



Vision Personal investment guide

This statement was prepared on
1 October 2020

The information in this document forms part of the
Vision Personal Product Disclosure Statement dated **1 October 2020**

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

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

This PDS is up to date at the time it was prepared. Information in this PDS is subject to change from time to time. If a change does not materially affect you, we may update the information by notice on our website www.visionssuper.com.au and/or inclusion in the next newsletter. You can also call our Contact Centre on **1300 300 820**. A paper copy of updated information will be given to you without charge on request.

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

1. Risks of investing in super

All investments carry risks, including the investments you make as a Vision Personal member. Super funds invest in a diverse range of assets, including Australian and overseas shares, property, bonds, infrastructure and cash which are included in different investment strategies. Each investment strategy has a different risk profile depending on the assets that make up the investment strategy. Those assets offering the highest long-term returns, such as equities, may also carry the highest level of short-term risk. For further information about investment risks including risks specifically associated with each asset class and the risk profile of each of Vision Super's investment options, refer to section 2 of this guide.

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

These include:

Equity risk	Investors in shares or stocks take on equity risk in order to earn an equity risk premium. The equity risk premium is the extra return that investors require for investing their money in stocks, instead of holding it in a riskless or close to riskless investment.
Inflation and interest rate risk	There is a risk that inflation may exceed the return of your investments. If inflation is higher than your investment returns, this will diminish the real value of your benefits. As interest rates change, they can impact investment returns positively or negatively. Generally, as interest rates rise, the price of fixed interest securities (bonds) will fall; if rates fall, the price of bonds tends to go up.
Credit (including counterparty and bankruptcy) risk	There is a risk that a party in a contract will not live up to its contractual obligations. This is often also referred to as default/counterparty risk. This risk may result in lost capital and income, disruption to cash flows, and increased collection costs.
Liquidity risk	There is a risk that an investment can not be converted to cash quickly without having an undue negative impact on asset prices which may lead to a delay in meeting member switches or redemptions, or other payment obligations of the Fund, or may result in a loss.
Currency risk	When investing in overseas assets, the value of your investment will fluctuate with the value of the Australian dollar. To offset this currency risk in international investments, Vision Super partially hedges against currency fluctuations.
Operational risk	This risk is associated with fraud, human error, systems failures and inadequate procedures and internal management controls which could result in a material loss. This includes the risk of unit pricing errors. This may also include the risk that the valuation system incorrectly calculates a price for a derivative or its equivalent exposure.
Changes to government policy and legislation	Legislative changes may affect your benefit or your ability to access your benefit, such as changes to how super benefits are taxed, the caps (limits) on contributions that a super fund can accept, how super funds are taxed, and the preservation rules.
Climate/ESG Risk	The risk that environmental / climate factors will impair the value of your investments, or impact negatively on the cost of living in retirement. The risk that social factors (such as human rights, labour standards, health and safety) may result in litigation against companies, and/or reputational loss, which may impair the value of your investments. The risk that governance factors can result in companies not taking actions in the best interests of investors, which may impair the value of your investments.

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

2. How we invest your money

Investment options and performance

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

Your investment choice

You can invest in one or more of our Premixed options, each with asset allocations determined by us. If it suits your investment plan, you can also choose your own asset allocations using our Single sector options. You can also invest in a combination of Premixed and/or Single sector investment options.

Please note when you apply to join Vision Personal, you are doing so on the basis that your account balance (including contributions) will be invested in the Sustainable balanced investment option (a premixed option). As a member of Vision Personal you can also choose from 12 other investment options: Growth, Balanced growth, Balanced, Conservative, Just shares, Innovation and disruption, Australian equities, International equities, Property, Infrastructure, Diversified bonds and Cash, described later in this guide.

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

Investment principles

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

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

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

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

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

1. Risk tolerance

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

2. Risk versus return

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

3. Diversification

Diversification is a method of reducing investment risk. It means spreading your investments both across and within asset classes. The principle is that the more you diversify, the more you may be able to reduce investment risk. It is important to understand that there is a level of risk with all investments, and you can never diversify away market risk (risk that affects the market as a whole). Our pre-mixed options provide a degree of diversification across asset classes and the underlying investments. By their nature, single sector options are not diversified across different asset sectors but employ diversification in the underlying investments, with the innovation and disruption option being the least diversified because its focus is on a small number of companies that use technology in an innovative way.

4. Timeframe to invest

It is important to work out your time frame for investing. Generally, defensive asset allocations are better suited to short-term investment time frames. However, superannuation is generally seen as a long-term investment. More information about the principles of investing and the characteristics of the various asset classes can be found on our website, or by calling our Contact Centre.

Our approach to responsible investing

Our primary objective is to maximise our members' investment returns so that our members have more for their retirement. One of the means by which we try to achieve this objective is to instruct our underlying investment managers to incorporate Environmental, Social and Governance (ESG) considerations into their investment decision-making processes. Research shows that ESG factors, when integrated into investment analysis and portfolio management, improves long-term investment performance.

