

Club Super Additional Information – How we invest your money

Product Disclosure Statement



The information in this document forms part of the *Club Super Product Disclosure Statement (PDS)* issued 14 October 2011. This document is called *Club Super Additional Information – How we invest your money* and is not attached to the *Club Super PDS*. If you would like a copy of the *Club Super PDS*, go to our website to download a copy, or contact us.

About Club Super Additional Information – How we invest your money

This *Additional Information* document provides you with detailed information about Club Super's investment options. Club Super *Additional Information – How we invest your money* was prepared and issued on 15 November 2011 by Club Plus QLD Pty. Ltd. (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298), also known as the Fund. If you want more information about Club Super you can contact us on 1300 369 330, or visit www.clubsuper.com.au.

If you request further information, the Trustee of Club Super will provide all the information that it reasonably believes you may require to make an informed assessment of the management and financial condition of Club Super, including its investment performance. *Club Super Additional Information – How we invest your money* contains general information only. It is not intended to contain any recommendations or statements of opinion or advice and it does not take into consideration your individual objectives, financial situation or particular needs. Therefore, before making a decision regarding your super benefits in Club Super, you should consider the appropriateness of any information provided in your *Club Super PDS* and this document.

Multiple investment options

Any contributions received into your Club Super account are invested to get your money working as hard as possible to help you reach your dream retirement. That's why we've provided you with eight investment options to choose from:

Diversified Options

- Balanced (Default)
- Capital Stable
- Growth

Single Asset Class Options

- Cash
- Property
- Fixed Interest
- Australian Shares
- International Shares

You can choose one option or mix these options if you wish, provided the percentage in each option is a multiple of **5%** and the total adds to **100%**. With a total of eight investment options, you now have greater control over your super.

Each investment option has a different level of risk and potential level of returns. You should consider the likely investment return, risk and your investment time frame when choosing which option to invest in.

If you do not select an option, then your super will be invested in the default investment option – the Balanced option, and will remain in this option until you make a selection.

So how do I make a choice?

To nominate a different mix of investment options, please complete the Member Investment Choice form, available at www.clubsuper.com.au. Any nomination you make is regarded as a switch, and switches are processed at the start of the following month after they are received. For example, any election you make in the month of October will be effective from 1 November. The first switch in each financial year is free, with subsequent switches being charged at \$50 each. The investment options offer different exposures to the various asset classes. Please read the section on "*Helping you understand the asset classes*" to understand the various asset classes.

How is interest credited to my account?

Interest is calculated on a daily basis, after taking into account deductions for insurance premiums, tax and administration fees. Interest is credited as at 30 June each year. The annual returns are determined by the Trustee, having regard to the actual investment return on the Fund's assets in each investment option, after tax and expenses.

The Trustee will declare a monthly crediting rate for each investment option and disclose the details on the Fund's website. These rates are determined by the Trustee with regard to the actual investment return on the Fund's assets, after estimated tax and expenses. The declared monthly crediting rates are applied to members' accounts following the end of each financial year, or on earlier exit, based upon the transactions in each month. Interest is calculated from the date of each transaction for the number of remaining days in the month. Interest then compounds at the end of each month.

The crediting rates can also be negative, in line with movements in the value of the Fund's investments, in which case the interest applied will be negative. The crediting rates are combined for the options and percentages you have selected, and a single interest amount is applied to each account.

What happens if I switch or leave?

Any switch to your investment option(s) is effective from the start of the following month after your switch form is received. Your account will be credited with the declared rates for the previous months, as outlined above. If you exit the Fund before the Trustee has declared the most recent monthly crediting rate/s, an interim rate is used for each investment option.

The Trustee determines the interim rate/s, based upon benchmark returns which reflect the investment performance for each investment option at that point in time. The interim rates are reviewed regularly to reflect movements in investment markets and may change without notice.

Helping you understand the asset classes

Shares (or "Equities")

Investing in shares means that you effectively own part of a company. You're then entitled to income from both the dividends paid by the company and capital growth from changes in the share value.

Club Super invests in shares listed on the Australian and overseas share markets. Over the long term, shares will generally provide a higher rate of return than other asset classes, but they also involve a higher level of volatility than other asset classes.

Property

Property investments include residential, industrial, commercial, retail and rural property held either directly or indirectly with other investors through property trusts.

Property investments can generate rental income as well as an increase (or decrease) in capital value over time. Property investments will historically provide a higher return than cash and fixed interest. However, they are also subject to higher levels of risk.

