

Investment Guide

Effective 1 November 2021

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Issued by NESS Super Pty Ltd (the Trustee) ABN 28 003 156 812 AFSL 238945

As Trustee of NESS Super (the Fund) ABN 72 229 227 691, USI NES0100AU

Registered office: 122 Hume Highway, Chullora NSW 2190

We're here to help!



1800 022 067 or +61 2 9199 7191 (outside Australia)
8.30am – 6.00pm (AEST/AEDT) Monday to Friday



Email us at contact@nesssuper.com.au



Write to us and post to – Locked Bag 20, Parramatta NSW 2124



Live chat is available on our website
8.30am – 5.30pm (AEST/AEDT) Monday to Friday



If you'd like financial advice, call 1800 022 067 to make an appointment with our financial adviser.



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About this Report

The information in this guide forms part of the NESS Super Product Disclosure Statement (PDS) effective 1 November 2021. The information in this guide should be read together with the PDS, Fees and Costs Guide and the Insurance Guide. You should consider that information before deciding about that product.

A Target Market Determination (TMD) which set out the types of members NESS Super is best suited for should also be considered.

This information is current at the date of publication but may change. You should check the website for current information. A paper copy of the changes is available on request at no extra charge.

Information in this guide that is not materially adverse is subject to change and may be updated from time to time. You can find the updated information on our website nesssuper.com.au or request a hard copy of any changes free of charge at any time. To obtain a hard copy of this Guide or any of the other important information referred to in this Guide or PDS, visit our website nesssuper.com.au, call us on **1800 022 067** (free all) or email us at contact@nesssuper.com.au.

1. How the Trustee manages your investments

The Trustee regularly reviews the performance and structure of the investment options and may make changes from time to time. In formulating, reviewing, and giving effect to the investment strategy for the Fund and each investment option, the Trustee will have regard to:

- (a) The risk and likely return of investments;
 - (b) Liquidity and the ability of the Fund to discharge its existing and prospective liabilities, having regard to the expected cash flow requirements of the Fund;
 - (c) The availability of reliable valuation information;
 - (d) Expected tax consequences for the Fund;
 - (e) Costs that might be incurred by the Fund;
 - (f) The results of any relevant due diligence undertaken; and
 - (g) Any other matters the Trustee deems relevant.
- (h) The Trustee exercises due diligence in developing, offering, and regularly reviewing each investment option.

The Trustee has had regard to the factors highlighted above in the development, offering and review of each investment option. The Trustee employs the service of an independent professional Investment Consultant to assist the Trustee to assess that each factor has been appropriately considered and that the risks taken are appropriate in the context of the objectives, cash flow requirements, liquidity requirements and consistent with the communications made to the beneficiaries of each option.

2. Risks

All investments carry risk. How you invest your super may depend on your age, how long you invest your super, other investments you may have and your tolerance for volatility.

Different strategies may carry different levels of risk, depending on the assets that make up the portfolio. Generally, assets with the highest long-term returns may also carry the highest level of short-term risk.

You can choose from a range of investment options, each with a different mix of assets, to suit your needs. The likely investment return and the level of potential volatility of returns will therefore be different for each investment option.

A summary of significant risks that you should consider as a member of NESS Super are:

- (a) the value of investments will vary.
- (b) the level of returns will vary, and future returns may differ from past returns;
- (c) returns are not guaranteed, and you may lose some of your money;
- (d) superannuation and tax laws may change in the future;
- (e) the amount of your future super savings (including contributions and returns) may not be enough to provide adequately for your retirement;
- (f) the level of risk for each person will vary depending on a range of factors, including:
 - (i) age; and
 - (ii) investment time frames; and
 - (iii) where other parts of the person's wealth are invested; and
 - (iv) the person's risk tolerance.

Risk can be minimised but it cannot be eliminated. Even conservative investments carry risk, but some investments are riskier than others. Generally, the higher the potential return, the higher the risk of negative return.

