

Investments

Qudos Super

This fact sheet provides more detailed information about this product's investment options. It's designed to be read in conjunction with the Qudos Super Product Disclosure Statement and is subject to review from time to time. The investment information in this fact sheet is of a general nature and does not take into account your individual objectives, situation or needs. We recommend you obtain advice from an appropriately qualified adviser about how these risks impact you.

When selecting your investment strategy, it's essential to identify your personal and financial goals. You should think about the amount of time you have before retirement and your risk tolerance in order to determine an appropriate investment strategy. Also, consider the fees and costs applicable to each investment option, including any Buy and Sell spread when switching into or out of unitised investment options or selecting unitised investment options for future contributions. Refer to the **Fees and Costs** factsheet for more information about fees and how unit prices apply when investing in, or redeeming investments from, unitised investment options.

Please note: You cannot switch into a Term Deposit in the same way as other investment options. However, you can use the proceeds from the redemption (or 'sale') of your investment in another investment option(s) to invest in a Term Deposit online at www.qudosbank.com.au.

Investment options

We offer six investment options that cover a range of risk tolerances or profiles, so you should be able to find investment options to suit your individual needs. If no one option suits, you can also mix options. You must select an investment option when applying for this product.

Investment Options

Cash Plus Option
Conservative Option
Balanced Option
Growth Option
High Growth Option
Personal Term Deposit

The Cash Plus, Conservative, Balanced, Growth and High Growth options are unitised or pooled investment with underlying investments determined by the Trustee as considered appropriate from time to time (taking into account recommendations of investment consultants). The Personal Term Deposit Option (also referred to as the Term Deposit Option in the PDS and fact sheets) provides you with the ability to choose from a range of Term Deposits approved by the Trustee according to your preferred term and interest rate. In this way a Term Deposit is 'personal' to the member, however it is important to note the Term deposit is actually held by the Trustee, on your behalf, subject to applicable superannuation requirements. When investing in a Term Deposit, some additional conditions apply as described in this factsheet.

Important information about the investment table

The investment table appearing below shows the strategic asset allocations for each of the investment options. With the exception of the Term Deposit Option, variations from the strategic asset allocations may occur due to market fluctuations, underlying investment manager decisions, amounts held in cash pending investment or other factors. At the date of preparation of this document, the Trustee has determined that the Cash and Fixed Interest investments utilised in each of the investment options are or will be cash and fixed interest deposits or products issued by Qudos Super (which also undertakes some promotional activities in respect of this product). The underlying investments utilised in the investment options may be changed at any time at the discretion of the Trustee, and any underlying investment information is indicative only of the product's investments and is provided for information purposes only.

More detailed information about actual asset allocations at the end of each financial year will be published in an **Annual Report** available from www.qudosbank.com.au.

Investment tables

Options	Cash Plus Option		Conservative Option		Balanced Option	
Investor Profile	This option is intended to be suitable for members looking for stability above all, who accept that long-term investment returns are likely to be the lowest of all investment options.		This option is intended to be suitable for members seeking a low risk, diversified portfolio with a small exposure to growth assets, capital stability and some capital growth potential.		This option is intended to be suitable for members with an average tolerance for risk who are seeking a balance between income and capital growth assets.	
Investment Return Objectives	To achieve returns (after tax and fees) in line with 50% RBA cash rate + six-month bank bills over a rolling 1 year period.		To achieve returns (after tax and fees) that exceed CPI by at least 1.00% over a rolling 4 year period.		To achieve returns (after tax and fees) that exceed CPI by at least 2.00% over a rolling 6 year period.	
Strategic Asset Allocation	Australian Equities	0%	Australian Equities	11%	Australian Equities	18%
	International Equities	0%	International Equities	16%	International Equities	27%
	Fixed Interest	50%	Fixed Interest	30%	Fixed Interest	30%
	Cash	50%	Cash	43%	Cash	25%
Recommended Minimum Investment Timeframe	Short term (No minimum)		Short to Medium term investors (usually three to four years)		Medium to Long term investors (usually six years plus)	
Risk Level	Estimated number of negative annual returns over any 20 year period is less than 0.5.		Estimated number of negative annual returns over any 20 year period is 2 to less than 3.		Estimated number of negative annual returns over any 20 year period is 3 to less than 4.	
Standard Risk Level	Very Low		Medium		Medium to High	
Risk Band	Very Low		Medium		Medium to High	

Investment tables (continued)

