ZURICH

Product and investment changes

Zurich Master Superannuation Fund

Date of preparation: 4 December 2019

This Significant Events Notice provides members of the Zurich Master Superannuation Fund ('Fund') with a summary of the changes that may affect your investment in the Fund.

The Trustee of the Zurich Master Superannuation Fund (ABN 33 632 838 393 SFN 2540/969/42 Registration No. R1067651) is:

Equity Trustees Superannuation Limited
ABN 50 055 641 757, AFSL 229757, RSE L0001458
Level 1, 575 Bourke Street Melbourne VIC 3000

The administrator and insurer is:

Zurich Australia Limited
ABN 92 000 010 195, AFSL 232510
5 Blue Street North Sydney NSW 2060
Telephone: 131 551

This notice is to be read in conjunction with the Zurich Master Superannuation Fund Annual Fund Report for the year ending 30 June 2019 (available at www.zurich.com.au/annualreports) which further explains the changes. A copy is available free of charge by contacting Zurich Customer Care.

If you have any questions, please contact either your financial adviser or Zurich Customer Care on 131 551.

Product and Investment update

Please note that the information in the following section applies to all investment plans (unless as indicated).

In this section, ZSP stands for Zurich Superannuation Plan, ZRP stands for Zurich Retirement Plan and ZABP stands for Zurich Account-Based Pension.

Change of Strategic Asset Allocations

The Fund's diversified options (Zurich's diversified options) encompass Capital Stable, Balanced, Priority Growth, Managed Growth and Managed Share investment portfolios.

In 2018, Mercer was appointed to review the Strategic Asset Allocation (SAA) of the Zurich diversified options. The extensive review included:

- Review of projected returns versus target over the required timeframe
- Assessment of performance versus assigned CPI+ objectives and peers' strategies
- Measurement of downside risk characteristics
- Risk factor exposures
- Standard risk measures
- Allocation of asset classes – comparison to median / average managers

As a result of this review, on 22 August 2018, the following updated strategic asset allocation (SAA) were approved for the Zurich diversified options, with the implementation of these recommendations to be executed in a series of stages, commencing from 1 April 2019.

	Diversified investment options				Diversified investment options ** Does not include Emerging Markets					
	Capital Stable		Balanced		Managed Growth		Priority Growth		Managed Share	
Asset Class	**Bench-mark %**	**Range %**	**Bench-mark %**	**Range %**	**Bench-mark %**	**Range %**	**Bench-mark %**	**Range %**	**Bench-mark %**	**Range %**
Australian Shares	9	0-20	20	8-38	29	17-41	35	21-50	50	40-60
International Shares	9	0-20	18	5-30	28	16-40	34	20-50	50**	40-60**
Listed Property Securities										
- Australian	1	0-6*	1	0-9*	2	0-12*	2	2-10*	-	-
- International	1	0-6*	2	0-9*	2	0-12*	2	2-10*	-	-
Infrastructure	1	0-5	2	0-6	2	0-6	2	0-7	-	-
Alternative Invest-ments	9	0-14	9	4-14	9	4-14	13	6-20	-	-
Total Growth Assets	**30**	**0-50**	**52**	**17-65**	**72**	**45-85**	**88**	**55-100**	**100**	**100**
Australian & International Fixed Interest	20	0-45	22	0-42	16	0-30	6	0-20	-	-
Absolute Return Bond	15	0-40	11	0-30	8	0-15	3	0-10	-	-
Cash	35	25-50	15	5-25	4	0-15	3	0-15	-	-
Total Defensive Assets	**70**	**50-100**	**48**	**35-83**	**28**	**15-55**	**12**	**0-45**	**-**	**-**
TOTAL	**100**	**-**	**100**	**-**	**100**	**-**	**100**	**-**	**100**	**-**

** The range shown for Australian and International Property Securities is a combined range*

Change of Strategic Investment Partners

Further to the approval of the changes to the Strategic Asset Allocations of the Zurich diversified options, the use of the following strategic investment partners were also approved, subject to the receipt of satisfactory results of operational due diligence investigations.

- **Alternative Investments:** Insight Investment Management (Global) Limited (Insight) and Robeco Hong Kong Limited (Robeco) replaced the alternatives allocation to the Denning Pryce Global Income Scheme (managed by Denning Pryce Pty Limited, who exited the industry in July 2019). Note, the investment in listed global infrastructure remains, but will now be a dedicated asset class within the portfolios' strategic asset allocations (effective 23 August 2019).
- **Small Companies:** Celeste Funds Management Limited (Celeste) was appointed to replace Sigma Funds Management Proprietary Limited (Sigma) in managing the small companies' allocation of the Zurich diversified options (effective 9 August 2019).
- **International Shares:** Epoch Investment Partners, Inc (Epoch) was appointed to manage an allocation in the International shares asset class of the Zurich diversified options (effective 1 April 2019).

