

Super Retirement Fund



PRODUCT UPDATE

Issue date: 19 April 2022

Changes to AIA Australia's (AIAA) investment options and asset allocations

AIA Australia (AIAA) has an ongoing process in place to review the investment strategies, including the Strategic Asset Allocations (SAAs), of our investment options. Investment options are designed and managed by AIAA, whilst the day-to-day investment management activities are in most cases outsourced to external investment managers selected by AIAA.

Following a recent review, we have made various changes to our SAAs across the multi-sector investment options, with the objective of improving or maintaining expected risk-adjusted returns (higher return/and or lower risk) for these options. In addition, we have also introduced changes to current asset class labels for the Alternatives and Fixed Income asset classes, to provide greater transparency of asset allocations and to better align asset class labels with industry practice. A summary of these changes is outlined below:

- Increasing the allocation to Growth Assets for most of the multi-sector investment options, mainly through an increased allocation to Australian Shares, Global Property Securities and to a lesser extent Unlisted Infrastructure, whilst reducing the allocation to Alternatives (previously referred to as Liquid Alternatives) and
- Reducing the allocation to Fixed Income and Cash, while increasing the allocation to Private Debt for the multi-sector investment options and
- Replacing the current Alternatives asset class label by splitting out the underlying sub-asset class strategies into their own discrete asset class labels: Unlisted Infrastructure, Unlisted Property and Alternatives (previously referred to as Liquid Alternatives) and
- Splitting out the Private Debt sub-asset class strategy from the Fixed Income asset class into its own discrete asset class, to be utilised by the multi-sector investment options and single sector Fixed Income investment option.

The above changes were introduced on 1 February 2022 with completion expected by the end of April 2022.

No changes were made to current published Investment objectives and Standard Risk Measures (SRM) Risk Labels for investment options.

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on behalf of Equity Trustees Superannuation Limited ABN 50 055 641 757 AFSL 229757
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Table of investment options impacted by product

The table below lists the investment options within each product that are impacted by these changes. Please note that where an investment option for a product is not shown, then there is no change for that investment option. A full list of investment options along with their current Strategy, Objective, Standard Risk Measure (SRM) and Minimum suggested timeframes are available for each product and can be found at aia.com.au/srf-investment-options.

Product name	Investment option name	Option code
Personal Superannuation Portfolio	Capital Stable	SCAPSF
	Multi-Manager Fixed Income	SPAFIX
	Growth	SDISCR
	High Growth	SGRWTH
Select Allocated Pension	Balanced	EXCMMO
	Capital Stable	ECAPSF
	Capital Stable	EXFSCS
	Multi-Manager Fixed Income	EPAFIX
	Multi-Manager Fixed Income	EXCMFI
	Growth	EDISCR
	Growth	EXCSGR
	High Growth	EGRWTH
Select Personal Superannuation	High Growth	EXFIGR
	Balanced	SXCMMO
	Capital Stable	SCAPSF
	Capital Stable	SXFSCS
	Capital Stable	SXCCMS
	Multi-Manager Fixed Income	SPAFIX
	Multi-Manager Fixed Income	SXCMFI
	Growth	SDISCR
	Growth	SXCSGR
	Growth	SXCCNM
	High Growth	SGRWTH
PensionSelect	High Growth	SXFIGR
	Balanced	AB
	Capital Defensive	JE
	Capital Secure	F3
	Capital Stable	BU
	Growth	Q3
	High Growth	AG

Product name	Investment option name	Option code
Personal Superannuation & Rollover Plan	Balanced	PB
	Capital Secure	C3
	Growth	M3
	High Growth	PG
SuperSelect	Balanced	FB
	Capital Defensive	FE
	Capital Stable	AU
	Growth	FM
	High Growth	FG
Master Fund Superannuation	Capital Stable	SCAPSF
	Multi-Manager Fixed Income	SPAFIX
	Growth	SDISCR
	High Growth	SGRWTH
Lifebuilder Superannuation, Wealth Portfolio Superannuation, Superannuation Bond, PruPlan Superannuation "Unit-Linked"	Capital Stable	CAPGPS
	Capital Stable	CAPGS
	Growth	BALGPS
	Growth	BALGS
	Growth	BALI-S
	Growth	PLAN5S
Living Money	High Growth	EQPGPS
	Capital Stable	4CST
	Capital Stable	4STB
	Multi-Manager Fixed Income	4FIX
	Growth	4CMG
Managed Investment Super Plan, Managed Super Plan	Growth	4MGD
	Growth	SM_PROT
Personal Super Investment Growth Bond	Growth	SM_UNPROT
	Capital Stable	2CST
	Capital Stable	2STB
	Multi-Manager Fixed Income	2FIX
	Growth	2CMG
Umbrella Investment Plan	Growth	2MGD
	Capital Stable	2STU
	Multi-Manager Fixed Income	2FIU
	Growth	2MGU

