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12 December 2022

## Changes to our investment options, fees and costs

I am writing to let you know that we recently made changes to the asset allocation, risk profile, and fees and costs of some of our investment options. The changes explained in this notice were effective from 30 September 2022.

You are not required to do anything, but we recommend you review these changes in case you would like to update your account.

This notice explains four changes that we have made, and what they could mean for you:

- Changes to the Strategic Asset Allocation for six diversified investment options.
- Changes to the Standard Risk Measure level for four investment options.
- Changes to the way we disclose our fees and costs.
- Increase to fees and costs for five investment options.

You can also access this notice at [brightersuper.com.au/sen](http://brightersuper.com.au/sen).

## Changes to Strategic Asset Allocations

On 30 September 2022, we made changes to the Strategic Asset Allocation (SAA) for six of our diversified (ready-made) investment options: MySuper, Balanced, Conservative Balanced, Stable, Secure and Socially Responsible.

The SAA is the target percentage for each asset class that makes up an investment option. The changes to the SAA for the six options involved reducing the allocation to the Cash asset class by around five per cent and increasing the Diversified Fixed Interest asset class by the same amount.

We continually review our investment options to ensure they are aligned with their objectives. The reason for this change is that in the current economic climate, forward-looking return estimates for Diversified Fixed Interest assets (bonds) have become higher than Cash.

A table showing the SAA for the six investment options before and after the change can be found in the enclosed document – *Important information: changes to strategic asset allocations, standard risk measurements, and fees and costs*.

For further information about our investment options, please refer to the *Investment choice guide* for your account, available at [brightersuper.com.au/pds](http://brightersuper.com.au/pds).

## Changes to Standard Risk Measures

On 30 September 2022, the Standard Risk Measure level for four of our investment options changed.

The Standard Risk Measure is a value given to each investment option based on the expected frequency of negative returns over a 20-year period.

The level of risk measured by the Standard Risk Measure has increased for two of our investment options and decreased for two investment options. The majority of our investment options have had a decrease in the chance of negative returns, even where the Standard Risk Measure has remained the same.

A table showing the Standard Risk Measure for each of our investment option before and after the change can be found in the enclosed document – *Important information: changes to strategic asset allocations, standard risk measurements, and fees and costs*.

## Changes to the way we disclose our fees and costs

New regulations on how superannuation funds must disclose their fees and costs came into effect on 30 September 2022. The changes are aimed at improving consistency across super funds, making it easier for members to compare options.

To meet these regulations, we are now required to separate fees and costs into two groups:

- Ongoing annual fees and costs – consists of administration fees and costs, investment fees and costs, and transaction costs.
- Member activity-related fees and costs – includes buy-sell spread fee, switching fee, and insurance fees.

Under these new requirements, Brighter Super has made the following changes to the disclosure of fees and costs, effective from 30 September 2022:

- We now disclose costs met from reserves as part of our administration fees and costs. These costs are not deducted from your account, but are deducted from the Fund's General Reserves.
- We now use a five-year average for performance fees, which replaces the one-year figure we previously used.
- For each investment option, our performance fees are now included in the investment fees and costs. Previously, performance fees were split between investment fees and the Indirect Cost Ratio, depending on whether they were direct or indirect costs.

## Increases to fees and costs

Brighter Super works hard to keep fees and costs down. We are a not-for-profit industry fund and only charge our members for what it costs to run the fund.

The fund has recently incurred increases in investment transaction costs and other investment-related fees. Therefore, we need to increase the fees and costs for five of our investment options: MySuper, Indexed Balanced, International Shares, Australian Shares and Diversified Fixed Interest.

The contributing factors for these changes are summarised below.

- **MySuper** – management fees charged by our investment managers have decreased by 0.02% since September 2022. This decrease was offset by an increase in transaction costs of 0.01% and the required disclosure of the five-year average performance figure (as explained above), which added 0.02%. This has resulted in a 0.01% increase in total investment fees and costs and transaction costs.

As an example, for a \$50,000 account balance, this would be a fee increase of \$5 per year.

- **Indexed Balanced** – the fund has incurred increased costs relating to the management and investment of assets (0.01% increase) and transaction costs (0.01% increase). This has resulted in a 0.02% increase in total investment fees and costs and transaction costs.
- **International Shares** – the fee increase is largely due to the required disclosure of the five-year average performance figure of 0.15%, with an additional 0.01% due to increased costs. The total increase is 0.16% in investment fees and costs and transaction costs.
- **Australian Shares** – the change in performance fee calculation methodology resulted in a 0.035% increase. However, a reduction in management fees has resulted in an overall increase of 0.03%.
- **Diversified Fixed Interest** – the change in Strategic Asset Allocation required to provide international exposure has resulted in a 0.05% increase in investment fees and costs and transaction costs.

A table showing fees and costs for the five investment options before and after the change can be found in the enclosed document – *Important information: changes to strategic asset allocations, standard risk measurements, and fees and costs*.

To see the fees and costs for all investment options, please refer to the *Investment choice guide* for your account at [brightersuper.com.au/pds](https://brightersuper.com.au/pds). For an explanation of all fees and costs, visit [brightersuper.com.au/fees](https://brightersuper.com.au/fees).

### What do you need to do?

You do not need to do anything, but if you would like to review or change your investment option(s) you can do so at any time by logging in to your Member Online account at [brightersuper.com.au](https://brightersuper.com.au).

For more information on each of our investment options, you can refer to the *Investment choice guide* for your account at [brightersuper.com.au/pds](https://brightersuper.com.au/pds).

We encourage members to seek financial advice before making decisions about their investment options. Brighter Super members can receive limited advice on a single topic related to superannuation, such as choosing an investment option at no additional cost, by calling us on **1800 444 396**.

## We're here to help

For further information, please refer to the *Product Disclosure Statement* and the *Investment choice guide* for your account, both available at [brightersuper.com.au/pds](https://brightersuper.com.au/pds).

If you have any questions or would like to discuss the changes and how they relate to your account, please email us at [info@brightersuper.com.au](mailto:info@brightersuper.com.au) or call us on **1800 444 396**. We are open weekdays 8.00 am to 5.30 pm AEST. Our team of superannuation specialists and financial advisers are here to help you.

Yours sincerely,



**Kate Farrar**

CEO, Brighter Super Group