The level of risk is different for each investment option and depends on the underlying mix of assets held in that investment option.

3. Standard Risk Measure

The *Standard Risk Measure* is a guide to the likely number of negative annual returns expected over any 20-year period. The *Standard Risk Measures* are produced in accordance with the Standard Risk Measure guidance issued jointly by the Association of Superannuation Funds of Australia Limited and Financial Services Council in July 2011. The Standard Risk Measure is not a complete assessment of all forms of investment risk. It will not predict market downturns or the length and extent of them. Importantly, it does not tell you the details of potential negative returns or consider the potential that positive returns might be less than what you need to meet your investment goals. Your tolerance to risk will also depend on other important factors, including your age, how long you want to invest for, your financial needs and your assets.

The Standard Risk Measure is a guide to compare investment options across different funds. You can see the Standard Risk Measure for each of our investment options on pages 6 and 7. The risk bands and risk levels used in the Standard Risk Measure are based on the seven categories listed below:

Risk Band	Risk Label	Estimated number of negative annual returns over a 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

4. Asset classes

Any investments that you make are applied to “asset classes” such as cash, fixed interest, property, and shares. These generally fall into two categories of asset classes: “defensive” and “growth”.

Defensive assets

Defensive assets are typically low-risk, low-return investments such as cash, fixed interest, and bonds. The main objective of investing in defensive assets is to protect the value of your original investment while earning relatively low but stable rates of return. The risk of a negative return in any one year is relatively low but there is a risk of the returns being eroded by the prevailing rates of inflation.

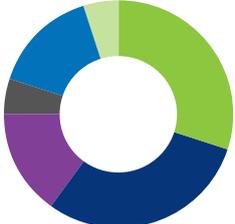
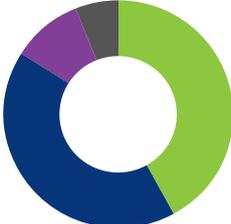
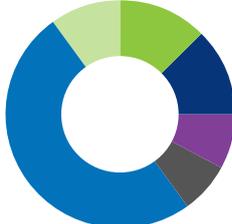
Growth assets

Growth assets are investments such as property and shares. Growth assets generally provide investors with high returns in the medium to long term (5 years or more). The main objective of investing in growth assets is to achieve returns that average well above the rate of inflation over the long term. Rates of return can vary widely over short periods and are more likely than defensive assets to give a negative return in any one-year period. The higher risk (“volatility”) of growth assets can be reduced by holding them for a longer term and by mixing them with defensive assets. This is called “diversification”.

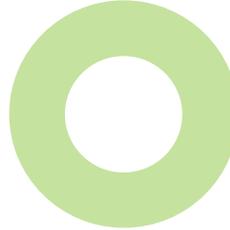
5. Investment options

To cater for differing return and risk tolerances and preferences, NESS Super provides a range of investment strategies across the risk/return spectrum. There are 7 investment options for members to choose from, including the default MySuper option. You can elect to have all your account balance in one or more of the available options and elect separate options for your current balance and future contributions.

On the following pages you'll find details of each investment option. From 1 February 2021, the investment options for super and pension were aligned so that the same options available in super are the same for pension members.

