

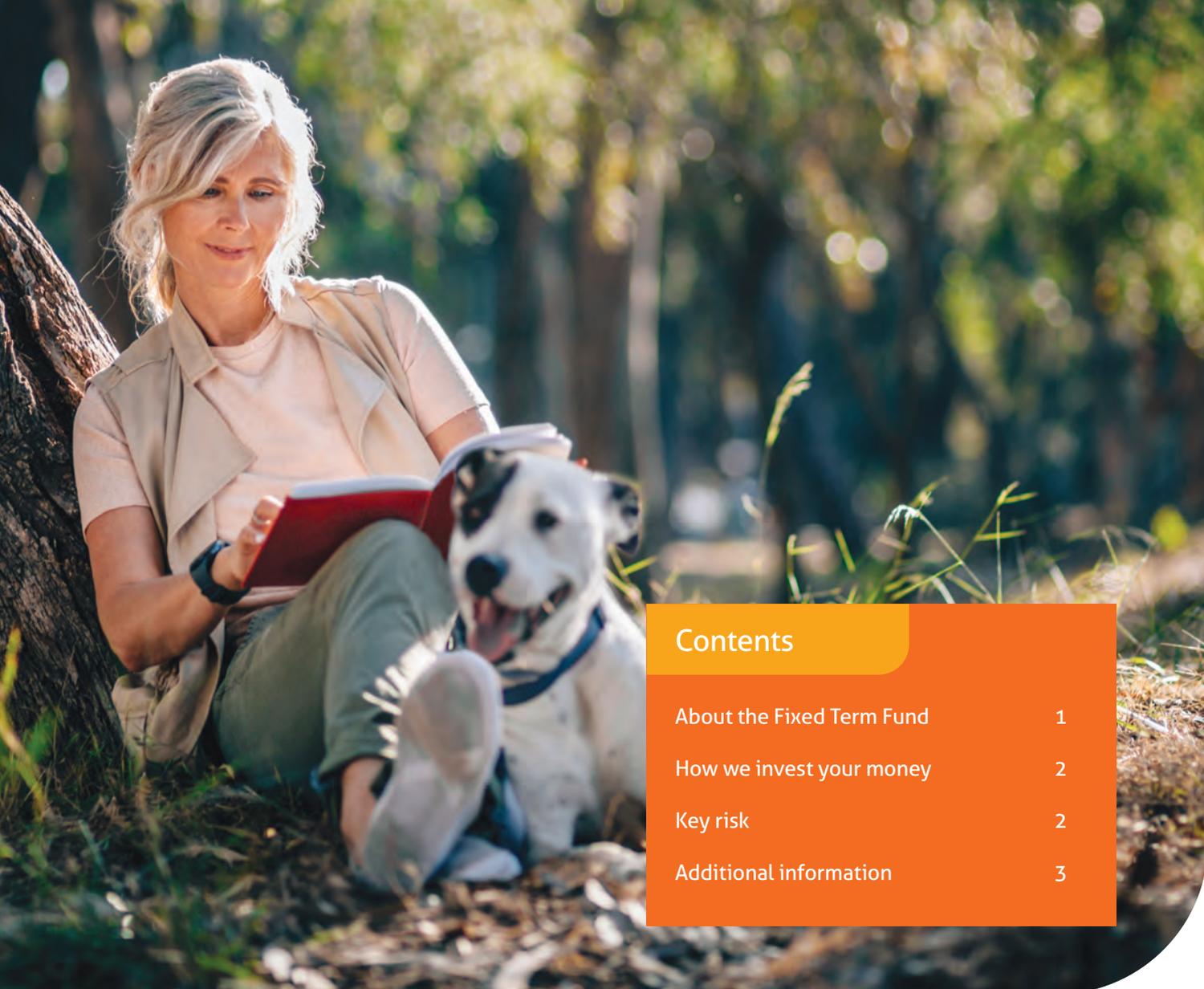
Investment Booklet – Fixed Term Fund

Issued 1 April 2020

Prepared and issued by FSS Trustee Corporation
ABN 11 118 202 672, AFSL 293340
as trustee of the First State Superannuation Scheme ABN 53 226 460 365



