investor education

AvSuper investment education – Understanding AvSuper's asset classes

When investing, different asset classes can impact on your overall investment performance. Some studies have even indicated that up to 90% of differences in returns between investment portfolios can depend on adequately diversified asset allocations rather than the actual asset performance.

Most investments are classified within various main groups known as asset classes. The following is a brief outline of the major asset classes AvSuper uses to diversify investments.

Asset Class	Examples	Characteristics
Cash	Bank deposits and short-term money market securities	Cash is a stable investment that provides steady returns. While the chance of losing money is remote, the returns tend to be the lowest of all asset classes.
Fixed Interest	Securities such as bonds and debentures	Over the long-term, fixed interest tends to provide better returns than cash, but lower returns than property and shares.
Property	Retail, commercial or industrial real estate	Over the long-term, property tends to earn more than fixed interest or cash, but generally less than shares.
Infrastructure	Investments in projects such as large scale public systems and services such as roads and airports	Infrastructure assets usually have low price volatility and steady investment returns similar to property investments.
Alternative investments	Hedge Funds and many private equity investments	Over the long-term, alternative investments tend to earn more than property, fixed interest or cash, but fluctuate in value more in the short term, so they carry a medium to high level of risk.
Shares	Units of ownership in companies listed on a public share markets (such as the Australian Stock Exchange)	Shares tend to earn the highest returns over the long term, but are more likely to fluctuate in the short term which makes shares a higher risk investment.

GPO Box 367 Canberra, ACT 2601
Email: avsinfo@avsuper.com.au
Freecall: 1800 805 088
Phone: 02 6268 4722 Fax: 02 6268 4469