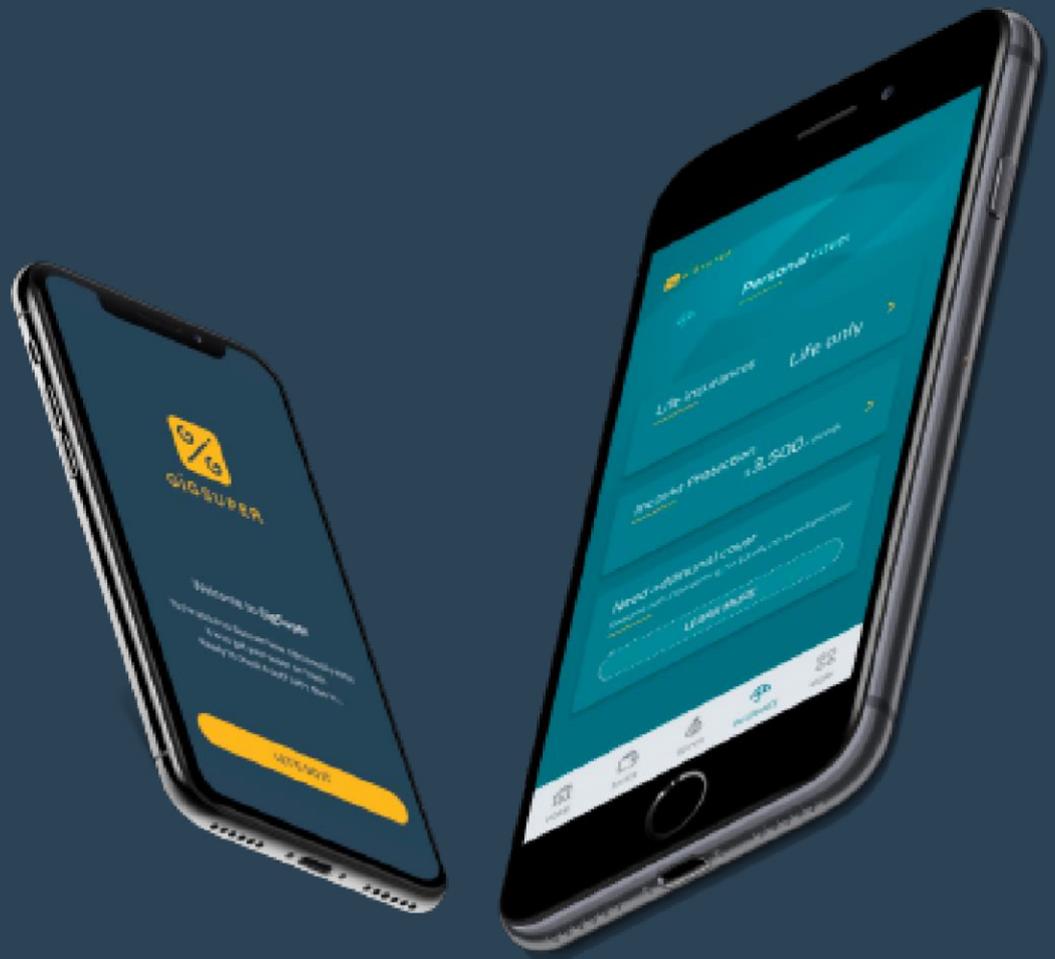




# INVESTMENT GUIDE

29 November, 2019



Issued by Diversa Trustees Limited (ABN 49 006 421 638, AFSL 235153) as trustee of Grow Super SMA (ABN 20 543 903 424) GigSuper is a public offer fund regulated by the Australian Prudential Regulatory Authority (APRA).

#### IMPORTANT INFORMATION

The information in this document forms part of the Product Disclosure Statement (PDS), dated 29/11/19. GigSuper is promoted and distributed by GigSuper Pty Ltd (ABN 32 620 862 053) who is a corporate authorised representative of Grow Super AFSL Pty Ltd (ABN 16 135 540 135, AFSL 340958). Insurance cover is provided through group life policies issued by Hannover Life Re of Australasia Ltd (ABN 37 062 395 484) to the Trustee of GigSuper. In the event of a dispute, the policy will override the information in the PDS and this guide. If you have any queries, would like further information, or a copy of the PDS, contact us at [hello@gigsuper.com.au](mailto:hello@gigsuper.com.au).