Options	Growth Option	High Growth Option	Personal Term Deposit Option*																
Investor Profile	This option is intended to be suitable for members with an above average tolerance for risk who are seeking long-term capital growth.	This option is intended for members with a tolerance for high levels of risk and are seeking long- term capital growth.	This option is intended to be suitable for members who want very low levels of risk and to preserve their capital.																
Investment Return Objectives	To achieve returns (after tax and fees) that exceed CPI by at least 3.00% over a rolling 8 year period.	To achieve returns (after tax and fees) that exceed CPI by at least 4.25% over a rolling 8 year period.	To achieve returns (after tax and fees) in line with 50% RBA cash rate + six-month bank bills over a rolling 1 year period.																
Strategic Asset Allocation	<table border="0"> <tr> <td>Australian Equities</td> <td>25%</td> </tr> <tr> <td>International Equities</td> <td>38%</td> </tr> <tr> <td>Fixed Interest</td> <td>34%</td> </tr> <tr> <td>Cash</td> <td>3%</td> </tr> </table>	Australian Equities	25%	International Equities	38%	Fixed Interest	34%	Cash	3%	<table border="0"> <tr> <td>Australian Equities</td> <td>36%</td> </tr> <tr> <td>International Equities</td> <td>54%</td> </tr> <tr> <td>Fixed Interest</td> <td>10%</td> </tr> <tr> <td>Cash</td> <td>0%</td> </tr> </table>	Australian Equities	36%	International Equities	54%	Fixed Interest	10%	Cash	0%	Available Terms 1 year 2 years 3 years
Australian Equities	25%																		
International Equities	38%																		
Fixed Interest	34%																		
Cash	3%																		
Australian Equities	36%																		
International Equities	54%																		
Fixed Interest	10%																		
Cash	0%																		
Recommended Minimum Investment Timeframe	Long term investors (usually eight years plus)	Long-term investors (eight to ten years or more)	Recommended Minimum Investment Timeframe (1 to 3 years, depending on the term of the deposit)																
Risk Level	Estimated number of negative annual returns over any 20 year period is 3 to less than 4.	Estimated number of negative annual returns over any 20 year period is 4 to less than 6.	Estimated number of negative annual returns over any 20 year period is less than 0.5.																
Standard Risk Level	Medium to High	High	Very Low																
Risk Band	5	6	1																

*You have a choice of Term Deposits. See following page for more information about Term Deposits.

More information about the Qudos Super Term Deposit Option

Term deposits may suit investors seeking the security of a cash type investment with the certainty of income for the period chosen. The inclusion of Term Deposits in the range of options available to you through this product provides even more choice to ensure you can construct an investment portfolio that suits your attitude to risk and return.

You can choose a Term Deposit from the Qudos Bank website www.qudosbank.com.au with terms including:

- 365 days (1 year)
- 730 days (2 years)
- 1095 days (3 years).

Interest rates can change regularly. So, before you invest you can obtain up to date interest rates at www.qudosbank.com.au or by contacting Qudos Super. It's also important to carefully choose how long your money will be invested as if you withdraw from a Term Deposit prior to maturity, an interest rate adjustment (applied by the Term Deposit issuer) and Term Deposit Early Withdrawal Fee will be applied.

Before you invest in any Term Deposit, you must read a copy of the current Term Deposit Product Disclosure document which will contain more details about the investment. Qudos Super will provide you with the current Term Deposit Product Disclosure document for the Term Deposit you are considering or you can obtain a copy of the current Term Deposit Disclosure document from Qudos Mutual Limited trading as Qudos Bank or from the Administrator (free of charge).

The minimum investment amount for each Term Deposit is currently \$10,000, which may change from time to time. When you invest in a Term Deposit you will receive confirmation of the amount, term, interest rate and what will happen on the maturity date.

The availability of a Term Deposit should not be construed as a recommendation by the Trustee to invest in that Term Deposit.

How does my Term Deposit work?

A Term Deposit is an interest-bearing deposit held at a financial institution (for example, a building society, credit union or bank) that has a fixed term and pays a fixed rate of interest calculated daily. Interest will be paid into your Qudos Super account at the end of each calendar month and at maturity and is credited to your other chosen investment option(s), depending on the investment options you have selected (that is, depending on your 'investment profile'). For example, if you have chosen two pooled investment options, interest from your Term Deposit will be allocated equally to each of these options.

