

3 May 2021

**PRIVATE AND CONFIDENTIAL**

Member Number:

Dear

## Notice of changes to smartMonday fees and investment options

This notice, and attachment, will provide you with information about upcoming changes we are making to smartMonday fees and investment options that will deliver improved cost-effectiveness for the fund.

Details of the changes are outlined below. Their impact on your account specifically is provided in the **Attachment – Fee and Investment Change Details**.

### Update on fees

A fee review was conducted in 2020 and has resulted in the following changes:

- A reduction of the annual member fee from \$94.56 to \$72.00
- Introduction of a fee rebate on account balances over \$250,000 for smartMonday PRIME members
- Changes to the asset administration and investment fees

As a Defined Benefit (DB) member there will be no immediate impact on your account balances or benefits from changes in the member fee and asset administration fee as these are paid by the Plan's Reserve. However, the lower investment fees will flow through to the investment earnings (ie increase the earnings by the reduction in the fees). These changes will come into effect on **1 June 2021**. Although the member fee and asset administration fee changes do not immediately affect your account balances or benefits, these fee changes will be applicable to you in the future if you continue in service with your employer beyond the DB normal retirement age and become an accumulation member. Please refer to the 'Fees' section in the attachment to this notice.

Please note that if the benefit ultimately paid is a salary related benefit the fees charged to the defined benefit related account balances will be paid by the Plan's Reserve – refer to "an explanation of your defined benefits" at the end of your last annual statement for information on how your benefit is calculated.

We have also completed our regular review of the estimated Indirect Cost Ratio (ICR) for each investment option. For more information about ICRs, including the latest ICRs, please refer to the “Indirect costs – Investments” Factsheet link on the smartMonday website

(<https://smartmonday.com.au/Documents?cat=Factsheets&pro=investment>)

## Changes to investment options

### Investment option profile changes

A review of smartMonday investments focused on ensuring investment options were able to deliver expected investment returns in a cost-effective manner, has resulted in changes to the objectives, fees and asset allocation to some smartMonday investment options. These changes will occur on **1 June 2021**.

More information about these changes can be found in the Attachment to this notice.

### Investment Choice

As a DB member you are only provided investment choice on your additional accounts (refer to your last annual benefit statement for a summary of the additional accounts). Please note that the following section is not applicable for DB members without additional accounts.

### Closure of some investment options

We regularly examine the smartMonday menu of investment options, reviewing members usage and the ability of each option to deliver its expected investment return in a cost-effective manner.

A recent review has identified 11 investment options that do not have enough scale to provide a reasonable return against their operational costs (i.e. these investments do not have enough members invested in them). As such, we have made the decision to close these options and remove them from the smartMonday investment menu. This action will occur on **1 October 2021**.

### What do you need to do?

If you are invested in an option(s) scheduled for closure on **1 October 2021**, your money in those options will be automatically switched to smartMonday investment options that have similar asset allocation, time horizon and objectives to those that are closing. This will happen automatically during **October 2021**, and you do not need to do anything if you are happy with our investment selection. To smoothly implement these changes, we will stop accepting new transactions for the closing options on **1 October 2021**.

The list of the options scheduled for closure and the recommended alternative options, can be found in the attachment to this notice.

If you wish to choose a different investment option prior to **1 October 2021** and at any time, you can complete an investment switch online, or complete the Investment switch form available at [www.smartMonday.com.au](http://www.smartMonday.com.au), or if you need more information speak to one of our smartCoaches at [smartcoach@smartmonday.com.au](mailto:smartcoach@smartmonday.com.au).

As mentioned, these changes will be automatically applied for all members invested in the options scheduled for closure. We will write to members still invested in the closing options in August to confirm timing.

We strongly encourage you to review the details in the Attachment which includes contact details for help and questions you may have.

Yours sincerely,

For, and on behalf of the Trustee  
Equity Trustees Superannuation Limited

**Attachment:** – Fee and Investment Change Details

This notice is prepared by Aon Solutions Australia Limited ABN 48 002 288 646 AFSL 236667 (Aon) on behalf of the trustee of the Fund. The information in this notice is general information only and does not take into account your particular objectives, financial circumstances or needs. You should consider obtaining personal financial advice that takes into account your particular circumstances before making any financial decisions based on the information in this notice.

## Attachment: Fee and Investment Change Details

### Fee changes

The fee changes on your smartMonday account are provided in the table below.

The lower investment fees will flow through to the investment earnings (ie increase the earnings by the reduction in the fees) on your account balance. There will be no impact on your account balance from the lower member fee and change in asset administration fee as these fees are paid from the Defined Benefit plan reserve. Note that these changes in administration fees may apply to you in the future should you continue in the service of your employer beyond the DB normal retirement age and subsequently become an accumulation member. The investment fee changes will **result in a decrease in the total fees payable** from your account.