All parties named in the PDS and this Guide have consented to being named in the form and context in which they have been named and have not withdrawn their consent before the date of this PDS. Any statements in the PDS or this Guide that are attributable to or based on statements made by another person have been included with the consent of that person, whose consent has not been withdrawn, before the date of this PDS. Should you require any information about the services or issues covered in the PDS or this Guide, or require any clarification, you should contact GigSuper at [hello@gigsuper.com.au](mailto:hello@gigsuper.com.au).

If you have any queries, would like further information, or a copy of the PDS contact us by:  
Email: [hello@gigsuper.com.au](mailto:hello@gigsuper.com.au) | Website: [www.gigsuper.com.au](http://www.gigsuper.com.au)

## CONTENTS

1. Introduction	2
2. GigSuper Investment Options	3
2.1 Autopilot Investment Option	4
2.2 Diversified Investment Options	4
3. Risks of Investing	6
4. How We Manage Your Investments	7
5. Other Important Information	7

## 1. ABOUT GIGSUPER

Before deciding which investment choice is most suitable for you, it is important to consider:

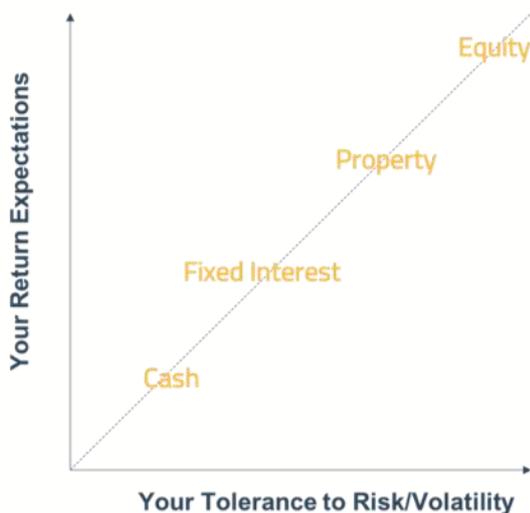
1. Your level of risk tolerance;
2. Your return expectations; and
3. The length of time your super will be invested

### THE RELATIONSHIP BETWEEN RISK AND RETURN

Risk tolerance is your ability to cope with possible losses on your investment. Investment return refers to the amount of money you make (or lose) on an investment.

There is a relationship between risk and return. While high-risk investments are more likely to provide higher returns over time, in the short term they are also more likely to experience larger fluctuations, producing both positive and negative returns. This is known as volatility.

The chart below displays the relationship between risk and return.



If you are more concerned with the security of your investment than the level of return, you would be considered a conservative investor with a low risk tolerance.

If you can tolerate considerable fluctuations in the value of your investments, in anticipation of a higher returns over time, you would be considered a more aggressive investor with a higher risk tolerance.

### WHAT IS YOUR INVESTMENT TIMEFRAME?

Your investment timeframe is the length of time left until you start to access your super, plus the length of time you expect to draw a retirement income.

For example, if you are currently aged 40 and you intend to retire at 65 and draw a retirement income until you are 80, then your investment timeframe is 40 years.

### HOW YOUR INVESTMENT TIMEFRAME MAY INFLUENCE YOUR INVESTMENT CHOICE

Selecting the investments that best match your goals and timeframe can be an effective way to manage investment risk. If you are mainly concerned about protecting capital over a relatively short period of time, then a conservative investment is probably more suitable. If, however, you want the value of your investments to increase significantly over a longer period, then growth assets like shares and property may be more suitable.

### STANDARD RISK MEASURE

We have used the Standard Risk Measure (SRM) to help you compare the investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. SRM is based on industry guidance and does not completely assess all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than a customer may require meeting their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s).

Risk Band	Risk	Estimated number of negative annual returns over any 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

### MANAGING RISK THROUGH DIVERSIFICATION

Diversification can be an effective risk management strategy which involves spreading your money across different investments to smooth out returns. So, if one investment is performing poorly, another investment may be achieving better returns to offset this poor performance.

