

Investment choice handbook



October 2011

Includes: *Investment choice form*



Disclaimer

The information contained in this handbook is about Cbus. Any advice is of a general nature and does not take into account your specific needs. You should consider your own financial position, objectives and requirements before making any financial decisions. Read the Cbus Product Disclosure Statement (PDS) to decide whether Cbus is right for you.

All figures are current at 30 June 2011 unless otherwise stated and are subject to change. Check www.cbussuper.com.au for the most up to date information.

Past performance

Past performance is not a guarantee of future performance. It has been used here as a general guide of relative returns only. The target returns in this document are not guaranteed. The value of your investment can rise or fall.

Cbus' Trustee is United Super Pty Ltd.
ABN 46 006 261 623 AFSL 233792
Cbus ABN 75 493 363 262

Send all mail to:

Cbus, Locked Bag 999,
Carlton South VIC 3053

This document replaces the previous document dated 1 October 2010.

Talk to us

We recommend members seek advice when making investment choices.

If you would like more information about choosing investments, call us on **1300 361 784**. We have a team of superannuation advisers who can talk with you about choosing investments or any other super-related topic.

For example, we can provide information about:

- choosing your investments
- general tax information and superannuation
- completing your *Investment choice form*.

Our advisers are available from 8am – 8pm (EST), Monday – Friday.



Choosing investments

Cbus understands all members are different and have their own financial goals for retirement. That is why we offer a range of investment options.

You do not have to make a choice

Cbus automatically invests your superannuation in the Growth (Cbus Choice) option if you do not make a choice. It is designed to suit most members and is where most of our members are invested. It is Cbus' default option.

This handbook will help you decide your retirement goals and understand your investment choices.

Contents

| | | | | | |
|----------|------------------------------|----------|----------|------------------------------------|-----------|
| 1 | Retirement goals | 2 | 4 | How Cbus invests your super | 10 |
| | How much super do you need? | 2 | | Our investment process | 11 |
| | How to reach your target | 3 | | | |
| 2 | Return and risk | 4 | 5 | Monitoring | 12 |
| 3 | Investment options | 7 | 6 | Make it happen | 13 |
| | Making your choice | 7 | | How to switch options | 13 |
| | Investment options in detail | 8 | | <i>Investment choice form</i> | 15 |

1 | Retirement goals

Choosing an investment option is about tailoring your investment to your situation.

You should consider your income, your time to retirement and the level of 'risk' you feel comfortable with as well as other investments you may hold.



How much super do you need?

It is difficult to know how much money you will need in retirement. However, you need to spend some time working out a realistic estimation.

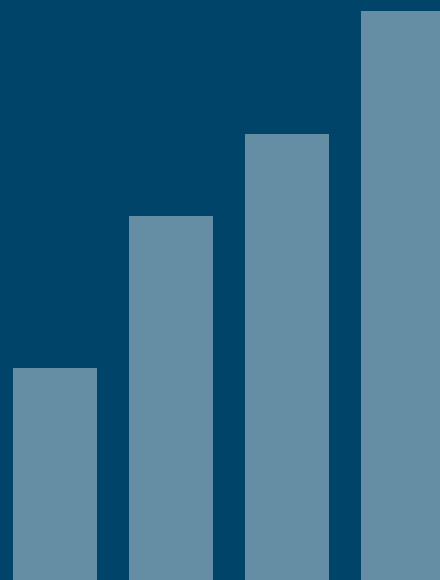
Your spending in retirement may be different to your current situation. Often you need less in retirement than when you are working. A rough guide is two thirds of your working income. For example, you may not have to support children and have paid off your home. However, you may want to buy a caravan and travel.

Try and be as thorough as you can. Do not forget other investments you may have, such as:

- a property you rent or may sell
- shares or other investments
- bank savings.

You may like to visit the Association of Superannuation Funds of Australia's website www.superguru.com.au for further guidance.

Once you know how much you need, you can estimate how much super you have to save. The Cbus calculator can assist you at www.cbussuper.com.au



How to reach your target

How much super you will have at retirement depends on:

- how much you contribute
- how many years you have until retirement
- your super's return.

Contributions

One of the best ways to increase your super is through regular additional contributions. Your member handbook sets out the types of contributions you can make.

Time until retirement

Compounding interest means your super investment earns money on your contributions and on what you have previously earned. The more time you have, the more it works for you.

For example, suppose your super at the beginning of the month is \$10,000.

Over the month it earns 1 per cent, or \$100. At the end of the month your balance is \$10,100. The next month you earn another 1 per cent, 1 per cent x \$10,100 = \$101. If you earn 1 per cent every month for 12 months you will have \$11,268 at the end of the year.

Investment return

Your super will also grow more if your returns are higher.

Ideally your investment returns will be higher over the long-term than the increase in the cost of living (inflation). The chart below shows the difference a higher return can make. For example, if you contribute \$5,000 a year over 30 years and earn an investment return that is 1 per cent above inflation, you would have \$267,000. However, if the same investment earned 4 per cent above inflation, you would have \$460,000 – a difference of \$193,000.

However, higher returns generally come with more risk.

Financial advice

Talk to a Cbus superannuation adviser

Cbus has a dedicated team of advisers who can assist you with your superannuation advice needs over the phone. Advisers are available to speak to you Monday – Friday, 8am – 8pm (EST). For further information call Cbus on **1300 361 784**.