Options	MySuper/MyPension [#]	High Growth [#]	Stable [#]
Description	This investment option is designed to cater to members with a medium to long-term investment horizon who are seeking medium to high levels of return and can tolerate medium to high levels of volatility. It provides exposure to a high level of growth asset classes with a lesser exposure to defensive assets.	This investment option is designed to cater for choice members with a long-term investment horizon who are seeking equity like returns and can tolerate a high level of volatility. It provides a high level of exposure to growth asset classes, mostly equities with a smaller exposure to other growth asset classes which are less liquid.	This investment option is designed for choice members with a short to medium investment horizon who are seeking medium levels of return (below equities but above bonds) with moderate levels of volatility. It provides more exposure to defensive assets over growth assets.
Investment objective	Targets a return of at least CPI + 3% per annum net of fees and tax (where applicable) over rolling 10-year periods.	Targets a return of at least CPI + 4% per annum net of fees and tax (where applicable) over rolling 10-year periods.	Targets a return of at least CPI + 2% per annum net of fees and tax (where applicable) over rolling 5-year periods.
Standard Risk Measure	Risk Band: 5 Risk Label: Medium to high Estimated number of negative annual returns over any 20-year period: 3 to less than 4	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20-year period: 4 to less than 6	Risk Band: 4 Risk Label: Medium Estimated number of negative annual returns over any 20-year period: 2 to less than 3
Asset allocation	 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> Australian Equities 30% (15%-55%) International Equities 30% (10%-50%) Property 15% (0%-30%) Alternatives 5% (0%-30%) Fixed Interest 15% (5%-30%) Cash 5% (0%-20%) 	 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> Australian Equities 42% (30%-60%) International Equities 42% (30%-60%) Property 10% (0%-20%) Alternatives 6% (0%-30%) Fixed Interest 0% (0%-10%) Cash 0% (0%-10%) 	 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> Australian Equities 12.5% (5%-25%) International Equities 12.5% (5%-25%) Property 8% (0%-20%) Alternatives 7% (0%-20%) Fixed Interest 50% (20%-60%) Cash 10% (0%-20%)

[#] Prior to 1 February 2021, the MyPension Balanced investment option was called the Moderate investment option, the High Growth investment option for Pension was called the Aggressive investment option and the Stable investment option for pension was called the Conservative investment option.

Australian Shares [^]	Overseas Shares [^]	Property [^]	Cash
<p>This investment option is designed to cater for choice members with a long-term investment horizon who are seeking Australian equity returns and can tolerate high levels of volatility.</p> <p>It provides exposure to Australian equities diversified by manager and style.</p>	<p>This investment option is designed to cater for choice members with a long-term investment horizon who are seeking overseas equity returns and can tolerate high levels of volatility.</p> <p>It provides exposure to overseas equities diversified by manager and style.</p>	<p>This investment option is designed to cater for choice members with a long-term investment horizon who are seeking equity like returns and can tolerate a high level of volatility.</p> <p>It provides exposure to listed property.</p>	<p>This investment option is designed to cater for choice members with a short investment horizon who are seeking cash like returns with a low probability of capital loss.</p> <p>It provides exposure to a mix of cash and cash equivalents.</p>
Targets a return of at least CPI + 4% per annum net of fees and tax (where applicable) over rolling 10-year periods.	Targets a return of at least CPI + 4% per annum net of fees and tax (where applicable) over rolling 10-year periods.	Targets a return of at least CPI + 3% per annum net of fees and tax (where applicable) over rolling 10-year periods.	Targets a return of at least similar to the Bloomberg AusBond Bank Bill Index.
Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20-year period: 4 to less than 6	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20-year period: 4 to less than 6	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20-year period: 4 to less than 6	Risk Band: 1 Risk Label: Very low Estimated number of negative annual returns over any 20-year period: Less than 0.5
 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> Australian Equities 100% (90%-100%) Cash 0% (0%-10%) 	 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> International Shares 100% (90%-100%) Cash 0% (0%-10%) 	 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> Property 100% (90%-100%) Cash 0% (0%-10%) 	 <p>Asset Allocation & Range</p> <ul style="list-style-type: none"> Cash 100% (90%-100%) Fixed Interest 0% (0%-10%)

[^] The Australian Shares, Overseas Shares and Property investment options were only made available to the pension members from 1 February 2021.

6. Choosing or changing your investment option

Your needs, tolerance to risk and retirement goals may change over time. We make it easy for you to choose the right investments for your super, with a choice to invest in a single option or a mix of the available options. You are not locked into your investment option once you have made a choice.

You can change it at any time. You also can choose to invest your current savings one way and future transactions in another. By having these choices, you can make sure that your investment strategy continues to meet your needs and retirement goals, at the level of risk you feel comfortable with.

