

16 November 2021

Important information about your super

We're writing to update you on changes to your investment fees and investment options.

Investment fees for the 2021 financial year

Investment fees for the 2020-21 financial year were different from the previous year for all investment options except Term Deposit, which continued to attract no fees.

VicSuper options delivered strong returns for the 12 months to 30 June 2021. For example, the VicSuper FutureSaver Growth (MySuper) option delivered returns of more than 18%.¹ The strong investment performance resulted in an increase in performance-related costs for the year for some diversified options, resulting in a higher total investment fee.

Overall, the management fees and costs, and the transaction costs, of the VicSuper options were lower than in the previous year.

For more information, please refer to the Important information about your super document enclosed.

To help grow your super savings, we manage a diversified portfolio, which means investing in a mixture of different types of asset classes. You can find out more about which investments are generating strong, long-term returns by visiting vicsuper.com.au/starinvestments

Changes to investment options

As part of our investment approach, we review our investment options every year to make sure they're appropriate for market conditions and the investment outlook. This is so that the options can continue to deliver on their long-term objectives and help you meet your goals.

Following this year's review, we've made changes to the investment objectives and strategic asset allocations of some investment options, effective 30 September 2021. If you joined the fund before 1 July 2021, these changes were also communicated in the winter 2021 edition of SuperNews, which you would have received with your 2020-21 annual statement.

We've also made a change to the VicSuper Socially Conscious option and what the private equity asset class can invest in, which will be effective on or after 1 December 2021. The reason for this change is to better manage this option to meet its investment objective and increase diversification of the private equity asset class.

¹ The VicSuper FutureSaver Growth option is the default investment option for members who do not make an investment choice. Investment returns are not guaranteed, past performance is not a reliable indicator of future performance.

What do you need to do?

Please read the Important information about your super document enclosed. You can also visit vicsuper.com.au/sen and download a copy of this document.

These updates are reflected in the following documents dated 1 November 2021 available on our website vicsuper.com.au/pds

- VicSuper FutureSaver Product Disclosure Statement
- VicSuper FutureSaver Member Guide – Fees and costs
- VicSuper FutureSaver Member Guide – How we invest your money
- VicSuper Flexible Income Product Disclosure Statement

We're here to help

As a VicSuper member, you can access simple superannuation advice at no additional cost from our superannuation advisers. Your membership includes access to simple advice about your account. If you require comprehensive advice, then fees may be payable.

To arrange an appointment, you can book online at vicsuper.com.au/advice or call 1300 366 216.

If you have any questions, just call us on 1300 366 216 between 8.30am and 6pm (AEST) Monday to Friday.

Kind regards

VicSuper

Update on your products and investments

Your investment fees

Investment fees for the 2020-21 financial year were different from the previous year for all investment options except Term Deposit, which continued to attract no fees.

VicSuper options delivered strong returns for the 12 months to 30 June 2021. The strong investment performance resulted in an increase in performance-related costs for the year for some diversified options, resulting in a higher total investment fee.

Overall, the management fees and costs, and the transaction information about your super



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- The Australian Shares option saw a considerable decrease in the investment fee as a result of the shift from an active to a passive management approach on 1 November 2020. Passive management, by its nature, has lower investment costs than active management.
- The management fees and costs, and transaction costs of the diversified options were generally lower than, or in line with, the previous year.

Investment fees can be broadly split into three categories:

- 1 Management fees and costs, which include fees paid to investment managers to manage money, costs of the Aware Super investment team, the management fee/trustee charge, and other expenses associated with managing the fund's investments such as custody fees.



Important changes to your investment options

As part of our investment approach, we review our investment options each year to make sure they're appropriate for market conditions and investment outlook, so they can continue to deliver on their long-term objectives.

Following this year's review, we've made changes to the investment objectives and strategic asset allocations of some investment options for the following products:

- VicSuper FutureSaver
- VicSuper Flexible Income, with and without Transition to Retirement feature (TTR)
- VicSuper Term Allocated Pension.

Changes to the Socially Conscious option

We have made a change to the investment screening limit for the private equity asset class in the VicSuper Socially Conscious option. On or after 1 December 2021, up to 5% of the private equity asset class in this option may be invested in companies and other entities that don't meet the screening criteria.

