

Changes to the Balanced Socially responsible investment option

Before 1 July 2018	From 1 July 2018
The AMP Responsible Investment Leaders Balanced (RIL) Fund applies Environmental Social and Corporate Governance (ESG) factors and labour standards in the selection of investment managers.	The RIL Fund only applies ESG factors in the selection of investment managers.
The RIL Fund does not consider ESG factors and labour standards in relation to investments into listed property or cash.	The RIL Fund does not currently consider ESG factors in relation to investments into cash.
<p>AMP Capital selects the managers of the RIL Fund based on both investment and ESG criteria. The ESG criteria include the following:</p> <ul style="list-style-type: none"> • environmental considerations – including energy and resource use and product stewardship, • social considerations – including indigenous relations and community involvement, • ethical considerations – including meeting fundamental human rights, and articulating and implementing a Code of Conduct, • labour standards – including Occupational Health and Safety, International Labour Organisation standards, working conditions and the exclusion of child labour, • governance considerations – including meeting corporate governance guidelines on board structures and remuneration. <p>Managers are also required to avoid companies operating within sectors with recognised high negative social impact. This means the RIL Fund will avoid exposure to companies with material exposure to the production or manufacture of alcohol, armaments, gambling, pornography, tobacco and nuclear power. Material exposure is considered to be where a company derives more than 10% of its total revenue from these industries.</p>	<p>AMP Capital selects the managers of the RIL Fund based on both investment and ESG criteria.</p> <p>In addition to assessing a manager’s investment capability, consideration is also given to a manager’s ability to substantially meet the responsible investment criteria outlined in the RIL Fund’s Responsible Investment Leaders Charter of Operation (‘Charter’). At a minimum, a manager must also be able to meet the negative screening criteria listed in the Charter. Managers will also be well-regarded if they can pro-actively apply sustainable and responsible investment criteria to their security selection approach, above and beyond these exclusions, on behalf of the RIL Fund.</p> <p>The RIL Fund is governed by an ethical charter which prohibits investments in companies operating within sectors recognised to have a high negative social impact. This means that the RIL Fund will avoid exposure (either directly or indirectly through underlying managers and funds) to companies with a material exposure to the production or manufacture of:</p> <ul style="list-style-type: none"> • tobacco • nuclear power (including uranium) • armaments • gambling • alcohol, and • pornography. <p>A company deriving more than 10% of its total revenue from these industries constitutes material exposure. In addition, with the combustion of fossil-fuels being the main source of global greenhouse gas emissions, the RIL Fund’s range seeks to limit exposure to companies which have a material exposure to the most carbon intensive fossil fuels by excluding any company that has more than a 20% exposure (as measured by percentage of market capitalisation, or other appropriate financial metric) to one, or a combination of, the following:</p> <ul style="list-style-type: none"> • mining thermal coal • exploration and development of oil sands • brown-coal (or lignite) coal-fired power generation • transportation of oil from oil sands, and • conversion of coal to liquid fuels/feedstock. <p>Exclusions may be updated, from time to time, following review and approval by the RIL Fund’s Ethics Committee.</p>
Asset Mix - Defensive Asset: Cash – Permitted range: 0-15%	Asset Mix - Defensive Asset: Cash – Permitted range: 0-20%

Overview of the Balanced Socially responsible investment option

Return objective

Super objective: To outperform an average annual return* of CPI + 3.0% pa over rolling 10-year periods.

Pension objective: To outperform an average annual return* of CPI + 3.5% pa over rolling 10-year periods.

* the annual return is net of tax and investment and administrative fees

Risk profile: Short-term fluctuations will occur, but the highest investment returns are expected over longer periods. This option is likely to produce a negative return in 3 to 4 years in every 20 years.

Risk level: High

Investor profile: Will suit investors looking for the highest investment returns over the long-term, but who are prepared to accept extreme fluctuations in investment performance.

Investment strategy: The Balanced Socially responsible option currently invests into the AMP Capital Responsible Investment Leaders Balanced Fund (RIL Fund). This is a multi-manager fund operated by AMP Capital that considers environmental, social and governance (ESG) factors when making investment decisions.

Currently the RIL Fund applies ESG factors in the selection of managers who invest in Australian and international shares, direct property, corporate and government bonds, and alternative investments. The RIL Fund does not currently consider these factors in relation to investments into cash.

AMP Capital selects the managers of the RIL Fund based on both investment and ESG criteria.

In addition to assessing a manager's investment capability, consideration is also given to a manager's ability to substantially meet the responsible investment criteria outlined in the RIL Fund's Responsible Investment Leaders Charter of Operation ('Charter'). At a minimum, a manager must also be able to meet the negative screening criteria listed in the Charter. Managers will also be well-regarded if they can pro-actively apply sustainable and responsible investment criteria to their security selection approach, above and beyond these exclusions, on behalf of the RIL Fund.

The RIL Fund is governed by an ethical charter which prohibits investments in companies operating within sectors recognised to have a high negative social impact. This means that the RIL Fund will avoid exposure (either directly or indirectly through underlying managers and funds) to companies with a material exposure to the production or manufacture of:

- tobacco
- nuclear power (including uranium)
- armaments
- gambling
- alcohol, and
- pornography.

A company deriving more than 10% of its total revenue from these industries constitutes material exposure. In addition, with the combustion of fossil-fuels being the main source of global greenhouse gas emissions, the RIL Fund's range seeks to limit exposure to companies which have a material exposure to the most carbon intensive fossil fuels by excluding any company that has more than a 20% exposure (as measured by percentage of market capitalisation, or other appropriate financial metric) to one, or a combination of, the following:

- mining thermal coal
- exploration and development of oil sands
- brown-coal (or lignite) coal-fired power generation
- transportation of oil from oil sands, and
- conversion of coal to liquid fuels/feedstock.

Exclusions may be updated, from time to time, following review and approval by the RIL Fund's Ethics Committee.

Significant Event Notice

September 2018

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Balanced Socially responsible investment option

Asset mix benchmarks: The following investment strategy will be effective from 1 October 2018. The investment benchmark is 73% growth assets and 27% defensive assets.

Asset mix	Benchmark (%)	Permitted range (%)
Growth assets		
Australian shares	25	15 - 40
International shares	30	15 - 40
Emerging markets	3	0 - 8
Alternative assets	2	0 - 6
Global REITs (hedged)	4	0 - 10
Direct property and infrastructure	9	0-10
Total	73%	
Defensive assets		
Australian fixed interest	13	0 - 20
International fixed interest (hedged)	12	0 - 15
Cash	2	0 - 20
Total	27%	

Minimum suggested time frame for holding the investment is 5 years.

Further detail about the labour standards, environmental, social and ethical that AMP Capital Investors Limited takes into account can be found at ampcapital.com.au