

Asgard Employee Super Account Changes to your super: Royal Commission recommendations

Issue Date: 21 December 2020

This Product Update is for Asgard Employee Super Account (AESA). This Update is issued by BT Funds Management Limited ABN 63 002 916 458 AFSL 233724 (BTFM), the trustee of, and the issuer of interests in the superannuation fund known as the Asgard Independence Plan Division Two ABN 90 194 410 365 (Fund) which AESA is a part of.

The information in this notice updates information contained in the AESA Product Disclosure Statement (PDS) dated 1 October 2020 issued by BT Funds Management Limited ABN 63 002 916 458 AFSL 233724. It should be read together with the relevant PDS and Additional Information Booklets (AIBs), which are available through Investor Online, online at asgard.com.au or can be obtained by calling 1800 998 185 from 8.30am to 8.00pm (AEDT time) Monday to Friday. It is important that you read and understand the information in this notice.

An update on Royal Commission recommendations

In 2019, the Royal Commission made some recommendations to strengthen the financial services system and the government is proposing changes to implement these recommendations. We have provided an update below on the ending of grandfathered payments (which has been legislated) and the proposed changes to advice fee arrangements which are expected to be legislated.

Ending grandfathered payments - legislated

From 1 July 2013, certain payments made by product issuers to advisers and dealer groups were banned as part of the Future of Financial Advice (FoFA) reforms. However, under those reforms, some of these payments were allowed to continue. These payments are referred to as 'grandfathered payments'.

What's changing and when?

From 1 January 2021 the following grandfathered payments will cease, and will no longer be deducted from your AESA account:

— Standard adviser service remuneration¹ and Non-standard adviser remuneration²

A portion of the Administration fee we charge will no longer be paid to advisers. The final amount will be paid to advisers in December 2020 (for the November period).

We will no longer deduct the Variable Adviser Service Revenue Fee going forward. If you are currently paying this, the fee will cease to be deducted from your account effective 1 January 2021.

— Insurance Premium commissions

Payments made to advisers in relation to insurance held through AESA will cease. The final amount will be paid in December 2020 (for the November 2020 period)

This commission will no longer be paid from 1 January 2021. Insurance premiums will be reduced by the amount of the commission that would have been paid to your adviser.

¹ Up to 25% of the monthly Administration Fee is paid to Advisers where applicable as standard adviser remuneration.

² You or your employer may have chosen to vary the remuneration paid to your financial adviser by agreeing to pay more (or less) than the standard adviser remuneration.

Changes to advice fees for AESA

We're making the following changes in anticipation of the Royal Commission recommendation legislative changes.

Changes to advice fees for MySuper

As a result of the proposed changes we have decided that Personal advice fees will no longer be permitted to be deducted from the MySuper component of your AESA account from 1 January 2021.

Changes to advice fees for Asgard Managed Profiles and Asgard Separately Managed Account - Funds

These changes aim to ensure you're aware of and consent to all advice fees that you pay.

You'll need to continue to provide your written consent before one off advice fees can be deducted from your AESA account. From 13 December 2020, you will notice changes to the way you authorise the deduction of these fees and additional information provided to you as part of that authorisation process.

If you have your super balances invested in a Asgard Managed Profiles and Asgard Separately Managed Account – Fund(s), you can still agree with your adviser to pay a one-off advice fee by completing the relevant consent form. Otherwise, you can pay the advice fee outside of your AESA account. Your adviser will be able to assist you with these options.

Ending to ongoing advice fee arrangements

As a result of the proposed legislative changes, ongoing advice fees will no longer be able to be deducted from your AESA account.

If you're currently paying ongoing advice fees to your adviser from your super account, then these fees will cease to be deducted from 1 January 2021.

You'll be able to arrange with your adviser for one-off advice fees to be deducted from your AESA account from 1 January 2021, provided you give your consent by completing the applicable advice fee form. Please speak to your adviser to discuss this option.

Changes to administration fees

Changes to Administration fees for members in Asgard Managed Profiles and Asgard Separately Managed Account – Funds

We're reducing the administration fees if you are invested in Managed Profiles and Separately Managed Accounts. This will apply from the December 2020 fee period which is deducted and visible in your account from January 2021.