Feel future ready



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Before you start

Information regarding the Tailored Super Plan USI 53226460365005, and the Personal Retirement Plan USI 53226460365008 is contained in the applicable Product Disclosure Statement (PDS) and various Booklets which each form part of the relevant PDS:

- *Investment Booklet – Fixed Term Fund* (Booklet)
- *Tailored Super Plan Investment and Fee Booklet* (*TSP Investment and Fee Booklet*),
- *Personal Retirement Plan Investment and Fee Booklet* (*PRP Investment and Fee Booklet*), and
- *Tailored Super Plan and Personal Retirement Plan Additional Information Booklet* (*TSP and PRP Additional Information Booklet*).

You can obtain a copy of these documents without charge by contacting us. You can also download a copy of the PDS and associated Booklets at stateplus.com.au/pds.

The information in this Booklet forms part of the:

- Tailored Super Plan PDS dated 1 April 2020
- Personal Retirement Plan PDS dated 1 December 2019

The information in each PDS and the Booklets is general information only and doesn't take into account your specific objectives, financial situation or needs. You may wish to consult a financial planner to obtain financial advice that is tailored to your personal circumstances. You should also consider the PDS and the Booklets before making any decision about whether to acquire or to continue to hold the relevant product.

The information in each PDS and the Booklets may change from time to time. We may update information which is not materially adverse to you on stateplus.com.au/documents. A paper or electronic copy of any updated information can also be obtained without charge from your financial planner or by calling 1800 620 305.

The Tailored Super Plan, and Personal Retirement Plan are a Division of the First State Superannuation Scheme. FSS Trustee Corporation (referred to in this document as the 'trustee', 'we', 'us', 'our'), is the trustee of the First State Superannuation Scheme (referred to as 'First State Super' or 'the fund') and the issuer of interests in the Tailored Super Plan and the Personal Retirement Plan.

This Booklet is issued solely by the trustee. No other person is responsible for the information contained in this Booklet.

None of First State Super, the investment managers we appoint or our service providers, or their respective officers, employees or agents guarantee that your investment in the Tailored Super Plan, and the Personal Retirement Plan will increase or retain its value, guarantee the repayment of the money you invest in the Tailored Super Plan and the Personal Retirement Plan or guarantee the performance of the Tailored Super Plan and Personal Retirement Plan.

We have engaged entities in the First State Super group to provide us with ongoing services in relation to this product. This may include administration, investment and product services, and these entities may receive fees in respect of those ongoing services. The arrangements contain arm's length provisions and the trustee has in place appropriate policies and procedures, including to manage conflicts and outsourcing, which apply to such arrangements.

We may add, close or terminate investment options, add or remove investment managers, or alter the objectives, strategic asset allocations or ranges of an investment option at any time. We will notify you about any material changes, although this may be after the change has occurred. If you have money in an investment option that the trustee decides to discontinue, you may have an opportunity to switch to any of our other investment options. Alternatively, we may switch your money to an investment option with a similar risk/return profile.

About the Fixed Term Fund

What is the Fixed Term Fund?

The investment objective of the Fixed Term Fund is to provide a fixed rate of return over the selected term with the initial investment paid at maturity. The Fixed Term Fund invests in fixed term and fixed rate interest bearing securities called Notes.

The Fixed Term Fund is a non-unitised investment option that provides a fixed rate of return for terms of 1, 2, 3 or 5 years.

The fixed rate of return is set after you apply but before your investment begins, so you know what you will earn over the life of the investment, assuming you hold the investment for the full term. The Fixed Term Fund is designed to assist you to plan for your short to medium term cash flow needs.

We recommend that you speak with a financial planner prior to assist you in determining which investment options are suited to your financial needs.