Meet with a Cbus financial planner

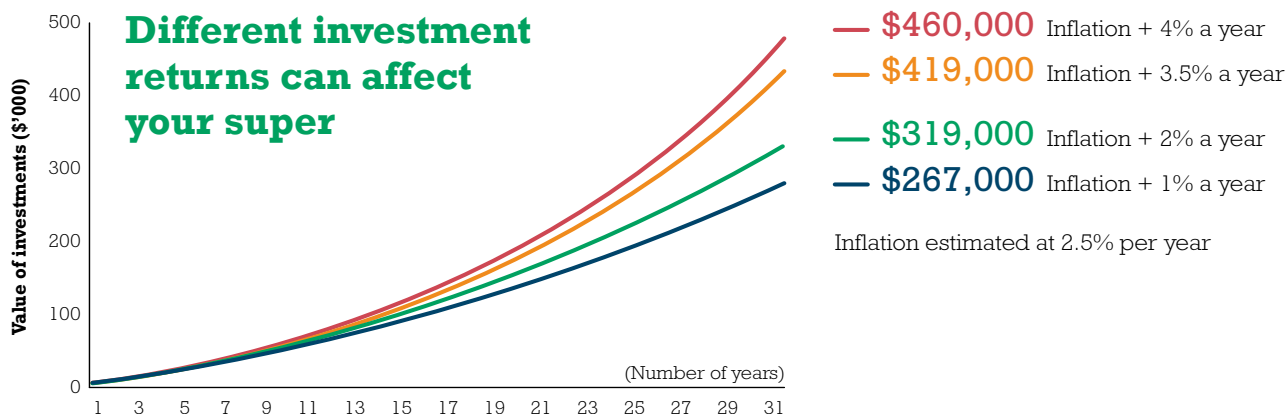
For comprehensive and detailed personal financial advice on retirement planning, superannuation and investments, the team of experienced Cbus financial planners can help you make the right decisions.

As a member, you have access to a free meeting to assess your financial situation. If you require personal financial advice, Cbus financial planners charge on a fixed fee-for-service basis. What you pay is agreed to in advance, which means you know up-front how much the service will cost. Call Cbus on **1300 361 784** to arrange a meeting.

Cbus financial planners are representatives of Industry Fund Financial Planning, a division of Industry Fund Services Pty Ltd (IFS), Licensee for Advice, ABN 54 007 016 195, AFSL No. 232514. IFS' Registered Business Office – Casselden Place, Level 31, 2 Lonsdale Street, Melbourne, VIC 3000

Growth of super

Contributions of \$5,000 a year



Note: The above figures do not allow for any fees or taxes on contributions, actual investment earnings or benefits. This is an example only and not a guarantee of actual final balances.

2 | Return and risk

People tend to think about risk as the risk of their super losing value when investment markets, like the share markets, fall in value.

However, there are two other important super risks.

- **Your super not growing enough.**
- **Your super not lasting your retirement.**

Investment risk

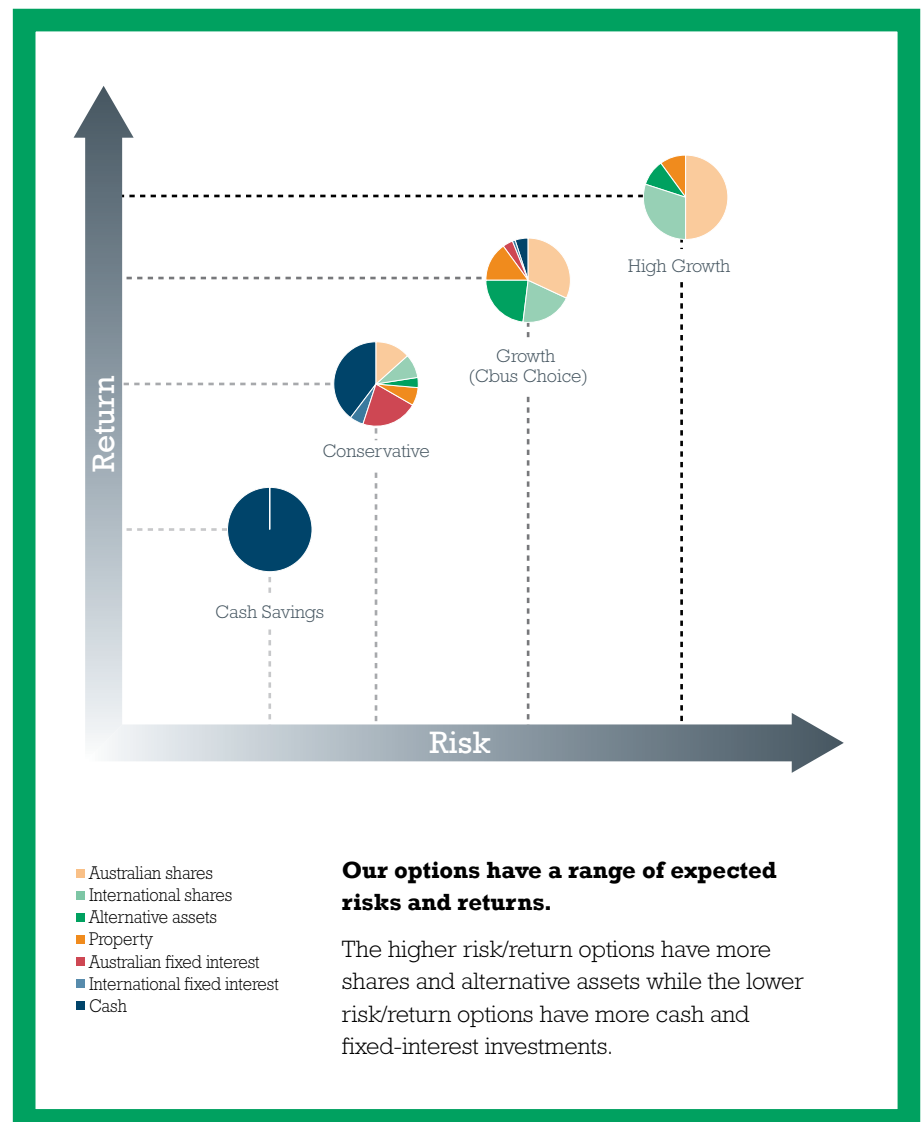
Investment risk is often defined as the risk the assets your super is invested in will drop in value.

