



Investment Guide



Your guide to AvSuper's investment options

1 November 2023

About this document

The information provided in this Guide is general only and does not take into account your personal financial situation or needs. You should therefore consider obtaining financial advice that is tailored to your personal circumstances from a licensed financial adviser.

Information in this Guide is subject to change from time to time and may be updated. Any updates to information that are not materially adverse, will be available on our website avsuper.com.au and can be given to you in printed or electronic form (free of charge) upon request. Our target market determination is available at avsuper.com.au/policies/TMD.

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Contents

Investing in super	4
AvSuper's default strategies	4
How do I choose?	4
AvSuper performance	6
How do you manage my investment?	7
Understanding investment options	8
What are the main risks?	8
AvSuper options	10
What else do I need to know?	14
Need help?	15



IMPORTANT INFORMATION

The information in this guide forms part of the AvSuper Public Offer and Corporate PDSs (dated 1 November 2023).

This guide outlines AvSuper's investment options and related information to help members make an informed decision about their super investment.

Current information, including unit prices, monthly investment market updates and lists of investment managers, can be found at avsuper.com.au.



AvSuper investment choice

You can access AvSuper's member investment choice through your accumulation account and/or your AvSuper Income Stream account (but not any defined benefit accounts).

AvSuper's member investment choice enables you to choose one investment option or a combination of the available options. You can have your current balance and future contributions invested identically or in different ways.

You can change the way your super is invested across our investment options at any time – this is called switching. AvSuper doesn't charge a fee to switch investment options.

If you do not make an investment choice, your balance will be invested in the default strategy corresponding to your membership type (as explained on page 4).

Investing in super

Super is probably a key pillar in your retirement savings plan, and needs to be viewed as a long term investment. Investment performance often varies year to year, but over the long term your super is expected to grow and override short term market fluctuations.

When thinking about super and your plans for retirement, don't just think about short term results – look ahead, get a better perspective and plan for the long term. Long term investing is one of the most important factors influencing the final amount of your retirement savings as the investment earnings on those savings are compounded during your Fund membership.

AvSuper's default strategies

If you don't make an investment choice while you are still growing your super, your savings will be invested in AvSuper's Growth (MySuper) option by default. This is a diversified investment portfolio covering a wide range of assets, including property, infrastructure, shares and shorter term money market instruments. It is expected to provide strong, long term returns with a risk level suitable for most people, especially people who do not wish to make an investment choice.

If you don't make an investment choice for your Income Stream, your savings will be divided into two options (the Balanced Growth and Cash options) to give an approximately equal balance of growth and defensive assets. The Balanced Growth investment option is a diversified investment portfolio, similar to Growth (MySuper) but with a higher allocation to defensive assets. Your Income Stream payments will be drawn from your Cash investment option balance unless you make other arrangements (or your Cash balance reduces to zero). For detailed information about AvSuper's Income Streams, refer to the latest AvSuper [Income Stream Product Disclosure Statement](#) available from our website.

How do I choose?

Your investment choice needs careful consideration of risk, return potential and control.

It is important to understand that decisions you make today can have a big impact on your super balance at and during your retirement.

There are four key steps in choosing AvSuper investment options, and all are important:

1. Learn about investing

The more you understand about how investments work, including likely returns and risks for each type of investment, the more informed your choices can be. See our website to learn more.

2. Understand your options

AvSuper offers several investment options which you can choose in any combination. Each option has its own performance objectives and investment strategy as shown on pages 10–14.

3. Make a choice

With the right information, you can choose the option(s) for your investment needs or you can get dedicated help from our *Senior Member Advice Consultants* (in person or over the phone). Call us on **1300 128 751** to make an appointment.

The best option for you will depend on your investment objectives, your investment timeframe, your age, your attitude to investment risk and your personal circumstances.

4. Tell us how you want your money invested

You can switch options in [AvSuper Online AOL](#) (available via our website) or complete a [Nominate or switch investment options](#) form and send it to us. Alternatively, our *Senior Member Advice Consultants* can help you implement your choices as part of any personal advice consultation.

