

October 2021

Australia Post Superannuation Scheme
ABN 42 045 077 895
Locked Bag A5005
Sydney South NSW 1235
SuperPhone **1300 360 373**

NOTIFICATION OF CHANGES TO STRATEGIC ASSET ALLOCATION

Whenever there is an important change to information contained in your APSS Product Disclosure Statement (PDS), by law, the APSS must send you a 'Significant Event Notice' (SEN). Certain changes must be notified to members at least 30 days before the change, while others may be notified up to 12 months after the change. This SEN falls into the second category, as the changes have been in place from 10 September 2021.

What are the investment changes?

Following a recent review of the APSS's investment strategy, the Trustee has decided to gradually reduce exposure to less liquid assets within the private equity and alternative credit asset classes. As a result, the Trustee has made a number of adjustments to the long-term allocation of assets (called the 'Strategic Asset Allocation' or SAA) for the portfolios of the APSS **High Growth**, **Balanced** and **Conservative** investment options, as well as the portfolio of assets supporting the provision of employer-sponsored APSS Defined Benefits (the **Defined Benefit portfolio**). Those changes are summarised in the tables on pages 2-3 and have involved a reduction in the SAA to private equity and alternative credit, an increase in the SAA to public market shares and real assets, and, in some cases, increases to the ranges for public market shares and real assets.

In making its decision, the Trustee considered the changes to be prudent given the outlook across investment markets and the available investment opportunities in private equity and alternative credit, taking into account the possibility of a fund merger in 2022, which the Trustee is currently exploring with Sunsuper.

With a corresponding increase to the target allocations to public market equity and real assets, the Trustee considers the risk and return characteristics across the APSS investment portfolios to be commensurate with their respective investment objectives.

The Trustee believes the adjustments are in the best interests of members invested in the relevant APSS investment options, and for those members who will receive defined benefits from the APSS.

These changes are relevant for you if you have APSS member savings invested in the APSS High Growth, Balanced or Conservative investment options. However, it's important to note that these investment changes have no financial impact on APSS Defined Benefits for most members who are entitled to this benefit. This is because the value of your Defined Benefit is determined by a formula, and is not impacted by investment returns of this portfolio. Your employer bears this investment risk and not you. The only exception is where a member has an 'Other' Offset Account.

Employee Members who have chosen to access part of their APSS Defined Benefit early or have chosen to commence an APSS Pension whilst still working, have had an 'Other' Offset Account opened for them. If you are a defined benefit member with an 'Other' Offset Account the changes will have an effect on the rate of interest charged to that Offset Account, as the interest charged on these accounts is at the same rate as the Crediting Rate calculated to reflect investment returns from the Defined Benefit assets.

CONSERVATIVE

Asset Class	Previous Pre 10 September 2021		Current From 10 September – Current	
	SAA	Range	SAA	Range
Public market shares	20%	10% - 30%	▲ 22%	▲ 10% - 35%
Private equity	6%	0% - 20%	▼ 5%	0% - 20%
Real assets	5%	0% - 10%	▲ 6%	0% - 10%
Alternative credit	4%	0% - 8%	▼ 2%	0% - 8%
Bonds	55%	45% - 65%	55%	45% - 65%
Cash	10%	0% - 20%	10%	0% - 20%

BALANCED

Asset Class	Previous Pre 10 September 2021		Current From 10 September – Current	
	SAA	Range	SAA	Range
Public market shares	40%	30% - 50%	▲ 45%	▲ 30% - 60%
Private equity	12%	0% - 40%	▼ 9%	0% - 40%
Real assets	15%	0% - 25%	▲ 17%	▲ 0% - 40%
Alternative credit	8%	0% - 15%	▼ 4%	0% - 15%
Bonds	20%	10% - 30%	20%	10% - 30%
Cash	5%	0% - 20%	5%	0% - 20%

HIGH GROWTH

Asset Class	Previous Pre 10 September 2021		Current From 10 September – Current	
	SAA	Range	SAA	Range
Public market shares	60%	40% - 70%	▲ 65%	▲ 40% - 80%
Private equity	12%	0% - 40%	▼ 9%	0% - 40%
Real assets	15%	0% - 25%	▲ 17%	▲ 0% - 40%
Alternative credit	8%	0% - 15%	▼ 4%	0% - 15%
Bonds	0%	0% - 10%	0%	0% - 10%
Cash	5%	0% - 20%	5%	0% - 20%

DEFINED BENEFIT PORTFOLIO

Asset Class	Previous Pre 10 September 2021		Current From 10 September – Current	
	SAA	Range	SAA	Range
Public market shares	20%	20% - 40%	▲ 25%	▲ 10% - 40%*
Private equity	12%	0% - 30%	▼ 9%	0% - 30%
Real assets	10%	0% - 25%	▲ 12%	0% - 25%
Alternative credit	8%	0% - 15%	▼ 4%	0% - 15%
Bonds	40%	20% - 40%	40%	▲ 25% - 65%
Cash	10%	0% - 20%	10%	0% - 20%

*While the lower end of this range for public market shares decreased to 10%, the overall range has now increased 10%.

What has not changed

There are no other changes to the SAAs or the target ranges across the APSS investment options and the Defined Benefit portfolio. The APSS **Cash** investment option is not impacted by these changes and remains invested 100% in cash (and cash equivalents).

Do you have any questions?

If you have questions about this letter, just email sr@apss.com.au or phone **1300 360 373**.

Yours sincerely



APSS Member Services

Australia Post Superannuation Scheme (ABN 42 045 077 895) Issuer: PostSuper Pty Ltd (ABN 85 064 225 841) RSE Licence Number L0002714; Australian Financial Services Licence No. 530677; APSS Registration Number R1056549. **Important Note:** All investments carry risk and may rise and fall. International investing involves additional risks, including the risk of currency fluctuations. Diversification does not ensure a profit or protect against a loss in a declining market. Past performance is not a guarantee of future returns or crediting rates. APSS's crediting rates are calculated fortnightly and are published on apss.com.au under the Investments tab. The information contained in this letter is of a general nature, is not intended to be financial product advice and does not take your personal financial circumstances into account. Before acting on any information contained in this document you should first consider its appropriateness to your financial circumstances. You should also consider the Product Disclosure Statement that applies to your interest in the APSS, available at apss.com.au, together with the new information in this letter. If you have any doubts or require further assistance you may wish to seek the advice of a professional financial adviser. The APSS Trustee is not licensed to provide you with financial product advice regarding your investment in the APSS. The APSS Trustee may give you any notices and documents required by law, including ongoing disclosures, by sending you an email to an email address you or your employer have provided for you, by sending you an email or other electronic communication providing a website reference or hyperlink text to the notice, document or information, or by making the notice, document or information available online or such other website as notified to you from time to time. You will not receive a paper copy of any relevant notice or document, except where the APSS Trustee chooses to give you a paper copy, or you request a paper copy. You can elect to receive these notices, documents and future communications in hardcopy or via another email or postal address by contacting us at any time. A notice or document sent to you from us by electronic communication will be deemed to have been received by you at the time the relevant electronic communication enters your information system. Please note that if you have already opted out of receiving this information electronically, we will continue to send it to you through the post. Issued: October 2021.