



# Investment Choice

**Your super. Your future. Your choice.**

Growth

Capital Stable

Cash

# Your Investment Choice

Superannuation is the main way that Australians save for retirement, so it's important to plan carefully and understand your options. How you invest today can make a big difference to the final amount you have at retirement.

If your HIP account balance is more than \$1,000, you can choose how your superannuation is invested, by selecting either one or a combination of these options:

**Growth**

**Capital Stable**

**Cash**

This brochure explains each option to help you select the investment strategy that best suits you. To make your choice, simply complete and send the attached *Investment Option Form* to HIP.

You can select one option, or create your own investment strategy by nominating a percentage (in whole numbers) of the options you prefer. You can also choose different strategies for your current HIP account balance and for future contributions.

## Changing your investment option

You can change your investment option at any time during the year. Provided your application is received five working days before the end of any month, your change will be effective from the first day of the new month. (If you miss the deadline, the change will apply from the start of the following month.) The first option change in any financial year is free of charge, with each additional change costing \$20. There is no charge to change your investment option(s) for future contributions.

## Low fees

With low administration and investment fees, HIP continues to provide quality, cost-effective superannuation to its members.

- No exit or entry fees
- Administration fee – \$1.40 per week
- Insurance cover from \$1.00 per week
- Investment option switch – first change in any financial year free; each additional change during the year is \$20.

There are ongoing costs associated with the management of the Fund's investments. HIP does not deduct any investment fees directly from your account. The calculation of the annual crediting rate takes into account the cost of investment.

The ongoing investment costs vary from year to year, and are dependent on the option or combination you select. HIP's total investment costs for 2009/10 amounted to approximately 0.7% of funds under management. Investment costs for specific investment options for 2009/2010 are shown on pages 4–5. Remember, these fees are not deducted from your account, but they do reduce the crediting rate.

**You can choose how your super is invested if your HIP account balance is more than \$1,000.**

The information contained in this brochure is of a general nature only and is not intended as investment advice. If you are unsure which investment option best suits your personal circumstances, please seek advice from a qualified independent financial planner.

The main difference between HIP's three investment options is their specific investment objectives and how assets are allocated.

#### Growth Assets

like shares and listed property, offer the likelihood of strong investment returns over the long term (5 years or more), although they can be volatile over the short term.

#### Defensive Assets

like cash and bonds, are likely to deliver more moderate returns and are usually much less volatile.

### Differences between the options

The Growth Option holds mostly growth assets, with very few defensive assets. The Capital Stable Option has more defensive assets, with a smaller amount of growth assets. The Cash Option invests entirely in Australian cash, a defensive asset (see pages 4–5 for more details).

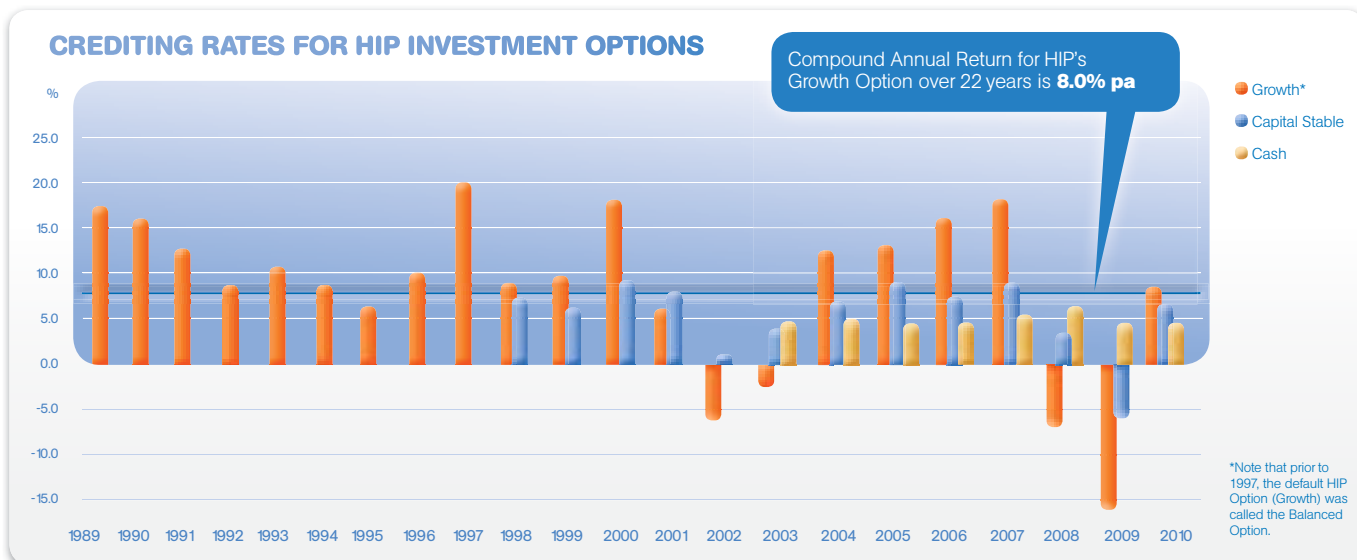
Because it holds mostly growth assets, the Growth Option is likely to produce the highest returns over the long term, although

