



Energy Industries Superannuation Scheme

Supplementary Product Disclosure Statement

This is a Supplementary Product Disclosure Statement (SPDS) to the respective Product Disclosure Statements (PDS) of the following Energy Industries Superannuation Schemes offered by Energy Industries Superannuation Scheme Pty Limited (Trustee):

Accumulation Scheme PDS dated 1 July 2007,
Retirement Scheme PDS dated 1 October 2005,
Defined Benefit Scheme PDS dated 19 May 2006,
Executive Scheme PDS dated 1 July 2005,
Electrical Contractors Division PDS dated 1 July 2005, and
Rollover and Account-Based Pension Plan PDS dated
1 February 2007

This SPDS is to be read together with the Product Disclosure Statement for your relevant Scheme.



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ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

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Scheme Pty Limited (Trustee): Accumulation Scheme PDS dated 1 July 2007, Retirement Scheme PDS dated 1 October 2005, Defined Benefit Scheme PDS dated 19 May 2006, Executive Scheme PDS dated 1 July 2005, Electrical Contractors Division PDS dated 1 July 2005, and Rollover and Account-Based Pension Plan PDS dated 1 February 2007.

This SPDS is to be read together with the Product Disclosure Statement for your relevant Scheme.

This SPDS outlines important changes relating to information contained in the PDS and has been issued to advise all Energy Industries Superannuation Scheme members of the impending changes to the scheme's investment strategies.

This SPDS has been prepared without taking account of your objectives, financial situation or needs. You should, before acting on this SPDS, ensure that you have read this SPDS and your relevant PDS and consider its appropriateness having regard to your objectives, financial situation and needs.

Introduction

What is the purpose of this communication?

The purpose of this document is to provide current and prospective members of the Schemes listed on the cover of this SPDS with information on changes to our investment strategies. Of course this document cannot cover all your questions and in particular cannot take your specific needs into account. If you need further information or help with your financial affairs, please call us on 1300 369 901 and we'll either answer your questions, or if necessary, recommend that you speak to our advisors (at no direct cost to you).

So, what are the changes to the way my investments are managed?

Up until now, the bulk of the monies held in each of our investment strategies tended to be concentrated in traditional asset classes such as Shares, Property and Fixed Interest.

After careful analysis, the Trustee has decided that each of the Scheme's investment strategies would benefit by having a greater degree of diversification. In simple terms, this means that each investment strategy will now also invest in new asset classes, such as Private Equity, Semi Liquid Assets, Unlisted Property, International Listed Property and Absolute Return Funds. To enable this, less money will be allocated to Australian and International Equities. Some other asset classes may also lose a portion of their existing allocation.

The current and proposed allocation percentage for each investment strategy is shown on the pages that follow.

You may not be familiar with some of these asset classes. A full description of the various asset classes included under each investment strategy can be found at the back of this document.



Introduction

Are all the portfolios affected?

Yes, except for the Cash Plus investment strategy, which we have already made changes to (from 1 July 2006) and have advised you. If you want to see the communication again, please call us and ask for Cash Plus communication – we'll post it to you right away. Alternatively, look on our website under <http://www.eisuper.com.au/schemeInfo/PDS.asp> and go to the 'Important changes to the Cash Plus investment strategy' under your respective superannuation PDS.

How will this change the riskiness of my investments?

Whilst the Risk Profile of each Investment Objective will not change, based on the results of modelling done by our advisers, the Trustee believes the proposed changes will increase the likelihood that the Risk Objectives of the affected strategies will be met.

Will this impact on my investment objectives?

We will also change the way the 'Objective' will be measured. Up to now we have 'benchmarked' your portfolio's return against the inflation rate. We believe that it is a better approach to compare your returns against a "risk free" rate (i.e. the cash return). That way you can see how the return objective increases for the increased "risk" associated with certain investment strategies.

When will the changes take place?

Because the changes require us to move significant holdings in some asset classes, it will take some time to complete the transition. We will start to implement the changes from 12 November 2007. On an ongoing basis you will be able to assess the movement and change in your Scheme's existing and target allocations (as outlined in the tables on the following pages) by going to our website www.eisuper.com.au. The website will provide you with information on the current allocation at a point in time and how we are tracking towards the target allocation.