Cbus invests your super in different asset classes – investment types such as cash, fixed interest, property and shares. Each of these have a different level of return and risk. Shares, property and some alternative investments have the potential for high returns but have more risk of a loss in the short-term. Cash and fixed-interest investments generally have lower, but more stable, returns. See page 10 for asset class definitions.

These asset classes are the building blocks of our investment options. The amount we allocate to each asset class largely determines the overall risk and return objective for each option.

The risk and return objectives also take into account the positive impact of diversification. This can be likened to the adage 'Don't put all your eggs in the one basket'. By investing across a range of asset types, the overall risk of loss is reduced. This works because not all asset types perform in the same way at the same time – when one investment is performing poorly another may be performing well.

Investment options – risk and return



To build your wealth, you usually need to take some risk to get the extra return. The price you pay is that the returns will be more volatile. Volatile means more ups and downs. So, if you select a high risk/return option, you must be comfortable riding out any bad years.

Low risk usually comes with a low return. The graph below shows the past performance of Cbus' options. You can see that the lower risk Cash option has returned less over time, although it has been less volatile.

You need to be comfortable with the level of investment risk you take. One way to compare investment risk is to look at how often negative returns can be expected. Page 8 and 9 shows each option's risk.

Your super has to grow

The goal of super is to build a nest egg for retirement. To do this, the money saved needs to earn more than inflation. If it does not, your super is going backwards and will buy you less when you retire than it can today. All Cbus options target a return that is above inflation.

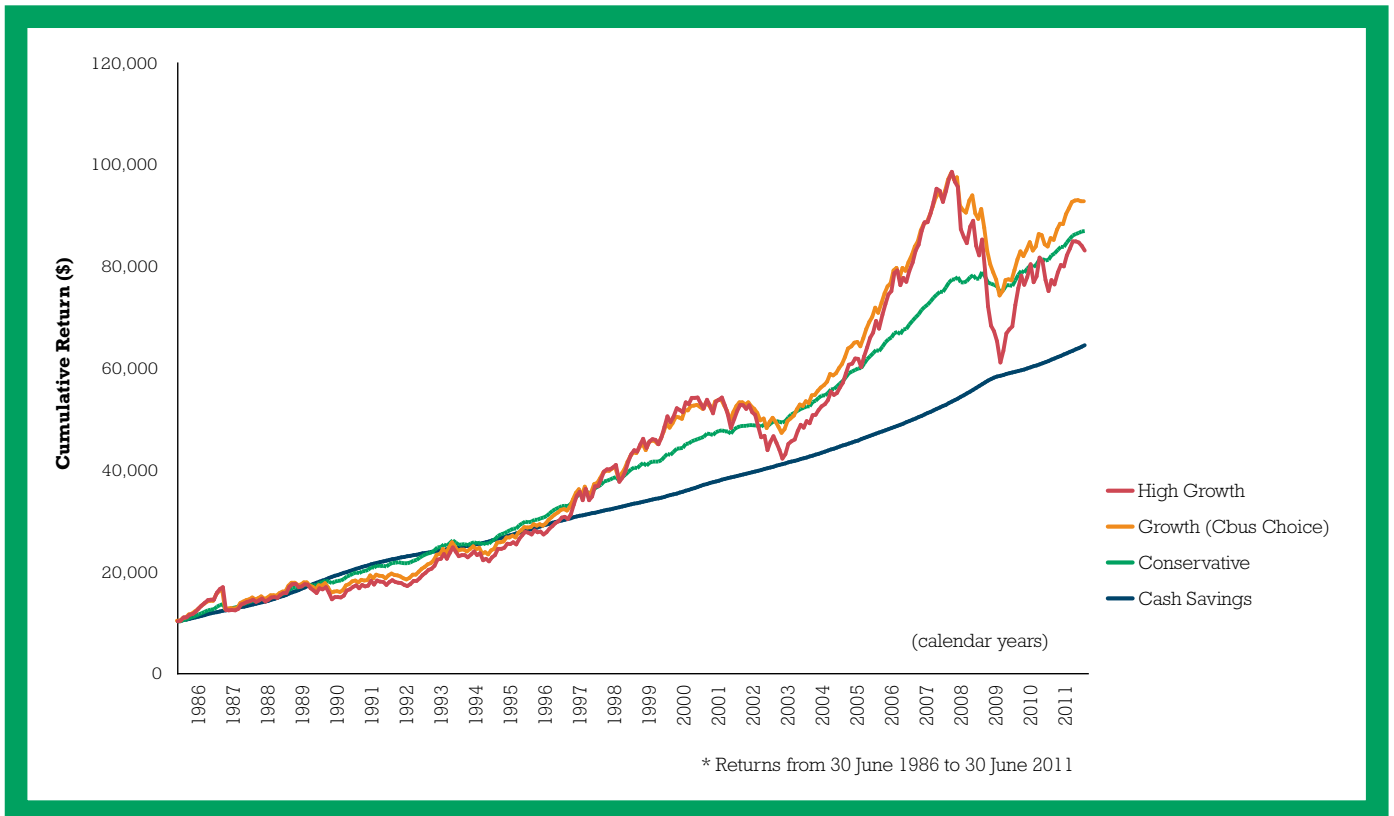
However, you are likely to need more than just inflation. How much more depends on your goal.

