



Active Super Choice

Investment guide

This statement was prepared on
1 August 2025

The information in this document forms part of the
Active Super Choice Member guide dated **1 August 2025**

This guide is a summary of significant information about Active Super Choice – and should be considered as a guide only. It contains a number of references to other important information (each of which forms part of the Active Super Choice Member guide). You should consider all of this information before making a decision about Active Super Choice. To obtain copies of this guide and/or the other information referred to in it, please call our Contact Centre on **1300 300 820**.

The information provided in this guide is general information only and does not take account of your personal financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice tailored to your personal circumstances. Where tax information is included you should consider obtaining personal taxation advice.

This guide is up to date at the time it was prepared. Information in this guide is subject to change from time to time. If a change is made to information in the guide that is not materially adverse information, we may update the information by notice at www.activesuper.com.au and/or inclusion in the next newsletter. You can also call our Contact Centre on **1300 300 820**. A digital copy of the guide is available at www.activesuper.com.au/pds.

A paper copy of updated information will be given to you without charge on request.

Vision Super Pty Ltd ABN 50 082 924 561, AFSL 225054, RSE Licence L0000239 ('the Trustee' or 'we' or 'us') is the Trustee of the Local Authorities Superannuation Fund ('Vision Super' or 'the Fund') ABN 24 496 637 884, of which Active Super Choice is a part. The final authority on any issue relating to the Fund is the Trust Deed governing the Fund, the relevant provisions of the Commonwealth legislation and the relevant insurance policy (if applicable).

1. Risks of investing in super

All investments carry risks, including the investments you make as an Active Super Choice member. Super funds invest in a diverse range of assets, including Australian and overseas shares, private equity, property, bonds, credit, infrastructure and cash which are included in different investment strategies. Each investment asset class has a different risk profile depending on the assets that reflect its investment strategy. Assets offering the highest long-term returns, such as equities, generally also carry the highest level of short-term risk. For further information about investment risks including risks specifically associated with each asset class and the risk profile of each of the Active Super Choice investment option, refer to section 2 of this guide.

When investing in super, there are significant risks to consider.

These include:

Equity risk	Investors in shares or stocks take on equity risk with the aim of earning an equity risk premium. The equity risk premium is the extra return that investors require for investing their money in stocks, instead of holding it in a riskless or close to riskless investment.
Inflation and interest rate risk	There is a risk that inflation may exceed the return of your investments. If inflation is higher than your investment returns, this will diminish the real value of your investment. As interest rates change, they can impact investment returns positively or negatively. Often, an increase in interest rates will have a negative impact on investment values and vice versa.
Credit risk	There is a risk that a party in a contract will not fulfill its contractual obligations. This is often also referred to as default/counterparty risk. This risk may result in lost capital and income, disruption to cash flows, and increased collection costs.
Liquidity risk	There is a risk that investments cannot be converted to cash quickly without having an undue negative impact on their prices, which may lead to a delay in meeting member switches or redemptions, or other payment obligations of the Fund, or may result in a loss.
Currency risk	When investing in overseas assets, the value of your investment will fluctuate with the value of the Australian dollar. The approach to currency hedging is tailored for each asset class and depends on the long term risk characteristics of the asset class.
Operational risk	This risk is associated with fraud, human error, systems failures and inadequate procedures and internal management controls which could result in a material loss. This includes the risk of unit pricing errors or other errors impacting account balances or benefit payments.
Changes to government policy and legislation	Legislative changes may affect your benefit or your ability to access your benefit, such as changes to how super benefits are taxed, the caps (limits) on concessional taxed contributions that a super fund can accept and the preservation rules. It may also impact the costs of running a superannuation fund.
Climate and Environmental, Social and Governance (ESG) risk	The risk that environmental/climate factors will impair the value of your investments, or impact negatively on the cost of living in retirement. The risk that social factors (such as human rights, labour standards, health and safety) may result in litigation against companies, and/or reputational loss, which may impair the value of your investments. The risk that governance factors can result in companies not taking actions in the best interests of investors, which may impair the value of your investments.

The information about risks shown here is general information only and does not consider your objectives, financial situation or needs. It may be worth consulting a professional financial adviser to assist in developing an investment and savings strategy that will help you achieve your retirement goals, taking into account your personal circumstances (including risk tolerance).

2. How we invest your money

Investment options and performance

We have always taken a long-term view on investments and use external specialists to help manage our investment portfolio. You can obtain daily unit prices and updated monthly investment returns from our website or from our Contact Centre.