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Product name	Investment option name	Option code
Flexible Income Retirement Plan	Capital Stable	FECAPSF
	Multi-Manager Fixed Income	FEPAFIX
	Growth	FEDISCR
	High Growth	FEGRWTH
Retirement Saver	Capital Stable	FK
	Growth	CK
	Growth	NK
Retirement Saver Plus	Capital Stable	FK
	Growth	NK
	Growth	QK
Retirement Plus Account (Allocated Pension)	Growth	9AMN
Super Bond	Multi-Manager Fixed Income	7SFI
	Growth	7SMN
Supercare, Superlink and Superunit	Growth	CL
	Growth	S
	Growth	SU
SuperTrace Eligible Rollover Fund	Capital Stable	SMSTA
Superwise (Version 4 & 5)	Capital Stable	FQ
	Growth	CQ
Umbrella Financial Plan	Capital Stable	2STU
	Multi-Manager Fixed Income	2FIU
	Growth	2MGU

Asset classes

This section provides more information about each of the asset classes your investment option is invested in.

Asset classes are the building blocks used to derive the investment strategy for the various single sector and multi-sector investment options. For multi-sector investment options, we allocate different amounts to each asset class in accordance with the risk and return investment objective for each investment option.

Each multi-sector investment option is broken down into various asset classes which can be classified as either growth or defensive assets. Growth assets have the potential to provide capital growth and are generally riskier than defensive assets, but returns are expected to be higher over the long term. Defensive assets are typically more stable and aim to protect the value of your investment. These assets derive a large component of their return from income rather than capital growth and are generally expected to generate lower returns compared to growth assets over the long term.

Asset class	Description
Australian and Global Shares	<p>Shares, also referred to as equities or stocks, represent a part ownership of a company that can generally be bought or sold on a listed stock exchange. Shares generally provide returns in the form of income (dividend payments), as well as capital gains (and losses) from changes in their value. Shares have historically delivered higher returns (relative to other asset classes) over the long term. However, in the short term, their performance is more likely to be volatile (go up or down) and at times can be negative, making them a higher risk investment. Various factors such as inflation, interest rates, exchange rates (for international shares), changes in market conditions and company performance can all have an effect on the value of shares, making them rise and fall.</p> <p>Australian Shares – these include investments in companies that are primarily listed on the Australian Stock Exchange. The asset class includes exposure to both large and small companies across a range of industries. The Australian Shares strategy may include a small allocation to international shares.</p> <p>Global Shares – these include investments in companies that are listed on international and Australian stock exchanges and comprise both developed markets and emerging markets. Global shares have similar risk and return characteristics as Australian shares, but provide broader geographic, economic, industry and currency diversification. The Global shares asset class strategy does not hedge currency risk.</p>
Unlisted Infrastructure	<p>Unlisted Infrastructure includes investments in Australian and international infrastructure assets such as utilities, transportation, communications, distribution and other assets that provide essential services to communities. Infrastructure investments tend to generate stable and predictable income streams that are generally linked to inflation, with the potential for capital growth over the long-term.</p> <p>The assets are referred to as unlisted because they are held privately rather than bought and sold on an exchange (e.g. share market). Therefore, unlisted infrastructure assets are considered to be illiquid and will generally take longer to sell than listed assets, such as shares or bonds. Unlisted</p>

