IPE Super's
Investment Guide

www.ipesuper.com.au
1800 257 135

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Contents

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Incitec Pivot Employees Superannuation Fund (ABN 68 569 795 856). MySuper Authorisation number 68569795856660.

Important information

The information in this document forms part of the Incitec Pivot Employees Superannuation Fund Product Disclosure Statements (PDS) for the:

- **Accumulation section including Retained Benefits section, *Your IPE Super Guide* (dated 1 October 2019);**
- **Spouse section *IPE Super for Spouse members* (dated 1 October 2019).**

This information should be read in conjunction with the other documents which form part of each Product Disclosure Statement. You should consider this information before making a decision about the product.

The information provided is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice about your particular circumstances before making any financial or investment decisions based on the information contained in this document.

Neither the Trustee nor Incitec Pivot Limited (IPL) will provide you with financial advice. The Trustee will only provide factual information or general superannuation advice.

Investment returns can be positive or negative and are not guaranteed by the Trustee or the Company. Information on tax and superannuation legislation is current as at 1 July 2019. The Trustee reserves the right to correct any errors or omissions.

The investment managers and their products may be changed from time to time without prior notice to, or consent from, members. Members will be advised if this occurs.

Information contained in this document that is not materially adverse is subject to change from time to time and may be updated if it changes. Updated information can be found at **www.ipesuper.com.au**. In addition, we will provide a hardcopy free of charge on request if you contact the IPE Super Helpline on **1800 257 135**.

FOR FURTHER INFORMATION

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Member Investment Choice

Choosing how to invest your super is probably one of the most significant investment decisions you'll make during your working life. That's why it's important that you understand the choices available to you and what they mean. After all, the investment decisions you make today will affect the amount of super you have in retirement.

Each person has a different retirement goal and the same investment option won't always work for everyone. This is why IPE Super allows you to tailor your investment choices to suit your stage in life, financial needs and goals.

With Member Investment Choice, IPE Super provides you with a range of investment options that allow you to decide how you would like your super invested.

You can choose from:

- IPE Super's four pre-packaged investment options – **Conservative, Active Balanced, Assertive** and **Assertive Plus;**

OR

- You can choose your own mix from the pre-packaged options and the available asset class options and **design your own investment option**.

If you don't make a choice, your super will be invested in the default option – the **Active Balanced** option. This is also the investment option for MySuper members.

This guide explains your investment options and compares the features of each option. It also raises some issues that you may wish to consider when choosing your preferred investment option. Please read the guide carefully and if you need help in making your decision, the Trustee recommends that you speak to a licensed financial adviser.

CHOOSING YOUR INVESTMENT OPTION

IPE Super offers you a choice of four different pre-packaged investment options or you can design your own investment option from the pre-packaged options and the available asset class options.

The option that is best for you will depend on your personal financial needs and goals, as well as other factors like your investment style, attitude to risk, how close you are to retirement and so on.

Each option invests a different proportion of its funds in various asset classes – cash, fixed interest investments, alternatives, property and shares. Each asset class carries a different level of investment risk and provides potential returns that can vary significantly over both the short and long term. The key is to achieve the balance between risks and return that is most appropriate for you. This is explained further on pages 4 to 6.

You may prefer not to choose an investment option. If you do not make a choice, your super will be automatically invested in the Active Balanced option, the default option. This is also the investment option for MySuper members. See pages 9 to 12 for details on each investment option.

WHAT RATE OF RETURN DO I RECEIVE?

Your accounts receive the actual investment return for your chosen option (or the default option, if you did not make a choice) after allowing for tax, investment fees, indirect costs, a percentage-based administration fee, and if required, an allowance to maintain the Fund's Operational Risk Financial Requirement reserve. Investment returns can be positive or negative.

Interim rate

Investment earnings are calculated on a daily basis. The returns for your chosen investment option (or the default option if you did not make an investment choice) are applied to your benefit until your benefit is paid from IPE Super or your investment switch is processed.