Your investment choice

When you joined Active Super Choice, your account balance was invested in the investment option you previously held when in the Active Super Accumulation Scheme.

As a member of Active Super Choice you can also choose from five investment options: High growth, Balanced, Conservative balanced, Conservative and Cash, described later in this guide.

When making an investment choice you should consider the information about fees and costs in the Active Super Choice fees and costs guide. Different investment fees apply depending on the investment options you choose.

Investment principles

All superannuation investments carry risk including (but not limited to) investment risk. Before you select an investment option/s, you need to:

- Assess your own individual needs and objectives, and
- Work out your own attitude to investing.

The information provided in this section is general. It has been prepared without taking into account your investment objectives, personal circumstances or particular needs. You should speak to a licensed financial planner who can help you achieve your financial goals within your risk tolerance.

Note that the value of investments can go up and down. Past performance is not necessarily indicative of future performance.

There are four important investment fundamentals that you might want to take into account when making your investment selection:

1. Risk tolerance

Investment risk refers to the likelihood of negative returns and loss of capital over various time frames. Generally, growth assets such as equities (or shares) are more volatile and their values may fluctuate widely, particularly over the short-term. Defensive assets, such as fixed interest and cash, are generally less volatile and fluctuate less in value than growth assets. How much volatility you are prepared to accept will depend on your own attitude to investments, your previous experiences, your investment time frame and your life expectancy (amongst other things). Your risk tolerance will greatly influence your investment selection and the weightings in growth versus defensive assets (asset allocations). You should consider the summary risk level shown in this guide for each of our investment options having regard to your risk tolerance.

2. Risk versus return

Generally, growth assets outperform defensive assets over the long-term but have a higher degree of risk (likelihood and extent of negative returns). Defensive assets generally provide a lower rate of return, but are less risky, and historically less volatile. Further information about balancing risk and return is outlined later in this guide.

3. Diversification

Diversification is a method of reducing investment risk. It means spreading your investments both across and within asset classes. Generally, the principle is that the more you diversify, the more you are able to reduce investment risk. However, it is important to understand that there is a level of risk with all investments and you cannot diversify away market risk (risk that affects the market as a whole). Our pre-mixed options provide a degree of diversification across asset classes and the underlying investments. By its nature, the single sector option is not diversified across different asset sectors.

4. Timeframe to invest

Superannuation is generally seen as a long-term investment. When you are considering your investment approach, the timeframe for investing is an important consideration. Generally, investment options such as the Cash option offer more stable returns over short-term timeframes. Conversely, riskier investment options (such as the High growth option) tend to be more volatile over such periods and provide higher returns over the long term. Reflecting this, riskier options have longer minimum investment periods. In this document, guidance on the minimum investment period is provided for each investment option. More information about the principles of investing and the characteristics of the various asset classes can be found on our website, or by calling our Contact Centre.

Our approach to Responsible Investment (RI)

For each investment option, we set return and risk objectives, as detailed in this document. We aim to incorporate environmental, social and governance (ESG) considerations into the investment decision-making processes in accordance with our RI Policy www.activesuper.com.au/invest/ri/our-ri-policy.

We believe that this policy approach will help support long-term investment performance and enhance risk management.

We are currently a signatory and member of a range of industry organisations that promote the consideration of ESG risks. We are a support investor of the Climate Action 100+ initiative (an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change). We vote at meetings of our direct listed equity shareholdings according to our RI Policy www.activesuper.com.au/invest/ri/our-ri-policy and our Proxy Voting Policy www.activesuper.com.au/proxy-voting.

Resolutions we vote on include the election of directors, board structure, executive remuneration and incentive plans, as well as shareholder resolutions related to other ESG considerations. We will not support any resolution if we form the view that it is not in the best financial interests of our members.

When searching for new (or reviewing existing) investment managers, our due diligence includes an assessment of how ESG risks are incorporated into the investment process. The investment managers are generally asked to specify the resources they have available to analyse ESG risks, including personnel and their expertise, and engagement with companies and external research services. We may seek to incorporate specific guidelines or constraints in our contracts with our investment managers.

Please refer to our RI policy and the company exclusions page on our website for further details on how we manage our exposure to smoking products producers, controversial weapons producers and G8 Education at www.activesuper.com.au/invest/ri/our-ri-policy and www.activesuper.com.au/exclusions.

The direct listed equity asset classes are managed with an approach that aims to provide meaningfully less carbon-intensive exposure versus the respective benchmarks (based on data from our ESG service provider* on scope 1 and 2 carbon intensity levels).

