

## Significant Event Notice (SEN) – Pension members

### Changes effective on 1 October 2015

We are writing to advise you of some important changes affecting NESS Super Pension members from 1 October 2015. It's important that you read this document carefully so you can understand these changes and the impact they may have on your NESS Pension account.

#### Investments

We have worked with our asset consultants, JANA Investments Advisers Pty Ltd (JANA) to enhance our range of Pension investment options. JANA has reviewed the investment objectives, asset allocations and risk objectives for each of our Pension investment options. They have recommended strategic changes to each that better reflect the need of Pension members for short-term stability of returns and downside risk protection. As a result, we will be making changes to our investment options as listed below. You will see that the portion of assets allocated to growth assets has been decreased for several of the options, as has the likelihood of short-term volatility.

Importantly, we are also introducing broader ranges for the asset allocation between growth and defensive assets. This will allow for more active management of these options in times of market volatility.

For the Cautious and Conservative investment options, the return objectives will increase and the investment timeframe will be increased to 5 years. This shift is in line with the view of maintaining a longer-term investment horizon for the Assertive and Aggressive options, and a shorter to medium investment horizon for the Cautious and Conservative options.

Below you'll see the current characteristics of the NESS Pension investment options and the new characteristics that will be effective 1 October 2015. The Pension Cash option will remain unchanged and is not included below.

#### Pension Aggressive option

	Current	From 1 October 2015
<b>Asset Mix</b>	Growth: 100% Defensive: 0%	Growth: 100% Defensive: 0%
<b>Investment Objective</b>	CPI + 5% per annum over rolling 5 year periods	CPI + 4% per annum over rolling 10 year periods
<b>Standard Risk Measure*</b>	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20 year period: 4 – 6	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20 year period: 4 – 6
<b>Investments</b>	Between 95% and 100% invested in a range of Australian and international shares, Growth Alternative Assets and property	Between 80% and 100% invested in a range of Australian and international shares, Growth Alternative Assets and property

#### Pension Assertive option

	Current	From 1 October 2015
<b>Asset Mix</b>	Growth: 83% Defensive: 17%	Growth: 80% Defensive: 20%
<b>Investment Objective</b>	CPI + 4% per annum over rolling 4 year periods	CPI + 3.5% per annum over rolling 10 year periods
<b>Standard Risk Measure*</b>	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20 year period: 4 – 6	Risk Band: 5 Risk Label: Medium to High Estimated number of negative annual returns over any 20 year period: 3 – 4
<b>Investments</b>	Between 78% and 88% invested in a range of Australian and international shares, Growth Alternative Assets and property, with the balance in fixed interest investments, Defensive Alternatives and cash	Between 60% and 90% invested in a range of Australian and international shares, Growth Alternative Assets and property, with the balance in fixed interest investments, Defensive Alternatives and cash

## Investments (continued)

### Pension Moderate option

	Current	From 1 October 2015
<b>Asset Mix</b>	Growth: 73% Defensive: 27%	Growth: 70% Defensive: 30%
<b>Investment Objective</b>	CPI + 3% per annum over rolling 5 year periods	CPI + 3% per annum over rolling 5 year periods
<b>Standard Risk Measure*</b>	Risk Band: 5 Risk Label: Medium to High Estimated number of negative annual returns over any 20 year period: 3 – 4	Risk Band: 4 Risk Label: Medium Estimated number of negative annual returns over any 20 year period: 2 – 3
<b>Investments</b>	Between 68% and 78% invested in a range of Australian and international shares, Growth Alternative Assets and property, with the balance in fixed interest investments, Defensive Alternatives and cash	Between 50% and 80% invested in a range of Australian and international shares, Growth Alternative Assets and property, with the balance in fixed interest investments, Defensive Alternatives and cash

### Pension Cautious option

	Current	From 1 October 2015
<b>Asset Mix</b>	Growth: 53% Defensive: 47%	Growth: 50% Defensive: 50%
<b>Investment Objective</b>	CPI + 2% per annum over rolling 3 year periods	CPI + 2.5% per annum over rolling 5 year periods
<b>Standard Risk Measure*</b>	Risk Band: 4 Risk Label: Medium Estimated number of negative annual returns over any 20 year period: 2 – 3	Risk Band: 3 Risk Label: Low to Medium Estimated number of negative annual returns over any 20 year period: 1 – 2
<b>Investments</b>	Between 48% and 58% invested in a range of Australian and international shares, Growth Alternative Assets and property, with the balance in fixed interest investments, Defensive Alternatives and cash	Between 30% and 60% invested in a range of Australian and international shares, Growth Alternative Assets and property, with the balance in fixed interest investments, Defensive Alternatives and cash