## TYPE OF ASSETS

Generally, investments are purchased for their income producing potential (known as defensive assets) or because the capital value is expected to grow over time (known as growth assets).

### DEFENSIVE ASSETS

Defensive assets include bank deposits, fixed interest securities, mortgages and debentures.

The main advantage of these methods of investment is that the original capital invested is relatively secure. This is because the investment organisation takes the investment risks and guarantees to pay back the capital at the end of the period of investment. They may pay a defined income return for a specified period, so the rate of return is known in advance.

Two disadvantages of defensive asset investments are that:

1. The return is fully taxable in the year in which the interest is received;
2. There are no tax concessions available.

Additionally, the original capital does not usually grow in value, so the investment does not have the potential to maintain its purchasing power against inflation.

Thus, defensive assets provide good security and may provide a defined income stream for a time period, but they are not tax efficient and their value may not grow over time.

### GROWTH ASSETS

Growth assets include property, Australian and international company shares, and a range of more specialised investments, some of which are riskier than others. Capital growth occurs when investors collectively believe that future profits or rental from an asset will be higher in the future than today and are therefore prepared to pay more to purchase the asset. Similarly, capital values fall if investors collectively believe that future profits and rentals will be lower in the future than today. For example, capital values may fall if investors believe that the economy is heading for a downturn.

As investors' perceptions about the future change, the value of capital growth investments fluctuates. However, in the long run, the returns on capital growth investments are likely to outperform fixed interest and cash investments. This is particularly true if the investment is based on company profits from reputable companies and property rental from quality buildings.

The main advantage of growth assets is that it is possible to take advantage of favourable economic conditions and achieve superior growth over the medium to long term.

There are three main advantages to investing in growth assets:

1. The income received.
2. The tax advantages that may apply.
3. The long-term increase in the value of the capital.

A disadvantage is that the original capital value may rise and/or fall over time.

## ABOUT THE ASSET CLASSES

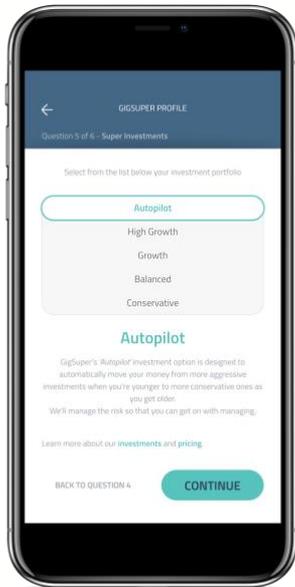
Asset Class	What is it	Profile
Cash	Cash investments are deposits in banks and investments in short term money markets that provide a return in the form of interest payments.	Cash investments are considered to be defensive assets that provide a stable, low risk income. However, cash investments may not provide returns high enough to meet long term goals.
Diversified fixed interest	Fixed interest investments (which include government and corporate bonds) provide a return in the form of interest or coupon payments and capital gain (or loss).	Fixed interest investments are considered to be defensive assets that provide low to moderate risk income with less volatility than other asset classes such as equities and property.
Diversity property	Property investments include investments in property or buildings held either directly or through a trust. They may be listed or unlisted and provide a return in the form of capital gain (or loss) and rental income.	Property investments are considered to be growth assets. While returns are generally higher than cash and fixed interest over the long term, property values can be subject to fluctuations and are therefore considered medium to high risk investments. Direct property holdings may also be considered less liquid than other investments.
Equities	Equities, which are also called shares, represent part ownership of a company. They provide a return in the form of capital growth (or loss) and income through dividends.	Equity investments are considered to be growth assets and generally provide a higher return than other asset classes over the long term. However, equities may experience short term volatility and are therefore considered high risk investments.