Your super has to last

Your super savings may also have to last a long time. As a guide, those who retire at 65 on average live for about 15 more years. However, many people live longer than this! The risk is that you may not have saved enough to last your retirement if you live longer than you expect.

Past performance

Modelled Indicative Returns - Past 25 Years Growth of \$10,000 initial investment, no further contributions*



Note: Past performance is not an indicator of future performance and the value of investments may rise or fall.

Investing for the long term

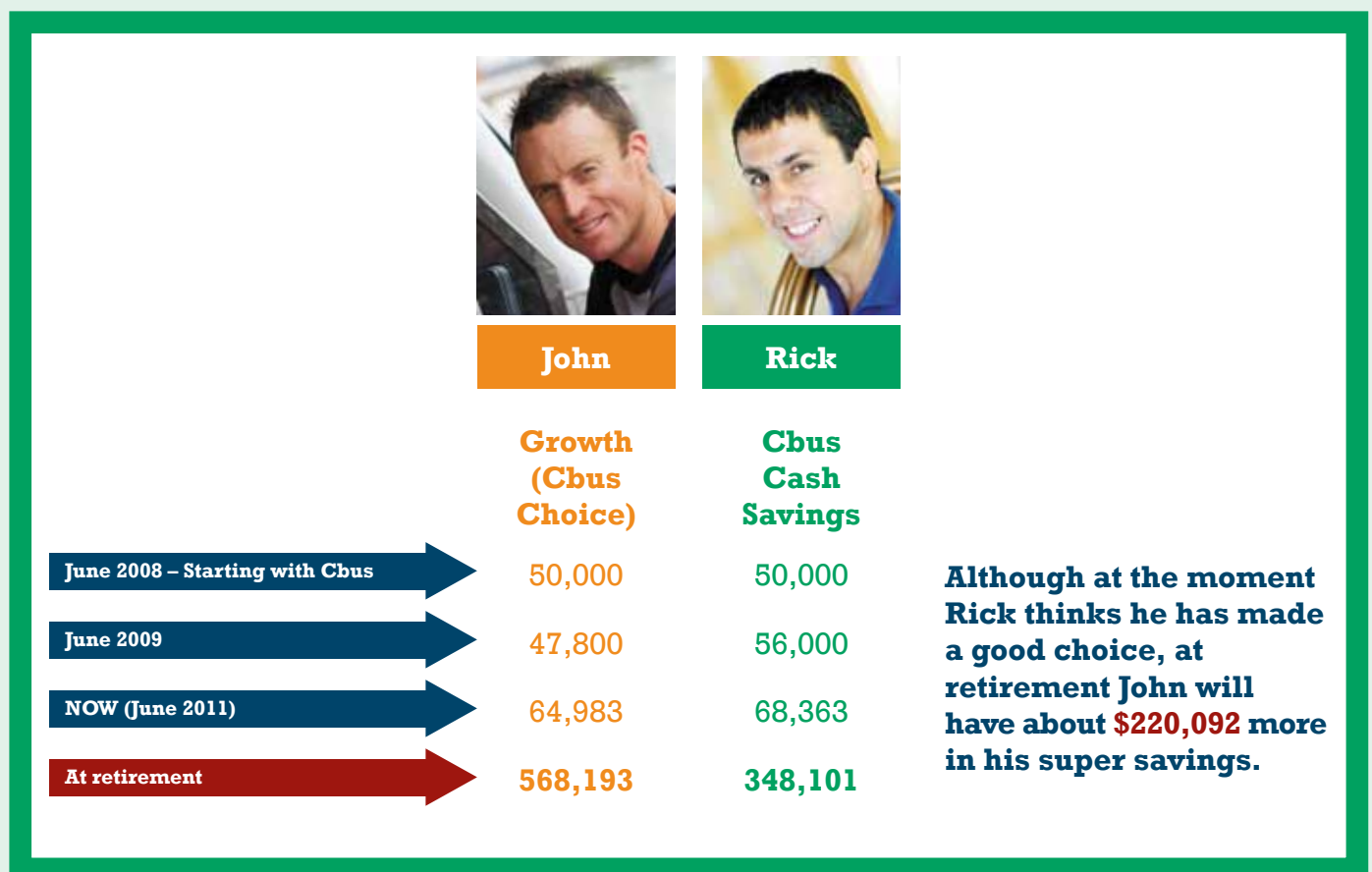
John and Rick are both self-employed, both age 35 and both put \$50,000 into their new Cbus Super accounts at the same time in June 2008, around the middle of the global financial crisis. John selected the Growth (Cbus choice) option, and Rick, being more cautious than John, chose the Cash Savings option.