Please refer to our RI policy and carbon budget page on our website for further details on how we manage our exposure to fossil fuel companies at www.activesuper.com.au/invest/ri/our-ri-policy and www.activesuper.com.au/carbon.

More information about our approach to ESG is available at www.activesuper.com.au/invest/ri

* Details on our ESG service provider is available on our website at www.activesuper.com.au/invest/ri/our-ri-policy

Your strategy

An important part of successful superannuation investing is to set a strategy for your time horizon and monitor investment performance to ensure it is meeting your personal objectives. Before making any decisions about investing your super, you should consider seeking advice from a licensed financial adviser.

Switching

You can switch between investment options via our website or the mobile app, or by supplying a valid original Investment choice election form which is available from our website or our Member Services team. You can switch some or all of your account balance by nominating percentages of your account balance.

A valid original request means that the request form is signed and the total investment allocation across the selected investment options adds up to 100%. A duly completed form can be submitted by completing a paper switching form or completing a request online in our secure member portal or in the mobile app.

When can investment switches be made?

For all investment options, investment switching may occur at any time (subject to processing requirements).

Nomination of payment regarding withdrawals

Payments are made by withdrawing or redeeming units in the investment option(s) nominated by you for withdrawals up to the value of your payment amount. If you do not nominate a particular option or during the year the balance of the option you have nominated is insufficient to make the payment as you have instructed, the payment will be made from another investment option applicable to your account as selected by the Trustee.

Types of switching requests that may be made?

Subject to any applicable restrictions, you can switch investment options in relation to some or all of your account balance, future contributions or both.

When (or after) you make an investment choice which involves investing in more than one investment option, you can also nominate which investment option you would like any withdrawals to be made from.

If you nominate one or more investment options for your future contribution and withdrawal transactions (future transaction options), any contributions or withdrawals made after the effective date of your election will be credited to or deducted from your future transaction option/s, unless express written instructions specifying otherwise are provided prior to the transactions being processed. Any nomination you make for your future transactions does not apply to all transactions. For example, administration fees are deducted proportionately across all your account's investments at the time of processing the fee deduction (however this may change if an investment option is frozen).

Please note: where you have your benefit invested in multiple investment options and make a switch to one or more of those options while also leaving one unchanged, there will be small movement of units in the option you made no change to. This occurs as part of the switching process to maintain your percentage allocation in that option at the time of the switch instruction.

Automatic switch upon death notification

Upon receiving the death certificate for a deceased member, we will move the deceased's benefit to the Cash investment option where it will remain until the death benefit is paid. The aim of this is to minimise fluctuations in the market and unit prices to reduce the impacts on the member's account balance.

Rebalancing of your investments

If you choose more than one investment option for your pension account, the amount you have invested in each option relative to each other may change over time depending on the investment performance of each option. That is, we do not rebalance your pension account balance so it remains invested in your nominated investment options in the proportions selected by you over time. If you wish to rebalance your investment options, you need to provide us with instructions.

Are there any switching costs?

No switching fees will apply. Buy-sell spreads are currently nil for all investment options. These are discussed further in the Unit prices section.

How are investment switches processed?

Investment switches are processed on the basis of the unit prices of the relevant investment options declared on the next business day after the receipt of the switching request, unless there is a delay with processing due to abnormal market conditions or system failures or an investment option is frozen. We will use its best endeavours to declare the unit prices as soon as possible. Further information about unit prices is outlined below.

Frequent switching between investment options and trying to second-guess the market can be risky, particularly for high-risk investment options designed to be held for the long-term.

We recommend that you obtain financial advice before making any decisions about switching between investment options.

You should be aware that the Trustee reserves the right to alter the processing of switching requests either generally or in relation to one or more investment options. For example, if the Trustee considers that switching may disadvantage other members or have other adverse implications for the Fund or a particular investment option. This may occur without prior notification to you, or your consent.

Derivatives

Derivatives are investments where investment values are based on one or more underlying physical securities. For instance, the value of a share option is based on the price of the underlying share. The Fund permits the selective use of derivatives as part of its investment strategy in any of its investment options. Derivatives provide exposure to or hedge risk by increasing or decreasing exposure to the underlying securities without having to buy or sell underlying physical securities.

Unit prices

When you invest with the Fund, your money buys a number of units in each of your nominated investment options. When you withdraw money from an investment option, you sell units.

Any transaction on your account that involves the buying (eg contributions, roll ins) or selling units (eg withdrawals, deduction of fees and insurance premiums) is usually processed using the latest unit price as described below.

