



# LGsuper

Looking after you  
and your super

## Investment choice guide

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The information in this document forms part of the Product Disclosure Statements:

- *Accumulation account, Retained Benefit account, Spouse account Excludes current and former employees of Brisbane City Council, Queensland Urban Utilities, associated employers and their spouses* Date prepared: 24 June 2011
- *Accumulation account, Retained Benefit account, Spouse account For current and former employees of Brisbane City Council, Queensland Urban Utilities and other associated employers and their spouses* Date prepared: 24 June 2011

This guide also forms Part 2 of the *Pension accounts* Product Disclosure Statement

Date prepared: 24 June 2011



Local government  
is our connection

## Contents

Getting started	1
Investment basics	2
LGsuper's investment options	4
Making your choice	11
Fees and other costs	13
Investment switch form	17
Investment switch form—Pension accounts	19

**Contact LGsuper on  
1800 444 396 or visit our  
website at [www.lgsuper.org](http://www.lgsuper.org)  
if you would like any further  
information.**

The way your super is invested can make a huge difference to the amount of money you have in retirement. That's why taking a few minutes to learn some basics of investing and think about how you want your super invested is so important – after all, it's your lifestyle we're talking about!

At LGsuper, we're committed to taking care of you and your super. We offer a wide range of investment choices, so there is bound to be an option or combination of options to suit your needs. Best of all, our friendly and knowledgeable staff can be depended on for the information and advice you need.

### **Solid long-term investment performance**

LGsuper members weathered the global financial crisis better than most super fund members, with our default investment options, Diversified Growth and Conservative Balanced, ranking 8th and 2nd respectively among at least 69 similar options nationally for the 5 years to 30 November 2011<sup>1</sup>. Although past performance is not a reliable indicator of future performance, we believe our results show the benefits of our highly diversified investments during tough times.

<sup>1</sup> Source: Independent ratings agency SuperRatings Fund Crediting Rate Survey, November 2011.

# Getting started

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This guide is set out in four sections:

### **Investment basics (page 2)**

Learn the basic principles of investing (including risk and return), and about the different asset classes.

### **LGsuper's investment options (page 4)**

Understand the investment options LGsuper offers and who they best suit.

### **Making your choice (page 11)**

If you're wanting to make a change, see this section for how to go about it.

### **Fees and other costs (page 13)**

Compare fees across our range of investment options. LGsuper is run only to profit members, so we keep them low.

### **Investment switch forms (back)**

To make a change, simply complete the form for your account type and return it to us.

# Investment basics

Getting to know a few key investment principles will help you to understand your options and make better investment decisions.

## Super is generally a long-term investment

For most people, superannuation is a long-term investment. That's because you are generally unable to access your money until retirement after reaching your preservation age (at least age 55, but up to age 60 depending on when you were born). Even after retirement, your super investment may need to last 20 to 30 years or more!

How much you have in retirement and how long it lasts depends not just on how much you and your employer put into super, but also how much that money earns through investment returns. Investing for long periods generally means you can afford to take more risk and receive higher investment returns.

## Understanding risk and return

When investing in super there will always be some risk. The risk that often comes to mind is the possibility of losing some of your money when sharemarkets decline, or when currency exchange rates or interest rates change. But there is another risk—the risk that the value of your investment won't keep up with inflation and will lose purchasing power over time.

Investment options with higher proportions invested in return-seeking assets, such as shares and property, generally provide higher returns that outpace inflation over the long term than those with more in risk-controlling assets like cash or fixed interest. In return for higher investment earnings though, you have a higher short-term risk of loss, as these investments regularly rise and fall in value.

Other risks of investing in super include:

- **legislative.** Governments might change or introduce new legislation. This could affect your account balance, access to super or its tax treatment in a positive or negative way.
- **economic or political.** If countries or regions experience political change, economic crisis or war your account balance may be affected.
- **significant overall market declines.** The entire market could decline at the same time—not just one or two asset classes. This could affect your account balance.
- **security.** One specific investment, such as shares in a particular company, could experience a major drop in value. This risk is controlled through diversification of investments.

- **socially responsible.** By avoiding investments that do not meet socially responsible criteria, you could miss out on higher investment returns and/or increase risk.
- **opportunity.** By making one investment, you could be missing out on another investment with better opportunities for growth.

## Asset classes

LGsuper's investment options each invest in one or more asset classes. These asset classes can be grouped as:

- **return-seeking.** Sometimes called 'growth assets', these assets include shares and property. Return-seeking assets generally achieve higher investment returns over long periods, but they have a greater possibility of negative returns over short periods than risk-controlling assets.
- **risk-controlling.** These types of investments are lower risk by nature, leading some to call them 'defensive assets'. They include cash and fixed interest. Their low risk nature generally results in lower long-term returns than return-seeking assets.

## Return-seeking assets

### Shares

Shares, also known as stocks or equities, represent part ownership in a company and can carry with them entitlement to a portion of that company's profits in the form of dividends. Companies can reinvest profits or issue shares to raise money, often in an effort to further grow the company. Over time, a company's profits are expected to grow and in turn, increase the value of the shareholder's investment through higher share prices.

Share prices fluctuate, sometimes dramatically, as investors collectively predict what they think the company could earn in the future compared to other investments, and use this prediction to price their buying and selling decisions.

Australian shares are listed on the Australian Stock Exchange (ASX), while international shares are held for companies listed on the various stock exchanges overseas. Currency fluctuations can have a significant positive or negative effect on returns from international shares. This currency risk can be reduced or eliminated through hedging the currency exposure.

Over long-term periods, history shows shares have provided higher returns than property, fixed interest or cash.

## Property

Property investments can include office buildings, industrial sites and retail shopping centres. These provide regular income in the form of rent, and potential increases in the value of the property itself. Property can be purchased directly, or indirectly through units or shares in a pool such as a property trust that may be listed on the sharemarket (a listed property trust or LPT) or an unlisted trust.

