Make the most of your super – become a smarter investor!

Some handy hints to help you manage your super investments.

Part of your Community

This fact sheet provides general information only and may not be relied on as personal legal or financial advice. Before acting on this information, you should consider the appropriateness of this information having regard to your personal objectives, financial situation or needs.

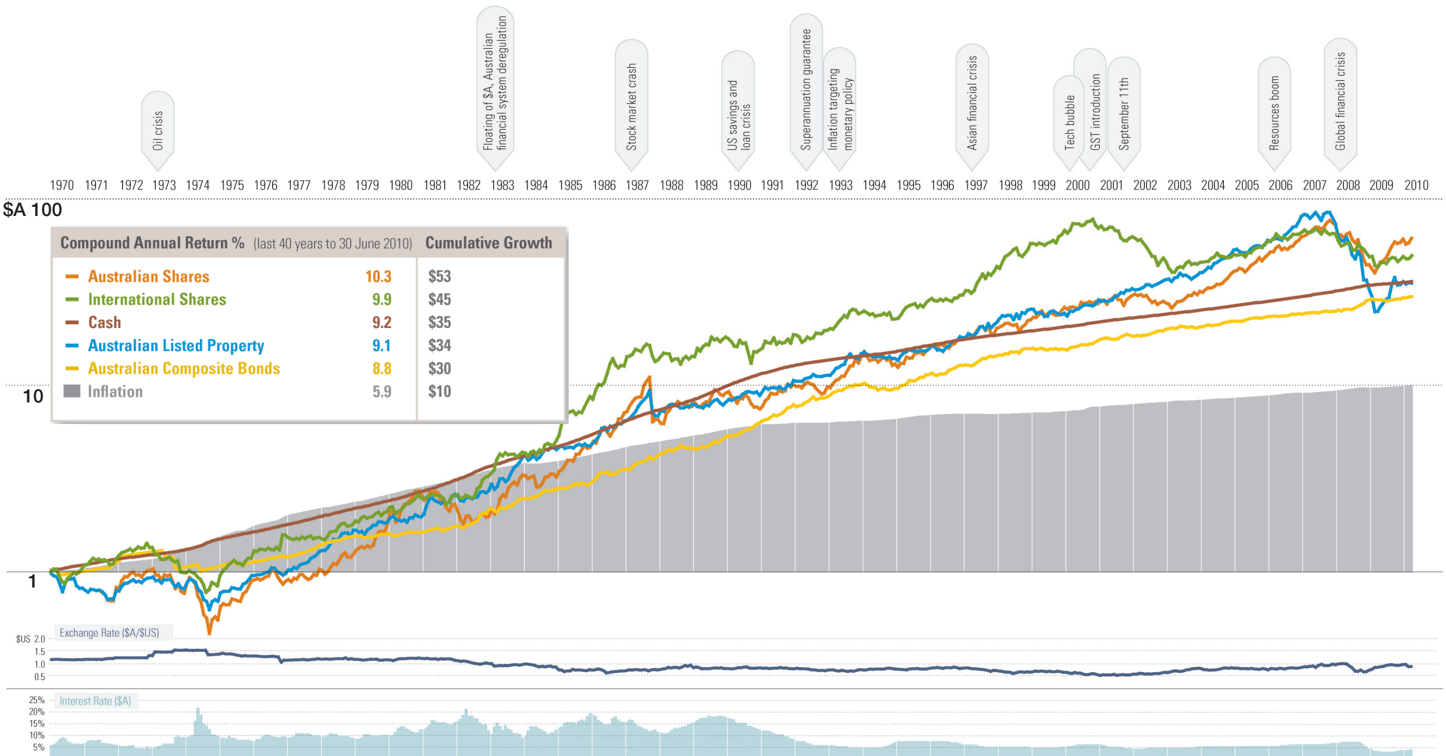
1. Let's start with the good news – the positives outweigh the negatives

We've seen some volatile behaviour on the sharemarkets of late. The last major event was the Global Financial Crisis (GFC). This hit everyone in one way or another, not just super investors who generally hold some, or all, of their super in sharemarket investments.

