

Significant Event Notice

Slate

Contact Us
(02) 8074 1772

PO Box R1979 Royal Exchange NSW 1225

Issued 29 March 2024

Contents

1. What has prompted the changes?	1
2. What action do I need to take?	1
3. Changes to investments	2
i. Our new underlying Investment Manager	2
ii. Changes to investment screens	2
iii. Updates to the Standard Risk Measure	3
iv. Investment objectives are not changing	3
v. Changes to the Strategic Asset Allocation	4
4. Changes to Buy Sell Spread	5
5. Changes to fees and costs	6
6. Before the product changes	7
7. Implications of the transition	8

Preparing for the Future

As economic conditions and financial markets change, we sometimes need to make changes to how we invest your superannuation designed with the aim of delivering improved investment performance outcomes on your super. This means that effective from 1 May 2024, we are making several changes to the investment strategy of Slate Super, including changes to the strategic asset allocation of your investments, introducing increased active investment management and changing investment managers.

These changes to support improved investment outcomes will also result in a change to administration fees and costs, and investment fees and costs.

1. What has prompted the changes?

As the fund continues to grow in funds under management, we regularly assess whether the way we invest will provide the best outcome for our members. We continue to pursue strong long term investment returns for members. The Trustee has selected Mercer Investments (Australia) Limited ('Mercer') as the new underlying investment manager for Slate Super. By appointing Mercer, Slate Super gains access to global scale and the ability to improve diversification and access to active management at similar fees (with some members experiencing an increase in fees). Over the long term, it aims to increase overall investment returns to members.

This transition is expected to deliver better outcomes for members in four key ways:

- Enhancing the broad-based asset class investment allocations by including new asset classes such as Real Assets;
- Updating the strategic asset allocations for all investment options;
- Integrating active investment management into the fund's investment strategy; and
- Changes to our approach to the consideration of environmental, social and governance factors

Full details of the changes and the transition are detailed in section 3.

2. What action do I need to take?

No action needs to be taken by you. However if you have any questions [please reach out online](#) or give us a call on (02) 8074 1772 (between 9:00am to 5:00pm (Sydney time) Monday to Friday) and we will be happy to assist you with any queries you may have.

3. Changes to investments

i. Our new underlying Investment Manager

The new underlying Investment Manager of Slate Super is Mercer. Mercer takes a diversified approach to investing, using both low-cost passive index managers, and active investment managers that look to actively seek out value, across various asset classes. Mercer uses multiple active approaches including:

- **Manager Selection:** Mercer undertakes extensive global research and due diligence to identify and select managers that have a strong potential to outperform benchmarks over time.
- **Dynamic Asset Allocation:** Mercer looks to identify deviations from long-term expectations to deliver improved returns and sound risk management, for example reducing risk by tilting away from assets that appear unfavourable in the short term.

ii. Changes to environmental, social and governance considerations (including labour standards) (ESG) and investment screens

ESG integration

We believe a sustainable investment approach is consistent with our objective to provide better long term financial outcomes for members. This is why we are enhancing our approach to integrating ethical, social and governance considerations (including labour standards) into our approach to investing. Initially we are focusing on integrating ESG factors into the underlying investment manager selection process (eg. the investment managers that are selected to make up the asset allocations adopted in each of the pre-mixed investment options). Factors that we may consider when selecting underlying investment managers include:

Environmental	Social	Governance
Climate change	Health and Safety	Board diversity, composition, and effectiveness
Water security	Labour standards and modern slavery, including supply chains	Executive remuneration
Waste and pollution	Human rights	Conduct culture and ethics
Biodiversity	Demographics / consumption	Shareholder rights

Where relevant and aligned with achieving investment objectives, the Trustee expects the underlying investment managers to assess and reflect ESG risks and opportunities when they select assets and construct portfolios. When selecting and reviewing the underlying investment managers included in the Slate Super investment options Mercer undertakes a qualitative assessment of the extent to which ESG factors have been integrated into the investment manager's strategy. The degree of relevance or materiality varies across asset classes and type of investment strategy.

