



Investment Choice

An important part of superannuation is the way your money is invested and the investment returns that are achieved.

All members of ElectricSuper have some part of their benefits that are affected by investment returns. You can have a say in how those parts of your benefit are invested, and what returns your money earns. This Investment Choice fact sheet gives you the details on investment strategies and the options available.

Investment Strategies

There are two broad styles of investment strategy:

Growth Strategy

Growth assets are typically Australian shares, overseas shares and property.

This type of investment carries the most short term risk, but has potentially the highest long term return. It could be the most appropriate strategy for those who are investing for the long term and want to protect the buying power of their savings against inflation.

In the short term, rates of return from growth investments can be expected to vary widely, with a significant chance of negative returns over a one-year period.

For those with patience and a long investment period until retirement, growth assets are likely to produce the best results.

Defensive Strategy

On the other hand, the defensive style of investment uses fixed-interest bonds and short-term deposits. The most defensive investment is “cash”, where the money is normally invested short-term with banks and guaranteed against loss.

The risk of losing any of your original investment is extremely low, with returns being more stable. The risk that you run with this very conservative type of investment is that you could fail to meet your income goals for retirement, particularly if you have a long investment period ahead of you.

How do these styles affect your choices?

Most investment options are a mix of these two broad strategies, ranging from all growth to all defensive.

You need to make a choice that you are comfortable with. If you're unsure, get professional financial advice (ElectricSuper can direct you to a financial planner if you wish). The money you spend may save you dollars in the long run.

If you don't make a choice, your accounts will be invested in the Balanced Growth option. There is more information on this option (and the others) later in this fact sheet.



What investment options are available?

There are restrictions on what choices are available, depending on which part of the ElectricSuper you are in (see table below).

If “All choices are available”, members can choose a combination of options as long as they total 100%. Members must have the same option for their account balances and future contributions. Income Stream (account-based pensioners) members may also choose which option their pension payments are made from.

Investment Choice Changes

Division 5 and Income Stream members may make investment choice changes online, other members must complete an Investment Choice form which is available on the website.

There are no fees to change your investment choice.

Timing

Any switch you make will take effect from the beginning of the next month, provided you return your form at least a week before.

Division	Voluntary Contributions and Rollovers	Other Accounts*
Division 2 Lump Sum Scheme	All choices are available	Cash or Balanced Growth
Division 3 Pension Scheme	All choices are available	Balanced Growth
Division 4 RG Scheme	All choices are available	Cash or Balanced Growth
Division 5 Accumulation Scheme	All choices are available	All choices are available
Income Stream	All choices are available	All choices are available

* ‘Other Accounts’ include accounts linked to defined benefits

Any queries?

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 Electricity Industry Superannuation Scheme

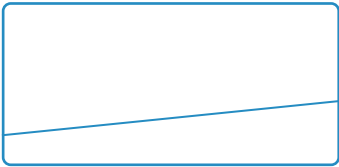
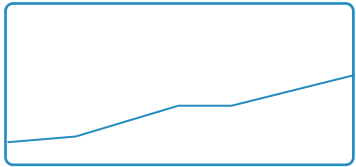
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Investment Options

Details of past investment returns for each option are shown in the ElectricSuper website. The past performance of each investment option should not be taken as an indication of future performance.


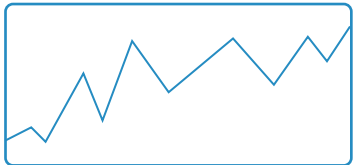
	Cash	Conservative Growth
Volatility / Return	Very low volatility, lowest rate of growth in long term	Low volatility, expected stable but low returns
Return Profile		
Volatility Scale	① 2 3 4 5 6 7	1 2 ③ 4 5 6 7
Most Suited To	Members seeking to minimise their investment risk over the short term	Members who prefer stable but moderate returns over the short to medium term
Investment Time Frame	No minimum	3 years
Likelihood Of Negative Return	Not likely to have a negative return	1 negative year in 20, returns not expected to show large swings
Objective	Match the Bloomberg AusBond Bank Bill index before tax and fees over rolling annual periods	To achieve investment returns after tax and fees exceeding the Consumer Price Index by 1.5% pa over rolling 10 year periods
Management Fees* (as at 30 June 2019)	0.06% (deducted from the returns credited to your account)	0.53% (deducted from the returns credited to your account)
Strategy	Fully invested in short term fixed interest investments, and has a very conservative investment risk profile	Around 30% invested in growth investments, and hence has a moderately conservative investment risk profile

*Includes JANA costs, plus investment management fees. Defined benefit members incur an additional 0.07% fee for administration expenses.

Asset Allocation as at 1 January 2020

Strategic Allocation		Strategic Allocation	
Cash	100%	Australian Shares	9%
		Overseas Shares	11%
		Property	10%
		Growth Alternatives	10%
		Defensive Alternatives	22%
		Fixed Interest	8%
		Cash	30%

Investment Options Continued

	Balanced Growth (default option)	High Growth
Volatility / Return	High volatility, medium growth	Highest volatility, expected higher long term returns
Return Profile		
Volatility Scale	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Most Suited To	Members who want reasonable medium term returns and can put up with large variations in the short term	Members who want higher returns in the long term and can put up with large variations in the short term.
Investment Time Frame	10 years minimum	10 years (or more)
Likelihood Of Negative Return	3-4 negative years in 20, returns may show large swings in the short term	4-5 negative years in 20, returns may show large swings in the short term
Objective	To achieve investment returns after tax and fees exceeding 1) the Consumer Price Index by 3% pa over rolling 10 year periods and 2) The median return in the Super Ratings Survey of Balanced Options over rolling 10 year periods	To achieve investment returns after tax and fees exceeding the increase in the Consumer Price Index by 4% pa over rolling 10 year periods
Management Fees* (as at 30 June 2019)	0.70% (deducted from the returns credited to your account)	0.71% (deducted from the returns credited to your account)
Strategy	Around 70% invested in growth assets and hence has a moderately aggressive investment risk profile	Fully invested in growth investments, and has a very aggressive investment risk profile

*Includes JANA costs, plus investment management fees. Defined benefit members incur an additional 0.07% fee for administration expenses.

Asset Allocation as at 1 January 2020

	Strategic Allocation		Strategic Allocation
Australian Shares	24.5%	Australian Shares	35%
Overseas Shares	26.5%	Overseas Shares	40%
Property	13%	Property	10%
Growth Alternatives	12%	Growth Alternatives	12%
Defensive Alternatives	11%	Defensive Alternatives	3%
Fixed Interest	6%	Fixed Interest	-
Cash	7%	Cash	-