

		What is the investment?	How does the investment work?	What are the risks?
Defensive Assets	Cash	Cash investments are deposits in bank accounts, investments in short-term money markets and other similar investments.	Cash investments do not usually earn high returns but are considered to be very stable. Cash investments are the most liquid (easily accessible) of all asset classes.	Cash is considered to be the lowest-risk investment because of its limited potential to rise and fall in value over the short term. On the flip side, cash investments may not provide significant growth on their own or earn enough to meet long term goals.
	Fixed Interest	Fixed Interest (or bonds) is usually a loan to the Government or corporations.	Fixed Interest investments (or bonds) involve the purchase of interest bearing debt securities issued by Governments and corporations. These investments are held for a set period of time in exchange for a fixed rate of return.	Fixed Interest is considered a moderate risk investment. If interest rates change or fluctuate during the term of the loan, there will be capital growth and/or capital losses. Fixed interest investments are generally less volatile over the short term than property or equities.
Growth Assets	Property	An investment in property or buildings, either directly or through property trusts.	There are two ways property can provide returns – by earning rental income (revenue) or by increasing in value over time (capital growth). Property can also decrease in value resulting in a capital loss.	Property is considered a moderate to high-risk investment. Returns rely on general economic factors like inflation, interest rates and employment, as well as location and quality of the property. While returns are usually higher than cash or fixed interest, the value of property investments has been known to change suddenly.
	Equities	An equity (or share investment) listed on a stock exchange is a basic unit of ownership in a company.	As equities represent a part ownership in a company, returns vary according to how the company performs. Returns can be generated in two ways – dividends paid to shareholders (revenue) and the increase in value of the equities (capital growth). Equities can also decrease in value resulting in a capital loss.	The performance of a company along with inflation, interest rates, exchange rates (for international equities) and changes in market conditions will all have an effect on the value of equities. Equities are considered a high risk investment as they may experience significant changes in value. Despite short term volatility, equities have provided higher returns to investors (over the longer term) than all other traditional asset classes.
Alternative Assets	Infrastructure	Infrastructure includes investments in assets either of a social (such as hospitals) or commercial nature (such as roads and airports), generally with long term income sources.	The Fund typically invests indirectly through pools of investments managed by third parties. Like equities, investors receive returns from the income earned by the infrastructure asset as well as from capital growth over time. However, unlike equities, most investments are not freely tradable. They should be seen as long term investments.	The main risk is that the infrastructure asset does not earn as much income as planned. This could be due to lower usage of the asset by customers (eg lower car use of a tollway) or by rising costs (eg higher interest rates). Many assets are regulated by independent authorities and there are risks associated with this as well. Most investments should be seen for the long term as valuations can vary in shorter term periods – both up and down.
	Hedge Funds	Hedge Fund is a term which describes a broad set of investment strategies which can use equity, commodities, fixed interest and derivatives to achieve a return which is independent of the constituent market movements. A common feature of hedge funds is their absolute (or positive) return objective, compared to other investments which often target performance relative to a benchmark.	Broad investment strategies include strategies which attempt to pick markets such as global macro, strategies that assess the value of one asset versus another such as convertible arbitrage, or strategies that take advantage of movement in prices due to takeovers such as merger arbitrage.	Hedge Funds can invest in a variety of strategies to exploit market inefficiencies. Often such inefficiencies are small necessitating the use of leverage (debt) to make the opportunity profitable. Hedge Funds may also invest in illiquid assets. For these reasons, hedge funds are considered risky investments. Hedge funds can be relatively expensive investments.
	Private Equity	Private Equity is usually an investment in an asset or business which is not listed for public trading, eg private companies or ventures.	The Fund typically invests through pools of investments managed by a third party. Risk is diversified through being part of an investment pool rather than investing in a single asset. Investors receive returns from income earned from the entities invested in, but usually most of the return comes from capital appreciation or the on-sale of the investment to other investors through either an Initial Public Offering (IPO) or trade sale.	Like most investments, returns may not be as planned, or may take longer to realise. Private Equity investments typically generate low to negative returns in the early years while money is spent upgrading an investment (the so-called J-curve), offset by synergistic improvements to the business and ultimately on-sale. A Private Equity program requires patience and commitment to invest through the business cycle. They can be expensive investments.