## Alternatives

Alternative investments do not fall into the traditional asset classes and include hedge funds. These consist of investments that use complex market trading strategies that aim to generate returns that do not follow the cycles found in sharemarkets and other traditional investments. Infrastructure investments are also considered alternatives, and generally include assets with monopolistic characteristics, long lifespans and the benefit of protection from inflation. Some examples are roads, bridges, ports, carparks, power stations and water treatment plants.

## Risk-controlling assets

### Fixed interest

Also known as bonds, fixed interest investments are loans over various maturity periods to borrowers such as governments, companies and other entities. They may be secured by assets. Fixed interest investments offer a promise to return the money

originally invested at a particular maturity date. They also promise periodic payments of interest (known as coupons), which may be fixed or directly linked to inflation or short term interest rates.

The value of fixed interest investments vary due to factors such as the country of issue, the issuer and market sector, their credit rating, maturity date, marketability, liquidity etc.

Fixed interest returns are more variable than cash.

### Cash

Cash and short-term securities/deposits are traded on the short-term money market. Cash is the lowest risk asset class but usually earns the lowest rate of return over the long-term. Returns may not keep up with inflation.

## Diversification is key

The key to investing is not putting all your eggs in one basket. Also known as diversification, spreading your money across different investments reduces the overall risk of your portfolio. That's because if one investment falls in value, other investments that are performing well over the same period could make up or exceed that loss.

There are many ways to diversify, including across asset classes, investments within an asset class, or among investment managers or countries.

## LGsuper's investment approach

LGsuper sets a target mix of return-seeking and risk-controlling assets for each ready-made investment option, and calls this the strategic asset allocation (SAA). We may also use a process known as dynamic strategic asset allocation to exploit or protect the portfolio against market extremes. This allows the fund to adjust the SAA by up to 7.5% (+/-) over timeframes of 3 or more years.

LGsuper has mostly chosen active style investment managers who aim to outperform other investment managers in the same markets. A portion of the Australian shares and International shares portfolios is invested passively through low cost managers to mirror the performance of the overall market.

We use an expert asset consultant who assists us in selecting well known and trusted professional investment managers who each have a specific area of investment expertise. By combining the skills of these managers, you can expect reduced risk and improved investment performance.

LGsuper continuously monitors the performance of each investment manager against benchmark returns. From time to time, new investment managers are appointed to increase returns or improve diversification. We may also stop using a particular manager due to underperformance, or when their style of investing or area of expertise is no longer required.

### Want to know more?

See the *Investments* section of our website, [www.lgsuper.org](http://www.lgsuper.org)

# LGsuper's investment options

At LGsuper, we offer two default investment options based on age and specially designed for members who do not make a choice. These options, like the other ready-made options on pages 6 and 7, are diversified across asset classes.

These options are automatically applied if you don't make a choice. You can also choose these options if they suit you, regardless of your age.

## Under age 75 Diversified Growth

This option invests mainly in return-seeking assets, with risk reduced through diversification that includes some fixed interest investments.



### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 4% p.a. above inflation

### Who it best suits

Those seeking reasonably high returns and prepared to accept potentially modest to significant fluctuations in returns over shorter periods.

### Suggested minimum holding period

5 years

### Strategic asset allocation (SAA) and ranges

	SAA %	Ranges %
<b>Return-seeking assets</b>	<b>88.5</b>	<b>81.0–96.0</b>
Australian shares	23.9	16.4–31.4
International shares	23.9	16.4–31.4
Property	15.0	7.5–22.5
Alternatives	25.7	18.2–33.2
<b>Risk-controlling assets</b>	<b>11.5</b>	<b>4.0–19.0</b>
Fixed interest	11.5	4.0–19.0
Cash	0	0

### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	11.59	12.80
2010	9.43	10.43
2009	-14.17	-16.46
2008	-5.04	-5.84
2007	16.00	17.60
5-yr avge % p.a.	2.92	2.88
5-yr avge % p.a. over CPI	-0.01	-0.05

**Risk** Medium to high



Negative returns expected 3 out of 20 years

**Estimated fees (2011/12)** **0.72%**

## Age 75 and over Conservative Balanced

This option is more conservative than Diversified Growth. It invests almost two thirds in return-seeking assets, but has a substantial exposure to risk-controlling assets.



### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 3.5% p.a. above inflation

### Who it best suits

Those seeking moderate returns and prepared to accept potentially modest fluctuations in returns over shorter time periods.

### Suggested minimum holding period

4 years

### Strategic asset allocation (SAA) and ranges

	SAA %	Ranges %
<b>Return-seeking assets</b>	<b>62.8</b>	<b>55.3–70.3</b>
Australian shares	15.1	7.6–22.6
International shares	15.1	7.6–22.6
Property	15.0	7.5–22.5
Alternatives	17.6	10.1–25.1
<b>Risk-controlling assets</b>	<b>37.2</b>	<b>29.7–44.7</b>
Fixed interest	37.2	29.7–44.7
Cash	0	0

### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	9.68	10.89
2010	10.02	11.21
2009	-9.03	-10.33
2008	-1.46	-1.67
2007	11.90	13.18
5-yr avge % p.a.	3.89	4.24
5-yr avge % p.a. over CPI	0.96	1.31

**Risk** Low to medium



Negative returns expected 2 out of 20 years

**Estimated fees (2011/12)** **0.64%**

<sup>1</sup> Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

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### **Nearing age 75?**

If you have not previously made an investment choice, we will write to you just before your 75th birthday to let you know we will be changing your investment option to Conservative Balanced. If you don't want this to take place you can tell us at that time.

### **Retained Benefit and Spouse accounts opened before 1 July 2011**

You may be invested differently to the default options outlined. Check how you're invested by logging on to LGsuper online at [www.lgsuper.org](http://www.lgsuper.org) or by calling us on 1800 444 396.