## 2. GIGSUPER INVESTMENT OPTIONS

As a member of GigSuper you have the choice to select one of our five investment options:

1. The Autopilot (age-based) investment option
2. High Growth
3. Growth
4. Balanced
5. Conservative

Figure 1: Investment In-App Screen



## 2.1 AUTOPILOT INVESTMENT OPTION

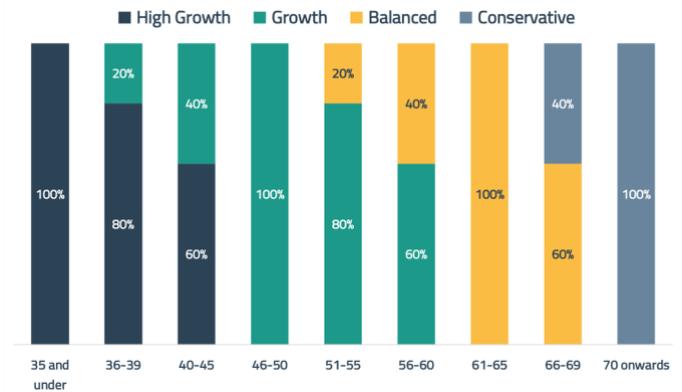
The Autopilot investment strategy is automated, so you don't have to manually make changes to your investments as you get older. If you select this investment option, as you move towards retirement, your investment portfolio will automatically de-risk by transitioning away from growth orientated assets, towards a more defensive mix of assets. This helps preserve your superannuation balance should there be a downturn in the markets as you approach retirement.

Members joining GigSuper's Autopilot investment strategy will be placed into a mix of the four diversified investment portfolios depending on their age.

- High Growth (90% growth assets/10% defensive assets)
- Growth (75% growth assets/25% defensive assets)
- Balanced (55% growth assets/45% defensive assets)
- Conservative (35% growth assets/65% defensive assets)

The mix of investment portfolios given a member's age is shown below:

Chart 1: Autopilot Investment Option – Age bands and underlying investment allocation



## 2.2 DIVERSIFIED INVESTMENT OPTIONS

The GigSuper Diversified Investment Portfolios have been designed to provide you an easy way to attain a diversified portfolio based on your risk appetite, containing a pre-mixed combination of local and international shares (equities), property, fixed interest and cash.

### HIGH GROWTH

Summary of the High Growth Investment Option	
Who is this investment option for?	For members who have a strong focus on maximising capital growth over the long-term. Members may expect high short-term fluctuations in value and a higher chance of capital loss. Members who select this portfolio should be comfortable with higher risk as a trade-off for achieving their long-term investment objectives.
Investment return objective	CPI+3.25% p.a. (after investment management fees and tax) over rolling 12-year periods
Minimum suggested time frame	11-13 years
Standard Risk Measure	High Risk (Risk Band 6)

Asset Classes	Asset Allocation (Strategic)	Asset Allocation (Control Ranges)	Defensive vs Growth Target Asset Allocation
Australian Equities	40%	25% - 52%	90% Growth
International Equities (Unhedged)	17.5%	10% - 28%	
International Equities (Hedged)	17.5%	10% - 28%	
Australian Listed Property	15%	5% - 20%	10% Defensive
Australian Fixed Interest	3%	0% - 10%	
Australian Cash	7%	0% - 15%	

**GROWTH**

Summary of the Growth Investment Option	
Who is this investment option for?	This option is growth orientated and better suited for long-term investors who accept some investment risk over the long term. With an investment split of 25% defensive and 75% growth, the defensive exposure should dampen the short-term fluctuations in value. Overall the portfolio will have a high exposure to shares and property to assist with providing long-term capital growth.
Investment return objective	CPI+2.5% p.a. (after investment management fees and tax) over rolling 9-year periods
Minimum suggested time frame	8-10 years
Standard Risk Measure	High Risk (Risk Band 6)

Asset Classes	Asset Allocation (Strategic)	Asset Allocation (Control Ranges)	Defensive vs Growth Target Asset Allocation
Australian Equities	35%	22% - 45%	75% Growth
International Equities (Unhedged)	13.5%	5% - 20%	
International Equities (Hedged)	13.5%	5% - 20%	
Australian Listed Property	13%	5% - 20%	
Australian Fixed Interest	5%	0% - 10%	25% Defensive
Australian Cash	20%	10% - 30%	

