



Investment choice can make a

BIG difference

Find out how:

- You feel about investment risk.
- You are already actively investing in the markets!
- Making the right choice can mean hundreds of thousands of dollars difference to your super savings.
- You can decide where your savings are invested and let the experts manage them on your behalf.

Your investment options with Prime Super May 2014



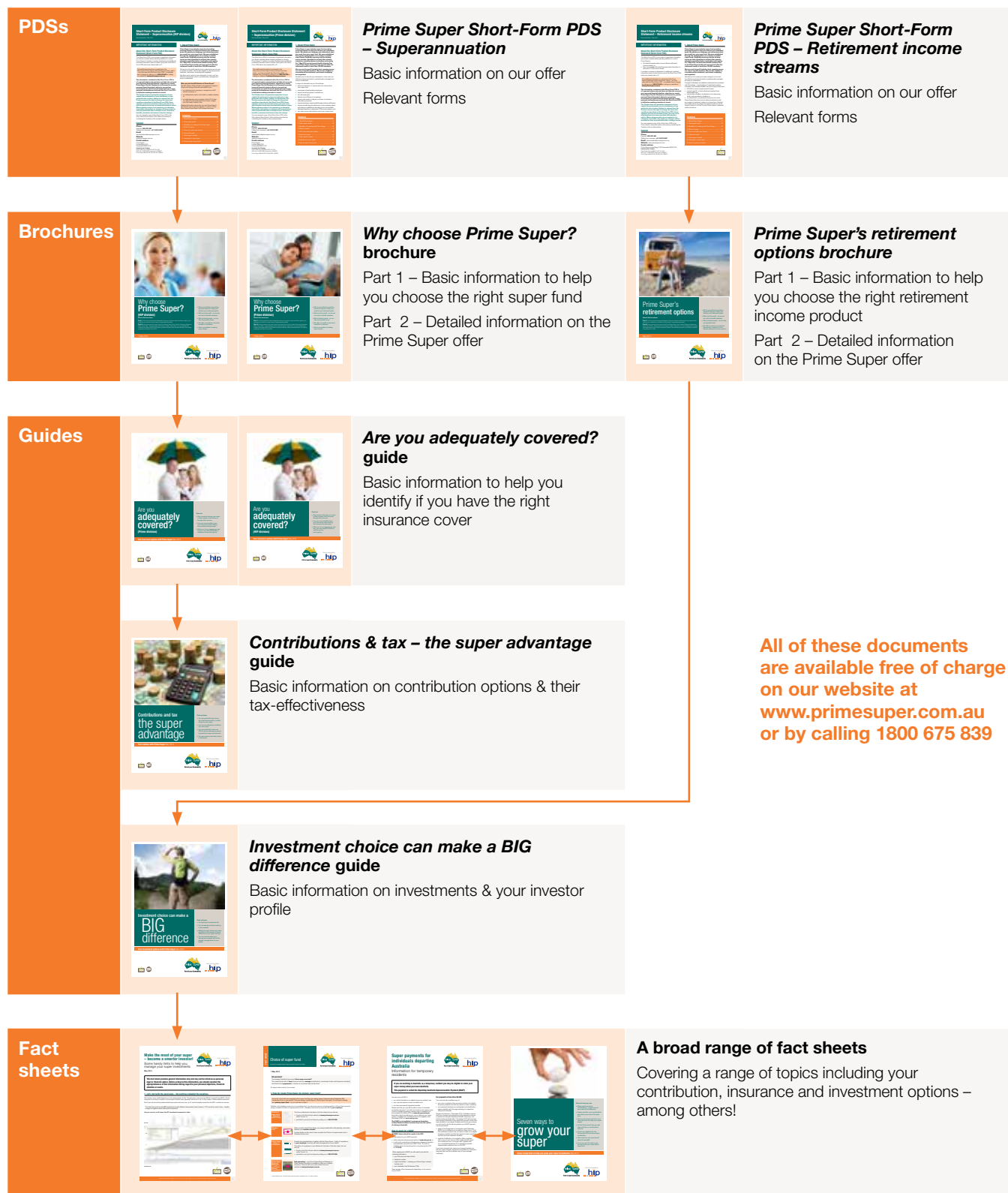
Now incorporating



1. KNOWLEDGE IS POWER

Super is one of the **most tax-effective savings vehicles** in Australia. If you understand how super can work for you, you might just be amazed at how much money **you can save** in the long run.

To help you better understand your entitlements, we have created a series of documents. The documents relevant to you will depend on your circumstances.



2. SUPER FACTS AND STATS

To be ‘comfortable’ in retirement, you will need a lump sum of \$645,000 at age 65.¹

Are you on track?

Most Australians aren’t!

Go to page 10 of this Guide for tips on calculating how much you’ll need to reach your retirement goal.

Over 80% of individuals are invested in the default option provided by their super fund.²

This option doesn’t always meet everyone’s investment objectives.

It’s therefore important to make a **choice!**

Did you know your super savings, in most cases, are actually directly invested in the markets?

This means their value moves **up or down** according to the performance of the markets.

If your super earns 8% as opposed to 6% in investment returns over 45 years, you could walk away with over \$181,000 extra in super savings!³

Make the choice that’s right for you!

You don’t need to be an expert to make your super work hard for you!

Take advantage of our telephone-based limited **financial advice** service. It won’t cost you a thing.

You can receive guidance on the **best investment option** for you.

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¹ Figure based on ASFA Retirement Standard calculations for lifestyle costs up to September 2013. From www.superguide.com.au/how-super-works/a-comfortable-retirement-how-much-super-is-enough, 28 November 2013.

² John Collett, ‘Reduce growth assets for over 50’s’, www.smh.com.au, 9 February 2011.

³ Based on an initial investment of \$10,000 in a reinvesting fund – the difference in returns is before fees, taxes and other charges and interest is compounded on an annual basis. Source: ‘Smarter Super: Invest in your future and make the most of your retirement’, published by the Australian Bankers Association, July 2007.

3. WHAT HAVE INVESTMENTS GOT TO DO WITH SUPER?

In most cases your super is actually invested in the markets.

'The markets' aren't just **share markets** – where your money buys you 'shares' in a particular company or group of companies, and the value of those shares go up and down depending on the performance of those companies.

'The markets' also include **property**, **fixed interest** and **money** markets... among others.

But we're already getting too complicated!

The easiest way to think about your super is like this:

The value of your super will move up and down over time. In addition to the effects of contributions, withdrawals and costs, this is highly dependent on **how and where it is invested**.

YOU make the choice as to how and where your super is invested.

YOU can therefore control how hard your super works for you.

This guide has been designed to help you make some key decisions.

First of all, let's look at how a super account actually works!

Your account value can
grow as a result of...

Employer SG
contributions

Personal
contributions

Government
co-contributions

Spouse
contributions

Transfers/
rollovers

Positive
investment
earnings

A

Your account value can
drop as a result of...

Fees

Insurance
premiums

Contribution
splitting

Government
taxes

Withdrawals

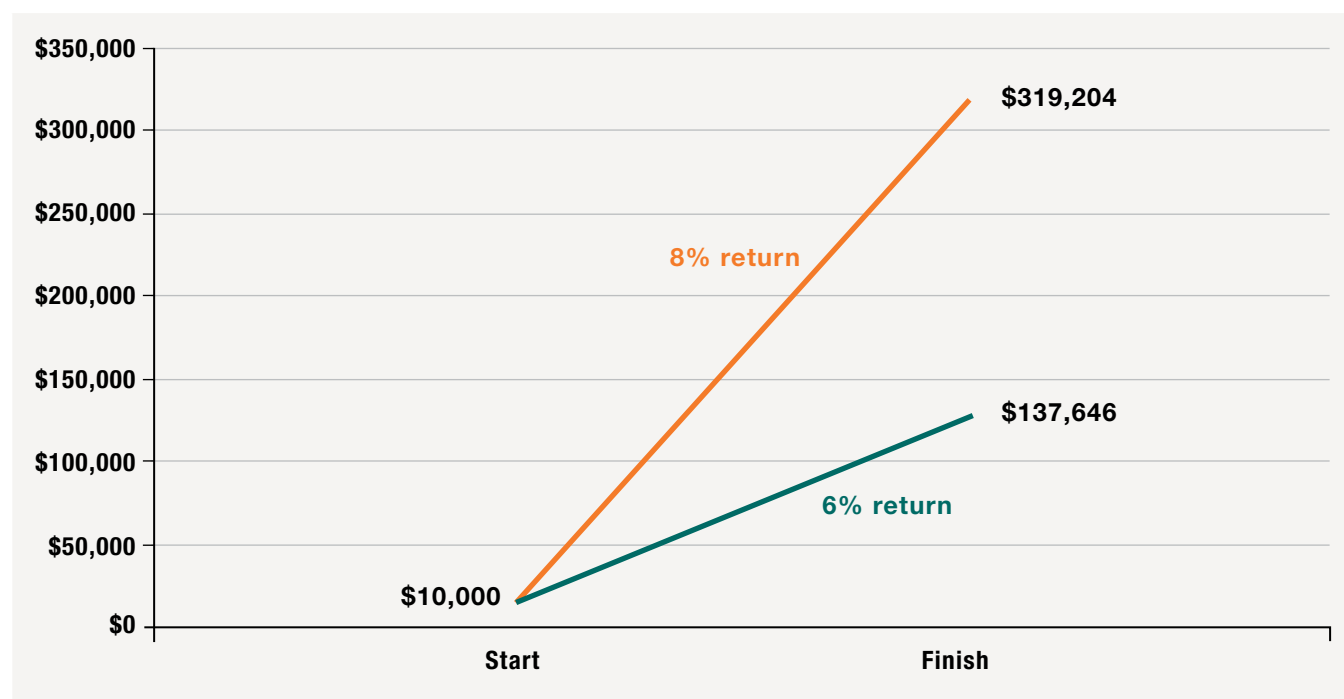
Negative
investment
earnings

B

Your account balance at any
one time therefore = A – B

If your super earns **8%** as opposed to **6%** in investment returns over 45 years, you could essentially walk away with **over \$181, 000 extra** in super savings!⁴

Make a choice that's right for you! It can make a BIG difference!



