

Mr John Smith  
123 Pitt St  
Sydney NSW 2001

**Account Name** Mr John Smith  
**Account Number** AC8000xxxx

Dear Mr Smith

### **Investment and Fee Changes to the Perpetual Select Super and Pension - Diversified Investment Option**

Following a review of the investment strategy for the Diversified investment option, we are writing to explain changes to the investment and fees that will apply from 1 October 2015. These changes will be reflected in an updated Product Disclosure Statement (PDS) effective 1 October 2015, which will be available online at [www.perpetual.com.au](http://www.perpetual.com.au) at this time.

#### **Introducing alternative assets**

We are introducing alternative assets into the investment option as they have diversification benefits and the potential to enhance risk adjusted returns. Alternative assets include infrastructure, specialist property and credit, and private equity. They can reduce volatility as they are usually less correlated with financial markets and tend to perform differently to other asset classes.

#### **New target allocations and ranges – Diversified Investment Option**

As a result of introducing alternative assets and in order to provide a well-diversified portfolio, we are changing the target allocation and ranges as follows:

<b>Asset Type</b>	<b>Old</b> Target allocation and Range %	<b>New</b> Target allocation and Range %
<b>Cash and enhanced cash</b>	5 (0-25)	10 (0-25)
<b>Fixed income</b>	45 (25-55)	17.5 (10-40)
<b>Diversified credit</b>	Nil -	17.5 (0-25)
<b>Income alternatives</b>	Nil -	5 (0-10)
<b>Real estate</b>	5 (0-20)	10 (5-15)
<b>Australian shares</b>	35 (25-55)	15 (5-25)
<b>International shares</b>	10 (0-25)	15 (5-25)
<b>Growth alternatives</b>	Nil -	10 (0-20)

### Changes to investment objective – Diversified Investment Option

In line with the changes to asset allocation, our long-term view of markets, and our focus on growing and protecting our investors' capital, we have reduced the long-term investment objectives as measured against the Consumer Price Index (CPI), as follows:

	Old objective	New objective
Super	CPI + 2.5% pa	CPI + 2.0% pa
Pension	CPI + 3.5% pa	CPI + 3.0% pa

### Changes to fees and costs – Diversified Investment Option

The management cost is comprised of the investment fee, and estimated indirect costs. Indirect costs are amounts that are not charged directly to you as a fee, but are deducted from the investment option or underlying funds and reflected in the unit price.

As a result of the changes set out above, from 1 October 2015:

- the investment fee for the Diversified investment option has been reduced. The base fee is unchanged while the investment management fee has been reduced from 0.38% to 0.33%, and
- the estimated indirect costs for the Diversified investment option, which includes alternative asset fees and performance fees, have increased.

Overall, the total estimated management costs have increased due to these changes – see below.

### Management costs – new from 1 October 2015

Investment Option	Investment Fee (% pa)		Estimated indirect cost ratio			Total estimated management costs (% pa) <sup>2</sup>
	Base fee	Investment management fee	Estimated alternative asset fees <sup>1</sup>	Estimated performance fees <sup>1,2</sup>	Estimated other indirect costs <sup>1</sup>	
Diversified - Super	1.49%	0.33%	0.19%	0.13%	0.13%	2.27%
Diversified – Pension	1.49%	0.33%	0.19%	0.13%	0.10%	2.25%

### Management costs – historical

Investment option	Investment Fees (% pa)				Estimated indirect cost ratio <sup>1</sup>	Total estimated management costs (% pa) <sup>2</sup>
	Base fee	Investment management fee	Estimated alternative asset fees (excluding performance fees) <sup>1</sup>	Estimated performance fees <sup>1,2</sup>		
Diversified – Super	1.49	0.38	0.00	0.07	0.15	2.09
Diversified – Pension	1.49	0.38	0.00	0.07	0.15	2.09

<sup>1</sup> Further information about these estimated fees and costs are available in the PDS, or by contacting us.

<sup>2</sup> Performance fees payable in the future may be lower or higher than these estimated amounts depending on actual performance. Past performance and these estimates are not indicative of future returns. Please see PDS for more information.

**More information**

Further details about the features of your Select Super and/or Pension Plan, including continuous disclosure and important information are available online at [www.perpetual.com.au](http://www.perpetual.com.au) .

If you would like more information, please phone us on 1800 003 001 during business hours (Sydney time) or speak to your financial adviser.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'JK' followed by a long horizontal stroke.**Jason Komadina**

General Manager – Product & Investments  
Perpetual Private