**BALANCED**

Summary of the Balanced Investment Option	
Who is this investment option for?	For members with a longer time horizon of at least 6-8 years who are comfortable with slightly higher exposure to growth than defensive assets. The portfolio is expected to have short term fluctuations whilst producing capital growth over medium-long term.
Investment return objective	CPI+1.75% p.a. (after investment management fees and tax) over rolling 7-year periods
Minimum suggested time frame	6-8 years
Standard Risk Measure	Medium to High Risk (Risk Band 5)

Asset Classes	Asset Allocation (Strategic)	Asset Allocation (Control Ranges)	Defensive vs Growth Target Asset Allocation
Australian Equities	22%	16% - 30%	55% Growth
International Equities (Unhedged)	11.5%	6% - 17%	
International Equities (Hedged)	11.5%	6% - 17%	
Australian Listed Property	10%	3% - 16%	
Australian Fixed Interest	15%	5% - 20%	45% Defensive
Australian Cash	30%	20% - 40%	

**CONSERVATIVE**

Summary of the Conservative Investment Option	
Who is this investment option for?	Members who are comfortable with a moderate amount of volatility but want most of their balance exposed to defensive assets. With a higher allocation to fixed interest and cash, the fund is designed to reduce volatility through fixed interest exposure whilst achieving medium term growth. Members will likely experience some account balance fluctuation over the short to medium term due to the high exposure to growth assets than the capital stable fund.
Investment return objective	CPI+1.0% p.a. (after investment management fees and tax) over rolling 5-year periods
Minimum suggested time frame	4-6 years
Standard Risk Measure	Medium Risk (Risk Band 4)

Asset Classes	Asset Allocation (Strategic)	Asset Allocation (Control Ranges)	Defensive vs Growth Target Asset Allocation
Australian Equities	15%	5% - 20%	35% Growth
International Equities (Unhedged)	7%	0% - 15%	
International Equities (Hedged)	7%	0% - 15%	
Australian Listed Property	6%	0% - 12%	
Australian Fixed Interest	20%	10% - 30%	65% Defensive
Australian Cash	45%	30% - 60%	

### 3. RISKS OF INVESTING

All investing involves some risk. Generally, the higher the expected return the higher the risk and volatility of your investment. The value of your investment can rise or fall depending on the performance of the underlying investments in a single option, or combination of options. By not planning ahead, you risk outliving your retirement savings. The main risks associated with investing are described below.

#### INFLATION RISK

The rate of inflation may exceed the return on your investment, decreasing the real purchasing power of the funds you have invested. The Trustee aims to reduce this risk by providing members with an opportunity to invest in growth assets such as shares and property, as the returns on these assets will generally change with inflation over the medium to long term. If you choose to invest in non-growth assets such as fixed interest and cash, you may not achieve the same level of protection from inflation risk over the long-term.

#### MARKET RISK

Market risk is influenced by broad factors including economic, technological, political and legal conditions and investor sentiment. Generally, returns on a particular investment are correlated to the returns on other investments from the same market, region or asset class. Changes in the value of markets may affect the value of different investments, whether they are equities, fixed interest securities, property, currencies or cash. In the past, investment options with higher allocations to growth assets have exhibited greater amounts of market risk. The Trustee aims to manage this risk by rebalancing the investment mix in each investment option, where appropriate.

#### SETTLEMENT RISK

Settlement risk is the risk that one party will fail to deliver the terms of a contract at the time of settlement. Settlement risk is minimised by principally dealing with Australian based entities and other large reputable entities with a history of good business practice.

#### INTEREST RATE RISK

Changes in interest rates may impact investment value or returns. In particular, the value of fixed interest securities can fluctuate significantly in reaction to interest rate changes. Generally, if interest rates increase, the market value of purchased fixed income securities decreases. When interest rates decrease, fixed income securities may pay lower returns than other investments. Through external Investment Managers, the Trustee undertakes some interest rate management strategies.

#### CURRENCY RISK

This is a risk that changes in the value of currencies can have a negative impact on returns. This risk arises because investments which are based overseas, or which are exposed to other countries are often denominated in foreign currencies. When currencies change in value relative to one another, the value of investments based on those currencies can change as well.

Investment managers sometimes aim to “hedge” some of this risk. This involves some financial arrangement designed to offset changes in currencies. Sometimes derivatives can be used for this purpose.

