

IMPORTANT NOTICE PREPARED AND ISSUED BY THE ENERGY SUPER BOARD ON 7 DECEMBER 2018

CHANGES TO YOUR INVESTMENT IN OUR MYSUPER INVESTMENT OPTION

Energy Super’s MySuper investment option is the default option for members who don’t elect to invest in a particular Energy Super investment option. It’s also the investment option for many Energy Super members *like you* who are invested in our MySuper option by choice or recommendation.

This notice is provided to inform you of upcoming changes to the MySuper investment option.

Throughout every year, the Energy Super Board reviews the MySuper option’s asset allocation and makes amendments to the short term allocations in response to investment markets. These movements occur within the ranges set and the movements are notified to members in the Annual Report each year.

When setting the ranges and the allocations to each asset class, we consider the membership profile of members invested in the option, the types of investments we hold, the current market to determine opportunities arising as a result of market cycles, and the timeframe our members have to invest until retirement.

As part of the Energy Super Board’s most recent review of the MySuper investment option, a number of changes were made to the investment strategy for this option. The Board is moving the ranges for a number of asset classes to allow changes in response to market conditions, particularly focusing on Growth assets, in an environment of low cash rates and credit yields.

WHAT’S CHANGING AND WHY?

From 1 February 2019, a number of changes will apply to the MySuper investment option as outlined in the table at right.

The asset allocation for the MySuper investment option will vary from year to year within the ranges shown in the table at right. This means the allocation to Defensive and Growth assets shown in the table may also vary within these ranges. The Energy Super Board may choose to vary the asset allocations, including benchmarks and ranges, without prior notice to members where this is allowable by law.

		Current up to 31 Jan 2019	From 1 Feb 2019
Asset Class		Range	
Asset Allocation	Australian Shares	20-40	10-40
	International Shares	0-30	15-45
	Property	0-20	0-20
	Infrastructure	0-20	0-20
	Growth Alternatives	0-15	0-20
	Growth Assets Total	65-85	75-95
	Defensive Alternatives	0-20	0-15
	Global Fixed Interest	0-25	0-15
	Cash Enhanced	0-20	0-20
	Defensive Assets Total	15-35	5-25
Minimum suggested investment timeframe		5 yrs	7 yrs
Risk of negative return		3.2*over any 20 yrs	3.5 over any 20 yrs
Total estimated indirect costs and fees**		1.06%#	1.18%

* The risk measure currently specified in the Product Disclosure Statement and Investment Guide is 3.9. Recently, we re-calculated the risk measure based on updated underlying assumptions and believe a more accurate assessment for the current investment option asset allocation is 3.2.

**For further information on fees, please see the following page.

The total indirect fees and costs are an estimate, derived from the costs incurred in the 2017-18 financial year and based on the information available to the Energy Super Board for that financial year. The actual management costs for this and future financial years may be different. Updated estimates are posted on our website from time to time when updated information becomes available. Actual investment management costs for each year are provided in Our Annual Report.

The Annual Report for each financial year will include more information about the MySuper option's asset allocations, including actual asset allocations as at end of financial year, for each asset class within the option and the actual costs incurred.

The MySuper option is designed for members looking for a balance between risk and return, with a wide asset allocation range. The upcoming increase in the option's exposure to Growth assets, in most market conditions, will support better long term performance. You'll find information on Growth and Defensive assets on our website and in our *Investment Guide*.

The risk of a negative return may have more of an impact on members planning to retire in the next few years. This is because negative returns may reduce a member's account balance just when they're looking to access it. Where members have at least seven years until retirement, there is more time to ride out market downturns.

WHY ARE YOU MAKING THIS CHANGE NOW?

We review our investment options regularly to ensure they continue to meet the needs of our members. This includes adapting the asset allocations to ensure we're maximising your retirement outcomes, while managing volatility and market movements. We also look for investment opportunities as they arise.

As the MySuper investment option is a diversified investment option with a mix of asset classes, our view is that the option should focus on long term investing, with the goal of ensuring we continue to provide returns of 3% above inflation over rolling 10 year periods.

The Energy Super Board will also take a staged approach to reaching its target ranges from 1 February 2019 to ensure short term market movements are managed, whilst also ensuring the option is best positioned to achieve its long term return objective.

WILL THE CHANGE RESULT IN AN INCREASE IN FEES AND COSTS?

Yes. There is no change to your administration fee but there may be a variation to the investment fees depending on the assets in the investment option and the performance of those assets. They reflect the composition of investment managers required to deliver on the objectives for that option.

The components of the indirect fees and costs for the MySuper option that are changing are shown below:

	Current up to 31 Jan 2019	From 1 Feb 2019
Investment Fee Base Amount	0.26%	0.27%
Estimated Indirect Cost Ratio	0.47%	0.58%

For more information, see 'Additional Explanation of Fees and Costs' in our *Fees and Other Costs Guide* available at energysuper.com.au/pds

WHAT DO I NEED TO DO?

We've chosen the MySuper investment option as the default option because we think it meets the long term needs of most of our members. It's important, however, to remember that the MySuper investment option's objective is based on the risk profile of the *membership*, not on the risk profile of the *individual* member. Therefore, you may wish to consider questions like:

- Is this option right for me?
- How long will my money be invested before I retire?
- What level of growth or stability am I looking for?

If you want to remain in the MySuper option after 1 February 2019 – then you don't need to do anything.

CAN I CHANGE MY INVESTMENT CHOICE?

Of course. You can always change your investment choice at any time.

If you don't wish to remain invested in the MySuper option from 1 February 2019, your request (paper or online) needs to reach us before 5pm (AEST) on 1 February 2019. Simply complete the *Change of Investment Choice* Form available at energysuper.com.au/forms and return it to Energy Super. Or go to Member Login on the website and submit your investment switch online via the Member Portal.

Investment switching out of the MySuper option (partially or wholly) from 7 December 2018 up to 1 February 2019 is at no additional cost.

Before making any investment switch, you should read the *Investment Guide* in conjunction with this Notice. You can download a copy of the Guide from our website at energysuper.com.au/pds or call us and we'll send you a copy.

If you're nearing retirement or have previously received financial advice recommending the MySuper investment option, and you'd like to speak to one of our financial advisers over the phone to determine which investment option/s may be right for you, please contact us on 1300 436 374. If you call after 14 December 2018, we can arrange a call-back appointment in January. This is at no additional cost.

WE'RE HERE TO HELP

W energysuper.com.au E info@energysuper.com.au T 1300 436 374 8.00am to 6.00pm, Monday to Friday

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