We are a signatory and member of a range of organisations that promote responsible investing in the superannuation industry, including the Principles for Responsible Investment (PRI), the Australian Council of Superannuation Investors (ACSI) and the Responsible Investment Association Australasia (RIAA). We are also a signatory to the Global Investor Letter to governments on Climate Action, the Paris Pledge for Action (Paris Climate Change Agreement), the Workforce Disclosure Initiative (WDI) and a support investor of the Climate Action 100+ initiative.

The Vision Super ESG policy integrates sustainability and social responsibility into our everyday operations. We consider labour standards, environmental, social and ethical considerations, as well as key financial criteria, when selecting, retaining or realising investments of the Fund. This applies to all asset classes but tends to have more relevance to the listed equity asset classes.

We vote at meetings of our direct listed equity shareholdings according to our ESG Policy. Issues may be related to the election of directors, board structure, executive remuneration and incentive plans, and shareholder rights such as environmental and social considerations. When we have concerns about a company in relation to a proposal, we may choose not to support that proposal if it is not in the best interests of members or is contradictory to our investment beliefs and governance framework.

We have determined that we will not invest in companies that derive material revenue from the manufacture or production of controversial weapons such as land mines, cluster bombs or nuclear weapons. We will also not invest in companies that derive material revenue from the mining of thermal coal, tar sands or tobacco manufacturers.

When searching for new (or reviewing existing) active investment managers, our due diligence includes an assessment of how environmental, social and governance risks are incorporated into the investment process. The investment managers are asked to specify the resources they have available to analyse ESG risks, including personnel and their expertise, and engagement with external research services.

We have low carbon benchmarks for our indexed listed equity investments, which represent about half our listed equities exposure.

The indexed component of our Australian equities portfolio is managed under a mandate that provides a tilt to low carbon emitters. The manager endeavours to achieve a reduction of 12.5% in the carbon emissions of an equivalently sized portfolio.

The indexed component of our International equities portfolio is managed to the global MSCI World ex Australia Index unhedged and calculated in Australian dollars. The portfolio is managed to reduce carbon emission intensity by 70% and carbon reserves by 50% when compared to the benchmark.

In addition, our Australian small companies manager aims to have a 25% reduction in the portfolio carbon intensity relative to its standard model portfolio.

For our other active equity portfolios, our managers are required to consider ESG principles in their company evaluations. Our investment managers must include in each evaluation a reasonable estimate of the impact of phasing out fossil fuel usage, consistent with limiting global warming to no more than 1.5 degree centigrade above pre-industrial global mean temperature. This follows the Intergovernmental Panel on Climate Change assessment (IPCC) Report in October 2018, which revised the safe level of warming human civilisation can tolerate.

This shift to low carbon investment reinforces our commitment to sustainable investments, which has included over a decade of major investments in wind, solar and hydro power assets.

The Sustainable balanced option has a particular focus on environmental considerations, with 100% of the Australian and International equities portfolios managed to low carbon benchmarks.

More information about our approach to responsible investing is available at

www.visionsuper.com.au/investments/active-ownership

www.visionsuper.com.au/sustain

www.visionsuper.com.au/images/member-reports/esg2018.pdf

What is passive investing?

The Sustainable balanced option is passively invested. Vision Super has built a portfolio that closely mimics the performance of a market index. This is the opposite of active investing, which is building a portfolio that is different from a market index in an attempt to outperform it, and comes with higher costs.

Passive investing keeps your fees low, and that's what Vision Personal Sustainable balanced is all about. We believe that by keeping fees low you'll benefit in the long run.

Your strategy

An important part of successful superannuation investing is to set a strategy for the long-term and regularly monitor investment performance to ensure it is meeting your personal objectives. Before making any decisions about investing your super, you should seek advice from a licensed financial adviser.

Switching

You can switch between investment options via our website using Vision Online or the Vision Super mobile app, or by supplying a valid original Investment Choice Election Form which is available from our website or our Member Services team. You can switch some or all of your account balance by nominating percentages of your account balance.

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

When can investment switches be made?

For investment options other than the Property and Infrastructure options, investment switching may occur at any time (subject to processing requirements).

When investing in the Property and/or Infrastructure option, restrictions apply to when you can switch. Trading windows will apply, you will only be able to switch into or out of the Property or Infrastructure option at certain times. These windows will be the middle months of each quarter, that is, switches into or out of these options can be made in the months of February, May, August and November. These may be subject to change depending on markets and there may be deferrals or delays imposed on the trading windows, or the windows may be shortened. Trade windows have been applied due to the infrequency of pricing, allowing members to only trade within the windows and reducing the potential for gaming the pricing periods of the fund.



Up to date information about the trading windows including any deferrals or delays will be made available on the website at www.visionsuper.com.au/investments

Nomination of payment regarding withdrawals

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

Types of switching requests that may be made?

