – 35%
	International Equities	17 – 37%
	Australian Direct Property	0 – 10%
	International Listed Property	0 – 10%
	Private Equity	2 – 12%
	Private Credit	0 – 6%
	Growth Alternatives	0 – 5%
	Shorth Term Fixed Interest	5 – 15%
	Liquid Alternatives	0 – 5%
	Bonds	2 – 22%
	Infrastructure	0 – 10%
	Cash	0 – 10%
	Total split of Growth/Defensive	Range
	Growth Assets	60-80
	Defensive Assets	20-40
OBJECTIVE	3.0% net investment return per annum above CPI, measured over a rolling ten-year period.	
RISK PROFILE	Standard Risk Measure: Risk Band: 6 Risk Label: High	

(Based on an estimate of 4.2 negative annual returns in any 20-year period).

Suggested investment time frame: 7 years.

Conservative Balanced

DEFINITION	For real investment growth above CPI over the medium term.	
	<p>The Conservative Balanced investment option generally invests a proportion of its funds in growth assets such as Australian and international shares and property, semi liquids and private equity and the balance in income-producing assets, such as interest-bearing securities.</p> <p>This combination aims to earn real investment growth above CPI over a ten-year period. There are more assets that produce income which makes the option more stable than the High Growth and Balanced investment options.</p>	
ASSET ALLOCATION	Asset class	Asset allocation range
	Australian Equities	8 – 28%
	International Equities	8 – 28%
	Australian Direct Property	0 – 10%
	International Listed Property	0 – 10%
	Private Equity	1 – 11%
	Private Credit	0 – 6%
	Growth Alternatives	0 – 5%
	Short Term Fixed Interest	6 – 26%
	Liquid Alternatives	0 – 5%
	Bonds	11 – 31%
	Infrastructure	0 – 10%
Cash	0 – 10%	
	Total split of Growth/Defensive	Range
	Growth Assets	44-64
	Defensive Assets	36-56

OBJECTIVE	2.0% net investment return per annum above CPI, measured over a rolling ten-year period.
RISK PROFILE	<p>Standard Risk Measure:</p> <p>Risk band: 5</p> <p>Risk label: Medium to High</p> <p>(Based on an estimate of 3.2 negative annual returns in any 20-year period).</p> <p>Suggested investment time frame: 7 years</p>

Conservative

DEFINITION	<p>For shorter-term investing with good security and some potential for growth.</p> <p>The Conservative option generally invests a small proportion in growth assets and the balance in income-producing assets such as interest-bearing securities. This combination aims to earn real investment growth above CPI over a ten-year period. Although it is relatively more stable than the High Growth, Balanced and Conservative Balanced investment options, the returns and the value of the investment can still fluctuate.</p>	
ASSET ALLOCATION	Asset class	Asset allocation range
	Australian Equities	0 – 19%
	International Equities	0 – 19%
	Australian Direct Property	0 – 10%
	International Listed Property	0 – 6%
	Private Equity	0 – 7%
	Private Credit	0 – 10%
	Growth Alternatives	0 – 10%
	Short Term Fixed Interest	10 – 30%
	Liquid Alternatives	0 – 5%
	Bonds	17 – 37%
	Infrastructure	2 – 12%
	Cash	5 – 15%
	Total split of Growth/Defensive	Range

	Growth Assets	24-44
	Defensive Assets	56-76
OBJECTIVE	1.5% net investment return per annum above CPI, measured over a rolling ten-year period.	
RISK PROFILE	<p>Standard Risk Measure:</p> <p>Risk Band: 3</p> <p>Risk Label: Low to Medium</p> <p>(Based on an estimate of 1.3 negative annual returns in any 20-year period).</p> <p>Suggested investment time frame: 5 years</p>	

Managed Cash

DEFINITION	<p>For investors who want exposure to investments in money market securities with a very low risk of capital loss.</p> <p>The Managed Cash strategy invests predominantly in short-term Australian money market assets and term deposits. A proportion of the assets are invested in floating rate debt securities issued by Australian banks having a longer maximum term. This gives this strategy greater exposure to higher returns than by just investing in short-term cash deposits, with only a small increase in the overall volatility of the returns. This option offers investments for short-term investors or those seeking less volatile returns.</p>	
ASSET ALLOCATION	Asset class	Asset allocation range
	Cash, term deposits and money market instruments.	100%
	Total split of Growth/Defensive	Range
	Growth Assets	0
	Defensive Assets	100
OBJECTIVE	0.20% net investment return per annum above the cash ¹ rate, measured over a rolling ten-year period.	