But if we look at how the sharemarkets have performed over time, you'll see that despite events like the GFC, markets *do* recover.

The chart below shows what **$1** invested across the different sharemarket asset classes in 1970 would be worth today – despite a range of negative events during this time period!

As you can see, in all cases, the $1 investment increased in value.



ibbotson
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Reference A.

we're an INDUSTRY Superfund

CUSTOMER SATISFACTION AWARD No.1 Roy Morgan Research PRIME SUPER BUSINESS SUPERANNUATION MANAGER OF THE YEAR 2011

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2. Timing or time in?

That is the question!

When markets show signs of volatility, it's natural to **panic** and rush to **protect** your super investments.

However, when it comes to investing – and specifically, investing your super savings – removing yourself from the market when times are tough can be more detrimental to your super savings over the **long-term**, than staying put.

Think of it as a kind of tough love: when markets are taking your investments on a bumpy ride, you need to stay in the market, turn off your emotion and let them ride out the storm.

Why? Because trying to *time* the markets, by moving your investments to cash for example when the markets start to fall, and then trying to time your **re-entry**, means you're more likely to miss the market's recovery.

The fact is that if you are trying to 'time' the market, you must be right twice – when you **sell** (or move your money to cash) and when you **buy** (move your money back into shares for example)!

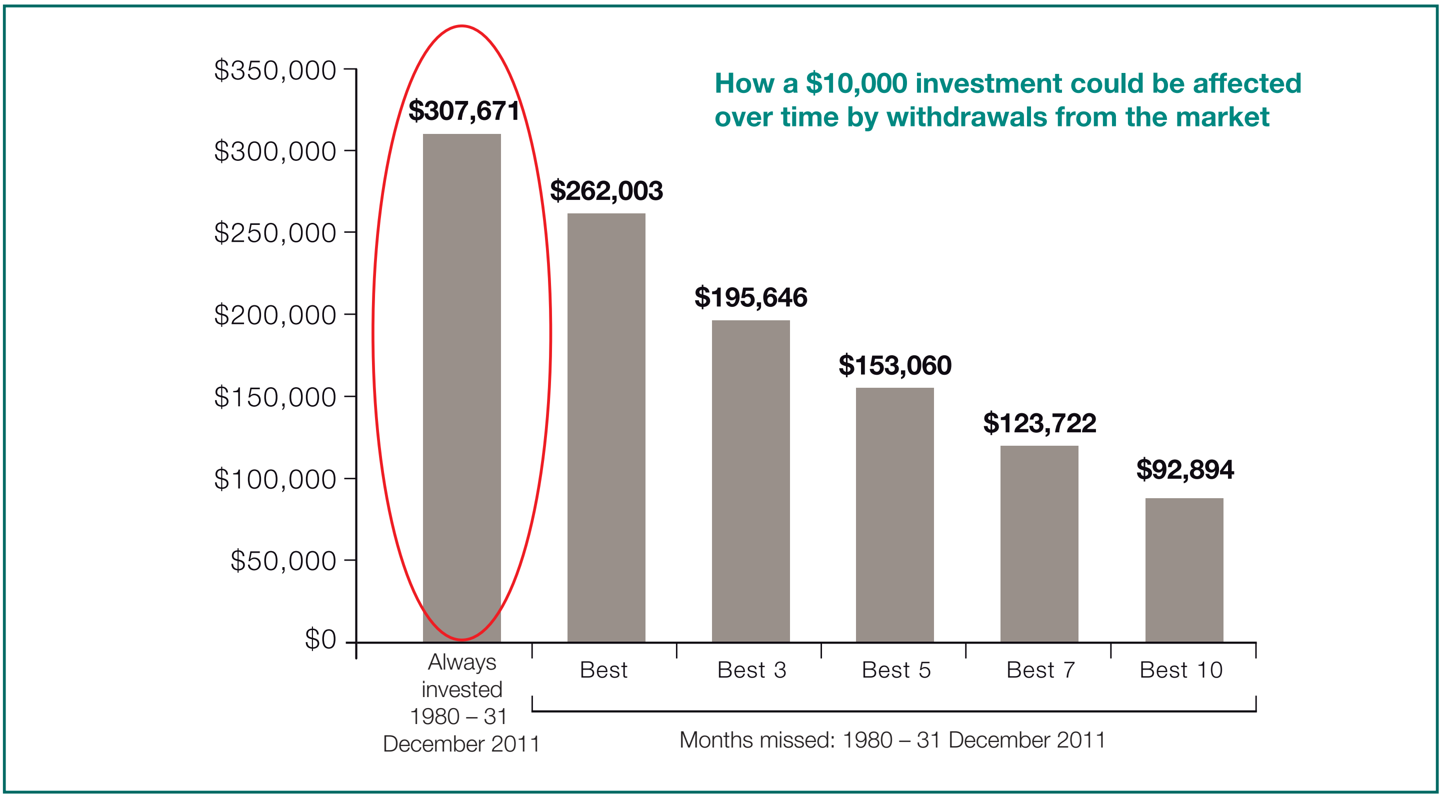
Because of this, you may get out too **early** and get back in too late, and miss the *up markets* before and after the event.