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

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

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

Please note: where you have your benefit invested in multiple investment options and make a switch to one or more of those options while also leaving one unchanged, there will be small movement of units in the option you made no change to. This occurs as part of the switching process to maintain your percentage allocation in that option at the time of the switch instruction. For members invested in the property and infrastructure options this means there may be instances where there are small movements in your unit holdings outside of the prescribed trade windows.

Important information about restrictions applicable to the Property and Infrastructure options

Members can only choose the Property and/or Infrastructure option if they understand and agree that:

- > Vision Super is able to freeze one or both investment options for a period of up to two years without prior notice which means that Vision Super can reject or suspend withdrawals (including transfers or rollovers) and switching requests relating to the frozen option during this period where Vision Super considers this necessary or appropriate, unless a withdrawal exception applies;
- > that switching into and from these investment options can only occur during specified trading windows, four times each financial year, and switching requests outside these trading windows may take longer than 30 days to process (but will be processed as soon as practicable);
- > if the Property and/or Infrastructure option is frozen, members invested in the frozen option (or their beneficiaries) will only be able to access their benefits (in cash or by transfer/rollover to another fund) in the following circumstances (referred to as withdrawal exceptions), however the withdrawal request may take longer than 30 days to process:
 - > Permanent Incapacity
 - > Terminal illness
 - > Severe financial hardship
 - > Compassionate grounds
 - > Death
 - > Payment of a Family Law split
 - > Payments to the ATO for example Division 293 tax.

Property and Infrastructure options are subject to these restrictions as these are illiquid investments due to the nature of the underlying investments which are rarely traded and/or less frequently valued; there can be significant events which further impact valuation and there can be market stress events that may result in the option(s) being frozen and/or further restrictions.

Should these options be frozen at any time, we will communicate to members who are invested in the option as soon as practicable.

Vision Super reserves the right to close either or both these investment option, or vary the terms and conditions (including restrictions) applicable to these options, at any time. This may occur without prior notification or the member's consent.

Restrictions

It is important to note that when investing in the Property and/or Infrastructure options, restrictions apply to when, and how much, you can switch into, or from, these investment options.

Trading windows apply; you will only be able to switch into or out of the Property and/or Infrastructure options at certain times. These windows will be the middle months of each quarter, that is, you can switch into or out of these options in the months of February, May, August and November. These trading windows are subject to change depending on markets and there may be deferrals or delays imposed on the trading windows, or the trading windows may be shortened.

Up to date information about the trading windows including any deferrals or delays will be made available on the website at www.visionsuper.com.au/investments

When investing in the Property and/or Infrastructure options you can only invest a maximum of 25% of your total accumulation balance (as at the date of your switch) in each of these options. The maximum amount is subject to change.

Up to date information about the maximum limit may be made available on the website at www.visionsuper.com.au/investments.

When investing in the Property and/or Infrastructure options, you are only permitted to switch amounts already held in your account balance; you cannot make an election for future transactions (contributions or withdrawals) for these options.

Are there any switching costs?

No switching fees will apply. Buy-sell spreads are currently nil for all Vision Super investment options. This is based on the current level and pattern of member transactions and the current level of transaction costs incurred by our Investment managers. If circumstances change, Vision Super may need to change buy-sell spreads to ensure it is able to more appropriately recover the transaction costs that result from member transactions. For more information on transaction costs and buy-sell spreads refer to our additional guide titled 'Vision Personal Fees and costs'.

How are investment switches processed?

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

It is important to note that unit prices for the Property and Infrastructure options are expected to be lumpy, that is, the movements in unit prices are more likely to be large infrequent movements, rather than continuous adjustments, reflecting the nature of the underlying investments.

Frequent switching between investment options and trying to second-guess the market can be risky, particularly for high-risk investment options designed to be held in the long-term (6–12 years). You should switch only after a thorough review of your long-term investment strategy.

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

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

Derivatives

Derivatives are investments where investment values are based on one or more underlying physical securities. For instance, the value of a share option is based on the price of the underlying share.

Vision Super permits the selective use of derivatives as part of its investment strategy in any of its eleven investment options. Derivatives enable us to hedge against risk by increasing or decreasing exposure to individual securities and markets without having to buy or sell underlying physical securities.

Unit prices

When you invest with Vision Super, your money buys a number of units in each of your nominated or default investment options. These units are purchased using a 'buy' price. Where transaction costs are recovered through a buy-sell spread, the 'buy' price is calculated by taking the value of the unit, that is known as the 'mid' price, and then applying the cost of the transaction to that price. The same principle is applied to the prices when you sell units (e.g. when you switch options or withdraw money). This is known as the 'sell' price and reflects, if a buy-sell spread is applied, the cost of that transaction. Any transaction on your account that involves the buying (eg. contributions, rollins) or selling units (eg. withdrawals, deduction of fees and insurance premiums) is usually processed using the latest unit price as described below.