DERIVATIVES

The Trustee does not invest directly in derivatives. However, some of IPE Super's assets are invested in Absolute Return Funds. The underlying managers for the Fund's Absolute Return investments may make use of derivatives to assist in achieving IPE Super's objectives. IPE Super's other investment managers may use derivatives for risk-control purposes or to more efficiently shift asset allocations.

Investment managers are required to have risk management processes in place in relation to the use of derivatives and the purposes for which they are used. Each year, the Trustee obtains confirmation from the managers that they have complied with their processes.

SOCIALLY RESPONSIBLE INVESTMENTS

The Trustee does not take into account social, ethical or environmental considerations or labour standards when selecting, retaining or realising IPE Super's investments. When IPE Super's investment managers were selected, the Trustee did not consider whether the managers took these factors into account.

OPERATIONAL RISK RESERVE

From 1 July 2013, super funds have been required to set aside financial resources to address operational risks. The Trustee has established an operational risk reserve in IPE Super for this purpose.

A reserve equal to 0.25% of the aggregate of members' vested benefits has been built up, partly funded by setting aside a small portion of IPE Super's investment earnings. The reserve is invested in the Active Balanced option. The Trustee periodically monitors the reserve to ensure that it remains close to the desired level. Should the reserve fall below a predetermined shortfall limit, the Trustee will enact a plan for its replenishment. The Trustee updates members annually on the status of the reserve.

Things to consider

IPE Super's investment options have been designed to suit the different needs and savings goals of different people. What suits your co-workers might not suit you.

Before making your investment choice, discover what your investment style is, learn the basics of investing and understand what your investment options are. This will help you decide which option would best suit you. Remember to seek the advice of a licensed financial adviser if necessary.

DISCOVER YOUR INVESTMENT STYLE

Everyone is different. So, before making your investment choice you should consider your investment style. Read on to help you find your investment style.

What are my financial needs in retirement?

It's important to carefully plan for your financial security in retirement, so that you can aim to have enough money to meet your day-to-day living expenses, pay off any debts you have and achieve your goals when you retire.

To understand your financial needs in retirement, you should consider what kind of lifestyle you expect to have when you retire. You should start by looking at:

- What you would like to do when you retire (e.g. travel, buy a property);
- How much money you will need for the type of lifestyle you wish to lead; and
- How long your super is likely to need to last.

Then consider:

- Any fixed financial commitments you may have (e.g. a mortgage);
- Any other sources of income you have (e.g. rent from property, dividends from shares);
- Personal taxes and investment fees; and
- How inflation may affect the real value of your super and other investments.

How much time do I have before I will need my super?

The length of time you have before you will need to access your super will also impact on your decision as this may influence how much risk you are prepared to take.

Choosing an investment option is a very personal decision, so it is important to think these issues through carefully. You should consult a licensed financial adviser should you need help making an investment decision.

How much super will I need to retire?

Generally, most people can look forward to spending 20 to 25 years or longer in retirement.

With this in mind, think about how much money you may need to live on and importantly, maintain your chosen lifestyle in retirement. This not only includes your day to day living expenses, but also enough money to enable you to pursue other interests and activities, such as travelling, taking up a new sport or hobby, or starting a new business. After all, that's what retirement is all about.

Also, it is important to remember that things will cost more in the future than they do today, so be sure to take inflation into account.

How do I feel about risk?

Some people are prepared to take a higher risk than others when it comes to investing their super.

In general, risk refers to the degree to which the returns of a particular option can fluctuate and the potential for a negative return over time.

Each option has a different level of risk. Some options are more likely to experience a greater fluctuation in returns than others. Such options are regarded as being a higher-risk investment. However, historical performance has shown that these higher-risk options tend to produce higher returns over the long term. See page 7 for information on investment risks.