You will then usually have difficulty getting back in the market, because upward moves in the market tend to happen in **quick bursts**, which can be very easy to miss.

So the message is, if you can, try to **stay put** and ride out the volatility!

It's **time in** the market that counts!

Staying invested is important when you consider the impact of missing some of the best months in the market.



The circled bar shows how much **$10,000** invested in the sharemarket in1980 would have grown to by 31 December 2011.

The bars to the right show the impact of being out of the market for the months with the best returns over that period, illustrating how important it is to *stick to your long-term strategy*.

It could mean losing between over **$45,000** and up to **$215,000!**

Reference B.

3. Getting the balance right

Of course, being able to ‘**stay put**’ and take advantage of ‘**time in**’ the markets all depends on your *personal circumstances.*

1. **Are you nearing retirement and therefore wanting to protect your assets?**
2. **Have you selected more ‘risky’ asset classes for your super investments?**
3. **Are you on-track to achieving the lifestyle you want in retirement?**
4. **Do you have an investment portfolio outside of super?**

Your personal circumstances should dictate the investments you choose for your super savings.

If you have longer to invest, you can help your money grow by investing in what are known as **growth assets**.

How comfortable you are with **risk** is also a consideration. If you lose sleep if the value of your investment falls dramatically, then you may want to hold a lower proportion of **growth assets**.