Some things you might consider when making decisions about your super

- What retirement lifestyle do you want? How much money do you need to live like that?
- What financial commitments do you have and will you have later? Think about children, mortgages, elderly relatives and loans
- How long until you might retire? And how long might you be in retirement for? This helps determine the timeframe for your investments
- How much risk are you comfortable with? Can you cope with fluctuations to obtain potentially higher returns? Do you need a steady but lower return?
- Do you have other resources for retirement? How much income will they provide?
- Do you like to actively control your money or would you prefer someone else to make the key investment decisions for you?



AvSuper performance

If you have super, then you're an investor – and AvSuper's investment performance will be one of the key contributors to the long term growth of your super.

You can view our long term investment performance, along with Year To Date (YTD) returns for each investment option on our website. Returns are calculated net of fees and taxes.

Note that our historical investment performance only reflects what has happened and does not represent a prediction of the future performance of any of AvSuper's investment options.

Investments and control

As an AvSuper member, you can choose between nine investment options.

How much control do you want over your super? While we will manage each option with professional fund managers, you can control your exposure to different asset classes through your choice of options. For instance, choosing to put more money into the Growth (MySuper) and Australian Shares options rather than in the Conservative Growth option gives you a larger proportion of growth assets in your portfolio.

Pre-mixed options	Single asset class options
Growth (MySuper)	Cash
Conservative Growth	Australian Shares
Stable Growth	International Shares
Balanced Growth	
Diversified Index	
High Growth	

Choose any combination that suits your needs.

For details of the investment strategy and objectives of these options, refer to pages 10–14.

Reviewing your investment choices

Making informed investment decisions is a good first step in managing your super and retirement savings. However, over time, your needs and circumstances change, as do investment conditions, so it is worth reviewing your investments periodically.

Some life events are obvious triggers for reviewing your finances, such as nearing retirement, having children and changing careers. Aside from such events, the best frequency for updating your choices will depend on your current investment choices – if you invest in options with longer term objectives, you can leave more time between reviews.

Not sure if now is a good time to review your investment choices? Ask our *Member Advice Consultants* – call, email or try our online chat tool, AvChat.

Processing cut off times

Contributions

Contributions paid via cheque (or similar) and received by mail to our administration office by 4pm AEST 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. Contribution amounts received in AvSuper's bank account (via electronic funds transfer (EFT) or Bpay) before 4pm AEST on a business day, will be processed using the unit price for that day. Contributions received after this cut off time will be processed using the unit price for the next business day.

Switches

Switch requests received by mail, AvSuper Online or in person by 4pm AEST on a business day will be processed using the unit price for that day. The Unit Price is calculated using the latest available value of net assets at the close of business for that day. Any requests received after that time will be processed using the unit price for the next business day. AvSuper reserves the right to limit the number of switches a member can make in a financial year, if it deems a member is switching excessively. AvSuper monitors members accounts for large and/ or excessive switching between investment options.

Incomplete forms or changes:

If AvSuper does not receive any or all of the information required to process the transaction (switches, income payments or withdrawals), the request may be delayed. If delayed, the requests will be processed using the cut off rules above.

Changes to requests received by AvSuper are not permitted once the cut off times outlined above have occurred for a business day.

Need help understanding your super options?

Our *Senior Member Advice Consultants* offer personalised advice about your super and investment needs.

Visit [avsuper.com](https://www.avsuper.com) or call us on **1300 128 751** for more information.

How do you manage my investment?

AvSuper's member-focussed approach means all investment decisions are made to benefit members for the lowest possible cost. Our investment portfolio is actively managed in response to market conditions.

AvSuper's highly experienced Investment Committee regularly reviews the performance and asset allocations of each AvSuper investment option.

Our Investment Committee uses the expertise of in house investment staff and external investment advisors. This includes researched analysis and advice on investment manager selection, asset allocations and financial market movements and trends.

All recommendations and strategies are in line with AvSuper's Investment Governance Framework Policy, and other relevant investment policies. Our current investment managers are listed on our website and in our Annual Report each year.

Following rigorous due diligence reviews, the Investment Committee selects suitable professional investment managers to invest members' money according to specific objectives and strategies (including strategies to guard against excessive risk). These managers are selected for their specialist knowledge in relevant sectors or markets (for example, emerging market specialists or experienced property investment managers).

