

# Sunsuper Investment guide

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**What type of investor are you?  
Choose your super investment**

 **sunsuper**

# How to use this guide

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This guide contains important information about your Sunsuper investment options. It is structured to provide you with what you need to know to make an investment choice.

### Read through this guide to:


- Find out what type of investor you are and how you can reach your goals by identifying your needs.
- Learn how your account is administered and how to keep on top of your super.
- Choose from our four specially designed diversified options or from our full range of options to build your own investment mix.
- Learn more about your investment options.
- Understand the fees and costs that apply with the investment choice you make.


Once you have worked out your investment needs and have made your investment choice simply go to *Member Online* on our website or complete the *Investment choice* form at the back of this guide and return it to us.

At Sunsuper, we make it simple for you to invest your super.

### Important information

This is the *Sunsuper Investment guide*.

The information in this *guide* forms part of the *Sunsuper Solutions Product Disclosure Statement (PDS)* issued 1 July 2011. The *PDS* references important information contained in this *guide* by . This *guide* may reference important information contained in the *Sunsuper Solutions guide*. The *PDS*, this *guide* and the *Sunsuper Solutions guide* should be read in their entirety before making a decision to acquire or continue to hold an interest in Sunsuper.

The information in this *guide* also forms part of each *Sunsuper Corporate Product Disclosure Statement (Corporate PDS)* issued 1 July 2011. The *Corporate PDS* references important information contained in this *guide* by . This *guide* may reference important information contained in the *Sunsuper Corporate guide* and *Sunsuper Plan guide*. The *Corporate PDS*, this *guide*, the *Sunsuper Corporate guide* and the *Sunsuper Plan guide* should be read in their entirety before making a decision to acquire or continue to hold an interest in Sunsuper.

### General advice disclaimer

The information in any *PDS* or *guide* is general information only and doesn't take into account your personal objectives, financial situation or needs. You should consider the appropriateness of any general information in the relevant *PDS* and guides having regard to your own personal objectives, financial situation and needs.

You should obtain financial advice tailored to your personal circumstances. Call us if you would like to speak with one of our qualified Member Advice Specialists.



### The importance of diversification

When investing, it's important not to put all your eggs in one basket. Diversification, or spreading your money across a number of different investments, reduces your portfolio's reliance on the performance of any one investment. If your portfolio is diversified and one investment falls in value, others that are performing well may make up for the loss. There are many ways to diversify. All of Sunsuper's investment options offer diversification in one or more of these ways: across asset classes, across investments within an asset class, across investment managers, or across countries.

### Does Sunsuper have good returns?

Sunsuper's medium to long-term results remain strong, with our Balanced option beating the average industry performance to 31 December 2010 over 3, 5, 7 and 10 years. Although past performance is not a reliable indication of future performance, we believe our consistent investment performance positions us as one of the industry's best performers.

Source: SuperRatings Fund Crediting Rate Survey December 2010.



## STEP 1

# Identify your investor needs

### Your super doesn't stop working when you do

When you retire, is that it for super?

Well, probably not. You might take 20, 30, or 40 years to build up your super. Then if you plan to live off your super in retirement, that money might need to last another 20, 30 or 40 years. That makes super a long-term investment in anyone's language.

So making sure your money is invested to last you through retirement is just as important as making sure it's invested to build up in the first place.

When working out which investment option is right for you, it's important to consider the ultimate purpose for your investment, your personal circumstances and retirement goals.

However, just reading about investment principles doesn't always make it clear how they relate to your situation. We all have different investment needs, different investment time horizons and different investment expertise.

To help you determine what type of investment goals you have, Sunsuper has prepared an Investor needs quiz.

Your answers will correspond to one of three investor needs categories which provide a guide to which investment option or options you might select.

## Reaching your goals

Three factors are critically important in determining which investment option will help you reach your investment goals. These are your investment horizon, your investment earnings and your risk tolerance.

### 1. Your investment horizon

Your time horizon, or the length of time before you plan to use your super, plays a large role in determining how you invest. The longer you have, the more aggressively you can invest, since falls in the market in the short-term are less important than maximising your returns over the long-term. If you are eligible, and need to access some of your super in the short-term, you may want to choose more conservative investments for a portion of your super to protect yourself from the risk of negative short-term returns.

### What is your investment time horizon?

Not everyone will access super in the same way at retirement:

- Many will keep their money invested during retirement and gradually withdraw their savings as a way of producing income in retirement.
- Others will take a lump sum to meet immediate financial needs, and use the remainder to produce an ongoing income in retirement.

How you choose to take your super will affect your investment time horizon.

If you plan to use some – or all – of your super to draw an income in retirement, it's likely your time horizon will extend well beyond your actual retirement date.

Your time horizon is therefore not just how long you have until you retire, but could also include how long you expect to draw an income from your super in retirement. The number of years may depend on your life expectancy and the amount you have to invest. If you plan to use your super to draw an income, you can find out your estimated time horizon from the table below:

Age	Estimated investment time horizon	
	Male	Female
20	60 years	64 years
25	55 years	59 years
30	50 years	54 years
35	45 years	50 years
40	41 years	45 years
45	36 years	40 years
50	31 years	35 years
55	27 years	31 years
60	23 years	26 years

The estimated investment time horizon is based on male and female life expectancies from the Australian Bureau of Statistics (Life Tables, Australia, 2005-2007). Your experience could differ from the number of years quoted here.



## Reaching your goals in action<sup>1</sup>

Daniel is 35 and whilst it might be a long time away, he's planning to retire when he reaches 60. This means he has another 25 years to build his super. Daniel plans to draw on his super as his main source of income when he retires. He's hoping to live to at least age 80, which means he needs his super to pay an income stream for at least another 20 years after he retires. Daniel's investment time horizon is therefore 45 years (i.e.  $60 - 35 + 20 = 45$ ) and he can accept short-term fluctuations in his investment. With such a long time horizon a growth option is likely to be the most suitable for Daniel.

<sup>1</sup> The information provided here is general information only and should not be construed as advice. You should consider your individual objectives, financial situation and needs before acting on this information, or seek advice from a qualified financial planner.

## 2. Your investment earnings

The return you earn from your chosen investment option can mean the difference between having the lifestyle you want in retirement or not. Historically, shares and property type assets have provided higher returns over the long-term than cash and fixed interest type assets. If your goals are within reach, however, it may not be necessary to take on higher risk.

## 3. Your risk tolerance?

Your risk tolerance is the level of risk you are comfortable to take with your investments. A large influence on your risk tolerance is what you want to use your money for and how certain you want to be that this purpose can be met. Sometimes fear and uncertainty can tempt you to sell an asset if its price has fallen. Alternatively, those who have invested conservatively may regret not being more aggressive with their choice. Thinking ahead about how you are intending to use your money and how you may feel in relation to the performance of your investments in different circumstances can help you find your risk tolerance and to focus on your long-term goals.

**The longer the time you have to invest, the more growth you can seek from your investments, since falls in the market in the short-term are less important than maximising your returns over the long-term.**

## See a financial planner

**Everyone's situation is different and whether you are a conservative or growth investor, or you have a short or long time horizon, you may need some advice. Call us on 13 11 84.**

Sunsuper can help you get the advice you need, whether you have a simple question about super, or would like to consider your total financial situation.

Our team of qualified Member Advice Specialists<sup>2</sup> can give you simple advice at no cost, quickly over the phone, to help you get your super right. If it's something more complex, you can meet with one of the Sunsuper Financial Services financial planners<sup>2</sup> who can give you advice on a range of financial products and services (the fee for this advice may be able to be deducted from your super account).

<sup>2</sup> Simple advice about super is provided at no additional cost. More detailed advice may incur a fee. All advice is provided by representatives of either Sunsuper Pty Ltd (ABN 88 010 720 840, AFSL No. 228975) or Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818, AFSL No. 227867), a wholly owned subsidiary of Sunsuper.

## STEP 2

# Investor needs quiz

### The investor needs quiz is...

a guide to help you decide how you feel about risk and return, and how you may like to consider your goals and how that will influence how you invest your super.

### The investor needs quiz is not...

a substitute for professional advice. It is a guide only and does not take into consideration your individual objectives, financial circumstances or needs. You should assess your own financial situation, taking into account your existing investments, commitments, investor needs and time horizon before making your investment decisions. A financial planner can assess your particular needs, help you define your goals and help you select an appropriate investment strategy. They can also help you manage your selected investments over time.

This short quiz will help to find out what sort of investor you may be and which investment options may suit your investor needs. Select the answer that most closely fits your personal views and circumstances. Your answers will correspond to one of three investor needs categories which provide a guide as to which investment option(s) you might select.

#### Question 1:

##### Your age is...

	Score
More than 60	1
50 to 60	4
Less than 50	6

#### Question 2:

##### Your investment time horizon is...

Less than 5 years	1
5 to 10 years	4
More than 10 years	6

#### Question 3:

##### You feel most comfortable with...

A safe investment even if it means modest growth.	3
An investment that could have some short-term fluctuations but long-term growth well ahead of inflation.	6
An investment that could have large short-term fluctuations but long-term growth significantly ahead of inflation.	9

#### Question 4:

##### What would your reaction be if your super dropped in value from \$50,000 to \$45,000?

Horror. Security of your super is important and you would move into a more stable investment option.	3
You would be concerned but you would remind yourself that your super is expected to grow over the long-term.	6
You would not be too concerned as you expect your super to grow over the long-term and you might consider adding more money to your super while prices are low.	9

Add up the numbers you have circled. Find your score in the table opposite and read the description.

Everyone's situation is different and you may need some advice. See page 3 for more information.

## Investor needs score

### 8-16

**Likely to have conservative investor needs.**

Your goal is likely to be focused on the security of your investment. You are prepared to give up the potential for higher returns over the long-term, for the comfort of less volatility.

See page 13 for the Conservative option.

### 17-23

**Likely to have balanced investor needs.**

Your goal is likely to be focused on producing returns which are well ahead of inflation over the long-term. You understand that this may mean that the value of your investment may fall in the short-term.

See page 11 for the Balanced option or, if you are close to or have reached retirement, see page 12 for the Retirement option.

### 24-30

**Likely to have growth investor needs.**

Your goal is likely to be focused on producing returns which are significantly ahead of inflation over the long-term. You understand that this may mean that the value of your investment may have large falls in the short-term.

See page 10 for the Growth option.

These categories are examples only of your possible investor needs. There are many factors that impact on your personal circumstances that you should consider before making your investment decision. You need to be sure that your needs (as indicated by the quiz) match your views.

If, after taking into account your individual circumstances, you are not comfortable the category matches your views, you should seek further information or obtain advice from a qualified financial planner. We offer you the flexibility to invest in more than one investment option (maximum 10) because, depending on your personal circumstances and retirement goals, you may fit more than one category. It's up to you.

### Making the most of your super

The investment option you choose to invest your super in can make a huge difference to the amount of money you have in retirement.

Even 1% extra return each year over 35 years could increase your retirement benefit by over 20%.

So take some time to think about how you want your super invested – so you can have the lifestyle you want in retirement.