Your account balance is always based on the number of units you hold in each of your nominated investment options, and latest unit price.

The unit price of an investment option will fluctuate to reflect investment earnings (which can be positive and/or negative). The extent to which unit prices fluctuate may depend on the investment option you choose.

Based on the current level and pattern of member transactions and the current level of transaction costs the buy and sell prices are currently the same. That is, buy-sell spreads are nil. If circumstances change, we may need to change buy-sell spreads to ensure we are able to more appropriately recover the transaction costs that result from member transactions (as per the [Active Super Choice Fees and costs guide](#)).

Our latest unit prices are usually updated on our website late on the next business day. The publication of unit prices might be delayed as a consequence of abnormal market conditions or system failures. In such circumstances, we will use our best endeavours to publish unit prices as soon as possible. No unit prices are struck on weekends and Victorian public holidays.

The unit prices are calculated after the reserving margin and an estimate of investment fees and taxes on investment earnings are taken out. These estimates will be adjusted as information becomes available for the calculation of future prices. For more information on how fees and costs (including transaction costs and buy-sell spreads) affect you, please refer to our [Active Super Choice Fees and costs guide](#).

What happens if we make a mistake when calculating unit prices?

Although we have controls in place to prevent unit pricing errors, occasionally they may occur. We generally follow industry practice if an error is made. Compensation may be paid depending on the circumstances and other relevant factors. For exited members, compensation below \$20 will not be paid. The amount of compensation will be determined on a case by case basis and a higher threshold may apply.

Retirement bonus

When you are transferring from this product to a Vision Super account based pension other than a Vision non-commutable account pension (ie a transition to retirement pension), you may be entitled to a Retirement bonus if you satisfy the relevant terms and conditions which include consideration of the investment options that you are invested in. Refer to www.visionsuper.com.au/retire/bonus for further details including the relevant terms and conditions.

Your investment options

You can choose to invest your account balance and/or future contributions in a combination of one or more of the following investment options:

Premixed	Single sector
High growth	Cash*
Balanced	
Conservative balanced	
Conservative	

* The Cash investment option was previously known as Managed Cash. This change was effective 1 August 2025.

Our Premixed options cover a wide range of risk levels and include exposure to multiple asset classes. Each option has return and risk investment objectives, benchmark allocation and indicative ranges which are described below.

Our Premixed option profiles allow you to understand the investment objectives and strategies behind each portfolio. An explanation of the asset classes in which each option invests appears at the end of this guide. The risk and return characteristics associated with each asset class are considered in the risk profiles associated with each Premixed options.

The Cash option is a single sector option, invested in the cash asset class. The risk and return objectives of the option are outlined in the Single sector option section below.

It should be noted the investment objectives are not forecasts or predictions. The investment strategy of each option has been designed with the aim of achieving the option's investment objective.

It should also be noted that the value of investments can go up and down. Past performance may not be a reliable guide of future performance.

Benchmark allocations and indicative ranges

The charts describing asset allocations set out in this Guide are the long-term, strategic asset allocations for the Premixed options.

Actual asset allocations may vary from the benchmark allocations within indicative ranges depending on market conditions, market outlook and fund cash flows. In particular, we may alter asset allocations within the indicative ranges to help manage investments through changing market conditions, including adverse or abnormal market conditions.

Comparing performance

You can compare the Fund's investment performance against published surveys like the SuperRatings industry survey (available at www.superratings.com.au). Investment performance for accumulation accounts is net of investment costs and taxes. However, if you are comparing our performance with that of other funds, it is important to ensure you take into account the underlying asset allocations, the objectives and the risks of the investment options you are comparing.

Any variation in these factors can result in significant differences in the performance of the investment options you are considering.

Information about our investment performance is available from www.activesuper.com.au

Investment objectives

The investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.

The investment objectives for our premixed investment options reflect the aim to earn investment returns higher than the inflation rate. Inflation is measured by the Consumer Price Index (CPI) published by the Australian Bureau of Statistics (ABS), which indicates the average change in prices paid for a particular 'basket' of goods and services.

The investment objective for the Cash option is to outperform the Bloomberg Ausbond Bank Bill Index, which is an industry recognised market index relevant to the cash sector.

Strategy

The strategy provided for each option is a guide on how we intend to achieve the option's objective.

Standard Risk Measure

The risk of negative returns is based on a Standard Risk Measure which is based on APRA guidance and allows members to compare investment options that are estimated 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 state what the size of a negative return, or the potential for a positive return, could be. It is based on a view of the future investment environment which may not be realised. Further, it does not take into account the impact of administration fees and tax on the predicted negative returns.