The target asset allocation (the proportion of each asset class in a portfolio) for each investment option (see pages 10–14) is a strategic guide for investing. The allocation of assets can vary from time to time within the allowable ranges and you may not be notified of such variations. The performance objectives quoted are targets and not guaranteed.

Active and passive management

We generally take an active approach to asset allocation, asset class and overall investment decisions. That is, we select specific sectors, assets and stocks we believe will outperform the broader market.

However, we may also use some passive (or index) managers from time to time, including when active management opportunities are lacking, or not required.

Understanding unit prices

Your investment in an AvSuper accumulation account is unitised. Unitisation is similar to buying and selling stocks, with the price (or value) of the units allocated to you changing frequently. For members, the buying and selling price for units is the same as AvSuper does not charge a buy-sell spread.

You are allocated a number of units depending on your account balance and your investment option(s). Units are also allocated to you each time we receive a contribution for you, or if you rollover money from another super fund. The buying (allocation) price is based on that day's unit price so your regular contributions will probably convert to a different number of units each time. Your unit holding reduces when you make a withdrawal, leave AvSuper or when we deduct dollar based administration and insurance fees, and taxes from your account. Please log into AOL or look at your last statement to find out how many units you currently have.

AvSuper's unit prices are calculated at the end of each business day. The prices are based on the value of the option's assets, less any liabilities, and divided by the number of units in the option. We take out investment fees, percentage based administration fees, transaction costs and taxes before setting our unit prices. You can find current and historical unit price information on our website. The degree of fluctuation in unit prices for your super will depend on the investment option(s) you select and each option's investment performance.

The AvSuper Trustee, together with our external investment advisers, regularly reviews the medium and long term outlook for all of the Fund's investments and the impact on each of our investment options.

The Trustee may suspend transactions due to extreme or sudden material market movements, or where the risk of material arbitrage is identified. Suspending unit pricing and the processing of transactions during extreme market movements ensures that members are not unfairly advantaged (or disadvantaged) by redeeming (or purchasing) units at artificially high (or low) unit prices.

Understanding currency influences

Currency movements influence international investments held by the Fund.

Portfolios including international assets can be protected from adverse changes in exchange rates by currency hedging. Currency hedging is particularly important for defensive asset classes where income affects returns more than capital growth.

To help protect options from adverse currency movement, we set foreign currency hedging targets for each option containing international assets as part of our strategic asset allocation review.

The level of currency hedging is set after considering market conditions, volatilities, risks and the nature of the relevant asset class. AvSuper hedges by selecting managers with appropriate hedging skills, or by engaging specialist currency hedging managers.

Understanding investment options

Asset classes

An asset class is simply a group of investments with similar characteristics, behaviours and rules. The main asset classes are shares, real assets, alternatives, private markets, fixed income and cash.

Volatility

Investment returns fluctuate over time as is the nature of investment markets. Volatility is the term used to describe relative rates of fluctuation. Values of highly volatile assets will fluctuate more often than the values of low volatile assets like cash.

The volatility of investment returns is influenced by a number of factors, including world politics, domestic and global economies, natural events and demands. For example, fixed interest markets are potentially influenced by sovereign debt concerns while emerging markets' growth may have a flow on effect on local share markets.

Asset allocations

By allocating assets across our options, AvSuper works towards meeting each option's investment objectives. In fact, asset allocation is the key driver in differentiating our options and determining their long term return targets.

AvSuper regularly adjusts the allocations with a long term perspective, not in response to short term markets and sentiments.

Asset ranges

Investment options generally include different asset classes, unless labelled as single class specific. Instead of trying to maintain static proportions of assets in each option, AvSuper sets a range for each asset class in the option. This allows us to take advantage of market opportunities to vary allocations. At times, this means the asset class weighting for each investment option may vary from the target asset allocation.

Balancing asset types

Over time, the impact of returns and the distribution of your money across our options may mean your super is not invested within your desired risk/returns allocations. You can rebalance your savings by switching your current investment choice and reviewing your future transaction choices. Remember there are no fees to switch options and it can be done online, via a paper form or by discussing your financial objectives with one of our *Member Advice Consultants*.