Receive financial advice on your investment options!

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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 has arrangements with a small number of licensed financial planners who offer low cost, commission-free financial advice and the first consultation with a planner is at no charge.

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⁴ Based on an initial investment of \$10,000 in a reinvesting fund – the difference in returns is before fees, taxes and other charges and interest is compounded on an annual basis. Source: 'Smarter Super: Invest in your future and make the most of your retirement', published by the Australian Bankers Association, July 2007.

4. INVESTMENT MARKETS – THE BASICS

As mentioned in Section 3, the major investment markets are made up of shares, property, fixed interest and cash... among others. These are called **asset classes**.

Each asset class has its own characteristics. Below is a very basic overview.

Asset class	What is it?	Characteristics – risk & return
The more commonly-known asset classes		
Shares	<ul style="list-style-type: none"> • Buys you part-ownership in a company via 'shares'. • The cost per share depends on the value of the company. • The value can go up and down depending on many factors such as profits, general economic conditions, events specific to the industry etc. • A company listed on a stock exchange enables you (or your investment manager) to buy and sell the shares easily. • The company you invest in can be Australian or international. • The returns you receive are as a result of the company's value going up (or down) and payments (dividends) the company makes to shareholders. 	<p>Shares are considered to be a higher risk investment.</p> <p>This means, over the long-term (i.e. 7+ years) they are expected to provide higher returns than property, fixed interest and cash. However in the short-term, they may produce negative returns.</p>
Property	<ul style="list-style-type: none"> • Buys you part-ownership in property. • Property can be 'listed' or 'unlisted'. • 'Listed' property – where your money is pooled with money from other investors to buy property such as shopping centres, warehouses and office buildings. Your money purchases a share of an investment and as it is listed (i.e. on an exchange) you can buy or sell this share at any time. • 'Unlisted' property – where your money is pooled with money from other investors to buy a share of a property investment – however it is <i>not</i> listed on an exchange, therefore it is harder to buy or sell a share in the investment. • The property you invest in can be Australian or international. • The returns you receive are from rental income and the value of the property, which can go up and down over time. 	<p>Property is considered to be a medium-high risk investment.</p> <p>This means, over the longer-term (i.e. 6+ years) it is expected to provide higher returns than fixed interest and cash. However in the short-term, it may generate negative returns.</p>
Fixed interest	<ul style="list-style-type: none"> • Companies, banks and government agencies that wish to borrow money, issue bonds into the fixed interest market. • You – and other investors – can purchase these bonds as a way of loaning money to the borrowers. • The bonds set out the period of the loan and the frequency and amount of the interest payments that will be made to investors. • The value of the bonds can change over time due to changes in interest rates, which may affect the payments made to investors. • Because the bonds are usually listed on a market, they can generally be bought and sold easily. • Bonds can be purchased in Australia or internationally. • The returns you receive are from interest payments made by the borrower plus a lump sum at the end of the loan period or if the bond is sold before maturity. 	<p>Fixed interest investments are considered to be low-medium risk.</p> <p>This means, over the short to medium-term (i.e. 1-3 years) they are expected to provide moderate returns. However, investors can experience negative returns, for example, if interest rates rise or if a borrower defaults on its obligations.</p>
Cash	<ul style="list-style-type: none"> • Cash investments are generally highly liquid, meaning they can be readily bought and sold. The majority of Prime Super's cash investments can be bought or sold within 24 hours. • They are short dated securities (generally with a maturity of less than one year and, on average, between one and three months) which are typically issued by financial institutions. • Cash investments include term deposits held with banks, bank bills and commercial 'paper' (which are securities issued by large corporations). • Cash investments aim to provide a stable return through time which is usually lower than fixed interest. 	<p>Cash is considered to be the lowest-risk asset you can invest in.</p> <p>While in the long-run it will almost never achieve higher returns than shares, property or fixed interest, equally it is highly unlikely to ever produce a negative return.</p>

Asset class	What is it?	Characteristics – risk & return
The lesser known asset classes*		
Emerging market shares	<ul style="list-style-type: none"> These are shares that are listed on a stock exchange in countries whose economies are not yet fully developed. Because of the often uncertain nature of the country's economy, emerging market investments are frequently viewed as more 'risky' than standard developed market investments. The most prominent emerging markets are Brazil, Russia, India and China. 	<p>Emerging market shares are considered to be a high risk investment. They are considered more risky than standard shares.</p> <p>This means over the long-term (i.e. 7+ years) they are expected to provide higher returns than property, fixed interest and cash. However in the short-term, they may produce negative returns.</p>
Private equity	<ul style="list-style-type: none"> Involves investment in companies that are not listed on an exchange (i.e. private, not public companies). Similar to shares, private equity investing buys you part-ownership in a company or multiple companies. Investors' money may be used to fund internal expansion, invest in new technologies or strengthen a company's financial position. The company or companies you invest in can be Australian or international. The returns you receive are as a result of the company's value increasing or decreasing and payments the company makes to investors. 	<p>Private equity is considered to be a high risk investment. It is considered more risky than standard shares.</p> <p>Private equity investments are long-term investments (usually 7+ years) that are expected to provide higher returns than shares, property, fixed interest and cash. However in the short-term, they may produce negative returns.</p>
Natural resources	<ul style="list-style-type: none"> Involves investment in companies that are engaged in the exploration, production, mining, processing, refining, marketing or transportation of natural resources. Natural resources can include agriculture, forestry, livestock and carbon. Natural resources are considered real assets meaning they are visible and identifiable. Similar to shares, investors usually buy part-ownership in a natural resources company or companies. Natural resource investments can be Australian or international. The returns you receive are as a result of the company's value increasing or decreasing, and payments the company makes to investors. 	<p>Natural resources are considered to be a medium-high risk investment.</p> <p>This means over the long-term (i.e. 7+ years) they are expected to provide higher returns than fixed interest and cash. However in the short-term, negative returns are more likely.</p>
Credit opportunities	<ul style="list-style-type: none"> Includes various debt investments in companies, grouped fixed interest investments offered by financial institutions and other structured debt investments such as mortgages and asset-backed debt. 'Credit opportunities' are considered more risky than the more commonly known 'fixed interest' asset class and they may be less frequently traded. The investments can be Australian or international. The returns you receive are from interest payments made by the borrower plus a lump sum at the end of the loan period or if the investment is sold before maturity. 	<p>Credit opportunities are considered to be medium risk investments. Although they have some characteristics which are similar to fixed interest, they are generally considered more risky.</p> <p>This means over the long-term (i.e. 7+ years) they are expected to provide higher returns than fixed interest and cash.</p>
Infrastructure	<ul style="list-style-type: none"> Involves investment in large-scale projects such as highway construction and maintenance, water and sewerage facilities, gas distribution facilities, railways, ports, airports, schools, universities, hospitals, public housing and prisons. Infrastructure can be 'listed' or 'unlisted'. Infrastructure is considered a real asset meaning it is visible and identifiable. Similar to shares, infrastructure investing buys you part-ownership in an infrastructure investment. The investments can be Australian or international. The returns you receive are as a result of the investment's value increasing or decreasing and payments that are made to the investors. 	<p>Infrastructure investments can vary from low to high risk, depending on their underlying characteristics.</p> <p>Infrastructure is considered a long-term investment that is expected to provide medium to high returns over the long-term (i.e. 7+ years). Infrastructure assets can also provide some protection against inflation.</p>

* These asset classes have been listed as they are offered to Prime Super members via our range of investment options.

5. THE RELATIONSHIP BETWEEN INVESTMENT RISK AND INVESTMENT RETURN

As can be seen in Section 4, each asset class has its own characteristics in terms of how risky it is and how high or low returns can be over certain time periods.