Due to the stockmarkets performing badly worldwide, by June 2009 John's investment option had returned -12.4 per cent, meaning his balance dropped to \$47,800. Rick's investment option returned 4.0 per cent, meaning his account balance has risen to \$56,000.

Rick thinks he has made the best choice, but if we fast forward to when John and Rick retire and assume that the Growth option returns its target of inflation +3.5 per cent a year and Cash Savings earns its target of inflation +1 per cent a year, John's balance is now \$568,193 whereas Rick's is \$348,101.

This illustrates how a higher risk investment may produce negative returns over a year or two, but over the longer term this evens out and it can produce far higher returns.

With high-risk/high return options, there may be periods of negative returns, but in order to gain from the periods of high growth, you have to stay invested in the option and ride out the times of negative performance.



These figures are hypothetical and do not take into account tax, fees or additional contributions. Calculations are based on contributions of \$4,000 a year and retirement at age 65. Inflation is estimated at 2.5 per cent a year. Past performance is not a guarantee of future performance.

3 | Investment options

Making your choice





Study your options carefully. Consider the following when making your investment choice:

- Will my investment option provide enough returns to meet my goals?
- How long do I have until I retire? (Do I have enough time to 'ride out' any bad years?)
- Am I comfortable with a high-risk or low-risk investment?

Although past performance is not an indicator of future performance, averages over many years are regarded as a better indicator of an option's performance than just one or two years.

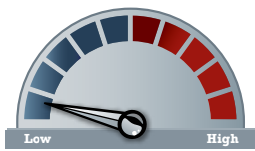
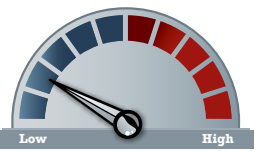
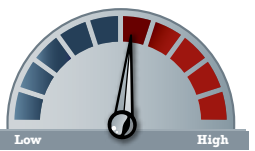
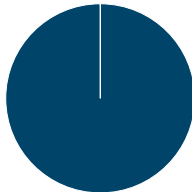
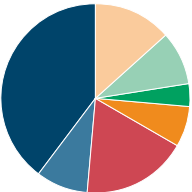
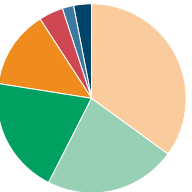
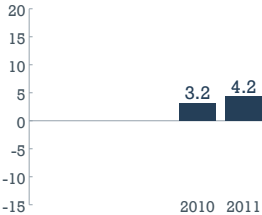
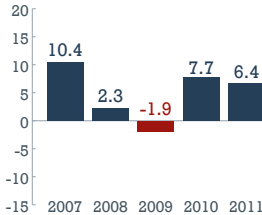
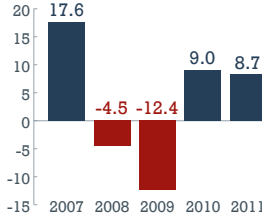
Remember we are here to help as the choice is often not easy or clear. For example, if you are planning to retire soon, you may prefer to protect your savings from any potential losses.

If you would like help, call **1300 361 784** to speak to a superannuation adviser.

| Default option | | | |
|---|--|---|--|
|  <p>Cash Savings</p> |  <p>Conservative</p> |  <p>Growth (Cbus Choice)</p> |  <p>High Growth</p> |
| Cash Savings | Conservative | Growth (Cbus Choice) | High Growth |
| <p>For members who want to avoid negative returns (1 in 50 years is expected to be negative), understanding that returns will be less than other Cbus options (inflation + 1%) over the long term.</p> <p>This option is invested only in cash.</p> | <p>For members who can accept lower returns (inflation + 2%) on the basis that negative returns will be rare (1 in 30 years is expected to be negative).</p> <p>This option is mostly invested in cash and fixed interest, with a small allocation to shares and other assets.</p> | <p>This is the investment option Cbus selects for members who want to leave it up to the Fund to decide.</p> <p>For members who can accept some years when returns are negative (1 in 8 years is expected to be negative) but who expect that over the long term, returns will be well above inflation (inflation + 3.5%).</p> <p>This option is invested in a range of assets including shares, property, infrastructure and cash.</p> | <p>For members seeking the highest returns over the long term (inflation + 4%) and can accept more years of negative returns. (1 in 5 years is expected to be negative) compared to other Cbus options.</p> <p>This option is invested mostly in shares.</p> |

Inflation: measured by Consumer Price Index.