### **On leaving a defined benefit**

LGsuper will move your defined benefit money to the Cash option from the day after you leave employment, until we have given you the opportunity to make an investment choice. If we don't hear from you, we will move your defined benefit money to the default option outlined on page 4 after the nominated period advised to you by us.

### **Prefer to review all the options?**

If you would like to review the other ready-made options we offer, or perhaps build your own investment mix through our single asset class options, you should continue reading this section.



## Ready-made options

These options, like the Diversified Growth and Conservative Balanced options you can also choose on page 4, are diversified across asset classes.

### Aggressive

This option aims to provide the highest long-term returns of all LGsuper options. It invests solely in return-seeking assets.



● return-seeking  
● risk-controlling

#### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 4.5% p.a. above inflation

#### Who it best suits

Those seeking high returns and prepared to accept potentially significant fluctuations in returns over shorter time periods.

#### Suggested minimum holding period

7 years

#### Strategic asset allocation (SAA) and ranges

	SAA%	Ranges%
<b>Return-seeking assets</b>	<b>100</b>	<b>100</b>
Australian shares	34.0	26.5-41.5
International shares	34.0	26.5-41.5
Property	15.0	7.5-22.5
Alternatives	17.0	9.5-24.5
<b>Risk-controlling assets</b>	<b>0</b>	<b>0</b>
Fixed interest	0	0
Cash	0	0

#### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	12.77	13.94
2010	7.63	8.44
2009	-16.66	-19.36
2008	-5.72	-6.66
2007	17.51	19.25
5-yr avge % p.a.	2.30	2.09
5-yr avge % p.a. over CPI	-1.19	-0.89

#### Risk High



Negative returns expected 4 out of 20 years

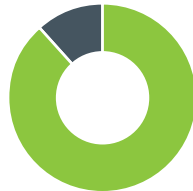
#### Estimated fees (2011/12)

**0.78%**

### Diversified Growth plus Reserves

closed to new contributions from 1/07/11<sup>2</sup>

Closed to new contributions, this option is invested exactly the same way as Diversified Growth but provides an additional return due to the investment reserve distribution up to 30/06/13.



● return-seeking  
● risk-controlling

#### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 4% p.a. above inflation

#### Who it best suits

Members in this option at 30/06/11 seeking reasonably high returns and the reserve allocation, and prepared to accept potentially modest to significant fluctuations in returns over shorter periods.

#### Suggested minimum holding period

5 years

#### Strategic asset allocation (SAA) and ranges

	SAA%	Ranges%
<b>Return-seeking assets</b>	<b>88.5</b>	<b>81.0-96.0</b>
Australian shares	23.9	16.4-31.4
International shares	23.9	16.4-31.4
Property	15.0	7.5-22.5
Alternatives	25.7	18.2-33.2
<b>Risk-controlling assets</b>	<b>11.5</b>	<b>4.0-19.0</b>
Fixed interest	11.5	4.0-19.0
Cash	0	0

#### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	9.32	10.05
2010	6.26	6.86
2009	-14.10	-16.39
2008	2.25	2.16
2007	14.95	16.13
5-yr avge % p.a.	3.24	3.13
5-yr avge % p.a. over CPI	0.31	0.20

#### Risk Medium to high



Negative returns expected 3 out of 20 years

#### Estimated fees (2011/12)

**0.72%**

### Stable

More conservative than Conservative Balanced (page 4), this option invests mainly in risk-controlling assets (58%) with some growth from return-seeking assets (42%).



● return-seeking  
● risk-controlling

#### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 2.5% p.a. above inflation

#### Who it best suits

Those seeking modest returns and who are fairly averse to fluctuations over the short-term.

#### Suggested minimum holding period

3 years

#### Strategic asset allocation (SAA) and ranges

	SAA%	Ranges%
<b>Return-seeking assets</b>	<b>42.2</b>	<b>34.7-49.7</b>
Australian shares	8.1	0.6-15.6
International shares	8.1	0.6-15.6
Property	15.0	7.5-22.5
Alternatives	11.0	3.6-22.5
<b>Risk-controlling assets</b>	<b>57.8</b>	<b>50.3-65.3</b>
Fixed interest	37.8	30.3-45.3
Cash	20.0	12.5-27.5

#### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	7.90	9.00
2010	8.53	9.64
2009	-4.79	-5.34
2008	1.22	1.46
2007	9.19	10.32
5-yr avge % p.a.	4.27	4.83
5-yr avge % p.a. over CPI	1.34	1.90

#### Risk Low to medium



Negative returns expected 1 out of 20 years

#### Estimated fees (2011/12)

**0.55%**

<sup>1</sup> Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

<sup>2</sup> Formerly known as Growth Smoothed, this option is invested the same way as Diversified Growth but for the 2 years to 30/06/13 generally has a higher earning rate due to the gradual distribution of investment reserves. Returns shown are for Growth Smoothed and were calculated by adding the reserve to investment earnings for the year, with 60% of the total forming the earning rate (after fees and tax) and the other 40% kept in reserve. See Special options on page 10 for more information.



## Socially responsible options

The only options to take into account socially responsible or ethical criteria. See *Special options* on page 10 for more information on criteria used.

### Defensive

This option is very conservative, investing mainly in risk-controlling assets (78%). It has a small exposure to return-seeking assets (22%) to keep returns ahead of inflation.



#### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 2% p.a. above inflation

#### Who it best suits

Those wanting to stay ahead of inflation and generally averse to fluctuations in returns over shorter periods.