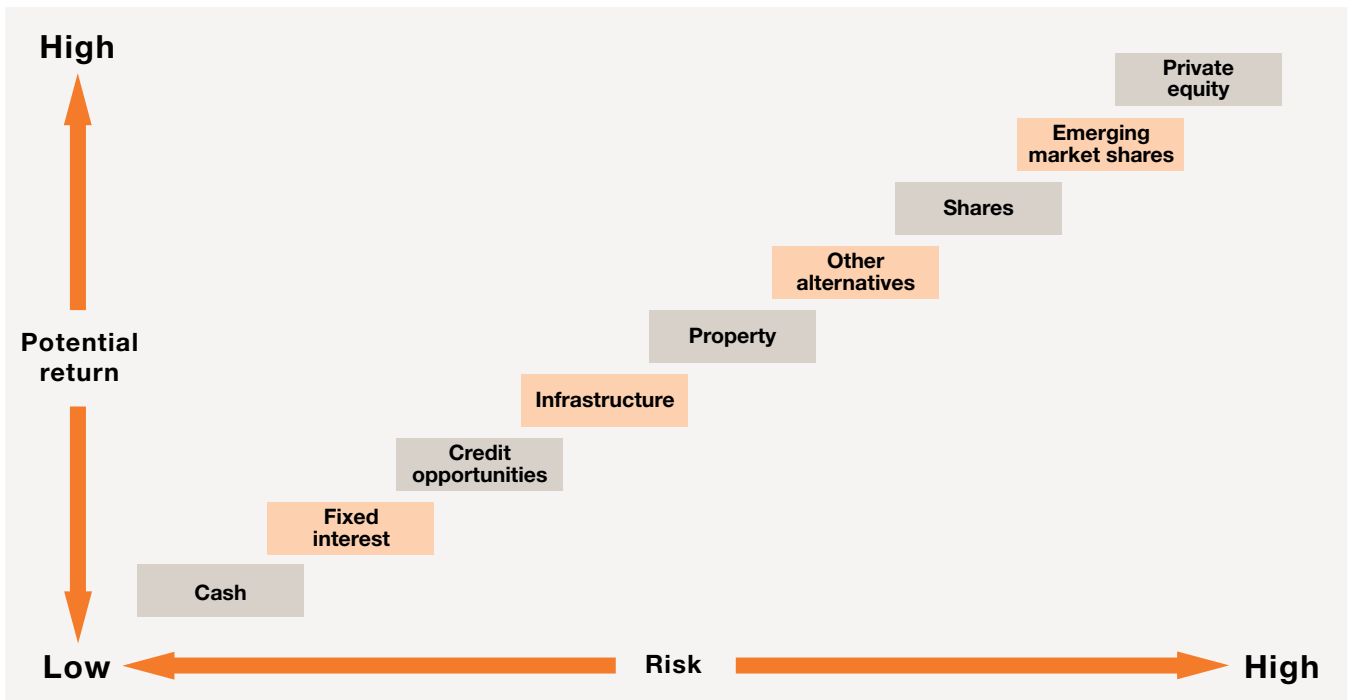
What is risk?

Risk is a measure of the degree to which returns from investments will go up and down over a given time period.

What are returns?

Investment returns are made up of any income an investment provides and any increase or decrease in an investment's value.

The chart below shows where each asset class sits on a 'risk versus return' axis.



So for example, while investing in Private equity may be considered high risk, over the longer-term, you can expect to receive higher returns than other asset classes.

Similarly, while cash is considered **low risk** and therefore the risk of a negative return is unlikely, returns generally achieved will most likely be **lower** than all other asset classes.

So, which asset class is right for you?

Well, of course, it's not that simple. You see, there's the matter of **diversification!**

6. DIVERSIFI... WHAT? DIVERSIFICATION!

While the word is long, the explanation need not be!

Diversification basically means to **'spread'** or **'vary.'**

In the world of investments, this means that it is often wiser (and safer), when it comes to any money you invest – inside or outside of your super – to spread your money either *within* or *across* **asset classes**, **countries** or even **investment managers**.

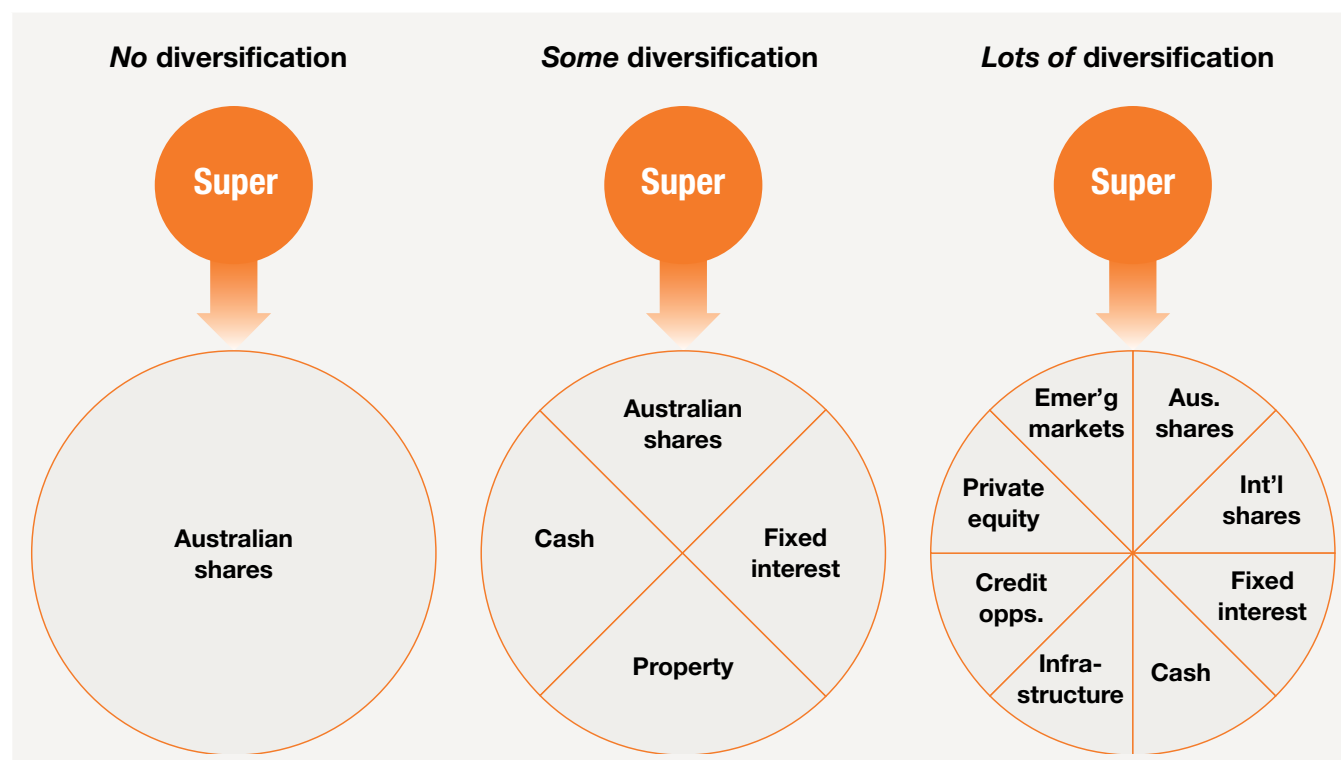
This reduces your overall exposure to risk and therefore the likelihood of achieving a negative investment return.

Why?

Well for example, suppose you had all of your super invested in the shares of a **single Australian company** – ABC Inc., and ABC Inc. went bankrupt. Your super would be significantly impacted – in fact, you could **lose it all**.

If however you **diversified** your super across a number of different Australian – or even international – companies, and only invested say, 10% of your super in ABC Inc., the impact of it going bankrupt would be far less severe for you.

This diagram shows diversification across asset classes.



Investment options provided by Prime Super already diversify investments on your behalf...but more on that later!

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7. THE BEST INVESTMENT APPROACH FOR YOU

We don't expect you to be able to identify the best way to invest your super on your own. And we certainly don't expect you to manage it on an ongoing basis. Investing is a tricky business which is best left up to the **experts**.

But what you can do is start by asking yourself the following questions to help you identify which investment approach might best suit your needs.

1. How much money do you think you'll need to retire with?

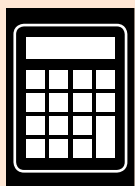
It all depends on what kind of lifestyle you want in retirement. You may be satisfied with a *basic* lifestyle or seek a *modest* or even *comfortable* lifestyle.

The table below details the lump sum amount a single person or couple might need on retirement to achieve each of the above lifestyle standards.

Lifestyle	Couple			Single		
	Annual income	Lump sum needed on retirement*		Annual income	Lump sum needed on retirement*	
		No Age Pension	With Age Pension		No Age Pension	With Age Pension
Basic (i.e. Age Pension)	\$32,417	n/a	\$0	\$21,505	n/a	\$0
Modest	\$33,120	\$510,000	\$15,000 (approx. + Age Pension)	\$23,032	\$355,000	\$25,000 (approx. + Age Pension)
Comfortable	\$57,195	\$888,000	Between \$440,000 and \$880,000	\$41,830	\$645,000	Between \$390,000 and \$645,000

2. What rate of investment return do you need to reach your goal income?

With the above in mind, you can now identify whether you are **on track** in terms of your retirement savings goals. If you're not (and don't worry...most Australians aren't!) then you now need to pay close attention to the investment option/options your super is invested in. Points 3 and 4 will help, as will Section 8, so keep reading!