### Pension Conservative option

	Current	From 1 October 2015
<b>Asset Mix</b>	Growth: 33% Defensive: 67%	Growth: 30% Defensive: 70%
<b>Investment Objective</b>	CPI + 1% per annum over rolling 3 year periods	CPI + 2% per annum over rolling 5 year periods
<b>Standard Risk Measure*</b>	Risk Band: 2 Risk Label: Low Estimated number of negative annual returns over any 20 year period: 0.5 – 1	Risk Band: 2 Risk Label: Low Estimated number of negative annual returns over any 20 year period: 0.5 – 1
<b>Investments</b>	Between 62% and 72% invested in a range of fixed interest investments, Defensive Alternatives and cash, with the balance in Australian and international shares, Growth Alternative Assets and property	Between 60% and 90% invested in a range of fixed interest investments, Defensive Alternatives and cash, with the balance in Australian and international shares, Growth Alternative Assets and property

\* The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The Standard Risk Measure is not a complete assessment of 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 member may require to meet 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.

Full details of the revised Long Term Asset Allocations and Ranges for the NESS Pension investment options are outlined in Appendix 1.

## Fees and costs

NESS Super is committed to maintaining a low cost structure and providing value for money for our members. As a result of appointing different investment managers and creating new investment option structures that better meet the needs of our Pension members, there will be an increase in investment management costs.

While the total Investment Fee for each NESS Pension investment option will increase slightly, it is expected that the volatility of returns will decrease. The table below shows the current Investment fee for each NESS Pension investment option and the Investment fee that will apply from 1 October 2015.

NESS Pension investment options	Current Investment fee	Investment fee from 1 October 2015
Cash	0.16%	0.165%
Conservative	0.63%	0.787%
Cautious	0.71%	0.940%
Moderate	0.79%	1.037%
Assertive	0.83%	1.116%
Aggressive	0.82%	1.013%

The table below shows the components of the Investment fees from 1 October 2015, including the Investment Performance Fee component and Indirect investment fees and costs.

NESS Pension investment options	Investment Performance fee component of Investment fee <sup>1</sup>	Indirect fee component of Investment fee <sup>2</sup>	Total Investment fee from 1 October 2015
Cash	0.00%	0.000%	0.165%
Conservative	0.05%	0.189%	0.787%
Cautious	0.08%	0.231%	0.940%
Moderate	0.08%	0.252%	1.037%
Assertive	0.08%	0.272%	1.116%
Aggressive	0.08%	0.125%	1.013%

<sup>1</sup> Investment Performance fees form part of the total Investment fee you pay to invest in a NESS Pension investment option. Investment Performance fees may be paid where an investment manager outperforms a predetermined investment benchmark. The level of the Investment Performance fees varies each year depending on the performance of the investment manager relative to this benchmark. These are our estimates of the Investment Performance fees applicable for each option.

<sup>2</sup> The Investment fees in the NESS Pension PDS dated 1 July 2014 did not include an allowance for indirect investment fees or costs. The disclosure of fees shown is in accordance with new guidance from the relevant regulators.

## Your account

### Change to frequency of investment option switching

From 1 July 2015, NESS Pension members will be able to switch their investment choices weekly. You can request to change which investment option/s your NESS Pension account balance is invested in, or change the investment option/s that your pension payments are made from, as follows:

- Through Pension MemberAccess at [www.nesssuper.com.au](http://www.nesssuper.com.au). If we receive your electronic notification by 11.59 pm (Sydney Australia time) on a Monday, the investment switch will become effective on the following Thursday. Requests submitted after this time will be processed the following week.
- By completing a *NESS Pension Change My Investment Choice Form*, available from the Pension section of our website [www.nesssuper.com.au](http://www.nesssuper.com.au) or by contacting us on 1800 022 067. If we receive your completed form in the mail by 5.00 pm (Sydney Australia time) on a Monday, the investment switch will become effective on the following Thursday. If the Monday is a public holiday, your form must be received by 5.00 pm (Sydney Australia time) on the last business day prior to the Monday to be effective the following Thursday. Forms received after this time will be processed the following week.

### Ability to nominate when Pension payments start

NESS Pension members can choose how often they would like to receive their pension payments – bi-monthly, monthly, quarterly, half-yearly or yearly.

From 1 July 2015, members who choose to receive their payments quarterly, half-yearly or yearly will be able to nominate which month they would like these payments to be made. Prior to this change, there were set dates for members choosing these frequencies to receive their payments.



**For example:** If Tom chooses half-yearly pension payments from his NESS Pension account:

Currently	From 1 July 2015
Payments are made 15 January and 15 July each year.	Tom can choose to have payments start in March instead, and the second payment will be made in September.

Your ability to nominate the month that your payments begin will be subject to meeting the Government mandated minimum and maximum payment amounts for each financial year. You can change your pension payment schedule through Pension Member Access or by completing a *Change My Pension Membership Details Form* available from [www.nesssuper.com.au](http://www.nesssuper.com.au).