Alternatives

Alternative investments are a relatively new asset class, used by investors who are looking for alternatives to shares, property, fixed interest and cash. They can include:

- Private equity – investments in listed or unlisted companies that are in the developmental stage, or which are looking to expand.
- Infrastructure – investments in facilities or services for the community – for example, toll roads, electricity and water services, health facilities etc.
- Hedge funds – managers of these funds use a number of short term trading techniques. They may borrow money ("leverage") to buy other investments in order to make gains.

Alternative investments provide investors with access to new asset classes. There are opportunities for high returns, but usually accompanied with increased risk. Growth Alternatives generally offer higher returns with higher risk; while Defensive Alternatives are more conservative, with lower risk and lower returns expected.

Fixed Interest

Fixed interest investments include government bonds, debentures, mortgage trusts and fixed term deposits. They earn interest at a fixed rate that is set at the time of the investment. Club Super invests in these type of assets in both Australia and overseas. They have a moderate level of risk and produce a rate of return a little higher than cash over the medium term.

Cash

Cash investments include funds held in bank accounts and in the short-term money market, such as bank bills and cash management trusts. They are generally a secure way to invest, with low levels of risk. Cash investments tend to earn comparatively low rates of return in the longer term.

Understanding Investment Risk

When we talk about asset classes, you'll notice we talk about the risk and return trade off for each class. The key to choosing the investment option that is right for you is deciding on the level of investment return you want and how comfortable you are with the risk involved. As a general rule, the higher the potential returns on an investment, the higher the level of investment risk that is involved with that investment.

So what are the possible investment risks?

Opportunity risk – This is the risk associated with choosing one investment over another, or simply not investing at all. It may be that, because of recent volatility in the share markets, an investor chooses to invest mostly in cash or fixed interest. The opportunity risk here is that share markets, which the investor has avoided, may perform better than cash or fixed interest.

Economic risk – This is the risk involving changes in conditions in the economy, such as interest rates and inflation. Changes to interest rates are likely to affect the performance of cash and fixed interest investments. Changes in inflation may affect the real value of investments.

Diversification risk – If all or most of an investment is in a particular asset class, there is a risk that the asset class may perform poorly. If however an investment is spread over more asset classes, there is less likelihood of losing money. This is because while one asset class may perform poorly, other asset classes may perform well.

Market risk – This relates to the changes in the market as a whole, due to economic or political factors. Changes in the market affect some asset classes significantly.

Credit risk – Some investments carry the risk of suffering a loss due to another party defaulting on their financial obligations.

Currency exchange risk – Changes to the value of the currency of countries where we invest can impact on the value of investments in some asset classes.






Fund risk – This is the risk involved with the management of Club Super, which may impact on investments of the Fund.

Legislative risk – Changes to superannuation or taxation laws can impact on investments – especially the returns earned by those investments.