The details of the strategic investment partners for the investment options are in the brochure entitled "Zurich Investments – Global Expertise, Specialist Application, Unique products" which is available from the website www.zurich.com.au/strategicpartners.

Change to Capital Guaranteed investment strategy (ZRP members only)

Effective 25 June 2019, the investment strategy for the Capital Guaranteed option was changed from "The option holds a relatively small portion in growth assets for diversification benefits" to "The option may hold a relatively small portion in growth assets for diversification benefits".

Closure of investment options (ZSP and ZABP members only)

Effective 21 December 2018 the Global Equity Income investment option was closed. The decision to close this option was based on the relatively small level of funds under management, which made the option costly to administer. Over the long-term, this could have had an adverse effect on members' investment returns and fees charged.

Effective 24 July 2019, the Equity Income investment option was closed. The decision to close this option was as a result of the appointed fund manager, Denning Pryce Pty Limited, ceasing operations.

Where an investment option is closed, members who had investments in that option will have received a letter informing them of the closure and asking them to nominate an alternative option(s) for their investments. Where member instructions had not been received by the relevant date, their investment in the closed option has been transferred to the relevant default option as previously disclosed to them.

Other Significant Notices

Federal Budget 2019 – Superannuation & Retirement update

A summary of the key changes to work test and bring-forward rules announced during the 2019 Federal Budget that may impact you are as follows:

- From 1 July 2020, all individuals aged less than 67 years will be able to make voluntary superannuation contributions without meeting the work test. Currently, if you are aged from 65 to 74, you must work a minimum of 40 hours over a continuous 30-day period to meet the work test to be eligible to make voluntary contributions.
- People aged 65 or 66 will also be able to take advantage of the bring-forward arrangements which allow you to make three years' worth of non-concessional contributions, capped at $100,000 a year, in a single year. Currently, only individuals under 65 can use this arrangement.
- The current rules for making contributions to your spouse's super will also be extended for older members. Currently, your spouse can only receive contributions from you if they are aged less than 70. From 1 July 2020, contributions will be able to be made by a spouse up to and including age 74.

These are proposals only as at the date of preparation of this report. For information about whether (and when) these changes become law, contact Zurich's Customer Care Team on 131 551.

Protecting Your Super legislation

From 1 July 2019, the 'Protecting Your Super' (PYS) legislation came into effect. These laws include several measures designed to reduce the number of duplicate accounts in the super system and the erosion of account balances by fees and costs (including insurance premiums), particularly for accounts that have a low balance (under $6,000) or have been inactive for a certain period.

PYS includes a complete ban on exit fees, a cap on fees for low balance accounts, insurance cancellation for inactive accounts, and transferring inactive low balance accounts to the Australian Taxation Office (ATO). The following is a broad summary of the changes.

Cap on fees

The trustee will need to identify low balance member accounts (ie those with an account balance of below $6,000) as of 30 June 2020, and at the end of each subsequent financial year, in order to calculate if administration, investment fees and indirect costs were greater than 3% of the member's account balance. This does not include insurance premiums. Where a total fee of greater than 3% has been charged, the Fund will have three months to refund the overcharged fees to the member's account.

If a member exits on or after 1 July 2019, a pro-rata calculation for the relevant year will take effect on the day the member exits.

Inactive low balance member accounts

Under the PYS legislation, the Trustee must transfer inactive low balance accounts to the ATO unless certain action is taken by the member.

A member's account is considered an inactive low-balance account when the following criteria are met:

- the account balance is less than $6,000 (at the relevant date),
- we have not received an amount (such as a rollover from another fund or a contribution) for the member within the last 16 months,
- we are not owed an amount in respect of the account in the last 16 months,
- the member has no insurance cover,
- the member has not satisfied any prescribed conditions of release,
- the member has not changed their investment options or insurance in the last 16 months,
- the member has not made or amended a binding death benefit nomination in the last 16 months, and
- the member has not made a written declaration to the ATO or the Fund in the last 16 months that they don't want their super to be transferred to the ATO. Contact Zurich Customer Care if you would like to make this declaration.

The ATO will try to reunite your super money with an active account you hold elsewhere or you can contact the ATO to find any ATO-held super that belongs to you and nominate that it be paid or transferred to another fund (subject to preservation rules). Further information about unclaimed, lost, inactive or other money payable to the ATO under Federal Government (Unclaimed Money) legislation can be obtained from the ATO website www.ato.gov.au).

