

PRODUCT NEWS AND OTHER IMPORTANT INFORMATION

30 June 2021



Product news

Completed transfer of CMLA's Life Business to AIA Australia Limited (AIAA)

In September 2017, AIA Group announced the acquisition of Commonwealth Bank of Australia's life insurance business (CommInsure Life) in Australia, including The Colonial Mutual Life Assurance Society Limited (CMLA).

On 15 March 2021, the Federal Court of Australia ("the Court") confirmed the transfer of CMLA's life insurance business to AIA Australia (AIAA) under Part 9 of the Life Insurance Act 1995 (Cth) (the Transfer). The Court confirmed Thursday 1 April 2021 as the Transfer effective date, or the date the Transfer was legally complete.

From 1 April 2021, AIAA became the Administrator and Insurer of your Fund. The name of some products will change to remove references to Colonial and Commonwealth brands.

The acquisition does not change how your product is administered or any of the insurance cover that you may hold as a policyholder of the fund, and you do not need to do anything.

The acquisition will not affect or change:

- the terms and conditions of your product;
- active complaints you may have lodged
- active requests or applications you have submitted
- how your product is administered; or
- our commitment to quality support and service.

As a result of the Transfer the change in asset ownership triggered the crystallisation of tax. To ensure policyholders are not negatively impacted, compensation has been paid to all potentially affected policyholders via increases in unit prices or crediting rates (and not as a direct transaction on your account).

Investment changes

Investments are periodically reviewed to identify opportunities that may help enhance the investment returns and to respond to market changes. Changes have been made to a number of investment options over FY20/21.

For full details on investment options available in your product, including investment strategy and fees go to aia.com.au/investment-options

Investment menu changes

In April 2021, we simplified our investment menus to help enhance your financial outcomes. We removed some options from investment menus and introduced new investment managers, while ensuring we continued to offer a suite of investment options for you to choose from.

All replacement options generally included revised investment objectives, improved or similar expected risk adjusted returns (higher return and/or lower risk) and changes to your ongoing fees and costs. These changes will help remove some of the risks associated with maintaining options with smaller pools of investable assets.

For more information and a copy of the information booklet issued to impacted customers go to

aia.com.au/investmentoptionchanges

We automatically applied the changes to your account and sent you a confirmation, unless you instructed us otherwise. If your superannuation contribution strategy consisted of a now-terminated option, it has been updated to the corresponding replacement option in which future contributions will be allocated.

Investment manager changes

Macquarie, Robeco and Ares were added as managers for the Fixed Income asset class used by the multi-sector options and the multi-manager Fixed Income options.

Colonial First State which used DWS, First Sentier Investors and Resolution Capital Limited, were replaced with DWS for the Global Property Securities options.

SRM and return objectives changes

The Standard Risk Measure (SRM) and Return Objective for the Capital Secure option and the SRM for the Savings option have been updated.

Fee changes

Fees and costs disclosure on periodic statements

In September 2020, ASIC issued an updated version of 'Regulatory Guide 97 Disclosing fees and costs in Product Disclosure Statements (PDS) and periodic statements' (RG97) which superseded previous RG97 versions and outlined how fees and costs must be disclosed in periodic statements, for superannuation and managed investment products. To meet our regulatory requirement, we have made

changes to the fees and costs disclosure on periodic statements (including annual statements, quarterly statements and exit statements) issued on or after 1 July 2021.

For full details on the fees for your investment options go to aia.com.au/investment-options

Reductions to certain Investment management fees, product fees and insurance premiums

In December 2020, AIAA ceased the payment of grandfathered conflicted remuneration to the distributors of its products in line with its requirements under *Treasury Laws Amendment (Ending Grandfathered Conflicted Remuneration) Act 2019*.

Grandfathered conflicted remuneration was paid by AIAA to distributors of its products; it was a cost to AIAA and not an additional charge to policyholders.

AIAA has passed back the cost saving from this change to policyholders.

Accordingly, from December 2020 policyholders benefitted from the following fee reductions:

- Impacted investment management fees have been reduced
- Contribution fees have been removed for all contribution types
- Capital Guaranteed options receive a benefit pass back (incorporated into the crediting rates effective from early 2021)

For further information including impacted products and investment options go to aia.com.au/feechangesetsl and select *2020 Investment Management and Product Fee changes – Superannuation and Pension Products issued by CMLA*.

Reduced fees for Cash options

Changing economic conditions have and will continue to affect the investment outcomes and returns of policyholders. An area where change has had a significant impact is on interest rates (or the target cash rate) which are operating at a historically low level (0.1 per cent from December 2020).

With interest rates at such low levels, this has had a corresponding impact on the returns of cash investment options. In response, from 1 October 2020 we reduced the investment management fees on a range of cash investment options for the Rollover Fund product.

For more information, please visit aia.com.au/forms-docs and select *Fee Reductions to Cash Options for Commonwealth Rollover Fund 1 October 2020 (CMLA)* under the “Super and Investment” tab.

Pause to fee Indexation

Some administration and policy fees are indexed annually, based on Consumer Price Index (CPI), Australian Weekly Ordinary Time Earnings (AWOTE) or Average Weekly Earnings (AWE). Following a review the indexation of these fees has been paused, with effect from 1 July 2021.

Online disclosure from 2022

From next year this fact sheet will be available online and will not be printed as part of your annual statement. If you require a printed version please call us or send an email to au.service@aia.com

Legislative changes

The following is a summary of legislated changes relating to your product.

Temporary extension of reduction in superannuation minimum drawdown rates

Last year as part of the Federal Government’s Economic Response Package, the superannuation minimum superannuation drawdown rates were reduced by 50 per cent for the 2019-20 and 2020-21 financial years.

The Government has announced it will extend this reduction to the 2021-22 income year, as the significant losses in financial markets due to COVID are still having a negative effect on the superannuation balances of many retirees.

Investment performance

Details of investment options, and their performance, are available online at aia.com.au/productperformance

The Annual Performance Report for the financial year ending 30 June 2021 will be available online by 31 August 2021. For a printed version please call us.

Please note: The information in this fact sheet is general information only and does not take into account your individual objectives, financial situation or needs. You should consider the information and its appropriateness, having regard to your own objectives, financial situation and needs, before making any decisions. You should seek professional financial advice tailored to your personal circumstances from an authorised financial adviser.

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