# Keeping on top of your super

## TIP 1 Keep up-to-date

Although the information in this *guide* is current as at publication, things may change over time. It is important to keep this in mind when adding to your super in the future, because at that time you may not have:

- the most recent *Sunsuper Investment guide*, or
- been notified about any material adverse changes or significant events that adversely affect information in the *Sunsuper Investment guide* immediately before the change or event occurs.

To keep you informed, Sunsuper will let you know as soon as possible if there are any material adverse changes or significant events affecting your membership of Sunsuper.

You can also get the most up-to-date information at any time from our website at [sunsuper.com.au](http://sunsuper.com.au) or by calling us on **13 11 84**.

## TIP 2 Understand investment performance

We provide performance information to you as a guide, but it is important to remember that your super might be invested for a very long time, and that short-term fluctuations, even over a year or two, will tend to become less significant over a 10 or 20 year period. Investment returns for Sunsuper investment options are quoted after the deduction of investment fees and tax on investment earnings, but before the asset based administration fee of 0.05% p.a.

**Past performance is not a reliable indication of future performance.** The value of an investment may rise or fall with changes in the market. For the latest investment performance figures for each option, visit our website at [sunsuper.com.au](http://sunsuper.com.au) or call us on **13 11 84**.

### TIP 3 Stay on track

At times when your investments are performing poorly, you may be tempted to chase higher returns for your super or look for safety by switching to an option that has been doing better.

Keep in mind that short-term results can be misleading. For example, growth assets can show either very high or very low returns over a relatively short period of time. But there is no way to predict for certain what will happen next, so chasing short-term gains may prove to be counterproductive in the long-term.

If you switch investment options, you may unwittingly take on more risk than you are comfortable with, you may invest too conservatively or you may crystallise a short-term loss. It's important to remember that your original asset allocation was selected to meet your long-term needs.

Unless your goals or circumstances have substantially changed, it should continue to be the most appropriate investment strategy for you.

### TIP 4 Monitor your investments

Staying on top of your investments doesn't have to be time consuming.

All you need to do is follow four steps:

1. Read your *Annual statement* and find out what's been happening with your super since your last statement. You can check your super more regularly using *Member Online* on our website.
2. Check that your asset allocation is still right for your circumstances. As your savings grow, you may want to alter your investments to reflect your changing needs.
3. Read any investment commentary we send you to see how economic events are affecting your investments. Or, you can check our website for more updates.
4. Take the time to learn about your investments through our website at [sunsuper.com.au/investment](https://www.sunsuper.com.au/investment).

# Our full range of investment options

Sunsuper offers 20 investment options designed to cater for a wide range of investor needs. The full range of investment options includes:

- diversified and single asset class options,
- actively managed and index options,
- hedged and unhedged options, and
- special options, for members who are looking for something a bit different.



Investment	Actively managed	Index (passively managed)	
DIVERSIFIED	<b>Growth</b>	Growth	
	<b>Balanced</b>	Balanced	Balanced – Index
	<b>Retirement</b>	Retirement	
	<b>Conservative</b>	Conservative	
SINGLE ASSET CLASS	<b>Shares</b>	Shares	
		Australian Shares	Australian Shares – Index
		International Shares (hedged)	International Shares – enhanced Index (hedged)
		International Shares (unhedged)	International Shares – enhanced Index (unhedged)
<b>Property</b>	Property	Australian Property – Index	
<b>Fixed Interest and Cash</b>	Fixed Interest	Fixed Interest – Index	
	Cash		
SPECIAL	<b>Special options</b>	Ethical, Environmental and Socially Responsible Investments	
		Capital Guaranteed	

Sunsuper has carefully considered the main purposes members have for their superannuation investments and offers options to match them.

Most of our members tend to invest in the diversified options. You can however choose from the additional options if you like the thought of possibly building your own investment mix.

The following tables on pages 10 to 21 outline the details for each of Sunsuper’s investment options. For the diversified options we have included case studies to help you understand the type of investors for whom it may be suitable.

Note: the information provided in the investment panels is general information only and should not be construed as advice. You should consider your individual objectives, financial situation and needs before acting on this information, or seek advice from a qualified financial planner.

Once you have made your investment choice, let us know by going to *Member Online* at [sunsuper.com.au](https://www.sunsuper.com.au) or by completing and returning the *Investment choice* form at the back of this guide.

# Growth

## Who is it for?

This investment option is designed for members who want to generate wealth over the long-term, but with less risk than an option invested solely in shares.

## Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Active investment management.
- Invests in over 40 investment managers for diversification.
- Primarily invests in Australian and international shares and a range of unlisted growth assets for exposure to economic growth.

### EXPECTATIONS

#### Investment return objective<sup>1</sup>

- Beat inflation by 5% p.a. after investment fees and taxes over periods of 7 to 10 years.

#### Minimum suggested timeframe

- 7 years.
- Designed for long-term wealth accumulation, so you need patience.

### RISKS

- Moderate to high levels of volatility in the returns from year to year.
- Negative returns expected in 3 out of 20 years.<sup>1</sup>

### ASSET ALLOCATION

	Strategic %	Allowable range %
Australian shares	30	0-50
International shares	30	0-70
Private capital	10	0-20
Property	9	0-30
Infrastructure	5	0-20
Fixed interest	5	0-20
Hedge funds	10	0-20
Cash	1	0-20

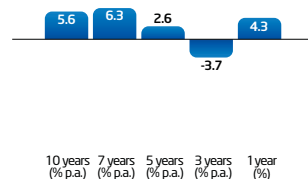
### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

- Base fee: 0.60% p.a.
- Performance fee: 0.10% p.a.
- Buy/Sell Spread<sup>3</sup>: Nil

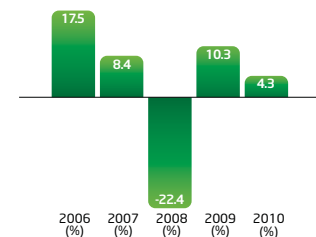
### RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



### RETURNS<sup>4</sup>

#### Year-by-year investment returns to 31 December



Case studies are illustrations only and may not be right for you.

- 1 When reading the investment return objectives and risks it is important to also read the important information on page 24.
- 2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.
- 3 The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.
- 4 You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

### CASE STUDY 1

- Melissa is 30 years of age.
- She has a very long timeframe to invest.
- Melissa wants to generate wealth over the long-term.



### CASE STUDY 2

- David is 50 years of age.
- He is thinking of retiring at around 60 years of age.
- He plans to use the Sunsuper Pension to provide a retirement income.
- He realises he still has a long timeframe to invest before and during retirement.
- David wants to generate wealth over the long-term and is willing to accept short-term ups and downs in his returns.



# Balanced

## Who is it for?

This investment option is designed for members who want to generate wealth over the long-term, while being sensitive to the relative performance of other large Australian superannuation funds.

## Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Active investment management.
- Invests in over 40 investment managers for diversification.
- Large allocation to Australian and international shares for exposure to economic growth.

### EXPECTATIONS

#### Investment return objective<sup>1</sup>

- Outperform the median of similar super funds over 5 to 7 years.
- Beat inflation by 4% p.a. after investment fees and taxes over 7 to 10 years.

#### Minimum suggested timeframe

- 5 years.
- Designed for long-term wealth accumulation so you need patience.

### RISKS

- Moderate levels of volatility in the returns from year to year.
- Negative returns expected in 3 out of 20 years.<sup>1</sup>

### ASSET ALLOCATION

	Strategic %	Allowable range %
Australian shares	28	0-50
International shares	27	0-70
Private capital	7	0-15
Property	9	0-30
Infrastructure	5	0-20
Fixed interest	13	0-25
Hedge funds	7	0-25
Cash	4	0-25

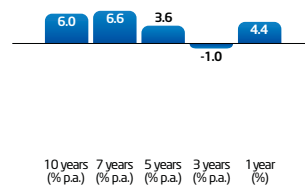
### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

- Base fee: 0.49% p.a.
- Performance fee: 0.10% p.a.
- Buy/Sell Spread<sup>3</sup>: Nil

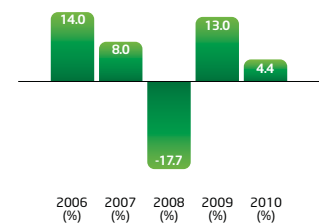
### RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



### RETURNS<sup>4</sup>

#### Year-by-year investment returns to 31 December



Case studies are illustrations only and may not be right for you.

- 1 When reading the investment return objectives and risks it is important to also read the important information on page 24.
- 2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.
- 3 The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.
- 4 You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

### CASE STUDY 1

- Craig is 40 years of age.
- He has a long timeframe to invest.
- He wants to generate wealth over the long-term but isn't prepared to accept higher ups and downs of returns in the growth option.
- Craig is comfortable that his returns will compare well with most other peoples' super funds.



### CASE STUDY 2

- Helen is 55 years of age.
- She is thinking of retiring at around 60 years of age.
- She plans to use the Sunsuper Pension to provide a retirement income.
- She realises she still has a long timeframe to invest before and during retirement.
- Helen wants to generate wealth over the long-term and is willing to accept some short-term ups and downs in her returns.



# Retirement

## Who is it for?

This investment option is designed for members who are close to, or have reached retirement. It is structured to generate wealth over the medium to long-term, while providing some reduction to the fluctuation of returns in the short-term.

## Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Active investment management.
- Invests in over 40 investment managers for diversification.
- Employs option strategies from time to time to reduce the impact of share market falls.

Case studies are illustrations only and may not be right for you.

- 1 When reading the investment return objectives and risks it is important to also read the important information on page 24.
- 2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.
- 3 The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.
- 4 You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

### EXPECTATIONS

#### Investment return objective<sup>1</sup>

- Beat inflation by 3.5% p.a. after investment fees and taxes over periods of 5 to 7 years.

#### Minimum suggested timeframe

- 5 years.
- Designed for some medium-term wealth accumulation.

### RISKS

- Low to moderate levels of volatility in the returns from year to year.
- Negative returns expected in 2 out of 20 years.<sup>1</sup>

### ASSET ALLOCATION

	Strategic %	Allowable range %
Australian shares	18	0-50
International shares	17	0-55
Private capital	5	0-15
Property	9	0-30
Infrastructure	5	0-20
Fixed interest	30	0-50
Hedge funds	7	0-15
Cash	9	0-25

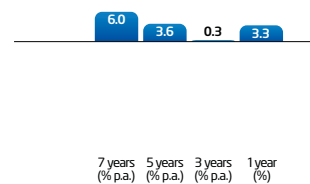
### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

- Base fee: 0.55% p.a.
- Performance fee: 0.07% p.a.
- Buy/Sell Spread<sup>3</sup>: Nil

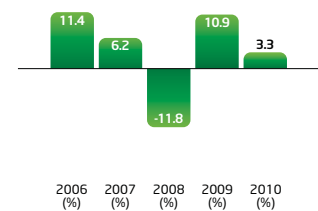
### RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



### RETURNS<sup>4</sup>

#### Year-by-year investment returns to 31 December



### CASE STUDY 1

- Ian is 53 years of age.
- He is preparing to retire at around age 60.
- He plans to use the Sunsuper Pension for his main retirement income.
- He wants to reduce the impact of share market falls but still provide some growth over the longer term.
- Ian is also considering transitioning to retirement after age 55.