Are you going to put any other constraints on investing my money?

Yes, in order to ensure that the portfolio has enough liquidity (or put another way, to ensure that we can readily 'cash out' our investments as needed), we will limit the amount that we invest into Unlisted Property, Semi Liquid Assets and Private Equity to 30% in total for the combination of these three assets. So irrespective of the proportion of funds we invest in each, the sum total of your money in these three asset classes will be limited to 30%.

Where's the detail?

The tables on the following pages show the current investment strategies in detail as outlined in your respective PDS (note that members of the Defined Benefit Scheme have only one investment strategy – Trustee Selection), alongside the new descriptions (with the changes in bold). The tables also summarise the existing asset allocation of each investment strategy and highlight the changes that will occur from 12 November 2007, when your Scheme starts moving towards the new target allocations.

What do these new terms mean?

The use of the descriptor "target allocation" rather than "strategic allocation" recognises the need for the Board to have the ability to alter these allocations as a response to risk within markets.

Allowable Ranges refer to the permitted movement of the allocation within each asset class whether as a result of a Board decision or a result of market movement. These ranges are identified and nominated to ensure that the exposure to both asset class and growth/defensive bias of each Member Investment Choice is preserved under all circumstances.

Semi Liquid assets are a combination of equity, debt and real assets such as property, infrastructure or commodities which by the nature of the offering require a longer term investment horizon than those on listed exchanges or comparable trading systems. This style of exposure is able to be liquidated in a more constrained fashion to avoid having to realise the assets at a discounted value. The Board is aware of these liquidity constraints when allocating to these styles of investments and takes all reasonable measures to ensure adequate liquidity across each of the member investment options.



High Growth Strategy changes

Current description

High Growth

For high investment growth above inflation over the longer term.

Definition

The High Growth strategy generally invests about 90% of its funds in growth assets, such as Australian and international equities and property. This combination aims to earn high real investment growth above inflation over a minimum period of ten years. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term.

Objective

5.4% investment return per annum above inflation over 10 years.

Risks

There is a significant chance that the investment value may decrease in the short-term. The chance of a negative nominal return in any year is 1 in 3.

Risk profile

High.

New description from 12 November 2007

High Growth

For high investment growth above the **cash* rate** over the longer term.

Definition

The High Growth strategy generally invests a **very high proportion** of its funds in growth assets, such as Australian and international equities and property. This combination aims to earn high real investment growth above **the cash rate** over a **five year period**. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term.

Objective

3.5% net investment return per annum above the cash* rate, measured over a rolling five year period.

Risks

There is a significant chance that the investment value may decrease in the short-term. The chance of a negative return in any year is 1 in 3.

Risk profile

High.

The Existing and Target Allocations contained in the table below are as at 14 September 2007 (date of publication). We will update our website on a regular basis so that you can see what the most recent actual and target allocations are.

	Asset Classes	Existing Allocation	Target Allocation	Allowable Asset Class Ranges
Growth Assets	Australian Equities (or Shares)	42.5%	30%	25%-40%
	International Equities (or Shares)	42.5%	33%	25%-40%
	Listed Property	5%	4%	0%-15%**
	Unlisted Property	0%	4%	<i>**for the total of both listed and unlisted property</i>
	Private Equity	0%	10%	0%-30%
	Semi Liquid Assets	0%	8%	0%-15%†
	Absolute Return	0%	1%	0%-30%
Total Growth Assets		90%	90%	85%-95%
Defensive Assets	Fixed Interest (previously called Aust Fixed Income, Indexed-Linked Securities and International Fixed Income)	10%	4%	0%-15%
	Semi Liquid assets	0%	2%	0%-15%†
	Absolute Return	0%	4%	0%-15%
Total Defensive Assets		10%	10%	5%-15%

*Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

†Note that the allowable asset class range for the sum of semi liquid growth and defensive assets is 0%-15% of strategy assets.



Trustee Selection Strategy changes

Current description

Trustee Selection

For high growth above inflation over the longer term.

Definition

The Scheme generally invests approximately 85% of its assets in traditional growth assets, such as Australian and international equities and property. This combination aims to earn high real growth, (above inflation) over a minimum period of five years. Because the emphasis is on growth, there may be some short term volatility in this selection. In other words, the value of the investment may fluctuate over the short-term although to a lesser extent than the High Growth strategy.