#### Suggested minimum holding period

2 years

#### Strategic asset allocation (SAA) and ranges

	SAA %	Ranges %
<b>Return-seeking assets</b>	<b>21.6</b>	<b>14.1-29.1</b>
Australian shares	3.8	0-11.3
International shares	3.8	0-11.3
Property	7.5	0-15.0
Alternatives	6.5	0-14.0
<b>Risk-controlling assets</b>	<b>78.4</b>	<b>70.9-85.9</b>
Fixed interest	48.4	40.9-55.9
Cash	30.0	22.5-37.5

#### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	6.27	7.45
2010	8.68	9.88
2009	-0.59	-0.64
2008	3.34	3.92
2007	6.59	7.50
5-yr avge % p.a.	4.81	5.56
5-yr avge % p.a. over CPI	1.88	2.63

**Risk** Low



Negative returns expected less than 1 year out of 20 years

**Estimated fees (2011/12)**

**0.46%**

### SR Balanced

SR Balanced takes into account socially responsible/ethical criteria when investing across a mainly return-seeking (74%) portfolio.



#### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 4% p.a. above inflation

#### Who it best suits

Those seeking a socially responsible investment with reasonably high returns and prepared to accept potentially modest to significant fluctuations in returns over shorter periods.

#### Suggested minimum holding period

5 years

#### Strategic asset allocation (SAA) and ranges

	SAA %	Ranges %
<b>Return-seeking assets</b>	<b>74</b>	<b>69-79</b>
Australian shares	36	31-41
International shares	26	21-31
Property	11	6-16
Alternatives	1	0-6
<b>Risk-controlling assets</b>	<b>26</b>	<b>21-31</b>
Fixed interest	23	18-28
Cash	3	0-8

#### Returns

Past performance is not an indicator of future performance.

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	7.65	8.61
2010	8.03	9.23
2009	-10.03	-11.63
2008	-9.95	-10.15
2007	15.67	17.42
5-yr avge % p.a.	1.74	2.04
5-yr avge % p.a. over CPI	-1.19	-0.89

**Risk** High



Negative returns expected 4 out of 20 years

**Estimated fees (2011/12)**

**1.18%**

### SR Australian Shares

Like SR Balanced, SR Australian Shares takes into account socially responsible/ethical criteria but only invests in Australian shares.



#### Investment objective over rolling 5-year periods<sup>1</sup>

Outperform S&P ASX300 Accumulation Index

#### Who it best suits

Those seeking a socially responsible investment with high returns from Australian shares only and prepared to accept potentially significant fluctuations in returns over shorter time periods, or those wanting to build their own investment strategy when combined with other single asset class options.

#### Suggested minimum holding period

7 years

#### Strategic asset allocation (SAA) and ranges

	SAA %
<b>Return-seeking assets</b>	<b>100</b>
Australian shares	100
International shares	0
Property	0
Alternatives	0
<b>Risk-controlling assets</b>	<b>0</b>
Fixed interest	0
Cash	0

#### Returns

Introduced from 1/07/11

**Risk** Very high



Negative returns expected 6 out of 20 years

**Estimated fees (2011/12)**

**1.03%**

<sup>1</sup> Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.



# Single asset class options

These options can be mixed and matched to build your own investment strategy.

## International Shares

This return-seeking option invests only in shares across the globe.



### Investment objective over rolling 5-year periods<sup>1</sup>

Outperform a composite index of international shares

### Who it best suits

Those seeking high returns from international shares only, or those wanting to build their own investment strategy when combined with other single asset class options.

**Suggested minimum holding period**  
7 years

### Strategic asset allocation (SAA) and ranges

	SAA %
<b>Return-seeking assets</b>	<b>100</b>
International shares	100
<b>Risk-controlling assets</b>	<b>0</b>

### Returns

Introduced from 1/07/11

**Risk** High



Negative returns expected 5 out of 20 years

**Estimated fees (2011/12)** 0.63%

## Australian Shares

Investing only in Australian shares, this option is return-seeking.



### Investment objective over rolling 5-year periods<sup>1</sup>

Outperform a composite index of Australian shares

### Who it best suits

Those seeking high returns from Australian shares only, or those wanting to build their own investment strategy when combined with other single asset class options.

**Suggested minimum holding period**  
7 years

### Strategic asset allocation (SAA) and ranges

	SAA %
<b>Return-seeking assets</b>	<b>100</b>
Australian shares	100
<b>Risk-controlling assets</b>	<b>0</b>

### Returns

Introduced from 1/07/11

**Risk** Very high



Negative returns expected 6 out of 20 years

**Estimated fees (2011/12)** 0.60%

<sup>1</sup> Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

## Property

This option only invests in property, a return-seeking asset class.



### Investment objective over rolling 5-year periods<sup>1</sup>

Returns of 5% p.a. above inflation

### Who it best suits

Those seeking high returns from a diversified property portfolio only, or those wanting to build their own investment strategy when combined with other single asset class options.

### Suggested minimum holding period

7 years

### Strategic asset allocation (SAA) and ranges

	SAA %
<b>Return-seeking assets</b>	<b>100</b>
Property	100
<b>Risk-controlling assets</b>	<b>0</b>

### Returns

Introduced from 1/07/11

**Risk** High



Negative returns expected 4 out of 20 years

**Estimated fees (2011/12)** **0.83%**

## Diversified Fixed Interest

Solely investing in fixed interest instruments such as bonds, this option is lower risk than shares or property, but aims to provide a higher long-term return than cash.



### Investment objective over rolling 5-year periods<sup>1</sup>

Outperform a composite index of Australian and international fixed interest

### Who it best suits

Those seeking modest returns from diversified fixed interest only, or those wanting to build their own investment strategy when combined with other single asset class options.

### Suggested minimum holding period

4 years

### Strategic asset allocation (SAA) and ranges

	SAA %
<b>Return-seeking assets</b>	<b>0</b>
<b>Risk-controlling assets</b>	<b>100</b>
Fixed interest	100

### Returns

Introduced from 1/07/11

**Risk** Low to medium

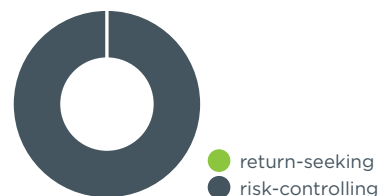


Negative returns expected 1 out of 20 years

**Estimated fees (2011/12)** **0.41%**

## Cash

This option invests in cash, term deposits and short-term securities. Returns may not keep up with inflation.