### CASE STUDY 2

- Dianne is 60 years of age.
- She is preparing to retire within 5 years.
- She plans to use the Sunsuper Pension for her main retirement income.
- While Dianne understands she has a long timeframe to invest, she wishes to reduce the impact of a large downturn in the sharemarkets so invests in the Retirement option instead of the Balanced option.



# Conservative

## Who is it for?

This investment option is designed for members who seek less volatile returns for their super while maintaining some growth exposure. Using your money in the short-term is likely to be your main purpose.

## Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Active investment management.
- Invests in over 40 investment managers for diversification.
- Mainly invests in fixed interest and cash to reduce the volatility of returns.

### EXPECTATIONS

#### Investment return objective<sup>1</sup>

Returns after investment fees and taxes of 1% p.a. above the UBS Australia Bank Bill Index (after investment tax) over periods of 2 to 5 years.

#### Minimum suggested timeframe

- 3 years.
- Designed for short-term wealth maintenance rather than long-term wealth accumulation.

### RISKS

- Low levels of volatility in returns from year to year.
- May be too conservative for members with a long investment time horizon.
- Negative returns expected in 1 out of 20 years.<sup>1</sup>

### ASSET ALLOCATION

	Strategic %	Allowable range %
Australian shares	10	0-15
International shares	10	0-30
Private capital	0	0-5
Property	6	0-20
Infrastructure	4	0-20
Fixed interest	45	0-50
Hedge funds	7	0-15
Cash	18	0-100

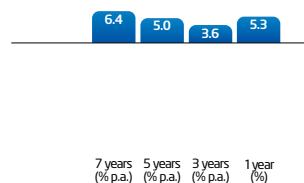
### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

- Base fee: 0.40% p.a.
- Performance fee: 0.07% p.a.
- Buy/Sell Spread<sup>3</sup>: Nil

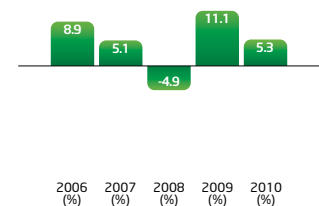
### RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



### RETURNS<sup>4</sup>

#### Year-by-year investment returns to 31 December



Case studies are illustrations only and may not be right for you.

- 1 When reading the investment return objectives and risks it is important to also read the important information on page 24.
- 2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.
- 3 The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.
- 4 You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

### CASE STUDY 1

- Alan is 62 years of age.
- He is preparing to retire within 3 years.
- He plans to use all of his super to pay off his mortgage and buy a caravan.
- Alan will use the government age pension for retirement income.



### CASE STUDY 2

- Brian is 60 years of age.
- He is looking to retire within 5 years.
- Brian wants to protect a portion of his money but wants the potential for a better return than cash.



## BALANCED

### Balanced - Index

**DESCRIPTION** Investment in a mixture of assets, with an emphasis on Australian shares and international shares.

**Designed for members who:**

- Are seeking to accumulate wealth over the long term and who want exposure to a range of publicly traded assets invested in line with standard market indices.

**INVESTMENT OBJECTIVES**

- Closely match the return of the performance benchmark, before investment tax and fees.
- **Performance benchmark:** The strategic weighted return of the market indices for each asset class.
- **Style:** Single-manager, index.
- **Currency:** Combination of hedged and unhedged.
- **Additional info:** This option is managed by SSgA, for more information refer to page 30.
- Minimum suggested timeframe of 5 years.

**RISKS**

- Moderate to high levels of volatility.
- Negative returns expected in 4 out of 20 years.<sup>1</sup>

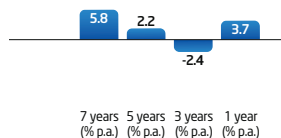
**ASSET ALLOCATION**

	Strategic %	Allowable range %
Australian shares	35	33-37
International shares	25	21-29
Property	10	6-14
Fixed interest	25	21-29
Cash	5	3-7

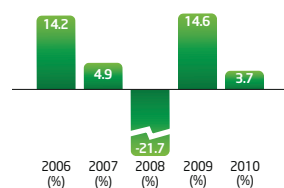
**FEES Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.16% p.a
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** 0.15% / 0.11%

**INVESTMENT RETURNS<sup>4</sup> Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



## SHARES

### Shares

**DESCRIPTION** Investment in a mixture of Australian and international shares.

**Designed for members who:**

- Are seeking to accumulate wealth over the long term and who can accept full exposure to the ups and downs of share markets.

**INVESTMENT OBJECTIVES**

- Real returns above inflation of 5% p.a. after investment fees and taxes over periods of 7 to 10 years.<sup>1</sup>
- **Style:** Multi-manager, active.
- **Currency:** Combination of hedged and unhedged.
- Minimum suggested timeframe of 7 years.

**RISKS**

- High levels of volatility.
- Negative returns expected in 5 out of 20 years.<sup>1</sup>

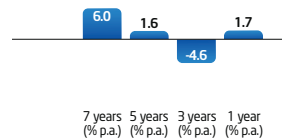
**ASSET ALLOCATION**

	Strategic %	Allowable range %
Australian shares	50	25-75
International shares	50	10-90
Fixed interest	0	0-30
Cash	0	0-20

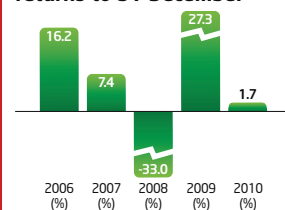
**FEES Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.50% p.a.
- **Performance fee:** 0.07% p.a.
- **Buy/Sell Spread<sup>3</sup>:** Nil

**INVESTMENT RETURNS<sup>4</sup> Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



1 When reading the investment return objectives and risks it is important to also read the important information on page 24.

2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.

## SHARES

### Australian Shares

DESCRIPTION

Investment in Australian shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the Australian shares asset class with active management aiming to achieve better long term returns than available in the standard market index for this sector.

INVESTMENT OBJECTIVES

- Beat the performance benchmark by 1-2% p.a. before investment tax over rolling 5 years.
- **Performance benchmark:** S&P/ASX 300 Accumulation Index.
- **Style:** Multi-manager, active.
- Minimum suggested timeframe 7 years.

RISKS

- High levels of volatility.
- Negative returns expected in 5 out of 20 years.<sup>1</sup>

ASSET ALLOCATION

	Benchmark %
Australian shares	100

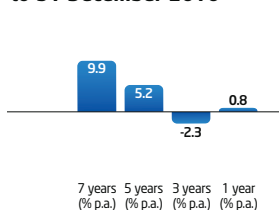
FEES

**Estimated Investment Fees for 2011/2012<sup>2</sup>**

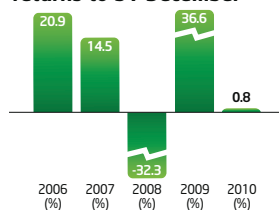
- **Base fee:** 0.30% p.a.
- **Performance fee:** 0.07% p.a.
- **Buy/Sell Spread<sup>3</sup>:** Nil

INVESTMENT RETURNS<sup>4</sup>

**Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



### Australian Shares – Index

DESCRIPTION

Investment in Australian shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the Australian shares asset class with passive management aiming to achieve long term returns that are close to the returns of the standard market index for this sector.

INVESTMENT OBJECTIVES

- Closely match the returns of the performance benchmark, before investment tax and fees.
- **Performance benchmark:** S&P/ASX 200 Accumulation Index.
- **Style:** Single-manager, index.
- **Additional info:** This option is managed by SSgA, for more information refer to page 30.
- Minimum suggested timeframe 7 years.

RISKS

- High levels of volatility.
- Negative returns expected in 5 out of 20 years.<sup>1</sup>

ASSET ALLOCATION

	Benchmark %
Australian shares	100

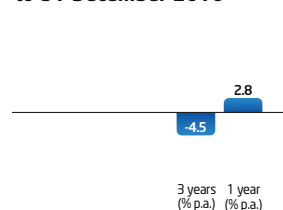
FEES

**Estimated Investment Fees for 2011/2012<sup>2</sup>**

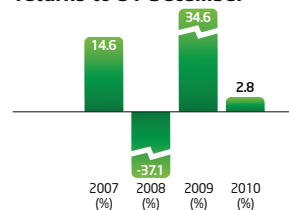
- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** 0.10% / 0.10%

INVESTMENT RETURNS<sup>4</sup>

**Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



<sup>3</sup> The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.

<sup>4</sup> You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

## SHARES

### International Shares (hedged)

#### DESCRIPTION

Investment in international shares.

#### Designed for members who:

- Are seeking to earn returns from investment in the international shares asset class with most currency exposure being hedged back to the Australian dollar and active management aiming to achieve better long term returns than available in the standard market index for this sector.

#### INVESTMENT OBJECTIVES

- Beat the performance benchmark by 1-2% p.a before investment tax over rolling 5 year periods.
- **Performance benchmark:** MSCI All Countries World Index IMI in \$A (hedged).
- **Style:** Multi-manager, active.
- **Currency:** Combination of hedged and unhedged.
- It may not be possible for this product to be 100% currency hedged at all times. Up to 25% of the overseas currency exposure may be unhedged at any point in time.
- Minimum suggested timeframe 7 years.

#### RISKS

- High levels of volatility.
- Negative returns expected in 5 out of 20 years.<sup>1</sup>

#### ASSET ALLOCATION

	Benchmark %
International shares	100

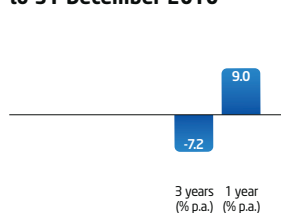
#### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

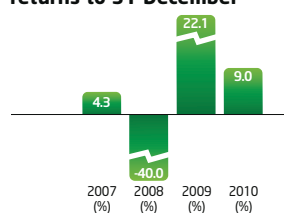
- **Base fee:** 0.60% p.a.
- **Performance fee:** 0.05% p.a.
- **Buy/Sell Spread<sup>3</sup>:** Nil

#### INVESTMENT RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



#### Year-by-year investment returns to 31 December



### International Shares (unhedged)

#### DESCRIPTION

Investment in international shares.

#### Designed for members who:

- Are seeking to earn returns from investment in the international shares asset class with currency exposure unhedged and active management aiming to achieve better long term returns than available in the standard market index for this sector.

#### INVESTMENT OBJECTIVES

- Beat the performance benchmark by 1-2% p.a before investment tax over rolling 5 year periods.
- **Performance benchmark:** MSCI All Countries World Index IMI in \$A (unhedged)
- **Style:** Multi-manager, active.
- **Currency:** Unhedged.
- Minimum suggested timeframe 7 years.

#### RISKS

- High levels of volatility.
- Negative returns expected in 5 out of 20 years.<sup>1</sup>

#### ASSET ALLOCATION

	Benchmark %
International shares	100

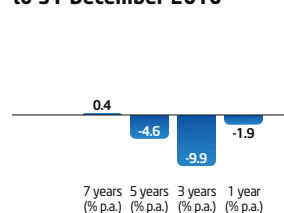
#### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

- **Base fee:** 0.60% p.a.
- **Performance fee:** 0.05% p.a.
- **Buy/Sell Spread<sup>3</sup>:** Nil

#### INVESTMENT RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



#### Year-by-year investment returns to 31 December



<sup>1</sup> When reading the investment risks it is important to also read the important information on page 24.