When considering your attitude to risk, remember:

- **Risk and return go together.** Generally, the higher the risk associated with an investment option, the greater its potential for a higher return. The key is achieving a balance that you are comfortable with.
- **The long and short term.** Generally, the higher the return that is expected from an investment in the longer term, the more likely that its returns will fluctuate – that is, go up and down in value – in the short term, and vice versa.

LEARN THE BASICS OF INVESTING

There are some general principles about investing that you should understand so you can make an informed decision about which investment option is best for you.

Income and Growth assets

Your super can be invested in different types of assets which are grouped as **income assets** or **growth assets**.

The different types of assets range from high potential risk and potential return investments to low potential risk and potential return investments. In general, as the potential for a high return increases, the risk of fluctuations in value (or even negative returns) will also increase.

Income assets are investments like cash and fixed interest. Generally, these types of investments provide income from interest earned and the money you invest is repaid at a fixed rate. Income assets generally provide a lower expected return than growth assets over the long term. They are also less likely to fluctuate, or go up or down in value, in the short term.

Growth assets are investments like property and shares. They provide income from rent, dividends or capital growth. Growth assets generally provide a higher expected return than income assets over the long term. They are also more likely to fluctuate in value in any one year.

The diagram on the next page shows the different assets and compares their respective risk and return levels. By knowing the typical risk and return levels for the asset classes, you will have a better understanding of each of the Fund's investment options.

Alternative investments

The Fund also invests in **alternative assets**, which include allocations to investments outside the traditional asset classes such as shares, fixed interest and cash. When included in a diversified portfolio, alternative assets may act to reduce volatility and provide additional sources of return that don't necessarily follow the pattern of the traditional asset classes.

Alternative assets can be grouped into **growth alternatives** and **defensive alternatives**:

Growth alternatives include assets that target higher returns such as infrastructure and private equity. Typically, these investments have a volatility profile more like shares than bonds, they have a relatively high correlation to shares and they have lower levels of liquidity thus requiring a commitment to investing over the longer term.

Defensive alternatives include assets that aim to achieve positive absolute returns and relate to investments in Absolute Return Funds. These funds are intended to offer a more favourable overall risk/return profile while still diversifying the investment across a range of assets. Over time, these funds aim to produce "cash plus" returns and therefore have a risk profile that is more consistent with "income" assets.

More specifically, Absolute Return Funds invest in a variety of non-traditional investment strategies that are designed to react relatively independently to mainstream asset classes such as shares and fixed interest. These funds, when appropriately diversified, have a relatively low risk of capital loss.

So, it is expected that inclusion of a well diversified portfolio of Absolute Return investments will be a valuable inclusion in diversified investment portfolios, particularly as a substitute for fixed interest. History suggests that such an allocation should increase the expected return of these portfolios with a small reduction in expected risk.

Defensive alternatives typically have a volatility profile more like fixed interest than shares. They have a relatively low correlation to shares and they have lower levels of liquidity thus requiring a commitment to investing over the longer term.

HIGH

POTENTIAL RISK & RETURN

LOW

GROWTH ASSETS

Shares

When you buy company shares, you buy a part of a company. Shares provide income through dividends, and have a potential for capital gains if the shares rise in value. Shares offer the highest potential return over time, but also involve a higher risk of fluctuating values in the short term. You are likely to see the value of shares go up and down over time, often in a cyclical fashion. Shares in Australian companies are bought and sold on the Australian Stock Exchange.

International shares are investments in international companies. The value of international shares change as a result of changes in the value of the Australian dollar against major currencies, in addition to the change in the value of those shares in their local markets. It is possible to remove the effect of exchange movements by "currency hedging". Part of the international share investments in the Assertive Plus, Assertive, Active Balanced and Conservative options are hedged. No part of the International Shares asset class option is hedged.

Property

Property investments include commercial, industrial and residential real estate. They provide income through rent payments and also have a potential for capital gains. Property is considered a moderate to higher-risk investment, and property values are subject to cyclical changes. However, in the past and over the long term, property has tended to provide higher long-term returns than cash or fixed interest investments.