Your account balance is always based on the unit 'sell' price, which is the amount you would receive for the units you hold in Vision Super investment options should we make a benefit payment to you or rollover your benefits to another fund.

Unit prices go up and down according to investment performance and the unit price of an investment option will fluctuate to reflect investment earnings (which can be positive and/or negative). The extent to which unit prices fluctuate may depend on the investment option you choose, for example, the Property and Infrastructure options may fluctuate less often and to a greater degree than other options. These movements are ultimately reflected in your account balance.

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

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

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

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

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

Our Premixed options

Our Premixed options offer a blend of asset allocations applicable to different investment objectives and tolerance to risk, subject to benchmark allocations and indicative ranges described below. You have a choice of different Premixed options: Growth, Sustainable balanced, Balanced growth, Balanced and Conservative.

Please note when you apply to join Vision Personal, you are doing so on the basis that your account balance (including contributions) will be invested in the Sustainable balanced investment option. As a member of Vision Personal you can also choose from 12 other investment options: Growth, Balanced growth, Balanced, Conservative, Just shares, Innovation and disruption, Australian equities, International equities, Property, Infrastructure, Diversified bonds and Cash, described below.

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

It should be noted the investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.

It should also be noted that the value of investments can go up and down. Past performance is no indication of future performance.

Our Single sector options

Our Single sector options offer access to sectors that are predominately made up of an individual asset class or a small number of similar asset classes. Single sector options give you the ability to invest solely in an individual asset class, or choose more than one single sector option to create your own mixed portfolio. Single sector options can also be used in combination with Premixed options.

You have a choice of different Single sector options: Just shares, Innovation and disruption, Australian equities, International equities, Property, Infrastructure, Diversified bonds and Cash.

You should proceed cautiously when investing in Single sector options. You should objectively consider your familiarity with the individual asset classes, investments within the asset class, economic cycles and their impacts (positive and negative) on investment markets and, in particular, the performance of asset classes. You should also take into account switching and withdrawal restrictions applicable (or that may become applicable) to the Property and Infrastructure options.

If you choose your own asset allocation, remember that your actual asset allocation will change over time depending on the performance of each asset class in which you have invested. If you are using Single sector options, you should review your asset allocation at least once a year to ensure it is still consistent with your objectives and to ensure you are sufficiently diversified across asset classes. You should have a properly developed investment strategy and investment objective.

We recommend that you seek financial advice if you need assistance with this.

The Single sector options aim to achieve returns that meet their respective investment objectives. The performance of these Single sector options is measured against recognised investment benchmarks. Single sector profiles include the investment objectives and strategies behind each portfolio. An explanation of the asset classes in which each option invests appears at the end of this guide.

It should be noted the investment objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.

It should be noted that the value of investments can go up and down. Past performance is no indication of future performance.

Benchmark allocations and indicative ranges

The charts describing asset allocations set out in this Guide are the long-term, strategic asset allocations for the Premixed options. Actual asset allocations may vary from the benchmark allocations within indicative ranges from time to time depending on market conditions and fund cash flows. In particular, we may alter asset allocations within the indicative ranges to manage investments through changing market conditions, including adverse or abnormal market conditions. For information about actual asset allocations at the end of each financial year, refer to the latest annual report available on our website at www.visionsuper.com.au.

Comparing performance

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

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

You should also be aware that past performance is no indication of future performance for Vision Super or any other superannuation fund. Information about Vision Super's investment performance is available from www.visionsuper.com.au.

Investment objectives

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



For our Single sector options, the investment objective is to out perform internationally recognised market indices, relevant to the specific sector. For example, for equities we use stock exchange indices, as this gives a measure of the broader market performance. Property and Infrastructure have CPI plus objectives.

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

Strategy

While the investment objective states the investment aim, the strategy provided for each option is a guide on how we intend to go about achieving the objective. As noted above, these objectives are not predictions or forecasts, but merely represent a performance measure for each strategy.

Standard Risk Measure

The summary risk level for each option is based on a Standard Risk Measure which is, in turn, based on industry guidance to allow members to compare investment options that are estimated to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk. For instance it does not state what the size of a negative return, or the potential for a positive return, could be. It is based on predictions of the future economic environment which may change over time. Further, it does not take into account the impact of administration fees and tax on the predicted negative returns.

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

Innovation and disruption

Innovation and disruption commenced on 12 February 2018. This option is currently invested with one active manager. This may change in the future if additional managers are needed and fit with the option's strategy.

The current manager invests in a small number of companies with the aim of maximising growth. This approach has led to investing in companies that have used technology in various forms to power their growth. Such companies generally utilise innovative techniques in an attempt to achieve sustainable, above market growth.

The Innovation and disruption option is partially hedged, consistent with Vision Super's other international equities options. For more information about hedging, refer to pages 15 and 17 of this guide.

