adding value to your super

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<date>

<Member name>
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Dear <Title> <Surname>

Important changes to APSS' investments

This notice provides important details about changes to APSS' investment objectives and strategy. These changes affect the **Market Return Member Savings** investment option.

Following the decision last year by Australia Post and some of the Associated Employers to close the APSS to new employees, the Trustee has undertaken an extensive review of its investment strategy to ensure it meets the ongoing investment needs of APSS members.

As a result, the Trustee has made some changes to the investment objectives and strategy for APSS Market Return Member Savings and the defined benefit assets funded by Australia Post and Associated Employers, both of which are currently invested in the Market Return Portfolio.

These changes are effective from 25 June 2013 and are outlined in the attached notice. There will be no changes to the investment strategy for **Cash Return Member Savings**.

What do I need to do?

No action is required by members. If you have any questions or require further information, please:

- Call *Super*Phone on 1300 360 373 Monday to Friday 9am to 5pm (AEDT) or
- Contact us via the website at **apss.com.au**

Yours sincerely

APSS Member Services

Significant Event Notice

IMPORTANT CHANGES TO APSS INVESTMENTS

This notice informs you of the changes made to the Trustee's investment strategy and objectives for Market Return Member Savings and the defined benefit assets funded by Australia Post and Associated Employers, both of which are currently invested in the Market Return Portfolio. These changes take effect from 25 June 2013.

There will be no change to the investment strategy for Cash Return Member Savings.

What are the changes?

Currently a greater portion of the Market Return Portfolio assets are invested in **private market** investments compared with **public market** investments. Under the new arrangements, the key change will be a gradual increase in the asset allocation of the Market Return Portfolio to public market investments.

For more details please see the table on the next page that compares the previous Market Return Member Savings investment option information with the new strategy.

How will these changes impact investment returns?

The Trustee does not expect any changes to the long term investment returns for Market Return Member Savings and the defined benefit assets. However, from year to year, these investment returns may fluctuate (go up or down in value) moderately more.

Why are we making the changes?

The Trustee has made these changes to the investment strategy and objectives for Market Return Member Savings and the defined benefit assets to seek to ensure that the APSS:

- **Continues to deliver investment returns for Market Return Member Savings that meet the needs and expectations of members.** This means maintaining the goal of earning higher than average investment returns over the long-term.

- **Continues to meet benefit payment obligations when they arise.** As a closed fund, the Trustee expects the APSS to begin paying out proportionally more benefits to members in future. Allocating a progressively higher portion of assets in the Market Return Portfolio to public market investments means that the investments can be more readily converted to cash when needed.

Does this mean a change in the way the defined benefit assets are invested too?

Yes. Since the Market Return Portfolio is also currently used to invest the defined benefit assets funded by Australia Post and Associated Employers, the changes will also apply to these assets.

When will the changes happen?

Although the changes to the investment strategy and objectives for the Market Return Member Savings and the defined benefit assets take effect from 25 June 2013, there will be no immediate change to the asset allocation of the Market Return Portfolio. Rather, the existing private market investments in the Market Return Portfolio will gradually be scaled down over time and public market shares will be increased.

What needs to be done?

No action is required by members. If you have any questions or require further information, please:

- Call *Super*Phone on 1300 360 373 Monday to Friday 9am to 5pm (AEDT), or
- Contact us via the website at **apss.com.au**

Learning these basic investment terms will help you understand the APSS investments

Return: This is the amount of money earned by an investment over time.

Risk: This is the potential for investment returns to fluctuate, or go up and down in value over time.

Public market investments: These investments include shares, property and bonds that are traded on public exchanges like the Australian Stock Exchange. They can be bought and sold readily.

Private market investments: These investments include privately traded assets. These investments are usually locked in by long-term contracts which mean that they cannot be bought or sold readily.

Asset classes: This refers to a broad grouping of investments according to their expected return and risk, and whether they are traded in public or private markets. Each asset class has a different level of risk and return in the long term. Generally the greater the potential return in the long term, the greater the risk an asset class has.