Objective

5% investment return per annum above inflation over five years.

Risks

There is a significant chance that the investment value may decrease in the short-term. The chance of a negative return in any year is 1 in 4.

Risk profile

High/Medium.

New description from 12 November 2007

Trustee Selection

For real investment growth above the inflation rate over the medium to long-term.

Definition

The Trustee Selection strategy generally invests **a high proportion** of its funds in growth assets, such as Australian and international equities and property. **The balance is invested in income producing assets.** This combination aims to earn **real investment growth above the inflation rate over a five year period.** Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term. This volatility is not as great as it is in the High Growth strategy.

Objective

To target a real rate of return after tax of 5% p.a. over a five year period.

Risks

There is a significant chance that the investment value may decrease in the short-term. The chance of a negative return in any year is 1 in 4.

Risk profile

High/Medium.

The Existing and Target Allocations contained in the table below are as at 14 September 2007 (date of publication). We will update our website on a regular basis so that you can see what the most recent actual and target allocations are.

	Asset Classes	Existing Allocation	Target Allocation	Allowable Asset Class Ranges
Growth Assets	Australian Equities (or Shares)	36.5%	25%	15%-35%
	International Equities (or Shares)	36.5%	27.5%	15%-35%
	Listed Property	0%	6%	0%-20%*
	Unlisted Property (previously called Direct property)	11%	6%	<i>* for the total of both listed and unlisted property</i>
	Private Equity	1%	7.5%	0%-30%
	Semi Liquid Assets	0%	5%	0%-20%**
	Absolute Return	0%	3%	0%-30%
Total Growth Assets		85%	80%	75%-85%
Defensive Assets	Fixed Interest (previously called Aust Fixed Income, Indexed-Linked Securities and International Fixed Income)	12%	12%	0%-25%
	Semi Liquid assets	0%	5%	0%-20%**
	Absolute Return	0%	3%	0%-25%
	Cash	3%	0%	0%
Total Defensive Assets		15%	20%	15%-25%

** Note that the allowable asset class range for the sum of semi liquid growth and defensive assets is 0%-20% of strategy assets.



Diversified Strategy changes

Current description

Diversified

For real investment growth above inflation over the medium to long-term.

Definition

The Diversified strategy generally invests about 70% of its funds in growth assets, such as Australian and international equities and property. This combination aims to earn real investment growth above inflation over a period of five years. Because the emphasis is still on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term. This volatility is not as great as it is in the High Growth strategy.

Objective

4.7% investment return per annum above inflation over five years.

Risks

There is potential for the value of the investment to decrease in the short-term. The chance of a negative return in any year is 1 in 4.

Risk profile

High/Medium.

New description from 12 November 2007

Diversified

For real investment growth above the **cash* rate** over the medium to long-term.

Definition

The Diversified strategy generally invests **a high proportion** of its funds in growth assets, such as Australian and international equities and property. **The balance is invested in income producing assets.** This combination aims to earn real investment growth **above the cash rate** over a five year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short-term. This volatility should not be as great as it is in the High Growth strategy.

Objective

2.5% net investment return p.a. above the cash* rate, measured over rolling five year periods.

Risks

There is potential for the value of the investment to decrease in the short-term. The chance of a negative return in any year is 1 in 4.

Risk profile

High/Medium.

The Existing and Target Allocations contained in the table below are as at 14 September 2007 (date of publication). We will update our website on a regular basis so that you can see what the most recent actual and target allocations are.

	Asset Classes	Existing Allocation	Target Allocation	Allowable Asset Class Ranges
Growth Assets	Australian Equities (or Shares)	32.5%	23%	15%-30%
	International Equities (or Shares)	32.5%	26%	15%-30%
	Listed Property	5%	3%	0%-10%**
	Unlisted Property	0%	3%	** for the total of both listed and unlisted property.
	Private Equity	0%	7%	0%-30%
	Semi Liquid Assets	0%	6%	0%-30%†
	Absolute Return	0%	2%	0%-35%
Total Growth Assets		70%	70%	65%-75%
Defensive Assets	Fixed Interest (previously called Aust Fixed Income, Indexed-Linked Securities and International Fixed Income)	30%	20%	0%-35%
	Semi Liquid assets	0%	7%	0%-30%†
	Absolute Return	0%	3%	0%-35%
	Total Defensive Assets		30%	30%

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

† Note that the allowable asset class range for the sum of semi liquid growth and defensive assets is 0%-30% of strategy assets.