Premixed options

Growth

Most suitable for

Members who are prepared to accept a more aggressive asset allocation than the 'Balanced growth' option. This option has the potential of providing higher returns, but also increases the risk of a negative return.

Strategy

To invest in a diversified portfolio with a high exposure to equities.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 4.0% per annum.

Asset class

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
Australian equities	31.5%	21.5 – 41.5%
International equities	38.5%	28.5 – 48.5%
Opportunistic growth	0%	0 – 25%
Infrastructure	12%	2 – 22%
Property	11%	0 – 21%
Alternative debt	5%	0 – 15%
Diversified bonds	0%	0 – 10%
Cash	2%	0 – 12%

Summary risk level

High.

Estimated frequency of a negative annual return

5 in 20 years on average.

Minimum investment time frame

Long-term (6 to 12 years).

Sustainable balanced

Most suitable for

Members who are prepared to accept a more aggressive asset allocation than the 'Balanced' option, and have an interest in socially responsible investing. This option has the potential of providing higher returns, but also increases the risk of a negative return.

Strategy

To invest in a diversified portfolio with a moderate exposure to cash and diversified bonds, and a higher exposure to equities, while having regard to ESG principles.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 3.0% per annum.

Asset class

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
Australian equities	27%	17 – 37%
International equities	33%	23 – 43%
Property	10%	0 – 20%
Gold	0%	0 – 5%
Diversified bonds	20%	10 – 30%
Cash	10%	0 – 20%

Summary risk level

High

Estimated frequency of a negative annual return

5 in 20 years on average

Minimum investment time frame

Long-term (5 to 10 years)

The Sustainable balanced option differs from the other investments in three ways:

- > **Simpler option with fewer asset classes**
- > **Passively managed**
- > **100% of the equity allocation is managed to a low carbon benchmark.**

Balanced growth

Most suitable for

Members who are prepared to accept a more aggressive asset allocation than the 'Balanced' option. This option has the potential of providing higher returns, but also increases the risk of a negative return.

Strategy

To invest in a diversified portfolio with a moderate exposure to cash and diversified bonds, and a higher exposure to equities.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 3.5% per annum and to outperform (after fees and taxes) the median default superannuation fund over rolling three year periods, assessed using the SR50 MySuper Index from the SuperRatings Fund Crediting Rate Survey.

Asset class

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
● Australian equities	24%	14 – 34%
● International equities	29%	19 – 39%
○ Opportunistic growth	0%	0 – 20%
● Infrastructure	11%	0 – 21%
● Property	11%	0 – 21%
● Alternative debt	11%	0 – 20%
● Gold	0%	0 – 5%
○ Diversified bonds	10%	0 – 20%
● Cash	4%	0 – 13%

Summary risk level

High.

Estimated frequency of a negative annual return

4 in 20 years on average.

Minimum investment time frame

Long-term (5 to 10 years).

Balanced

Most suitable for

Members who want a balance between risk and return.

Strategy

To invest in a diversified portfolio with exposure to cash, diversified bonds, property and equities.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 2.5% per annum.

Asset class

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
● Australian equities	15%	5 – 30%
● International equities	20%	10 – 30%
○ Opportunistic growth	0%	0 – 15%
● Infrastructure	10%	0 – 19%
● Property	10%	0 – 19%
● Alternative debt	15%	5 – 25%
● Gold	0%	0 – 5%
○ Diversified bonds	15%	5 – 25%
● Cash	15%	5 – 25%

Summary risk level

Medium to high.

Estimated frequency of a negative annual return

3.5 in 20 years on average.

Minimum investment time frame

Long-term (4 to 8 years).

Conservative

Most suitable for

Members who wish to select a less aggressive asset allocation in exchange for more stability and security.

Strategy

To invest in a diversified portfolio with a higher exposure to cash and diversified bonds, and a lower exposure to equities.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 1.5% per annum.

Asset class

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
● Australian equities	6%	0 – 20%
● International equities	8%	0 – 20%
○ Opportunistic growth	0%	0 – 10%
● Infrastructure	10%	0 – 16%
● Property	10%	0 – 16%
● Alternative debt	15%	5 – 25%
● Gold	0%	0 – 5%
● Diversified bonds	15%	5 – 25%
● Cash	36%	25 – 50%

Summary risk level

Low to medium.

Estimated frequency of a negative annual return

1.5 in 20 years on average.

Minimum investment time frame

Medium-term (3 to 6 years).

Single sector options

Just Shares

Most suitable for

Members who are prepared to accept a more aggressive asset allocation than the 'Growth' option. This option has the potential of providing higher returns, but also increases the risk of a negative return.

Strategy

To invest in a premixed portfolio of Australian and international equities, with allocations to both active and passive managers.

Investment objective

This option aims to outperform (after fees and before taxes)

45% S&P/ASX 300 Accumulation Index

55% MSCI All Countries World ex Australia Net Dividends Index, partly hedged based on the long term strategic currency exposure target.