To instruct us as to the Term Deposit (including term and rate) you have selected, you will need to notify us on line at www.qudosbank.com.au. Your Term Deposit application will be processed once the proceeds from the redemption of your other chosen investment option(s) are received.

Please note:

- you must maintain at least \$50,000 in any of the other investment options provided by Qudos Super prior to acquiring, and while you are invested in, a Term Deposit to ensure some diversification of your investments. In addition to the \$50,000 minimum, you must retain additional funds in other investment options to cover insurance premiums and other fees and costs for the duration of the term deposit(s). Refer to the **Fees and Costs** fact sheet for more information about applicable fees and costs. Refer to the **Insurance** fact sheet for more information about insurance premiums;
- if the total balance of your investments held outside of your term deposit(s) falls below \$50,000, or there are insufficient additional funds held in other investment options to meet insurance premiums, fees and costs, your term deposit closest to maturity will be broken, ensuring an amount of at least \$50,000 is maintained within the other investment options;
- because of investment market fluctuations, holding more than \$50,000 in other investment options may help reduce the prospect of a term deposit being broken prior to maturity;
- there may be a delay between your request for a Term Deposit and the effective date of your investment in a Term Deposit. This is due to other investments being redeemed to enable the Term Deposit to be acquired (see below for more information about this).

You can nominate which of your other chosen investment option(s) shall be redeemed to provide you with the proceeds to acquire your selected Term Deposit. If you don't choose where the proceeds for acquiring a Term Deposit will come from, money will be redeemed from your Qudos Super account in the following order:

- Cash Plus Option
- Conservative Option
- Balanced Option
- Growth Option
- High Growth Option

If there are still insufficient monies for the selected Term Deposit, the amount of the Term Deposit will be adjusted to the amount available (subject to prevailing liquidity and minimum investment requirements for Term Deposits).

Upon maturity of a Term Deposit, you will have the following options to choose from:

- close the Term Deposit and transfer the deposit to another available investment option; or
- re-invest the deposit amount into another term deposit.

You can choose which option you prefer when you apply for a Term Deposit or at least 2 business days before the maturity date. If no maturity instructions are provided the maturity value (including interest) will be invested in accordance with your investment profile.

If a Term Deposit matures on a weekend or public holiday in Melbourne, it will be extended to the next business day and the accrual of interest will be continued to that day.

You will be advised via email and/or SMS that your Term Deposit is due and up for renewal, 5 days prior to maturity. When a Term Deposit has matured, you will receive notification of the maturity date and amount.

Please note that an interest rate adjustment may apply if a Term Deposit is terminated prior to maturity. A Term Deposit may be terminated early by a member (for example, if a member wishes to transfer their superannuation to another superannuation fund) or by the Trustee to meet insurance premiums, fees or costs. For further information about termination of Term Deposits, refer to the applicable Term Deposit Product Disclosure document.

Important information when investing in Term Deposits

Each Term Deposit is a financial product for which a separate Term Deposit Product Disclosure document is available from www.qudosbank.com.au. The Trustee must be satisfied that you have received and/or know where to obtain the Term Deposit Product Disclosure document prior to the Trustee making investments in accordance with your selection of a Term Deposit.

You should read the Term Deposit Product Disclosure document when making any decisions about a Term Deposit. However, bear in mind that it may contain information that is not relevant to you because there are differences between investing in a Term Deposit directly (in your own name) and investing in a Term Deposit through Qudos Super. Key differences include:

- All investments held through the Fund are held in the name of the Trustee, not in your name. This means you will not receive communications from the financial institution that issues a Term Deposit.
- Direct investments in a Term Deposit are not subject to the same (concessional) tax treatment as the Fund's investments.
- If you invested directly in a Term Deposit you may have the benefit of a 14 day "cooling off" period. The Trustee is not entitled to any "cooling off period" because it is a wholesale investor.
- If you invested directly in a Term Deposit, any queries or complaints would be handled by the inquiries and complaints handling mechanism of the relevant financial institution. As an investor in the Fund, any queries or complaints must be handled by the Trustee's inquiries and complaints handling mechanism, even if they relate to the Term Deposit.

What happens if information in the Term Deposit Product Disclosure document changes?

Information in the Term Deposit Product Disclosure document may change from time to time. For this reason, you may not always have the most current Product Disclosure document relating to a Term Deposit at the time the Trustee implements your selection of a Term Deposit. You can obtain the most recent Term Deposit Product Disclosure document from www.qudosbank.com.au and should ensure you have an up to date copy before you invest.