<sup>2</sup> Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.

## SHARES

### International Shares - enhanced Index (hedged)

#### DESCRIPTION

Investment in international shares.

#### Designed for members who:

- Are seeking to earn returns from investment in the international shares asset class with currency exposure being hedged back to the Australian dollar and passive management aiming to achieve long term returns that are close to the returns of the standard market index for this sector.

#### INVESTMENT OBJECTIVES

- Beat the performance benchmark by 0.75% to 1% p.a. before investment tax over rolling 3 year periods.
- **Performance benchmark:** MSCI World Ex-Australia Net in \$A (hedged).
- **Style:** Single-manager, enhanced index.
- **Currency:** Hedged.
- **Additional info:** This option is managed by SSgA, for more information refer to page 30.
- Minimum suggested timeframe 7 years.

#### RISKS

- High levels of volatility in the returns from year to year.
- Negative returns expected in 6 out of 20 years.<sup>1</sup>

#### ASSET ALLOCATION

	Benchmark %
International shares	100

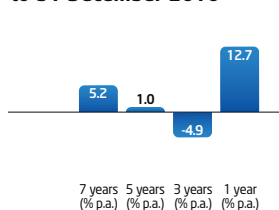
#### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

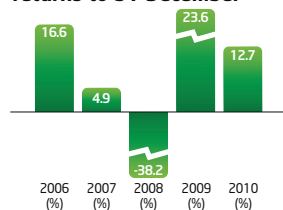
- **Base fee:** 0.25% p.a.
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** 0.31% / 0.26%

#### INVESTMENT RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



#### Year-by-year investment returns to 31 December



### International Shares - enhanced Index (unhedged)

#### DESCRIPTION

Investment in international shares.

#### Designed for members who:

- Are seeking to earn returns from investment in the international shares asset class with currency exposure unhedged and passive management aiming to achieve long term returns that are close to the returns of the standard market index for this sector.

#### INVESTMENT OBJECTIVES

- Beat the performance benchmark by 0.75% to 1% p.a. before investment tax over rolling 3 year periods.
- **Performance benchmark:** MSCI World Ex-Australia Net in \$A (unhedged).
- **Style:** Single-manager, enhanced index.
- **Currency:** Unhedged.
- **Additional info:** This option is managed by SSgA, for more information refer to page 30.
- Minimum suggested timeframe 7 years.

#### RISKS

- High levels of volatility in the returns from year to year.
- Negative returns expected in 6 out of 20 years.<sup>1</sup>

#### ASSET ALLOCATION

	Benchmark %
International shares	100

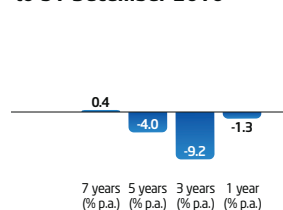
#### FEES

#### Estimated Investment Fees for 2011/2012<sup>2</sup>

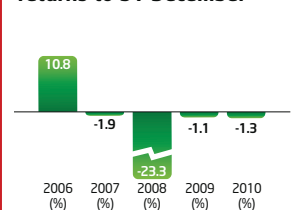
- **Base fee:** 0.25% p.a.
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** 0.30% / 0.25%

#### INVESTMENT RETURNS<sup>4</sup>

#### Investment returns to 31 December 2010



#### Year-by-year investment returns to 31 December



<sup>3</sup> The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.

<sup>4</sup> You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

## SHARES

### Emerging Markets Shares

**DESCRIPTION** Investment in international shares focusing on emerging markets.  
**Designed for members who:**

- Are seeking to earn returns from investment in the emerging markets shares asset class with active management aiming to achieve better long term returns than available in the standard market index for this sector.

**INVESTMENT OBJECTIVES**

- Returns (before investment tax but after investment fees) of between 1% and 2% p.a. above the MSCI Emerging Markets Investable Market Index in \$A (unhedged) over rolling 5 year periods.
- **Performance benchmark:** MSCI Emerging Markets Investable Markets Index.
- **Style:** Multi-manager, active.
- **Currency:** In normal circumstances the option is unhedged to Australian dollars. Currency exposures are individually managed by the underlying managers.
- Minimum suggested timeframe 7 years.

**RISKS**

- This option is a high risk option suitable for investors aware of investing in emerging market shares that are exposed to currency risk. Historically emerging markets have exhibited greater variability in returns than Australian and other international share markets. In some circumstances the value of these investments could move markedly. Political and economic risks are also higher in these markets, leading to greater investment risk.
- High levels of volatility.
- Negative returns expected in 7 out of 20 years.<sup>1</sup>

**ASSET ALLOCATION**

	Benchmark %	Allowable range %
International shares emerging	100	70-100
International shares developed	0	0-30

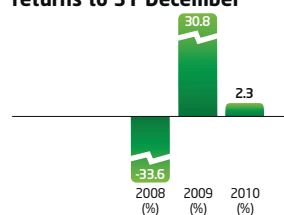
**FEES** **Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.94% p.a.
- **Performance fee:** 0.05
- **Buy/Sell Spread<sup>3</sup>:** Nil

**INVESTMENT RETURNS<sup>4</sup>** **Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



## PROPERTY

### Property

**DESCRIPTION** Investment in Australian and international property.  
**Designed for members who:**

- Are seeking to earn returns from investment in the property asset class with active management aiming to achieve better long term returns than available in the standard market index for this sector.

**INVESTMENT OBJECTIVES**

- Beat the performance benchmark before investment tax over rolling 5 years.
- **Performance benchmark:** 50% S&P/ASX 200 A-REIT Index, plus 50% FTSE EPRA/NAREIT Global REIT \$A (hedged).
- **Style:** Multi-manager, active.
- **Currency:** Hedged.
- Minimum suggested timeframe 7 years.

**RISKS**

- Moderate levels of volatility.
- Negative returns expected in 3 out of 20 years.<sup>1</sup>

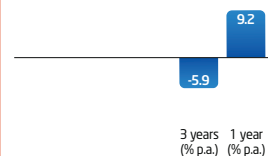
**ASSET ALLOCATION**

	Benchmark %
Property	100

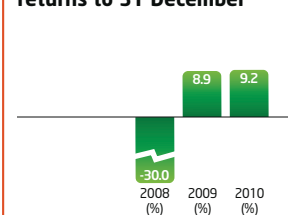
**FEES** **Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.90% p.a.
- **Performance fee:** 0.10% p.a.
- **Buy/Sell Spread<sup>3</sup>:** Nil

**INVESTMENT RETURNS<sup>4</sup>** **Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



1 When reading the investment risks it is important to also read the important information on page 24.

2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.

## PROPERTY

### Australian Property - Index

#### DESCRIPTION

Investment in Australian listed property.

**Designed for members who:**

- Are seeking to earn returns from investment in the Australian property asset class with passive management aiming to achieve long term returns that are close to the returns of the standard market index for this sector.

#### INVESTMENT OBJECTIVES

- Closely match the returns of the performance benchmark, before investment tax and fees.
- **Performance benchmark:** S&P/ASX 200 A-REIT Index.
- **Style:** Single-manager, index.
- **Additional Info:** This option is managed by SSgA, for more information refer to page 30.
- Minimum suggested timeframe 7 years.

#### RISKS

- High levels of volatility in the returns from year to year.
- Negative returns expected in 6 out of 20 years.<sup>1</sup>

#### ASSET ALLOCATION

	Benchmark %
Property	100

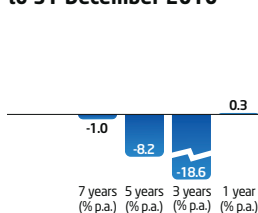
#### FEES

**Estimated Investment Fees for 2011/2012<sup>2</sup>**

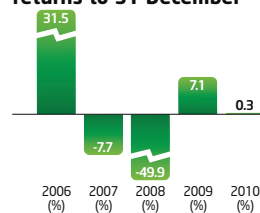
- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** 0.10% / 0.10%

#### INVESTMENT RETURNS<sup>4</sup>

**Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



## FIXED INTEREST AND CASH

### Fixed Interest

#### DESCRIPTION

Investment in fixed interest (refer to page 22).

**Designed for members who:**

- Are seeking to earn returns from investment in the fixed interest asset class with active management aiming to achieve better long term returns than available in the standard market index for this sector.

#### INVESTMENT OBJECTIVES

- Beat the performance benchmark by 0.5-1.0% p.a. before investment tax over rolling 5 years.
- **Performance benchmark:** Citigroup World Broad Investment Grade Index in \$A (hedged).
- **Style:** Multi-manager, active.
- **Currency:** Hedged.
- Minimum suggested timeframe 3 years.

#### RISKS

- Low levels of volatility.
- Negative returns expected in 1 out of 20 years.<sup>1</sup>

#### ASSET ALLOCATION

	Benchmark %
Fixed interest	100

#### FEES

**Estimated Investment Fees for 2011/2012<sup>2</sup>**

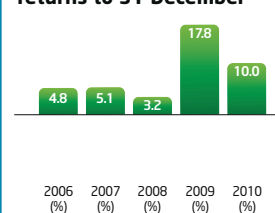
- **Base fee:** 0.25% p.a.
- **Performance fee:** 0.05% p.a.
- **Buy/Sell Spread<sup>3</sup>:** Nil

#### INVESTMENT RETURNS<sup>4</sup>

**Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



<sup>3</sup> The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.

<sup>4</sup> You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

## FIXED INTEREST AND CASH

### Fixed Interest - Index

**DESCRIPTION** Investment in fixed interest (refer to page 22).  
**Designed for members who:**

- Are seeking to earn returns from investment in the fixed interest asset class with passive management aiming to achieve long term returns that are close to the returns of the standard market index for this sector.

**INVESTMENT OBJECTIVES**

- Closely match the returns of the performance benchmark, before investment tax and fees.
- **Performance benchmark:** Citigroup World Government Bond Index Ex-Australia \$A (hedged).
- **Style:** Single-manager, index.
- **Currency:** Hedged.
- **Additional Info:** This option is managed by SSgA for more information refer to page 30.
- Minimum suggested timeframe 3 years.

**RISKS**

- Moderate levels of volatility.
- Negative returns expected in 2 out of 20 years.<sup>1</sup>

**ASSET ALLOCATION**

	Benchmark %
Fixed interest	100

**FEES** **Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** 0.06% / 0.06%



### Cash

**DESCRIPTION** Investment in cash (refer to page 22).  
**Designed for members who:**

- Are seeking to accumulate a lump sum or derive income over time by earning returns that are close to the level of short term interest rates in the Australian economy.

**INVESTMENT OBJECTIVES**

- Match or exceed the returns of the performance benchmark, before investment tax.
- **Performance benchmark:** UBS Australia Bank Bill Index.
- **Style:** Multi-manager, active.
- Minimum suggested timeframe 1 years.