### Investment objective over rolling 5-year periods<sup>1</sup>

RBA official cash rate

### Who it best suits

Those seeking a return that matches the RBA cash rate and who are concerned about protecting their capital, or those wanting to build their own investment strategy by combining with other single asset class options.

### Suggested minimum holding period

Nil

### Strategic asset allocation (SAA) and ranges

	SAA %
<b>Return-seeking assets</b>	<b>0</b>
<b>Risk-controlling assets</b>	<b>100</b>
Cash	100

### Returns

Past performance is not an indicator of future performance

Year ending 30 June	Accumulation accounts % p.a.	Pension accounts % p.a.
2011	4.05	4.81
2010	2.93	3.52
2009	3.77	4.27
2008	4.87	5.70
2007	5.42	6.41
5-yr avge % p.a.	4.20	4.94
5-yr avge % p.a. over CPI	1.27	2.01

**Risk** Very low



Negative returns expected 0 out of 20 years

**Estimated fees (2011/12)** **0.25%**

<sup>1</sup> Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

## Special options

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### Diversified Growth plus Reserves

The Diversified Growth plus Reserves option (formerly Growth Smoothed) closed to new contributions from 1 July 2011. Diversified Growth plus Reserves is invested exactly the same way as Diversified Growth, but typically has a higher earning rate. This is because the investment reserve previously used to smooth returns is being gradually distributed to remaining members as an additional investment return for the 2 years to 30 June 2013. It will still be possible to receive a negative investment return, however it will most likely have less impact than if you were invested in the Diversified Growth option.

You can select up to five investment options for any money you have invested outside Diversified Growth plus Reserves. If you would like to switch part of your money out of Diversified Growth plus Reserves you will be required to switch your full amount out and you would not participate in any further allocation of reserves occurring following your switch date.

You should think very carefully before leaving Diversified Growth plus Reserves, as the reserve distribution could make a big difference to the investment return you receive up to 30 June 2013. For example, if the reserve was valued at 4% on 30 June 2011 this could mean you receive around 2% p.a. or so on top of the Diversified Growth earning rate.

### Socially responsible options

The two socially responsible options, SR Balanced and SR Australian Shares, are the only investment options to take into account labour standards or environmental, social or ethical considerations when making investment decisions. LGsuper does not require investment managers to take these factors into account for any other investment option.

LGsuper requires investment managers to make share investments that screen out companies or sectors, or support industries, taking into account:

- environmental grounds, for example, energy and resource use
- social considerations such as indigenous relations and community involvement
- ethical considerations, including meeting fundamental human rights and articulating and implementing a Code of Conduct
- labour standards, for example, occupational health and safety, International Labour Organisation standards, working considerations and the exclusion of child labour
- governance considerations, such as meeting corporate governance guidelines on board structures and remuneration
- avoiding investments in companies that operate in sectors with recognised high negative social impact, including companies that derive a significant portion of their total revenue from the production or manufacture of alcohol, armaments, gambling, pornography, tobacco and uranium

LGsuper may select investment managers that apply these considerations to other asset classes, such as property, or investment managers that apply socially responsible considerations in addition to the environmental, social and governance considerations outlined above.

**For more detailed information on these options, please contact us on 1800 444 396.**

# Making your choice

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If you are ready to make an investment choice, this section gives you more detail on how you can put your choice into action and rules that apply. You may want to seek financial advice when making your decision.

## Have you considered...

- the likely investment return of your chosen investment option/s
- the level of risk you are taking
- how long you are investing for
- if you're selecting more than one investment option, the overall asset allocation and risk profile the combination of options will produce

It's important to review your investment strategy regularly, especially if you select more than one investment option. LGsuper will not automatically rebalance your investment and the different options you have will grow at different earning rates and with different levels of volatility in returns.

## How do I switch?

It's easy. Simply complete the *Investment switch form* or *Investment switch form—Pension accounts* at the back of this guide and return it to us.

## Can I choose more than one investment option?

Yes. You can choose to invest in up to five investment options in total for your existing account balance and/or your future contributions.

LGsuper will not automatically rebalance your investment and the different options you have will grow at different earning rates and with different levels of volatility in returns. With that in mind, you will need to review your investment strategy regularly.

## Can I choose how my future contributions and transfers from other super funds will be invested?

Yes. You can choose to invest in up to five investment options in total for your existing account balance and/or your future contributions.

When making your decision, you should consider the overall asset allocation the combination of options you are choosing will produce. It's important to review your investment strategy regularly, as LGsuper will not automatically rebalance your investment and the different options you have will grow at different earning rates and with different levels of volatility in returns.

## How often can I switch?

You can switch investment options up to 12 times each financial year. Keep in mind though that superannuation is generally a long-term investment, and by changing investment options often, you could reduce your overall investment return. There is no fee to change your investment.

## When will my switch take effect?

If we receive your completed form by 5pm Friday, your switch will take effect from the third working day in the following week (generally the following Wednesday). Processing withdrawals and/or switches may be suspended for up to 7 days or longer during periods of significant market volatility or other conditions that prevent LGsuper from determining benchmark rates. See the *About earning rates* section on page 12 for details on how interim earning rates work.

Although your switch will take effect from the next available switch date, it may not be processed until all contributions are allocated to your account for the period up to this date. If your switch is to take place early in the new financial year, it will not be processed until final earning rates are applied to your account for the previous financial year.

## Can I cancel my switch?

If you change your mind, your switch can be cancelled in writing (fax, email or post) as long as we receive your cancellation by 5pm the Friday before it is due to take effect.

## Making your choice (cont.)

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### Example

LGsuper receives a completed *Investment switch form*:

- **Before 5pm Friday 18 November.** The earning rate/s we use to work out your balance before changing your option/s will be those for the following Tuesday (22 November). You will start earning returns on your new investment option/s from the next day, Wednesday 23 November.
- **Later than 5pm Friday 18 November but before the Friday 25 November.** The earning rate/s we use to work out your balance before changing your option/s will be those for Tuesday 29 November. You will start earning returns on your new investment option/s from the next day, Wednesday 30 November.