Assets such as shares generally have a greater level of short-term investment risk, with the possibility of higher returns over the longer term in comparison to cash investments.

Assets such as cash have a lower investment risk but usually provide lower returns over the longer term. Refer to our website for more details about asset classes.

What are the main risks?

There are always risks associated with investing, including investing in super. The investment options you choose will change in value over time and may perform differently at different times due to various factors, and may even fall in value over the short term, especially during times of investment market downturns.

AvSuper's investment options are exposed to some or all of the following risks to some degree, as are many non-super investments, depending on which assets the option invests in.

Market risk:

changes in investment markets due to economic or political factors may occur, possibly causing your investments to change in value.

Currency risk:

international investments may be affected by changes in foreign currency or Australian dollar movements (not relevant for the Cash and Australian Shares options).

Derivative risk:

AvSuper occasionally uses derivatives to reduce risk, reduce transaction costs and as an efficient way to gain exposure to asset classes. Derivatives are not used for speculative purposes or for gearing. Risks include falls in value of the derivative.

Legislative risk:

super and tax legislation changes may affect your investment.

Liquidity risk:

your investments may be difficult to sell quickly and may be realised at a discount.

Switching risk:

trying to predict markets and frequently switching options risks crystallising losses in poor performing markets.

Inflation risk:

probability of an investment's cash flow being worth less in the future due to inflation causing changes in purchasing power.

Adequacy risk:

your super may or may not provide enough money for your entire retirement.

AvSuper uses a **Standard Risk Measure** (as explained on our website) for our investment options, based on industry guidance to help members compare investment options. It is not a complete assessment of all forms of investment risk, specifically it does not take into account the impact of administration fees or the magnitude of investment earnings (positive or negative).

It is important you are comfortable with the risks (especially the risks of negative investment earnings) associated with your chosen investment option(s).

Note that returns are not guaranteed and the value of any investment option may rise and fall. Past performance is not a reliable indicator of future performance.

Minimising investment risk

While there is risk in investing, you may minimise those risks using some of these tips:

- learn about investments - use our fact sheets, guides, website and seminars
- review your strategy - as personal and external circumstances change, your investments may need to change too
- consider your tolerance to risk
- avoid trying to time the market - take a long term perspective
- consider your investment timeframes - remember to include time after retirement
- diversify your investments adequately
- get trusted financial advice - such as from a [Senior Member Advice Consultant](#)

Diversifying your investment helps minimise risk

Diversification simply means spreading risk. It can be achieved by investing in a mix of growth and defensive assets. When one asset is not performing as well as expected, the other assets in your portfolio may help balance your overall investment performance and reduce the impact of negative returns on your investment.