You should ensure that you are comfortable with the risks and potential losses associated with your chosen investment option/s and if necessary you should seek professional financial advice. Neither the Trustee nor any employee or Director of the Trustee guarantees the performance of the Fund's investment options.

Premixed options

The listed equity asset classes are managed with an approach that aims to provide meaningfully less carbon-intensive exposure versus the respective benchmarks (based on data from our ESG service provider on scope 1 and 2 carbon intensity levels). The listed equity asset classes are also managed with company exclusions related to smoking products, controversial weapons and G8 Education. The smoking products and controversial weapons exclusions are determined by the ESG service provider. More detail on the RI approach is available in the Fund's RI Policy and information on our ESG service provider is available here:

www.visionsuper.com.au/invest/responsible-investing/our-ri-policy/.

High growth

Most suitable for

Members seeking strong growth over the longer term, who are comfortable with more volatile investment returns than the Balanced option.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increase in inflation as measured by the Consumer Price Index by 3.5% per annum over rolling 15-year periods.

Strategy

To invest in a diversified portfolio with the aim of achieving the investment objective. The long-term strategic asset class allocation is shown below, together with the indicative range for the actual allocation for each asset class.

Asset class	Strategic allocation	Indicative range
Australian equities	31.5%	21.5 – 41.5%
International equities	41.5%	31.5 – 51.5%
Private equity	7.5%	0 – 17.5%
Growth alternatives	1%	0 – 11%
Infrastructure	3.5%	0 – 13.5%
Property	7%	0 – 17%
- Listed property	1.5%	0 – 11.5%
- Unlisted property	5.5%	0 – 15.5%
Private credit	1.5%	0 – 11.5%
Alternative debt	0%	0 – 10%
Diversified bonds	0%	0 – 10%
Short term fixed interest	0%	0 – 13%
Cash	6.5%	0 – 21.5%
Other	0%	0 – 10%

Summary risk level

High

Expected frequency of a negative annual return

4 to less than 6 in 20 years

Suggested minimum investment period

8 years

Retirement bonus

Members invested in this option may be eligible for the Retirement bonus if certain terms and conditions are satisfied. See the following webpage for further details: www.visionsuper.com.au/retire/bonus

Balanced

Most suitable for

Members seeking investment growth over the medium to longer term, who are comfortable with short term fluctuations.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increase in inflation as measured by the Consumer Price Index by 3.0% per annum over rolling 15-year periods.

Strategy

To invest in a diversified portfolio with the aim of achieving the investment objective. The long-term strategic asset class allocation is shown below, together with the indicative range for the actual allocation for each asset class.

Asset class	Strategic allocation	Indicative range
Australian equities	23.75%	13.75 – 33.75%
International equities	31.25%	21.25 – 41.25%
Private equity	6%	0 – 16%
Growth alternatives	1%	0 – 11%
Infrastructure	5%	0 – 15%
Property	7%	0 – 17%
- Listed property	1.5%	0 – 11.5%
- Unlisted property	5.5%	0 – 15.5%
Private credit	1.5%	0 – 11.5%
Alternative debt	6%	0 – 16%
Diversified bonds	11%	1 – 21%
Short term fixed interest	0%	0 – 18%
Cash	7.5%	0 – 22.5%
Other	0%	0 – 10%

Summary risk level

High

Expected frequency of a negative annual return

4 to less than 6 in 20 years

Suggested minimum investment period

6 years

Retirement bonus

Members invested in this option may be eligible for the Retirement bonus if certain terms and conditions are satisfied. See the following webpage for further details: www.visionsuper.com.au/retire/bonus

Conservative balanced

Most suitable for

Members seeking some investment growth over the medium term with less volatility than the Balanced option.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increase in inflation as measured by the Consumer Price Index by 2.0% per annum over rolling 15-year periods.

Strategy

To invest in a diversified portfolio with the aim of achieving the investment objective. The long-term strategic asset class allocation is shown below, together with the indicative range for the actual allocation for each asset class.