there are likely to be bigger ups and downs along the way. With more defensive assets, the Capital Stable Option is likely to produce lower returns than the Growth Option over the long term, but produce a smoother return along the way. The Cash Option is likely to produce returns slightly above bank deposit rates, with minimal fluctuations in value. For this reason, some members consider it to be a short-term investment.

### Comparing past performance

The chart below shows the performance of the options for the past 22 years.

You can see from the chart that the Growth Option had the biggest ups and downs, including some negative returns. The Capital Stable Option showed a much smaller variation in return. As the chart indicates, the Cash Option has produced a stable rate of return since its introduction in 2002/03. However, it also has produced the lowest growth.



Past investment performance is not a guarantee of future performance.

# Comparing the Options

## Balancing risk and return

Risk and return usually go hand-in-hand. Generally, the greater an investment's potential return, the greater the risk associated with that investment. Similarly, lower-risk investments usually provide lower returns.

It's important to balance the risk of short-term ups and downs in the value of your superannuation, against the higher retirement benefit that an investment in growth assets is likely to deliver over the long term.

The return objectives and risk statements of HIP's three investment options have been revised following a review of the current investment environment.

## Why it's important to beat inflation

We all know that a dollar today buys less than it did in the past, because of inflation. To overcome this problem, it's important to earn an investment return that is greater than the rate of inflation.

HIP's investment options aim to achieve a specific rate of return above inflation (see the following tables). The Growth Option has the highest return objective – it aims to achieve a return of at least 3.5% above inflation over most rolling five-year periods.

**Visit the Investment & Performance section on [hipsuper.com.au](http://hipsuper.com.au) to see the latest year to date performance figures.**



## Growth Option

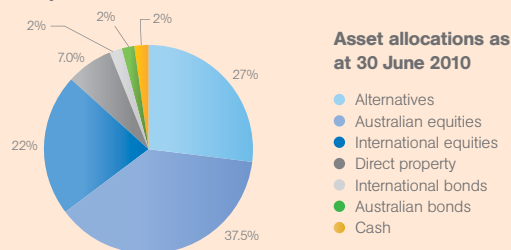
For people who are seeking a high level of growth over the long term.

### Objective

To exceed inflation\* by at least 3.5% per year over most rolling 5-year periods.

### Risk

Includes the likelihood of negative return no more than 9 times in 35 years.



### Crediting rate for 2009/10 financial year

Super Fund 8.4% (Pension 9.4%)

Financial year	Crediting rate	CPI	Real Growth
2010	8.4	3.1	5.3
2009	-15.5	1.5	-17.0
2008	-6.5	4.5	-11.0
2007	17.8	2.1	15.7
2006	15.9	4.0	11.9

### Compound average return

3-year	-5.0	3.0	-8.0
5-year	3.2	3.0	0.2
7-year	5.7	2.9	2.8
10-year	3.8	3.2	0.6

### Investment costs

2009/10 1.06%\*\*

### Returns vs objectives

Has exceeded inflation by 0.2% per year over the 5-year period to 30 June 2010. This return is 3.3% below the objective of this option.

\* As measured by the Consumer Price Index (CPI).

\*\* Investment costs are not deducted directly from your account, but are reflected within the calculation of the crediting rate applied.

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## Capital Stable Option

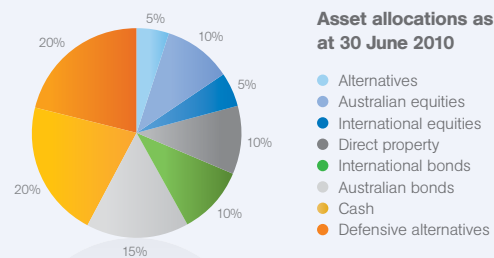
For people who are risk-averse, seeking greater security for their super in the short term.

