

30 June 2017

Dear Member,

Significant event notice – closure of Income Generator investment option

We recently wrote to you notifying you of some significant changes to superannuation legislation which will take effect on 1 July 2017.

In our communication to you, we briefly mentioned that the Income Generator investment option would be unavailable to new applicants from 1 June 2017 and will close permanently for existing members with an NGS *Income* account on 31 July 2017.

As you have an NGS *Income* account and are currently invested in the Income Generator option, we are writing to advise you of the closing of this investment option and the introduction of a new investment option – **Retire Plus**.

Your last quarterly distribution for Income Generator will be for the quarter ended 30 June 2017.

You should consider your investment options within the NGS *Income* account. Any investment held within the Income Generator on 31 July 2017 will be automatically transferred to the new investment option Retire Plus effective 1 August 2017.

Why we are closing the Income Generator investment option

Income Generator has not attracted sufficient investment support from NGS members to remain sustainable in its present form. The product's relatively complex structure and modest investment objectives for income and capital have contributed to this outcome.

To increase Income Generator's appeal to retired members, we sought to simplify its design while restructuring its asset allocation and underlying investments to improve its investment objective, achieve greater stability of returns and reduce its risk profile.

We believe our revised product design can achieve these objectives. However the changes that would need to be made to Income Generator are so fundamental that from a regulatory perspective, it would no longer be the same product.

For this reason, the new product design is to be offered to NGS members as a new investment option called **Retire Plus**. This has

- a high investment objective of **CPI + 4%** over rolling 10-year periods, and
- a low expected frequency of negative return of approximately **2 years in 20**.

About Retire Plus

The Retire Plus investment option has a focus on generating income and growing capital in line with inflation over time. It also aims to reduce the risk of negative returns by allocating to assets that have monopolistic characteristics such as:

- infrastructure assets (toll roads, airports, energy distribution networks etc), and
- property assets with long term contracted rental income from commercial, industrial and retail property.

The allocations to these two asset classes comprise 44% of the total exposure. In addition, we have designed the Australian equity portfolio to have a lower probability of negative returns.

Details on the asset allocation and risk for Retire Plus are provided on page 3 and 4.

What this will mean for you

Quarterly distributions will not be a feature of the Retire Plus option, so it will not be linked to any other investment option for distribution purposes.

You will need to review your investment options and, if applicable, advise NGS which investment option(s) you would like your future regular income drawdowns to be paid from.

You should review the *Product Disclosure Statement* and *Investment guide* and consider whether the investment options you have selected continue to meet your individual investment objectives.

What you will need to do

1. Request any changes to Income Generator by 5pm, Friday 21 July 2017

Any changes to your Income Generator investment (withdrawals or fee-free switches to options other than Retire Plus) must be made by **5pm, Friday 21 July 2017**. We'll automatically switch any remaining Income Generator investment into Retire Plus on Monday 31 July 2017 (see below).

2. Review your drawdown instruction

We're presently drawing down your regular income payments from investment options you nominated previously. As your investment options will change on or before **Tuesday 1 August 2017**, you may wish to change your drawdown instruction using the *Income account investment switching form*.

Automatic transfer of your Income Generator investment to Retire Plus

We'll automatically switch your Income Generator investment into the new Retire Plus option on **Monday 31 July 2017**, effective **Tuesday 1 August 2017**.

This may not be viewable in your *Member Online* account for a few days while the system is updated. You'll receive confirmation of your investment change and while the number of units you will see allocated will change, your opening investment value will remain the same.

If you have any questions, please call our Customer Service Team on **1300 133 177**, Monday to Friday between 8am and 8pm (AEST/AEDT) or refer to our website **www.ngssuper.com.au** for further information.

Yours sincerely,



ANTHONY RODWELL-BALL
Chief Executive Officer
NGS Super

RETIRE PLUS OPTION INVESTMENT INFORMATION

PRE-MIXED OPTIONS

RETIRE PLUS

Asset allocation

Long term target allocation

	Strategic asset allocation*	Dynamic allocation range†
Growth	63%	5 – 95%
Australian shares	26%	5 – 40%
International shares	13%	5 – 40%
Private equity	0%	0 – 7%
Infrastructure	22%	0 – 30%
Growth alternatives	2%	0 – 10%
Defensive	37%	5 – 95%
Fixed interest yield	4%	0 – 20%
Property	22%	0 – 30%
Defensive alternatives	0%	0 – 10%
Cash and Term Deposits	2%	0 – 10%
Fixed interest duration	9%	0 – 20%
Foreign currency exposure	15%	0 – 100%

Indicative asset allocation and ranges

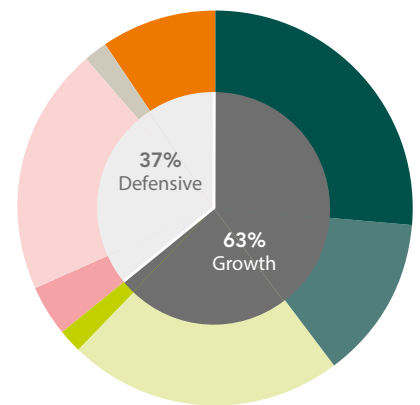
* The **strategic asset allocation** is indicative of the expected asset allocation during stable market environments.

† The **dynamic allocation range** is used to respond to changes in the investing environment.

Availability:

✗ Accumulation account

✓ Income account



Risk over each time horizon

5 years Medium

10 years Low to medium

20 years Low

Investment performance objective of new investment option is to achieve a net return:

4% above CPI over rolling 10 year periods.

Minimum investment timeframe:

Be prepared to stay invested in this option for at least five to seven years before it meets its objectives.

What type of investment is it?

An investment option split evenly between assets which provide the prospect for capital growth and income.

Expected frequency of negative return over 20 year period:

Approximately two years in 20.

This option may be right for you if you seek:

To achieve attractive long term returns through higher levels of income producing assets that aim to grow with inflation, whilst limiting variability in capital growth. This option is suitable if you are seeking a greater degree of stability of returns over the medium to long term.

Recent effective rates of investment returns

This option will become available from 1 August 2017, therefore no performance history is available.

INVESTMENT TIME HORIZON

Investment time horizon periods

Short – 5 years

For a member with a short investment horizon, preserving the capital value of the investment is the likely objective. The key risk to preserving the capital value is volatility of investment returns. For investment options with a short term objective, we focus on measuring each option's short term volatility through the use of the **Standard Risk Measure (SRM)**.

Medium – 10 years

For a member with a medium investment horizon, inflation begins to have an impact on the investment. For investment options with a medium term objective, we focus on measuring a balance of volatility and inflation risk. The risk level is derived from a mixture of each option's SRM score and their probability of exceeding inflation over the medium term.

Long – 20 years

For a member with a long investment horizon, inflation is a key risk in determining if your retirement objectives will be met. Our methodology therefore focuses on inflation risk. The risk level is derived from each option's probability of exceeding inflation over the long term.

Our range of pre-mixed and sector-specific investment options have different levels of risk according to different time horizons. The table below shows the level of risk for the different investment time horizons. It is also important to note that the potential range of returns for each option will vary as a result of the level of growth versus defensive asset mix. Please refer to the *Investment Guide* available at www.ngssuper.com.au/PDS for more information on growth and defensive assets.

Investment option	Risk level for the time invested		
	Short term If savings are required in 5 years or less	Medium term If savings are required after 10 years	Long term If savings are required after 20 years or more
Pre-mixed options			
Retire Plus	Medium	Low to Medium	Low



Your fund.
Your wealth.
Your future.



www.ngssuper.com.au
1300 133 177