INCOME ASSETS

Fixed interest

Fixed interest securities are where an investor lends money to a government or corporation, and interest is paid to the investor at an agreed rate that is fixed for the life of the loan (usually two to 10 years). Fixed interest is considered a relatively low-risk investment that tends to provide a long-term return that is moderately higher than inflation. The value of fixed interest investments fluctuates as interest rates change.

Cash

Cash investments are money invested in the bank and short-term money markets and may include credit and asset backed securites. Earnings are made through interest paid on the investment, so cash investments generally don't produce negative earnings over any one-year period. Cash is usually a secure investment, but the long-term return is usually relatively low and may not always keep pace with inflation.

UNDERSTANDING RISK AND RETURN

Risk is the potential for your super to go up and down in value.

Return is the amount of money earned by your super investment.

Generally, the higher the long-term return you're aiming for, the greater the risk of your money going up and down in value over the short term. That's because to achieve a high long-term return, you need to invest in a greater proportion of growth investments which tend to be more volatile.

Some people, by nature, do not like taking a lot of risk with their money and are more likely to opt for lower-risk investment types, such as fixed interest or cash. When thinking about how much risk you would like to take, there are two less obvious risks that you shouldn't forget:

The risk of not having enough to live on in retirement

If you choose an investment option with less risk, it may mean you earn a lower return on your money. Over the long term, even a small difference in your investment earnings can make a big difference to your final benefit.

Alternatively, if you need your money in the short term, a risky investment option may not be appropriate as you may not have time to make up any share market losses.

The risk that your money does not keep pace with inflation

We all know that the cost of a chocolate bar today is a lot higher than it was 20 years ago. This is the case with most goods and services. If your retirement is some way off and you're relying on your super to provide you with an income, by taking too little investment risk, you may run the chance of your money not keeping up with inflation. This is a risk in itself!

What do we mean by long, medium and short-term risk?

The following terms are broadly defined as:

Short term – an investment period of 12 months to three years.

Medium term – an investment period of three to six years.

Long term – an investment period of six years or more.

Investment risks

As with all investments, there are risks associated with a decision to invest in superannuation and also in choosing a particular investment option. Asset classes perform differently at different times. Since each investment option has a different asset mix, the risks of investing in each option are different.

The main investment risks that exist are described below.

INFLATION RISK

The rate of inflation may exceed the rate of return achieved on your investment and hence your investment would not retain its purchasing power.

This risk can be considered significant for the Diversified Fixed Interest option and Cash option.

INDIVIDUAL INVESTMENT RISK

Individual investments can (and do) fall in value. This risk mainly affects investments in shares and property, although it can also affect investments in fixed interest. As a result, there are varying degrees of risk associated with all of the pre-packaged investment options, as well as the Australian Shares, International Shares and Diversified Fixed Interest options.

MARKET RISK

Changes in the investment markets resulting from changes in economic, political and legal conditions or market sentiment can affect the value of the investments.

This risk affects investments in shares, property and fixed interest. So, it can be considered a significant risk (to varying degrees) for all of the pre-packaged investment options, as well as the Australian Shares, International Shares and Diversified Fixed Interest options.

INTEREST RATE RISK

Changes in interest rates can have a positive or a negative impact directly or indirectly on investment value or returns.

This risk affects all investments and can therefore be considered a significant risk for all investment options.

CURRENCY RISK

Some investments are made in other countries. If their currencies change in value relative to the Australian dollar, the value of the investment can change.

This risk affects only overseas investments so it can only be considered a significant risk for options where a proportion of the assets are invested overseas. Therefore, currency risk can potentially affect all of IPE Super's pre-packaged options, as well as the International Shares asset class option.

LIQUIDITY RISK

Liquid assets are assets that can be readily converted to cash. Liquidity risk is the risk that some assets may not be able to be converted to cash when needed to pay benefits or process investment switches. This risk may be considered a moderate risk for the Assertive Plus, Assertive, Active Balanced and Conservative investment options.