	<p>infrastructure assets have the additional benefit of having lower volatility and correlation to listed asset classes, due to their long-term investment horizon and less frequent valuations. However, there are potential risks that can impact the valuation and returns of the underlying infrastructure investments such as changes to government regulations, usage rates and interest rates.</p> <p>Infrastructure investments are typically accessed indirectly through unlisted Collective Investment Schemes (pooled funds) investing in diversified portfolios of Australian and/or international core unlisted infrastructure equity assets. The Unlisted Infrastructure asset class strategy aims to hedge currency risk.</p>
Unlisted Property	<p>Unlisted Property includes investments in Australian and international real estate assets such as commercial buildings like offices and shopping centres, industrial sites and residential real estate. Unlisted property returns are generated from a combination of rental income and potential increases in the value of the property over time. Property investments can also decrease in value resulting in a capital loss. Returns are dependent on general economic factors like inflation, interest rates and employment, as well as location and quality. Historically, unlisted property investments have produced moderate to high returns over the long term, relative to other asset classes.</p> <p>The assets are referred to as unlisted because they are held privately rather than bought and sold on an exchange (e.g. share market). Therefore, unlisted property assets are considered to be illiquid and will generally take longer to sell than listed assets, such as shares or bonds. Unlisted Property investments are usually different and less volatile than the returns from listed property securities.</p> <p>Unlisted Property investments are typically accessed indirectly through unlisted Collective Investment Schemes (pooled funds) investing in diversified portfolios of Australian and/or international core direct real estate assets. The Unlisted Property asset class strategy does not hedge currency risk.</p>
Global Property Securities	<p>Global Property Securities, also known as listed property, includes investments in securities that provide exposure to global real estate including buildings, land, and other real estate assets. A common form of these are known as Real Estate Investment Trusts (REITs), which refers to companies that own, operate, or finance income producing real estate in commercial, industrial and residential sectors. Property securities are generally listed on Australian and international stock exchanges and can be bought and sold just like common shares.</p> <p>Returns are provided in the form of income (dividends) and capital gains (or losses), which are driven by rental income or changes in the capital value of the underlying real estate assets over time. However, like shares, returns can also be impacted by general market sentiment and short-term changes in investor perception. Therefore, returns from property securities are different (and more volatile) than the returns earned from direct or unlisted property. The Global Property Securities asset class strategy aims to hedge currency risk.</p>
Alternatives	<p>Alternatives include investments in a range of non-traditional asset classes that may be illiquid in nature. They may include but are not limited to investments in hedge funds, alternative beta strategies and private equity. Compared with traditional asset classes, investments in this asset class are often more complex, using leverage, long and short exposures, and multiple asset classes, to access diversifying sources of return. This asset class seeks to achieve a return in excess of cash over the long term from a range of return-seeking assets, which provide diversification away from equity risk. The currency hedging strategy for Alternatives varies depending on the underlying alternative strategy.</p>

Private Debt	<p>Private Debt, also referred to as private credit, includes investments in Australian and international corporate loans and real estate debt that are privately negotiated between lender and borrower. Private debt is similar to traditional fixed income assets, such as bonds, in the sense that it is loaned to an entity in exchange for interest payments and the return of the original principal over a set term. However, compared to traditional fixed income investments, the loans are typically unrated or have a lower credit quality, which results in a higher rate of return to compensate the investor for the risk of default. Finally, the loans are illiquid in nature as they are privately negotiated and not traded on public markets and therefore typically have a higher yield compared to traditional fixed income assets. Private debt investments typically pay a floating interest rate. As interest rates rise, the investment come will generally rise as well, which can also offer protection against inflation.</p> <p>Private debt investments are typically accessed indirectly through unlisted Collective Investment Schemes (pooled funds). The Private Debt asset class strategy aims to hedge currency risk.</p>
Fixed Income	<p>Fixed Income includes investments in a blend of Australian and international debt securities issued by governments, semi-government authorities and corporations in exchange for regular interest payments over the life of the investment, plus repayment of the principal amount at maturity. These investments are predominantly of investment grade quality, although can include a small allocation to higher yielding debt.</p> <p>Returns from fixed income investments occur from regular interest payments and any change in value caused by movements, either up or down, in interest rates. The most common type of fixed income securities traded in the markets are bonds. In general, when interest rates rise, the market value of bonds tends to fall, and when interest rates fall, bond values tend to rise. Because fixed income securities such as bonds can be actively traded in a marketplace, they are exposed to price movements and have the potential for both positive and negative returns.</p> <p>Fixed Income investments such as bonds are usually less volatile relative to growth assets such as shares or property but have a lower expected return over the long term. The Fixed Income asset class strategy aims to hedge currency risk.</p>
Cash	<p>Cash investments are predominantly invested in a range of short-term money market securities, such as term deposits, bank bills, commercial paper and treasury notes. Cash can also include investments in highly rated fixed income assets such as asset-back securities, which aim to add value while retaining the low-risk characteristics of more traditional cash investments.</p> <p>Cash is considered to be the lowest-risk investment because of its limited potential to rise and fall in value over the short term. Over the long term, cash is likely to deliver the lowest return relative to other asset classes and may not exceed inflation. The returns from cash investments will fluctuate primarily with the rise and fall in interest rates but could also be impacted by other factors.</p>

A closer look at the changes for each of the listed investment options

This section provides details on the SAA changes specific to each investment option. The changes apply to all investment options that have the same investment name, regardless of product.