Note, the interim earning rates we use and show on our website for any day are based on benchmark investment returns from two working days earlier. So, in both of these examples the earning rate used is based on benchmark investment returns up to the previous Friday.

To cancel a switch received on Wednesday 16 November, we would need to receive a written cancellation request by 5pm Friday 18 November. Any later and the switch will still take effect from Wednesday 23 November. A new switch form would be required to return to the original option/s.

### About earning rates

An earning rate is the net investment return (after fees and tax) that applies to your account at the end of each financial year. It can be positive or negative. Earning rates are declared by the LGsuper Board of Directors for each investment option and are based on the investment return achieved by the underlying assets for that option. Interim earning rates are used when you withdraw money from LGsuper or switch investment options.

Interim earning rates for options other than Diversified Growth plus Reserves are calculated and compound on a daily basis. These rates reflect benchmark investment returns from two business days earlier. For example, we know Friday's benchmark investment returns on Tuesday. Diversified Growth plus Reserves interim earning rates are updated weekly using benchmark investment returns up to Friday that apply from the third business day of the following week. Once actual investment returns are known for the previous month, LGsuper will reflect the difference between benchmark and actual returns in the next daily earning rate for each option.

# Fees and other costs

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This section of the document shows fees and other costs you may be charged. These fees and costs are deducted from the investment returns on your money.

Information on tax and insurance costs that may apply are set out in the relevant Product Disclosure Statement.

## Consumer advisory warning

The following statement must, by law, be included in this PDS, without alteration to the text prescribed by legislation. Please note LGsuper members are unable to negotiate lower management costs.

### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.**

**For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.**

### TO FIND OUT MORE

If you would like to find out more, or see the impact of fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a superannuation calculator to help you check out different fee options.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the fund</b>		
<b>Establishment fee</b> The fee to open your investment.	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment—either by you or your employer.	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment.	Nil	Not applicable
<b>Termination fee</b> The fee to close your investment.	Nil	Not applicable

### Management costs

The fees and costs for managing your investment. Actual charged to LGsuper members in 2009/10.

Administration and investment management fees are subtracted from investment earnings to determine the earning rate applied to your account each year. The investment management fee includes fees for investment trusts. Trust fees are taken out before LGsuper receives investment returns.

Investment option	Administration fee % p.a.	Investment management fee % p.a. <sup>1</sup>	Total fee % p.a.
Aggressive	0.19	0.73	0.92
Diversified Growth	0.19	0.66	0.85
Diversified Growth plus Reserves	0.19	0.66	0.85
Conservative Balanced	0.19	0.56	0.75
Stable	0.19	0.47	0.66
Defensive	0.19	0.37	0.56
SR Balanced	0.19	0.85	1.04
SR Australian Shares			Not offered
International Shares			Not offered
Australian Shares			Not offered
Property			Not offered
Diversified Fixed Interest			Not offered
Cash	0.19	0.24	0.43

### Service fees<sup>2</sup>

**Investment switching fee**  
The fee for changing investment options.

Nil

Not applicable

### Management costs

Estimated for 2011/12.

Administration and investment management fees are subtracted from investment earnings to determine the earning rate applied to your account each year. The investment management fee includes fees for investment trusts. Trust fees are taken out before LGsuper receives investment returns.

Investment option	Administration fee % p.a.	Investment management fee % p.a. <sup>1</sup>	Total fee % p.a.
Aggressive	0.18	0.60	0.78
Diversified Growth	0.18	0.54	0.72
Diversified Growth plus Reserves	0.18	0.54	0.72
Conservative Balanced	0.18	0.46	0.64
Stable	0.18	0.37	0.55
Defensive	0.18	0.28	0.46
SR Balanced	0.18	1.00	1.18
SR Australian Shares	0.18	0.85	1.03
International Shares	0.18	0.45	0.63
Australian Shares	0.18	0.42	0.60
Property	0.18	0.65	0.83
Diversified Fixed Interest	0.18	0.23	0.41
Cash	0.18	0.07	0.25

<sup>1</sup> These costs include investment management fees, master custodian fees, investment consultants' fees (e.g. asset consultant, legal fees) the Australian Government capital guarantee fee (where applicable) as well as a fee for the ongoing administration of investments.

<sup>2</sup> See Additional explanation of fees and costs following for more information on financial advice fees.  
The information in the above table can be used to compare fees and costs between different funds.

## Additional explanation of fees and costs

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### Fee changes

Management fees only cover the actual costs of administration and investment management, and as such, may vary from year to year. We report the actual fees in the *Annual report to members* each year. Before the start of each financial year the LGsuper Board of Directors estimates fees for the year ahead. These estimates only change where necessary to ensure costs are covered.

### Performance fees

Performance fees are paid to some investment managers when they outperform a set benchmark. These fees are calculated by comparing the difference between the benchmark and actual performance for each investment, and multiplying the outperformance by the performance bonus rate payable. Performance fees of approximately \$200,000 are included in the management costs for 2009/10 % p.a.

Due to the difficulty in predicting performance fees for future years, performance fees have not been included in the estimated management costs for 2011/12.

### Transactional and operational costs.

Net returns declared by investment managers reflect the transactional and operational expenses of investing, such as brokerage, stamp duty, direct property repair and maintenance costs and buy-sell spreads where applicable. These net returns are, in turn, reflected in the final earning rates determined each year. No brokerage or buy-sell spreads are charged directly on your money.

