

1 December 2019 - PDS Updates

These PDS updates related to the following products (collectively 'funds')

- Tailored Super Plan
- Transition to Retirement Pension
- Flexible Income Plan

Return objectives update

Changes to the return objectives of the investment options are outlined below.

The return objectives for all other investment options remain unchanged.

Change to single sector return objectives

| Tailored Super Plan, Transition to Retirement Pension, Flexible Income Plan | | |
|---|---|---|
| Investment Option | Existing objective | New Objective |
| Australian Equities Fund | To meet or exceed the return of the FTSE ASFA Australia 300 Tax Exempt Index over rolling five-year periods gross of tax and net of fees and costs. | To meet or exceed the return of the S&P/ASX 300 Franking Credit Adjusted Daily Return (Superannuation) Index with lower volatility, over rolling five-year periods, before tax and after taking into account fees and costs. |
| International Equities Fund | To meet or exceed the return of the MSCI AC World (ex-Australia) Index (partly hedged) over rolling five-year periods gross of tax and net of fees and costs. | To meet or exceed the return of the MSCI AC World ex-Australia Accumulation Index (Net Divs.) (partly hedged) in Australian dollars with lower volatility, over rolling five-year periods, before tax and after taking into account fees and costs. |
| Fixed Interest Fund | To meet or exceed the return of a blend of Australian fixed interest and Global fixed interest benchmarks (50% Bloomberg AusBond All Maturities Composite Bond Index, 30% Bloomberg AusBond Bank Bill Index + 0.75% and 20% Bank of America Merrill Lynch Global Broad Market (100% hedged)) before fees and taxes over rolling three-year periods. | To track a blend of Australian and global fixed income benchmarks (50% Bloomberg AusBond Composite 0 + Yr Index, 30% Bloomberg AusBond Bank Bill Index + 0.75% and 20% Bloomberg Barclays Global Aggregate Float-Adjusted Index (100% hedged)) in Australian dollars, before taking into account fees, costs and tax. |
| Cash Fund | To track the Bloomberg AusBond Bank Bill Index, after fees. | To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax. |

1 December 2019 - PDS Updates

Strategic Asset Allocation (SAA)

The following changes have been made to the strategic asset allocation across all diversified investment options, effective on 1 December 2019.

| Asset Class | Diversified Investment Options | | | |
|------------------------------|--------------------------------|-------------------|-------------------|-----------------|
| | Capital Stable Fund (%) | Moderate Fund (%) | Balanced Fund (%) | Growth Fund (%) |
| Australian Fixed Interest | -2 | -7 | -12 | -4 |
| International Fixed Interest | - | - | - | -2 |
| Cash | - | - | +5 | +6 |
| Credit Income | +2 | +5 | +3 | - |
| Australian Equities | - | -1 | -3 | -5 |
| International Equities | +1 | +2 | +3 | - |
| Property | - | - | +0.5 | +1 |
| Infrastructure | +2 | +4 | +4 | +4 |
| Alternatives | -3 | -3 | -0.5 | - |

| Diversified investment option | Income assets | | Growth assets | |
|-------------------------------|---------------|------------|---------------|------------|
| | Target SAA | Change (%) | Target SAA | Change (%) |
| Growth Fund | 25% | +5 | 75% | -5 |

Change to the standard risk measure

The Standard Risk Measure (SRM) is based on industry guidance and shows an investment option's risk band and label and allows you to compare options that are expected to deliver a similar number of negative annual returns over any 20-year period.

The SRM changed for one of our investment options following the latest annual review.

| | Fixed Interest Fund |
|-----------------------|---------------------|
| Prior SRM | 6: High |
| SRM change 1 Dec 2019 | 5: Medium to high |

For more information on the SRM please visit our website

<https://www.stateplus.com.au/investments/how-we-invest/standard-risk-measure>

1 December 2019 - PDS Updates

Updated Variable Fees

Fees and costs payable will change from year to year and cannot be precisely calculated in advance. The changes to fees and costs of each investment option for the 12 months to 30 June 2019 shown in the tables below are based on information available and (if applicable) estimates of the fees and costs incurred, as at the date of issue of the PDS (1 December 2019). In future, the actual amount you pay will depend on the actual fees, costs and taxes incurred by the trustee in managing the investment option.

