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RISK PROFILER



Investment Engine

This Risk Profiler is an important document which will reflect how you feel about taking risks when investing.

This document is a tool to help you determine your risk profile and to then help you choose from the available investment options to match your profile. Simply answer the questions, add up your score and find the profile that matches your score.

This Risk Profiler is a tool and does not take into account your individual investment objectives, existing financial situation or particular superannuation needs, all of which should be considered before making a decision to invest. In making your decision you should feel the selected strategy is appropriate for you. You should consider whether you should seek personal financial advice before making your final decision.

To obtain further information or advice about Equity Trustees Superannuation Limited, its superannuation funds and the investment options available you should speak to one of our Financial Advisers.

This Risk Profiler was up-to-date at the date of issue. The Trustee will amend the Risk Profiler or withdraw it from circulation in the event of any material alteration occurring in any of the information contained in the Risk Profiler. A copy of any updated information may also be obtained, at no cost, by calling Client Services on **1300 659 799** or by writing to us.

If you would like to obtain further information please phone Client Services between the hours of 8.30am and 5.00pm Monday to Friday (Eastern Standard Time). Alternatively, you can visit our website at www.eqtsuper.com

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Helping You Understand the Jargon

Capital

In broad terms, the accumulated wealth of an individual or company, from which income can be derived. Capital can be held in the form of cash or securities e.g. shares, or physical assets such as property.

Risk

Risk is measured between an expected result and the actual result. Expected results are based on past results. Past results indicate, but do not guarantee, future results.

Investment risk

Investment risk refers to the degree of chance for an investment not to actually earn what it is expected to earn. Importantly, investment risk varies over time: the longer the timeframe (or term), the lesser the risk, as actual earnings average out to what is expected. This changes however, if the term is shorter. The lower the risk, the lower the expectations, and the more likely an investment will earn what is expected. The higher the risk, the higher the expectations are, but the less likely it is an investment which will earn what is expected in that shorter time. It is therefore important to understand how risk makes you feel as well as considering the length of your investment timeframe.

Volatility

Volatility is measured by the range of actual changes in the value of an asset in the short-term. Low volatility is stable value, with a minor range of rises and falls. High volatility is unstable value, often reflected in steep rises and falls. Long-term investing neutralises volatility.

Assets

Cash, bonds, shares/equities, property etc. Items of value which can be traded on investment markets.

Income

Earnings derived from assets, the main types being interest payments on debts, dividends on shares, or rent from property.

Growth

Short for capital growth, earnings derived from assets whose market value changes according to demand; can be negative in the short-term.

Defensive assets

Those whose values demonstrate greater short-term stability, producing earnings via income but no growth.

Growth assets

Those whose values demonstrate less short-term stability, producing earnings via both income and growth.

Return

Shortened form of 'return on investment', the earnings derived from an investment; described as 'rate of return' when expressed as a percentage.

Short-term

Less than 12 months, as a general rule.

Medium-term

Between 12 and 36 months, as a general rule.

Long-term

Greater than 36 months, as a general rule.

Inflation

The cost of living; the rate of inflation, expressed as a percentage, is how much more an item will cost in 12 months.

Risk Profile Questionnaire

To calculate your risk profile, you will need to answer all of the questions below.

Place a cross next to **ONE** response for each question in the first column. Your score for the question will be the corresponding number in the second column.

1. In approximately how many years would you plan to retire and commence accessing your superannuation (either as a lump sum or pension)?	Your Score
a) 1 – 3 years	<input type="checkbox"/> 2
b) 3 – 7 years	<input type="checkbox"/> 4
c) 7 – 10 years	<input type="checkbox"/> 6
d) More than 10 years	<input type="checkbox"/> 8

2. After I retire I want my superannuation to meet my financial needs for:	
a) 0 – 3 years	<input type="checkbox"/> 2
b) 3 – 5 years	<input type="checkbox"/> 4
c) 6 – 11 years	<input type="checkbox"/> 6
d) 12 – 20 years	<input type="checkbox"/> 8

3. Assuming you have an amount of money to invest, which of the following statements best describes your investment views?	
a) The safety of my money is my primary objective. I would rather have a low rate of return than risk the loss of any of my capital.	<input type="checkbox"/> 2
b) I want my investment to earn a reasonable rate of return but the value of my capital should remain relatively stable.	<input type="checkbox"/> 4
c) I am willing to accept some fluctuation in my capital over the short-term in exchange for higher earnings over the long-term.	<input type="checkbox"/> 6
d) In order to receive the maximum return on my investment, I am willing to accept a higher degree of fluctuation in the value of my investment.	<input type="checkbox"/> 8

Risk Profile Questionnaire (cont.)