¹ The benchmark for the cash rate is the Bloomberg AusBond Bank Bill Index.

RISK PROFILE

Standard Risk Measure:

Risk band: 1

Risk label: Very Low

(Based on an estimate of there being no negative annual returns in any 20-year period).

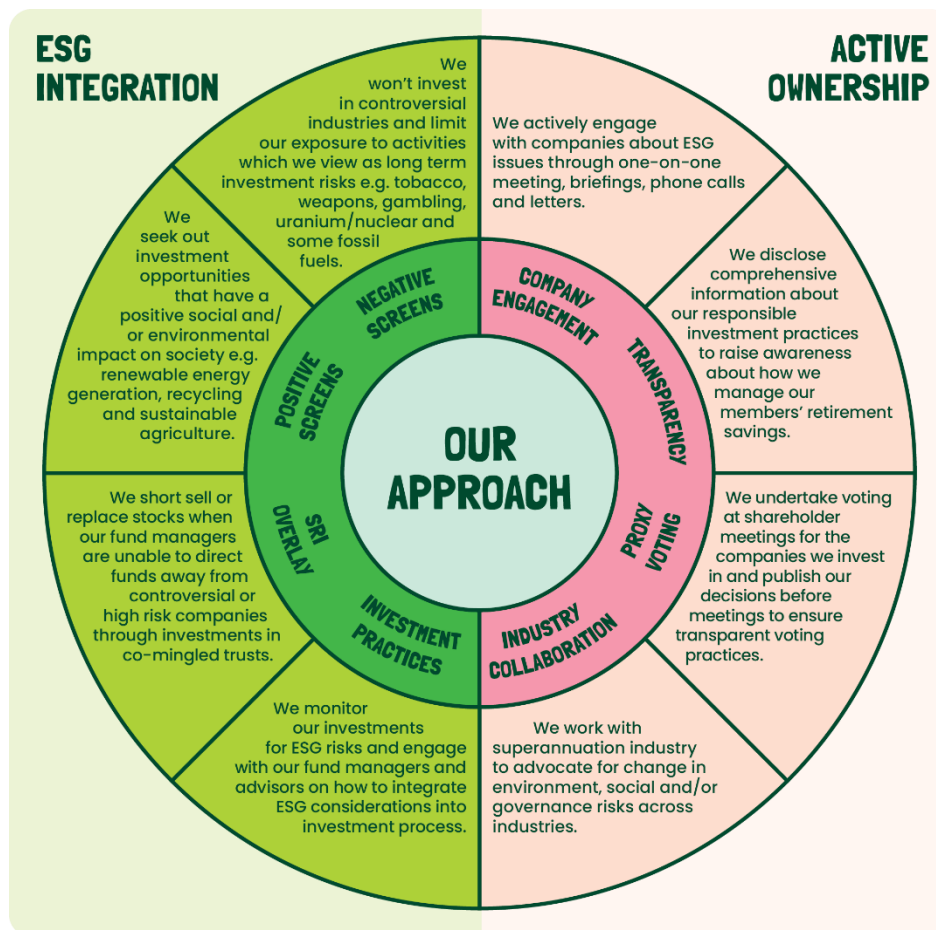
Suggested investment time frame: 3 years

RESPONSIBLE INVESTING

Many super funds claim to be focused on sustainability. But Active Super is one of only three super funds in Australia that are Whole-of-Fund certified for responsible investment by the Responsible Investment Association Australasia. This sets us apart from funds who offer 'sustainable' or 'ethical' investment options, but which are run separately to their mainstream investments.

At Active Super, our Sustainable and Responsible Investment policy applies to our whole portfolio, across all asset classes. Responsible investment is all we do.

Our Sustainable and Responsible Investment policy is available on our website and includes the following strategies:



ESG integration

All the investments we make and the fund managers we select are assessed for their ability to deliver strong financial performance as well as their environmental social and governance (ESG) impact on the world. The kinds of risks we look for are:



Environmental

- Climate change
- Resource depletion
- Waste
- Pollution
- Deforestation



Social

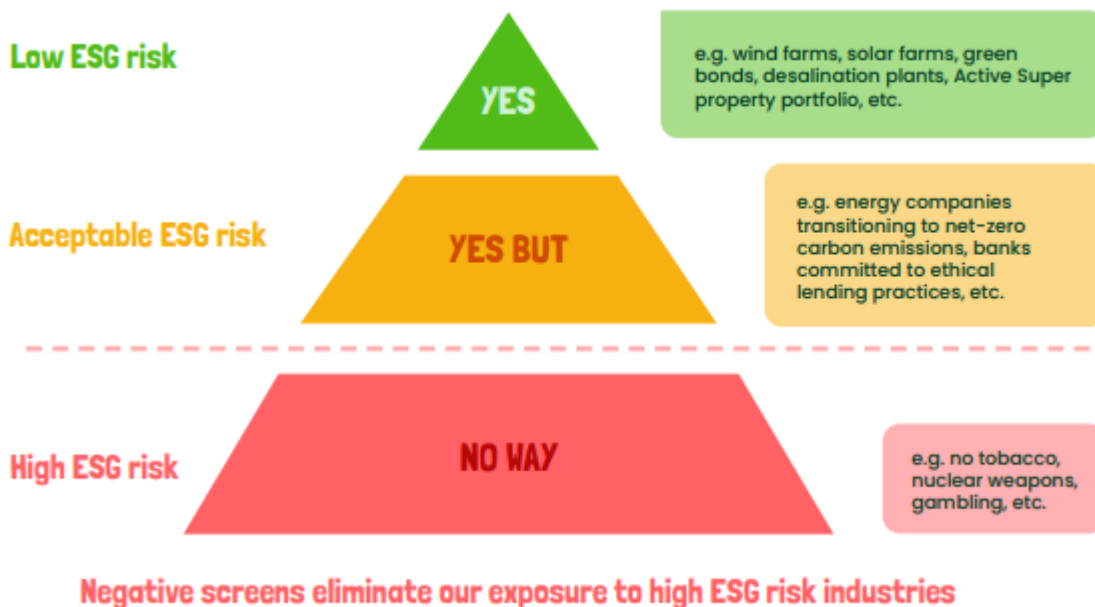
- Human rights
- Modern slavery
- Child labour
- Working conditions
- Employee relations



Governance

- Bribery and corruption
- Executive pay
- Board diversity and structure
- Political lobbying and donations
- Tax strategy

Once assessed for both performance and ESG impact, prospective investments generally fall into one of three categories, which informs whether we decide to invest.



Investments in the middle section often have the potential to progress up into the top tier. So our decision on whether to invest is often 'YES BUT' only if we continue to see them making good progress on their ESG commitments. This involves ongoing engagement, monitoring and regular reviews of their impact.

Positive screens

We seek investment opportunities that have a positive impact on the world, for example, schools, hospitals, solar and wind energy, waste management and recycling.

Negative Screens

We eliminate investments that pose too great a risk to the environment and the community, for example nuclear weapons, tobacco, oil tar sands and gambling. We also recently added Russia to our list of excluded countries, following the invasion of Ukraine.

Active ownership

We actively engage as shareholders to push for positive change. We vote at all shareholder meetings and work directly with the companies we invest in to ensure that their conduct and progress are aligned with our responsible investment philosophy.

Collaboration

We work with leading industry bodies who share our values to help achieve our responsible investment goals.

Transparency

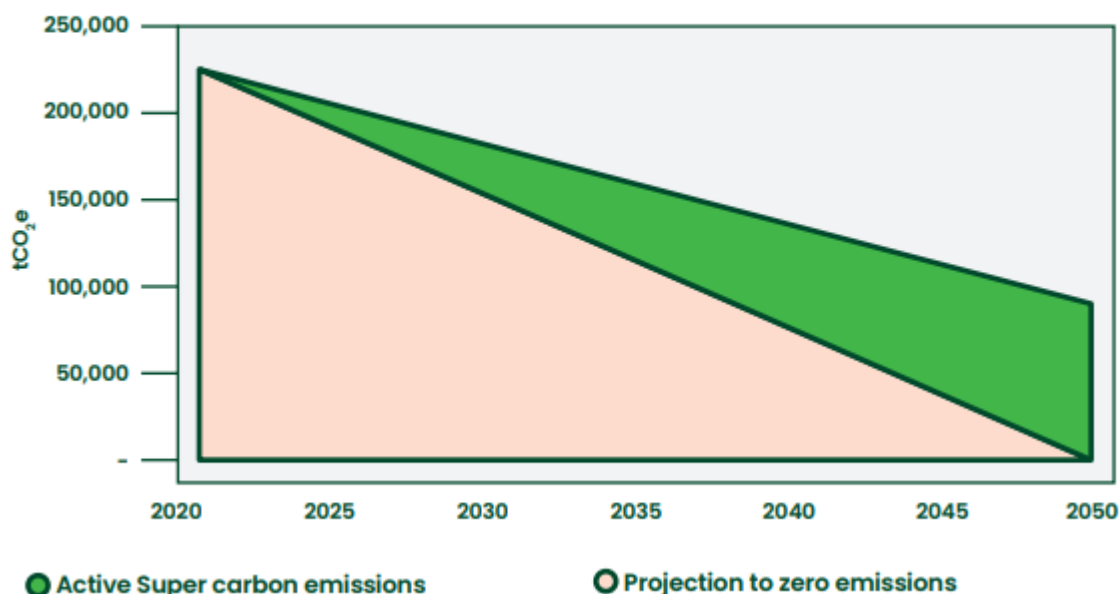
Unlike most super funds, we publish our voting intentions on our website before investee company meetings, so you always know where we stand. You can also view our investment holdings on our website at any time.