Key features

Summary	Invests in fixed term and fixed rate interest-bearing securities called Notes. The fixed rate of return is set after you apply but before your investment begins, so you know what you will earn over the life of the investment, assuming you hold the investment for the full term.					
Investment objective¹	To provide a fixed rate of return over the selected term with the initial investment paid at maturity.					
Strategic asset allocation						
	● Fixed rate notes	<table><thead><tr><th>Target</th><th>Range</th></tr></thead><tbody><tr><td>100%</td><td>n/a</td></tr></tbody></table>	Target	Range	100%	n/a
Target	Range					
100%	n/a					
Investment timeframe	You can choose terms of 1, 2, 3 or 5 years.					
Standard Risk Measure²	1 – Very low (where the investment is held to maturity)					
Estimated frequency of annual negative returns every 20 years²	Less than 0.5					
Who might invest in this option?	This option may suit investors who wish to lock in a fixed rate of return for the selected term of the investment to better plan for short to medium-term cash flow needs.					
Repayment of your initial investment	Income is paid monthly and your initial investment is repaid at maturity.					
Minimum investment	\$5,000 per investment.					
Maximum investment	60% of your account balance.					
Monthly investment	Investments in the Fixed Term Fund can be made monthly.					
Closure before maturity	<p>You can submit a request to redeem or withdraw one or more of your investments in the Fixed Term Fund at any time. However, an investment in the Fixed Term Fund cannot be closed early by you if it is within two months of maturity.</p> <p>You can also close your Fixed Term Fund investment by requesting a full redemption or full rollover of your interest in the fund.</p> <p>Your request will be processed on a monthly basis.</p> <p>The amount redeemed or withdrawn may be less than your initial investment.</p>					

¹ The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option.

² The underlying modelling methodology used to determine risk measures and the estimated number of negative annual returns is available in the 'Standard Risk Measures' section or at stateplus.com.au/srm.

Note: Your investment in the Fixed Term Fund is an illiquid investment and can only be redeemed on a monthly basis. This is because the Notes in which the Fixed Term Fund invest can only be redeemed on a monthly basis. Under Regulation 6.34A of the Superannuation Industry (Supervision) Regulations 1994 (Cth), we are not required to rollover or transfer any of your Fixed Term Fund investments within the statutorily prescribed 30 day period. We will process the rollover or transfer of your investment in the Fixed Term Fund, normally within 45 days. However, if your request is within 2 months of maturity, then the rollover or transfer of your investment will occur within 67 days. By investing in a Fixed Term Fund investment, you are taken to consent that you understand and accept that a period longer than 30 days may be required to process your rollover or transfer request of your Fixed Term Fund investment because of the illiquid nature of the investment.

How we invest your money

The Fixed Term Fund is invested in fixed interest securities, called Notes, issued by Flag Income Notes Pty Ltd (the Issuer of the Notes), working with Deutsche Bank AG, Sydney Branch ABN 13 064 165 162 (Deutsche) to offer the Notes. Under the terms of the Notes:

- a) All funds are invested in a range of fixed interest securities, called Authorised Investments that meet criteria agreed with the trustee. The criteria include, that at the time of purchase, an Authorised Investment must have an investment grade credit rating from Standard & Poor's (or Moody's equivalent) – that is, be rated BBB- or higher. Derivatives may be used to manage risk or gain exposure to Authorised Investments but cannot be used for speculation.
- b) The Issuer of the Notes has entered into a derivative with Deutsche called an "equalisation swap". Under the equalisation swap, all payments (including income and principal) generated by the Authorised Investments must be paid to Deutsche. In return Deutsche must pay to the Issuer of the Notes the fixed amounts payable to the trustee, on behalf of the Fixed Term Fund investors.

The trustee uses the amounts it receives from the Issuer of the Notes to make the monthly and maturity payments in relation to the Fixed Term Fund.

The Authorised Investments criteria have been set so that the chances of an issuer of an Authorised Investment defaulting (i.e. failing to make an interest or principal payment as legally required) is low. Additionally, under the equalisation swap, Deutsche has agreed to bear the costs of a default of an Authorised Investment up to a certain limit. However, if this limit is exceeded, a default may result in a reduction in the amount payable by Deutsche under the equalisation swap and, accordingly, a reduction in the value of the Notes. In this situation, the value of your investment in the Fixed Term Fund will be reduced accordingly.