Asset class

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
● Australian equities	45%	35 – 55%
● International equities	55%	45 – 65%

Please note that from time to time the investment managers may hold cash.

Summary risk level

Very high.

Estimated frequency of a negative annual return

6 in 20 years on average.

Minimum investment time frame

Long-term (7 to 14 years).

Innovation and disruption

Most suitable for

Members who are prepared to accept an aggressive asset allocation which has the potential of providing higher returns, but also increases the risk of a negative return. Members should be comfortable with the risks associated with investing in emerging or developing technologies.

Strategy

To invest in high growth companies overseas that are disruptive and innovative within their industry. These companies generally use technology in various forms to power their growth. The companies are usually listed on one or more overseas stock exchanges however there will also be an exposure to unlisted assets in the option.

Investment objective

This option aims to outperform (after fees and before taxes) the MSCI All Countries ex-Australia Net Dividends Index, partly hedged based on the long term strategic currency exposure target.

Asset classes

100% International equities.

Please note that from time to time the investment managers may hold cash.

Summary risk level

Very high.

Estimated frequency of a negative annual return

6 in 20 years on average.

Minimum investment time frame

Long-term (7 to 14 years).

Innovation and disruption

Innovation and disruption commenced on 12 February 2018.

The option is one of our least diversified single sector options. Our single sector options are, by nature, not diversified across asset class sectors, but many are diversified in the underlying investments. This option has a concentrated portfolio of companies and by investing a large proportion of your account in this one option, your performance will be driven by the performance of these companies.

This option is currently invested with one active manager. This may change in the future if additional managers are needed and fit with the option's strategy. The Innovation and disruption option is partially hedged, consistent with Vision Super's other international equities options.

Australian equities

Most suitable for

Members who are prepared to accept an aggressive asset allocation which has the potential of providing higher returns, but also increases the risk of a negative return.

Strategy

To invest in Australian companies usually listed on the Australian Stock Exchange (ASX) with allocations to both active and passive managers.

Investment objective

This option aims to outperform (after fees and before taxes) the S&P/ASX 300 Accumulation Index.

Asset classes

100% Australian equities.

Please note that from time to time the investment managers may hold cash.

Summary risk level

Very high.

Estimated frequency of a negative annual return

7 in 20 years on average.

Minimum investment time frame

Long-term (7 to 14 years).

International equities

Most suitable for

Members who are prepared to accept an aggressive asset allocation which has the potential of providing higher returns, but also increases the risk of a negative return.

Strategy

To invest in overseas companies usually listed on one or more overseas stock exchanges, with allocations to both active and passive managers.

Investment objective

This option aims to outperform (after fees and before taxes) the MSCI All Countries World ex Australia Net Dividends Index, partly hedged based on the long term strategic currency exposure target.

Asset classes

100% international equities.

Please note that from time to time the investment managers may hold cash.

Summary risk level

Very high.

Estimated frequency of a negative annual return

6 in 20 years on average.

Minimum investment time frame

Long-term (7 to 14 years).

Property

Most suitable for

Members who are prepared to accept a more aggressive asset allocation than the 'Balanced growth' option. Members should be comfortable with the risks associated with investing in commercial property. Members should note that this option invests in rarely traded assets and is not suitable for a short term investment horizon.

Strategy

To invest in a portfolio of property, predominantly located in Australia. This is through unlisted property funds which invest in office, retail and industrial properties, with small allocations to healthcare and education properties. The property funds used will generally target gearing of 10-30% of gross asset value. Investment is primarily in existing buildings, but may include some development projects on a build-to-own basis. This option has the capacity to invest in listed real estate vehicles and may also include cash allocations from time-to-time.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 3.0% per annum.

Asset classes

100% property.

Please note that from time to time the investment managers may hold cash.

Summary risk level

High.

Estimated frequency of a negative annual return

4 in 20 years on average.

Minimum investment time frame

Long-term (7 to 14 years).

Infrastructure

Most suitable for

Members who are prepared to accept a more aggressive asset allocation than the 'Balanced growth' option. Members should be comfortable with the risks associated with investing in infrastructure assets.

Strategy

To invest in a portfolio of Australian and global infrastructure assets. This is through unlisted infrastructure funds which invest in a diverse range of infrastructure sectors such as electricity distribution networks, airports, seaports, pipelines, toll roads, water utilities and other areas. Typically investment will be equity investments and the average gearing level is moderate, but ranges from low to high depending on the asset. Investment is primarily in operating assets, but may include some development projects. This option has the capacity to invest in listed infrastructure and may include cash allocations from time-to-time.

Investment objective

This option aims to outperform (after fees and taxes) the rate of increases in inflation as measured by the CPI by 3.5% per annum.

Asset classes

100% infrastructure.

Please note that from time to time the investment managers may hold cash.