4. How familiar are you with investment Markets?

Your Score

- | | | |
|---|--------------------------|---|
| a) I am not very familiar and/or have very little understanding or interest. | <input type="checkbox"/> | 2 |
| b) I have enough experience to understand the importance of diversification (i.e. spreading my risks). | <input type="checkbox"/> | 4 |
| c) I understand that markets fluctuate and that different market sectors offer different income, growth and taxation characteristics. | <input type="checkbox"/> | 6 |
| d) I am experienced with all investment sectors and understand the various factors which influence performance. | <input type="checkbox"/> | 8 |

5. Growth assets will generally earn higher returns over the longer-term but will have short-term volatility and losses. Bearing this in mind, how concerned are you that the earnings on your savings and investment dollars can exceed the rate of inflation?

- | | | |
|--|--------------------------|---|
| a) Security of my capital is my greatest concern. | <input type="checkbox"/> | 0 |
| b) I would like to achieve a return on my investment which at least matches inflation. | <input type="checkbox"/> | 1 |
| c) I would like to exceed the rate of inflation by 1% – 3%. | <input type="checkbox"/> | 3 |
| d) I would like to exceed the rate of inflation by 4% – 5%. | <input type="checkbox"/> | 5 |
| e) I would like to exceed the rate of inflation by 6% plus. | <input type="checkbox"/> | 7 |

6. Have you ever owned shares, Government bonds or invested in managed funds before?

- | | | |
|---|--------------------------|---|
| a) No, but if I had, the fluctuations in returns would make me uncomfortable. | <input type="checkbox"/> | 2 |
| b) No, but if I had, I would be comfortable with some fluctuations in returns in order to receive the potential higher returns. | <input type="checkbox"/> | 4 |
| c) Yes I have, but I was uncomfortable with the fluctuations in returns despite the potential for higher returns. | <input type="checkbox"/> | 3 |
| d) Yes I have, and I felt comfortable with the fluctuations in returns in order to receive the potential higher returns. | <input type="checkbox"/> | 6 |

7. How would you react if, in line with what was happening in the financial markets generally, your long-term investment declined by 10% in one year?

Your Score

a) I can't accept any declines in the value of my investments.

2

b) I would be concerned about my capital declining in the short-term.

4

c) I generally invest for the long-term but would be still concerned about this decline.

6

d) I invest for the long-term and would accept these fluctuations as being due to short-term market influences.

8

8. Which one of the following statements best describes your feelings towards a chosen investment?

a) I would select investments that have a low degree of risk associated with them.

2

b) I prefer to diversify with a mix of investments, with an emphasis on low risk. I am happy to have a small portion of the portfolio invested in assets which have a higher degree of risk to produce an overall slightly higher return. I am happy to accept a negative investment return probability of 1 in 9 years.

4

c) I prefer to have a spread of investments in a balanced portfolio. I am happy to have a negative return probability of 1 in 7 years.

6

d) I prefer to diversify my investments with an emphasis on investments which have higher returns, but also maintain a small proportion of lower risk investments. I am happy to accept a negative return probability of 1 in 5 years.

8

e) I would only select investments which have a higher degree of volatility so that I can earn higher long-term returns. I am happy to accept a negative return probability of 1 in 3 years in order to achieve this goal.

10

Risk Profile Explanation

Add up the evaluation answers in the questions and record the total. The score will help guide you in determining what may be the most appropriate investment strategy for you.

My Total Point Score is

- Score less than 29 Conservative
- Score 30 to 39 Moderate
- Score 40 to 49 Balanced
- Score 50 to 59 Growth
- Score 60 and over High Growth

Investment Profiles

Conservative

Score less than 29

Your profile suggests that you are a conservative investor who is looking for secure investment income and to preserve your capital. You are prepared to sacrifice higher returns for peace of mind. **Your most appropriate strategy may be 70% defensive and 30% growth and the suggested time frame for investment is short to medium term or less than 3 years.**

100% Conservative (Investment Engine Ⓣ), or 100% Capital Guaranteed.