The minimum administration fee for each product is remaining the same, and the standard minimum fees will continue to apply. Details of the new rates are below.

Asgard Super Employee Super Account[^]

Account Balance	SMA – Funds % fee p.a.	Managed Profiles % fee p.a.
\$0 to \$50,000	0.4613	0.5766
\$50,001 to \$100,000	0.3690	0.4805
\$100,001 to \$250,000	0.2768	0.3460
\$250,001 to \$1,000,000	0.1845	0.2307
Balance over \$1,000,000	0.0385	0.0385
Minimum administration fee	For account balances less than \$7,500 the minimum is \$5.77 per month*	For account balances less than \$10,000 the minimum is \$9.61 per month*

[^] Refer to the PDS for additional management costs which consist of the Trustee fee, and Expense recovery.* If you have a Regular Deposit Plan of at least \$250 per month (which may vary from time to time), the minimum administration fee does not apply for the month in which the regular deposit was made.

As a result of the above reduction, we're changing how employer tiering discounts are applied to your account. Standard employer discounting will be removed and separately negotiated discounts greater than the standard will be reduced.

How you are impacted will depend on your current discount arrangement as set out below:

- If your employer group currently receives a discount of 50% or less off the current standard administration fees, the new standard administration fee will apply to your account.
- If your employer group currently receives a discount of more than 50%, off the existing standard administration fees, we've lowered your discount to take into account the new standard administration fees which ensure you will continue to pay the same administration fees.

The minimum administration fee is not changing and will continue as disclosed in the AESA PDS. However, discounting will no longer apply to the minimum administration fee. Please refer to the PDS on asgard.com.au for more information on minimum administrations fees.

Changes to how your Transaction Account balance is managed

Your Transaction Account balance is pooled and invested in one or more underlying bank accounts, including term deposits, that BT Portfolio Services Limited (BTPS), as Transaction Account administrator, maintains at Westpac. From 30 November 2020, BTPS may invest your Transaction Account balance in other underlying assets which could generate investment returns other than interest.

BTPS retains the Transaction Account fee for administering your Transaction Account balance. The calculation of this will change and will be the difference between:

- the investment returns earned on the underlying assets your Transaction Account balance is invested in; and
- the interest rate declared for your Transaction Account and which is payable to you.

Additional Information is available online

Our online member hub provides you with updates relating to each of the Royal Commission recommendation changes, including any changes to details provided in this letter. Please check asgard.com.au/royal-commission-support regularly for details.

We're here to help

If you have any questions, please call our Customer Relations team on 1800 998 185 between 8.30am and 8.00pm (AEDT) Monday to Friday or email us at client.support@asgard.com.au.

For more information

asgard.com.au

1800 998 185

PO Box 7490, Cloisters Square, WA 6850

The logo for Asgard, featuring the word "Asgard" in a bold, red, serif font.

Important Information

The information is current as at 21 December 2020. The information is prepared by BT Funds Management Limited ABN 63 002 916 458, AFSL Number 233724, RSE License No. L0001090 (BTFM).

This information does not take into account your personal objectives, financial situation or needs and so you should consider its appropriateness, having regard to your personal objectives, financial situation and needs having regard to these factors before acting on it.

BTFM is the trustee of, and the issuer of interests in Asgard Employee Super Account (AESA). AESA is part of the superannuation fund known as the Asgard Independence Plan Division Two, ABN 90 194 410 365, RSE R1055580. Asgard Capital Management Limited ABN 92 009 279 592, AFSL 240695 (ACML) is the administrator and custodian of AESA.

A Product Disclosure Statement (PDS) for AESA and Additional Information Booklets that form part of the PDS, can be obtained by visiting asgard.com.au or by calling us on 1800 998 185. BTFM and ACML are members of the Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 (Westpac) group of companies. An investment in AESA is not an investment in, deposit with or any other liability of, Westpac or any other company within the Westpac Group. It is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested. Neither Westpac, nor any other company in the Westpac Group in any way stands behind or guarantees the capital value and/or the performance of AESA.

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