



Action

How will rebalancing affect your current account balance?

It is important to keep in mind that by rebalancing your account, some of your investments may be sold in order to buy others, although this depends on the difference between how your current balance is invested and your selected investment strategy.

Please note that you may incur fees and costs such as buy/sell costs for any investments that are purchased or sold to rebalance your investments. To find out more about the fees and costs that apply to investment options available through the Plum Superannuation Fund please refer to the *PDS*.

Why not try the online *Asset Allocator* tool which aims to provide you with the ability to 'mix and match' investment options to arrive at a sample asset allocation and investor profile. To take a look at this tool visit the *Member* section of the Plum website – www.plum.com.au

Before you make any decisions about investing your superannuation you should consider whether it is appropriate to your objectives, financial situation and needs. We recommend that you consider the *PDS* for your superannuation fund before making any decision. We also recommend that you speak to a licensed financial planner if you need help in making an investment decision.

The information contained in this guide only provides general information about rebalancing and does not take into account your personal objectives, financial situation and needs.



Did you know...

As a member of the Plum Superannuation Fund you have access to financial planners on the AdvantEdge ActivePlan panel. AdvantEdge ActivePlan is a service provided by GWM Adviser Services Limited (GWMAS) ABN 96 002 071 749 AFSL 230692 through an agreement with PFS Nominees Pty Ltd as trustee of the Plum Superannuation Fund. GWMAS, the Trustee and Plum Financial Services Limited are part of the National Australia Group of companies.

If you would like more information about AdvantEdge ActivePlan or would like to access this service contact a Plum Member Services Consultant on **1300 55 7586**.

Contact us for more information

If you would like a copy of the *PDS* or want further information, visit the *Member* section of the Plum website:



www.plum.com.au or email us at service@plum.com.au, or



Speak with a Plum Member Services Consultant on **1300 55 7586**.

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The information in this guide is current as at 15 June 2007. Any changes in the law or policy subsequent to this date have not been incorporated.

Guide to rebalancing



Guide to rebalancing

Rebalancing – the active management of investments

If you prefer to actively manage your own superannuation, involvement doesn't end once you have made your initial investment choice. As a member, once you've selected the asset allocation that matches your investment goals, time horizon¹, risk tolerance, and financial situation you then need to monitor your portfolio of investments.

Monitoring your investments is about taking the time to reflect on the performance and structure of your investments. It may be timely to review your investments each time you receive your *Member benefit statement*. You can see if movements in financial markets have skewed the percentage of shares, property, fixed interest and cash investments in your portfolio from your original asset allocation. If you find that over time your investment mix has significantly changed from its target allocation you may need to think about rebalancing your portfolio.

Rebalancing simply means selling some of your investments and buying others to realign your current proportion of assets with your original investment strategy.

Case study

After meeting with his financial planner, Tony decided that he was comfortable with an investment strategy that consisted of an asset allocation of 60 per cent shares, 20 per cent property, 10 per cent fixed interest and 10 per cent cash. In the 12 months since Tony saw his financial planner, a strong share market caused the share portion of Tony's portfolio to grow to more than 70 per cent of his total allocation. Tony's exposure to share market risk is now greater than he had initially intended.

By keeping an eye on his portfolio's asset allocation, Tony's portfolio is closely aligned with his investment objectives. But because his original allocation has moved with the growth in the sharemarket Tony has realised that he could be moving out of his 'risk versus return' comfort zone. For instance:

- if Tony's share holdings rise above his original allocation, his risk exposure increases; or
- if Tony's share holdings fall below their target, his future growth in superannuation may be lower.

In this example, Tony might decide to rebalance his asset allocation so that it aligns with his original investment objectives given his goals and risk tolerance have not changed.

What can Tony do to rebalance?

To bring his portfolio back to its original 60/20/10/10 percentage mix, he could:

- sell the investment that exceeds its recommended percentage and invest the proceeds in investments that are below his target asset allocation; or
- add additional funds to the investments that are below their recommended percentage; or
- direct future salary contributions to investments that are below their target allocation.

Considering rebalancing?

If you decide to rebalance your portfolio, start by determining how much you plan to reallocate. For example, you might want to rebalance your portfolio gradually. If the rebalancing affects more than say 10 per cent of your portfolio or if you're moving into a more aggressive portfolio, you might consider rebalancing gradually over the next few months or even years.

When rebalancing you also need to consider the impact of transaction costs. Just as with any other transaction, there may be costs involved in rebalancing your investment portfolio. To find out more about the transaction fees and other costs that apply to the investment options available through the Plum Superannuation Fund refer to the Product Disclosure Statement (*PDS*).

Plum does not rebalance your investment

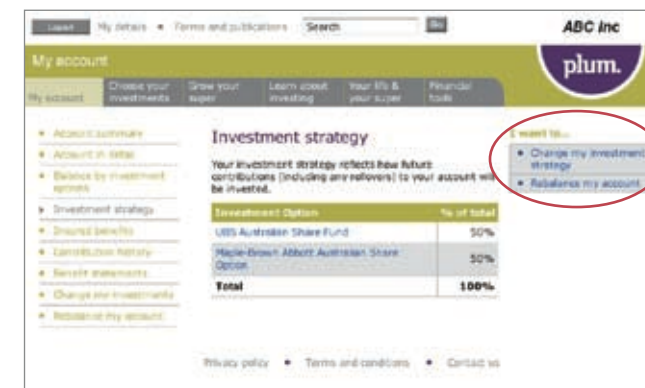
Plum does not automatically rebalance your investment strategy for you. Just as the investment choice is entirely up to you, so is the choice whether or not to rebalance. After all, superannuation is your money and you have the right to decide how it is managed.

I want to rebalance my investments – how do I take action?

There are a number of ways to rebalance your investment strategy.

You can:

Logon to the member section of the Plum website – www.plum.com.au, once you have entered the site click on *Investment strategy*. You can then select *Change my investment strategy* or *Rebalance my account*. This is located on the right hand side of the screen (see below).



The 'wizard' that appears once you have clicked on *Rebalance my account* takes you through a step-by-step process to rebalance your investment strategy.

Alternatively, contact a Plum Member Services Consultant who can arrange for an *Investment strategy switch form* to be sent out to you. Otherwise you may like to put your request in writing and mail to: **Plum Financial Services Limited Reply Paid 63 Melbourne Vic 8060**. Please remember to include your member number when writing to us.

¹ The length of time you have before you use your money.