

# Bendigo Superannuation

## Standard Risk Measure Methodology

This document outlines the approach undertaken by Bendigo Superannuation Pty Ltd (**Bendigo Super**) to calculate the Standard Risk Measure (**SRM**) for the investment options offered within The Bendigo Superannuation Plan (**BSP**).

### About the Standard Risk Measure

The SRM is a measure of the investment risk of an investment option that allows members to compare different options using a common, simplified, industry-wide measure based on the options' expected number of negative annual returns over any 20-year period.

The measure has been developed through industry guidance, but is not a complete assessment of all forms of investment risk. For example, it does not provide any information regarding other important investment risk considerations such as the potential size of any negative returns, or the potential for positive returns to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s).

### Industry guidance

Bendigo Super's methodology for calculating the SRM of each BSP investment option follows the industry guidance set out by the Financial Services Council (FSC) and the Association of Superannuation Funds of Australia (ASFA) in their guidance paper titled *Standard Risk Measure Guidance Paper For Trustees July 2011* (**FSC/ASFA Guidance**). Adoption of the FSC/ASFA Guidance is strongly recommended by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

### SRM categories and labels

The FSC/ASFA Guidance defines a seven-level risk classification and naming system to provide sufficient granularity in grouping and differentiating investment options based on their expected number of negative annual returns over any 20-year period, as shown in the table below.

**Table 1: FSC/ASFA Standard Risk Measure classification system**

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 years
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 greater

## SRM calculation methodology

As mentioned earlier, Bendigo Super's methodology for calculating the SRM of each BSP investment option follows the FSC/ASFA Guidance.

In relation to the managed fund investment products offered by Bendigo Super as BSP investment options, Bendigo Super relies on the respective product issuers to provide the SRM risk band numbers or risk labels (or calculate the expected number of negative annual returns over any 20-year period) for their respective products. The product issuers are experts on their investment products, and are best placed to model and forecast the expected frequency of negative returns based on their expert knowledge of the products' respective investment strategies. The SRM risk band numbers/labels provided by the product issuers are reviewed by Bendigo Super for appropriateness, and Bendigo Super requires the product issuers to confirm that the methodology they've used to calculate those SRMs also follows the FSC/ASFA Guidance.

Bendigo Super reviews the SRM of each BSP investment option on an annual basis, and may also review the SRM of an option earlier if it believes that there has been a material change to the option's underlying risk and return characteristics.

## Disclaimer

This document has been prepared by Bendigo Superannuation Pty Ltd (ABN 23 644 620 128, AFSL no. 534006) ('Bendigo Super') as the trustee of The Bendigo Superannuation Plan (ABN 57 526 653 420) ('BSP'). Investments in BSP products are not deposits with, guaranteed by, or liabilities of Bendigo Super.

SRM disclosures are forward-looking estimates and should be used as a guide only. The actual number of negative returns on an investment over a 20-year period may be different to the disclosed SRM. You should consider your situation and read the relevant Product Disclosure Statement, available at [www.betashares.com.au/super/documents/](http://www.betashares.com.au/super/documents/) before making an investment decision.