## Further information

For further information about the changes outlined in this document, please contact NESS Super on 1800 022 027. A new NESS Pension PDS incorporating these changes, effective from 1 October 2015, will be issued shortly. In the meantime, please refer to the current NESS Pension PDS together with this notice of changes.



## Appendix 1: Changes to Long Term Asset Allocations and Ranges

See tables below for a summary of the changes to the Long Term Asset Allocations (LTAA) and ranges for the NESS Pension investment options. Please note: There are no changes to the Long Term Asset Allocation and Ranges for the Pension Cash option.

	Pension Aggressive option				Pension Assertive option			
	Current LTAA		LTAA from 1 October 2015		Current LTAA		LTAA from 1 October 2015	
	LTAA	Range	LTAA	Range	LTAA	Range	LTAA	Range
Australian Equities	53.0%	43 – 63	46.0%	30 – 60	42.0%	32 – 52	30.0%	15 – 45
Global Equities	34.0%	24 – 44	33.0%	15 – 45	28.0%	18 – 38	23.0%	10 – 40
Property	10.0%	0 – 16	10.0%	0 – 20	10.0%	0 – 20	10.0%	0 – 20
Growth Alternatives	3.0%	0 – 10	11.0%	0 – 30	3.0%	0 – 10	17.0%	0 – 30
<b>Growth Assets</b>	<b>100.0%</b>	<b>95 – 100</b>	<b>100.0%</b>	<b>80 – 100</b>	<b>83.0%</b>	<b>78 – 88</b>	<b>80.0%</b>	<b>60 – 90</b>
Defensive Alternatives	0.0%	0 – 5	0.0%	0 – 15	7.0%	0 – 15	12.0%	0 – 25
Fixed Interest	0.0%	0 – 5	0.0%	0 – 20	10.0%	0 – 20	8.0%	0 – 30
Cash	0.0%	0 – 5	0.0%	0 – 15	0.0%	0 – 10	0.0%	0 – 20
<b>Defensive Assets</b>	<b>0.0%</b>	<b>0 – 5</b>	<b>0.0%</b>	<b>0 – 20</b>	<b>17.0%</b>	<b>12 – 22</b>	<b>20.0%</b>	<b>10 – 40</b>
<b>Total Assets</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>	

	Pension Moderate option				Pension Cautious option			
	Current LTAA		LTAA from 1 October 2015		Current LTAA		LTAA from 1 October 2015	
	LTAA	Range	LTAA	Range	LTAA	Range	LTAA	Range
Australian Equities	36.0%	26 – 46	26.0%	10 – 40	24.0%	14 – 34	17.0%	0 – 30
Global Equities	24.0%	14 – 34	18.0%	5 – 35	16.0%	6 – 26	11.0%	0 – 30
Property	10.0%	0 – 20	10.0%	0 – 20	10.0%	0 – 20	10.0%	0 – 20
Growth Alternatives	3.0%	0 – 10	16.0%	0 – 30	3.0%	0 – 10	12.0%	0 – 30
<b>Growth Assets</b>	<b>73.0%</b>	<b>68 – 78</b>	<b>70.0%</b>	<b>50 – 80</b>	<b>53.0%</b>	<b>48 – 58</b>	<b>50.0%</b>	<b>30 – 60</b>
Defensive Alternatives	7.0%	0 – 15	12.0%	0 – 30	7.0%	0 – 15	15.0%	0 – 30
Fixed Interest	15.0%	5 – 25	18.0%	0 – 40	30.0%	10 – 50	35.0%	0 – 50
Cash	5.0%	0 – 20	0.0%	0 – 25	10.0%	0 – 30	0.0%	0 – 30
<b>Defensive Assets</b>	<b>27.0%</b>	<b>22 – 32</b>	<b>30.0%</b>	<b>20 – 50</b>	<b>47.0%</b>	<b>42 – 52</b>	<b>50.0%</b>	<b>40 – 70</b>
<b>Total Assets</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>	

	Pension Conservative option			
	Current LTAA		LTAA from 1 October 2015	
	LTAA	Range	LTAA	Range
Australian Equities	12.0%	2 – 22	10.0%	0 – 20
Global Equities	8.0%	0 – 15	7.0%	0 – 20
Property	10.0%	0 – 20	5.0%	0 – 15
Growth Alternatives	3.0%	0 – 10	8.0%	0 – 20
<b>Growth Assets</b>	<b>33.0%</b>	<b>28 – 38</b>	<b>30.0%</b>	<b>10 – 40</b>
Defensive Alternatives	7.0%	0 – 15	13.0%	0 – 30
Fixed Interest	40.0%	20 – 60	47.0%	0 – 60
Cash	20.0%	0 – 40	10.0%	0 – 40
<b>Defensive Assets</b>	<b>67.0%</b>	<b>62 – 72</b>	<b>70.0%</b>	<b>60 – 90</b>
<b>Total Assets</b>	<b>100%</b>		<b>100%</b>	

### Contact us

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