



## Significant Event Notice

### Triple S, Flexible Rollover Product and Income Stream

At Super SA, together with our investment manager Funds SA, we regularly review the investment strategies and options available to you as a member of the Triple S or investor of the Flexible Rollover Product (FRP) or Super SA Income Stream.

We do this to ensure they reflect important shifts in investment markets and the superannuation sector.

This significant event notice summarises key changes impacting the Triple S, FRP and the Super SA Income Stream. It describes what the changes are and when they come into effect.

For further information please read the FAQs accompanying this notice.

### Change to Investment Objectives

The investment objectives state the aims of each investment option. The objectives are developed having regard for long term performance and characteristics of finance markets.



#### **Capital Defensive new investment objective - effective 1 January 2021**

Currently the Capital Defensive option seeks to provide a return above cash with some protection against market downturns.

The current investment objective is a target return of CPI + 1.5% over an investment time horizon of 2+ years.

Due to the unprecedented easing of monetary policy by the Reserve Bank of Australia (RBA) and global central banks, yields for short-term fixed interest securities (defensive assets) have fallen towards zero per cent. This record low interest rate environment is likely to persist for a number of years and it has become increasingly difficult for the Capital Defensive investment option to achieve its investment objectives. Given the conservative nature of the Capital Defensive investment option, the investment return target has been adjusted accordingly.

Super SA and Funds SA have reviewed the investment objective, and from 1 January 2021 the investment objective for the Capital Defensive option will change reducing from CPI + 1.5% to CPI + 1%.

Existing	From 1 January 2021
CPI + 1.5%	CPI + 1%

All other aspects of the Capital Defensive investment option including risk rating remain the same. Details of Capital Defensive and other investment options can be found on our website at [supersa.sa.gov.au](https://supersa.sa.gov.au).



## Growth investment option closed to members and investors

In August last year, as part of the Default Option Review, we provided details about updates to investment strategies and options impacting Triple S, FRP and Super SA Income Stream.

A key change was to increase the Long Term Strategic Asset Allocation (LTSAA) levels of growth assets within the default Balanced option (for Triple S and FRP) from 65% to 75%.

This change included altering the LTSAA and range for the Growth investment option by increasing the exposure to growth assets.

While we originally expected this change to be implemented over multiple years, recent shifts within investment markets have meant this has occurred more quickly than anticipated. The Growth investment option now has growth asset allocations that look like those of the High Growth investment option.

As a result, after 25 January 2021, the Growth investment option will no longer be available. Investments in the Growth option will be switched into the High Growth investment option on 3 February 2021.

In addition, in the case of Triple S and FRP accounts, any portion of future contributions being allocated to the Growth option will be redirected to the High Growth option.

In the case of Super SA Income Stream accounts, draw downs being deducted from the Growth option will be deducted from the High Growth option.

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## ? Frequently Asked Questions

### *Am I impacted by the investment option changes?*

Members and investors who are already invested in the **Capital Defensive** or considering investing in this option are impacted by the change in investment objective. The Capital Defensive investment objective changes from CPI + 1.5% to CPI + 1% over an investment time horizon of 2+ years on 1 January 2021.

Triple S members and FRP investors who are invested in the **Growth** option or have future contributions directed to the Growth option are impacted, with all existing funds and future contributions invested in the Growth option being switched to the High Growth option on 3 February 2021.

Super SA Income Stream investors who are invested in the **Growth** option or have draw downs deducted from the Growth option are impacted, with all existing funds invested in and draw downs being deducted from the Growth option being switched to the High Growth option on 3 February 2021.

### *Why are you removing the Growth investment option?*

At Super SA, together with our investment manager Funds SA, we regularly review the investment strategies and options. In 2019, as part of the Default Fund Review, we provided details of changes to our investment asset allocation ranges (i.e. growth assets compared to defensive assets), resulting in the strategic asset allocation and range of our Growth investment option asset allocations aligning with those of the High Growth option.

This movement was expected to occur over several years, however due to market movements in recent months, this transition is happening more quickly.



### **Which products do these changes apply to?**

The **Capital Defensive** option change applies to the following schemes; Triple S, FRP, Super SA Income Stream and the Lump Sum Scheme.

This **Growth** option change applies to Triple S, FRP and Super SA Income Stream accounts. Lump Sum Scheme members will be provided with separate information regarding the impact of Growth investment option changes.

### **What is the strategic asset allocation and growth range for the High Growth investment option?**

The High Growth investment option aims to have 85% exposure to growth assets, with a growth asset range between 70% and 100%.

You can find more information about the High Growth investment option by clicking on investments on our website.

### **Does the High Growth option carry more risk than the Growth option?**

The investment objective of the High Growth option is CPI + 4.5%, compared to CPI + 4% for the Growth option.

Both the Growth and High Growth options have the same Standard Risk Measure including:

- Investment time horizon of 10 years
- High risk rating (risk band 6)
- Likelihood of recording a negative return is between four and six years in 20.

You can find more information about the High Growth investment option clicking on investments on our website.

### **Are the fees the same for the High Growth option?**

All investment options have different costs. The cost to manage investments generally increases when exposure to growth assets increases. The cost of managing the investments is incorporated in the Indirect Cost Ratios (ICR), which are deducted from investment returns before unit prices are applied to individual account balances.

The investment objective of the High Growth option is CPI + 4.5%, compared to CPI + 4% for the Growth option. Reflecting this objective, to achieve higher target returns than the Growth option, the High Growth option has slightly higher investment fees compared to Growth option (reflecting its higher growth assets allocation costs).

You can find more information on the ICRs for each investment option in the product Reference Guides on our website by clicking on forms and publications.

## **Need help?**

If you have any questions in relation to these changes or your Super SA account, please contact us.

 **1300 369 315**

 **supersa@sa.gov.au**