If you don't want your account to be transferred to the ATO because your account balance is low, the best way in the long term is to make sure the account balance stays above $6,000 is by making regular contributions. However there are other actions you can take to not be identified as a low-balance inactive account, including:

- Making a change to your investment strategy (in the last 16 months).
- Either updating an existing binding death benefit nomination or making a new one (in the last 16 months).
- Making a written declaration that you are not a member of an inactive low-balance account and that you don't want to be transferred by completing the Authorisation for ATO Declaration form. This declaration will last for 16 months.

Whether contributing more to your account, or taking any of these other actions, is right for you depends on your personal objectives, situation or needs. There are other steps you might wish to consider including consolidating all your super (if you have more than one account) in one superannuation fund (which may be this Fund or another superannuation product). Any information shown here is general in nature and is not intended to be an express or implied recommendation that you take any of these actions.

Insurance and inactive accounts

The PYS Package looks to ensure that arrangements for insurance in superannuation are appropriate and that members are not paying for insurance cover that they do not know about or premiums that inappropriately erode their retirement savings. As a result, certain insurance cover will no longer be able to be maintained in super.

However, the changes do not affect the rights of a member with insurance cover for a fixed term (subject only to the payment on insurance premiums). Insurance cover for members of the Zurich Master Superannuation Fund is for a fixed term (ie up to a set age under the applicable insurance policy) and it is guaranteed renewable subject only to the payment of insurance premiums. So, your cover is not affected by the new legislation.

To find out the amount and cost of your insurance cover, please refer to your last Renewal Notice, log on to your MyZurich account or contact either your financial adviser or Zurich Customer Care on 131 551.

Putting Members Interest First (PMIF)

The Putting Members Interest First (PMIF) legislation received Royal Assent on 2 October 2019 and comes into effect from 1 April 2020. The new PMIF laws are broadly aimed at protecting fund members' retirement savings for those under age 25 and for those with account balances below $6,000 by ensuring they are not inappropriately eroded by insurance premiums where insurance cover may not be appropriate.

The changes are intended to apply to members with "default" insurance - coverage the fund trustee automatically sets up without a fund member having chosen it. All Zurich Master Superannuation Fund members have chosen their insurance, and the fund does not have any "default" cover.

Further information

For basic information about these reforms and insurance in superannuation more generally, the Trustee recommends the ASIC's MoneySmart website https://www.moneysmart.gov.au

Transfers to an Eligible Rollover Fund (ERF)

Where one of the following occurs, a Fund member's benefit may be transferred to an Eligible Rollover Fund ("ERF"):

- The benefit is immediately payable, and we have not been provided with instructions for payment within 90 days from the date the benefit became payable;
- We have lost track of the member (this is usually when we believe a member has not received at least two consecutive statements from the Trustee or its representative);
- The member does not meet the relevant plan's minimum account balance;
- The member is inactive and has a balance of under $1,000;

- The member has engaged in activity which could result in, or has resulted in, financial detriment to other Fund members or beneficiaries ("misconduct").

Superannuation law also allows the trustee to determine other transfer circumstances. The Fund's nominated ERF is AUSfund.

Where we intend to transfer your benefits to AUSfund, we will provide you with prior notification (where we are able to do so, for example, we have your current address details). If your benefits are transferred:

- you will no longer be a member of the Zurich Master Superannuation Fund and all associated benefits such as insurance (if any) will cease;
- you will instead become a member of AUSfund;
- AUSfund will invest your benefit using a default investment strategy without knowing whether it is appropriate to your needs;
- AUSfund will have a different fee structure;
- AUSfund will not provide death or disablement insurance benefits.

If you are transferred to the AUSfund, you may request access to, or correction of, any personal information held by AUSfund by writing to AUSfund's Privacy Officer. AUSfund's postal address is:

AUSfund Administration

PO Box 543
Carlton South VIC 3053

AUSfund may also be contacted by calling 1300 361 798 between 8:30am and 5:00pm Monday to Friday, or by emailing admin@ausfund.com.au.