Flexible Income Plan

| Investment option | Investment Fee % | | Administration Fee % | | Indirect cost ratio % p.a. | Total investment and admin fees and indirect costs % p.a. | Borrowing Cost % p.a. |
|--|------------------|---------------------------------|----------------------|---------------------------|----------------------------|---|-----------------------|
| | Management fees | Performance related fees % p.a. | Admin Fee % p.a. | Gov costs & levies % p.a. | | | |
| Diversified investment options | | | | | | | |
| Capital Stable Fund | 0.35 | 0.02 | 0.20 | 0.01 | 0.09 | 0.67 | 0.08 |
| Moderate Fund | 0.40 | 0.03 | 0.20 | 0.01 | 0.11 | 0.75 | 0.08 |
| Balanced Fund | 0.45 | 0.04 | 0.20 | 0.01 | 0.13 | 0.83 | 0.06 |
| Growth Fund | 0.55 | 0.04 | 0.20 | 0.01 | 0.12 | 0.92 | 0.04 |
| Single asset class investment options | | | | | | | |
| Cash Fund | 0.04 | N/A | 0.20 | 0.01 | 0.01 | 0.26 | 0.00 |
| Fixed Interest Fund | 0.20 | N/A | 0.20 | 0.01 | 0.01 | 0.42 | 0.00 |
| Australian Equities Fund | 0.55 | N/A | 0.20 | 0.01 | 0.04 | 0.80 | 0.00 |
| International Equities Fund | 0.55 | N/A | 0.20 | 0.01 | 0.06 | 0.82 | 0.00 |
| Fixed Term Fund | 0.20 | N/A | 0.20 | 0.03 | 0.00 | 0.43 | 0.00 |

1 December 2019 - PDS Updates

Transition to Retirement Plan

| Investment option | Investment Fee % | | Administration Fee % | | Indirect cost ratio % p.a. | Total investment and admin fees and indirect costs % p.a. | Borrowing Cost % p.a. |
|--|------------------|---------------------------------|----------------------|---------------------------|----------------------------|---|-----------------------|
| | Management fees | Performance related fees % p.a. | Admin Fee % p.a. | Gov costs & levies % p.a. | | | |
| Diversified investment options | | | | | | | |
| Capital Stable Fund | 0.35 | 0.01 | 0.20 | 0.01 | 0.03 | 0.60 | 0.07 |
| Moderate Fund | 0.40 | 0.02 | 0.20 | 0.01 | 0.03 | 0.66 | 0.07 |
| Balanced Fund | 0.45 | 0.03 | 0.20 | 0.01 | 0.04 | 0.73 | 0.05 |
| Growth Fund | 0.55 | 0.03 | 0.20 | 0.01 | 0.03 | 0.82 | 0.03 |
| Single asset class investment options | | | | | | | |
| Cash Fund | 0.04 | N/A | 0.20 | 0.01 | 0.00 | 0.25 | 0.00 |
| Fixed Interest Fund | 0.20 | N/A | 0.20 | 0.01 | 0.00 | 0.41 | 0.00 |
| Australian Equities Fund | 0.55 | N/A | 0.20 | 0.01 | 0.01 | 0.77 | 0.00 |
| International Equities Fund | 0.55 | N/A | 0.20 | 0.01 | 0.01 | 0.77 | 0.00 |
| Fixed Term Fund | 0.20 | N/A | 0.20 | 0.03 | 0.00 | 0.43 | 0.00 |