Additionally, go to ASIC's MoneySmart website www.moneysmart.gov.au and use their **Super Calculator**. This will help you see how different investment choices can impact your end benefit amount – as well as the impact of making additional contributions.

* Figures are for lifestyle costs up to September 2013. The lump sum amounts are in today's dollars and assume retirement at the age of 65. Income tax isn't taken into account. Lump sums – No Age Pension – Calculations assume 7 per cent a year return (that is reinvested) on account balance of account-based income stream. The annual income from the account-based income stream is indexed by 3 per cent a year, and runs out at the age of 87. Lump sums – With Age Pension – Calculations assume 7 per cent a year return after fees and taxes. All other factors same as Lump sums – No Age Pension calculations. Age Pension amounts applicable until March 2014. Lifestyle standards as defined by the ASFA Retirement Standard. Source: www.superguide.com.au/superannuation-basics/a-comfortable-retirement-how-much-super-is-enough – 23 November 2013.

3. How long do you have until you reach retirement?

The length of time until you retire may significantly affect the **level of risk** you're willing to take with your investments.

For example, if you're in your 20's, it is possible to **take greater risks** with your super investment as you have a much longer timeframe to ride out the ups and downs of the markets.

On the other hand, if you're retiring in five years' time, investment in **less risky assets** i.e. fixed interest or cash, might have a greater chance of protecting the value of your super in case the markets should take a tumble in the relatively short time before you retire.

And then there's your retirement phase – if you keep your super invested in a retirement product (such as Prime Super's retirement income stream products) it's still exposed to the markets.

But you have to bear in mind that many people have to fund **20+ years of their retirement**.

4. What is your tolerance level towards risk?

Of course, you will have a certain **attitude towards the level of risk** you're willing to take with your investments which may or may not have anything to do with the factors mentioned above.

You may have a long time until retirement but are **very wary** of higher risk assets such as shares. You may therefore prefer to boost your super through additional **contributions** and **consolidating** all of your accounts into one.

Your risk tolerance is very individual.

To help you identify your **risk profile**, we have created the 'Your investor profile' questionnaire in Section 8. Please take some time to complete this to help identify which investment option may be best for you.

Remember the Global Financial Crisis (GFC)?

It wiped millions of dollars off the super savings of Australians!

With **over 80%** of Australians invested in their Fund's default option – which is generally geared to more higher risk assets – many pre-retirees were faced with the very real situation of having to **delay their retirement** because of the impact on their savings.

But, as history has shown, markets do recover so it's important to try to avoid knee-jerk reactions, and to stick to your strategy. Super is a long-term investment (even if you're nearing retirement!) so you often have to ride out the bad times to reap the rewards. See pages 19 and 20 for some interesting facts!

8. YOUR INVESTOR PROFILE

Answer the questions below to identify your investor profile.

Please note: this is general advice only and should not be relied upon for making investment or financial decisions. We strongly recommend you speak to a financial planner who will be able to assist you in determining which investment option/s is right for you – taking into account your full financial position. Call us today on **1800 675 839**.

Question 1

Keeping in mind your primary goal of adequately providing for your retirement, what is your investment time frame, i.e. in how many years do you expect to retire?

Preference	Score
0-3 years	<input type="checkbox"/> 1
4-10 years	<input type="checkbox"/> 2
10+ years	<input type="checkbox"/> 3

Question 2

Keeping in mind that the higher the return the higher the risk, what return do you reasonably expect to receive from your super investment?

Preference	Score
Less than 5%	<input type="checkbox"/> 1
5-8%	<input type="checkbox"/> 2
More than 8%	<input type="checkbox"/> 3

Question 3

Assuming you have an amount of money to invest, what degree of risk would you be prepared to accept when investing?

Preference	Score
The safety of my money is my primary objective. I would rather have a low rate of return than risk the loss of any part of my investment.	<input type="checkbox"/> 1
I want my investment to remain relatively stable.	<input type="checkbox"/> 2
I am willing to accept some short-term fluctuations to achieve probable higher long-term returns.	<input type="checkbox"/> 3
In order to receive the maximum return on my investment, I am willing to accept a higher degree of risk.	<input type="checkbox"/> 4

Question 4

With regard to tax, what are you prepared to accept in order to meet your goals?

Preference	Score
Security of my investment is my primary concern – tax is a secondary issue to me.	<input type="checkbox"/> 1
Stable, reliable investment value and returns with some tax savings if possible.	<input type="checkbox"/> 2
If I could achieve tax-effective income, I could accept some additional risk and the possibility of a small reduction in value from time-to-time.	<input type="checkbox"/> 3
My primary aim is to minimise tax and I am prepared to accept a much higher risk to achieve this.	<input type="checkbox"/> 4

Question 5

How concerned are you that the growth in the value of your investment exceeds the rate of inflation?

Preference	Score
Not concerned – do not see inflation as a problem for me.	<input type="checkbox"/> 1
Concerned – my investment must grow at a minimum, in line with inflation.	<input type="checkbox"/> 2
Highly concerned – investment growth must exceed the inflation rate so that my real purchasing power is maintained.	<input type="checkbox"/> 3

Question 6

Have you ever invested in shares, government bonds or managed funds?

Preference	Score
No – but if I had, the fluctuations would make me uncomfortable.	<input type="checkbox"/> 1
Yes – I have, but I was uncomfortable with the fluctuations despite the potential for higher returns.	<input type="checkbox"/> 2
No – but if I had, I would be comfortable with the fluctuations in order to receive the potential for higher returns.	<input type="checkbox"/> 3
Yes – I have and I felt comfortable with the fluctuations in order to receive the potential for higher returns.	<input type="checkbox"/> 4

Question 7

How would you react if your long-term investments declined by 10% in one year?

Preference	Score
I couldn't accept any declines in the value of my investments.	<input type="checkbox"/> 1
I generally invest for the long-term but would be concerned with this decline.	<input type="checkbox"/> 2
If the income I received didn't change I would not be concerned about my investment declining in the short-term.	<input type="checkbox"/> 3
I invest for the long-term and would accept these fluctuations due to short-term market influences.	<input type="checkbox"/> 4

Question 8

Which of the following statements describes your feelings towards a chosen investment?

Preference	Score
My preference is for investments that are very low risk.	<input type="checkbox"/> 2
I prefer to invest mostly in low-risk investments with 20-40% of my portfolio in higher-risk investments.	<input type="checkbox"/> 4
I prefer to invest in a balanced portfolio.	<input type="checkbox"/> 6
I prefer to invest for higher returns but retain 20-40% in low-risk investments.	<input type="checkbox"/> 8
I can accept fluctuations in investment value to achieve higher long-term returns.	<input type="checkbox"/> 10

Calculate your score

Question	1	2	3	4	5	6	7	8	Total
Your score									

Your investor profile

Points	Investor profile	Meaning...	The option/s best suited to you...
9-12	Conservative	When it comes to your investments, you want to know that your money is safe and secure. You're not prepared to take much risk and prefer to watch your balance increase slowly rather than lose money.	Super fund members Cash Income stream members Cash
13-17	Cautious	Security of your investment is very important to you but you also understand that some level of risk is required to grow your balance. You're prepared to accept a small amount of risk but are uncomfortable with losing money.	Super fund members Cash and/or Conservative Income stream members Cash and/or Conservative
18-22	Moderate	You are relaxed about investing and are comfortable taking a moderate amount of risk to bring you higher returns. You understand you're investing for the long-term and while you're prepared to accept some losses, you'd prefer a smoother ride.	Super fund members Conservative and/or MySuper with a higher weighting towards Conservative Income stream members Conservative and/or Balanced with a higher weighting towards Conservative
23-27	Assertive	You want strong returns and understand this means higher than average risk. You understand your investments may fluctuate over time but can accept this if it means higher returns in the long-term.	Super fund members Conservative and/or MySuper with a higher weighting towards MySuper Income stream members Conservative and/or Balanced with a higher weighting towards Balanced
28-32	Aggressive	You want higher than average returns so you are prepared to take a higher than average risk. You are not concerned about fluctuations in investment returns if it means higher returns over the long-term.	Super fund members Managed growth Income stream members Managed growth
33+	Highly aggressive	You want the biggest bang for your buck and are prepared to take big risks to achieve this. You're not concerned if the value of your investments move up or down because you're investing for the long-term.	Super fund members Managed growth, Australian shares, International shares and/or Property Income stream members Managed growth, Australian shares, International shares and/or Property

So now you know ALL of this – where do you invest your super?

Well, let's look at the options available to you in more detail.

Receive financial advice on your investment options!