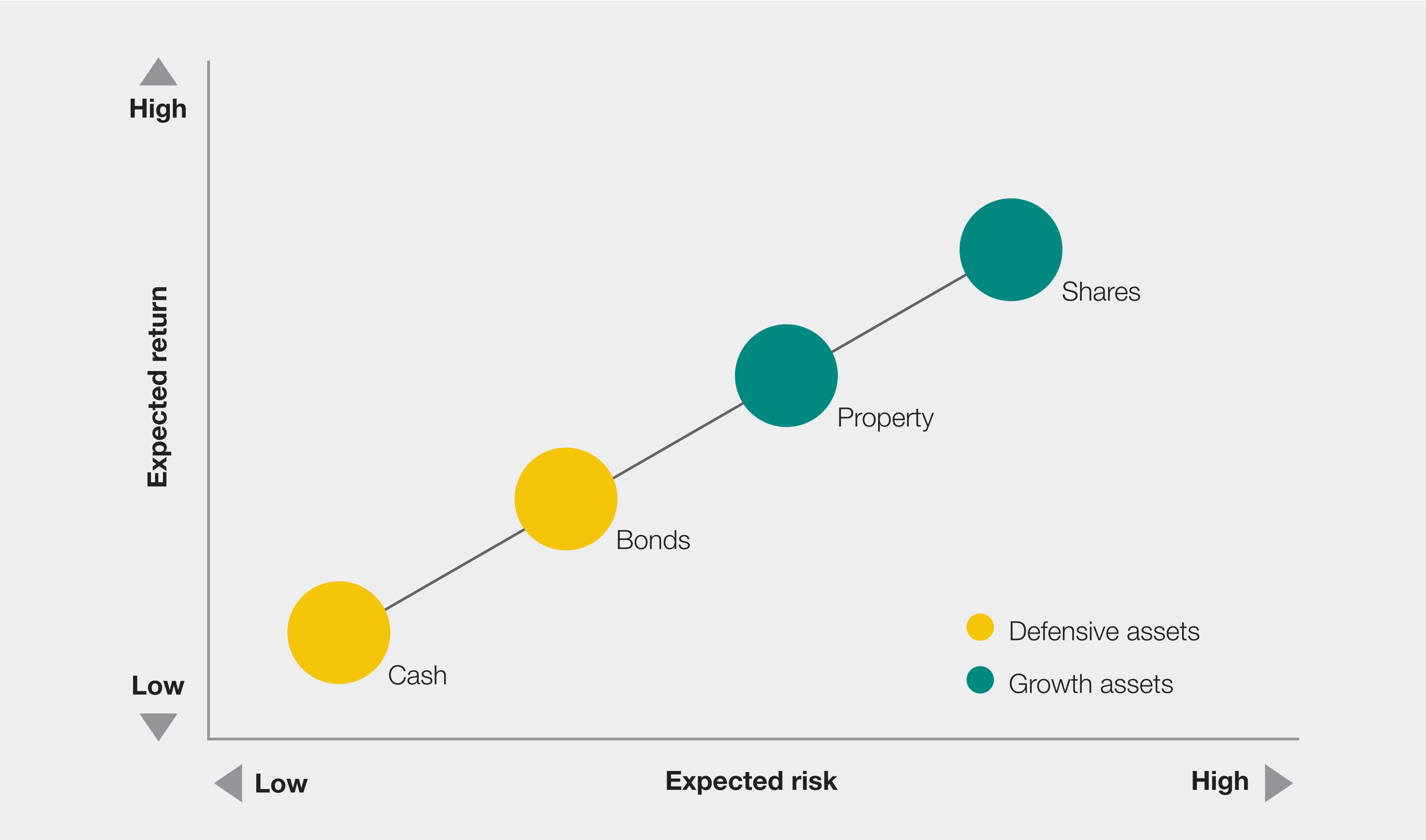
Growth assets, such as property and shares, tend to move up and down in value more dramatically, but also have the potential for *higher returns over the long-term*.

On the other hand, investments known as **defensive assets**, such as cash and fixed interest, experience fewer ups and downs, but deliver *lower returns over the long-term*.

Although they are less volatile, defensive assets have a different type of risk. Because they generate lower returns, there is the potential that you won’t reach your investment goals.

Generally speaking, the higher an asset’s risk, the higher its potential return. It’s the trade-off that investors need to balance.

The following chart shows the risk and return characteristics of each of the major asset classes.



4. Don't be taken for a ride

So you may have all of your ducks lined up, but when push comes to shove, investing in the sharemarkets can still be like taking a ride on an **emotional rollercoaster.**

When markets are rising, you may get excited, but when the markets begin a downturn, you may be left feeling anxious and panicked – especially when you are relying heavily on your super savings for retirement!.

It's important not to let the market movements affect your mood, and your investment decisions.

When the markets fall and pressure is high, many investors **make rash decisions**, like pulling out of the market altogether.

The problem is that this goes against what you are aiming to do: which is to successfully invest by **setting** and **sticking** to your long-term investment plan.

So how do you avoid falling prey to the cycle of market emotions?