### Financial advice fees

Financial advice fees apply when current and former Brisbane City Council, Queensland Urban Utilities and associated employers' employees and their spouses receive limited personal financial planning advice from LGsuper's Manager Member Advice or Member Advice Representative. There is no fee charged for the initial meeting. If a Statement of Advice is required, a fee of \$220 per hour will be charged for an in person meeting plus \$130 per hour for the preparation of a Statement of Advice. The total fee charged will depend on the type of advice you require and the time it takes our advisers to prepare your Statement of Advice (if required). The portion of the financial advice fee charged for advice directly related to your LGsuper account may be deducted from your LGsuper account on request. The fees will be explained to you in detail if you ask for this advice. Other LGsuper members cannot access this service, but can receive limited superannuation advice from an LGsuper representative at no extra cost.

## Additional explanation of fees and costs cont.

### Example of annual fees and costs for the LGsuper Diversified Growth option

This table gives you an example of how the fees and costs in the LGsuper Diversified Growth investment option can affect your superannuation investment over a 1 year period. You should use this table to compare this product with other superannuation products. The management costs shown in this example are the actual costs for 2009/10.

### Diversified Growth

EXAMPLE the Diversified Growth Investment option		Balance of 50,000 with total contributions of \$5,000
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0
<b>PLUS</b> Management costs	0.19% + 0.66%	<b>And,</b> For every \$50,000 you have in the fund you will be charged \$425.
<b>EQUALS</b> Cost of fund		If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees of:  \$425  <b>What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.</b>

### Example of annual fees and costs for the LGsuper Conservative Balanced option

This table gives you an example of how the fees and costs in the LGsuper Conservative Balanced investment option can affect your superannuation investment over a 1 year period. You should use this table to compare this product with other superannuation products. The management costs shown in this example are the actual costs for 2009/10.

### Conservative Balanced

EXAMPLE the Conservative Balanced Investment option		Balance of 50,000 with total contributions of \$5,000
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0
<b>PLUS</b> Management costs	0.19% + 0.56%	<b>And,</b> For every \$50,000 you have in the fund you will be charged \$375.
<b>EQUALS</b> Cost of fund		If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees of:  \$375  <b>What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.</b>

# Investment switch form

Use this form if you want to switch your existing balance and/or your future contributions to a different investment option/s. If you have a Pension account please complete the *Investment switch form—Pension accounts*.

**Personal details** LGsuper respects your privacy. All personal information collected is protected in line with the National Privacy Principles and LGsuper's Privacy statement.

<b>Surname</b>	<b>Given name/s</b>	<b>Member number</b>
<b>Postal address</b>		
<b>Suburb/town</b>	<b>State</b>	<b>Postcode</b>
<b>Telephone (b/h)</b>	<b>Email address</b>	<b>Date of birth (DD/MM/YYYY)</b> / /

## Important information

### 1. Investment option

The number of investment options chosen for your existing balance plus your future contributions must not exceed a maximum of 5 in total (excludes Diversified Growth plus Reserves). If you do not indicate a change to your investment options in the table on the next page for either your current balance or future contributions we will take that to mean that you wish to continue with your preference we currently have recorded. If you have not previously indicated a preference, your balance or contributions are invested in the default option, and will continue to do so unless you indicate to change it on this form.

### 2. Diversified Growth plus Reserves (formerly Growth Smoothed)

If you do not select otherwise, we will keep your money invested in Diversified Growth plus Reserves until 30 June 2013. If you want to switch part or all of your money out of the Diversified Growth plus

Reserves option, you will be required to switch your full amount out of that option. If you do switch, you will not participate in any further allocation of reserves occurring following the date of your switch. You can select up to 5 investment options for any money you have invested outside the Diversified Growth plus Reserves option.

### 3. Effective switch date

If this completed form is received by LGsuper before 5pm Friday, it will take generally take effect from the third business day of the following week. Your switch will take effect from the next available switch date, but may not be processed until all contributions are allocated to your account for the period up to this date or before final earning rates are applied to your account for the previous financial year, if your switch is to take place early in the new financial year. See the attached *Investment choice guide* for more details.

**Please proceed to make your investment switch over the page.**

## 1 What would you like to do?

Tick the box and indicate your choice/s below it. If you wish to change your investment option/s for **BOTH your existing balance and future contributions complete both columns**. If not complete only the column that applies to you.

IMPORTANT: You must use whole percentages totaling 100% per column.  
Choose a **maximum** of 5 different options across both columns.

I wish to change investment option/s:

**Transfer my existing balance to:** and/or  
**Write your chosen percentages below.**

Ready-made options	
Aggressive	%
Diversified Growth	%
Conservative Balanced	%
Stable	%
Defensive	%
Socially Responsible options	
SR Balanced	%
SR Australian Shares	%
Single asset class options	
Australian Shares	%
International Shares	%
Property	%
Diversified Fixed Interest	%
Cash	%
<b>Total</b>	<b>100 %</b>

**Add my future contributions to:**  
**Write your chosen percentages below.**

Ready-made options	
Aggressive	%
Diversified Growth	%
Conservative Balanced	%
Stable	%
Defensive	%
Socially Responsible options	
SR Balanced	%
SR Australian Shares	%
Single asset class options	
Australian Shares	%
International Shares	%
Property	%
Diversified Fixed Interest	%
Cash	%
<b>Total</b>	<b>100 %</b>

**Diversified Growth plus Reserves** balances will NOT be included in your switch unless you indicate you want this to happen by ticking the box below

I would like to include any money invested in Diversified Growth plus Reserves in this switch. I understand I won't participate in any further allocation of reserves following the date of my switch. See Note 2 for more detail.

If you do not indicate an investment preference here for future contributions, they will be invested according to your existing option/s for future contributions.

Your contributions tax and insurance premiums will be deducted proportionately from these options.

## 2 Member declaration

I have read the attached *Investment choice guide*, and understand the rules relating to choosing an investment option/s.

I understand the investment choice information provided is general in nature and must not be relied on as specific advice appropriate to my particular circumstances.

I understand that if I want to move any Diversified Growth plus Reserves money to a different investment option, I cannot remain in Diversified Growth plus Reserves and will not participate in any further allocation of reserves or be able to return to this option in future.