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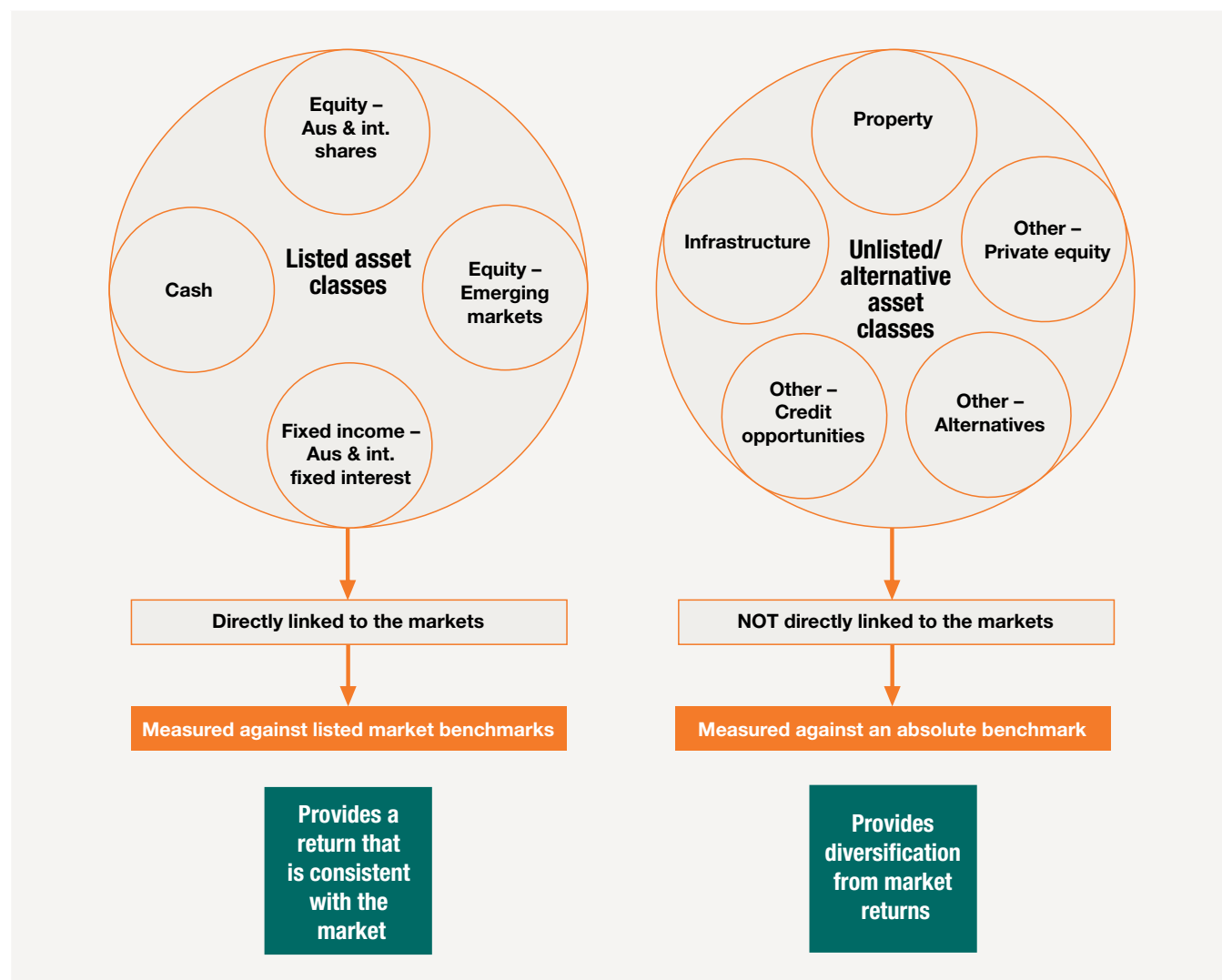
9. PRIME SUPER'S INVESTMENT OPTIONS

Prime Super offers members a choice of **nine different investment options**, made up of five sector options and four pre-mixed options.

Sector options	Pre-mixed options
Australian shares	MySuper (for super fund members) Balanced (for income stream members)
International shares	Managed growth
Property	Conservative
Fixed interest	Alternatives
Cash	

- The **sector** options will look familiar – these are your main asset classes – as we've already discussed.
- The **pre-mixed** options will be less familiar, but they're basically options which invest across a different mix of asset classes, including the majors, and the additional asset classes listed in the table in Section 4.
- Prime Super invests in **listed** and **unlisted/alternative** asset classes.

They are different in nature (see below) and have been designed in this way to allow us to take advantage of **future market gains** but offer some **protection against losses**.






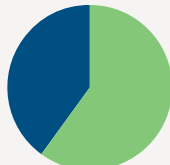

So, your next question might be... where do the pre-mixed options come into this?

Well, this is where **diversification** is represented in a great way (remember Section 6?). The **pre-mixed options** mix all of the asset classes to create options to suit different investor styles while providing a high level of **diversification**.

Below we have provided a very brief breakdown of each investment option. For more detailed information please refer to the relevant *Why choose Prime Super?* or *Prime Super's Retirement options* brochure.

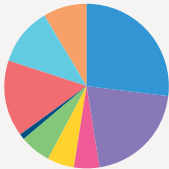
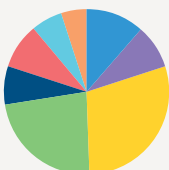
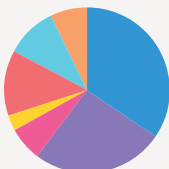
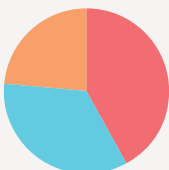
Due to the uncertainty of the investment environment in the last few years, investment option objectives and risk classifications are often revised and updated to reflect the current economic environment. We have been working with our asset consultants to create a mix of investments that aim to deliver at least the investment objectives over a specific time frame. We have also adjusted some of our underlying investments and we have a level of confidence that our investment portfolio is where it needs to be to continue to deliver ongoing positive returns to members.

Sector options

Investment option	Objective	Target asset allocation (%)	Risk
Australian shares	To achieve a return (before tax and investment expenses) broadly in line with the ASX 300 Accumulation Index. To limit the likelihood of a negative return to approximately 7 in 20 years.		Very high
International shares	To perform in line with the weighted average of MSCI World (ex Australia) Index (in A\$) and MSCI Emerging Markets Index (in A\$) before hedging. To limit the likelihood of a negative return to approximately 7 in 20 years.		Very high
Property	To outperform (after tax and investment expenses) CPI by at least 4% p.a. over the long-term. To limit the likelihood of a negative return to less than 5 in 20 years.		High
Fixed interest	To achieve a rate of return (before tax and investment expenses) broadly in line with major Australian and international bond indices. To limit the likelihood of a negative return to less than 6 in 20 years.		High
Cash	To provide a return that is at least equivalent to the UBS Australian Bank Bill Index (before tax and investment expenses). To limit the likelihood of a negative return to approximately 0.4 in 20 years.		Very low

■ Australian shares
 ■ International shares
 ■ Infrastructure
 ■ Property
 ■ Australian fixed interest
 ■ Cash
 ■ Credit opportunities
 ■ Emerging markets
 ■ Overseas fixed interest
 ■ Private equity
 ■ Other alternatives

Pre-mixed options

Investment option	Objective	Target asset allocation (%)	Risk
MySuper (super fund members) Balanced (income stream members)	To outperform (after tax and investment expenses) CPI by at least 3% p.a. over the long-term. To limit the likelihood of a negative return to less than 4 in 20 years.		Medium – High
Conservative	To outperform (after tax and investment expenses) CPI by at least 1.5% p.a. over the medium-term. To limit the likelihood of a negative return to less than 2 in 20 years.		Low – Medium
Managed growth	To outperform (after tax and investment expenses) CPI by at least 4% p.a. over the long-term. To limit the likelihood of a negative return to less than 5 in 20 years.		High
Alternatives	To outperform (after tax and investment expenses) CPI by 4% p.a. over the long-term. To limit the likelihood of a negative return to less than 5 in 20 years.		High

■ Australian shares
 ■ International shares
 ■ Infrastructure
 ■ Property
 ■ Australian fixed interest
 ■ Cash
■ Credit opportunities
 ■ Emerging markets
 ■ Overseas fixed interest
 ■ Private equity
 ■ Other alternatives

Additional information on Prime Super's investment options can be found in the relevant *Why choose Prime Super?* or *Prime Super's Retirement options* brochure – download this today at www.primesuper.com.au or call us on **1800 675 839** to order your free copy.

10. INVESTMENT PERFORMANCE

Hopefully by this point you have an idea of the investment approach which best suits you.

But to help you a little more in your decision-making process, it might be worth seeing how Prime Super's investment options have performed over the last few years.