**RISKS**

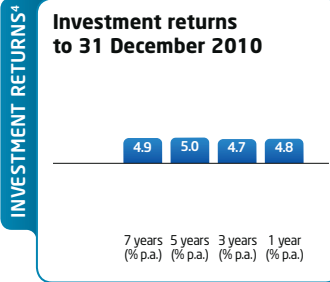
- Low levels of volatility.
- Negative returns expected 0 out of 20 years.<sup>1</sup>

**ASSET ALLOCATION**

	Benchmark %
Cash	100

**FEES** **Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.10% p.a.
- **Performance fee:** n/a
- **Buy/Sell Spread<sup>3</sup>:** Nil



1 When reading the investment risks it is important to also read the important information on page 24.

2 Actual investment fees may be less than or greater than that indicated but will not be more than the costs incurred by each option.

## SPECIAL OPTIONS

### Ethical, Environmental and Socially Responsible Investments

DESCRIPTION

Investment in a portfolio diversified across all asset types, but with an emphasis on shares and property.

**Designed for members who:**

- Are seeking to accumulate wealth over the long term and who want to ensure that their investments are made in line with an extended set of environmental, social and governance principles.

INVESTMENT OBJECTIVES<sup>1</sup>

- To provide on a rolling 5 year basis moderate to high returns while accepting medium levels of volatility, and a total return, after costs and before tax, higher than the return from the performance benchmark.
- **Performance benchmark:** The average weighted return of the market indices used to measure the performance of the underlying funds in which the option invests.
- **Style:** Responsible Investment multi-manager, active and index
- **Currency:** In normal circumstances, international fixed interest and international property assets are hedged to Australian dollars, while international shares and other international assets may be hedged to Australian dollars.
- **Additional Info:** This option is managed by AMP Capital, for more information about AMP Capital options refer to page 28.
- Minimum suggested timeframe 5 years.
- **Sunsuper SRI certification:** Sunsuper's only certified SRI option is offered through Ethical, Environmental and Socially Responsible Investments. For more information refer to page 27.



RISKS

- Moderate levels of volatility.
- Negative returns expected in 3 out of 20 years.<sup>1</sup>

ASSET ALLOCATION

	Benchmark %	Allowable range %
Australian shares	36	31-41
International shares	26	21-31
Property	11	0-26
Fixed interest	23	10-36
Cash	3	0-8
Alternatives*	1	0-6

\* May include infrastructure and private equity.

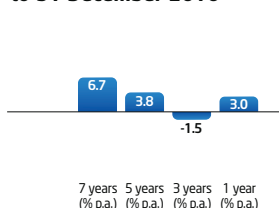
FEES

**Estimated Investment Fees for 2011/2012<sup>2</sup>**

- **Base fee:** 0.65% p.a.
- **Performance fee:** 0.02% p.a.
- **Buy/Sell Spread<sup>3</sup>:** 0.23% / 0.23%

INVESTMENT RETURNS<sup>4</sup>

**Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



### Capital Guaranteed

DESCRIPTION

Investment in a mixture of cash deposits with Authorised Deposit-taking Institutions (ADIs) and investments in capital guaranteed superannuation products.

**Designed for members who:**

- Are seeking to accumulate a lump sum or derive income over time with the benefit of guarantees from banks and insurance companies that the value of their investment will not decline.

INVESTMENT OBJECTIVES

- The option is designed to provide:
  - full security of capital, and
  - modest returns over the medium to long-term.
  - target performance (after investment tax and investment fees) is the return of the UBS Australia Bank Bill Index (after investment tax) over rolling five year periods
- **Performance benchmark:** UBS Australia Bank Bill Index (after an allowance for investment tax)
- **Additional Info:** Where investments are made into capital guaranteed superannuation products issued by life insurance companies or banks, the capital guarantee is provided by the issuing life company or bank. Sunsuper itself does not guarantee the security of capital. The Capital Guaranteed option is quite different from other investment options. While the capital value is guaranteed by the issuing life insurance companies or banks not to fall, the trade-off with this guarantee is that your longer-term returns may be lower than some less conservative options. This may limit the chances of achieving your financial goals. You should consider seeking financial advice on alternative investment arrangements before investing in this option. In some unfavourable market conditions, we reserve the right to restrict switches and benefit payments from the capital guaranteed option.
- **Style:** Multi-manager, active
- Minimum suggested timeframe 5 years.

RISKS

- Low levels of volatility.
- Negative returns expected in 0 out of 20 years.<sup>1</sup>

ASSET ALLOCATION

	Benchmark %
Deposits with ADIs & Capital Guaranteed Investments	100

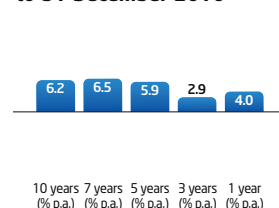
FEES

**Estimated Investment Fees for 2011/2012<sup>2</sup>**

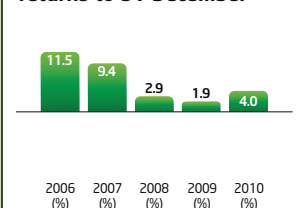
- **Base fee:** 0.60% p.a.
- **Performance fee:** Nil
- **Buy/Sell Spread<sup>3</sup>:** Nil

INVESTMENT RETURNS<sup>4</sup>

**Investment returns to 31 December 2010**



**Year-by-year investment returns to 31 December**



<sup>3</sup> The buy/sell spreads for each investment option may vary from time to time to reflect the buy/sell spread charged by the relevant managers, refer to page 34 for more information.

<sup>4</sup> You can monitor the latest investment performance by visiting [sunsuper.com.au](http://sunsuper.com.au). Returns are after investment fees and taxes but before the asset based administration fee of 0.05% p.a. **Past performance is not a reliable indication of future performance.**

A photograph of a man in a light blue shirt carrying a young boy in a yellow shirt on his shoulders. They are outdoors, smiling, with a bright background. The man is looking towards the camera, and the boy is waving his hand.

# Additional information about investment options

## Asset classes

Each investment option described in this guide is invested in one or more asset classes. This section describes asset classes and the varying levels of returns.

### Cash

When we talk about cash, we don't mean money under the mattress. We class cash as any type of fixed interest investment that has a very short repayment period. It includes bank bills and short-term bank deposits with repayment dates typically ranging from a day to 6 months. Cash carries the lowest level of risk of short-term loss but usually earns a lower rate of return over the long-term. Over the long-term, after-tax returns from cash may not keep up with inflation.

### Fixed interest

Fixed interest investments are made up of loans to borrowers such as governments, companies and other entities where they are secured by assets. The most common type of fixed interest securities traded in the markets are bonds.

Bonds offer a promise to have the money originally invested returned at a maturity date. They also offer a promise to pay periodic payments of interest. Some interest payments might be at a fixed rate or they might be directly linked to inflation or to shorter term interest rates. Issuers of fixed interest securities are rated by international rating agencies to give buyers a guide as to the likelihood that a payment will not be made in a timely manner.

Like all investment assets, the value of a bond will not stay the same forever so they do carry a degree of risk. The value of a bond will vary along with many factors, including the country of issue, the issuer and market sector, credit rating, maturity date, marketability, liquidity and various risk factors relating to the payment of the future cash flows. All of these factors are reflected by the interest rate which is used to determine the bond's value. This interest rate can also be viewed as a government bond

rate plus a margin for all the other factors. At times of stress, the margin will increase. When there is greater confidence, the margin will decrease. If the interest rates used to value shorter term securities fall, the interest rates used to value longer dated securities will not necessarily fall also or fall to the same extent, since they are subjected to longer term expectations and to various economic factors.

A rise in the interest rate used to value a bond will reduce its assessed value while a fall in the interest rate used to value a bond will increase its value. This can be seen by considering the case where a bond initially worth \$100 is paying \$6 every year in interest. If subsequently a new \$100 investment can be made into a bond of equal credit rating that pays \$8 every year, then the bond that pays only \$6 will no longer be worth \$100 in the market, despite the fact that it will still pay \$100 at maturity. Its value will drop by the amount that makes the future \$6 payments give the same return on the new assessed value as the return from the new bond available in the market. In this way, going forward, both the old bond paying \$6 per year and the new bond paying \$8 per year give a total return from the valuation date of 8% per annum.

Currency fluctuations can have a significant effect (positive or negative) on returns from international fixed interest investments. This risk can be reduced or virtually eliminated through 'hedging' the currency exposure (see more about our currency 'hedging' on page 26).

Returns on fixed interest assets are more volatile than cash and less volatile than equities. The valuations of longer dated bonds vary by more than short dated bonds.

## Shares

Shares are also known as equities or stocks. Companies issue shares to raise money. In exchange the investor receives part ownership in the company and is entitled to a portion of the profits. As the company grows, profits are expected to grow and the value of the shareholder's investment is also expected to rise. A company's share price fluctuates daily according to what investors collectively think the company can earn in the future compared to what other investments are expected to earn. This means that share prices can fluctuate substantially over short periods. Historically, shares have shown the highest returns of all of the traditional asset classes described in this *guide* over most long-term periods.

**Australian shares** – Australian shares are investments in companies listed on the Australian Stock Exchange. Some of these companies earn a significant portion of their profits from their international operations and currency fluctuations can have an impact (positive or negative) on the earnings of these companies.

**International shares** – International shares represent ownership in companies that are listed on foreign stock exchanges. They provide exposure to industries and companies not available in Australia. Currency fluctuations can have a significant effect (positive or negative) on returns from international share investments.

## Property

Property investments are diverse and can include office buildings, industrial sites and retail shopping centres. Property provides a combination of regular income payments in the form of rent and potential increases in the value of the property. Property can be purchased directly, or indirectly via units or shares in a pooled vehicle such as a Property Trust, which can be listed on the share market (Listed Property Trust or LPT) or

be an unlisted trust. Short-term changes in individual investor perceptions do not tend to influence direct property to the same degree as they influence LPTs. Because LPTs are traded on the share market, they are subject to movements in sentiment so their value can fluctuate significantly over the short-term.

## Private capital

Private capital is privately-owned assets including but not limited to opportunistic property funds, private equity funds, venture capital and private natural resources.

**Opportunistic property funds** – these funds generally make investments in properties that have a higher risk and return profile than those properties included in the traditional property classification.

**Private equity funds** – these funds generally make investments in private, or unlisted, companies. They are generally companies that offer opportunities for growth via expansion or development. Some of these companies may end up listed on the stock exchange or bought by larger companies.

## Hedge funds

These are generally investments that use complex market trading strategies that aim to generate returns that do not follow the normal investment cycles of the traditional asset classes.

## Infrastructure

These are generally investments in roads, bridges, airports, ports, power stations and other community projects and assets.

Overall, assets such as private capital, hedge funds and infrastructure provide an additional source of expected returns above traditional asset classes over the long-term. Typically the returns from these types of assets move in different cycles to the traditional asset classes thus offering valuable diversification.



## Additional information about investment options (continued)

### Investment information

#### **Is your investment guaranteed?**

No, except for the Capital Guaranteed option, the movement in unit prices, the repayment of capital and the performance of any investment option are not guaranteed. Investing in a specific investment option does not give any entitlement to the assets underlying that investment option. For more details on the guarantee for the Capital Guaranteed option, refer to page 21.

#### **Important information about expected returns**

The expected real returns shown on pages 10-14 for the Growth, Balanced, Retirement, Conservative and Shares options, and the expected frequency of negative returns for all options on pages 10-21 are based on calculations performed by Mercer (Australia) Pty Ltd ABN 32 005 315 917.

