

Significant Event Notice

Important changes to the investment objectives of IRIS Super Income Stream and IRIS Term Allocated Pension

1 September 2014

This Significant Event Notice is issued by Super Members Investments Limited (ABN 61 095 974 100), (AFSL 231230) in its capacity as Trustee of the IRIS Superannuation Fund ('IRIS').

The IRIS Super Income Stream and the IRIS Term Allocated Pension are divisions of IRIS.

We are writing to inform you of changes that have been made to the IRIS Super Income Stream and IRIS Term Allocated Pension. Please note that no action is required from you regarding this communication.

What are the changes?

We regularly review the investment objectives, strategy, allocation ranges and benchmarks of the investment options of IRIS to ensure that they remain appropriate. Following on from our most recent review, we made changes to the:

- investment objectives of two of the investment options,
- Strategic Asset Allocations of three of the investment options,
- Allocation Ranges of one investment option, and the
- benchmark of one investment option

for both the IRIS Super Income Stream and the IRIS Term Allocated Pension. All these changes are effective from 1 October 2014.

Changes to Investment Objectives

Investment Option	Current Investment Objective	Replacement Investment Objective
Property	To achieve returns that exceed the inflation rate (change in the CPI) ¹ by 3% per annum (after tax) ² , on a rolling five year basis. This objective is expected to be achieved around 70% of the time. To achieve this, the Property Option will invest in both direct and indirect Australian and international property. It aims to limit the likelihood of applying negative annual returns to one in every four years (i.e. approx. 5 times in 20 years). ³	To achieve returns that exceed the inflation rate (change in the CPI) ¹ by 3% per annum (after tax) ² , on a rolling five year basis. This objective is expected to be achieved around 65% of the time. To achieve this, the Property Option will invest in both direct and indirect Australian and international property. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years). ³
Sustainable Australian Shares	To achieve returns that exceed the inflation rate (change in the CPI) ¹ by 3.5% per annum (after tax) ² , on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Sustainable Australian Shares Option will predominantly invest in Australian shares that display environmental, sustainable and socially responsible features. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years). ³	To achieve returns that exceed the inflation rate (change in the CPI) ¹ by 3.5% per annum (after tax) ² , on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Sustainable Australian Shares Option will predominantly invest in Australian shares that display environmental, sustainable and socially responsible features. It aims to limit the likelihood of applying negative annual returns to one in every three years (i.e. approx. 6.7 times in 20 years). ³

¹ CPI= Consumer Price Index

² Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. "After tax" in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

³ This is the estimated frequency of negative returns over a 20 year period. It is an average based on a set of long term capital market assumptions, and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.



Changes to the Strategic Asset Allocations

Investment Option	Current Strategic Asset Allocation		Replacement Strategic Asset Allocation	
Conservative	Australian Shares	15.0%	Australian Shares	17.0%
	International Shares	12.5%	International Shares	10.5%
	Property	10.0%	Property	10.0%
	Australian Fixed Interest	22.5%	Australian Fixed Interest	22.5%
	International Fixed Interest	22.5%	International Fixed Interest	22.5%
	Cash	17.5%	Cash	17.5%
High Growth	Australian Shares	47.5%	Australian Shares	59.0%
	International Shares	47.5%	International Shares	36.0%
	Cash	5.0%	Cash	5.0%
Property	Property	100%	Listed Property	90.0%
			Unlisted Property	10.0%

Change to Allocation Ranges

Investment Option	Current Allocation Ranges		Replacement Allocation Ranges	
High Growth	Australian Shares	32.5% - 62.5%	Australian Shares	42.5% - 72.5%
	International Shares	32.5% - 62.5%	International Shares	22.5% - 52.5%
	Cash	0.0% - 10.0%	Cash	0.0% - 10.0%

Change to Benchmark

Asset Class	Current Benchmarks	Replacement Benchmarks
Property	<ul style="list-style-type: none"> • Mercer/IPD Australia Monthly Property Fund Index – Core Wholesale • S&P/ASX 200 A-REIT Accumulation Index • UBS Global ex-AUS Real Estate Investor's Index (Hedged into AUD). 	<ul style="list-style-type: none"> • Mercer/IPD Australia Monthly Property Fund Index – Core Wholesale • FTSE EPRA/NAREIT Developed ex-Australia Rental Index (Hedged AUD).

These changes have been approved by Super Members Investments Limited in its capacity as Trustee of IRIS and will be incorporated in the Supplementary Product Disclosure Statement (SPDS) dated 1 October 2014.

If you have any questions, please contact our Customer Service Centre on **1300 367 485** or visit ifs.net.au/retirement/iris

Yours sincerely,



General Manager
IRIS Superannuation Fund