Unfortunately hedging is not perfect. It is not always successful, is not always used to offset all portfolio currency risk and is sometimes not cost effective or practical to use.

To the extent it is considered appropriate and practicable, the Trustee may hedge some foreign currency risk or use investment managers which do so from time to time. But in spite of some potential hedging from time to time, currency risk remains, and currency movements will have both a positive and negative impact on the portfolio.

#### DERIVATIVES RISK

Derivatives are contracts that call for money or assets to change hands at some future date. The level of exposure to a particular investment market is determined by criteria set out in the contract. For example, a contract may say that one person can buy an item from the other at a price specified today, or in six months’ time, regardless of the market price.

The Trustee may use derivatives to manage risk or gain exposure to different types of investments, where appropriate. When the Trustee uses derivatives, it makes sure the Fund can meet its obligations under the derivative contract.

Risks associated with derivatives include:

- the value of the derivative failing to move in line with the underlying asset;
- the value of the derivative moving contrary to the derivative position taken;
- potential illiquidity of the derivative; and
- counterparty risk, where the counterparty to the derivative contract cannot meet its obligations under the contract.

#### FUND RISK

The risks associated with investing in the Fund are that it could terminate, the Trustee may be replaced, or our investment professionals could change. We aim to keep fund risk to a minimum by always acting in our members’ best interests and by adhering to a policy of strong corporate governance, compliance and risk management.

#### LEGISLATIVE RISK

Superannuation and taxation laws change frequently, which may affect your ability to access your investment and/or the value of your super.

#### LIQUIDITY RISK

Liquidity risk is the risk of incurring unexpected costs or capital loss arising from delays in converting an investment into cash, or changes in the marketability of the investment. The majority of the Fund’s investments are readily convertible to cash within a week at most. Therefore, the Trustee does not consider that liquidity risk is a major problem in the normal course of events, i.e. when markets are open and trading. Furthermore, the Trustee considers that the

liquidity of the Fund's investments will be sufficient to meet its cash flow requirements, including switching and withdrawal requirements. However, under extreme market conditions there is a risk certain investment cannot readily be converted into cash.

### CREDIT RISK

Credit risk is the risk of a counterparty being unable to meet its debt repayment obligations. We manage the risk of counterparty default by conducting due diligence on potential investments and by setting maximum investment limits in any single entity.

### INVESTMENT MANAGEMENT RISK

The Trustee depends on the expertise and experience of Investment Managers. The performance of the Fund is dependent upon the success of the Investment Managers' investment strategies. If the Investment Managers do not perform as expected, the performance of the Fund may be negatively impacted. There can be no guarantee that the Investment Managers will achieve the objectives stated in the PDS.

### THIRD PARTY RISK

Fund service providers or their contracted parties may default on their obligations, which could potentially result in losses to the value of your investment or the misuse of your personal or financial information. Whilst we endeavour to enter into arrangements to minimise these risks they cannot be eliminated entirely.

## 4. HOW WE MANAGE YOUR INVESTMENTS

GigSuper's Autopilot investment strategy and diversified investment options employ passively managed investment vehicles.

Passively managed investment vehicles are known as Index (or Tracker) funds and are managed in order to replicate a given index performance. A mix of strategies is prevalent amongst index funds with some strategies involving physical holding of securities while others employ derivative contracts as a means for achieving an index return.

Passive management benefits from low transaction costs, low management fees, low capital gains tax and ease of monitoring.

### OUR INVESTMENT MANAGERS

GigSuper's four diversified investment portfolios are invested into the funds/products offered by State Street Global Advisors Australia Limited (SSGA), Blackrock (iShares), Vanguard and BetaShares who act as the Investment Managers.

#### VANGUARD

With more than AUD \$6.9 trillion in assets under management as of 31 December 2018, including more than AUD \$1.2 trillion in ETFs, Vanguard is one of the world's largest global investment management companies. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.

#### BLACKROCK INC.

BlackRock helps investors build better financial futures. As a fiduciary to investors and a leading provider of financial technology, clients turn to Blackrock for the solutions they need when planning for their most important goals. As of March 31, 2019, the firm managed approximately US\$6.52 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit [www.blackrock.com](http://www.blackrock.com).