Asset allocation: This refers to the distribution of assets in an investment portfolio between different asset classes.

Income assets: These include fixed interest investments (including government and corporate bonds) and cash deposits. Investment returns from income assets are mainly from interest payments. Income assets are generally regarded as low risk investments with lower returns than growth assets.

Growth assets: These include shares and property. Investment returns from growth assets come from changes in the value of the shares or property that are purchased and the income received from the investment through dividends and rent. They are generally regarded as higher-risk investments but they have the expectation of higher returns over the long term.

The table below sets out the previous investment details for Market Return Member Savings and compares them with the new investment strategy and objectives effective 25 June 2013:

MARKET RETURN MEMBER SAVINGS	PREVIOUS	NEW
Investment Return Objective	To credit returns over the long term that both exceed the rate of inflation and exceed the return credited to the Cash Return Member Savings, without incurring undue fluctuation in the short term. The Crediting Rates are expected to be 3 - 4% more than the Cash Return Member Savings each year, on average over the long term*.	To credit returns over the long term that exceed the rate of inflation and exceed the rate of return credited to the Cash Return Member Savings after all taxes and costs are allowed for, while accepting that the annual return will be relatively volatile from time to time. The Crediting Rates are expected to be 3 - 4% more than the Cash Return Member Savings each year, on average over the long term*
Risk level	Medium to High. The estimated number of negative annual returns is expected to be 3 to 4 out of every 20 years.	High. The estimated number of negative annual returns is expected to be 4 to less than 6 out of every 20 years.
Minimum timeframe	6 + years	7 + years
Strategic asset allocation for Market Return Portfolio	The target asset allocation is 70% invested in private market investments (40% in private market shares and bonds and 30% in private market real estate) and 30% in public market investments (20% in public market bonds and 10% in public market shares).	The target asset allocation is 20% Bonds, 55% Shares, 17.5% Private Market Assets, 7.5% Property. The actual asset allocation at any time may differ according to market conditions. More details about the composition of the target asset allocation are shown in the next table.

*We cannot guarantee that the long-term expectations will be met because investment returns are unpredictable.

The new investment strategy for Market Return Member Savings and the defined benefit assets consists of target allocations to four asset classes shown in the table below:

ASSET CLASS	TARGET ALLOCATION	NORMAL RANGE*	ABOUT THE ASSET TYPES
Bonds	20%	20%	Includes government and semi-government debt, high grade corporate debt and cash.
Shares	55%	50 - 60%	A combination of public market shares and private equity investments (through funds that invest in private market companies). The Trustee intends to scale down the private equity investments in the Market Return Portfolio over the next 3 - 5 years and this asset class will ultimately consist of public market shares only.
Private market assets	17.5%	15 - 20%	Investments in private market assets that are not included in Shares or Property asset types, selected to enhance the long-term returns and diversify the Market Return Portfolio to help reduce risk. In particular, it includes privately-traded debt and privately-traded non-core equity.
Property	7.5%	5 - 10%	Includes private market investments in real estate, infrastructure and similar assets. These include privately-traded buildings, including building developments. Infrastructure includes privately-traded assets.

* The actual asset allocation is normally expected to fluctuate (go up or down) within these ranges over time. If it moves outside the normal ranges, the Trustee will take prudent and commercially responsible steps to re-balance to the target allocation.

Important: This notice contains general information about the APSS. It is not financial product advice, and should not be relied upon as such. Before making any decisions on the basis of the information contained in this notice, you should obtain and read the relevant APSS Product Disclosure Statement (PDS) and obtain independent advice that takes into account your particular circumstances. The Trustee of the APSS and issuer of interests in the Scheme is PostSuper Pty Limited, ABN 85 064 225 841 (RSE Licence Number L0002714). The APSS' Registration Number is R1056549 and its ABN is 42 045 077 895. PostSuper Pty Limited, Australia Post or Associated Employers do not hold an Australian Financial Services Licence and, therefore, are not licensed to provide you with financial product advice.