Recognise that emotions can cloud your judgement; so stay calm and remember that markets will sometimes fall, yet as history shows, they will **always recover**.

5. And finally… what *not* to do when it comes to investing!

Now that you hopefully know the basics about 'what to do' when it comes to investing, here's what *not to do!*

1. Losing hurts more than winning

Research indicates that a loss causes about **twice as much pain** as a gain causes pleasure*.

Chances are, when your investments, and therefore super savings - take a hit, you're more likely to remember this than when the value of your investments are increasing.

Remedy – Keep your losses in perspective and focus on future gains.

2. Chasing past performance

Avoid jumping on the bandwagon by investing in the last period's winner.

It's rare that the same investment will outperform consistently.

Remedy – A balanced approach across many investments will help smooth your returns.

3. Timing the market

As mentioned previously, no one knows when the market will reach its minimum or maximum, so trying to time when to buy – or sell – is risky.

Remedy – The best approach is to contribute regularly and stick to your long-term investment plan.

The key is to try to invest with your mind – that is your rational side – and not your heart.

**Delquie, P (2003)*

Additional information

Hopefully this fact sheet has provided you with some key information to help you become a smarter investor!

There is however additional information available to you.

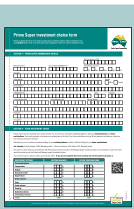
Investment choice can make a BIG difference guide

Our *Investment choice can make a BIG difference guide* can help you identify your investor profile, and therefore the best investment choices for you.

Download the guide today from our website at **www.primesuper.com.au**

Or alternatively, order a **free** copy by calling us on **1800 675 839**.

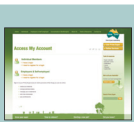
Prime Super investment choice form



If you'd like to then **change** your existing investment choice or in fact **make** one for the first time, simply complete the *Prime Super investment choice* form.

This form is attached to the back of the factsheet, but can also be downloaded from our website.

Prime Super online services section of website



Alternatively, log on to the secure *Online services* section of our website at **www.primesuper.com.au** and make your investment choice online.

Important!

You can switch your investment choice at any time!

It's important to note that the first switch in any year is **free of charge**, with each subsequent switch in that year attracting a switching fee of **$60**.

Additional help!

Write to us at:	Locked Bag 5103 Parramatta NSW 2124
Helpline:	1800 675 839
Fax:	1800 023 662
Overseas callers:	+61 2 9374 3967
Email:	administration@primesuper.com.au
Website:	**www.primesuper.com.au**

Receive FREE financial advice!

At Prime Super, we provide members with limited financial advice over the telephone. A planner may be arranged to help you determine which investment options are right for you, based on your individual circumstance and needs. And it's free. Call us today on **1800 675 839**.

If you require further advice and potentially a full financial plan, we can refer you to a financial planner. Prime Super financial planners are representatives of Industry Fund Financial Planning^, which offers low cost, commission-free financial advice and the first consultation with a planner is **at no charge.** Call us today on **1800 675 839**.

References

Reference A: Source: http://www.ibbotson.com.au/Assets/Files/IBB-4-002%20SBBI%20Chart_v7.pdf - Hypothetical value of $1 invested on 1 January 1970 through to 30 June 2010. Assumes reinvestment of income and no transaction costs or taxes. This data is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results. Unless otherwise stated, data are sourced from the Morningstar DeskTopConsultant (DTC) database for the period between January 1970 and June 2010 as follows: Inflation – Australian consumer price index from January 1970 to March 2010, for period between April 2010 and June 2010 inflation is assumed at the same rate as during Q1 2010; Australian Shares – S&P/ASX 300 Merged Accumulation Index; International Shares – MSCI World ex-Australia Total Return Index in $A unhedged terms; Australian Listed Property – S&P/ASX 300 Merged Property Accumulation Index from January 1971 to June 2010, for period between January 1970 and December 1970 the domestic property market return is approximated using the S&P/ASX 300 Merged Accumulation Index; Australian Composite Bonds – UBS Composite Bond Index from October 1989 to June 2010, for period between January 1970 and September 1989 the domestic bond market return is measured using the CBBI All Maturities All Series Index; Cash – UBS Bank Bill Index from September 1987 to June 2010, for period between January 1970 and August 1987 the domestic cash return is measured using the 90 Day Bank Bills returns; $A/$US exchange rate series – sourced from Bloomberg; Domestic interest rates – RBA cash rates from January 1990 to June 2010 as sourced from RBA, for period between January 1970 and December 1989 domestic interest rate is tracked using the 90 Day Bank Bills rate as sourced from RBA.