The Trustee reserves the right to refuse or delay an investment in a Term Deposit for whatever reason, including the occurrence of a materially adverse change or materially adverse significant event affecting the information in the Term Deposit Product Disclosure document. Where the Trustee considers that such a refusal or delay is appropriate or necessary, the Trustee accepts no liability for any losses incurred by a Member.

If a materially adverse change or materially adverse significant event occurs which affects the information in the Term Deposit Product Disclosure document and we continue to invest monies received for a Member on or after the change or event is notified to us, we will notify you about your options as soon as practicable after the change or event occurs. Other changes affecting a Term Deposit Product Disclosure document may be available from www.qudosbank.com.au or through such other means as the Trustee considers appropriate.

Investment risk and return

All investments are subject to varying degrees of risk and generally, the greater the risk, the greater the volatility of the investment and its investment performance. Investment earnings from the investment options can be positive or negative and the return of capital is not guaranteed.

Risk and return relationship

Risk and return are terms often used together, as they are inextricably linked. Where a greater return is expected, then invariably a greater risk is associated with it.

A popular misconception is the belief that the best objective to investing is to eliminate risk altogether, however by doing this, the prospect of reaping the high returns is also eliminated.

Investors need to be able to manage risk by bringing it to a level that is acceptable for their circumstances (for example, their age, desired level of investment return and the amount of risk that is acceptable to achieve the desired investment return) when selecting an investment option.

Asset classes

The money you invest in an investment option may be invested in underlying investment funds, assets or products. These investments or assets can be classified into a number of asset classes according to the type of asset they are and their expected likelihood of producing a higher or lower return.

There are a number of different asset classes that may be utilised in the investment options. These can be placed in four broad categories:

- **Cash** – These are funds held in bank accounts and investments made in the short-term money market. These are generally short term investments.
- **Fixed Interest** – These are medium to long term investments that are basically loans from an Approved Deposit Taking Institution to its members and are fixed to be repaid at a certain time. The borrowing organisation pays back the loan, plus a fixed amount of interest. Investments in fixed interest will be in Australian fixed interest. In the case of the Term Deposit Option, the investments are fixed term deposits issued by Qudos Mutual Limited trading as Qudos Bank.
- **Equities** – Also referred to as 'shares' or 'stocks', these are investments in corporations, where the purchaser buys a certain amount of 'shares' in a company. These are generally a long term investment. Investments in equities may be in Australian and International shares.

Types of risk

Examples of the types of risk associated with superannuation investments include:

- **Market risk** – The risk associated with the market as a whole. The factors are universal, and depending on the particular market, the factors affecting performance include political and social climates, change in interest rates, economic cycles and government policy, all of which may result in the increase or decrease of market valuations. The impact of the market on your investment may be different depending on the market segment in which you participate, for example, the resources sector.
- **Investment specific risk** – Generally, the riskier the investment, the higher the expected returns, but the riskier investment also has the potential to generate the greatest losses. There is also the risk associated with underlying investment managers not performing to expectations due to a range of factors including their investment style, loss of key personnel or interruption to their processes or systems.
- **Currency risk** – The risk is that movements in currency can have an effect on the domestic value of international investments. For example, a fall in the value of the Australian dollar can increase the value (in domestic value terms) of international investments held in an investment option. Similarly, a rise in the Australian dollar can reduce the value of that investment. Currency risk can be reduced through 'hedging', which may involve use of derivatives, short positions and exotic securities to deliver returns in both rising and falling markets. However, hedging has its own risks including increasing the potential for asset sell-downs to meet the cost of hedging in periods where local currency depreciates, and the risks associated with derivatives or other hedging mechanisms used.

Investment options which involve investment, directly or via a diversified fund, in international funds may be fully or partially hedged to remove or reduce currency risk. The hedging strategies employed will also have a flow-on effect to a diversified fund that obtains exposure via the underlying international funds. Hedging may be used in the Conservative, Balanced, Growth and High Growth investment options.

- **Country risk** – Economic and political climates in countries may have an adverse effect where particular investments may be held.
- **Legislation risk** – Changes may occur to superannuation or taxation legislation which may in turn, affect the value or accessibility of the investments.