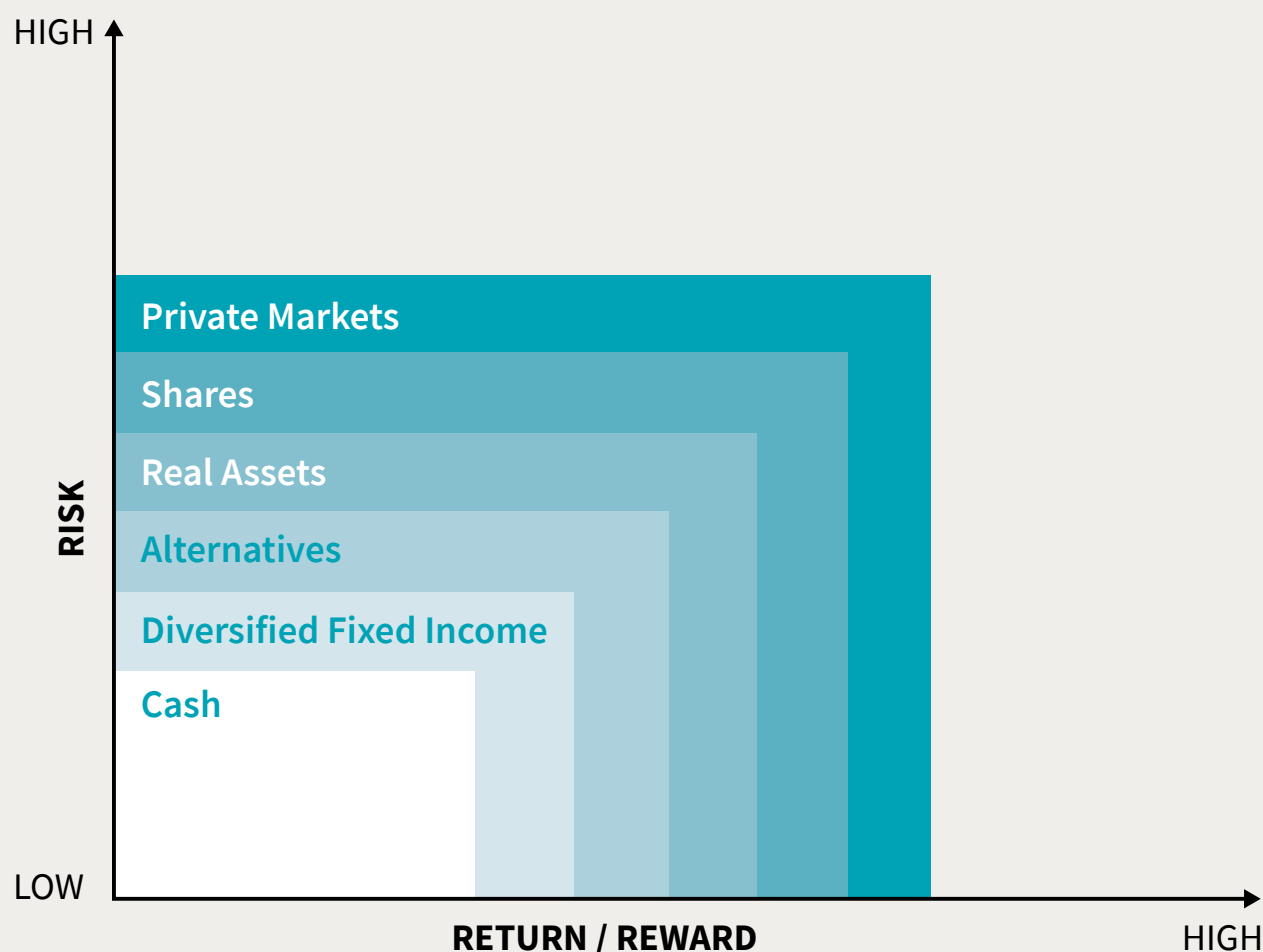
AvSuper's pre-mixed options are deliberately invested with a long term focus and diversified among several asset classes and investment managers in each asset class. This helps spread the risk of an investment under-performing at any time and allows us to take advantage of various investment styles.

Our Australian and International Shares options consist of investments in a number of different industries and companies, and are managed by multiple managers to maintain a certain level of diversity and risk management, despite being in a single asset class.

Our Diversified Index Option invests in a balanced mix of International and Australian market indices together with Fixed Income and Cash.