Asset class	Strategic allocation	Indicative range
Australian equities	14.25%	4.25 – 24.25%
International equities	20.75%	10.75 – 30.75%
Private equity	5%	0 – 15%
Growth alternatives	1%	0 – 11%
Infrastructure	6%	0 – 16%
Property	6.25%	0 – 16.25%
- Listed property	1.25%	0 – 11.25%
- Unlisted property	5%	0 – 15%
Private credit	2%	0 – 12%
Alternative debt	10%	0 – 20%
Diversified bonds	16%	6 – 26%
Short term fixed interest	0%	0 – 24%
Cash	18.75%	3.75 – 33.75%
Other	0%	0 – 10%

Summary risk level

Medium to high

Expected frequency of a negative annual return

3 to less than 4 in 20 years

Suggested minimum investment period

5 years

Retirement bonus

Members invested in this option may be eligible for the Retirement bonus if certain terms and conditions are satisfied. See the following webpage for further details: www.visionsuper.com.au/retire/bonus

Conservative

Most suitable for

Members seeking a relatively stable medium-term return with some potential for growth.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increase in inflation as measured by the Consumer Price Index by 1.5% per annum over rolling 15-year periods.

Strategy

To invest in a diversified portfolio with the aim of achieving the investment objective. The long-term strategic asset class allocation is shown below, together with the indicative range for the actual allocation for each asset class.

Asset class	Strategic allocation	Indicative range
Australian equities	7%	0 – 17%
International equities	10.5%	0.5 – 20.5%
Private equity	1.5%	0 – 11.5%
Growth alternatives	1%	0 – 11%
Infrastructure	6%	0 – 16%
Property	6.25%	0 – 16.25%
- Listed property	1.25%	0 – 11.25%
- Unlisted property	5%	0 – 15%
Private credit	3%	0 – 13%
Alternative debt	9.5%	0 – 19.5%
Diversified bonds	28.75%	18.75 – 38.75%
Short term fixed interest	0%	0 – 28%
Cash	26.5%	11.5 – 41.5%
Other	0%	0 – 10%

Summary risk level

Low to medium

Expected frequency of a negative annual return

1 to less than 2 in 20 years

Suggested minimum investment period

4 years

Retirement bonus

Members invested in this option may be eligible for the Retirement bonus if certain terms and conditions are satisfied. See the following webpage for further details: www.visionsuper.com.au/retire/bonus

Single sector option

Cash*

* The Cash investment option was previously known as Managed Cash. This change was effective 1 August 2025.

Most suitable for

Members seeking security and stability over the short term.

Investment objective

This option aims to outperform (after fees and taxes) the Bloomberg Ausbond Bank Bill Index over rolling 3-year periods.

Strategy

To invest in cash, term deposits and money market securities.

Summary risk level

Very low

Expected frequency of a negative annual return

Less than 0.5 in 20 years

Suggested minimum investment period

No minimum

Retirement bonus

Member balances invested in this option are NOT eligible for the Retirement bonus.

3. Balancing risk and return

Risks

There is a risk that investment returns are not what you expect and may be negative. Levels of investment risk are linked to the asset classes in which you have invested, and many other geographical, environmental, technological, political and economic changes, such as natural disasters, pandemics, war or terrorist acts.

Clearly, there is little you can do about external forces affecting your investments, but you can choose a level of investment risk that is aligned with your risk tolerance. As a rule of thumb, growth investments carry a greater risk and are expected to deliver higher returns over the long-term. However, they can also produce negative returns, particularly over the short-term. As such, extended investment periods may be appropriate for investors with significant exposure to riskier asset classes such as equities.

There is also a risk that investments cannot be converted to cash quickly without having an undue negative impact on their prices, which may lead to a delay in meeting member switches or redemptions, or other payment obligations of the Fund, or may result in a loss.

Returns

We present investment earnings as net returns in your Annual Member Statement. This is the return after tax on investment earnings, the reserving margin component of the percentage based administration fee and any investment fees are accounted for. When you compare Active Super Choice with other funds, you should consider what fees, costs and taxes have been taken out of their stated returns.

The risk and return for Active Super Choice options

For Premixed options, you should consider the relative influence of the predominant asset classes in which they are invested. For example, the risk of the High growth option is primarily influenced by growth assets such as equities.

When you invest in the Cash option, you are exposed to the performance associated with the specific risks of the cash asset class.

To help you understand more about asset classes available to you through Active Super Choice and the risks associated with them, we suggest you read the information on the following pages.

Get more advice

Everyone's tolerance to risk is different and often changes as we progress through life. If you are unfamiliar with the asset classes, the types of investments within each asset class or the behaviour of investment markets and the economic influences on them, you should seek the advice of a licensed financial planner. A licensed financial planner can assist you in identifying your goals and determine the right balance of risk and return for you in the context of your personal circumstances, goals and risk tolerance.

4. Additional explanation of asset classes

Key aspects of the Active Super Choice asset classes are outlined in the sections below.