Key risks

All investments involve a level of risk, and to grow your account over the long term, you need to take some risk. The key short-term risk is market volatility and the impact this can have on your account balance. The two main risks over the long term are that your savings are not enough to last your whole retirement, or doesn't keep up with the rising cost of living over time.

In general, investments that are volatile over short periods of time, such as Australian and international shares, grow more over longer periods. By contrast, investments like cash and fixed income tend to produce more stable returns, but may not generate the returns you need to reach your retirement goals. This is often called the risk/return trade off and is a key thing to keep in mind when choosing an investment option.

The following risks apply to the Fixed Term Fund in addition to those described in the other associated documents that form part of the PDS:

Early closure – the Fixed Term Fund is designed to be held to maturity. You and First State Super have the right to close an investment in the Fixed Term Fund before maturity. Importantly, an investment in the Fixed Term Fund cannot be closed early by you if it is within two months of maturity. The costs associated with redeeming the Notes early will be passed onto you, which could mean that the amount received on early closure is less than your initial investment. Please refer to the 'Fees and costs' section for the product you are invested in.

Termination of the Fixed Term Fund – the Fixed Term Fund could be terminated before your investment matures. The amount of your entitlement will be based on the sale proceeds of the underlying Authorised Investments. This may mean you do not receive the fixed rate of return for the term you selected and the amount you receive on termination may be less than your initial investment.

Counterparty risk – there is a risk of loss where Deutsche, as counterparty to the swap, cannot meet its payment obligations. The trustee monitors Deutsche's credit rating on an ongoing basis and has the ability, under certain circumstances, to require assets to be pledged to support the obligations. However, there is no guarantee that these mitigants will be effective. In the event that this occurs, we will seek to recover any shortfall from the underlying Authorised Investments.

Interest rate risk – your rates are locked in. If prevailing market interest rates rise, your investment return will not increase. Conversely, your investment return will not fall due to a reduction in prevailing market interest rates. This is because you lock in a rate of return, for a specified term, when you initially invest in the Fixed Term Fund.

Risk of capital loss – there is minimal risk of a negative annual return or capital loss. For example, this could occur if the issuer of an Authorised Investment defaulted on its contractual obligations. This risk is mitigated because, under the terms of the swap with Deutsche, Deutsche will meet costs of investment default up to a certain agreed limit. If the cost of an Authorised Investment default exceeds this limit, then the face value of the Notes, and investments in the Fixed Term Fund, will be reduced. This may result in a reduction of the payments owing to the trustee under the Notes. As noted, if you redeem early, there may be some capital loss.

Important information

It is important that you understand that investments in the Fixed Term Fund are not bank deposits and are not guaranteed or underwritten by the trustee, nor any bank, Commonwealth, State or Territory Government. Your investment in the Fixed Term Fund is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Recourse against the trustee for any losses is limited.

Standard Risk Measures

For each investment option we assign a risk band, risk label and estimated number of negative annual returns over any 20-year period. This is known as the Standard Risk Measure, or SRM, and is based on a methodology developed by the industry so that consumers can compare investment options within and across funds. As shown in the table below, the risk measures range from 1 (being the lowest risk) to 7 (being the highest risk). The SRM of an investment option depends on the risk profile of the asset classes and investments that make up the option.

It's important to keep in mind that the SRM is not a complete assessment of all forms of investment risk. For instance, it does not take into account the potential size of a negative return, or the potential for a positive return to be less than a member may require to meet their objectives. In addition, it does not take into account administration costs.

Risk band	Risk label	Estimated number of negative annual returns over any 20 year period
1	Very Low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very High	6 or more

Additional Information

Investing in the Fixed Term Fund

You need to be an existing client of either the Tailored Super Plan or the Personal Retirement Plan in order to invest in the Fixed Term Fund.

If you are a new investor you will first need to apply for an interest in one of the above products. Please refer to the relevant PDS and Booklets for information on how to apply to invest in the above products.

The first step to investing in a Fixed Term Fund is to obtain a rate quote from StatePlus. The rate quote will need to be included in your application to invest in the Fixed Term Fund.

