

# Socially responsible investing

First State Super offers two investment options that allow you to invest your superannuation in companies that demonstrate socially responsible behaviour.



Many people like to know their super is invested according to socially responsible values. We offer two socially responsible investment (SRI) options that balance community accountability with competitive investment returns. We offer a diversified option and a single asset class Australian equities option.

We engage investment managers that apply both positive and negative screens to the investment selection process to help identify organisations doing business in a sustainable way.

## What we look for

The companies we invest in offer products or services that meet one or more of the following considerations:

**Ethical** – upholding fundamental human rights, and articulating and implementing a code of conduct.

**Labour standards** – including occupational health and safety, International Labour Organisation standards, working conditions and the exclusion of child labour.

**Social** – including promoting indigenous relations and community involvement.

**Environmental** – including efficient energy and resource use and product stewardship.

**Governance** – meeting corporate governance guidelines on board structures and remuneration.

More details about our investment managers, shareholdings and criteria thresholds can be found on our website.



## What we rule out<sup>+</sup>

- tobacco
- nuclear power (including uranium)
- armaments
- gambling
- alcohol
- inhumane animal testing
- logging (of old growth forests)
- pornography
- fossil fuels
- coal seam gas extraction (fracking)

<sup>+</sup> There are thresholds in place for companies with a material exposure to the production or manufacture of these industries. For more information please refer to our:

- *Member Booklet Supplement: Investments* if you are an accumulation member,
- *Member Booklet: Retirement Income Stream* if you are an income stream member, or
- *Member Booklet: Transition to Retirement Income Stream* if you are a transition to retirement income stream member.

While a socially responsible investment option may satisfy your ethical criteria, you should also consider whether it meets your financial goals.





## Making the right investment choice

Just like any other investment, your super is subject to risk so it's important to understand the option you are considering and ensure it meets your investment objectives.

While a socially responsible investment option may satisfy your ethical criteria, you should also consider whether it meets your financial goals. As a member of First State Super, you can discuss your investment options with a qualified financial planner at no additional cost. Call **1300 650 873** for more information.

## The options

|   | Diversified Socially Responsible Investment   | Australian Equities Socially Responsible Investment  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
|---|---|--|-----|-------|---------------------|-----|------------|------------------------|-----|------------|--------------|-----|-----------|--------------|-----|-----------|------|----|-----------|--------------------------|
| <b>Investment objective<sup>1</sup></b>                   | CPI + 3.25% pa over rolling 10-year periods net of tax and fees (accum and transition to retirement income stream)<br>CPI + 3.75% pa over rolling 10-year periods net of tax and fees (retirement income stream)  | To outperform the S&P/ASX 200 Index (dividends reinvested) over rolling 5 years, after fees.   |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Growth/Income allocation<sup>2</sup></b>               |  76% growth assets<br>24% income assets  |  100% growth assets  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Asset Allocation ranges<sup>3</sup></b>                | <table border="1"> <thead> <tr> <th></th> <th>SAA</th> <th>Range</th> </tr> </thead> <tbody> <tr> <td>Australian equities</td> <td>26%</td> <td>16% to 36%</td> </tr> <tr> <td>International equities</td> <td>24%</td> <td>14% to 34%</td> </tr> <tr> <td>Alternatives</td> <td>26%</td> <td>6% to 46%</td> </tr> <tr> <td>Fixed income</td> <td>18%</td> <td>8% to 28%</td> </tr> <tr> <td>Cash</td> <td>6%</td> <td>1% to 36%</td> </tr> </tbody> </table> |  | SAA | Range | Australian equities | 26% | 16% to 36% | International equities | 24% | 14% to 34% | Alternatives | 26% | 6% to 46% | Fixed income | 18% | 8% to 28% | Cash | 6% | 1% to 36% | 100% Australian equities |
|   | SAA   | Range  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| Australian equities                                       | 26%   | 16% to 36%   |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| International equities                                    | 24%   | 14% to 34%   |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| Alternatives  | 26%   | 6% to 46%  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| Fixed income  | 18%   | 8% to 28%  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| Cash  | 6%  | 1% to 36%  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Who might invest in this option?</b>                   | This option may suit investors who seek higher growth over the medium to long term from socially responsible investments and are willing to accept fluctuations in returns and the possibility of negative returns over the short term.   | This option may suit investors who seek growth above inflation (being a combination of capital and income) over the longer term from socially responsible Australian shares and are willing to accept significant fluctuations in returns and the possibility of negative returns over the short term. |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Minimum suggested time frame</b>                       | Medium to long term (5–10 years)  | Longer term (10+ years)  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Risk label<sup>4</sup></b>                             | High (Band 6)   | Very high (Band 7)   |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Expected frequency of negative returns<sup>4</sup></b> | Approximately 4.6 times every 20 years (accum and transition to retirement income stream)<br>Approximately 4.5 times every 20 years (retirement income stream)  | Approximately 6.7 times every 20 years (accum and transition to retirement income stream)<br>Approximately 6.6 times every 20 financial year (retirement income stream)  |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |
| <b>Investment fees<sup>5</sup></b>                        | 0.66% (accum and transition to retirement income stream), 0.65% (retirement income stream)  | 0.38% (accum and transition to retirement income stream), 0.47% (retirement income stream)   |     |       |                     |     |            |                        |     |            |              |     |           |              |     |           |      |    |           |                          |