DERIVATIVES RISK

There are a number of risks associated with investing in derivatives contracts which include:

- The value of the derivative failing to move in line with the underlying asset,
- The risk that the derivative may not readily be converted to cash,
- The risk that the Fund may not be able to meet payment obligations as they arise, and
- Counterparty risk, where the other party to the derivative contract cannot meet its obligations under the contract.

This risk may affect all of the Fund's investment options to varying degrees with the exception of the Cash option.

Currency hedging: what it is and how it works in IPE Super

To reduce the impact of daily currency movements on the value of international shares, the Trustee invests a portion of the Fund's pre-packaged investment options' International shares exposure on a "hedged basis". By hedging international shares, the Fund is, in effect, "locking in" the exchange rate at a particular time and eliminating the influence that currency "ups and downs" have on the future returns from international shares.

The Trustee employs currency hedging principally as a tool for managing investment risk. During periods when the Australian dollar rises against other currencies, currency hedging can be beneficial to returns. Of course, the reverse is true when the Australian dollar is depreciating (or falling) against other currencies.

Members should note that there is no currency hedging on the Fund's International Shares option.

Your investment options

IPE Super offers you the choice of four pre-packaged investment options. Alternatively, you can design your own investment option from the pre-packaged options and the available asset class options.

It is not compulsory to make a choice. If you decide not to make a choice, the Trustee will invest your money in the Active Balanced option. This is also the option for MySuper members.

With the pre-packaged arrangement, you invest your entire super in one investment option only. Each option invests in a combination of asset classes (e.g. shares, property, fixed interest and cash). There are four pre-packaged investment options to choose from.

See the following pages for each of the investment options.

You may feel that you want a different investment option to the pre-packaged investment options offered by the Fund. If so, IPE Super lets you choose your own mix of asset class options to design your own investment option by investing your super in any combination of the four pre-packaged investment options, plus any of the range of specific asset class options.

The Fund's investment options all have different investment objectives, volatility and return expectations. The options that are expected to produce higher returns in the long term will generally have increased volatility in the short term.

When selecting an investment option, you need to understand the volatility and return characteristics of the investment option and align them with your personal investment objectives. Your own objectives will be formed by considering such questions as:

- How tolerant are you of investment volatility?
- What is your time horizon for investing?
- What would a large negative return do to your retirement plans?
- If you are close to retirement, will you need to start spending your super straight away?

Establishing your own personal investment objectives should make the task of selecting an investment option much easier.

You should be aware that small differences in returns can have a major impact on your savings. For example, a 1% improvement to your investment return each year can increase the value of your super by around 25% over a 30-year period.

This section provides a significant amount of information to enable you to compare and contrast the Fund's investment options.

As always, you are encouraged to get your own independent financial advice when they are making important decisions about your super.

IPE Super's investments are managed by professional investment managers with the assistance of their investment adviser, JANA (JANA is responsible for manager selection). These managers and their products are reviewed regularly by the Trustee and may be changed from time to time without prior notice to or consent from members. The Trustee may also alter or close investment options or introduce new options. You will be advised in advance if a significant change to an option is made.

Assertive Plus

Overview

The Assertive Plus option invests mainly in Australian and international shares and property.

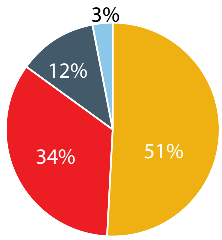
This option aims to provide growth over the long term, while acknowledging that returns are likely to be very volatile over the short term. It may suit a member who expects to have their super invested for a period longer than five years. Members should feel comfortable accepting short-term volatile returns in order to achieve higher capital growth in the long term.

Objectives

- Achieve an expected rate of return (net of investment fees and tax) that exceeds the rate of inflation (CPI) by at least 4% per year over each seven-year period.
- To limit the probability of achieving a negative return to around 1 year in every 3 years.