Diversified Options

Crediting Rates	Balanced	Growth	Capital Stable																																																																																							
30 June 2011	8.10%	8.74%	6.43%																																																																																							
30 June 2010	9.90%	10.79%	9.09%																																																																																							
30 June 2009	-14.50%	-16.60%	-2.90%																																																																																							
30 June 2008	-7.60%	-10.50%	1.20%																																																																																							
30 June 2007	17.50%	18.50%	9.00%																																																																																							
5 year average*	1.98%	1.28%	4.46%																																																																																							
Investment return objectives	To achieve a competitive rate of return through investment in a diversified range of assets, in order to optimise members' eventual retirement benefits.	To provide a medium to high risk investment with the potential for a high level of growth over the long term. Crediting rates could be negative or zero.	To provide security of capital, while delivering returns that will exceed cash over the medium term.																																																																																							
Description of investment return	Investments are diversified across a mix of asset classes with a bias more towards shares and property than defensive assets. This option is suited to an investor with a long term investment horizon of at least 5 years. Investors are seeking exposure mainly to growth assets, but with some defensive exposure to reduce volatility. Investors are prepared to accept negative returns on average once every five years.	Predominately shares and property with little defensive exposure. This option is suited to an investor with a longer term horizon of at least 7 years. Investors are seeking higher long term returns than the Balanced portfolio through higher exposure to growth assets, while still retaining some exposure to defensive investments. Investors are prepared to accept negative returns on average once every four years.	Invests predominantly in defensive assets such as cash and fixed interest securities, with a limited exposure to Australian and international shares and property. This option is suited to an investor who would like limited exposure to growth investments, and are looking for long term returns higher than that of cash or fixed interest while being protected to some extent against the volatility of the share markets.																																																																																							
Mix of asset classes	<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>35</td> <td>25 - 45</td> </tr> <tr> <td>International Shares</td> <td>25</td> <td>10 - 30</td> </tr> <tr> <td>Property</td> <td>10</td> <td>5 - 15</td> </tr> <tr> <td>Growth Alternatives</td> <td>5</td> <td>0 - 15</td> </tr> <tr> <td>Growth Assets Total</td> <td>75</td> <td></td> </tr> <tr> <td>Defensive Alternatives</td> <td>10</td> <td>0 - 15</td> </tr> <tr> <td>Fixed Interest</td> <td>10</td> <td>0 - 20</td> </tr> <tr> <td>Cash</td> <td>5</td> <td>(Balance)</td> </tr> <tr> <td>Defensive Assets Total</td> <td>25</td> <td></td> </tr> </tbody> </table>	Asset Class	Benchmark%	Range%	Australian Shares	35	25 - 45	International Shares	25	10 - 30	Property	10	5 - 15	Growth Alternatives	5	0 - 15	Growth Assets Total	75		Defensive Alternatives	10	0 - 15	Fixed Interest	10	0 - 20	Cash	5	(Balance)	Defensive Assets Total	25		<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>40</td> <td>35 - 55</td> </tr> <tr> <td>International Shares</td> <td>30</td> <td>20 - 40</td> </tr> <tr> <td>Property</td> <td>10</td> <td>0 - 15</td> </tr> <tr> <td>Growth Alternatives</td> <td>10</td> <td>5 - 15</td> </tr> <tr> <td>Growth Assets Total</td> <td>90</td> <td></td> </tr> <tr> <td>Fixed Interest</td> <td>5</td> <td>0 - 15</td> </tr> <tr> <td>Cash</td> <td>5</td> <td>(Balance)</td> </tr> <tr> <td>Defensive Assets Total</td> <td>10</td> <td></td> </tr> </tbody> </table>	Asset Class	Benchmark%	Range%	Australian Shares	40	35 - 55	International Shares	30	20 - 40	Property	10	0 - 15	Growth Alternatives	10	5 - 15	Growth Assets Total	90		Fixed Interest	5	0 - 15	Cash	5	(Balance)	Defensive Assets Total	10		<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Benchmark%</th> <th>Range%</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>10</td> <td>5 - 15</td> </tr> <tr> <td>International Shares</td> <td>5</td> <td>0 - 10</td> </tr> <tr> <td>Property</td> <td>10</td> <td>0 - 15</td> </tr> <tr> <td>Growth Alternatives</td> <td>5</td> <td>5 - 15</td> </tr> <tr> <td>Growth Assets Total</td> <td>30</td> <td></td> </tr> <tr> <td>Defensive Alternatives</td> <td>10</td> <td>0 - 15</td> </tr> <tr> <td>Fixed Interest</td> <td>20</td> <td>20 - 40</td> </tr> <tr> <td>Cash</td> <td>40</td> <td>(Balance)</td> </tr> <tr> <td>Defensive Assets Total</td> <td>70</td> <td></td> </tr> </tbody> </table>	Asset Class	Benchmark%	Range%	Australian Shares	10	5 - 15	International Shares	5	0 - 10	Property	10	0 - 15	Growth Alternatives	5	5 - 15	Growth Assets Total	30		Defensive Alternatives	10	0 - 15	Fixed Interest	20	20 - 40	Cash	40	(Balance)	Defensive Assets Total	70	
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Minimum suggested time frame	3 to 5 years	At least 7+ years	Up to 3 years																																																																																							
Summary of the level of risk	Medium to high risk. Chance of a negative return is 1 in every 5 years.	Medium to high risk. Chance of a negative return is 1 in every 4 years.	Low to medium risk. Chance of a negative return is 1 in every 10 years.																																																																																							