The listed equity asset classes are managed with company exclusions related to smoking products, controversial weapons and G8 Education. The smoking products and controversial weapons company exclusions are based on assessments of our ESG service provider*. More detail on the ESG approach is available in the Fund's RI Policy that is available here: www.activesuper.com.au/invest/ri/our-ri-policy.

* Details on our ESG service provider is available on our website at www.activesuper.com.au/invest/ri/our-ri-policy.

Australian equities

Investments in Australian companies (via 'shares' or 'equities') are usually listed on the Australian Securities Exchange (ASX). The key driver underpinning long term equity returns is the profit of companies, and these profits are either returned to shareholders as dividends or reinvested for growth. The medium-term expected return for Australian equities is higher than some other asset classes like cash and diversified bonds but the risk is greater.

The Fund receives franking credits from some Australian share investments. These are tax credits available to investors reflecting that some or all the dividend relates to domestic income that the company has paid Australian tax on.

Risks

Sharemarkets go up and down but generally trend upward over a period of 10 years or more. The risks associated with equity investments are linked to a complex mix of financial influences including economic trends both here and overseas, interest rate movements, political changes, innovation, inflation and investor confidence.

The long-term upward trend for sharemarkets is due to the growth in the profits of companies. The risk is that individual company investments perform poorly. That is why your equity investments should diversify across a range of companies and industry sectors.

International equities

These are investments in listed overseas companies (via 'shares' or 'equities'). International equities have, over the long-term, generally offered similar returns to Australian equities.

The Fund receives no franking credits from investments in international equities, but may receive some foreign tax credits.

Risks

The risks outlined for Australian equities also apply substantially to international equities, except that offshore investments are also exposed to moves in foreign exchange rates. If you are investing in overseas markets, the Australian dollar value of your investment will decline if the overseas currency (eg US dollar) decreases against the Australian dollar. The opposite is true if the overseas currency increases against the Australian dollar. Exposure to foreign currencies can be beneficial from a diversification perspective, as the Australian dollar tends to fall when equity markets fall and vice versa.

With the aim of managing currency risk, we partially hedge our international equities investments against currency fluctuations.

A large proportion of the international equities portfolio is invested in the developed world's sharemarkets. This portfolio also invests in emerging markets.

Private equity

This asset class involves investing in Australian and international companies that are not listed on stock exchanges. The risk of Private equity is higher than that of listed equities. Strategies may cover the buyout of medium to large companies as well as those that are small and/or in an earlier stage of development, such as investing in a start-up technology company. Private equity investments often take many years to exit. As they are not listed, such investments are highly illiquid (ie sizeable discounts may be required to sell them quickly). A high proportion of return from private equity investments is expected to come from capital gains on exit as compared with income.

Risks

Like listed equities, the long-term trend in private equity prices is generally upwards, but the private equity market can perform poorly, particularly if the economy enters recession. Individual private equity investments can perform poorly because of factors that are specific to that company (eg poor management). Historically, returns on private equity over the long term have been higher than listed equity, but with higher risk including higher liquidity risk.

Growth alternatives

Growth alternatives is an alternative asset class which seeks to generate strong returns over the medium to long term, albeit with higher risk, including the potential loss of capital. For example, strategies that aim to benefit from potential inefficiencies in the domestic power market through trading derivatives.

Risks

The risks associated with Growth alternatives assets are generally high, and can be higher than investments in Australian and international equities. These assets may be less liquid than listed equities and may take many years to liquidate.

Infrastructure

Infrastructure can include both listed and unlisted assets. Currently, the Infrastructure asset class mainly invests in unlisted Infrastructure where the focus is on mature assets with long-term cash flows. This asset class has both growth and defensive characteristics. Good examples of infrastructure assets with some growth potential are toll roads and seaports, that are operating below capacity or can expand. There can also be exposure to some development assets which have growth potential, but also are exposed to development risk.

Infrastructure investments with defensive characteristics might include investments in infrastructure like public transport, communications networks, water companies and electricity distribution networks, which generally benefit from consistent revenue streams, but not the growth potential of other assets. This asset class also has some royalty stream investments which are expected to generate consistent revenue streams. Our infrastructure investments include both Australian and international investments.

Risks

The risk associated with Infrastructure is similar to property and sits between equities and diversified bonds. Infrastructure assets are less liquid than listed equities and diversified bonds.

Property

This asset class involves investing in property which may be listed or unlisted and may include both Australian and international investments. This can encompass a wide range of property sectors, including office, retail and industrial properties. Investment is primarily in existing buildings.