Investment options in detail

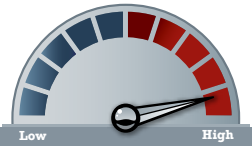
| | Cash Savings | Conservative | Default option Growth (Cbus Choice) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---------------------|------|--------|------|--|--|-------|---------------------|-------------------|--------|-------|----------------------|-------|------|--------------------|-------|------|----------|-------|------|---------------------------|--------|-------|------------------------------|-------|------|------|--------|-------|---|--|-------|---------------------|-------------------|--------|-------|----------------------|--------------|-------|--------------------|--------|-------|----------|-------------|-------|---------------------------|-------|------|------------------------------|-------|------|------|-------|------|
| Risk/return |  |  |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk level | Very low | Low | Medium | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk band | 1 | 2 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Objectives | Deliver an after tax return of inflation plus: 1.0% a year over rolling five year periods Likelihood of negative annual returns: Negligible in 20 years | Deliver an after tax return of inflation plus: 2.0% a year over rolling five year periods Likelihood of negative annual returns: Less than one in 20 years | Deliver an after tax return of inflation plus: 3.5% a year over rolling five year periods Likelihood of negative annual returns: 2.5 in every 20 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asset split |  |  |  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asset range and strategic asset mix Assets are maintained within these ranges <i>Range as at 1 July 2011</i> | <table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Strategic Asset Mix</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>0-100%</td> <td>100%</td> </tr> </tbody> </table> | | Range | Strategic Asset Mix | Cash | 0-100% | 100% | <table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Strategic Asset Mix</th> </tr> </thead> <tbody> <tr> <td>Australian shares</td> <td>10-20%</td> <td>13.5%</td> </tr> <tr> <td>International shares</td> <td>5-15%</td> <td>9.0%</td> </tr> <tr> <td>Alternative assets</td> <td>0-10%</td> <td>4.0%</td> </tr> <tr> <td>Property</td> <td>2-12%</td> <td>7.0%</td> </tr> <tr> <td>Australian fixed interest</td> <td>12-32%</td> <td>18.0%</td> </tr> <tr> <td>International fixed interest</td> <td>0-20%</td> <td>9.0%</td> </tr> <tr> <td>Cash</td> <td>30-50%</td> <td>39.5%</td> </tr> </tbody> </table> | | Range | Strategic Asset Mix | Australian shares | 10-20% | 13.5% | International shares | 5-15% | 9.0% | Alternative assets | 0-10% | 4.0% | Property | 2-12% | 7.0% | Australian fixed interest | 12-32% | 18.0% | International fixed interest | 0-20% | 9.0% | Cash | 30-50% | 39.5% | <table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Strategic Asset Mix</th> </tr> </thead> <tbody> <tr> <td>Australian shares</td> <td>25-45%</td> <td>35.0%</td> </tr> <tr> <td>International shares</td> <td>12.5 - 32.5%</td> <td>22.5%</td> </tr> <tr> <td>Alternative assets</td> <td>10-30%</td> <td>20.0%</td> </tr> <tr> <td>Property</td> <td>3.5 - 23.5%</td> <td>13.5%</td> </tr> <tr> <td>Australian fixed interest</td> <td>0-10%</td> <td>4.0%</td> </tr> <tr> <td>International fixed interest</td> <td>0-10%</td> <td>2.0%</td> </tr> <tr> <td>Cash</td> <td>0-10%</td> <td>3.0%</td> </tr> </tbody> </table> | | Range | Strategic Asset Mix | Australian shares | 25-45% | 35.0% | International shares | 12.5 - 32.5% | 22.5% | Alternative assets | 10-30% | 20.0% | Property | 3.5 - 23.5% | 13.5% | Australian fixed interest | 0-10% | 4.0% | International fixed interest | 0-10% | 2.0% | Cash | 0-10% | 3.0% |
| | Range | Strategic Asset Mix | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 0-100% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Range | Strategic Asset Mix | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares | 10-20% | 13.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 5-15% | 9.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alternative assets | 0-10% | 4.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 2-12% | 7.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian fixed interest | 12-32% | 18.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International fixed interest | 0-20% | 9.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 30-50% | 39.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Range | Strategic Asset Mix | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares | 25-45% | 35.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 12.5 - 32.5% | 22.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alternative assets | 10-30% | 20.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 3.5 - 23.5% | 13.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian fixed interest | 0-10% | 4.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International fixed interest | 0-10% | 2.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 0-10% | 3.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Past performance <i>Rate at 30 June</i> | Investment return (crediting rate) % (p.a.) after taxes and fees.  | Investment return (crediting rate) % (p.a.) after taxes and fees.  | Investment return (crediting rate) % (p.a.) after taxes and fees.  | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Average return over five years (p.a) | This figure is unavailable as this option was introduced on 1 April 2009. | 4.9% | 3.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Return over 10 years (p.a) | This figure is unavailable as this option was introduced on 1 April 2009. | 5.9% | 5.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Return since inception (p.a) | 3.6% (1/4/09) | 6.0% (1/10/99) | 9.1% (1/7/84) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

For all investment option objectives: Cbus expects all investment options to achieve their targeted after tax returns 75 per cent of the time. A further objective is for all options to achieve an above average return against comparable funds as measured over five year periods.

Refer to the Cbus website in case these figures have been superseded since publication.

Investment warning: Investment returns can go up and down. Past performance is not necessarily indicative of future performance.

High Growth



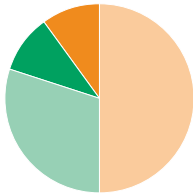
High

6

Deliver an after tax return of inflation plus:

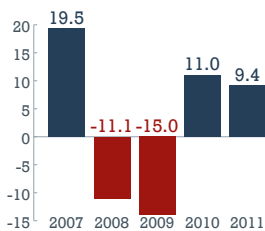
4.0% a year over rolling 12 year periods

Likelihood of negative annual returns:
4 in every 20 years



| | Range | Strategic Asset Mix |
|----------------------|--------|---------------------|
| Australian shares | 44-55% | 50.0% |
| International shares | 25-35% | 30.0% |
| Alternative assets | 5-15% | 10.0% |
| Property | 5-15% | 10.0% |

Investment return (crediting rate) % (p.a.)
after taxes and fees.



1.9%

4.7%

5.9%
(1/1/98)

Risk Level: The Risk Level is based on an industry wide Standard Risk Measure, which relates to the number of expected negative annual returns over a 20 year period.