If you do not choose an investment option when you join the Fund, you'll be invested in the NESS MySuper investment option.

You can choose to switch your investment options at any time. There are no fees for switching your investments.

Processing your investment switch

If we receive your switch request **before 4.00pm** AEST/AEDT on a business day, your switch will take effect two business days later.

If we receive your switch request **at or after 4.00pm** AEST/AEDT on a business day or receive your request on a weekend or public holiday, your switch will take effect three business days later.

Help choosing your investment option

Super is a long-term investment. We recommend you seek professional investment advice, if required, to select investment options that will help achieve your personal retirement objectives.

If you would like some guidance you can talk to our NESS Super Financial Adviser.

Simple personal advice about your NESS Super account is generally available at no extra cost. Complex personal advice may incur an additional fee. Speak to our NESS Super Financial Adviser for more information about personal advice and any fees that may apply.

7. Important information

Reserves

The Trustee operates five reserves that are governed by the Reserving Policy, being the Operational Risk Reserve, Group Life Reserve, Administration Reserve, Investment Reserve and Contingency Reserve.

The Trustee has determined that the Operational Risk Reserve will have a target amount of 0.25% of the Fund's net assets to protect the Fund if a loss is incurred from an operational risk event. All APRA regulated funds are required to maintain an Operational Risk Reserve.

The Group Life Reserve is only used to fund insurance costs or subsidising future insurance premiums.

The Contingency Reserve meets any operational or associated costs incurred which are not met by the fees deducted from member accounts.

The Administration Reserve is used to meet any fund administration expenses which includes levies from member accounts and tax related expenses.

The Investment Reserve is used to meet any earnings applied or accrued for existing or exited members of the fund.

Use of Derivatives

Derivatives are financial contracts whose value depends on or is derived from assets, liabilities, or indices. While the Trustee does not directly invest in derivative securities, investment managers are permitted to use futures, options, and other derivative instruments to assist with the effective management of NESS Super's assets, consistent with the Trustee's Investment Policy. 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 of NESS Super's investment options.

Unit pricing

When you invest with NESS Super, your account balance is made up of contributions, rollovers, and transfers into the Fund, plus or minus any investment returns, less any fees taxes or charges that apply.

The value of your account is expressed in numbers of units and the unit value of each investment option.

Each investment option has its own unit price, which is the value of one unit. Unit prices are normally calculated by dividing the value of the assets held in the investment option (after allowing for certain fees and expenses and taxes) by the total number of units on issue for that investment option.

Your money will purchase units in the investment option(s) of your choice. The number of units purchased depends on the value of the units (unit price) at the date of purchase.

The value of your account balance will fluctuate depending on variations to the unit price of your investment option(s) and the amount of any taxes, fees, and insurance costs applied to your account.

Unit prices are calculated daily and are available through MemberAccess at nesssuper.com.au.

7. Important information (cont.)

Responsible Investment Overview

The Trustee adopts a long-term investment horizon. The Trustee believes that Environmental, Social and Governance (ESG) issues affect the long-term performance (risk and return) of its investment pools and integrating ESG considerations into its investment decision making and ownership practices is fundamental to exercising its fiduciary duty.

The Trustee takes a pragmatic approach to responsible investment and encourages further evolution in pursuit of continuous improvement. Where pooled funds are held as an efficient and cost-effective means of accessing investment opportunities, the Trustee recognises that it may have limited influence over the securities held in the fund.

The Trustee considers changing companies' behaviour through engagement to be a more effective way to assert its values and core commitment to sustainability as opposed to broad-based negative exclusions. However, the Trustee will:

- except where it is unavoidable in the near-term
- not invest in industries or sectors that are contrary to Australian legislation or current government policies, or where there is clear evidence that it is contradictory to the Trustee's mission.

The Trustee will endeavour to apply negative screens during the manager selection process to exclude companies that derive their revenue from the following activities:

- Tobacco
- Cluster Munitions and Landmines

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