I understand my switch will generally take effect from the third business day of the following week, if this completed *Investment switch form* is received by 5pm Friday and I have read the rules about cancelling my request.

I am aware that, if required, I can contact LGsuper for more information before completing this form.

Signature

Date

/ /

# Investment switch form

## —Pension accounts

P09

Use this form if you have a Pension account and want to transfer your existing balance into different investment options and/or change your pension payment investment option.

**Personal details** LGsuper respects your privacy. All personal information collected is protected in line with the National Privacy Principles and LGsuper's Privacy statement.

<b>Surname</b>	<b>Given name/s</b>	<b>Member number</b>
<b>Postal address</b>		<b>Policy number</b>
<b>Suburb/town</b>	<b>State</b>	<b>Postcode</b>
<b>Telephone (b/h)</b>	<b>Email address</b>	<b>Date of birth (DD/MM/YYYY)</b> / /

### Important information

#### 1. Investment option

The number of investment options chosen for your existing balance must not exceed a maximum of 5 in total (excludes Diversified Growth plus Reserves).

#### 2. Diversified Growth plus Reserves (formerly Growth Smoothed)

If you do not select otherwise, we will keep your money invested in Diversified Growth plus Reserves until 30 June 2013. If you want to switch part or all of your money out of the Diversified Growth plus Reserves option, you will be required to switch your full amount out of that option. If you do switch, you will not participate in any further allocation of reserves occurring following the date of your switch. You can select up to 5 investment options for any money you have invested outside the Diversified Growth plus Reserves option.

#### 3. Pension payment options

If you select an investment option/s for pension payments on this form, your selection only applies to regular pension payments and not any lump sum withdrawals you make. You can choose which option/s you would like your lump sum withdrawals to be taken from when you request the withdrawal.

#### 4. Effective switch date

If this completed form is received by LGsuper before 5pm Friday, it will generally take effect from the third business day of the following week. Your switch will take effect from the next available switch date, but may not be processed until final earning rates are applied to your account for the previous financial year, if your switch is to take place early in the new financial year. See the attached *Investment choice guide* for more details.

### 1 Change your investment option/s for existing account balance

You can choose up to 5 investment options in total across your existing account balance. Please use whole percentages only. Your percentages must total 100%. If you hold more than one pension account and specify a policy number/s in the *Personal details* section above this change will only apply to the policy number/s specified.

Investment option	Percentage
<b>Ready-made options</b>	
Aggressive	%
Diversified Growth	%
Conservative Balanced	%
Stable	%
Defensive	%
<b>Socially Responsible options</b>	
SR Balanced	%
SR Australian Shares	%
<b>Single asset class options</b>	
Australian Shares	%
International Shares	%
Property	%
Diversified Fixed Interest	%
Cash	%
<b>Total</b>	<b>100%</b>

Any money in Diversified Growth plus Reserves will NOT be switched unless you also tick the box below.

- I also elect to switch my Diversified Growth plus Reserves money into the option/s indicated above. I understand I will not participate in any further allocation of reserves following the date of my switch (see Note 2 for more details).

## 2 Change your pension payment option/s

Fill in this section to change the option that your future pension payments are drawn from.

If you have changed your investment option/s for your existing account balance on the previous page, and do not make a selection below your pension payment will be withdrawn in the same proportions that make up your overall account balance at the time of payment. If you do not wish for this to happen, please make your new selection below.

I wish to change my pension payment option/s as follows:

- Take payments across my investment options in the same proportions that make up my overall account balance at the time of payment.
- Take payments from options specified – complete Option 1 or Option 2 below. For Option 2 the balance of each option will be exhausted before withdrawing from the next option. Maximum of 5 investment options.

Please use whole percentages only. Percentages must total 100%.

Investment option	Option 1 Percentage	OR	Option 2 Order of withdrawal preference (e.g. 1, 2, 3, 4, 5)
<b>Ready-made options</b>			
Aggressive		%	
Diversified Growth		%	
Diversified Growth plus Reserves		%	
Conservative Balanced		%	
Stable		%	
Defensive		%	

Investment option	Option 1 Percentage	OR	Option 2 Order of withdrawal preference (e.g. 1, 2, 3, 4, 5)
<b>Socially Responsible options</b>			
SR Balanced		%	
SR Australian Shares		%	
<b>Single asset class options</b>			
Australian Shares		%	
International Shares		%	
Property		%	
Diversified Fixed Interest		%	
Cash		%	

## 3 Member declaration

I have read the attached *Investment choice guide*, and understand the rules relating to choosing an investment option/s.

I understand the investment choice information provided is general in nature and must not be relied on as specific advice appropriate to my particular circumstances.

I understand that if I want to move any Diversified Growth plus Reserves money to a different investment option, I cannot remain in Diversified Growth plus Reserves and will not participate in any further allocation of reserves or be able to return to this option in future.

I understand my switch will generally take effect from the third business day of the following week, if this completed *Investment switch form* is received by 5pm Friday and I have read the rules about cancelling my request.

I am aware that, if required, I can contact LGsuper for more information before completing this form.

Signature

Date

/ /





# LGsuper

Looking after you  
and your super

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Superannuation Scheme  
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Local government  
is our connection

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LGsuper recommends that you should, before acting on this information, consider your own personal objectives, financial needs and situation. LGsuper recommends you consult a licensed financial advisor if you require advice that takes into account your personal circumstances. LGsuper has representatives that are authorised to provide personal advice on LGsuper products and superannuation in general.

The information in this document is up to date at the date of preparation of the document. Some of the information may change following its release. If the change is not significant we may not update the document immediately. Current information about investment performance and other issues will be published on our website and in our newsletters. We will send you a free printed copy at your request.

Where there is an inconsistency between this document and the Fund's rules as per the LGsuper Trust Deed and Government regulations, the rules in the Trust Deed and Government regulations shall prevail.