You can invest in the Fixed Term Fund by applying to switch a minimum of \$5,000 from the Cash Fund. You will need to ensure you have sufficient funds in the Cash Fund in order to invest in the Fixed Term Fund.

The application close date for the Fixed Term Fund is the 14th day of each month so you need to ensure that your switch request application submitted via the secure website is lodged with the trustee and authorised by you by midnight, Sydney time, on that day. For submission of a switch request application to one of the StatePlus offices this will need to be received by 2.00pm Sydney time on the 14th day of the month, or the business day prior if the 14th day of that month is not a business day.

If you do not authorise your investment request within 6 weeks of the request being created, your rate quote and request will lapse and you will need to get a new quote, which may be at a different indicative rate, and complete a new request.

Investments are processed once a month and the effective date for transactions is the 20th day of each month, even if this is not a business day. You will need to ensure that the required funds are available in your Cash Fund prior to investment in the Fixed Term Fund being processed for that month. If there are

insufficient funds in the Cash Fund your investment in the Fixed Term Fund will not be processed. If this occurs you will need to get a new quote, which may be at a different rate, and complete a new request for the following month.

The maximum amount that you can have invested in the Fixed Term Fund is 60% of the value of your account at the time the switch is processed, and a request above this limit will not be processed. You cannot add to an existing investment in a Fixed Term Fund nor can you make multiple Fixed Term Fund investments in the same month (even with different maturity dates). However, you can make a new Fixed Term Fund investment provided the minimum and maximum investment amount rules are satisfied in relation to each new investment.

Indicative rates and firm rates

The rate of return on your investment in the Fixed Term Fund is a net rate of return after allowing for fees and costs and taxes if applicable. Fund earnings in the Personal Retirement Plan and the Tailored Super Plan are generally taxed at a rate of up to 15%. A provision for this tax is reflected in the quoted rate for investments in the Fixed Term Fund.

You can obtain a rate quote for an investment in the Fixed Term Fund from StatePlus or your financial planner. Your rate quote will be based on the latest indicative rate. Rates are updated at least monthly.

The quote sets out the indicative fixed rate and the monthly amount payable from your proposed Fixed Term Fund investment. The quote is calculated based on the then current indicative rate, the amount you wish to invest and the term you have selected.

The indicative rate set out in the quote will not necessarily be the rate applied to your investment. The rate you receive on your Fixed Term Fund investment is called the 'firm rate', which may be higher or lower than the indicative rate provided to you in the quote.

Firm rates are only available on the business day after the close date (i.e. the business day after Fixed Term Fund switches need to be received for that month). If the firm rate:

- is higher than the indicative rate shown on your quote, your Fixed Term Fund investment will be automatically processed at the higher rate
- is less than or equal to 0.25% below the indicative rate shown on your quote, your Fixed Term Fund investment will be automatically processed at the lower firm rate
- is more than 0.25% below the indicative rate, we will contact you to confirm whether you wish to invest at the lower firm rate. If we are unable to contact you by the end of the following business day, or you indicate that you do not wish to proceed with the transaction, your Fixed Term Fund investment will not be processed and your funds will remain invested in the Cash Fund.

For example, if the indicative rate in a quote was 3.50% p.a., the investment would be processed if the firm rate was 3.25% p.a. or higher. However, we would seek to contact you if the firm rate was less than 3.25% p.a.

You can contact StatePlus or your financial planner after the close date to obtain information on the firm rate applicable to your investment. In any event, the firm rate will be shown on the transaction statement sent to you after the switch has been processed.

Monthly payments

Monthly payments are calculated on the applicable firm rate divided by twelve (12) and the amount invested. The monthly payment will be the same each month (i.e. the amount will not change based on the number of days in the month). At the end of the term, your initial investment is available to be invested in accordance with your instructions. Please see the 'Options at maturity' section.

Your monthly payment will be automatically invested in the Cash Fund within three (3) business days after the 20th day of each month if we do not receive an instruction from you.

Account balance

The Fixed Term Fund is a non-unitised investment option. This means that the value of your investment does not change in line with changes in unit prices.