CLIMATE CHANGE

At Active Super, we believe climate change is one of the most significant risks facing the world today. We were among the first super funds to move on climate change issues in 2009 and introduced climate change and fossil fuel reserve restrictions back in 2014.

We are one of the few super funds in Australia to be certified Carbon Neutral for our business operations and we use multiple strategies to manage the risk of climate change across our portfolio. This now includes a net zero modelling tool which we are using to map our trajectory towards Net Zero 2050.

Carbon emissions trendline and shortfall (Australia)



INVESTMENT MANAGEMENT

The Active Super Trustee is responsible for selecting and managing the range of investment managers, who are in charge of the investments contained within their respective portfolios in each investment option.

Active Super adheres to the guiding principle that several carefully selected investment managers will, over any reasonable period, produce:

- more consistency
- lower volatility and risk
- better results.

Diversification

Active Super's assets are allocated to a range of investment managers. This is to ensure diversification of both investments and investment managers.

Please note that investment managers and/or their weightings can change from time to time and that updated details are provided in the Annual Report available at activesuper.com.au/annualreports

Automatic switch upon death notification

Upon receiving notification of a member's death, Active Super will move the deceased's balance to the Managed Cash investment option, where they will remain invested until the benefit is paid. No Investment switching fee is charged.

Investment returns in recent years

Up-to-date information in relation to the annual effective net earnings for each investment option for the last five financial years are set out in the latest Annual Report, along with other related investment performance information.

The net earning rate reported in the Annual Report may not be the same as the rate experienced by members because of the timing differences and the reserving policy of Active Super.

Also please note that past net earning rates are not a reliable indicator of future net earning rates.

More information regarding recent performance is available at activesuper.com.au or from Member Services.

Unit pricing

The value of your account is expressed in terms of units. When money is allocated to your account, units in a selected investment are issued to you. The number of units purchased is dependent on the unit price for that day and the amount allocated to your account.

The unit price is the net asset value (NAV) of the investment on a particular day divided by the total number of units on issue on that particular business day⁴. The NAV is the valuation of assets and liabilities (net of all fees, costs and taxes) determined by the market price at a valuation point after allowing for transaction costs and the deduction of taxation and expenses.

Provided that all relevant information is available to the Trustee to make the declaration, unit prices for each investment option are calculated and declared for each business day. There may be times when unit prices cannot be issued, and payments are temporarily suspended. This may occur in times of extreme market volatility caused by political, financial year end, economic or any other crisis.

If this occurs, an interim valuation method may be applied, or payments suspended for a period of time.

Reserves

The following reserve accounts are held by Active Super for the Account-Based Pension Plan:

- **Operational Risk Financial Requirement (ORFR) reserve:** The purpose of the ORFR reserve is to cover potential losses, should they arise, in administering Active Super. The ORFR holds at least at least 0.25% of assets, to satisfy any expenses or losses arising from operational risk events. The assets which support the ORFR are held in multi-asset classes within the Fund.

- **Self-insurance reserve:** This reserve operates to meet any remaining self-insured death/invalidity claims. The assets which support this reserve is held in cash, either in a bank account or in a short-term notice account.
- **Administration and tax reserves:** Deductions are made from members' accounts to pay for Active Super's income tax liabilities and administration related expenses. The administration and tax reserves are invested in cash and are applied towards the expenses they relate to as and when they become payable. This information is disclosed in the Annual Report.
- **Group Life Reserve:** The Group Life Reserve represents the insurance premium deducted from Members' accounts including the retention of 1.5% insurance administration fee, which is then transferred to the Trustee (via the Administration Reserve).

⁴ A business day is a day that the ASX (i.e. both SEATS [Stock Exchange Automated Trading System] and DTF [Derivatives Trading Facility]) is open for trading in Australia.

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