A real return indicates the investment return of an investment option after it has been adjusted for inflation. Expected real returns shown are based on a financial model that compares values between different asset classes. They assume an inflation rate of 2.5% p.a. Expected real returns are after paying investment fees and taxes. They are estimates only, not actual returns, and are not a guarantee of future performance.

The same financial model is used to estimate how many years out of 20 we expect to experience negative annual returns. These expectations are long-term averages and do not guarantee that negative returns will occur exactly as described.

#### **How does Sunsuper use derivatives?**

Sunsuper's policy is to allow our investment managers to use derivatives, such as futures, options and swaps, to achieve their investment objectives, particularly for the purpose of managing risk. However, the managers must operate within specific investment guidelines. Our investment managers who invest in derivatives must adopt a Derivative Risk Statement that is acceptable to Sunsuper. This Statement sets out the use of derivatives and the controls in place to protect against improper use of derivatives.

## Investment management style

When working out which investment option is right for you it's important to consider your own needs. Sunsuper offers 'readymade' diversified options; 'build your own' single asset class options and special options that have some features that set them apart from the other options.

Some people like to get very involved with their super, selecting investments to match their investor needs and checking to see that their asset allocation stays on track over time. Others prefer to use a diversified option leaving the monitoring and the asset allocation decisions to Sunsuper. The investment method that is right for you is largely determined by how actively involved you want to be, your investment expertise, and whether or not you use a financial planner. Remember, the more you do yourself, the more time, expertise and effort you will need to ensure your portfolio stays on track.

### Investment style

Sunsuper offers 20 investment options, designed to cater for a wide range of investor needs, including:

- active and index options,
- single manager and multi-manager options, and
- hedged and unhedged options.

### Active and index investment options

Sunsuper offers both active and index investment options. When making decisions about your super it is important to understand the difference between these two styles of investment management.

Active management is based on the belief that the broad market can be beaten by picking higher performing securities or asset classes, despite the higher fees involved. Index (or passive) management is based on the belief that the broad market cannot be consistently beaten. Index options aim to replicate the performance of a broad market index such as the S&P/ASX 300 for Australian shares. Index management fees are significantly lower than active management fees. Enhanced index management uses an index approach but targets minor levels of outperformance through low-risk active management techniques.

### Active investment options

Sunsuper has a philosophy of active investment management that we apply to several of the options we offer. This is reflected in the range of highly rated investment managers selected by Sunsuper and its investment consultant, Mercer (Australia) Pty Ltd ABN 32 005 315 917, to manage the actively managed investment options.

We have a strong belief that active management will result in returns higher than returns from index managers, even after active management fees are taken into account. In addition to expecting our managers to outperform their benchmarks through active management, we expect all of our managers to:

- have world class professional investment processes,
- complement each other's processes and styles, and
- be cost effective.

For the Growth, Balanced, Retirement, Conservative and Shares options, we also aim to add value through using managers to make short to medium-term changes to asset allocations.

Sunsuper aims to reduce investment risk by diversifying across both asset classes and manager styles.

The Ethical, Environmental and Socially Responsible Investments option's investment managers are chosen by AMP Capital. For more information on this option refer to pages 28.

### Index investment options

Although we believe in the potential benefits of active management, we provide our members with access to low cost index and enhanced index options. Index (or passive) options are invested in a range of investments designed to replicate the performance of a chosen benchmark. Enhanced index options work in much the same way, however they seek minor outperformance via low risk active management.

These options generally have lower fees than actively managed options. A key reason for this is because investment decisions are driven by the index, so index managers do not have to devote the same resources to researching investments as do active managers. Index and enhanced index options offered by Sunsuper do not have investment performance fees.

The index and enhanced index options are managed by SSgA. For more information on these options, refer to pages 30.



## Additional information about investment options (continued)

### Multi-manager approach

Options may be classified as single or multi-manager. Sunsuper prefers to construct options using a multi-manager approach. The exceptions are for our passively managed options where we have selected a single manager, SSgA.

Multi-manager options use a combination of investment managers within the one investment option, providing diversification across investment managers and reducing the risk of exposure to any one investment manager or style.

To find out whether a particular option is single manager or multi-manager, refer to the investment option panels on pages 10 to 21.

The Growth, Balanced, Retirement and Conservative options have over 40 Australian and global investment managers, carefully selected by Sunsuper's experienced team of investment professionals, to manage the investments.

For information on the management of the investment options, please go to our website at [sunsuper.com.au/investmentinfo](http://sunsuper.com.au/investmentinfo) or call us on **13 11 84**.

### Currency hedging

The value of overseas investments can be impacted by currency fluctuations.

The effects of currency movement on an investment can be reduced by 'currency hedging'. This fixes the value of the Australian dollar relative to one or a number of foreign currencies.

An investment or asset class can be either fully hedged, partially hedged or unhedged:

- fully hedged is where all of the investment is protected from the effects of currency exchange rates,
- partially hedged is where the investment is partly protected from these effects, and
- an unhedged investment is not protected from these effects.

For the Growth, Balanced, Retirement, Conservative, Shares and Emerging Markets options, Sunsuper has developed a policy, which may be modified in the future, with respect to the hedging of currency:

- For the options with international fixed interest investments, Sunsuper aims to fully hedge the currency exposure (that is, the impact of currency fluctuations are virtually eliminated).
- For the options with international shares investments, Sunsuper varies the strategic level of foreign currency hedging. An appropriate hedge is set for each option, taking into account its specific circumstances, asset allocation and risk and return characteristics. Active managers can also vary the level of hedging as a tactical decision to take advantage of expected currency movements.

For other investment options with international exposure, the currency hedging policy is outlined in the relevant investment panel for each option on pages 14 to 21.

## ‘Socially responsible’ investments

Sunsuper believes environmental, social and corporate governance (ESG) factors have the potential to financially impact our investments. We engage with our investment managers to encourage them to consider ESG factors as part of their investment decision making process. We believe our investment managers should have the flexibility to determine the extent of these considerations, however Sunsuper has no fixed view on the extent to which labour standards or ESG or ethical considerations should be taken into account. Sunsuper’s ESG policy applies to actively managed options other than the Ethical, Environmental and Socially Responsible Investments option.

Sunsuper also offers a Socially Responsible Investment option, Ethical, Environmental and Socially Responsible Investments. Note that this option is managed by AMP Capital. Sunsuper’s ESG policy does not apply to the options managed by AMP Capital or SSgA.

### **SRI (socially/sustainable responsible investment) certification**

Sunsuper’s only certified SRI option is offered through Ethical, Environmental and Socially Responsible Investments.

The Certification Symbol, a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA), signifies that a product or service offers an investment style that takes into account environmental, social governance or ethical considerations.



The Symbol also signifies that Sunsuper has adopted strict disclosure practices required under the Responsible Investment Certification Program for the category of Super Fund. For investors considering Ethical, Environmental and Socially Responsible Investments, the Certification Symbol demonstrates that Ethical, Environmental and Socially Responsible Investments meets RIAA’s RI certification standards. Detailed information about RIAA, the Certification Symbol and the Sunsuper Superannuation Fund’s methodology and performance relating to its only certified SRI option can be found at [www.responsibleinvestment.org](http://www.responsibleinvestment.org) together with details about other responsible investment products certified by RIAA.

Note: the Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that this financial product is a suitable investment or that returns are guaranteed. RIAA is not a financial services business and does not hold an Australian Financial Services Licence.

## External manager information

### **References to external managers and the options managed by AMP Capital and SSgA**

The external investment managers of the investment options have given their consent to be referenced in this *guide*. The investment managers do not take responsibility for this *guide* nor do they endorse or recommend any investment in Sunsuper.

The following information relates to certain external manager investment options which you can choose to invest in through your Sunsuper account. As Sunsuper, rather than you, will directly invest in these options, not all of the information relevant to Sunsuper, as a direct investor, is relevant or applies in the same way, to you. The following information has been tailored having regard to that principle and is based only on the disclosure provided to Sunsuper by the external managers. The investment objective, investment style and performance benchmark for each option are set out on pages 10-21.

You can arrange to receive a copy of the *Product Disclosure Statement* for these externally managed financial products if a statement is available by calling **13 11 84**.



# Additional information about investment options (continued)

## Information about the AMP Capital Funds

### Information about the issuer

AMP Capital Investors Limited ABN 59 001 777 591 AFSL 232497 (AMP Capital) is the responsible entity of the Responsible Investment Leaders Balanced Fund (Ethical, Environmental and Socially Responsible Investments) (collectively 'AMP Capital Funds').

The AMP Capital Funds are managed investment schemes structured as unit trusts and registered under the *Corporations Act*.

### Investment fees

The investment fees for Ethical, Environmental and Socially Responsible Investments are set out on page 21.

Total fees and costs for an investment in Sunsuper are set out in the *Sunsuper Solutions PDS*. For members of a Sunsuper Corporate plan it is set out in your *Sunsuper Plan guide*.

### Maximum fees

The maximum management fee AMP Capital may charge is 3% of the value of the assets for each class of units in the AMP Capital Funds.

The maximum contribution fee AMP Capital may charge is 5% of the application proceeds.

The maximum withdrawal fee AMP Capital may charge in relation to Ethical, Environmental and Socially Responsible Investments is 5% of the withdrawal proceeds.

### Performance fees

Performance fees may be charged and deducted in relation to Ethical, Environmental and Socially Responsible Investments.

A performance fee may also be payable to some of the underlying investment managers. Any performance fee is up to 25% of a manager's outperformance above the relevant benchmark index, which is tailored to the asset class they manage.

### Borrowing

It is not AMP Capital's intention to gear the AMP Capital Funds through the use of borrowing. However, other funds or securities in which AMP Capital Funds invests may be geared through the use of derivatives or borrowing. The AMP Capital Funds are not restricted in the amount they can borrow, and may borrow to meet their short-term liquidity needs.

## Derivatives

AMP Capital Funds may use derivatives such as options, futures and swaps with the aim of:

- protecting against risks such as unfavourable changes in an investment's price brought about by, for example, changes in interest rates, credit risk, equity prices, commodity prices, currencies or other factors,
- enhancing returns by taking advantage of favourable mispricings within a market, as a cost-effective alternative to purchasing physical assets, and
- implementing the investment objectives of the relevant AMP Capital Funds.

AMP Capital imposes restrictions on the use of derivatives within each AMP Capital Fund, and monitors the implementation of those restrictions. Derivatives will not be used to gear Ethical, Environmental and Socially Responsible Investments.

### **Information about AMP Capital's Responsible Investment Leaders Balanced Fund (Ethical, Environmental and Socially Responsible Investments).**

Responsible Investing (RI) is an investment approach that focuses on investing in companies that contribute to a socially and environmentally sustainable world.

AMP Capital seeks out managers that are identified leaders across industries, in their responsible approach to the following RI issues:

- Environmental considerations – including energy and resource use and product stewardship (for example, where a company takes into account the life cycle of the product, from manufacture to the extent to which the product can be recycled),

- Social considerations – including indigenous relations and community involvement,
- Ethical considerations – including meeting fundamental human rights, and articulating and implementing a Code of Conduct,
- Labour standards – including Occupational Health and Safety, International Labour Organisation standards, working conditions and the exclusion of child labour, and
- Governance considerations – including meeting corporate governance guidelines on board structures and remuneration.