Balanced Strategy changes

Current description

Balanced

For real growth above inflation over the medium term.

Definition

The Balanced strategy generally invests about 50% in growth assets and 50% in income-producing assets, such as interest-bearing securities. This combination offers real investment growth above inflation over three years. There are more assets that produce income, which makes the strategy more stable than the High-Growth and Diversified strategies.

Objective

4.0% investment return per annum above inflation over three years.

Risks

Although the emphasis is on spreading your investment over various asset classes, there is a possibility that the value of the investment will decrease in the short-term. The chance of a negative return in any year is 1 in 5.

Risk profile

Medium.

New description from 12 November 2007

Balanced

For real investment growth above the **cash* rate** over the medium term.

Definition

The Balanced strategy generally invests **a proportion** of its funds in growth assets **such as Australian and international equities, property, and private equity** and the balance in income-producing assets, such as interest-bearing securities. This combination offers real investment growth above the **cash rate** over a three year period. There are more assets that produce income, which makes the strategy more stable than the High-Growth and Diversified strategies.

Objective

1.5% net investment return per annum above the cash* rate, over rolling three year periods.

Risks

There is a possibility that the value of the investment will decrease in the short-term. The chance of a negative return in any year is 1 in 5.

Risk profile

Medium.

The Existing and Target Allocations contained in the table below are as at 14 September 2007 (date of publication). We will update our website on a regular basis so that you can see what the most recent actual and target allocations are.

	Asset Classes	Existing Allocation	Target Allocation	Allowable Asset Class Ranges
Growth Assets	Australian Equities (or Shares)	22.5%	14.5%	10%-25%
	International Equities (or Shares)	22.5%	17.5%	10%-25%
	Listed Property	5%	2.5%	0%-10%**
	Unlisted Property	0%	2.5%	** for the total of both listed and unlisted property
	Private Equity	0%	5%	0%-30%
	Semi Liquid Assets	0%	5%	0%-30%†
	Absolute Return	0%	3%	0%-35%
Total Growth Assets		50%	50%	45%-55%
Defensive Assets	Fixed Interest (previously called Aust Fixed Income, Indexed-Linked Securities and International Fixed Income)	50%	35%	10%-55%
	Semi Liquid assets	0%	12%	0%-30%†
	Absolute Return	0%	3%	0%-45%
Total Defensive Assets		50%	50%	45%-55%

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

† Note that the allowable asset class range for the sum of semi liquid growth and defensive assets is 0%-30% of strategy assets.



Capital Guarded Strategy changes

Current description

Capital Guarded

For short-term investment with good security and some potential for growth.

Definition

The Capital Guarded strategy generally invests 30% in growth assets and 70% in income-producing assets. This combination aims to keep fluctuations to a minimum. Although it is relatively more stable than the High-Growth, Diversified and Balanced strategies, the returns and the value of the investment can still fluctuate.

Objective

3.5% investment return per annum above inflation over three years.

Risks

Although the emphasis is more on security, returns and the value of the investment can still fluctuate. The chance of a negative return in any year is 1 in 8.

Risk profile

Medium/Low.

New description from 12 November 2007

Capital Guarded

For shorter term investing with good security and some potential for growth.

Definition

The Capital Guarded strategy generally invests **a small proportion** in growth assets and the balance in income-producing assets **such as interest-bearing securities**. This combination aims to keep investment return fluctuations to a minimum. Although it is relatively more stable than the High-Growth, Diversified and Balanced strategies, the returns and the value of the investment can still fluctuate.

Objective

1% net investment return per annum above the cash* rate, measured over rolling three year periods.

Risks

Although the emphasis is more on security, returns and the value of the investment can still fluctuate. The chance of a negative return in any year is 1 in 8.

Risk profile

Medium/Low.

The Existing and Target Allocations contained in the table below are as at 14 September 2007 (date of publication). We will update our website on a regular basis so that you can see what the most recent actual and target allocations are.