Conservative is an income strategy which has a small exposure to capital growth assets. The main emphasis is on generating income, with some capital risk in order to achieve overall portfolio growth. It is suited to an investor who either seeks a high level of stability or has a short investment time frame.

Moderate

Score 30 to 39

Your profile suggests that you are a balanced investor who is prepared to accept some risk in order to achieve capital growth. Your priority is to increase capital over the medium to long term. **Your most appropriate investment strategy may be 40% defensive and 60% growth and the suggested time frame for investment is medium term or 5 to 7 years.**

100% Moderate (Investment Engine Ⓣplus).

This portfolio is for investors who are seeking an income component with some capital growth attached. It has a moderate exposure to defensive (income) assets and growth assets. The fluctuation in value is moderate to low over the short to medium term.

Balanced

Score 40 to 49

Your profile suggests that you are a growth investor prepared to accept a higher level of volatility and risk to achieve higher investment income and capital growth through the construction of a portfolio spread across a broad range of investments and asset classes.

Your most appropriate investment strategy may be 30% defensive and 70% growth and the suggested time frame for investment is medium to long term or 7 years.

100% Balanced (Investment Engine ⑤).

This portfolio has a higher exposure to growth assets than income assets, but will have lower short-term fluctuations in value than the other growth-based investment portfolios. Its aim is to produce capital growth in a medium to long-term with less reliance on income earnings.

Growth

Score 50 to 59

Your profile suggests you are an aggressive investor prepared to accept a relatively high level of risk to achieve a higher level of capital growth with a low level of investment income. Your priority is consistent capital growth with some income to smooth your returns.

Your most appropriate strategy may be 85% growth and 15% defensive and the suggested time frame for investment is long term or 9 years or more.

100% Growth (Investment Engine ⑥).

This portfolio uses a small income exposure to slightly reduce the short-term fluctuations in a growth portfolio. It is best suited to a long-term investor who can accept some investment risk. There is a high exposure to share and property to provide long-term capital growth.

High Growth

Score 60 and over

Your profile suggests that you are a very aggressive investor who is aware of the risk/reward rationale and is prepared to accept a high level of volatility and risk to achieve high capital growth. **Your most appropriate investment strategy may be 100% growth and the suggested time frame for investment is 10 years or longer.**

50% Australian Equities and

50% International Equities, or

100% High Growth (Investment Engine ⑦).

This is a share and property based portfolio with little or no fixed interest exposure. It has a strong emphasis on maximising capital growth over the long-term. Investors can expect greater short-term fluctuations in asset values.

Benchmark Asset Allocations

The long-term asset allocation for each investment option is indicated in the following table. As Trustee, Equity Trustees Superannuation Limited adjusts these asset allocations for members in the short-term to take advantage of opportunities and to avoid risks.

Investment Engine Pooled Strategies

Asset Class	High Growth (Investment Engine 7)	Growth (Investment Engine 8)	Balanced (Investment Engine 9)	Moderate (Investment Engine 9plus)	Conservative (Investment Engine 10)	Capital Guaranteed
Australian Equities	50%	45%	35%	24%	12%	17%
International Equities	40%	31%	25%	19%	10%	5%
Listed Property Securities	10%	10%	10%	9%	8%	0%
Direct Assets	0%	0%	0%	0%	0%	17%
Total Growth Assets	100%	86%	70%	52%	30%	n/a
Australian Fixed Interest	0%	9%	17%	24%	26%	36%
International Fixed Interest	0%	3%	8%	14%	23%	1%
Cash	0%	2%	5%	10%	21%	24%
Total Defensive Assets	0%	14%	30%	48%	70%	n/a

Please remember that this tool does not take into account your individual investment objectives, existing financial situation or particular superannuation needs, all of which should be considered before making a decision to invest. Before making a decision you should consider whether you feel comfortable with your portfolio selection and that it is appropriate for you. You should consider whether you should seek personal financial advice before making your final decision.

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