Summary risk level

High.

Estimated frequency of a negative annual return

4 in 20 years on average.

Minimum investment time frame

Long-term (7 to 14 years).

Property and Infrastructure options

Property and Infrastructure options commenced 1 October 2020 and have certain restrictions given the unlisted nature of the underlying vehicles in these options, meaning pricing is less frequent.

Vision Super will issue daily unit prices for these options but expect movements to be lumpy (that is, larger and more infrequent) due to the nature of the investments.

These options have trading windows to help ensure equity across fairness between our members. Generally, members can only switch in and out of these options or withdraw monies from these options (including by way of transfer or rollover) during the months of February, May, August and November. See pages 4 and 5 for more information.

These options may be frozen to switches or withdrawals at any time for up to two years to help ensure equitable treatment for all members.

Diversified bonds

Most suitable for

Members who wish to select a less aggressive asset allocation in exchange for more stability and security.

Strategy

To invest in interest bearing bonds and some indexed bonds in Australia and overseas.

Investment objective

This option aims to outperform (after fees and before taxes)

50% Bloomberg Ausbond Composite All Maturities Bond Index

50% FTSE World Government Bond Index ex Australia (hedged in AUD)

Asset classes

The long term strategic asset class allocation is shown below, together with the indicative ranges within which the actual allocation for each asset class may vary from time to time:

Asset Class	Allocation	Indicative Range
<input type="radio"/> Diversified bonds	100%	80 – 100%
<input type="radio"/> Alternative debt	0%	0 – 10%
<input checked="" type="radio"/> Cash	0%	0 – 10%

Summary risk level

High.

Estimated frequency of a negative annual return

5 in 20 years on average.

Minimum investment time frame

Medium-term (3 to 6 years).

Cash

Most suitable for

Members who wish to select a less aggressive asset allocation in exchange for more stability and security

Strategy

To invest cash in money market securities such as bank term deposits and bank bills.

Investment objective

This option aims to outperform (after fees and before taxes) the Bloomberg Ausbond Bank Bill Index.

Asset class

100% Cash.

Summary risk level

Very low.

Estimated frequency of a negative annual return

It is not expected to provide negative returns over any period.

Minimum investment time frame

Short-term (0 to 3 years).

4. Balancing risk and return

Risks

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

Clearly, there is little you can do about external forces affecting your investments, but you can strongly influence outcomes through your choice of investment options. As a rule of thumb, growth investments carry a greater risk and may deliver higher returns over the long-term. However, they can also produce negative returns, particularly over the short-term. As such, extended investment periods may be appropriate for investors with significant exposure to equities and property.

Returns

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

The risk and return for Premixed and Single sector options

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

When you invest in Single sector options, you are exposed to the performance associated with the specific risks of the asset classes. If you choose Single sector options, we suggest that you consider diversifying your investment and spreading your risk.

You should note that the innovation and disruption option is less diversified in terms of the number of companies and industry sectors invested in, because of its focus on companies using technology to power their growth. We strongly recommend the innovation and disruption option be part of a diversified investment strategy that takes your personal circumstances into consideration.

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

Get more advice

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

5. Additional explanation of asset classes

Australian equities

Investments in Australian companies (via 'shares' or 'equities') are usually listed on the Australian Stock Exchange (ASX). The expected return is higher than some other asset classes but the risk is greater.

The Fund receives franking credits from some Australian share investments. These are tax credits available to investors for income earned in the form of franked dividends by Australian listed companies. If a dividend is franked, it means that some or all of the dividend relates to income that the company has paid tax on.

Risks

Sharemarkets go up and down, but generally trend upward over a period of 20 years or more. The risk associated with equity investments is linked to a complex mix of financial influences including economic trends both here and overseas, interest rate movements, political change, consumer spending, employment levels, inflation and investor confidence.

The long-term upward trend for sharemarkets is due to the growth in the capital value of companies. The risk is that some companies can shrink or disappear. That is why your equity investments should diversify across a number of companies and industry sectors.

The long-term growth of equities makes some investment in Australian shares an important part of an investment strategy extending over five years or more. You may experience some years of zero or even negative returns in Australian equities but, over time, they have generally delivered an overall positive return.

International equities

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

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

Risks

The risks outlined for Australian equities also apply substantially to overseas equities, except that there is the added potential for volatility caused by volatile currency exchange rates. If you are investing in overseas markets in Australian dollars, the value of your investment will decline if the Australian dollar value increases substantially against other currencies. Of course, the opposite is true if the Australian dollar value declines.

To offset this risk, some super funds hedge against currency fluctuations. Generally, Vision Super's overseas equity investments are partially hedged, but from time to time this may change depending on our assessment of likely currency movements. This may mean you have substantial exposure to the Australian dollar value on currency markets.

A large proportion of Vision Super's overseas equity portfolio is invested in the world's developed sharemarkets. However, in recent years, the Fund has invested a higher proportion of the portfolio in emerging markets.