	Asset Classes	Existing Allocation	Target Allocation	Allowable Asset Class Ranges
Growth Assets	Australian Equities (or Shares)	12.5%	8%	0%-15%
	International Equities (or Shares)	12.5%	9%	0%-15%
	Listed Property	5%	2%	0%-10%**
	Unlisted Property	0%	2%	** for the total of both listed and unlisted property
	Private Equity	0%	0%	0%-30%
	Semi Liquid Assets	0%	5%	0%-30%†
	Absolute Return	0%	4%	0%-35%
Total Growth Assets		30%	30%	25%-35%
Defensive Assets	Fixed Interest (previously called Aust Fixed Income, Indexed-Linked Securities and International Fixed Income)	70%	54%	25%-75%
	Semi Liquid assets	0%	15%	0%-30%
	Absolute Return	0%	1%	0%-50%
	Total Defensive Assets		70%	70%

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

† Note that the allowable asset class range for the sum of semi liquid growth and defensive assets is 0%-30% of strategy assets.



Cash Plus & Important information

Cash Plus

(There is no further change to the Cash Plus strategy – this strategy was changed with effect from 1 July 2006 and members can see details of those changes on our website)

For investors who want exposure to investments in money market securities with a very low risk of capital loss.

Definition

The Cash Plus strategy invests predominantly in short term Australian money market assets. In addition, a small proportion of the assets (up to 15%) are invested in global interest type assets having a longer maximum term. This gives this strategy greater exposure to higher returns than by just investing in short term domestic assets, with only a small increase in the overall volatility of the returns. This strategy offers investments for short term investors or those seeking less volatile returns.

Objective

0.25% net investment return per annum above the cash* rate, measured over a rolling three year period.

Risks

Depending on market volatility, there is a chance that this investment may experience a negative return, but this is expected to only be for periods of no more than a month. Over longer time frames, the chance of a negative return would be remote.

Risk Profile

Low.

Indicative asset allocation

100% Cash and income producing assets.

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

How will I know what the asset allocations are at any given time?

Our website will be regularly updated to show you the actual asset allocation invested in each sector from time to time. Once a year you will receive your Annual Report, which will provide the actual asset allocation of your investment strategy as at 30 June. The Annual Report will also advise you of the investment managers appointed to manage your assets as at 30 June each year.

How will I know which managers are managing my assets?

We may change investment managers, where we believe that this will improve your investment returns or investment risk. We will regularly list the current investment managers on the website, or alternatively call us and we will provide you details of the current investment managers we are using at the time of your call.

What do I do if I want to change my investment strategy?

If after reading and considering all the information contained in this SPDS and your Scheme PDS you would like to change your investment strategy, then you should either go to our website at www.eisuper.com.au, or call Member Services for a 'Changing Investment Strategy' form. Please remember if you are a Division D member (Defined Benefit Scheme) you cannot make an investment change in relation to your compulsory member contributions, as these contributions form part of your defined benefit.

How will private equity and semi-liquid investments be provided?

The trustee has appointed Quentin Ayers Pty Limited (Quentin Ayers) to provide advisory and trustee services in relation to the private equity and semi-liquid investments of the Fund. Quentin Ayers will create an Investment Program through which the Scheme will gain access to these classes of investment. Fees are payable for participating in the private equity and semi-liquid programs and they include a performance fee calculated broadly as 5% p.a. of the performance over a set hurdle rate of return, subject to a cap.

Are my aggregated fees likely to change due to the new arrangements?

No. Your overall fees will be less than 1% p.a. in accordance with the fee disclosure set out in the Fees and other costs section in your relevant PDS.



Important information

What other important information do I need to know about my investments?

The changes in the way we manage your investments mean that we need to provide you with information about the various risks that are involved in investing and to inform you of our policy regarding derivatives (highly leveraged financial instruments). Much of the information is technical and if you want to find out more please contact us.

Please note that the risks highlighted are by way of example and are not being presented as exhaustive.

Risk of investing

In general, investments looking to generate the highest returns tend to have the highest risks. 'Risk' means not only that returns might be variable (or 'volatile'), but that part or all of the investment might be lost. Historically, shares have been more volatile than other investments, such as property or fixed interest.

Regardless of the investment strategy chosen, the value of your investment can fall as well as rise. Even where your investment does not fall in value, it may not perform according to your expectations.