Risk band: The Standard Risk Measure ranges across seven risk bands, from 1 (very low risk) to 7 (very high risk). The Standard Risk Measure is not a complete assessment of all forms of investment risk. For more information about the Standard Risk Measure, go to www.cbussuper.com.au/risk

Investment costs

For the 2010/11 financial year

The Investment Management Fee is calculated in arrears as at 30 June 2011. The fees and costs relating to the management of each investment option are explained in our *Member handbook for industry superannuation* Product Disclosure Statement (PDS).

To obtain a copy contact the Cbus Service Centre or visit our website

www.cbussuper.com.au

High Growth: 0.66 per cent (\$66, if \$10,000 was invested)

Growth (Cbus Choice): 0.83 per cent (\$83, if \$10,000 was invested)

Conservative: 0.41 per cent (\$41, if \$10,000 was invested)

Cash Savings: 0.13 per cent (\$13, if \$10,000 was invested)

Asset ranges and strategic asset mix

Asset allocations show how much Cbus invests in different types of assets. For example, cash, shares, fixed interest and property.

The **strategic asset allocation** is the targeted asset allocation for the option.

The range is the minimum and maximum percentage that Cbus will invest in an asset class.

More information on asset classes is shown on the next page.



4 | How Cbus invests your super

Cbus' investment options all have different objectives. The options are invested in different types of assets to achieve these objectives. Assets are property or resources owned by a company. Assets can be broken down into five main types: shares, property, fixed interest, cash and alternative assets.

| | |
|---------------------------|---|
| Shares | We buy company shares that are 'listed' on the stock exchange. They may be Australian or international companies. |
| Property | We invest 'directly' in property by owning, developing and improving buildings. We also invest 'indirectly' in property by investing in property trusts along with other investors. |
| Fixed interest | A fixed interest investment produces a known amount of income over a specific time. For example, home loans return a known amount of income to the lender from repayments over the period of the mortgage. Other forms of fixed interest investments include small business loans and commercial loans. They are secured by legal rights over the borrower's assets. Government and commercial bonds are also called fixed interest assets. |
| Cash | Cash includes bank deposits, cash management trusts and money market investments that can be converted to cash quickly. |
| Alternative assets | <p>Alternative assets include infrastructure, private equity and opportunistic growth assets.</p> <p>Infrastructure Infrastructure investments include toll roads, airports and other utilities.</p> <p>Private equity Private equity can be taken by buying a direct interest or 'unlisted' shares in a company. 'Unlisted' means they are not traded on the stock exchange. These companies may be small or new and may be seeking new investors so they can grow or restructure their finances.</p> <p>Opportunistic growth These are non-traditional investments which present opportunities for Cbus to obtain strong returns but do not fit the standard descriptions of other asset groups.</p> |



Our investment process

Investment advisers

Frontier Investment Consulting (Frontier) advises Cbus' Trustee on investment objectives, strategies and investment managers. It is an Australian-owned company that provides investment advice to institutional investors.

Frontier provides advice to clients with combined investments of more than \$100 billion.

Frontier sets out to identify special skills and abilities in investment managers that are likely to lead to superior performance over time.

Cbus is a part-owner of Frontier.

Frontier is licensed by the Australian Securities and Investments Commission, ABN 21 074 287 406 (AFSL 241266).

Reviews

Frontier reviews the returns, risk and the likelihood of negative returns for each major asset class each year.

It also reviews the relationships between asset classes and their returns (correlations).

A model is used which combines the return, risk and correlation assumptions, together with Cbus' strategic asset allocation weights to determine expected total portfolio risk and return characteristics. The likelihood of a negative return is calculated from the portfolio risk and return estimates.

The Trustee then takes this into consideration when setting investment objectives and asset allocations.

Asset allocation ranges

The Trustee is able to change the asset mix of its investments within a particular asset class.

These changes are made if the Trustee believes market movements threaten the strategic balance between risk and return, or when opportunities arise that have the potential to improve returns to members without exposing them to significantly higher levels of risk.

Cbus Property

Cbus invests directly in property through Cbus Property Pty Ltd, a wholly owned subsidiary. Cbus Property has developed projects across Australia.

In this way, Cbus invests in the construction, building and allied industries where many of our members work. However, all projects must fit the Fund's strategic asset allocation and provide appropriate returns.

For more information visit www.cbustproperty.com.au

Responsible investing

Cbus believes that companies that act in a responsible way will perform better over the long-term. Because your super is a long-term investment, it makes sense for us, and our investment managers, to consider environmental, social and corporate governance issues before we invest in a company. We consider these issues alongside traditional financial factors when we make investment decisions.

Cbus is a signatory to the United Nations' Principles for Responsible Investment (UNPRI).

More detailed investment information is available

Find out more in the investment section on the Cbus website www.cbustsuper.com.au

- More information on asset classes and their risk and return characteristics
- A full listing of our investment managers
- Updates and policies including:
 - corporate governance
 - proxy voting record.

Investment managers

Cbus uses Australian and international investment managers.

Each investment manager is responsible for managing the investment of a specified amount of the Fund's assets.

They are managed in accordance with a mandate as agreed between the manager and the Trustee in consultation with the investment adviser.

The Trustee monitors the performance of each investment manager.

5 | Monitoring



Your investment

Whichever option you choose there are two basic reasons for monitoring it.

