



# Members' Investment Choice

## WHAT IS MEMBERS' INVESTMENT CHOICE?

Members' Investment Choice is the ability for you to choose an investment strategy better suited to your own needs. It is recognition that each individual may have different requirements for his or her retirement savings and different tolerances for investment risk.

The Trustees offer a Balanced Strategy and a Conservative Strategy. This leaflet is designed to give you information that will help you to make your choice.

## WHAT DO I NEED TO CONSIDER?

Which strategy or combination of strategies will suit you best depends on a number of factors. Some of the questions you need to ask yourself are:

### How long until I plan to retire?

Generally speaking, the longer you have to save, the higher the level of risk you can take and the more likely that the Balanced Strategy is suitable. Based on historical performance, the years when the Balanced Strategy has good investment returns and the years with losses will smooth out over time. The Balanced Strategy should deliver a higher average return than the Conservative Strategy as the reward for the higher risk taken. As you get closer to retirement, or if your circumstances change for other reasons, you might want to change your strategy.

### Can I stand a few losses?

This depends on a number of factors, including how long until you retire, what you plan to do with your savings when you retire and how you cope with occasionally seeing your account balance reduce. If you intend to retire soon, and you have a number of projects on which you want to spend part of the money or if you become nervous or concerned when the value of your account reduces, then the Conservative Strategy is a lower risk strategy which seeks to achieve relatively consistent returns and minimise losses.

### Do I want part of my savings to achieve a more stable investment return?

You might be comfortable taking a higher level of risk with some of your savings to earn a higher return if part of your savings is in a lower risk strategy. Members' Investment Choice enables you to split your past and future savings between the Balanced Strategy and Conservative Strategy to better suit your needs.

### What sort of return do I want when I retire and still have money in the Fund?

When you are retired you might want to have a different investment strategy. The Conservative Strategy is a lower risk strategy which seeks to achieve relatively consistent returns and losses. Based on historical performance, the Balanced Strategy should produce a higher average return over the long term, but there is likely to be greater fluctuation in the returns when compared with the Conservative Strategy.

How you answer these and other questions will help determine the strategy or combination of strategies that you choose. It is important not to pay too much attention to recent good or bad investment returns but to think about the goals you want to achieve and your own personal circumstances, including any other investments or funds that you have for use in your retirement. As your circumstances change from time to time, including approaching retirement, you should consider whether to change the split between the investment strategies.

## HOW DO THE STRATEGIES COMPARE?

	Balanced	Conservative																																		
<b>Investment Objectives</b>	To deliver superior returns over the medium to long term by investing in a medium risk portfolio, recognising that the benefits are payable in NZ dollars.	To obtain a relatively consistent return by investing in a relatively low risk portfolio, recognising that the benefits are payable in NZ dollars.																																		
<b>Investment Return Objective</b>	To achieve a 2% per annum real return over the long term.	To achieve a 1% per annum real return over the long term.																																		
<b>Investment Risks</b> <i>There is the prospect of total market values of investments being lower in any one year than the preceding year. This risk is managed within the Plan by diversifying its investments widely, both across asset classes chosen, and within those asset classes.</i>	<p>The Balanced Portfolio lowers risk by diversifying Global Share holdings and, to a lesser extent, Australasian Shares. The Balanced Portfolio also has Fixed Interest and Cash investments, although in lower proportions than the Conservative Portfolio.</p> <p>The higher weighting given to Shares reflects the fact that the Balanced Portfolio is higher in risk than the Conservative Portfolio, but is expected to provide superior returns over the longer term.</p>	<p>The Conservative Portfolio lowers this risk further (as compared with the Balanced Portfolio) by having a higher proportion of its investments held in the Fixed Interest and Cash asset classes.</p> <p>The Conservative Portfolio is therefore lower in risk than the Balanced Portfolio, and is expected to provide more consistent but potentially lower returns over the longer term.</p>																																		
<b>Expected Loss</b>	One year in every 3 to 4 years.	One year in every 10 to 11 years.																																		
<b>Benchmark Asset Allocation</b>	<table> <tr> <td>Core Portfolio</td> <td>95.0%</td> </tr> <tr> <td colspan="2"><i>Split as follows:</i></td> </tr> <tr> <td>New Zealand Shares</td> <td>10.0%</td> </tr> <tr> <td>Australian Shares</td> <td>10.0%</td> </tr> <tr> <td>Global Shares</td> <td>30.0%</td> </tr> <tr> <td>Property</td> <td>10.0%</td> </tr> <tr> <td>NZ Bonds</td> <td>10.0%</td> </tr> <tr> <td>Global Bonds</td> <td>25.0%</td> </tr> <tr> <td>Cash</td> <td>5.0%</td> </tr> <tr> <td>Alternative Assets</td> <td>5.0%</td> </tr> </table>	Core Portfolio	95.0%	<i>Split as follows:</i>		New Zealand Shares	10.0%	Australian Shares	10.0%	Global Shares	30.0%	Property	10.0%	NZ Bonds	10.0%	Global Bonds	25.0%	Cash	5.0%	Alternative Assets	5.0%	<table> <tr> <td>NZ Shares</td> <td>2.5%</td> </tr> <tr> <td>Australian Shares</td> <td>2.5%</td> </tr> <tr> <td>Global Shares</td> <td>10.0%</td> </tr> <tr> <td>Property</td> <td>5.0%</td> </tr> <tr> <td>NZ Bonds</td> <td>15.0%</td> </tr> <tr> <td>Global Bonds</td> <td>45.0%</td> </tr> <tr> <td>Cash</td> <td>20.0%</td> </tr> </table>	NZ Shares	2.5%	Australian Shares	2.5%	Global Shares	10.0%	Property	5.0%	NZ Bonds	15.0%	Global Bonds	45.0%	Cash	20.0%
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For both portfolios the investments are managed by the specialist fund managers appointed by the Trustees.

For both portfolios, the investment return objective, investment risk, benchmark asset allocations and management style may change from time to time. For current details, please contact the Fund Director, or visit our website, [www.wisf.co.nz](http://www.wisf.co.nz).

## WHAT ARE MY CHOICES?

You may direct that the Balanced Strategy, the Conservative Strategy or a combination of both strategies apply to:

- your **future contributions**. The investment strategy will also be applied to your employer's contributions in the same proportions.
- your **existing Member's Account balance**. The minimum amount to which each strategy or change in strategy can apply is \$5,000. This includes any amounts remaining after a partial withdrawal of funds. The Trustees may waive the minimum amount when your total Member's Account balance is less than \$10,000.