Inflation risk

A further risk is inflation. Although the investment may produce a positive return, when we compare this to the increase in the cost of living, we may find that your return hasn't been able to keep up with inflation, effectively reducing your purchasing power. You need to balance risks against returns in order to achieve your investment goals.

Credit risk

Where we invest in debt securities or other debt instruments (such as debentures), these could be subject to default risk. For example, where we buy a Bond, that has an interest payable regularly, and a capital repayment (the money you get at the end of the period of the bond), there is a risk that the organisation who issued the bond (credit issuer) may default on interest payments, the capital repayment, or both.

Bond investments with a non-investment grade credit rating (that is, Standard and Poor's BB+ rating or equivalent, or less) are subject to increased risks, compared with investment grade securities – rated AA for example). The credit issuer of a lower graded Bond may be more likely to default on the interest payments, the repayment of capital or both. However it is likely that these debt securities may provide a higher return, and we may still invest in lower grade debt securities.

Interest rate risk

Cash, cash-like securities and debt securities investments are affected by interest rate movements. Capital gains can

be earned from debt securities investments where interest rates are falling and capital losses can occur where interest rates are rising. The risk of capital gain or loss tends to increase as the term to maturity of the investment increases.

Liquidity risk

Many investment strategies hold assets which are 'illiquid'. If we have an investment in illiquid assets, we may not be able to sell the investment at short notice, or we may need to sell our investment at a discount or a loss if we need to 'cash out' quickly. Examples are direct property, absolute return, private equity and non-listed alternative investments. Listed investments can be illiquid where there is not an active market for the securities such as small companies' shares.

Diversifying across a range of investments, and limiting holdings in potentially illiquid investments can help you manage the risks of illiquid investments.

Market risk

General economic conditions both in Australia and elsewhere in the world affect markets. Changes in government policies, interest rates, inflation, technological developments and demographic changes (changes in the makeup of the population – such as the fact that on average the population of Australia is aging), all affect investment markets as a whole causing the value of investments to rise and fall. We have no way of accurately predicting what will happen and how this will affect the markets.

Asset class risks

Risks for individual asset classes include:

- **Alternative assets** – Alternative assets can involve exposure to all of the risks applying to the traditional asset classes described above. In addition, many alternative assets are illiquid and can also involve the use of derivatives, gearing and short selling.
- **Australian equities** – Specific risks relating to individual companies include profits and dividends being below expectations, adverse management charges or reassessment of the outlook for the company or industry.
- **Cash** – Whilst it is unlikely that the market value of a cash investment will decline, longer-term returns are generally lower than other assets.
- **Debt securities** – Whilst such investments normally pay a set amount of interest income over time, market values can fluctuate. Overall returns over short term periods can be negative. The value will fall if yields rise. Fixed interest investments are also subject to default risk.



Important information

■ **International equities** – Global economic trends, individual country risk factors as well as specific risks relating to individual companies will affect the price. There is also currency risk (unless hedged). Capital gains may occur when the Australian dollar depreciates against other currencies and capital losses may occur when the Australian dollar appreciates.

■ **Property** – Risks include vacancies, locational factors, unprofitable property development activities, declining property values. Realised losses when properties are sold where the property investments are held in a listed entity, will also attract some of the risk associated with share market volatility. Other risks include delays in obtaining required approvals, construction risk, leasing risk and market risk.

Derivatives risk

The Trustee has a policy¹ that is applied when approved investment managers trade in derivatives. This policy includes guidelines for writing and buying 'options', 'futures' and other derivatives. Derivatives can be used for many purposes, including hedging to protect an asset against market fluctuations, reducing costs of achieving a particular market exposure and maintaining benchmark asset allocations. Risks include:

- **Price** – the risk that changes in prices in the market underlying a derivative contract, or in the derivative contract itself, are adverse to the position held.
- **Leverage** – the risk that by creating greater exposure to a market than that of the assets backing the position, losses will be magnified.
- **Liquidity** – the risk that a derivative position cannot be reversed.
- **Default** – the risk that the other party does not meet its obligations.