Additionally, investment managers and funds will also be well regarded if they actively participate in corporate engagement and governance initiatives.

Managers are also required to avoid companies operating within sectors with recognised high negative social impact.

This means Ethical, Environmental and Socially Responsible Investments will avoid exposure, either directly or indirectly through underlying managers and funds, to companies with material exposure to the production or manufacture of alcohol, armaments, gambling, pornography, tobacco and nuclear power (including uranium).

Material exposure is considered to be where a company derives more than 10% of its total revenue from these industries.

Two specialist committees of AMP Capital – the Investment Committee and the Ethics Committee – maintain the investment focus and Ethical, Environmental and Socially Responsible Investments' RI integrity. Currently, AMP Capital's RI approach applies to the Australian and international share components of Ethical, Environmental and Socially Responsible Investments. For direct property investments and corporate bonds, environmental considerations are taken into account. Currently, AMP Capital does not take environmental, social and ethical considerations, labour standards and corporate governance factors into account in respect of any other asset class, although other asset classes may be included for consideration in the future.

Ethical, Environmental and Socially Responsible Investments invests directly into AMP Capital's Responsible Investment Leaders Australian Share Fund and AMP Capital's Responsible Investment Leaders International Share Fund for its Australian and international share components. Ethical, Environmental and Socially Responsible Investments may invest in additional asset classes, including infrastructure and private capital, where this strategy is consistent with the investment objectives of Ethical, Environmental and Socially Responsible Investments. Where it is appropriate for the asset class, Ethical, Environmental and Socially Responsible Investments will invest in a sector on an index basis if an RI equivalent is not available.

# Additional information about investment options (continued)

## Information about the SSgA Funds

### Information about the issuer

State Street Global Advisors, Australia Services Limited ABN 16 108 671 441 AFSL 274900 (SSgA,ASL) is the responsible entity of:

### SSgA Index Funds

- the SSgA Australian Equities Index Trust (Australian Shares-Index)
- the SSgA Australian Listed Property Index Trust (Australian Property-Index)
- the SSgA Global Fixed Income Index Trust (Fixed Interest-Index)
- the SSgA Passive Balanced Trust (Balanced-Index)

### SSgA Enhanced Index Funds

- the SSgA Global Index Plus Trust (International Shares-enhanced Index (unhedged))
- the SSgA Global Index Plus (Hedged) Trust (International Shares-enhanced Index (hedged))

(collectively 'SSgA Funds').

The SSgA Funds are managed investment schemes structured as unit trusts and registered under the *Corporations Act*.

SSgA,ASL may use the services of related companies in the administration and management of the SSgA Funds and pay fees for their services at normal commercial rates.

State Street Global Advisors, Australia, Limited ABN 42 003 914 225 AFSL 238276 (SSgA) is the investment manager for the SSgA Funds and acts as distributor of the units in the SSgA Funds. SSgA,ASL uses State Street Australia Limited for custodial, administration and resourcing services. SSgA,ASL pays the custodian's fees out of the assets of the relevant SSgA Fund.

## SSgA Investment Fees

The investment fees for each SSgA option as at the date of issue of this guide are set out in the information on page 14 for the Diversified option and in the information on pages 17 to 20 for each Single Asset Class option. Total fees and costs for an investment in Sunsuper are set out in the *Sunsuper Solutions PDS* (for members of a Sunsuper Corporate plan it is set out in your *Sunsuper Plan guide*).

SSgA,ASL is entitled to charge a maximum responsible entity fee of 0.10%p.a.

For each SSgA Fund other than International Shares-enhanced Index (unhedged) and International Shares enhanced Index (hedged), the maximum investment management fee payable to SSgA is 0.25%p.a.

The maximum investment management fee payable to SSgA is 0.45%p.a. for International Shares-enhanced Index (unhedged) and 0.40%p.a. for International Shares-enhanced Index (hedged).

SSgA,ASL is entitled to charge additional fees in connection with applications (5% of application moneys), redemptions (0.5% of redemption proceeds), switches (0.25% of the switch amount) or transfers (0.25% of the redemption value).

## Information about SSgA

### Index Funds

The SSgA Index Funds are designed to closely track the performance, before fees, of a given investment market index. When an investment index rises, the relevant SSgA Index Fund is expected to have positive returns. Should the same investment index fall, the SSgA Index Fund is expected to have negative returns.

SSgA's approach to management of the Equity (Shares) Funds is to purchase, as far as possible, every security in the relevant benchmark at its benchmark weight. This investment strategy is known as full replication.

While full replication is SSgA's preferred approach in Equity (Shares) Index Funds, there is no guarantee that each Equity (Shares) Fund will always invest in all of the securities making up the relevant benchmark.

Where full replication of the relevant benchmark is not possible (for example, where the Equity (Shares) Fund is not large enough), SSgA aims to build a portfolio of securities that provides a risk and return profile representative of the relevant benchmark.

SSgA's experience has shown that a full replication approach can result in lower transaction costs, while achieving the closest possible tracking of the relevant benchmark.

While full replication is SSgA's preferred approach, full replication of a fixed interest index and a cash index is often not possible as not all the securities in the index are available for purchase.

Furthermore, bonds of the same duration often perform very similarly, making full replication unnecessary.

As a result, SSgA's process uses sampling techniques to build a portfolio using only a representative sample of securities. To ensure that the portfolio performs in line with its benchmark, a number of different portfolio risk and exposure parameters are approximated to the benchmark. These parameters include duration, credit rating, issuer, sector and country exposures where relevant.

### Balanced-Index

The benchmark for Balanced-Index is a composite benchmark comprised of the following mix of major indexes:

- 35% S&P/ASX All Australian 200 Accumulation Index®
- 23% MSCI World ex-Australia Index<sup>SM</sup>
- 2% MSCI Emerging Markets (EM) Index<sup>SM</sup>
- 6% S&P/ASX200 A-REIT Index®
- 4% Wilshire REIT Index
- 10% UBSA Composite Bond Index
- 15% Citigroup World Broad Investment Grade Index ex-Australia, 100% Hedged to Australian Dollars, and
- 5% UBSA Bank Bill Index.

Rather than holding assets directly, Balanced-Index invests in other underlying funds that SSgA manages. Balanced-Index may also invest in certain funds managed by SSgA Funds Management Inc. The DJ Wilshire REIT ETF, an Exchange Traded Fund listed on the New York Stock Exchange, may be used to gain exposure to US property securities. The SSgA Emerging Markets Fund, an actively managed US mutual fund, may be used to gain exposure to emerging markets.

A re-balancing strategy is also employed in order to maintain long-term strategic asset allocations within pre-defined limits.

### Information about SSgA Enhanced Index Funds

The Enhanced Index Funds are designed to outperform a given benchmark, being an investment market index, by a small margin. The Enhanced Index Funds have a wide spread of investments and over or underweight positions in individual securities are limited.

### International Shares-enhanced Index (unhedged) and International Shares enhanced Index (hedged) (collectively "Enhanced Equity (Shares) Funds")

SSgA's Enhanced Equity (Shares) portfolios are built in two stages. The first stage involves identifying securities with superior return prospects, and the second involves building a portfolio that matches key risk characteristics of the benchmark. Quantitative investment techniques are used extensively in both stages.

A number of different techniques are used to identify stocks with superior return prospects. Examples include the rate at which earnings are growing, the price relative to measures such as book value or cash flow, and sentiment toward the security, both from within the company and from investment markets. Because the Enhanced Equity (Shares) Funds hold a wide range of securities, these techniques are applied to every company in the index, generating a forecast return for every company.

Having identified securities with superior return prospects, tight risk controls are used in building portfolios to ensure that they maintain their benchmark characteristics. Overweights or underweights to individual companies are limited, as are overweights or underweights to industry sectors or (where relevant) to individual countries. Risk models are used to test whether the expected performance of the portfolio will differ greatly from the benchmark.

The result is a portfolio that follows the benchmark closely, while aiming to provide a small level of outperformance.

# About investment fees and costs

For more information about fees and costs in your super refer to the *Sunsuper Solutions PDS*, or if you are a member of a Sunsuper Corporate Plan refer to your *Sunsuper Corporate PDS*.

## **Additional explanation of fees and costs**

Management costs of the Fund include the operational costs of administering the Fund and providing some information and advice at no additional cost (the per week member fee and administration fee). Management costs of the Fund also include the costs of investing and managing investments for members (the investment fees).

In line with our profit-for-members philosophy, Sunsuper does not profit from investment fees.

The estimated investment fees shown in the investment panels on pages 10 to 21 are our best estimates of the investment fees for 2011/2012 based on recent experience and our current long-term expectations for ongoing investment costs. There is an allowance for investment fees included in the unit prices (refer to page 34 for more details). We report the investment fee in two components, the base fee and the performance fee.

Performance fees are difficult to predict because the level of outperformance by the managers is difficult to predict. The performance fees may exceed our estimate if managers produce exceptional performance.

We monitor the ongoing investment costs and for each investment option the investment fees deducted will not be more than the actual investment costs incurred but may differ from our estimates, for example, due to changes in the investment manager mix or investment manager fees.

Each year we will let you know in the *Annual report* what the estimated fees for the upcoming year are. We will also let you know what the actual base fees and performance fees have been for the previous financial year.

If you are a member of a Sunsuper Corporate Plan, please note that an earlier dated, *PDS*, *Plan guide* or *Corporate guide* may show different estimated investment fees shown in this *guide*.

## **Maximum fees**

Maximum fees may apply in relation to the AMP Capital and SSgA options outlined on pages 27 to 31.

## **Performance fees**

Sunsuper generally compensates its investment managers based on a fixed percentage of the market value of the assets they manage on our behalf (e.g. 0.5% per annum). In some cases, investment managers are paid a lower base fee and an additional performance fee if they outperform a performance target. Sunsuper believes paying performance fees to its investment managers encourages sustained investment performance and avoids rewarding investment managers for underperformance. If an investment manager who has the potential to earn a performance fee underperforms their performance target, the investment manager needs to overcome their underperformance in future periods before another performance fee can be earned. An investment manager will not be paid a performance fee for any period where they underperform their target, ensuring any payments made are fair and reasonable.

## **About tax on investment earnings**

Tax on investment earnings for superannuation is usually much lower than on most other forms of saving. The maximum tax rate is 15% of investment earnings, but the actual rate may be lower because Sunsuper can offset tax payable with imputation credits from dividends on shares and other rebates.

The unit prices (refer to page 34) include an allowance for investment tax.

For each financial year, we ensure that for each option the investment tax deducted is not more than the actual investment tax incurred.

# Administering your investments

This section provides you with more information about how your investments are administered.

## When are transactions processed?

### Contributions

Contributions received by mail and in person at our Brisbane office, or from employers through our online system, by 3pm Brisbane time on a business day will be processed using the unit price for that day which is calculated using the latest available value of net assets at the close of business for that day.

Contributions received after this time will be processed using the unit price for the next business day. Contributions received through online banking systems on a business day will be processed using the unit price for that day.

Contributions tax, where applicable, is deducted from your contribution prior to the purchase of units in your selected investment option(s).