Rather, the value of your investment in the Fixed Term Fund is the dollar amount of your initial investment and normally will not change over the term of your investment.

Options at maturity

Unless you submit an earlier request to redeem your investment in the Fixed Term Fund, your investment in the Fixed Term Fund will mature on the 20th day of the month at the end of your selected term (maturity date). At maturity, you can reinvest in another Fixed Term Fund investment at the applicable firm rate for that month, or have your maturity value invested back into the Cash Fund.

If we do not receive instructions from you by midnight on the 14th day of the month in which your investment matures, the maturity value will be transferred into the Cash Fund. The transaction will be processed within three (3) business days after the maturity date.

Closure before maturity

Both you and First State Super have the right to close an investment in the Fixed Term Fund before maturity. If your investment is closed before maturity, the amount returned may be less than the amount initially invested. This is because the costs associated with redeeming your investment before maturity will be deducted from your investment. Please refer to the 'Fees and costs' section of the relevant Investment and Fee Booklet for the product you are invested in.

All amounts payable from the early closure of your investment in the Fixed Term Fund will be automatically transferred into the Cash Fund.

Please note: the Fixed Term Fund cannot be closed early by you if it is within two months of maturity.

Early redemption of an investment in the Fixed Term Fund by you

You can request to close your investment in the Fixed Term Fund at any time, provided your investment in the Fixed Term Fund is not within two months of maturity. You must close the full amount of an individual Fixed Term Fund investment. If you have other investments in the Fixed Term Fund, you can maintain those investments.

To be eligible to close an investment in the Fixed Term Fund in a particular month, we must receive your authorised request by midnight Sydney time on the 14th day of that month (close date). A request is received by us when it has been:

- validly authorised and submitted to a StatePlus office by 2.00pm Sydney time on the 14th, or the business day prior if the 14th day of that month is not a business day, or
- signed electronically via the StatePlus secure website or if a rollover or redemption request for your interest in the First State Superannuation Scheme that will trigger a Fixed Term Fund closure is received via our Superstream facility by 5.00pm Sydney time on the 14th day of that month (close date) or the prior business day if the 14th day of that month is not a business day.

Your request will be processed on the 20th day of the month in which the request was received or, if received after the close date in a month, on the 20th day of the following month.

Closure of your account by you

If you have a Fixed Term Fund investment and you wish to close your account, we will firstly redeem your investments in the other investment options and pay you the proceeds (provided you have satisfied a condition of release – see the 'Meeting a condition of release' section of the *TSP and PRP Additional Information Booklet*) or process a partial transfer to another superannuation fund. We will then redeem your Fixed Term Fund investments in accordance with the procedures described above and pay you the balance of your account (provided you have satisfied a condition of release) or transfer the remainder of your account balance to another superannuation fund. We will process the rollover or transfer of your investment in the Fixed Term Fund, normally within 45 days. However, if your request is within 2 months of maturity, then the rollover or transfer of your investment will occur within 67 days.

Closure of an investment in the Fixed Term Fund by First State Super

In certain limited circumstances, we may close a Fixed Term Fund investment before the maturity date. Examples of when we may close a Fixed Term Fund investment before maturity include:

- if there are insufficient moneys in your investments in other investment options to fund your pension payments
- if we are instructed to split your investment in the Tailored Super Plan or Personal Retirement Plan, as described in the 'Other things to know' in the *TSP and PRP Additional Information Booklet*.
- if we are notified of your death and must pay a lump sum benefit to your beneficiaries, as described in the *TSP and PRP Additional Information Booklet*.
- in order to make a payment that is more than your total account balance (other than investments in the Fixed Term Fund).

If you have multiple Fixed Term Fund investments and we are required to close at least one, we will contact you to confirm which of your Fixed Term Fund investments will be closed prior to the redemption. Until we receive confirmation, we will not process your payment request. Generally, we will elect to close the Fixed Term Fund investment that would result in the lowest early closure cost.

We will contact you if your investments in investment options other than the Fixed Term Fund reduce to 20% of your total account balance to remind you that your Fixed Term Fund investment will be redeemed early if there are insufficient moneys to fund any future lump sum withdrawals or pension payments.