We're including these investments to better manage this option to meet its investment objective and to increase diversification of the private equity asset class.

This means there may be a small exposure to investments that do not meet the screening criteria of the Socially Conscious option, however the relevant external managers who invest in these assets have indicated that they are exploring options to exit these investments.

Investments in the Socially Conscious option are assessed for their sustainability credentials,

Changes to the asset allocations

We have changed the name 'income' assets to 'defensive' assets to align with terminology commonly being used across the industry.

Historically we have classified our asset classes as having either growth or defensive (income) characteristics only. On 30 September 2021 we updated our classifications to reflect that some asset classes, such as property and infrastructure and real assets, can have both growth and defensive characteristics.

As a result of this reclassification, the overall growth and defensive target allocation for the Equity Growth option has changed, as shown in the table below. Note that even though the growth target allocation has fallen, we have modestly increased our equities exposure.

Equity Growth investment option

	Before 30 September 2021		From 30 September 2021	
	Target	Range	Target	Range
Growth	92%	72%-100%	88%	68%-100%
Defensive	8%	0%-28%	12%	0%-32%

There are no other changes to the investment option growth and defensive target asset allocations.

Changes to the Strategic Asset Allocations (SAA)

Our members' first investment approach aims to help you save more to enjoy in retirement. We have made some changes to the FutureSaver and Flexible Income TTR Balanced, Capital Stable and Capital Secure investment options to help you meet your goals. These options will now have a growth focus in all of the underlying asset classes to help you build the most in your super savings during your accumulation years. Equity Growth and Growth already have a growth focus in all of their underlying asset classes.

The SAA changes for Diversified Options are shown in Tables 3 and 4, on pages 7 and 8.

Single Asset Class options – FutureSaver and Flexible Income (with and without TTR) and Term Allocated Pension, from 30 September 2021

Investment Options – FutureSaver and Flexible Income with TTR, from 2021

We increased our listed equities exposure, with a corresponding decrease in cash/ fixed income asset classes, as illustrated in the table below. The SAA values within brackets in the SAA columns in the table below represent the target SAA for each option.

Option	Growth		Balanced		Capital Stable		Capital Secure		Socially Conscious	
	SAA	Range	SAA	Range	SAA	Range	SAA	Range	SAA	Range
Option 1	21.5% (+2.5%)	11%-32%	15% (+1%)	5%-25%	9% (+2%)	0%-19%	6% (+1%)	0%-16%	21.5% (+1.5%)	11%-32%
Option 2	35% (+4%)	25%-45%	24.5% (+2.5%)	14%-35%	14% (+2%)	4%-24%	10% (+2%)	0%-20%	35.5% (+2.5%)	25%-46%
Option 3	7%	0%-26%	5%	0%-25%	3%	0%-23%	0%	0%-20%	6%	0%-26%
Option 4	0%	0%-29%	8%	0%-28%	8%	0%-28%	6%	0%-26%	9%	0%-29%
Option 5	0%	0%-27%	8%	0%-28%	8%	0%-28%	6%	0%-26%	7%	0%-27%
Option 6	0%	0%-21%	1% (+1%)	0%-21%	0%	0%-10%	0%	0%-10%	0%	0%-10%
Option 7	0%	0%-20%	0% (-4%)	0%-20%	0% (-2%)	0%-20%	0%	0%-20%	0%	0%-20%
Option 8	7% (-3%)	0%-27%	7% (-3%)	0%-27%	7% (-3%)	0%-27%	4%	0%-24%	5%	0%-25%
Option 9	17%	0%-35%	20% (-5%)	0%-40%	20% (-5%)	0%-45%	10%	0%-25%	10%	0%-25%
Option 10	14.5% (+5%)	1%-60%	31% (+6%)	1%-75%	48% (+2%)	1%-85%	6%	1%-45%	6% (-4%)	1%-45%
Option 11	6%	0%-35%	9% (+1%)	0%-24%	6%	0%-20%	22% (-2%)	0%-46%	22% (-2%)	0%-46%