Single Asset Class Options

Crediting Rates	Cash	Property [^]	Australian Shares [^]	International Shares [^]	Fixed Interest [^]																																																
30 June 2011	3.90%	8.31%	12.10%	5.05%	5.83%																																																
30 June 2010	2.86%	3.82%	14.74%	11.17%	11.64%																																																
30 June 2009	3.40%	-10.50%	7.30%	-1.80%	5.10%																																																
30 June 2008	6.20%	-	-	-	-																																																
30 June 2007	5.50%	-	-	-	-																																																
5 year avg*	4.36%	0.21%	11.34%	4.67%	7.48%																																																
Investment return objectives	To provide security of capital over all periods.	To achieve a return before tax and after fees that exceeds the 100% Mercer Unlisted Property Unit (pre tax) over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the S&P/ASX 300 Accumulation Index over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the MSCI World ex-Australia Index in \$A over rolling 3 year periods.	To achieve a return before tax and after fees that exceeds the 50% UBSA Composite Bond Index, 50% Lehman Global Aggregate Hedged Index over rolling 3 year periods.																																																
Description of investment return	Investments in short term money market securities and fixed interest. Investments include bank deposits, bank bills and cash management trusts. This option is suited to risk averse investors who seek stability, low volatility and a positive return on their investments. They are prepared to sacrifice the higher long term returns available from more growth oriented options for more stable levels of returns.	This option is only invested in property. This option is suited to investors that seek exposure to growth assets through investments in property. Investors have a long term investment horizon and are seeking a lower level of volatility than equities, but expect a lower level of returns in the long term.	This option is only invested in Australian Shares. This option is suited to risk seeking investors with a long-term investment horizon who seek exposure to Australian equities. Investors are prepared to accept a high level of volatility with the likelihood of negative returns on average every three to four years.	This option is only invested in International Shares. This option is suited to risk seeking investors with a long term investment horizon who seek exposure to international equities. Investors are prepared to accept a high level of volatility with the likelihood of negative returns on average every five years.	This option is invested in Australian and international fixed interest. This option is suited to members seeking a higher level of returns than cash, while retaining a low level of volatility and accepting a lower level of returns than shares and property in the long term.																																																
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Minimum suggested time frame	12 months	At least 7-10 years	7+ years	7+ years	At least 3 years																																																
Summary of the level of risk	Low risk. The chance of a negative return is negligible.	Medium to high risk. The chance of a negative return is 1 in every 6 years.	High risk. The chance of a negative return is 1 in every 3.5 years.	High risk. The chance of a negative return is 1 in every 5 years.	Low risk. The chance of a negative return is 1 in every 32 years.																																																

[^]This option commenced from 1 January 2009, therefore no prior period returns are available.

* 'Average' is the compound average of the Annual returns for each investment option for the past 5 years. C.P.I. over the same 5 year period averaged 3.6% in eight capital cities. No information exists for the Property, Australian Shares, International Shares and Fixed Interest options prior to the 30 June 2009 year as these options were introduced on 1 January 2009. Members are credited with the earnings from the underlying investments in each option net of taxes and investment expenses. Past performance is not necessarily an indication of future performance.

Operational costs for each investment option

Capital Stable	0.46%
Balanced (Default)	0.66%
Growth	0.64%
Cash	0.17%
Fixed Interest	0.52%
Property	0.65%
Australian Shares	0.60%
International Shares	0.81%

Operational costs are deducted from the Fund's investment before the interest crediting rate is determined. These figures exclude the 0.3% administration fee and any performance fees.

Club Super's Investment Strategy

The Trustee aims to achieve the investment objectives of the different options through an investment strategy that keeps the asset allocation within ranges set by the Trustee. Professional investment managers are appointed that actively vary the asset allocation of funds under management within the Fund's overall asset allocation ranges. The performance of each investment manager is continually monitored and evaluated. The Investment managers are permitted to use futures, options and other derivative instruments to assist with the effective management of the Fund's assets. However, these instruments may not be used to gear the portfolio. The Trustee expects that, over the long term, the use of these instruments will enhance the returns on the Fund's assets.

Over shorter periods, the effect on investment returns is expected to vary from year to year. The Trustee will regularly monitor the overall asset allocation of the Fund. Labour standards or environmental, social or ethical considerations are not taken into account in selecting, retaining or realising the investments of the Fund.

Derivatives

Club Super uses derivatives either to protect the value of its portfolios or to manage them efficiently within set asset allocation ranges. On the advice of the Club Super investment adviser, the Club Super Trustee may use currency hedges directly to protect the value of Club Super's overseas investments. Derivatives will not be used for speculative purposes.

Remember that your investment in Club Super is not guaranteed. The value of your investment may rise or fall.

General Advice Warning

This information is of a general nature and does not take into account your individual financial situation, objectives or needs. Because of this, you should before acting on this advice consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You should obtain a copy of the Fund's *Product Disclosure Statement (PDS)* and consider the *PDS* before making a decision. If you require specific advice, you should contact a licensed financial adviser.

Club Plus Qld Pty Ltd (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298) is Corporate authorised representative No. 268814 under Australian Financial Services Licence No. 238507 and is authorised to provide general financial product advice in relation to superannuation.

Contact details for **Club Super**

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