1 December 2019 - PDS Updates

Tailored Super Plan

| Investment option | Investment Fee % | | Administration Fee % | | Indirect cost ratio % p.a. | Total investment and admin fees and indirect costs % p.a. | Borrowing Cost % p.a. |
|--|------------------|---------------------------------|----------------------|---------------------------|----------------------------|---|-----------------------|
| | Management fees | Performance related fees % p.a. | Admin Fee % p.a. | Gov costs & levies % p.a. | | | |
| Diversified investment options | | | | | | | |
| Capital Stable Fund | 0.37 | 0.02 | 0.20 | 0.01 | 0.10 | 0.70 | 0.09 |
| Moderate Fund | 0.41 | 0.03 | 0.20 | 0.01 | 0.11 | 0.76 | 0.09 |
| Balanced Fund | 0.50 | 0.04 | 0.20 | 0.01 | 0.13 | 0.88 | 0.06 |
| Growth Fund | 0.57 | 0.04 | 0.20 | 0.01 | 0.13 | 0.95 | 0.04 |
| Single asset class investment options | | | | | | | |
| Cash Fund | 0.19 | N/A | 0.20 | 0.01 | 0.01 | 0.41 | 0.00 |
| Fixed Interest Fund | 0.30 | N/A | 0.20 | 0.01 | 0.01 | 0.52 | 0.00 |
| Australian Equities Fund | 0.57 | N/A | 0.20 | 0.01 | 0.04 | 0.82 | 0.00 |
| International Equities Fund | 0.57 | N/A | 0.20 | 0.01 | 0.06 | 0.84 | 0.00 |
| Fixed Term Fund | 0.30 | N/A | 0.20 | 0.03 | 0.00 | 0.53 | 0.00 |

1 December 2019 - PDS Updates

The implicit and explicit transaction costs for the 12 months to 30 June 2019 are provided in the tables below along with the total transactional and operational costs.

Flexible Income Plan

| Investment option | (A) Transactional & operational costs % | (B) Explicit transactional & operational costs % | (C = A – B) Implicit transactional & operational costs % |
|--|--|--|---|
| Diversified investment options | | | |
| Capital Stable Fund | 0.12% | 0.08% | 0.04% |
| Moderate Fund | 0.15% | 0.09% | 0.06% |
| Balanced Fund | 0.17% | 0.11% | 0.06% |
| Growth Fund | 0.17% | 0.10% | 0.07% |
| Single asset class investment options | | | |
| Cash Fund | 0.00% | 0.00% | 0.00% |
| Fixed Interest Fund | 0.05% | 0.01% | 0.04% |
| Australian Equities Fund | 0.10% | 0.04% | 0.06% |
| International Equities Fund | 0.11% | 0.06% | 0.05% |
| Fixed Term Fund | 0.00% | 0.00% | 0.00% |

Transition to Retirement Plan

| Investment option | (A) Transactional & operational costs % | (B) Explicit transactional & operational costs % | (C = A – B) Implicit transactional & operational costs % |
|--|--|--|---|
| Diversified investment options | | | |
| Capital Stable Fund | 0.04% | 0.02% | 0.02% |
| Moderate Fund | 0.05% | 0.03% | 0.02% |
| Balanced Fund | 0.06% | 0.03% | 0.03% |
| Growth Fund | 0.06% | 0.03% | 0.03% |
| Single asset class investment options | | | |
| Cash Fund | 0.00% | 0.00% | 0.00% |
| Fixed Interest Fund | 0.00% | 0.00% | 0.00% |
| Australian Equities Fund | 0.03% | 0.01% | 0.02% |
| International Equities Fund | 0.03% | 0.01% | 0.02% |
| Fixed Term Fund | 0.00% | 0.00% | 0.00% |

1 December 2019 - PDS Updates

Tailored Super Plan

| Investment option | (A) Transactional & operational costs % | (B) Explicit transactional & operational costs % | (C = A – B) Implicit transactional & operational costs % |
|--|--|--|---|
| Diversified investment options | | | |
| Capital Stable Fund | 0.13% | 0.09% | 0.04% |
| Moderate Fund | 0.16% | 0.10% | 0.06% |
| Balanced Fund | 0.18% | 0.12% | 0.06% |
| Growth Fund | 0.18% | 0.11% | 0.07% |
| Single asset class investment options | | | |
| Cash Fund | 0.00% | 0.00% | 0.00% |
| Fixed Interest Fund | 0.05% | 0.01% | 0.04% |
| Australian Equities Fund | 0.10% | 0.04% | 0.06% |
| International Equities Fund | 0.11% | 0.06% | 0.05% |
| Fixed Term Fund | 0.00% | 0.00% | 0.00% |