



Super Update

setting up for your future

Welcome to *Super Update*, the newsletter for the Heidelberg Australia Superannuation Fund that keeps you up to date with what's happening with your super. If you have any suggestions for articles in future issues of *Super Update*, please pass them on to one of the Fund's Policy Committee members.



Contact information

If you have a query about any of the information provided in this newsletter or about your super, please contact Con Xanthos on (03) 9263 3360 or GK Ng on (03) 9263 3371. You can also speak with Con and GK on general information about the Fund's management, features and benefits.

Alternatively, you can contact the Fund Administrator on 1800 127 953 or seek guidance from a licensed financial adviser.

How your super is performing

December 2017 quarter

International share markets finished the 2017 year with strong gains, driven by continued positive market sentiment amid low inflation. The MSCI World ex-Australia Accumulation Index (hedged to AUD) returned 5.5%, or 5.8% when taking into account the Australian dollar's depreciation against currencies in the global share index.

The Australian share market also performed well over the quarter, returning 7.7% (S&P/ASX 300 Accumulation Index). Australian unemployment, manufacturing and consumer confidence indicators were all positive. However, there are concerns about the ability of consumers to lift spending, given the ongoing weak income growth, a low savings rate and high debt levels.

The Reserve Bank of Australia (RBA) Board maintained the official cash rate at 1.5% over the December quarter. The Australian dollar dropped slightly against the US dollar over the December quarter, from 78.39 US cents at September end to 78.00 US cents at the end of December.

January and February 2018

January saw another positive return of 3.8% for international share markets. The start of February saw markets stumble. Despite a small recovery, international share markets finished February down, giving back most of the gains made in January.

The Australian share market was less convincing in January, falling by 0.4%. It then followed the trend set by international share markets in February and exhibited high levels of volatility. It recovered early losses in February and finished the month up 0.3% (S&P/ASX 300 Accumulation Index), offsetting the small loss in January.

The Australian dollar strengthened in January, finishing the month at 80.73 US cents. Prompted by rising global interest rates, the Australian dollar weakened against the US dollar, ending February at 77.92 US cents, and also weakened against its major trading partners. The RBA Board did not meet in January 2018, but at its February meeting left the cash rate unchanged at 1.5%.

Most of the Fund's investment portfolios are quite diversified, which dampens the impact of volatile share markets. For example, the Fund's Growth option has around 64% invested in Australian and international shares, with the balance spread across property, fixed interest and cash. These other assets help to balance out the overall volatility and smooth out the returns for the Fund's members.

Returns for the eight months to 28 February 2018 for all options are shown in the table below. Please remember that past performance is not necessarily a reliable indicator of future performance.

Investment option	Year to date 1 July 2017 to 28 February 2018
Diversified Shares	8.5%
Growth	6.2%
Balanced	4.5%
Capital Stable	2.9%
Cash	1.0%

Note: Returns shown in the above table are net of tax and investment fees.

Fee reporting changes

How investment fees are reported

As a result of regulatory changes, since 30 September 2017 all superannuation funds have been required to make revisions to the way fees are shown to members. This included a requirement for funds to obtain more information about underlying costs on their investments.

No additional fees or costs are being charged to you as a result of this regulatory change. What has changed is the way the investment fees and other costs are disclosed to you. These underlying costs have always been paid by the Fund and reflected in your investment returns. This will continue to be the case.

The table below shows how the Fund's investment fees were previously disclosed, and how they have been disclosed since 30 September 2017. It also shows the amount of estimated transactional and operational costs e.g. brokerage, clearing costs and performance fees that are included in the investment fee ranges.

There is no change to the Fund's indirect cost ratios, which continue to be nil for all investment options.

Investment option	Before 30 September 2017	From 30 September 2017	
	Investment fee ranges Per year	Investment fee ranges Per year	Transactional and operational* costs included in investment fee ranges
Diversified Shares	0.48% to 0.58%	0.55% to 0.65%	0.09%
Growth	0.38% to 0.46%	0.45% to 0.53%	0.09%
Balanced	0.29% to 0.35%	0.35% to 0.41%	0.08%
Capital Stable	0.19% to 0.23%	0.22% to 0.26%	0.04%
Cash	0.09% to 0.11%	0.09% to 0.11%	0.00%

* These are the transactional and operational costs incurred by the Fund or its investment managers during the financial year ended 30 June 2017. The actual amounts charged in future will depend on the actual costs incurred in respect of each investment option.

Investment fees are deducted from investment returns before the returns are applied to your account in the Fund.

Further details on the Fund's investment fees are outlined in the Fund's PDS, *Guide to your super*. A copy of the PDS is available from the Fund's website at <http://heidaustsf.com>.

Changing jobs? No need to change your super

Did you know that if you leave Heidelberg you don't need to move your super?

If you have more than \$2,000 in your super account, you will automatically become a Retained Benefits Division member. Your super will be invested in the same way, with the same choice of investment options, and you can continue to have the same amount of death and disablement insurance.

If you are a Defined Benefit member of the Fund, when your super is transferred to the Retained Benefits Division, the "defined benefit" component will become an accumulation-style benefit and will be invested in the Cash option until you provide alternative investment instructions to the Fund. If you also have additional accounts, your same investment strategy for these accounts will continue in the Retained Benefits Division.

Some fees do apply in the Retained Benefits Division. Please refer to the Fund's Product Disclosure Statement, available on <http://heidaustsf.com>, for more information.

Why stay?

- › It's a Fund you know and trust.
- › You can access the same investment options to continue your retirement strategy.
- › You can continue the same level of death and disablement insurance.
- › You can rollover super from other funds.
- › The Fund will continue to communicate with you via these regular newsletters, our *Annual Report* and your personalised *Benefit Statement*.



The information in this publication 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 personal circumstances before making any financial or investment decision based on the information contained in this document. Please note that past investment performance is not necessarily an indication of future performance.

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