Short Selling risk

Short selling is a sophisticated technique where a share is sold, for delivery at a later date, in anticipation that its value will decline over the period, and you will be able to buy it back at a cheaper price to what you sold it for. Of course if the price has gone up you can lose the difference between what you sold it for and what you need to buy it for (plus all the transaction, holding and other costs). However it is important to note that due to the nature of short selling, the potential loss to the asset may be greater than for the more traditional purchase and sale transactions, as there is risk that the price of the asset sold increases rather than falls.

Currency Risk

A portion of the Scheme's assets are invested internationally and therefore are at risk of currency movements.

As part of the Trustee's policy, all fixed interest investments are fully hedged, while a currency manager is employed to put a floating hedge in place for the remainder of the Scheme's international investments. This hedge position may move from time to time, but for benchmarking purposes a 50% hedge ratio is used.

Unit pricing

The value of your account is expressed in terms of units. The number of units allocated to you depends on the unit price of each investment strategy and the amount you invest. Each investment strategy within the Scheme will have a different unit price.

Some of the Scheme's assets are valued daily, others less frequently than daily. Assets valued less frequently than daily include unlisted investments such as unlisted property trusts, private equity or infrastructure investments, or unlisted hedge funds/absolute return trusts. The timing of the valuations for these assets will vary.

How do I understand and manage my risks?

There are a number of things you can and should do to manage the risks associated with investing in the investment strategies offered:

- Obtain professional advice to determine whether the investment strategies suit your investment objectives, financial situations and needs.
- Carefully read all the information in this SPDS and your relevant Scheme PDS before investing.
- Consider investing for at least the suggested minimum investment timeframe for the investment strategy. You should also consider the relative risk rating for each investment strategy. However, you should note that investing for the suggested minimum investment timeframe does not eliminate the risk of loss.
- Regularly review your investments in light of your investment objectives, financial situation and needs.

¹ A copy of the policy can be obtained by contacting Member Services or by going to our website.



Glossary: What do some of the Terms used in this document mean?

Some of the terms used when describing how assets are invested can be confusing. In order to assist you in better understanding the information and terms contained in this SPDS, the following table simplifies those terms.

Absolute Return Funds - A broad exposure to strategies which produce an absolute return rather than a return relative to market benchmark. (For example absolute returns are measured with reference to returns generated by cash rather than the sharemarket). These strategies may include investments in hedge funds and structured product offerings.

Australian Equities (or Shares) - A diversified range of equities listed on the Australian Stock Exchange.

Cash - A diverse range of short term assets with relatively low risk and high credit quality in addition to Australian and global debt securities.

Fixed Interest Securities - A broad range of income producing securities that are representative of bond and cash markets. Generally these are debt instruments and may include sovereign, investment grade (i.e. S&P rating of BBB* - or above or equivalent), corporate, mortgage and asset backed securities, high yield and emerging market assets. These assets can represent investments in nominal and/or inflation linked securities and can be sourced both

domestically and internationally. Money market securities and cash instruments which may have differing levels of credit exposure can also be invested in during different times of the economic cycle.

* This is a method of rating the security of the particular instrument.

International Equities (or Shares) - A diversified range of equities listed on world sharemarkets, including some investments in emerging markets.

Listed Property - A diversified range of property investments listed on share markets that can be sourced both domestically and internationally.

Private Equity - Non-listed alternative assets which may include exposure to buyout, venture capital and expansion capital funds, opportunistic property, special situation funds including distressed debt, resource and energy funds and alternative debt offerings.

Semi Liquid Assets - Both listed and unlisted assets that may include exposure to specialist managers such as micro cap, emerging market and individual hedge fund managers, listed private equity and infrastructure funds, CDO equity funds, specific infrastructure opportunities and royalty funds.

Unlisted Property - Investments in unlisted Property vehicles or trusts that can be sourced both domestically and internationally.

Enquiries

Who do I contact for enquiries, help and advice?

If you have any issues regarding the information contained in this SPDS, then please contact:

Member Services

Ground Floor
28 Margaret Street
Sydney

Phone: 1300 369 901
Fax: (02) 9279 4131

Telephone enquiries and personal interviews (by appointment only) can be made between 8.30am and 5.00pm on any business day.

Written enquiries should be sent to:

PO Box N835
Grosvenor place
NSW 1220

You can also contact the Scheme by going to our website www.eisuper.com.au