### Objective

To exceed inflation\* by at least 1% per year over most rolling 5-year periods.

### Risk

Includes the likelihood of negative return no more than 3 times in 35 years.



### Crediting rate for 2009/10 financial year

Super Fund 6.7% (Pension 7.8%)

Financial year	Crediting rate	CPI	Real Growth
2010	6.7	3.1	3.6
2009	-3.5	1.5	-5.0
2008	2.9	4.5	-1.6
2007	9.0	2.1	6.9
2006	7.2	4.0	3.2

### Compound average return

3-year	2.0	3.0	-1.0
5-year	4.4	3.0	1.4
7-year	5.4	2.9	2.5
10-year	5.1	3.2	1.9

### Investment costs

2009/10 0.82%\*\*

### Returns vs objectives

Has exceeded inflation by 1.4% per year over the 5-year period to 30 June 2010. This return is 0.4% above the objective of this option.

Past investment performance is not a guarantee of future performance.



## Cash Option

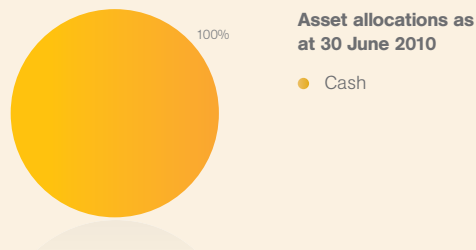
For people who are seeking security for their super in the short term.

### Objective

Is to exceed inflation\* over most 1-year periods.

### Risk

While it is not guaranteed, the Cash Option is not expected to produce a negative return.



### Crediting rate for 2009/10 financial year

Super Fund 4.1% (Pension 4.9%)

Financial year	Crediting rate	CPI	Real Growth
2010	4.1	3.1	1.0
2009	4.4	1.5	2.9
2008	2.9	4.5	-1.6
2007	9.0	2.1	6.9
2006	7.2	4.0	3.2

### Compound average return

3-year	4.9	3.0	1.9
5-year	5.0	3.0	2.0
7-year	4.9	2.9	2.0
10-year	n/a†		

### Investment costs

2009/10 0.10%\*\*

### Returns vs objectives

Has exceeded inflation by 2.0% per year over the 5-year period to 30 June 2010. This return is 2.0% above the objective of this option.

† The Cash Option commenced in 2003.

Past investment performance is not a guarantee of future performance.

# HIP's Investment Managers

INVESTMENT MANAGERS	Date appointed	HIP assets managed* \$ m
<b>AUSTRALIAN EQUITIES</b>		
Ausbil Dexia (AUS)	Oct 05	59.7
Integrity Investment Management	Jan 09	42.4
Northward	Jan 07	43.9
Tribecca	Sep 09	38.5
<b>INTERNATIONAL EQUITIES</b>		
JANA – Global Long/Short	Nov 07	10.4
JANA Emerging Markets	Aug 03	16.7
JANA High Alpha Global Share	Nov 05	19.5
JANA Global Core Hedged	Nov 05	30.6
Marathon	Aug 03	24.5
T Rowe Price	Mar 10	8.3
<b>PROPERTY</b>		
AMP Capital Investors	Jul 03	29.3
DEXUS Property Group	Jul 03	9.2
<b>INTERNATIONAL BONDS</b>		
Blackrock Asset Management	Oct 02	15.5
PIMCO	Oct 02	10.0
Franklin Templeton	Mar 10	3.5
<b>AUSTRALIAN BONDS</b>		
Wellington & Rogge	Mar 10	3.7
UBS	Jan 04	7.3

\* As at 30 June 2010.

INVESTMENT MANAGERS	Date appointed	HIP assets managed* \$ m
<b>ALTERNATIVES</b>		
Aberdeen Asset Management <i>(formerly Credit Suisse currency Hedge)</i>	Dec 03	0.03
AIF Capital (AIF)	Feb 07	6.6
Bennelong Long Short Equity	Jun 09	11.1
Harbourvest	Dec 02	24.1
GMO Multi-Strategy Hedge Fund	Aug 03	24.7
ING China Real Estate	Dec 06	8.7
Investec	Mar 10	5.7
Japara	May 07	7.2
JANA Triplepoint	Jan 08	9.5
Macquarie	Sep 09	0.02
Partners (Secondary)	Oct 08	8.5
Partners Group (European Buyout)	Jan 08	4.4
RARE Global Listed Infrastructure	May 07	11.1
<b>CASH</b>		
MLC	Jan 02	14.9
IMCU	Nov 08	3
CFS – Wholesale Cash	Jul 09	22.9

\* As at 30 June 2010.