Returns from property reflects both rental income and changes in the valuation of the property. The Active Super Choice investment options invest directly into property, as well as with other investors in pooled vehicles managed by external fund managers.

Risks

There are risks associated with property investments, which are often linked to economic drivers like tenants' ability to pay/profitability, relative supply and demand balance of buildings, overall economic conditions and interest rates.

Like equities, the long-term trend in property prices is generally upwards, but the market can fall, particularly if the economy enters recession. Historically, returns on property have been higher than bonds over the longer-term, but with higher risk.

Private credit

Investments in this asset class are privately negotiated loans and debt-financing from non-bank lenders to corporates, property companies (including developers) as well as some distressed/special situations lending. The loans are often floating rate. They are not typically traded on public exchanges and are often held to maturity.

As private credit loans are typically illiquid, they will often provide a higher return than loans of a similar credit rating that are more liquid. The long-term returns from private credit will depend on the level of risk of the underlying companies. Generally, the returns would be expected to be broadly similar to listed equities.

Risks

The main risks associated with private credit are credit risk and liquidity risk. These risks tend to be higher when markets are stressed. For example, companies may not be able to fully service their loans if their businesses are not performing well.

Alternative debt

These are mostly low duration, credit investments including investments in various credit sub-sectors and other debt markets that aim to outperform a floating rate (cash plus) benchmark.

Investments can include multi-sector credit portfolios that vary their allocation to different parts of the debt markets, based on the relative opportunity set including from a bottom up security selection perspective.

Investments may also include specialist investments in sub-sectors such as bank loans, high yield and emerging market debt.

Risks

The main risks associated with alternative debt are credit risk and liquidity risk. These risks tend to be greatest when markets are stressed.

Diversified bonds

Bonds are issued by federal, state and local governments and by companies. If you buy a bond it usually entitles you to regular payments of interest over a fixed period plus the return of the loan amount at the end of the period. Our bond investments include both Australian and international bonds and is primarily nominal bonds.

Risks

The main risk for the portfolio is that interest rates rise, resulting in capital losses for the long-term bonds in the portfolio. Another risk is if the price of bond issued by a company falls because of increased risk of default.

Short term fixed interest

This asset class typically invests in debt securities that are expected to have a moderate level of credit risk and a lower level than the private credit asset class.

The securities in this asset class typically have a coupon which is based on a floating rate of interest. This means that the return for the asset class can be heavily affected by the cash rate that the Reserve Bank of Australia (RBA) targets.

Risks

The main risks with short-term fixed interest are credit risk and liquidity risk, although these risks tend to be less for this asset class than for the private credit asset class. Credit and liquidity risks tend to be higher when markets are stressed.

Cash

Cash is the lowest risk as measured by the probability of a negative return of all the asset classes, investments in this asset class include money market securities and bank term deposits. They typically involve a holding period of less than 12 months. The return for the cash asset class is heavily affected by the cash rate that the RBA targets.

Risks

The risk associated with cash investments are generally minimal in absolute terms, although the return tends to be low. You may wish to preserve capital by allocating some of your super to cash. Cash interest rates may not keep up with the increase in inflation and therefore (in real terms) investors may experience a reduction in their investment.

Other

The Other asset class includes investments that are suitable for the portfolio but are not consistent with the characteristics of the other asset classes in the portfolio. At the date of preparation of this PDS, gold is the only investment that can be included in the Other asset class. Any future investments would require Board approval including detailed consideration of the merits of such investments. As part of the process, the risk and return characteristics of the investment would be defined on a case-by-case basis. As gold can be included in the Other asset class, its characteristics are outlined briefly below.

Gold is a very liquid commodity that is easily bought and sold in physical form, futures or exchange-traded funds. In some economic conditions it may provide defensive characteristics. Key drivers of the return from gold include gold trading activity by central banks, and investor expectations about factors such as inflation, interest rates and political events.

Risks

Similar to equities, gold can be very volatile, increasing or declining in value sharply.

More on currency

When investing in overseas assets, the value of your investment will fluctuate with the value of the Australian dollar.

Generally overseas investments in asset classes other than international equities are close to fully hedged. Overseas equity investments may be partially hedged or fully unhedged.

Here to help

Telephone 1300 300 820 (8:30am to 5:00pm)

Monday – Friday (not including Victorian public holidays)

Email memberservices@visionsuper.com.au

Visit visionsuper.com.au

Write PO Box 18041, Collins Street East, VIC 8003

ABN 50 082 924 561 AFSL 225054

RSE L0000239 USI LGS0101AU