Benchmark asset allocation:

Australian shares	31% – 66%
International shares	24% – 44%
Property	0% – 20%
Growth alternatives	0% – 10%
Defensive alternatives	0% – 5%
Diversified fixed interest	0% – 5%
Cash	0% – 5%



Minimum suggested investment period At least 5 years

Likelihood of a negative return in any 20 year period*

4 to 6 years out of every 20 years

Volatility level* High

VERY LOW VERY HIGH

Assertive

Overview

The Assertive option invests mainly in Australian and international shares and property, with around 15% in defensive alternatives and fixed interest investments.

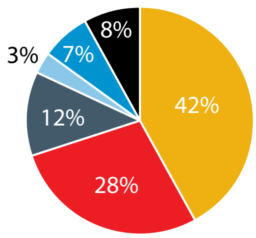
This option aims to provide growth over the long term, while acknowledging that returns are likely to be volatile over the short term. It may suit a member who expects to have their super invested for a period longer than five years. Members should feel comfortable accepting short-term volatile returns in order to achieve higher capital growth in the long term, but do not wish to have the whole of their super invested in shares and property.

Objectives

- Achieve an expected rate of return (net of investment fees and tax) that exceeds the rate of inflation (CPI) by at least 3.5% per year over each seven-year period.
- To limit the probability of achieving a negative return to around 1 year in every 4 years.

Benchmark asset allocation:

Australian shares	22% – 57%
International shares	18% – 38%
Property	0% - 20%
Growth alternatives	0% – 10%
Defensive alternatives	0% – 15%
Diversified fixed interest	0% – 20%
Cash	0% – 15%



Minimum suggested investment period At least 5 years

Likelihood of a negative return in any 20 year period*

4 to 6 years out of every 20 years

Volatility level* High

VERY LOW VERY HIGH

Note: the information about the suitability of a particular option is general in nature and is included as required by law. It is not intended to be a recommendation or statement of opinion in relation to any particular option. Members are encouraged to seek their own advice if they are uncertain as to which option might be most appropriate for them.

* The volatility level shown 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. It is based on the Standard Risk Measure developed by the industry and 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 range of risks and potential losses and gains associated with their chosen investment options.

Active Balanced* (default)

Overview

The Active Balanced option invests mainly in Australian and international shares and property, and has around 30% in income producing assets such as defensive alternatives, fixed interest and cash investments.

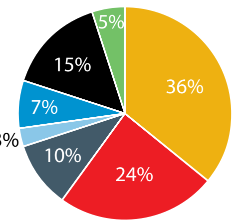
This option aims to provide growth over the medium to long term, while acknowledging that returns are likely to be somewhat volatile over the short term. It may suit a member who expects to have their super invested for a period longer than five years. It is suitable for members seeking a diversified investment over a broad range of assets with an emphasis on achieving higher capital growth in the medium term with a high level of risk.

Objectives

- Achieve an expected rate of return (net of investment fees and tax) that exceeds the rate of inflation (CPI) by at least 3% per year over each five-year period.
- To limit the probability of achieving a negative return to around 1 year in every 4 years.

Benchmark asset allocation:

Australian shares	20% – 55%
International shares	5% – 30%
Property	0% – 20%
Growth alternatives	0% – 10%
Defensive alternatives	0% – 15%
Diversified fixed interest	5% – 40%
Cash	0% – 25%



Minimum suggested investment period 5 years

Likelihood of a negative return in any 20 year period**

4 to 6 years out of every 20 years

Volatility level** High

VERY LOW ● ● ● ● ● ● ● VERY HIGH

Conservative

Overview

The Conservative option invests mainly in fixed interest, cash and defensive alternative investments, with about 30% in shares and property.

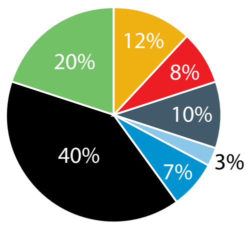
This option aims to provide stable returns over time. It may suit a member who expects to have their super invested for a period longer than three years. It is suitable for members seeking some capital growth whilst placing a high importance on the protection of capital.

