

Fact sheet

Investment basics

Joining a super fund makes you an investor because your employer will be making contributions for you to a fund. These contributions are then invested with the aim of achieving an annual return.

Super differs from other investments you might make through an investment broker or online, partly because super is invested for a longer term. You cannot generally take your money out of the super fund until you reach your 'preservation' age (at least age 55) or retire.

When investing through a large super fund you also benefit from economies of scale, because they have such a large amount of money to invest, usually referred to as funds under management (FUM). In the case of an industry super fund like AustralianSuper this means your management fees are lower than if you had invested directly.

Asset classes

When similar investments are grouped together, they are called asset classes - for example, shares are an asset class. Asset classes can be quite different from each other in the way they perform at any given time in the investment cycle.

Shares (also called stocks or equities)

Shares are investments in companies, which are purchased and sold on stock exchanges. Share investments include both Australian and overseas investments.

Private equity is an investment in a company that is not listed on a stock exchange. Investments can be made in Australia and overseas.

Property

Property investments are typically investments in a property or collection of properties. Such investments are often made by investing in property trusts, either purchased directly or through stock exchanges.

Infrastructure

Infrastructure is investment in essential and community services, such as electricity and gas, transport, sewerage, water, toll roads and ports.

Unlisted assets

Assets that are not listed on the stock exchange are called 'unlisted'. These can include infrastructure, property and private equity.

Fixed interest

A fixed interest investment is a loan to an organisation which then issues the investor with a fixed interest security (most often described as a bond). The organisation which is the recipient of the loan agrees to make regular interest payments over a set period, with full repayment of the initial investment at an agreed future date.

Cash

Cash is money invested in term deposits and bank bills for short periods of time.

Making an investment choice for your super account

Because our members are at different stages of life, with different levels of comfort with risk and different ideas about how they want their super invested, AustralianSuper offers 16 investment choice options.

If you do not make an investment choice when you join AustralianSuper your account will be invested in the Balanced Option. This is a diversified group of investments in shares, property, infrastructure, fixed interest and cash. It has been designed to meet the investment needs of a majority of members.

You can change your investment choice at any time by completing an *Investment Choice* form which you can download from the website at www.australiansuper.com/forms

More information

If you would like to understand more about how investment works and the asset classes please call **1300 300 273** and ask for a copy of the *Member Investment Choice Guide*. Some staff at AustralianSuper are bilingual and we can give you access to an interpreter.

Glossary of key investment terms

Asset allocation

An investment portfolio is created by investing different amounts in different asset classes. This is called asset allocation.

The amount invested in each asset class of a portfolio is usually expressed as a percentage of the total assets of the investment option. For example the Balanced Option might allocate two per cent of its total amount to Cash as part of its asset allocation.

Investment return

This is the amount that is added to, or deducted from, the member's account based on what the investments earned during that period. It is expressed as a percentage of the total balance. AustralianSuper declares a crediting rate each day and applies the returns effective 30 June and 31 December each year. These returns will be applied earlier if you switch between investment options or exit AustralianSuper.

Volatility

The short-term movement or change in the value of an investment is known as 'volatility'. As a general rule, the more volatile the asset class, the more risky it is in the short-term.