- You have chosen it with an objective in mind, so you will want to check to see whether its performance is in line with your objective.
- You want to check whether the fluctuations and returns for your option are within the range you expected.

You will receive a member magazine, *Cbus News*, twice a year. The issue you receive with your *Annual Benefit Statement* has information about the asset allocation for each option for the past financial year. Crediting rates are also available on the Cbus website at

www.cbussuper.com.au

It is important to remember that superannuation is a long-term investment and that in normal circumstances fluctuations in the investment market can be short lived. Therefore, although you should monitor your option to know how it is performing, frequent switching between options may not necessarily benefit you. For further switching details, refer to section 6 – *Make it happen*.

Your financial situation

Whenever you experience significant changes in your financial situation, review your super decisions. Is the option you have chosen still right for you?

Left: CBW, a major retail and office complex at the corner of Bourke and William Streets, Melbourne, developed by Cbus Property.



How to switch options

Step 1 – Allocate your investment

Cbus offers you a range of investment choices.

However, you may want to target a specific balance between risk and return by allocating different proportions of your super to different options.

See below for examples of the way that you might decide to allocate your super across options.

You can distribute your super among the options in any combination you choose.

You could allocate your total account balance and all future contributions to one investment option, or:

- You could allocate all your current account balance to one option and either:
 - allocate all future contributions to another; or
 - allocate a proportion of future contributions to two or more options; or
 - you could allocate a proportion of your total account and future contributions to all options or to two or more.

Step 2 – Fill in the Investment choice form

Online

You can quickly complete the Investment choice form via your secure account, Member SuperSite at

www.cbussuper.com.au

For first time users, you can self – register at www.cbussuper.com.au/access

Paper

Fill in the Investment choice form at the back of this handbook and post it to us.

When the switch will be made

Account balance switches are implemented by Cbus weekly and you can only make one application a week.

Your application to switch your account balance must be received by close of business Tuesday (or Midnight EST Tuesday night for online applications). It will then be implemented on the first business day of the following week.

Switches for future contributions are implemented as soon as they are received, so you can change the option your contributions are paid into at any time.

Costs

There is no investment switching fee.

The fees and costs relating to the management of each investment option are explained in your member handbook.

Lump sum contributions

Members who transfer their balance from another superannuation fund, or make a large personal contribution, can choose which option they invest these funds into.

Just complete the Investment choice form and send it with your rollover form or personal contribution.

Note that in Section 2 of the *Investment choice form*, you only need to complete column C.

Our team of super advisers can provide more information about directing large sums straight into the investment option of your choice.

How your super is valued

The Fund's custodian, the National Australia Bank Asset Servicing, provides Cbus with a valuation of each option's investments every week and month.

Monthly declared crediting rates, along with interim weekly month-to-date crediting rates are determined for each option on the basis of these valuations, together with an assessment of the tax payable on the option's earnings and an estimate of the option's investment costs.

When you switch from one option to another, earnings on the amount you switch are calculated using the relevant year-to-date accumulated monthly crediting rates and an interim month-to-date crediting rate based on weekly valuations.

The earnings are then switched to your 'new' investment option, together with the amount of your account balance that you switch.

- If you switch your total account balance, earnings will be credited to your account from your 'new' option at the end of the financial year, but you will not receive any more earnings from your 'old' option.
- If you only switch part of your account balance, at the end of the financial year the earnings credited to your account will be calculated separately for each option, for the period that it has held money for you.
- If you do not switch any of your account balance during the year, the annual rate of earnings for your investment option are credited to your account at the end of the financial year.

The annual crediting rate from each option will be shown separately in the *Cbus News*.

The crediting rates for the investment options may vary during the year, and can be negative.

We recommend you have an up-to-date account balance estimate before switching investment options. Call the Cbus Service Centre or visit Member SuperSite to check your account online.

An example of how super is valued when switching.

Jack decides he would like to switch his whole balance out of the Cash Savings option into the Growth (Cbus Choice) option.

| | |
|---|---|
| <p>Friday 15th</p> <ul style="list-style-type: none"> • Jack gets an estimate of his balance online. It is based on the latest interim crediting rates • Jack then changes his options online, ahead of the Tuesday night deadline | <p>Jack's online estimated balance is \$21,470</p> |
| <p>Wednesday 20th</p> <p>Cbus values the investment options as at the close of day on Wednesday to obtain the interim month-to-date crediting rates.</p> | <p>Cbus values the fund every week and at the end of every month. These valuations are used to value superannuation switches.</p> |
| <p>Monday 25th</p> <p>Jack's money is transferred to the Growth (Cbus Choice) option.</p> | <p>Jack receives \$21,504</p> <p>This is made up of:</p> <ul style="list-style-type: none"> +\$20,000 Jack's balance at end of June +\$1,000 his contributions since the previous June +\$504 the earnings calculated on his account to Wednesday 20th using monthly crediting rates and the interim month-to-date crediting rate; plus estimated earnings from Thursday 21st to Monday 25th (based on the interim month-to-date crediting rate). |

* Note that earnings are adjusted for tax and trustee operating costs. Earnings can be negative as well as positive, particularly for the higher risk/return options.



Send to:

Cbus

Locked Bag 999

Carlton South VIC 3053



Call our Service Centre on **1300 361 784**
Monday – Friday 8am – 8pm (EST)



Visit **www.cbussuper.com.au**



Write to
Cbus, Locked Bag 999
Carlton South VIC 3053