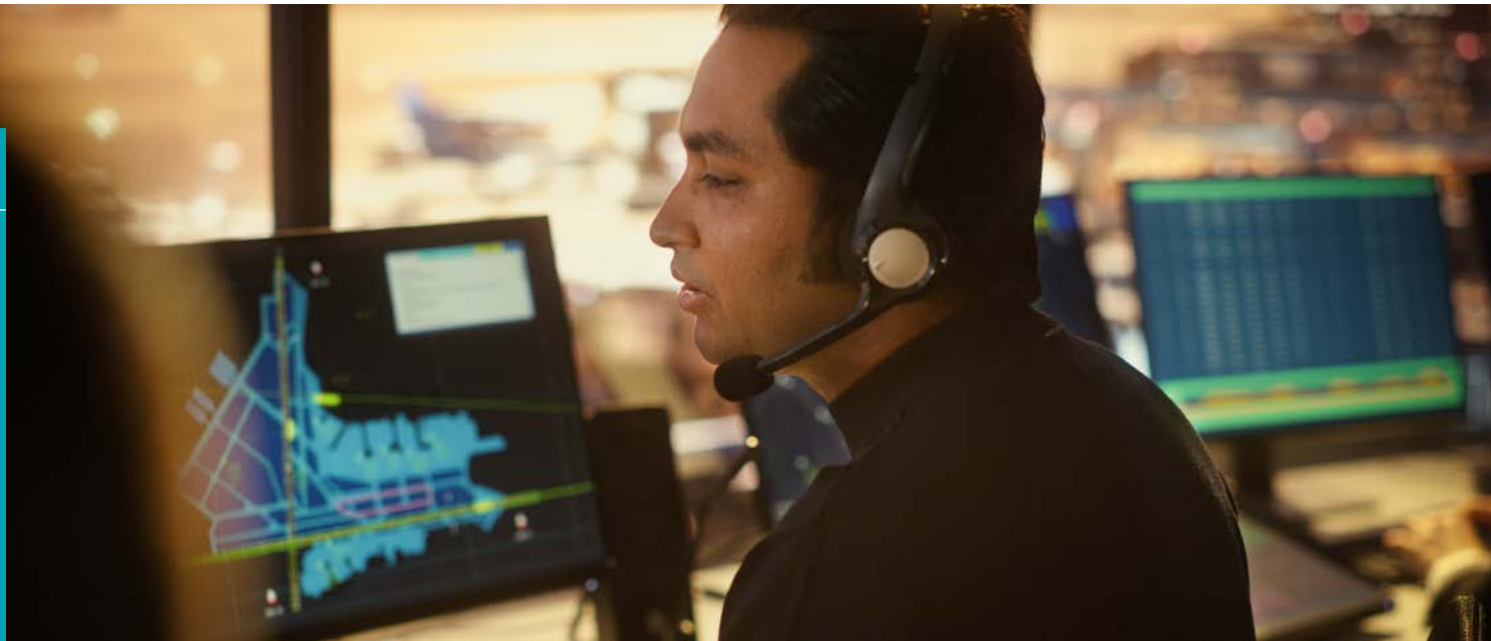
Our pre-mixed options generally offer a greater level of diversification. Therefore, choosing a specific asset class option along with one or more of AvSuper's pre-mixed options may provide a balance between control and risk-reducing diversification.

Investment risk vs investment return for asset classes



AvSuper diversified options

10



Growth (MySuper)

Designed for members who accept medium risk with short term fluctuations in a diversified portfolio for higher long term returns.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds Consumer Price Index (CPI) over **rolling ten-year periods**:

- By 3.0% p.a. for super members
- By 3.5% p.a. for income stream members

Suggested minimum timeframe (years)

5+

Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label							High
Estimated frequency of negative annual returns in 20 years							4 to less than 6

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	27%	20–45%
International Shares	30%	20–45%
Real Assets	21%	0–45%
Private Markets	4%	0–15%
Alternatives	5%	0–30%
Diversified Fixed Income	11%	0–30%
Cash	2%	0–15%

Default accumulation investment option

Conservative Growth

Designed for members who are generally risk averse or wanting short term access to their money, but want some capital expansion.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds Consumer Price Index (CPI) over **rolling ten-year periods**:

- By 1.5% p.a. for super members
- By 2.0% p.a. for income stream members

Suggested minimum timeframe (years)