### Switches between investments

Switch requests received by 3pm Brisbane time on a business day will be processed using the unit price for that day which is calculated using the latest available value of net assets at the close of business for that day. Requests received after this time will be processed using the unit price for the next business day.

A switch involves the selling of units in one investment option and using these proceeds to purchase units in one or more other investment options. Your units are sold at the exit unit price and the new units are purchased at the entry unit price (see *What are buy/sell spreads?* on page 34). These two transactions are completed on the same business day.

Frequent switches between investment options, or attempts to time investment markets, present a risk to your superannuation account and future retirement benefits. Sunsuper does not endorse frequent switching between options and is not responsible for evaluating the suitability of any switches you make.

While we do not normally limit the number of switches you can make, we monitor members' accounts for frequent switching activity. Because frequent switching between investment options can have adverse effects on the Fund and other members, if we determine that you are switching excessively, we reserve the right to limit the number of switches you can make. Sunsuper is not responsible for any failure to limit the number of switches you make.

### Benefit payments and transfers between Sunsuper products

Payment requests and transfers will be processed using the last available unit price for the day we finalise the processing of your payment or transfer request. The processing of payments and transfers can be a lengthy process to complete in view of the level of information required and our dependency on external parties, including employers.

Given the time required to process requests, and the possibility that your investment value may fluctuate during the processing period, you may choose to switch your investment to a more stable option (e.g. cash) before submitting your request.

### Exceptions

The processing and pricing of contributions, switches and benefit payments may be delayed if we do not receive all the information required to process the transaction, or if we do not receive payment for your contribution.

If for any reason we can't allocate a contribution to an account, including if we can't get all the information we need, we will need to return it. Only the contribution amount we received will be returned to whoever it was received from. Any interest earned on the contribution before it was returned will be held in the Fund's reserves for the benefit of members.

We reserve the right to temporarily suspend the processing of member transactions and the calculation of unit prices if we have permission from a regulator, if we are required to by law or on the occurrence of an extraordinary event. An extraordinary event is any significant adverse event that we deem will impact some or all members and may include the suspension of normal trading on any exchange on which securities or derivatives held by an investment option are traded. To confirm any transactions involving your account, go to *Member Online* on our website at [sunsuper.com.au](http://sunsuper.com.au) or call us on **13 11 84**.

We reserve the right to restrict contributions, switches in, switches out and payments for any one or more investment options.

### Switching your investments is easy

You can change your existing balance and/or redirect any new money coming into your account to one or more alternate options at any time at no additional cost. **Simply go to *Member Online* on our website or complete an *Investment Choice* form and send it to us.**

Once you have made your choice, you should review your investments regularly to be sure you stay on track to reach your goals.

# Administering your investments (continued)

## Rebalancing your asset allocation

If you build your own asset allocation, you may need to rebalance your portfolio on an annual basis or more often in some circumstances. Rebalancing simply means bringing the weighting of each asset class in your portfolio back into line with your original allocation by moving money from one option to another. Your asset allocation gets out of line when some investments perform better than others. When you rebalance, you may be taking money out of investments that have done well and transferring it to others that have not performed as well. Although this may seem counterproductive, remember that it can be risky to rely too heavily on any one asset class. It is possible that the asset class with the highest returns this year may drop sharply next year. You may need to seek financial advice to help you manage your portfolio and ensure you have the right asset allocation. If you invest in a diversified option, professional investment managers rebalance your investment for you. You probably won't need to make a switch unless your personal circumstances or investor needs have changed.

## Can investment options change?

We may add new investment options, close existing investment options or alter any investment option from time to time. We will notify you of any significant change.

If we close an investment option, we will move your account balance in the closed investment option to another investment option we deem to be an appropriate substitute. You will be given the choice (if possible, before the investment option is closed) to select another investment option.

## What are unit prices and buy/sell spreads?

### What is a unit price?

When you invest in an investment option, you buy 'units' in that option. Each unit has a dollar value or 'unit price'. The number of units you buy is equal to the amount you invest (less contributions tax if applicable) divided by the unit price.

When an amount is withdrawn from an investment option, you sell 'units' in that investment option. The number of units you sell is equal to the amount to be withdrawn divided by the unit price.

### How and when is a unit price calculated?

Unit prices are generally calculated for each business day for each investment option based on the latest available value of net assets in each option at the close of business for that day. The unit price for a specific business day is normally calculated on the next business day.

Some of the assets included in our investment options are not subject to daily revaluations. As a result, the full realisable value of these assets may not be reflected in the value of net assets used in the unit price calculations, and hence Sunsuper reserves the right to exercise its discretion and use its best judgment in assigning an appropriate and latest available value to these assets.

To determine the unit price of an investment option, we calculate the total value of the option's assets minus its liabilities, divided by the number of units held by investors in that option. The unit prices include allowances for tax on investment earnings, administration fees and investment fees (including performance fees where applicable).

### How can you calculate your account balance?

Your account balance is calculated by multiplying the number of units you have in each investment option by the unit price for each option. As the unit prices are calculated on a daily basis, the value of your account may change daily.

### How can you review unit prices?

Historical unit prices are available at [sunsuper.com.au/unitprices](https://www.sunsuper.com.au/unitprices). The unit price for a specific business day will normally display online 2 business days later.

### How are member fees and insurance premiums paid?

Insurance premiums and member fees are deducted from your account by reducing the number of units you hold using the last available unit price. Member fees are normally deducted weekly and insurance premiums are normally deducted monthly.

### What are buy/sell spreads?

Buy/sell spreads are costs charged by investment managers for transaction costs incurred in buying and selling the underlying assets of an investment option. When money is invested in an investment option, the entry unit price includes a buy spread and is used to buy units.

When money is withdrawn from an investment option, the exit unit price includes a sell spread and is used to sell units. For some of the investment options, this cost is passed on to you.

We do not add a margin to the buy/sell spreads charged by the investment managers.

The buy/sell spreads for each investment option may vary from time to time to reflect the spreads charged by the relevant investment managers. For any investment option with a nil sell spread, we may, at our discretion, apply a sell spread (which reduces the unit price) if a Sunsuper employer requests either:

- all or part of the assets invested in an investment option within the plan account to be switched to another investment option, or
- a withdrawal from Sunsuper in order to transfer funds to another superannuation plan or fund.

The sell spread will be equal to the estimated sale cost of the underlying assets. When a sell spread is used, this will be an additional cost to members of that particular plan.

We will let you know the latest buy/sell spreads each year in our *Annual report*.

# Investment choice



Switching your investments is easy.  
Simply go to *Member Online* on our website **sunsuper.com.au**.

Sunsuper Pty Ltd ABN 88 010 720 840 AFSL No. 228975 Trustee of the Sunsuper Superannuation Fund  
ABN 98 503 137 921

Important: Please provide us with as much information as possible.

Use **BLOCK** letters and black ink when completing this form and ensure it is signed and dated.

**If you are under 18, please call us on 13 11 84 before completing this form.**

**Your Sunsuper member number**  
*(if already a member)*

## 1 Your details

Given names\*

Last name\*

Date of birth (dd/mm/yyyy)\*    Gender\* Male  Female

Street address / PO Box\*

Suburb / Town\*

State\*  Postcode\*

Contact phone\*

Preferred email address

**This applies to all of my investments under this member number:**

Yes  No

**If no, choose one of the following options:**

Corporate only  Solutions only

## Making an investment choice

Choosing the investment options your super is invested in could help you make the most of your money. Read the *Sunsuper Investment guide* carefully and call us if there are any additional details or explanation you need.

This form lets you choose up to 10 options for your existing account balance and for any money that comes into your account from now on. You can even choose a set of options for each, up to 10 in total.

**Make your choices over the page.**

## 2 Select how your investment choice is applied

**You can choose up to 10 investment options at any one time. You can change where your account balance is invested, change where the new money coming into your account gets invested, or change both.**

Please select an option below. If no option is selected the investment choice will apply to both your existing account balance and any new money coming into my account.

- I wish to change both my existing account balance and any new money coming into my account.
- I wish to change my existing account balance only.
- I wish to change any new money coming into my account only.

**Please complete the investment allocation table over the page and sign**



# Investment choice

## 3 Investment allocation

You can choose up to 10 investment options at any one time.

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DIVERSIFIED OPTIONS	Growth	.00%	11
	Balanced	.00%	BF
	Retirement	.00%	10
	Conservative	.00%	35
	Balanced-Index	.00%	13

SINGLE ASSET CLASS OPTIONS	<b>SHARES</b>		
	Shares	.00%	39
	Australian Shares	.00%	37
	Australian Shares – Index	.00%	44
	International Shares (hedged)	.00%	42
	International Shares (unhedged)	.00%	40
	International Shares–enhanced Index (hedged)	.00%	31
	International Shares–enhanced Index (unhedged)	.00%	32
	Emerging Markets Shares	.00%	47
	<b>PROPERTY</b>		
	Property	.00%	46
	Australian Property–Index	.00%	33
	<b>FIXED INTEREST</b>		
	Fixed Interest	.00%	12
	Fixed Interest–Index	.00%	23
<b>CASH</b>			
Cash	.00%	38	

SPECIAL OPTIONS	Ethical, Environmental and Socially Responsible Investments	.00%	17
	Capital Guaranteed	.00%	CG
		<b>100%</b>	

Your total investment allocation must be in whole numbers and must add up to 100%.

You can also change your account balance allocation by logging onto *Member Online*.

## 4 Important information and Declaration

Your changes will be effective from the date we receive this form, by 3.00pm Brisbane time on a business day. Forms received after that time will be effective from the next business day.

If this form is not fully completed in accordance with our instructions we will not be able to process your request, but we will contact you to complete another *Investment choice* form.

I have received and read the *Sunsuper Investment guide*. I understand that when adding to my super in future, I may not have:

- the most recent *Product Disclosure Statement (PDS)*
- been notified about any material adverse changes or significant events that adversely affects information in the *PDS* immediately before the change or event occurs.

Note – Sunsuper will let you know as soon as possible if there are any material adverse changes or significant events affecting your membership of Sunsuper.

- You can get the most up-to-date information at any time from our website at [sunsuper.com.au](http://sunsuper.com.au) or by calling us on **13 11 84**.

**If you are under 18, please contact us on 13 11 84 before completing this form.**

**Signature\*** Please fill out the information on the reverse and read the information above before signing.

X

Date (dd/mm/yyyy)\*

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more than dreams



**Contacting us is easy:**

-  13 11 84 (+61 7 3121 0700 when overseas)
-  [sunsuper.com.au](http://sunsuper.com.au)
-  GPO Box 2924 Brisbane Qld 4001
-  07 3016 7722
-  [twitter.com/sunsuper](https://twitter.com/sunsuper)

The *Sunsuper Investment guide* is prepared and issued by Sunsuper Pty Ltd, the issuer and Trustee of the Sunsuper Superannuation Fund (referred to as 'the Fund' or 'Sunsuper'):

Sunsuper Pty Ltd  
ABN 88 010 720 840  
AFSL No. 228975

Sunsuper Superannuation Fund  
ABN 98 503 137 921  
SPIN SSR 0100 AU

In 2011, Sunsuper has been recognised as one of Australia's leading superannuation funds by each of the separate independent organisations shown below.

For Ratings agency information refer to the inside back cover.



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