Please note that if the benefit ultimately paid is a salary related benefit then the fees charged to the defined benefit related account balances will be paid by the Plan's Reserve – refer to “an explanation of your defined benefits” at the end of your last annual statement for information on how your benefit is calculated.

The current fee displayed is based on your account balance of \$ as at 17 March 2021.

The new fees will apply from **1 June 2021**.

	Current Fee		New fees from 1 June 2021	
<b>Ongoing (annual) fees</b>				
Investment fees <sup>1</sup>	% pa	\$	% pa	\$
Administration fees <sup>2</sup>	Asset admin fee: % pa PLUS Member Fee: \$94.56	\$ +	Asset admin fee: <sup>3</sup> 0.41% pa PLUS Member Fee: \$72.00	\$ <sup>3</sup> +
Total \$ fee charges (annual) estimate based on your current account balance paid from your accounts <sup>4</sup>		\$		\$
Total \$ fee charges (annual) estimate based on your current account balances paid from the Plan's Reserve		\$		\$

1. This fee is a weighted average of the individual investment fees for the investment options on the real, those that are shown in Section 3 of your last annual benefit statement\*, account balances you hold. See the table in the section below, “How these changes impact your smartMonday account” for the details for each investment option you hold.
2. This portion of the fees are paid from the Plan's Reserve.
3. If your account balance is greater than \$250,000, the new asset administration fee shown above includes the impact of the large account balance rebate of 0.1% on the amount of your total account balance that exceeds \$250,000.
4. Note that if the benefit ultimately paid is a salary related benefit then the investment fees on defined benefit related account balances will be paid by the Plan's Reserve – refer to “an explanation of your defined benefits” as at the end of your last annual statement for information on how your benefit is calculated.

\* Any notional defined benefit account balances are not shown and are notionally invested in the same investment strategy as for the defined benefit accounts, refer to your last annual statement for more information on the DB investment strategy. The notional account balances are recorded to ensure that your benefits meet benefit design requirements of the DB plan. For DB accounts, whilst notional account balances are not shown, they are notionally invested in the same investment strategy as DB related account balances.

The table does not show Indirect Cost Ratio(s) (ICR). For more information about ICRs, including the latest ICRs, please refer to the “Indirect costs – Investments” Factsheet link on the smartMonday website (<https://smartmonday.com.au/Documents?cat=Factsheets&pro=investment>).

## Changes to Investment options

### Option profile changes

A review of the expected performance of smartMonday investment options within existing and expected future economic and market conditions, have resulted in a decision to make changes to the profile of some of our investment options.

The key influences on the decision to make these changes include:

- The significant negative impact the Covid-19 health pandemic has had on lower risk investments such as high-quality bonds and cash, which reduces the overall expected return of options invested in these asset classes.
- The increased relative attractiveness of alternative investments, as a way to reduce risk whilst achieving an investment return. Popular examples of such assets include direct property and infrastructure investments that aim to provide a positive return in most situations.
- Due to economic and market changes the mix of growth and defensive asset classes that make up some of the options have struggled to achieve the options’ return objective. In those cases the mix of those assets (commonly called the Strategic Asset Allocation) have been adjusted, to provide greater confidence that each option’s objective will be achieved.

A summary of the option profile changes is provided below.

Option/Portfolio	Objective change	Strategic Asset Allocation key change	Investment range change <sup>3</sup>
High Growth – Active	Inflation + 4.25% to 3.50%	More diversification <sup>1</sup>	No
High Growth – Index	Inflation + 4.00% to 3.25%	More diversification <sup>1</sup>	No
Growth – Active	Inflation + 3.75% to 3.00%	More diversification <sup>1</sup>	No
Growth – Index	Inflation + 3.50% to 2.75%	More diversification <sup>1</sup>	No
Balanced Growth - Active	Inflation + 3.25% to 2.50%	More diversification <sup>1</sup>	No
Balanced Growth - Index	Inflation + 3.00% to 2.25%	More diversification <sup>1</sup>	No
Moderate – Active	Inflation + 2.25% to 1.25%	More growth assets <sup>2</sup>	Alternative - Defensive assets from 0-20% to 0-30%
Moderate – Index	Inflation + 2.00% to 1.00%	More growth assets <sup>2</sup>	Alternative - Defensive assets from 0-20% to 0-30%
Defensive – Active	Inflation + 1.25% to 0.25%	More growth assets <sup>2</sup>	No
Defensive – Index	Inflation + 1.00% to 0.00%	More growth assets <sup>2</sup>	No

- 1 “Diversification” means the asset mix has been broadened, reducing the reliance on any one asset class to generate investment returns.
- 2 “Growth assets” are investments which are expected to offer high returns but are also likely to be higher risk. Shares and property are examples of growth assets.
- 3 The investment range defines the maximum and minimum amount that the Option can be invest in each asset class.