Super fund

Investment options	2013	2012	2011	2010	2009	3 year return ¹	5 year return ²
Pre-mixed options							
MySuper*	15.40%	0.77%	10.30%	4.16%	-15.62%	8.65%	2.42%
Managed growth	18.26%	-0.42%	10.49%	-3.18%	-23.04%	9.17%	-0.61%
Conservative	8.28%	3.73%	7.04%	2.93%	-11.64%	6.33%	1.80%
Alternatives	15.10%	0.77%	10.51%	-4.09%	-25.30%	8.63%	-1.69%
Sector options							
Australian shares	21.93%	-4.22%	11.45%	9.83%	-20.58%	9.18%	2.57%
International shares	25.23%	-0.63%	10.64%	2.16%	-20.25%	11.25%	2.33%
Property	12.31%	8.01%	6.10%	-4.56%	-22.16%	8.78%	-0.89%
Fixed interest	3.35%	10.04%	4.87%	7.19%	4.80%	6.05%	6.03%
Cash	3.27%	3.38%	4.14%	3.22%	4.36%	3.60%	3.68%

*Previously known as Default

Income stream

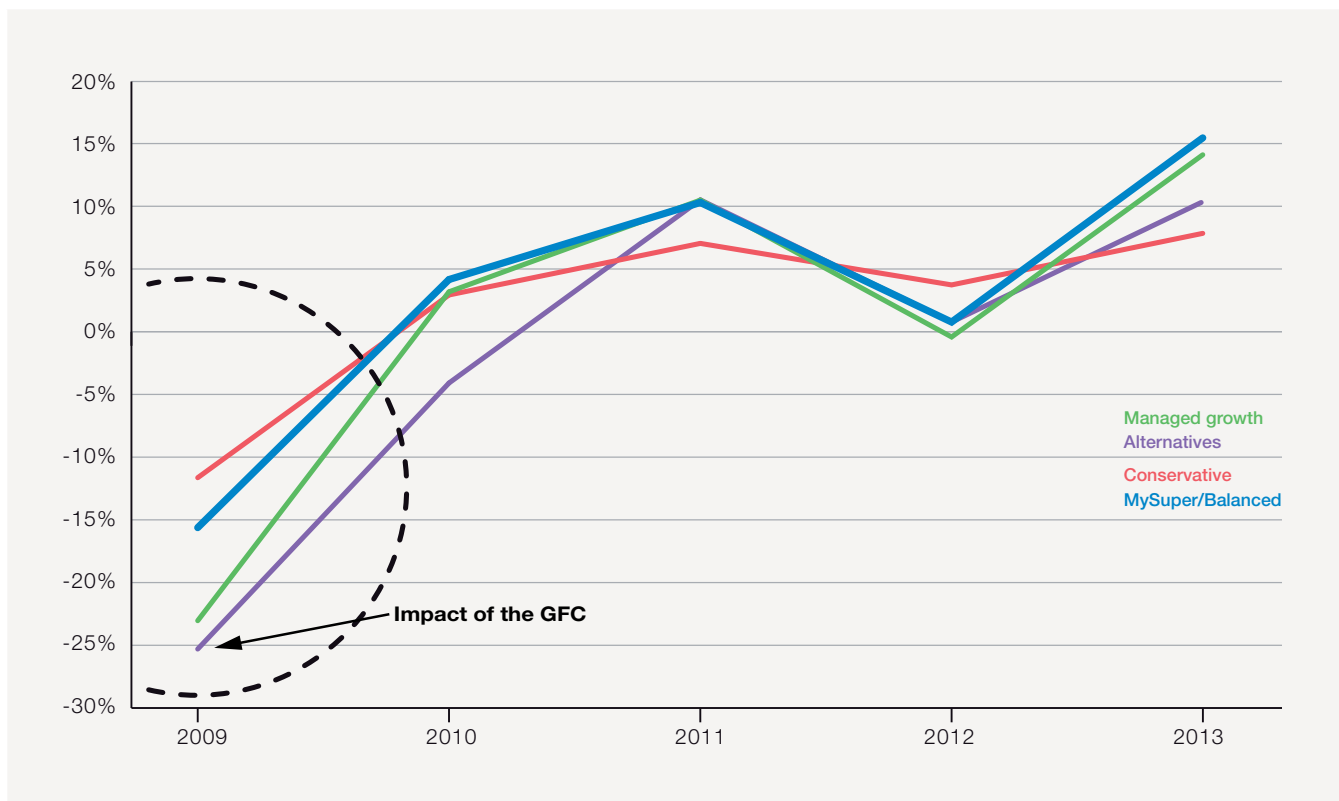
Investment options	2013	2012	2011	2010	2009	3 year return ¹	5 year return ²
Pre-mixed options							
Balanced	18.05%	0.85%	11.70%	5.40%	-18.24%	9.96%	2.76%
Managed growth	21.44%	-0.50%	12.26%	-3.71%	-27.04%	10.70%	-0.96%
Conservative	9.74%	4.32%	8.18%	3.50%	-13.53%	7.39%	2.08%
Alternatives	17.74%	0.87%	12.10%	-4.74%	-28.45%	10.01%	-1.92%
Sector options							
Australian shares	25.77%	-4.67%	12.47%	11.00%	-21.87%	10.48%	3.18%
International shares	28.93%	-0.79%	12.28%	2.89%	-21.36%	12.83%	3.05%
Property	14.22%	8.93%	6.79%	-5.20%	-24.50%	9.93%	-1.00%
Fixed interest	3.95%	11.55%	5.58%	8.25%	5.68%	6.98%	6.97%
Cash	3.86%	3.99%	4.89%	3.83%	5.31%	4.25%	4.37%

¹ The compound average effective rate of earnings (net of fees and costs) of the investment option for the period of 3 years ending 30 June 2013.

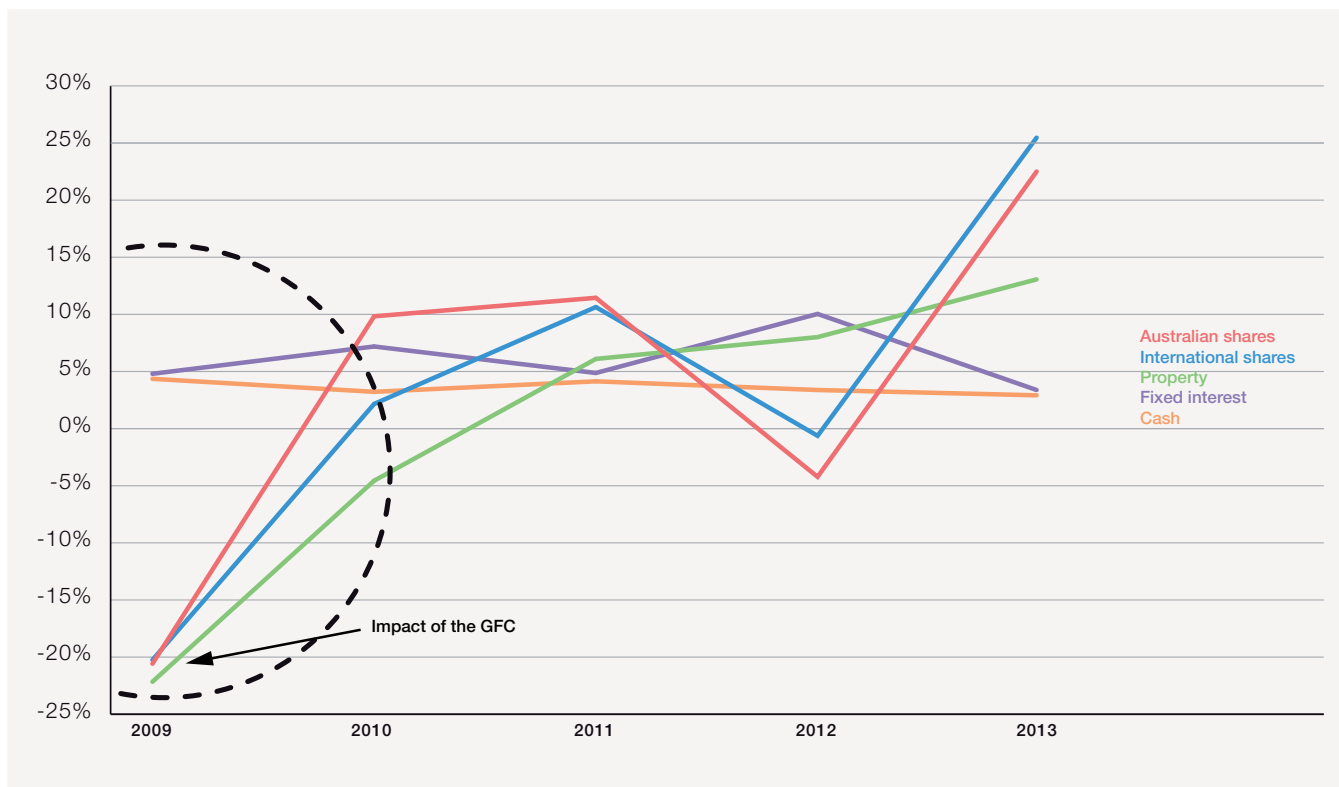
² The compound average effective rate of earnings (net of fees and costs) of the investment option for the period of 5 years ending 30 June 2013.

Please note that past performance should not be taken as an indication of future performance.