Objectives

- Achieve an expected rate of return (net of investment fees and tax) that exceeds the rate of inflation (CPI) by at least 1.5% per year over each three-year period.
- To limit the probability of achieving a negative return to around 1 year in every 11 years.

Benchmark asset allocation:

Australian shares	5% – 25%
International shares	0% – 20%
Property	0% – 20%
Growth alternatives	0% – 10%
Defensive alternatives	0% – 15%
Diversified fixed interest	20% – 60%
Cash	0% – 40%



Minimum suggested investment period 3 years

Likelihood of a negative return in any 20 year period**

1 to 2 years out of every 20 years

Volatility level** Low to Medium

VERY LOW ● ● ● ● ● ● ● VERY HIGH

Note: the information about the suitability of a particular option is general in nature and is included as required by law. It is not intended to be a recommendation or statement of opinion in relation to any particular option. Members are encouraged to seek their own advice if they are uncertain as to which option might be most appropriate for them.

* This is the option for MySuper members.

** The volatility level shown 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. It is based on the Standard Risk Measure developed by the industry and 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 range of risks and potential losses and gains associated with their chosen investment options.

IPE SUPER'S FOUR ASSET CLASS INVESTMENT OPTIONS

Details of the specific asset class options, including the investment objectives, that apply to each asset class, are outlined below and on page 12:

Australian Shares

Overview

This asset class invests purely in Australian shares.

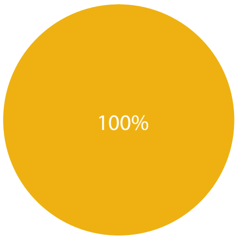
This option may suit a member who expects to have their super invested for a period longer than six years. Members should feel comfortable accepting short-term volatile returns in order to achieve high capital growth in the long term.

Objectives

- Achieve a long-term (net of tax and fees) rate of return that exceeds the S&P/ASX 300 Index measured over rolling four-year periods.
- To limit the probability of achieving a negative return to around 1 year in every 3 years.

Benchmark asset allocation:

100% Australian shares



Minimum suggested investment period At least 6 years

Likelihood of a negative return in any 20 year period*

6 years or greater out of every 20 years

Volatility level* Very High

VERY LOW VERY HIGH

International Shares

Overview

This asset class invests purely in international shares. There is no currency hedging applied to this option.

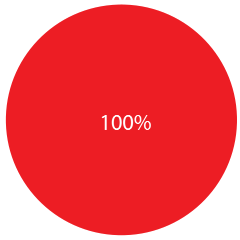
This option may suit a member who expects to have their super invested for a period longer than six years. Members should feel comfortable accepting short-term volatile returns in order to achieve high capital growth in the long term.

Objectives

- Achieve a long-term (net of tax and fees) rate of return that exceeds the net of tax return of the MSCI World (excluding Australia) Index, over rolling four-year periods.
- To limit the probability of achieving a negative return to around 1 year in every 3 years.

Benchmark asset allocation:

100% International shares



Minimum suggested investment period At least 6 years

Likelihood of a negative return in any 20 year period*

4 to 6 years out of every 20 years

Volatility level* High

VERY LOW VERY HIGH

Note: the information about the suitability of a particular option is general in nature and is included as required by law. It is not intended to be a recommendation or statement of opinion in relation to any particular option. Members are encouraged to seek their own advice if they are uncertain as to which option might be most appropriate for them.

* The volatility level shown 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. It is based on the Standard Risk Measure developed by the industry and 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 range of risks and potential losses and gains associated with their chosen investment options.

Diversified Fixed Interest

Overview

This asset class invests purely in fixed interest investments in both domestic and international markets. All international fixed interest is fully hedged to the Australian dollar.

