Asset allocation

How you allocate your super to the different asset classes is one of the most important investment decisions you can make. When you invest in a PreMixed investment option AustralianSuper sets the asset allocation for you. As a direct investor, this is a decision you will need to make yourself or with the guidance of a financial adviser.

What is asset allocation?
Asset allocation refers to how much of your portfolio you invest in each asset class, such as shares, property, fixed interest and cash.

Each asset class has a different level of risk and potential return, so your asset allocation directly impacts the level of risk and return in your portfolio.

Your investment timeframe
Your investment timeframe is an important factor to consider when determining your asset allocation strategy. Generally, the longer your investment timeframe the more you can invest in assets, such as shares and property. While volatile over shorter time periods, returns for these assets usually smooth out over time resulting in long-term growth.

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Minimum investment timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>5 years</td>
</tr>
<tr>
<td>Property</td>
<td>5 years</td>
</tr>
<tr>
<td>Fixed interest</td>
<td>3 years</td>
</tr>
<tr>
<td>Cash/term deposits</td>
<td>1 year</td>
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Diversification
Different asset classes will perform better at different times. So it’s important to include a mix of asset classes. Diversification controls risk, as better performing asset classes help to offset those that aren’t performing so well. It also provides the opportunity for long-term growth, as your portfolio is exposed to asset classes with strong growth potential.

Your risk profile
Before you set your asset allocation strategy you will need to understand your risk profile. Your risk profile takes into account how comfortable you are with volatility and your investment objectives and timeframe.

Investors with a higher tolerance for volatility can invest more of their portfolio in assets, such as shares and property. A higher allocation to income assets like fixed interest and cash may suit more conservative investors. We suggest you consult a professional financial adviser for detailed risk profiling based on your personal circumstances before deciding on your asset allocation.

The risk profile quiz available at australiansuper.com is a good starting point.
Choosing an asset mix that’s right for you

This process involves setting a target asset allocation, or benchmark weighting for each asset class, and your minimum and maximum limits for each asset class - called investment ranges. For example, AustralianSuper sets strategic asset allocations and investment ranges based on the investment objectives and risk profile of each investment option and our current and projected view of market conditions.

Choosing an asset allocation to match your risk profile and investment timeframe and objectives can be complex, so it is worth seeking advice from a professional financial adviser.

Implementing your asset allocation

You can change your asset allocation in your AustralianSuper Member Direct account by switching between AustralianSuper’s investment options or transferring funds from your other investment options into the Member Direct option. You can view the impact your investments have on your asset allocation in the ‘Portfolio’ section. See the Rebalancing fact sheet for more information.

Market movements can alter the asset allocation and risk profile of your portfolio so make sure you monitor your portfolio regularly.

How to view your asset allocation

1. Select ‘portfolio’ from the main menu
2. Scroll down to ‘your investment breakdown’ and select ‘by asset allocation’
3. This chart shows which asset classes your superannuation is invested in

Quick reference

- asset allocation is one of the most important investment decisions you can make
- your asset allocation should reflect your risk/return profile
- consult a financial adviser for professional risk profiling and asset allocation advice
- monitor your asset allocation regularly to ensure it matches your targets

Seek advice before you invest

AustralianSuper can refer you to a financial adviser for advice about investment strategies and listed securities within the Member Direct investment option*. For more information on your advice options with AustralianSuper call 1300 300 273 between 8am to 8pm (AEST/AEDT) weekdays or visit australiansuper.com/FindanAdviser

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