Reference B: Russell Investments – 'Timing or time in' investor toolkit fact sheet – www.russell.com.au

Prime Super Locked Bag 5103 Parramatta NSW 2124
Telephone 1800 675 839 Fax 1800 023 662 Email administration@primesuper.com.au Web www.primesuper.com.au

Prime Super Investment choice form

Please complete this form if you wish to change your investment options. Please complete in pen using **BLOCK** letters. Print 'X' to mark boxes where applicable. This form must be completed in full.

PRIME SUPER
Part of your Community

SECTION 1 – PRIME SUPER MEMBERSHIP DETAILS

Tax File Number (TFN)

Member Number

Date of Birth (DDMMYYYY)

Title (Please tick one) Mr Mrs Miss Ms Dr

Surname

Given Names

Gender Male Female

Street Address

Suburb/City/Town

State

Postcode

Phone Number (BH)

Phone Number (AH)

Mobile Number

Email

Employer

Occupation

SECTION 2 – YOUR INVESTMENT CHOICE

Please choose how you would like your money invested. You can choose an investment strategy that applies to *both* your **existing balance** and **future contributions.** Your existing balance is the balance you already have in the Fund. Your future contributions include SG and personal contributions, deductions and rollovers processed in the future.

Alternatively, you can choose an investment strategy for your **existing balance** and then a *different* strategy for your **future contributions**.

For example: Existing balance: 100% Managed growth – Future contributions: 50% Default; 50% Managed growth.

This means all of the funds you currently have with Prime Super would be invested in the Managed growth investment option, but contributions made in the future would be invested across the Default and Managed growth investment options.

Your choices must be in whole numbers and must total 100%. **If you do not complete this form correctly we will be unable to process it.**

INVESTMENT OPTIONS	EXISTING BALANCE	FUTURE CONTRIBUTIONS
Pre-mixed options		
Conservative	%	%
Default	%	%
Managed growth	%	%
Target return	%	%
Sector options		
Cash	%	%
Fixed interest	%	%
Property	%	%
Australian shares	%	%
International shares	%	%
TOTAL	**100%**	**100%**

we're an INDUSTRY Superfund

PSUP06_0412

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SECTION 3 – MEMBER DECLARATION

I declare that:

- I have read and understood the *Prime Super Short-Form Product Disclosure Statement – Superannuation* dated 3 January 2012.
- I understand that if I fail to complete this form correctly, the Trustee will be unable to process my choice.
- An investment switch for my Existing balance will take effect on the first day of the month after the Trustee receives a correctly completed *Prime Super investment choice form.*
- Any change in my Future contributions strategy will take effect from the day the request is processed.
- I understand that the Trustee does not undertake to have any choices completed within a particular time frame.
- This authority replaces all previous investment choice authorities and I authorise the Trustee to change my investment options in accordance with this authority.

Full Name

Member Signature

Date (DDMMYYYY)

WHERE TO SEND THIS FORM

Once completed please return this form to us via mail, fax or email.

Mail Prime Super
Locked Bag 5103
Parramatta NSW 2124

Freecall 1800 675 839
Fax 1800 023 662
Email administration@primesuper.com.au

If you have any questions about this form or Prime Super please call us on **1800 675 839** (8.00am to 8.00pm Monday-Friday Sydney time).