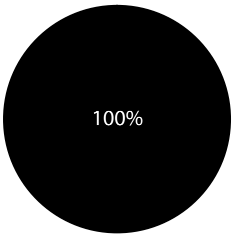
This option may be suitable for a member who expects to have their super invested for a period longer than four years and who wishes to invest in a broad range of fixed interest securities, accepting that there will be periods of depreciation in order to achieve a return higher than cash over the medium to long term.

Objectives

- Achieve a long-term (net of tax and fees) rate of return that exceeds the net of tax return of the composite benchmark (comprising 50% UBS Composite Bond Index/50% Barclays Global Aggregate Index (Hedged)), over rolling two-year periods.
- To limit the probability of achieving a negative return to around 1 year in every 13 years.

Benchmark asset allocation:

100% Diversified fixed interest



Minimum suggested investment period

At least 4 years

Likelihood of a negative return in any 20 year period*

1 or 2 years out of every 20 years

Volatility level* Low to Medium

VERY LOW ... VERY HIGH

Cash

Overview

This asset class invests in cash and cash equivalents and may include credit and asset backed securities.

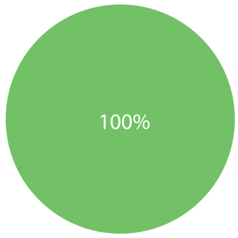
This option may be suitable for a member who is seeking a high level of security and who is prepared to accept lower returns over the long term.

Objectives

- To outperform the return (before fees and expenses) of the Bloomberg AusBond Bank Bill Index each year.
- To avoid negative returns over any 1 year period.

Benchmark asset allocation:

100% Cash



Minimum suggested investment period

There is no minimum investment period.

Likelihood of a negative return in any 20 year period*

A 0% chance of a negative return in any particular year. Note that your account balance is not guaranteed.

Volatility level* Very Low

VERY LOW ... VERY HIGH

Note: the information about the suitability of a particular option is general in nature and is included as required by law. It is not intended to be a recommendation or statement of opinion in relation to any particular option. Members are encouraged to seek their own advice if they are uncertain as to which option might be most appropriate for them.

* The volatility level shown 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. It is based on the Standard Risk Measure developed by the industry and 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 range of risks and potential losses and gains associated with their chosen investment options.

Managing your investments

MAKING YOUR CHOICE

Before deciding how to invest your super in IPE Super, ensure that you understand the investment options and how they differ. The decision you make should depend on your personal situation and your investment style.

When you are making your investment choice, remember that investment earnings for your super may be either positive or negative in any year. When earnings are positive the value of your super will increase, but when earnings are negative the value of your super will decrease. These highs and lows are a normal part of the investment cycle. How much investment earnings fluctuate will vary from option to option. Your account will receive the returns (net of investment and percentage-based administration fees, indirect costs and, if required, an allowance to maintain the Fund's Operational Risk Financial Requirement reserve) of your chosen option(s).

To make your choice, simply log into the online Member Centre or complete the "Your investment choice" section on the *Application & Change Form for Accumulation Members* and return it as directed.

To help you choose an investment option, consider seeking advice from a licensed financial adviser.

CHANGING YOUR CHOICE

You can change your investment options as many times as you like during the year. You receive one free switch per year, however you will be charged a fee for each additional switch you make. See the guide, *Additional information about IPE Super* which is available from **www.ipesuper.com.au** for information on the fees that are charged.

To change your investment options, simply log into the online Member Centre or complete and return an *Application & Change Form for Accumulation Members* as directed. Copies of the forms are available at **www.ipesuper.com.au**.

While you can change your investment options whenever you like, you should avoid any impulse decisions to make changes. For most members, it's generally important to stick to a suitable long-term strategy rather than be overly concerned with short-term market changes.

Chasing returns can work against you. Some time may pass between when returns are achieved and reported, and when you act to change your investment option. By then, the markets may have moved on and actual performance could be quite different.

KEEPING TRACK OF INVESTMENT PERFORMANCE

You can find out how your investments are performing via the Fund's newsletter – *IPE Super News*, IPE Super's latest *Annual Report* or online at **www.ipesuper.com.au**.