#### STATE STREET GLOBAL ADVISORS

State Street Global Advisors is the investment management arm of State Street Corporation. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, they build from a breadth of active and index strategies to create cost-effective solutions.

#### BETASHARES

BetaShares is owned and managed by its Australian based management team along with a strategic shareholding from Mirae Asset Global Investment Group, one of Asia's largest asset management firms. BetaShares first launched products in December 2010 and as at 31 January 2019, BetaShares manages over \$6.5 billion in assets.

### SEPARATELY MANAGED ACCOUNTS

Investments in GigSuper are structured as Separately Managed Accounts (SMA). A key difference between an SMA and pooled options is that the SMA option is not unitised and the value of your account is the sum of the value of the underlying investments in your chosen SMA.

Other features of an SMA include:

- You have the visibility of all the assets in your chosen SMA;
- The tax position is not shared with other members of the fund, meaning you only pay tax on gains and income you receive.

### INVESTMENT DISTRIBUTIONS

Any distributions payable by the underlying investments held will be automatically reinvested to purchase additional units in the relevant investment product i.e. they will not be received as a cash payment to your account.

## 5. OTHER IMPORTANT INFORMATION

### VALUATION OF YOUR ACCOUNT

The value of your account in the GigSuper SMA fund is the sum of the value of the investments in your account. The GigSuper SMA fund is not unitised.

The value of the account will be adjusted to allow for any taxes on investment earnings and management costs. We determine the market value of each option based on the information we have most recently available.

Please note that the value of your account may rise or fall. Contributions and rollovers into GigSuper are normally processed on the same day in which they are received. Benefit payments and rollovers out of GigSuper are normally processed the day after proceeds are received from the underlying fund managers.

Past investment performance is not an indicator of future investment performance.

### INVESTMENT SWITCHES

You can make full switches between investment portfolios. There is no minimum switch amount. You can change your investment portfolio at any time on GigSuper app.

You have 2 free changes per calendar year but will be charged \$24.95 per change thereafter.

### DERIVATIVES

The Trustee does not enter into any derivative contracts on its own account, although some underlying Fund Managers may have derivatives exposure in their portfolios.

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.

Some of the underlying investment managers may use derivatives to reduce risks in their investment products and to increase or decrease their product's exposure to particular investment sectors or markets. However, use of derivatives carries its own risks for the underlying investment products (and therefore for the investment option) 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 derivative contract do not perform their contractual obligations.

### HEDGE FUNDS

The Trustee has authorised, and will continue to permit exposure to, the asset class commonly referred to as 'Hedge Funds'. These investments may also be known as 'absolute return' investments and have their overall objective to produce positive returns not defined or measured against any one benchmark. While these investments can be considered as higher risk, the Fund's exposure is limited to products which have carefully selected fund managers to reduce some aspects of this risk.

### TRUSTEE DISCLAIMER

The Trustee, related parties and or other entities mentioned in this document does not assure or guarantee the success of the Fund, any particular investment option, the repayment of capital or a particular rate of return.

We do not provide any advice or recommendations about any of the investment portfolios available through the Fund. We are not aware of your objectives, financial situation or needs and have not taken those matters into account in preparing this document.

Prospective or existing members should read the entire PDS and all associated documents before investing. Nothing in this document should be taken as the provision of personal financial advice by anyone named in it. No action should be taken without your consideration of your particular financial circumstances and investment objectives. You may wish to obtain professional financial advice tailored to your circumstances prior to investing in the Fund.

The performance of each investment portfolio is dependent on the performance of the underlying investments, which can fall as well as rise in value, resulting in capital losses or capital profits. Members should not take past performance as an indication of future performance. The general market and economic conditions that existed in the past could be different in the future and these differences could have a significant impact on investment returns.



GigSuper Pty Ltd

ABN: 32 620 862 053 | ACN: 620 862 053

[support@gigsuper.com.au](mailto:support@gigsuper.com.au) | [www.gigsuper.com.au](http://www.gigsuper.com.au)

Goods Shed North, 710 Collins St, Docklands, VIC 3008