We may terminate the Fixed Term Fund at any time where required to do so or if we consider it is in the best interests of members (for example, we may be required to close the Fixed Term Fund as a result of a change in law or a significant event affecting the value of the Notes in which the Fixed Term Fund invests).

Where the Fixed Term Fund is terminated, the Authorised Investments underlying the Notes will be sold, and your entitlement will be recalculated to an amount equal to a fair proportion of the sale proceeds. This may be significantly less than the amount of your initial investment (or the amount you would have received had you closed your investment in the Fixed Term Fund early). This is because the Authorised Investments may have been sold at a discount.

Restrictions on the Fixed Term Fund

The trustee has placed certain restrictions on the use of the Fixed Term Fund. These include:

- the Regular Savings Plan and the Progressive Investment Facility described in the 'Transactions and special investment facilities' section of the *TSP and PRP Additional Information Booklet* are not available in respect of investments in the Fixed Term Fund, and you can't include the Fixed Term Fund in your deposit or withdrawal profile;
- the maximum amount that you can have invested in the Fixed Term Fund is 60% of the value of your Tailored Super Plan or Personal Retirement Plan account at the time the switch is processed;

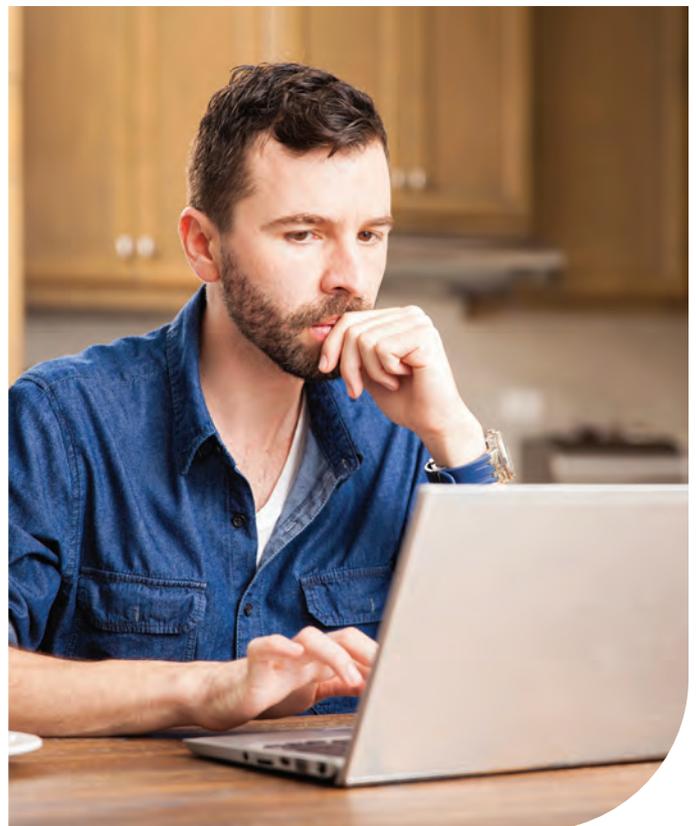
- You cannot add to an existing investment in the Fixed Term Fund. However, you can make new Fixed Term Fund investments;
- You cannot make more than one (1) Fixed Term Fund investment in any given month;
- You cannot close the Fixed Term Fund investment early if it is within two months of maturity; and
- Investments into the Fixed Term Fund can only be made from funds in the Cash Fund.

There may be situations where we delay or suspend the processing of switch and early exit and maturity transactions in relation to the Fixed Term Fund. This could occur, for example where processing of a transaction would adversely affect the interests of others invested in the Fixed Term Fund.

The trustee may vary these restrictions from time to time without notice to you.

Processing of investment, withdrawal and switch transactions

We generally process investment applications, withdrawals and switch requests involving the Fixed Term Fund around the 20th day of each month. Investments are processed at the firm rates applicable for that month. Fixed Term Fund investments commence effective the 20th day of each month, even if this day is not a business day.





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