A detailed description of these options and the changes are provided at the end of this attachment and will be available in the smartMonday website investment section: Super Pre-mix  
<https://www.smartmonday.com.au/Investments/investment-options/Super-Pre-mix> or Super Sector  
<https://www.smartmonday.com.au/Investments/investment-options/super-sector>.

### Currency hedging policy of the International Shares – Index Option

Investing in international shares provides the opportunity for high returns, but also introduces currency risk which can increase the volatility of returns. Our research indicates that a long-term hedging policy of between 20-40% of the currency exposure of international share portfolios maintains the return potential while lowering return volatility. This hedging policy is already implemented for the International Shares – Diversified Option and all of the smartMonday pre-mixed Options. It will be introduced to the International Shares - Index Option from 1 October 2021.

### Investment Option Closures

The table below lists:

- the investment options that are scheduled to close and,
- recommended alternative options.

In the 4<sup>th</sup> quarter of 2021, members invested in these options will have the funds in those options automatically switched to the alternative Option. Our correspondence in August for those members invested in the closing options will provide more information on timing.

Scheduled to Close <sup>1</sup>	Replacement options
Alternatives – Diversified	Balanced Growth – Active
Australian Shares – Opportunities	Australian Shares – Diversified
Australian Fixed Interest	Fixed Interest – Diversified
Australian Fixed Interest – Index	Fixed Interest – Diversified – Index <sup>1</sup>
International Fixed Interest	Fixed Interest – Diversified
International Fixed Interest – Index	Fixed Interest - Diversified Index <sup>1</sup>
International Shares - Core, (\$A Hedged)	International Shares – Diversified
International Shares – Core	International Shares – Diversified
International Shares - Emerging Markets	International Shares – Diversified
International Shares - Index, A\$ Hedged	International Shares – Index
Property - Global, \$A Hedged	Property - Diversified

<sup>1</sup> Investment option will open to members from 1 October 2021.

### How these changes impact your smartMonday account

As a DB member you are only provided investment choice on your additional accounts (refer to your last annual benefit statement for a summary of the additional accounts).

The impact on your smartMonday real account balances, of the changes is illustrated below.

Option invested	Amount	Allocation on Future contributions & additions (%) <sup>1</sup>	Change in Investment Objective? (Y/N) <sup>2</sup>	Current Investment Fee <sup>3</sup>	New Investment Fee <sup>3</sup>

- 1 Any future contributions / additions will be allocated to the current option(s).
- 2 Refer to 'Fees' section for an estimate breakdown of fee changes.
- 3 Refer to 'Investment Objective changes' for more information.

**Do you need help?**

We understand that investment decisions can be complicated and before making any decision about your investments we recommend you speak with your financial adviser.

If you do not have an adviser, our smartMonday smartCoach team is ready to provide you with advice on your smartMonday super portfolio. There is no additional cost to use this service. To contact a smartCoach by email: smartcoach@smartmonday.com.au or phone: 1300 262 241.

Also, Reference Guides are available at [www.smartMonday.com.au/documents](http://www.smartMonday.com.au/documents) and details of the investment options on the smartMonday website:  
<https://www.smartmonday.com.au/Investments/investment-options/Super-Pre-mix> and  
<https://www.smartmonday.com.au/Investments/investment-options/super-sector>. Your current balance, investment options, and fees are displayed on your Personal homepage at smartMonday.com.au. If you haven't already done so Register on the site (<https://smartmonday.com.au/Account/Register>) to access your Personal homepage.