2–4

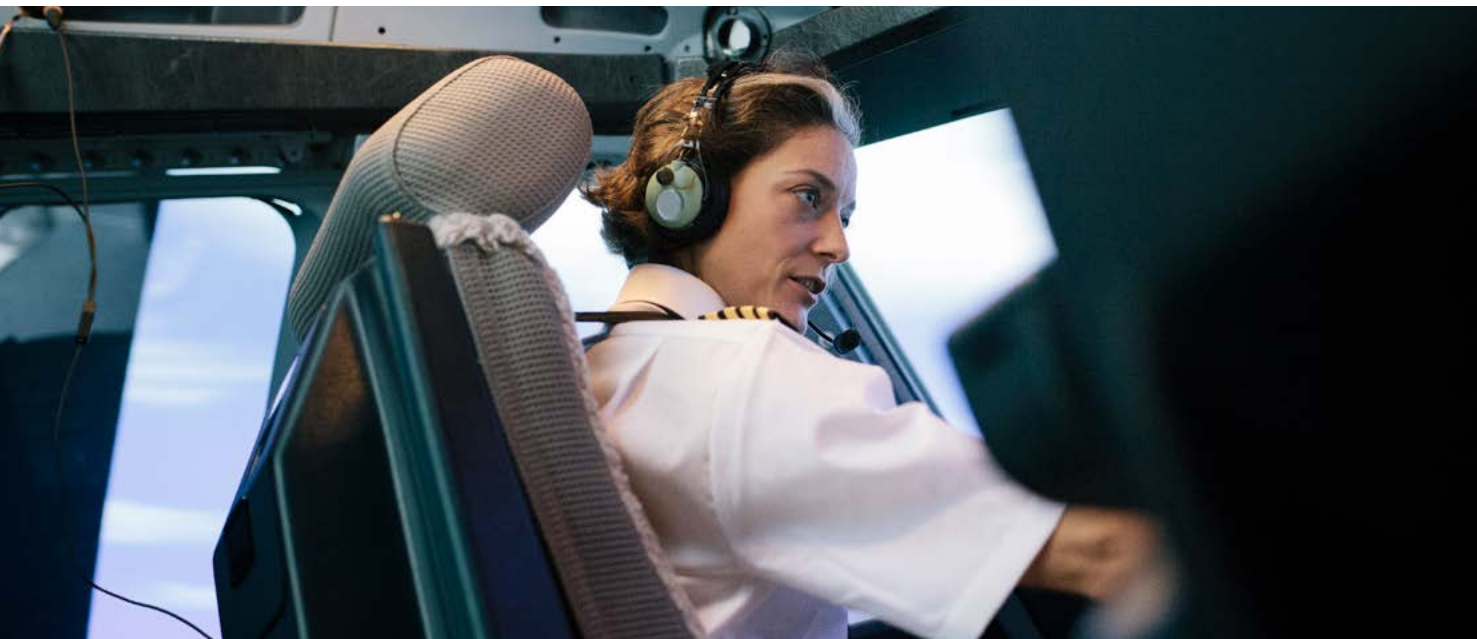
Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label							Low to Medium
Estimated frequency of negative annual returns in 20 years							1 to less than 2

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	9%	0–20%
International Shares	11%	0–20%
Real Assets	10%	0–20%
Private Markets	0%	0–10%
Alternatives	10%	0–60%
Diversified Fixed Income	30%	0–60%
Cash	30%	0–60%



Stable Growth

Designed for members who want a diverse investment portfolio to obtain steady returns over time.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds Consumer Price Index (CPI) over **rolling ten-year periods**:

- By 2.0% p.a. for super members
- By 2.5% p.a. for income stream members

Suggested minimum timeframe (years)

3–5

Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label	Medium						
Estimated frequency of negative annual returns in 20 years	2 to less than 3						

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	13.5%	5–30%
International Shares	16.5%	5–30%
Real Assets	17%	0–30%
Private Markets	5%	0–10%
Alternatives	8%	0–40%
Diversified Fixed Income	20%	0–40%
Cash	20%	0–40%

Balanced Growth

Designed for members who accept medium volatility and risk through a balanced investment portfolio for a moderate return.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds Consumer Price Index (CPI) over **rolling ten-year periods**:

- By 2.5% p.a. for super members
- By 3.0% p.a. for income stream members

Suggested minimum timeframe (years)

4–6

Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label	Medium to High						
Estimated frequency of negative annual returns in 20 years	3 to less than 4						

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	19%	10–35%
International Shares	24%	10–35%
Real Assets	18%	0–35%
Private Markets	5%	0–10%
Alternatives	8%	0–35%
Diversified Fixed Income	14%	0–35%
Cash	12%	0–25%

Part of the default Income Stream investment strategy

AvSuper diversified options (continued)

12



Diversified Index

Designed for members who accept the high short-term volatility of listed markets and seek passive market returns with a long term investment horizon.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds Consumer Price Index (CPI) over **rolling ten-year periods**:

- By 2.5% p.a. for super members
- By 3.0% p.a. for income stream members

Suggested minimum timeframe (years)