<sup>1</sup> The objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. For more information, please refer to our website at [firststatesuper.com.au/pds](http://firststatesuper.com.au/pds)

<sup>2</sup> The actual allocation will vary over time. Where necessary, the trustee will take steps to maintain the actual allocation within a margin of + or - 20% of the growth to income allocation.

<sup>3</sup> The trustee may vary the actual asset allocation for an investment option from time to time without notice. Refer to our website for details of the current actual asset allocations. Alternatives can include both income and growth assets.

<sup>4</sup> The underlying modelling methodology used to estimate risk labels and the expected frequency of negative returns is available on our website at [firststatesuper.com.au/investmentandrisk](http://firststatesuper.com.au/investmentandrisk)

<sup>5</sup> The investment fees shown above are indicative only and are based on the fees and costs for each investment option for the 12 months to 30 June 2018, including several components which are estimates only. The actual amount you'll pay in future years will depend on the actual fees, costs and taxes incurred by the trustee in managing the investment option. For more information on fees refer to our website at [firststatesuper.com.au/pds](http://firststatesuper.com.au/pds)

## How to invest in these options

You can invest all or part of your account balance and future contributions in either of these options by logging into your online account or completing and returning the appropriate form on our website at [firststatesuper.com.au/forms](http://firststatesuper.com.au/forms).

- *Investment choice (superannuation) form* (for accumulation fund members)
- *Change of income stream investment details form* (for income stream members)

## We're here to help!

 1300 650 873

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Wollongong NSW 2500

[www.firststatesuper.com.au](http://www.firststatesuper.com.au)

Super can be quite complicated and sometimes you just want to know that you're making the right decisions. Because the right decisions about your super can make a real difference to your financial future.

So if you've got any questions, or you just want the comfort of knowing you're on the right track, getting some advice can help.

StatePlus<sup>1</sup> is our financial planning business and is wholly owned by us. The team at StatePlus can answer simple questions about your super over the phone, or if your situation is more complex, prepare a full financial plan for you. It's all up to you, no obligation. Book online at [firststatesuper.com.au/advice](http://firststatesuper.com.au/advice) or call **1800 620 305** (Monday to Friday 8.15am to 8.15pm AEST/AEDT) to arrange an appointment.

<sup>1</sup> Financial planning services are provided by our financial planning business, State Super Financial Services Australia Limited, trading as StatePlus ABN 86 003 742 756 AFSL No. 238430. StatePlus is wholly owned by First State Super.

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