**Updated Option profiles with effect 1 June 2021.**

smartMonday PRIME	High Growth – Index Option		High Growth – Active Option		Growth – Index Option		Growth – Active Option		Balanced Growth – Index	
<b>Target return</b>	To provide a return at least 3.25% pa above inflation (after fees and taxes) over rolling 15-year periods.		To provide a return at least 3.5% pa above inflation (after fees and taxes) over rolling 15-year periods.		To provide a return at least 2.75% pa above inflation (after fees and taxes) over rolling 12-year periods.		To provide a return at least 3.0% pa above inflation (after fees and taxes) over rolling 12-year periods.		To provide a return at least 2.25% pa above inflation (after fees and taxes) over rolling 10-year periods.	
<b>Suggested minimum timeframe</b>	15 years		15 years		12 years		12 years		10 years	
<b>Investment strategy</b>	Invests 90–100% of the portfolio in growth assets.		Invests 90–100% of the portfolio in growth assets.		Invests 80–90% of the portfolio in growth assets and typically 15% in defensive assets.		Invests 80–90% of the portfolio in growth assets and typically 15% in defensive assets.		Invests 60–80% of the portfolio in growth assets and typically 30% in defensive assets.	
<b>Risk/return profile</b>	Returns can be very volatile over the short to medium term. Historically, high growth assets have offered the highest long-term returns.		Returns can be very volatile over the short to medium term. Historically, high growth assets have offered the highest long-term returns.		Returns are generally less volatile than the High Growth portfolio but can still be very volatile over the short to medium term.		Returns are generally less volatile than the High Growth portfolio but can still be very volatile over the short to medium term.		There is likely to be volatility in returns in the short to medium term but volatility tends to decline over longer periods.	
<b>Asset allocation</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>
Australian shares	42.5	0–70	39	0–70	36.5	0–70	32	0–70	29.5	0–70
International shares	42.5	0–70	39	0–70	36.5	0–70	32	0–70	29.5	0–70
Listed property	7.5	0–30	7	0–30	6	0–30	6	0–30	6	0–30
Alternative–growth	7.5	0–30	15	0–30	6	0–30	15	0–30	5	0–30
<b>Total growth</b>	<b>100</b>	<b>90-100</b>	<b>100</b>	<b>90-100</b>	<b>85</b>	<b>80-90</b>	<b>85</b>	<b>80-90</b>	<b>70</b>	<b>60-80</b>
Alternative–defensive	0	0–10	0	0–10	0	0–15	11	0–15	0	0–15
Aust. fixed interest	0	0–10	0	0–10	7.5	0–15	2	0–15	13	0–30
Int’l fixed interest	0	0–10	0	0–10	7.5	0–15	2	0–15	13	0–30
Cash	0	0–10	0	0–10	0	0–15	0	0–15	4	0–30
<b>Total defensive</b>	<b>0</b>	<b>0-10</b>	<b>0</b>	<b>0-10</b>	<b>15</b>	<b>10-20</b>	<b>15</b>	<b>10-20</b>	<b>30</b>	<b>20-40</b>



smartMonday PRIME	Balanced Growth – Active		Moderate – Index		Moderate – Active		Defensive – Index		Defensive – Active	
<b>Target return</b>	To provide a return at least 2.5% pa above inflation (after fees and taxes) over rolling 10-year periods.		To provide a return at least 1% pa above inflation (after fees and taxes) over rolling 3-year periods.		To provide a return at least 1.25% pa above inflation (after fees and taxes) over rolling 3-year periods.		To provide a return of at least inflation (after fees and taxes) over rolling 2-year periods.		To provide a return at least 0.25% pa above inflation (after fees and taxes) over rolling 2-year periods.	
<b>Suggested minimum timeframe</b>	10 years		3 years		3 years		2 years		2 years	
<b>Investment strategy</b>	Invests 60–80% of the portfolio in growth assets and typically 30% in defensive assets.		Invests 20–40% of the portfolio in growth assets and typically 70% in defensive assets.		Invests 20–40% of the portfolio in growth assets and typically 70% in defensive assets.		Invests 80–100% of the portfolio in defensive assets and typically 0-20% in growth assets.		Invests 80–100% of the portfolio in defensive assets and typically 0-20% in growth assets.	
<b>Risk/return profile</b>	There is likely to be volatility in returns in the short to medium term but volatility tends to decline over longer periods.		Relatively low returns but with less volatility than Balanced Growth options.		Relatively low returns but with less volatility than Balanced Growth options.		Relatively stable returns. Generally lower long-term returns than the other options.		Relatively stable returns. Generally lower long-term returns than the other options.	
<b>Asset allocation</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>	<b>Target %</b>	<b>Range %</b>
Australian shares	27	0–70	12	0–30	12	0–30	6	0–20	5	0–20
International shares	27	0–70	12	0–30	10	0–30	5	0–20	3	0–20
Listed property	6	0–30	6	0–30	6	0–30	6	0–20	5	0–20
Alternative–growth	10	0–30	5	0–15	7	0–15	2	0–20	6	0–20
<b>Total growth</b>	<b>70</b>	<b>60-80</b>	<b>35</b>	<b>20-40</b>	<b>35</b>	<b>20-40</b>	<b>19</b>	<b>0-20</b>	<b>19</b>	<b>0-20</b>
Alternative–defensive	11	0–15	0	0–30	18	0–30	0	0–40	10	0–40
Aust. fixed interest	7.5	0–30	32	0–60	22	0–60	33	0–90	28	0–90
Int'l fixed interest	7.5	0–30	28	0–60	20	0–60	30	0–90	25	0–90
Cash	4	0–30	5	0–60	5	0–60	18	10–90	18	10–90
<b>Total defensive</b>	<b>30</b>	<b>20-40</b>	<b>65</b>	<b>60-80</b>	<b>65</b>	<b>60-80</b>	<b>81</b>	<b>80-100</b>	<b>81</b>	<b>80-100</b>