Super fund performance – Pre-mixed options

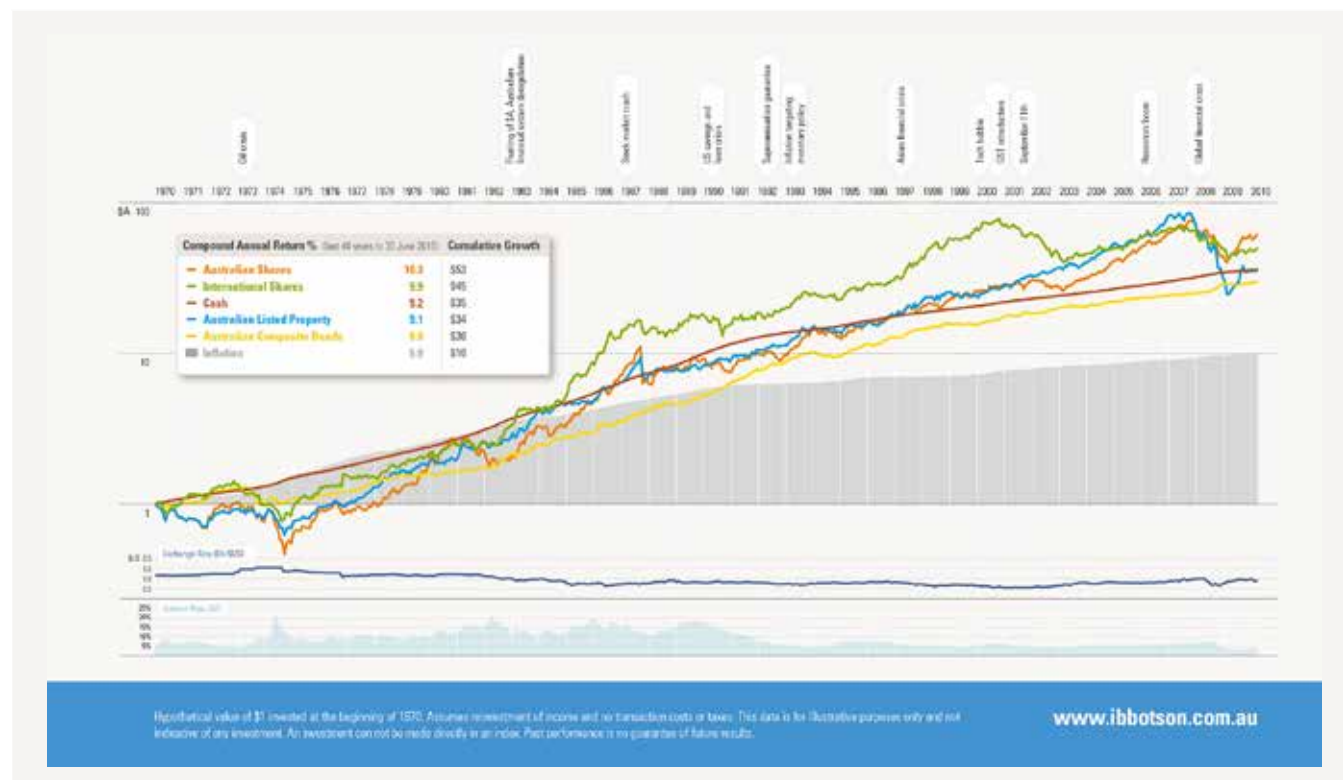


Super fund performance – Sector options



While, the impact of the GFC appears scary, the chart illustrates that market down times can be ridden out and that generally the markets do eventually 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.*

* Source: www.ibbotson.com.au/Assets/Files/IBB-4-002%20SBB%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 is 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.

11. WHAT NOT TO DO...

Hopefully we have helped you understand **what to do** when it comes to investing your super.

But what should you not do?

Below are some common mistakes investors make.

Mistake #1: Timing the market

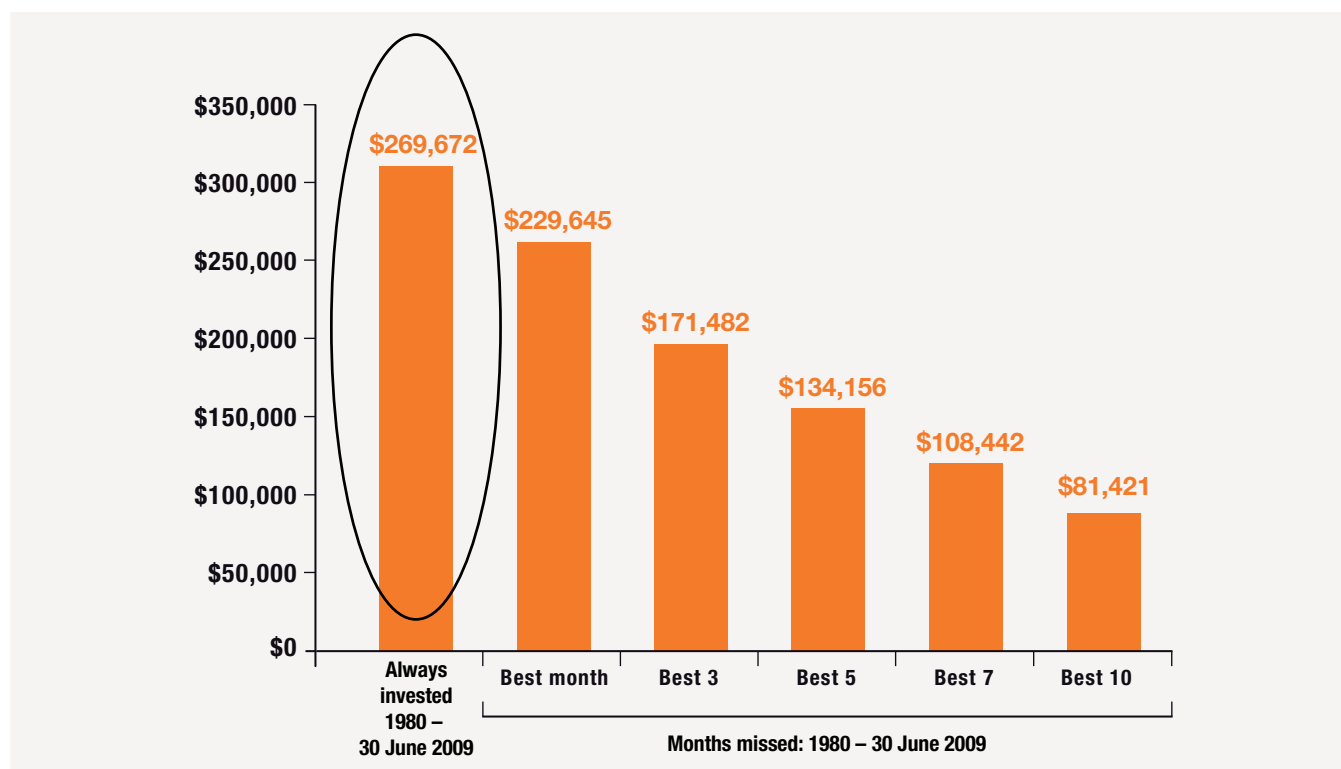
When the markets take a tumble and investors see the value of their investments fall, they can be tempted to move their money to cash – or withdraw it altogether – and then re-invest in the market when they see a recovery.

This is a mistake! Why?

Because it is very difficult to pick the best time to re-enter the market and many investors do so too late – especially given upward moves following market downs can happen in accelerated bursts.

They therefore buy their investments back at a **higher price** than when the investment reached its low, getting **less for their money**. There are also exit fees and taxes to take into account.

How a \$10,000 investment could be affected over time by withdrawals from the market.



In the diagram above, the bar circled shows how much **\$10,000** invested in the share market in 1980 would have grown to by 30 June 2009. The bars to the right show the impact of being **out of the market** for the months with the best returns over that period.*

This illustrates the importance of sticking to a long-term investment strategy – in this case, it could mean losing between over **\$40,000** and up to **\$188,000!**

Mistake #2: Chasing past performance

Many investors jump on the bandwagon and invest in last year's winner! It's important to realise that it's rare for the same investment to outperform consistently.

The best approach is to **diversify** and invest your super across a range of options to smooth out fluctuations in returns. And stick with your strategy – see Mistake #1!

* Source: Russell Investments – 'Timing or time in' Investor toolkit fact sheet – www.russell.com.au

Mistake #3: Getting emotionally involved

When markets are rising, investors can experience a euphoric feeling. When markets fall, they can feel anxious, panicked, and finally, despondent.

It's important not to let the market movements affect your **moods** – and therefore **investment decisions** – see Mistake #1!

You need to recognise that emotions can cloud your judgement and make you lose sight of your **longer-term objectives**. Stick with your strategy!



Mistake #4: Over-confidence

Investing is a really tricky business so even though you may now know the basics, please trust the **professionals**.

Prime Super is responsible for selecting the fund managers who manage members' investments. We periodically review their performance and have absolute discretion to remove or appoint new managers at any time. We have extensive experience in this space and ensure we appoint the fund managers who best fit our investment objectives.

We also provide advice on your investment options through qualified financial planners – please take advantage of this service and call us today on **1800 675 839**.

12. HOW TO MAKE AN INVESTMENT CHOICE

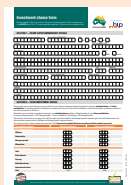
Hopefully we have now provided you with enough information that you feel comfortable making an **investment choice**.

To summarise, here's what you might like to consider before doing so:

1. Understand the different **characteristics** of the various asset classes.
2. Ensure **diversification** is factored into your decision-making.
3. Understand your current situation and personal **goals**.
4. Identify your **investor profile** before making a choice.
5. Research the investment **options** available to you and their past performance.
6. Seek help from a **professional** – call us today on **1800 675 839**.
7. Make your investment **choice**... and make your super work hard for you!