Unclaimed superannuation

Broadly speaking if we do not transfer your benefit to an ERF, your superannuation benefit may become unclaimed and paid to the Australian Taxation Office (ATO) if (in summary) you are:

- over 65 years old, haven't made a contribution for the last two years and have been uncontactable by the Fund for five years#
- deceased, haven't made a contribution for the last two years and the Fund has been unable to pay the benefit to the rightful beneficiary because they are uncontactable
- a former temporary Australian resident and it has been six months since you left Australia or since your visa expired
- entitled to be paid your ex-spouse's super in a family law split and the Fund is unable to contact you
- a lost member* whose account balance is less than $6,000
- a lost member* whose account has been inactive for 12 months and your Fund does not have the information needed to make a payment to you
- a member with a low-balance inactive account, unless an exception applies (see page 9).

You may contact the ATO to claim your benefits should that occur. For further information about unclaimed superannuation and how to claim, please contact your financial adviser or visit the ATO website, www.ato.gov.au.

In addition to the unclaimed superannuation process described above, if you are identified as an "inactive low-balance member account", your benefit may also be transferred to the ATO. Please refer to page 9 for further information.

 # Generally, for there to be communication (contact) between the Fund and the member, it needs to be established that the communications has been sent and received. Unfortunately, this does not include where the Fund has sent the member their annual statement as the Fund is unable to verify if the member actually received the statement.

** Broadly, a person may be a lost member if they have not made a contribution within a prescribed timeframe and the Fund receives returned mail from their last known address.*

Operational Risk Reserve

The Trustee maintains a reserve in the Fund for managing operational risk. The reserve is invested in a Capital Guaranteed portfolio under a Zurich life insurance policy. The closing balances of the reserve at the end of the financial years ending 30 June 2017 to 30 June 2019 are set out below:

Date	Operational Risk Reserve
30 June 2019	$3,430,424
30 June 2018	$2,998,235
30 June 2017	$2,600,676

As the Operational Risk Reserve (ORR) at 30 June 2019 was in excess of the ORR Policy upper limit the Trustee approved a strategy in line with the reserve policy to enable the excess ORR to be distributed equitably to members, reducing the reserve to the policy lower limit. As a percentage of net assets, the ORR is expected to increase over time. The excess ORR will be distributed via allocations into the Fund's investment pools in which the member's accounts are invested as follows:

Portfolio	Method of Allocation
Unit-Linked investments	Monies will be contributed into the investment pools resulting in an increase in the unit price. This was expected to place around November 2019.
Capital Guaranteed investments	Monies will be invested into the asset pool in which member's accounts are invested, which would allow an increase in the crediting rate declared at 2019 year end.

The amounts allocated to each investment pool will be allocated in proportion to the Fund's accounts invested in that investment option as at 30 September 2019.

A change in residency might require Zurich to suspend or terminate your insurance (if any) accordingly.

Zurich Australia Limited and other companies within the worldwide Zurich group of companies have obligations under Australian and foreign laws. Regardless of any other policy terms and conditions, Zurich and the Trustee reserve the right to take any action (or not take any action) which could place them or another company within the Zurich group at risk of breaching Australian laws or laws in any other country.

All financial transactions, including acceptance of premium payments, claim payments and other reimbursements, are subject to compliance with applicable trade and economic sanctions laws and regulations.

Zurich may terminate a policy where you are considered to be a sanctioned person, or you conduct an activity which is sanctioned, according to trade or economic sanctions laws and regulations. Further, neither Zurich nor the Trustee will provide any cover, service or benefit to any party if either determine it places Zurich or the Trustee at risk of breaching applicable trade or economic sanctions laws or regulations.

Each policy is based on the legal and regulatory requirements applicable at the time the policy is issued. Should the legal and regulatory requirements change in a material way, Zurich is entitled to adapt the terms and condition to the changed legal and regulatory requirements, provided the change is lawful.

Planning to move overseas?

Please contact us before moving so that we can provide you with further information, and consider taking independent financial and/or tax advice on your circumstances. You may be asked to provide additional information and your details may be passed to relevant government authorities.

Contact details

Enquiries and Fund administration

The team at Zurich Customer Care understands the Fund, and are well equipped to answer questions about the Fund and provide extra information, although they are not able to give financial advice.

Please contact Zurich Customer Care in the most convenient way for you:

131 551

Locked Bag 994
North Sydney NSW 2059

client.service@zurich.com.au

www.zurich.com.au

Financial advice

Your financial adviser should be your first point of contact for financial advice. Zurich can only provide you with factual information about your plan and how it operates.

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The issuer of the Zurich Superannuation Plan (SPIN ZUR0473AU) and the Zurich Account-Based Pension (SPIN ZUR0469AU) is Equity Trustees Superannuation Limited ABN 50 055 641 757, AFSL 229757 who is the Trustee of the Zurich Master Superannuation Fund ABN 33 632 838 393,SFN 2540/969/42.

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