7+

Risk/Return profile

Standard Risk Measure

Risk band 1 2 3 4 5 **6** 7

Risk label High

Estimated frequency of negative annual returns in 20 years 4 to less than 6

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	31.5%	15-50%
International Shares	38.5%	15-60%
Diversified Fixed Income	17%	0-40%
Cash	13%	0-40%

High Growth

Designed for members who accept higher risk and short term volatility through shares and real assets for greater long term returns.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds Consumer Price Index (CPI) over **rolling ten-year periods**:

- By 3.5% p.a. for super members
- By 4.0% p.a. for income stream members

Suggested minimum timeframe (years)

7+

Risk/Return profile

Standard Risk Measure

Risk band 1 2 3 4 5 **6** 7

Risk label High

Estimated frequency of negative annual returns in 20 years 4 to less than 6

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	40.5%	20 - 70%
International Shares	49.5%	30 - 70%
Real Assets	5%	0 - 40%
Private Markets	5%	0 - 25%

AvSuper single class options



13

Cash

Designed for members who have a short investment horizon for some or all of their investment and want to safeguard their savings.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds the Bloomberg AusBond Bank Bill Index over **rolling 10-year periods**.

Suggested minimum timeframe (years)

0-3

Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label	Very Low						
Estimated frequency of negative annual returns in 20 years	Less than 0.5						

Strategic asset allocation

Asset Class	Allocation	Range
Cash	100%	N/A

Part of the default Income Stream investment strategy

Australian Shares

Designed for members who want to invest in local sharemarkets and accept higher risk for greater long term returns.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds the S&P / ASX 300 Accumulation Index over **rolling 10-year periods**.

Suggested minimum timeframe (years)

7+

Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label	Very high						
Estimated frequency of negative annual returns in 20 years	6 or greater						

Strategic asset allocation

Asset Class	Allocation	Range
Australian Shares	100%	N/A

AvSuper single class options (continued)



International Shares

Designed for members who want to invest in global sharemarkets and accept higher risk for greater long term returns.

Investment Return objective:

To achieve a return, after fees and tax, which exceeds the Morgan Stanley Capital International All Country World Index (ex Australia) 33% hedged and 67% unhedged in \$A over **rolling 10-year periods**.

Suggested minimum timeframe (years)

7+

Risk/Return profile

Standard Risk Measure

Risk band	1	2	3	4	5	6	7
Risk label	Very high						
Estimated frequency of negative annual returns in 20 years	6 or greater						

Strategic asset allocation

Asset Class	Allocation	Range
International Shares	100%	N/A

What else do I need to know?

Fees and costs

Under our profit for members philosophy, we only charge fees to cover our expenses rather than to make a profit. Please refer to your PDS or our [website for our fees table](#).

Each investment option's investment fees and transaction costs are based on complex estimates. These are deducted as part of the unit price calculations and vary between investment options.

AvSuper charges nothing to switch between investment options or to choose multiple options.

General advice about AvSuper is included in the Administration fee for all members. If personal advice (taking into account your individual circumstances) is requested, additional fees may apply which will be explained to you before the advice is given. Please refer to the [fees](#) information on our website for details. AvSuper advisers do not receive any commissions on advice given.

Social and environmental considerations

AvSuper is committed to reviewing, building and improving our investment processes and disclosure on ESG responsible investment issues. We actively engage with our investment managers on the various socially responsible investing risks to analyse and understand the impact on our investments in order to weigh the risks and potential returns to determine the appropriate level of exposure.

AvSuper employs investment managers that are capable of quickly adapting to change which takes all these issues into consideration.

How we vote

As a shareholder in various companies, AvSuper has the opportunity to vote on issues and influence the performance of those companies.

The underlying premise of AvSuper votes is to act in members' best financial interests. This generally means voting in such a way as to maximise long-term investment performance, future dividends and/or share values.

Death benefits

Your money will be invested in our Cash investment option from the day we receive written notification of your death.

Need help?

- Thinking about your investment choices?
- Unsure about how to start an income stream?
- Not sure about your drawdown strategy?

Our *Senior Member Advice Consultants* can answer these questions and more. Contact us on **1300 128 751** or visit avsuper.com.au





Contact Us

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