We recommend you read the current and relevant *Short-Form Product Disclosure Statement – Superannuation* or the *Short-Form Product Disclosure Statement – Retirement income streams* for additional information on Prime Super’s range of investment options.



If you then feel ready to make a choice, simply complete the appropriate Prime Super *Investment choice form* attached to this guide, and return it to us.



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**.

Switches take effect on the first day of the month after we receive a switch request, but switches may not appear on your online account until after all investment returns for the previous month have been calculated, checked and approved.

If you need any help at all, simply call us on **1800 675 839**.

13. ADDITIONAL POINTS FOR DISCUSSION WITH A PLANNER

We've listed some terms, along with their definitions, that you may come across as you continue learning more about investing. Some of these concepts may be worth talking about with your financial planner should you take advantage of our service.

1. Compound interest

This is basically where you earn interest on your original investment amount...plus interest on that interest. This is different to 'simple interest' which is where you earn interest on only your original investment amount. The difference can be amazing over the longer-term!

2. Inflation

This is a rise in the general price level of goods and services, which result in a gradual decrease in the value of our dollar. Inflation is a natural process and is normally associated with a growing economy.

In relation to investments, it's important to consider the effect of inflation as it can diminish the real value of money over time. So when looking at returns, consider the 'real return' as this takes inflation into account.

3. Currency risk

This is the risk of having assets or liabilities in another country's currency which may be affected by the strength or weakness in that currency, relative to the Australian dollar.

4. Gearing

This is a term that describes the amount of debt a company owes, usually through issuing corporate bonds, compared with the level of equity left in the company. The higher the amount of debt, the more sensitive the shares are likely to be to earnings growth. If the gearing gets too high, the prospects for the company are not likely to be bright.

5. Investment philosophy

This is the favoured investment style of an investment management company which will typically manifest itself in the type of companies invested in. The three most common philosophies favour Value (cheaply-valued companies), Growth (fast growing but often expensive companies) or Growth At Reasonable Price (GARP) - a blend of the two.

6. Liquidity

This is the amount of cash or investments that can be readily converted into cash in a portfolio. Liquidity can also be used to refer to how easy it is to buy or sell securities in a market without moving the price.

Of course, there are many, many more investment terms that you may come across – these are just a few.

Good luck with your journey towards financial security! We are with you every step of the way.

Disclaimer

The information in this Guide is current as at the date of the Guide and is subject to change. This Guide 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. Prime Super ABN 60 562 335 823 is a Regulated Superannuation Fund issued by Prime Super Pty Ltd ABN 81 067 241 016, AFSL 219723). A Short-Form PDS can be obtained from the issuer by calling 1800 675 839.

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.



SECTION 1 – PRIME SUPER MEMBERSHIP DETAILS

Member Number (if already a member)	Date of Birth (DDMMYYYY)	Title
<input type="text"/>	<input type="text"/>	<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/> Ms <input type="checkbox"/> Dr
Surname	Tax File Number (TFN)	
<input type="text"/>	<input type="text"/>	
Given Names	Gender	
<input type="text"/>	<input type="checkbox"/> Male <input type="checkbox"/> Female	
Street Address		
<input type="text"/>		
<input type="text"/>		
Town/Suburb/City	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Phone Number (BH)	Phone Number (AH)	Mobile Number
<input type="text"/>	<input type="text"/>	<input type="text"/>
Email		
<input type="text"/>		
Employer		
<input type="text"/>		
Occupation		
<input type="text"/>		

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% MySuper; 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 MySuper 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		
MySuper	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Conservative	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Managed growth	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Alternatives	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Sector options		
Cash	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Fixed interest	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Property	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Australian shares	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
International shares	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
Total	100%	100%



SECTION 3 – FETCH MY SUPER

The reality is, if you have ever changed jobs, you have probably **left money behind**. This is your money!

Let us **find it for you**, put it in your Prime Super account, then at least you know where **all your super** savings are!

All you have to do is provide us with your **consent** to do so below. We'll then use the ATO's Super Match facility to find any super you may have then send you the paperwork to sign and send back to us. It's that easy!

Please be aware that this process can take a **number of weeks** so please be patient. We will communicate with you regularly via email to keep you informed. If we don't have your email address on the system, please provide it in the Personal details section.

Tick the box to consent ☒

- ☐ I hereby authorise Prime Super to use my personal details, including my TFN, to search – now and forever – for any lost, unclaimed, inactive or active super I may have with other funds or the ATO, as permitted under the *Superannuation Industry (Supervision) Act 1993 (Cth) and Regulations*.
- ☐ I understand that all of the information I provide – including the TFN held by Prime Super – must be correct before this search can be conducted on my behalf. If the information is incorrect, Prime Super will notify me directly and I will be responsible for updating the information by calling **1800 675 839** or doing so directly via the secure section of the Prime Super website at **www.primesuper.com.au**
- ☐ I understand that the process of finding my super may take some time and it could be a number of weeks before I receive the paperwork in the mail.

SECTION 4 – MEMBER DECLARATION

I declare that:

- I have read and understood the current Prime Super Short-Form Product Disclosure Statement – Superannuation available at www.primesuper.com.au.
- 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 *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.
- I understand my personal information will be used in accordance with Prime Super's Privacy Policy (available at www.primesuper.com.au) which I have read and understood.
- 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 _____

[illegible]

Employer Signature _____

				Date (DDMMYYYY)			

Date (DDMMYYYY)

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ADDITIONAL INFORMATION

YOUR PRIVACY

The information you provide on this form is collected by and held for Prime Super by the fund Administrator, and may be disclosed to third parties who are involved in activities related to your membership or provided to lawfully authorised government agencies in accordance with the Australian Privacy Principles of the *Privacy Act 1988 (Cth)*. We only use the information for the purpose of administering your membership or related purposes. For further information about privacy or to obtain a free copy of our Privacy Policy, please visit our website www.primesuper.com.au, contact us on 1800 675 839, write to us at Locked Bag 5103, Parramatta, NSW 2124 or email us at administration@primesuper.com.au.

WHERE TO SEND THIS FORM

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

Mail	Prime Super	Freecall	1800 675 839
	Locked Bag 5103	Fax	1800 023 662
	Parramatta NSW 2124	Telephone	02 9633 1111

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).

Retirement income streams 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.



SECTION 1 – MEMBERSHIP INFORMATION

Member Number <input type="text"/>	Date of Birth (DDMMYYYY) <input type="text"/>	Tax File Number (optional) <input type="text"/>
Surname <input type="text"/>	Title <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/> Ms <input type="checkbox"/> Dr	
Given Names <input type="text"/>	Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	
Residential Address <input type="text"/> <input type="text"/>		
Town/Suburb/City <input type="text"/>	State <input type="text"/>	Postcode <input type="text"/>
Phone Number <input type="text"/>	Fax Number <input type="text"/>	Mobile Number <input type="text"/>
Email <input type="text"/>		

SECTION 2 – INVESTMENT CHOICES

Please indicate below where you would like your money invested.

Managed growth	%	Australian shares	%
Balanced	%	International shares	%
Conservative	%	Property	%
Alternatives	%	Fixed interest	%
Cash	%	Total (must add up to 100%)	%

Note: Total choices must add up to 100%. Otherwise we will have to return the form.

What investment option(s) do you wish to have your income stream payments drawn from?

Your income stream payments will normally be made in the same proportions as your selected investment options. However you may select to have payments made from a particular investment option until the holdings in that option are exhausted.

(Please tick if yes)

☐ Please make payments in the same proportions as my account balance

OR

☐ Please make payments from my: option



SECTION 3 – MEMBER DECLARATION

I declare that:

- I have read and understood the current *Prime Super Short-Form Product Disclosure Statement – Retirement income streams* available at www.primesuper.com.au
- I understand that if I fail to complete this form correctly, the Trustee will be unable to process my choice.
- This investment choice will take effect on the first day of the month after the Trustee receives a correctly completed *Prime Super Retirement income streams investment choice form*.
- 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.
- I understand my personal information will be used in accordance with Prime Super's Privacy Policy (available at www.primesuper.com.au) which I have read and understood.

Full Name

[illegible]

Member Signature

Date (DDMMYYYY)

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ADDITIONAL INFORMATION

YOUR PRIVACY

The information you provide on this form is collected by and held for Prime Super by the fund Administrator, and may be disclosed to third parties who are involved in activities related to your membership or provided to lawfully authorised government agencies in accordance with the Australian Privacy Principles of the *Privacy Act 1988 (Cth)*. We only use the information for the purpose of administering your membership or related purposes. For further information about privacy or to obtain a free copy of our Privacy Policy, please visit our website www.primesuper.com.au, contact us on 1800 675 839, write to us at Locked Bag 5103, Paramatta, NSW 2124 or email us at administration@primesuper.com.au.

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).

NOTES

This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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Free call 1800 675 839 **Free fax** 1800 023 662

Email administration@primesuper.com.au **Web** www.primesuper.com.au

Postal Address Prime Super Locked Bag 5103, Parramatta NSW 2124

asfa member

