



NOTICE TO FIRST SUPER MEMBERS 20 July 2011

INVESTMENT CHANGES

First Super Pty Ltd as Trustee of the First Super superannuation fund has made the following changes to the First Super investment options.

1. New option

A new Growth investment option was created on 01 July 2011, and will be available to accumulation members when a new Product Disclosure Statement (PDS) is released in late August. Allocated Pension members will be able to access the new investment option when a new PDS is released shortly after.

The Growth option is intended to have a 75% exposure to growth assets and a 25% exposure to defensive assets (though this can change from time to time), making it more growth oriented than the Balanced option but less volatile than the Shares Plus investment option. Details of the Growth investment option are shown below.

Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.75% per annum over rolling five year periods;
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in seven; and
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five year periods.

Investor Profile: This option is likely to appeal to members who are prepared to accept higher investment risk in the search for higher returns, but also wish to reduce the risk of very large investment losses by diversifying into some defensive assets.

Risk Profile: The Growth option is likely to provide a high degree of volatility and fluctuations in returns. It has a lower investment risk/return profile than the Shares Plus option because it has a higher exposure to defensive assets. Over the long term it is likely to outperform the other investment options except for Shares Plus.

Asset allocation & ranges

Asset Class	Target (%)	Range	Asset Class	Target (%)	Range
Australian Equities	33.0	25 - 37	Australian Infrastructure	5.0	0 - 10
International Equities (Unhedged)	24.0	15 - 30	International Infrastructure	5.0	0 - 10
International Equities (Hedged)	2.0	0 - 30	Property	10.0	5 - 15
Australian Private Equity	5.0	0 - 10	Fixed Interest	13.0	5 - 15
International Private Equity	1.0	0 - 10	Cash	2.0	0 - 5

The indirect cost ratio (ICR) of the Growth option is estimated to fall between the ICR of the Shares Plus and Balanced investment options. See the SPDS dated 15 December 2010.

2. 'Balanced' (default) option

The performance of the Balanced (default) option will continue to be monitored against the SuperRatings performance tables, but no longer has an objective achieving a particular return against the median performance reported in those tables. The SuperRatings Default Option Survey is no longer a relevant comparator for the First Super Balanced option as a number of funds in that survey have moved towards higher investment risk profiles over time.

The Strategic asset allocation and ranges shown in the current Product Disclosure Statement continue to apply.

3. 'Shares Plus' option

There has been a change to the asset allocation of the Shares Plus option. Due to wide variations in the value of the Australian Dollar against other currencies, the range of asset exposure to hedged and unhedged International Equities has been made broader to help investment managers take advantage of currency movements. The new asset allocation is shown below:

Asset allocation & ranges for the Shares Plus Investment Option

Asset Class	Target (%)	Range	Asset Class	Target (%)	Range
Australian Equities	42.0	50 - 54	International Private Equity	1.0	0 - 5
International Equities (Unhedged)	29.0	0 - 30	Australian Infrastructure	5.0	0 - 10
International Equities (Hedged)	3.0	0 - 30	International Infrastructure	5.0	0 - 10
Australian Private Equity	5.0	0 - 10	Property	10.0	0 - 20

The previous target for International Equities (Unhedged) was 1% with a range of 0 – 5 %
The previous target for International Equities (hedged) was 14% with a range of 0 – 20 %

4. 'Conservative Balanced' option

While asset allocations will remain within in the ranges shown in the current Product Disclosure Statement, this investment option will increase overall exposure to cash by around 5% and decrease exposure to Fixed Interest by the same amount. This provides members seeking a very high degree of investment security with more protection against losses due to interest rate rises.