- **Liquidity risk** – This is the risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay because of either not enough buyers in the market for the particular investment or disruptions in the marketplace. Liquidity risk depends on the composition of an investment option's underlying assets or investments. While liquidity risk is not expected to be significant for the investment options, liquidity risk may also change from time to time.
- **Operational risk** – This is the risk that the Fund's operations are disrupted or affected in some way. When you invest in a superannuation fund you rely on the quality of personnel and systems to manage investments. If key personnel leave or administration systems fail, your investment may be affected. The Trustee maintains a compliance and risk management framework to help manage these risks.

Other possible influences include natural disasters, new technology, war and acts of terrorism, which are all beyond the control of the Trustee, the Fund and the Investment Managers involved. Lack of diversification in your investment options may also have an influence.

The relevance of these risks will depend on the underlying assets utilised in the investment options selected. For example, currency risk will be a greater consideration for investment pools that invest in international shares.

An indication of the risk profile of each investment option (risk level and standard risk measure) is shown in the Investment table earlier in this factsheet. The risk levels help you compare investment strategies that are expected to deliver a similar number of negative annual returns over any 20 year period.

These risk levels are a guide only and do not take into account your personal circumstances.

The risk levels and standard risk measures are based on industry guidance to facilitate comparison of superannuation investments. They are not a complete assessment of all forms of investment risk, for instance, they do not detail what the size of a negative return could be or the potential for a positive return to be less than a member's investment objectives.

Further, these risk indicators do not take into account the impact of fees and tax on the likelihood of a negative return. For this reason, you should ensure you are comfortable with the risks and potential losses associated with your chosen strategy and investments.

There may also be a relationship between fees and risks. All other things being equal, higher fees will increase the probability of a negative return.

Additional risks information relating to Term Deposits

In addition to the risks information shown above, you should also consider the following risks:

- Because the Term Deposit interest rate is fixed for the term of investment (i.e. until maturity), you are protected from potential decreases in interest rates. However, you may not be able to take advantage of potential interest rate increases should they occur during the term of investment.
- An interest adjustment may apply if you or the Trustee terminates the Term Deposit before maturity. This may result in the term deposit interest rate being reduced. You should refer to the Term Deposit Product Disclosure document for more information about this.

Derivative investments

It is the Trustee's policy not to use derivative investments directly. Derivatives include investment products such as futures, options, swaps and warrants. They are securities whose value is derived from other securities or assets.

The underlying investment managers used in the Conservative, Balanced, Growth and High Growth investment options may use derivatives to reduce risks in their investment products, to modify the expected returns and risk in their funds, and/or to manage their exposure to particular investment sectors or markets.

However, use of derivatives can carry its own risks like the possibility that the derivative position is difficult or costly to reverse, that it does not perform as expected or that the parties to the derivatives contract do not perform their contractual obligations. Any exposure to derivatives may vary depending on the strategy and objectives of an investment option.

Consideration of ethical investments

The Trustee does not take into account labour standards, environmental, social, or ethical considerations when selecting, retaining or redeeming investments of the Fund, however underlying investment managers may do so (in their own right, not on the Trustee's behalf).

Investment performance

The investment performance of the Cash Plus, Conservative, Balanced, Growth and High Growth Options is reflected in the unit prices for these options (usually calculated daily), after taking into account relevant fees, costs and taxes. Refer to the **Fees and Costs** fact sheet for more information. The investment performance of a Term Deposit (available under the Term Deposits Option) is based on applicable rate of interest declared by the relevant financial institution and is allocated to your account.

Neither the Trustee or any service provider or other entity associated with the Fund or this product guarantee your investment or the returns on any of your selected investments.



If you would like further information about the allocation of investment performance to accounts go to www.qudosbank.com.au or contact the Qudos Super Call Centre on 1300 721 720.

This Factsheet is issued by Equity Superannuation Trustees Limited ABN (50 055 641 757) AFSL 229757, RSE License No L0001458, as Trustee for CUBS Superannuation Fund ABN 90 120 177 925 (the Fund).

This Factsheet is for general information purposes only and is not intended to be relied on for the purpose of making an investment decision or other decisions pertinent to your investment in the Fund. It has been prepared without taking account of the objectives, financial situation and needs of any particular person. You should also consider obtaining professional advice before making decisions regarding your investment in the Fund, to determine if they are appropriate to your needs. Please read the relevant Product Disclosure Statement available at www.qudosbank.com.au or contact the Fund for a copy.

The Trustee reserves the right to vary the features of this product including investments insurance and fees and costs, at any time.

The terms of the trust deed governing the Fund have precedence over anything in the PDS and the FactSheets.