High Growth

Asset class ^{1,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	90.0%	90.0%
Australian Shares ⁴	34.0%	37.0%
Global Shares	34.0%	34.0%
Unlisted Infrastructure	8.8%	8.0%
Unlisted Property	4.4%	4.0%
Global Property Securities	-	3.0%
Alternatives ⁵	8.8%	4.0%
Defensive assets	10.0%	10.0%
Private Debt	0.4%	3.0%
Fixed Income	6.6%	5.0%
Cash ⁶	3.0%	2.0%

Growth

Asset class ^{1,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	75.0%	76.0%
Australian Shares ⁴	28.0%	31.0%
Global Shares	28.0%	28.0%
Unlisted Infrastructure	7.6%	8.0%
Unlisted Property	3.8%	4.0%
Global Property Securities	-	2.0%
Alternatives ⁵	7.6%	3.0%
Defensive assets	25.0%	24.0%
Private Debt	1.1%	4.0%
Fixed Income	16.9%	15.0%
Cash ⁶	7.0%	5.0%

Balanced

Asset class ^{1,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	55.0%	56.0%
Australian Shares ⁴	19.0%	21.0%
Global Shares	19.0%	19.0%
Unlisted Infrastructure	6.8%	7.0%
Unlisted Property	3.4%	3.0%
Global Property Securities	-	2.0%
Alternatives ⁵	6.8%	4.0%
Defensive assets	45.0%	44.0%
Private Debt	1.7%	4.0%
Fixed Income	26.3%	28.0%
Cash ⁶	17.0%	12.0%

Capital Stable

Asset class ^{1,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	35.0%	36.0%
Australian Shares ⁴	10.0%	11.0%
Global Shares	10.0%	10.0%
Unlisted Infrastructure	6.0%	8.0%
Unlisted Property	3.0%	3.0%
Global Property Securities	-	1.0%
Alternatives ⁵	6.0%	3.0%
Defensive assets	65.0%	64.0%
Private Debt	2.3%	5.0%
Fixed Income	35.7%	34.0%
Cash ⁶	27.0%	25.0%

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Capital Defensive

Asset class ^{1,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	16.0%	18.0%
Australian Shares ⁴	4.0%	5.0%
Global Shares	4.0%	4.0%
Unlisted Infrastructure	3.2%	4.0%
Unlisted Property	1.6%	2.0%
Global Property Securities	-	1.0%
Alternatives ⁵	3.2%	2.0%
Defensive assets	84.0%	82.0%
Private Debt	2.5%	5.0%
Fixed Income	39.5%	42.0%
Cash ⁶	42.0%	35.0%

Capital Secure

Asset class ^{1,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	0.0%	0.0%
Australian Shares ⁴	-	-
Global Shares	-	-
Unlisted Infrastructure	-	-
Unlisted Property	-	-
Global Property Securities	-	-
Alternatives ⁵	-	-
Defensive assets	100.0%	100.0%
Private Debt	2.1%	4.0%
Fixed Income	32.9%	34.0%
Cash ⁶	65.0%	62.0%

Multi-Manager Fixed Income

Asset class ^{7,2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	0.0%	0.0%
Australian Shares ⁴	-	-
Global Shares	-	-
Unlisted Infrastructure	-	-
Unlisted Property	-	-
Global Property Securities	-	-
Alternatives ⁵	-	-
Defensive assets	100.0%	100.0%
Private Debt	6.0%	6.0%
Fixed Income	94.0%	94.0%
Cash ⁶	-	-

¹ Asset allocations shown are SAA weights and the actual allocations may deviate from the SAA weights.

² For assets held outside of Australia, we have target levels of currency hedging. For Fixed Income, Private Debt, Global Property Securities and Unlisted Infrastructure, we target a 100 per cent hedged currency position. For Global Shares and Unlisted Property, we have a zero per cent hedged currency position. For alternatives, the targeted hedged currency position varies depending on the underlying Alternatives strategy. We reserve the right to change the target levels of currency hedging at any time without prior notice to you. Actual levels of currency hedging may also differ to the target levels of currency hedging over time.

³ Previous allocations are reported on a look-through basis and show the target allocations to the underlying sub-asset class strategies for Alternatives (Unlisted Infrastructure, Unlisted Property and Alternatives (previously referred to as Liquid Alternatives)) and the target allocation to Private Debt within Fixed Income.

⁴ Up to four per cent of the allocation to Australian shares may be invested in international shares with currency hedging at the discretion of the manager.

⁵ These are investments in non-traditional asset classes that may be illiquid in nature. They may include but are not limited to Private Equity, Alternative Betas and Hedge Funds.

⁶ Up to 25 per cent of the allocation to Cash may be invested in high-rated fixed income.

⁷ Asset allocations are indicative only and may move outside these target allocations temporarily, depending on movements in the value of financial markets and cash flow.

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