Property

This asset class involves investing in properties including investments in shopping centres, office buildings, factories and warehouses. We invest in property through property trusts when we believe that they may have the potential to deliver good investment returns. The property trusts may be listed or unlisted and may include both Australian and international investments. Return from property comes from both rental income and capital growth (increase in the valuation of the property). We do not invest directly into property.

Risks

Some people believe that Australian property prices never go down. They feel comfortable with 'bricks and mortar' investments because, amongst other things, they include their own home. However, there are risks associated with property investments, linked to economic drivers like employment levels, consumer confidence and, in particular, interest rates.

Like equities, the long-term trend in Australian property prices is upwards, but the market can flatten out and even be negative, particularly if the Australian economy enters recession. Historically, returns on property have been higher than bonds over the longer-term, but with higher risk.

Opportunistic growth

Opportunistic Growth is an alternative asset class and includes investments that allow our managers to take advantage of special opportunities that may arise across the broad spectrum of investment markets, both domestically and internationally.

Opportunistic Growth investments generally have growth attributes, depending on the underlying investments and the proportion of debt (leverage) used in the strategy or investment. An example of opportunistic growth exposure is an investment in private equity where venture capital private equity managers invest in start-up technology companies such as Facebook. Other examples are property development or funds that reposition properties and then sell them.

Many opportunistic growth assets take many years to mature and the profits may not be realised until the investment is sold.

Risks

The risk associated with well-selected opportunistic growth assets is not substantially different to investments in Australian and international equities.

Infrastructure

Infrastructure can be both listed and unlisted. Currently, Vision Super only invests in unlisted Infrastructure where the focus is on mature assets with long-term, contracted cash flows. This asset class has both growth and defensive characteristics depending on the proportion of debt and new development associated with the assets in the underlying fund or investment vehicle.

Good examples are toll roads and seaports, which may provide long-term growth opportunities, but potentially some volatility in returns due to a variety of factors and trends. Infrastructure investments with defensive characteristics might include investments in infrastructure like public transport, communications networks, water companies and electricity distribution networks, which generally benefit from consistent revenue streams, but not the growth potential of other assets.

Our infrastructure investments may include both Australian and international investments.

Risks

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

Diversified bonds

Diversified bonds are issued by Federal, State and Local Governments and by some companies. If you buy a bond it usually entitles you to regular payments of interest over a fixed period plus the return of the loan amount at the end of the period. Our diversified bond investments include both Australian and international bonds and both nominal and inflation linked bonds. In the current environment some overseas bond markets have bonds with interest rates below zero meaning that the investor pays rather than receives interest payments.

Risks

The bond market is a complex trading environment, driven by economic factors, an issuers credit rating, investor sentiment towards growth assets like equities and interest rate movements. In a rising interest rate environment, diversified bonds can lose some of their capital value and returns may be negative. With interest rates so low all over the world the prospects for positive capital returns from bonds are lower and the potential risks are higher than normal.

Cash

This is not just money in the bank but also money invested for a short time in money market securities such as bank term deposits and bank bills.

Risks

The risk associated with cash investments are generally minimal, although the investment upside is also minimal. Cash is a safe haven in times of economic uncertainty and occasionally you may wish to preserve capital by allocating some of your super to cash. In periods of high inflation, cash interest rates may not keep up with the increase in inflation and therefore (in real terms) investors may experience a reduction in their investment.

Alternative debt

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

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

Investments may also include specialist investments in sub-sectors such as bank loans, high yield, emerging market debt and other alternative debt markets. While duration is low, maturities may be longer-term.

Risks

The risks associated with floating rate debt are similar to diversified bonds which is primarily driven by economic factors such as inflation risk, credit risk and liquidity risk. As such, investors may not be able to buy and sell these securities at certain times at market prices. Floating rate debt is a sub asset class of diversified bonds and consequently, members cannot directly invest in the floating rate debt asset class.

Gold

Gold is a very liquid commodity easily bought and sold in physical form, futures or exchange traded funds. Over very long periods, gold has maintained its value. This gives it an advantage over long time periods compared with currencies, which generally lose value over time. When interest rates are very low and debt levels very high, gold may provide valuable defensive characteristics as cash and fixed interest become expensive.

Risks

Gold can be very volatile, increasing or declining in value sharply. Over long periods gold is not expected to provide strong positive returns although this can and has occurred over short periods. The value of gold can also be affected by major new finds. Less than 10% of gold is used for industrial purposes - its value very much relates to its historical role as a store of value.

More on currency

Changes in the value of the Australian dollar on currency markets can significantly affect the investment performance of overseas assets. Each investment option has a target foreign currency exposure. Overseas investments are partially hedged in accordance with the Fund's foreign currency management policy.

Here to help

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

Monday – Friday (not including Victorian public holidays)

email memberservices@visionsuper.com.au

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