HIP appoints specialist investment managers for each asset class and reviews these appointments continually.

# Your Questions Answered

## Who can make an investment choice?

All HIP members with an account balance greater than \$1,000 may choose from our three available options.

## What happens to my super if my account balance is less than \$1,000?

Your account and all future contributions will automatically be invested in the Growth Option.

## What should I consider when making my choice?

When making your choice, think about how long it will be before you retire, the level of risk that you are comfortable with, the objective of each of our investment options, your own specific needs, personal objectives, and financial circumstances. You may wish to seek independent financial advice before making a choice.

## What happens if I don't make a choice?

Your account and all future contributions will be automatically invested in the Growth Option. However, we encourage you to think carefully about how your super is invested. Whilst the Growth Option will be suitable for many HIP members, your individual circumstances may mean that another option matches your needs better.

## Can I 'switch' between options if my circumstances change?

Yes. You can change your investment option(s) once each month during the year, subject to giving HIP five working days' notice before month end. It is important to remember that superannuation is designed to be a long-term savings arrangement – geared to funding individuals through their retirement. You should consider your circumstances before making an investment 'switch'.

## Can I choose more than one option?

If you have more than \$1,000 in your HIP account, you can select more than one investment option. You can also choose different splits for your current balance and for future contributions.

## How much will changing options cost?

Your first change in any financial year is free. After this, it will cost you \$20 each time you choose a new option, or 'switch' between options. There is no charge for changing your investment option(s) for future contributions.

## How will I know that my investment or 'switch' has been made?

You will receive written confirmation that the 'switch' has become effective.

## About HIP

HIP has provided members with outstanding investment returns. As a non-profit organisation, these returns have been provided at a very low cost. Our administration fees are amongst the lowest for all superannuation funds.

The Fund's Growth Option returned an average of 8.0% per year since HIP was established in 1987, continuing our position as the provider of some of the best returns in the health industry.

HIP has combined these strong investment returns with efficient administration and quality member communication and education. HIP engages JANA Investment Advisers to advise the Trustee Directors on the management of funds invested in all options.

## Reserves

It is HIP's policy not to carry forward an investment reserve from year to year. However, HIP does have other small reserves.

An administration reserve is held to support the cost of administering the Fund. The administration reserve will be maintained at a minimum level of 0.3%, and shall not exceed 1.0%. The small insurance reserve is held to cover any additional costs arising from the provision of member insurance. The balancing amount that is left over after the crediting interest rates have been determined, to one decimal point, goes into the crediting rate allocation reserve. This reserve clearly belongs to members, and is included in future crediting rate calculations. Total reserves should not fall below \$500,000.

If you have any more questions visit [www.hipsuper.com.au](http://www.hipsuper.com.au) or call **1300 654 099**.



## Need Help?

If you have any questions or need further information, please contact our Customer Service Centre on 1300 654 099. You can also visit us online at [www.hipsuper.com.au](http://www.hipsuper.com.au)

You may want to consult a financial planner if you are unsure which option to choose. If you do not already have a financial planner, you might like to contact the Financial Planning Association of Australia on 1800 626 393 or visit [www.fpa.asn.au](http://www.fpa.asn.au).

### HIP respects your privacy

Protecting your personal information has always been important to us, and is now required by law. HIP only collects information that is necessary to administer your Fund membership. You may ask to see your personal information and have it corrected if required. For further information on HIP's Privacy Policy, call 1300 654 099.

Call **1300 654 099** anywhere in Australia

Web **[www.hipsuper.com.au](http://www.hipsuper.com.au)**

Email **[hipsuper@superpartners.com.au](mailto:hipsuper@superpartners.com.au)**

Mail **Locked Bag 23, Haymarket NSW 1236**

### General advice warning

The information contained in this *Investment Choice* brochure is of a general nature only. It does not take into account your particular investment objectives, personal circumstances, financial situation or needs. When making decision in relation to your own personal circumstances and objectives, you may wish to seek the advice of an independent licensed financial planner. This brochure is also not intended to be, and should not be construed in any way, as investment, legal or financial advice.

### The Trustee

This *Investment Choice* brochure is issued by the Trustee of Health Industry Plan (HIP) ABN 50 030 598 247, Private Hospitals Superannuation Pty Ltd, ABN 59 006 792 749, and AFSL 247 063, RSE Licence Number L0001533 and RSE Registration Number R1056617.