

## HOW WE INVEST YOUR MONEY

The information in this document forms part of the Product Disclosure Statement (PDS), dated 1 July 2024 for the Active Super Defined Benefit Scheme. This document is dated 1 July 2024 and is available free of charge at [activesuper.com.au/PDS](https://activesuper.com.au/PDS) or you may request a copy from Member Care on 1300 547 873.

### OVERVIEW OF THE DEFINED BENEFIT STRATEGY

<b>DEFINITION</b>	The Defined Benefit Strategy generally invests a high proportion of its funds in growth assets, such as Australian and international shares and property. The balance is invested in income producing assets. Because the emphasis is on growth, there may be 'short-term volatility' in this strategy, which means the value of the investment may fluctuate over the short-term.	
<b>ASSET ALLOCATION</b>	<b>Asset class</b>	<b>Asset allocation range</b>
	Australian Equities	11% – 31%
	International Equities	11% – 31%
	International Listed Property	0% – 10%
	Australian Direct Property	0% – 10%
	Private Equity	0% – 10%
	Private Credit	0% – 5%
	Growth Alternatives	0% – 5%
	Short Term Fixed Interest	5% – 25%
	Bonds	5% – 25%
	Infrastructure	0% – 5%
Cash	0% – 20%	
	<b>Total split of Growth/Defensive</b>	<b>Range</b>
	Growth Assets	50-70
	Defensive Assets	30-50
<b>OBJECTIVE</b>	6.0% to be achieved over 10 years.	
<b>RISK PROFILE</b>	High/Medium.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Active Super takes certain environmental, social and governance (ESG) factors into account in its investment decision making.

The ESG factors that are taken into account are:

- tobacco production and manufacturing
- controversial weapons manufacturing
- gambling activities
- military weapons manufacturing
- coal and oil tar sands mining
- coal-fired electricity production.

Active Super obtains data from its ESG research provider periodically about companies' exposures to these factors. Ordinarily, the data concerns whether a relevant activity exceeds a specific revenue and/or asset threshold (limited to the company's direct business activities). The data depends on the ESG research provider's definitions (for the factors identified above) and is limited to companies in the ESG research provider's index. This data informs Active Super's investment restrictions list, which is revised periodically (having regard to the data received) and then communicated to our investment managers who are responsible for managing the relevant portfolios.

Active Super does not take labour standards into account in its investment decision making.

## INVESTMENT MANAGEMENT

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

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 both the selection of investment managers and their relative weightings will change from time to time and that updated details are provided in the Active Super Annual Report available at [activesuper.com.au/annual-reports](https://activesuper.com.au/annual-reports)

### Investment returns in recent years

Up-to-date information in relation to the annual effective net earnings for the last five financial years is 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 applied to member accounts due to timing differences of contributions received, and fees and costs deducted.

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](https://activesuper.com.au) or from Member Care.

### RESERVES

The following reserve accounts are held by Active Super:

- **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 reserve holds at least 0.25% of Active Super's 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 self-insured death/invalidity claims within the Accumulation Scheme. The assets which support this reserve are held in cash, either in a bank account or in a short-term notice account.
- **Administration Reserve:** Deductions are made from members' accounts to pay for Active Super's administration and operational expenses, legislative changes and funding for strategic projects to drive better outcomes for members. The administration reserve is invested in cash and is applied towards the expenses it relates to, as and when the expenses become payable. This information is disclosed in the Annual Report.
- **Investment and Tax Reserve:** Holds funds to pay the investment related tax liabilities and Member Contribution Tax. These are paid to the ATO on a monthly basis. The assets which support the Tax Reserve are invested in cash.

- **Group Life Reserve:** The Group Life Reserve represents the insurance premium deducted from Accumulation Scheme members' accounts including the retention of the 1.5% insurance administration fee, which is then transferred to the Trustee (via the Administration Reserve).

Any advice in this document is general only and has been issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Super (ABN 28 901 371 321) ('Active Super'). The advice does not take into account your personal objectives, financial situation or needs. Before making a decision about the product, you should consider the appropriateness of the product having regard to these matters and the relevant PDS or by calling us on 1300 547 873. If you would like advice that takes into account your personal circumstances, please contact a financial adviser.

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