ESG screening

Currently, Slate Super's Investment Manager engages in a negative screening process for Australian Equity and International Equity Asset Class investments which seeks to exclude a number of activities from the Fund's investment portfolio for those asset classes (refer to the current PDS for detailed information about Slate Super's negative screening process).

As part of this transition, we are reviewing our approach to ethical, social and governance screening and as such the proposed new investments will not use the investment screens that have been in place to date. Once our review is completed we will provide you with detailed information about the new ethical, social and governance screening activities that Slate Super is proposing to adopt. While this review is taking place Slate Super will not be using a fund specific ESG screening process, although the Mercer ESG integration process will apply as noted above.

iii. Updates to the Standard Risk Measure

The Standard Risk Measure (SRM) is a guide as to the likely number of negative annual returns expected over any 20 year period. The purpose of the Standard Risk Measure is to provide members with a label to assist in comparing investment options both within and across various superannuation funds. As a result of the changes to the investment options, there has been a change to the SRM for the Lifestage Ocean and Lifestage Sky investment options. It is important to review your investment strategy in light of this update and consider whether any adjustments are necessary to align with your risk tolerance and financial goals. Please refer to the below table for further information.

Standard Risk Measure		
Investment Option	Current	Effective 1 May 2024
Lifestage Sand	6 (High)	6 (High)
Lifestage Coral	6 (High)	6 (High)
Lifestage Ocean	6 (High)	5 (Medium to High)
Lifestage Sky	6 (High)	4 (Medium to High)
Balanced Growth (Closed to New Member)	6 (High)	6 (High)

iv. Investment Objectives are not changing

The investment objective is the investment performance return that each investment option sets out to achieve. There are no changes to investment objectives as a result of these changes. Please refer to the table below for further information.

Investment Option	Investment Objective
Lifestage Sand	CPI + 3.00% p.a. over rolling 10-year periods
Lifestage Coral	CPI + 2.50% p.a. over rolling 8-year periods
Lifestage Ocean	CPI + 1.75% p.a. over rolling 6-year periods
Lifestage Sky	CPI + 0.50% p.a. over rolling 3-year periods
Balanced Growth (Closed to New Members)	CPI + 2.5% p.a. over rolling 6-year periods

v. Changes to the Strategic Asset Allocation

An asset class is a group of investments with similar characteristics such as Australian Shares, Fixed Interest or Property. The Strategic Asset Allocation (SAA) is the target percentage for each asset class in your investment option.

Please refer to the tables below for further information on the changes to the SAA for each investment option.

Asset Classes and Benchmark Allocations	SAND					CORAL				
	Investment Structure			SAA Range		Investment Structure			SAA Range	
	Current (%)	New (%)	Change	Current Range (%)	New Range (%)	Current (%)	New (%)	Change	Current Range (%)	New Range (%)
Australian Equities	45	40	-5	30-60	30-60	40	37	-3	25-50	30-60
International Equities	35	38	3	25-45	25-45	35	34	-1	25-45	25-45
Real Assets	15	17	2	10-20	10-30	5	9	4	0-20	5-25
Total Growth	95	95	0		90-100	80	80	0		70-90
Australian Fixed Income	0	2	2	0-10	0-10	5	7	2	0-10	0-30
International Fixed Income	0	2	2	0-10	0-10	5	11	6	0-15	0-30
Cash	5	1	-4	0-10	0-10	10	2	-8	5-20	0-30
Total Defensive	5	5	0		0-10	20	20	0		10-30

Asset Classes and Benchmark Allocations	OCEAN					SKY				
	Investment Structure			SAA Range		Investment Structure			SAA Range	
	Current (%)	New (%)	Change	Current Range (%)	New Range (%)	Current (%)	New (%)	Change	Current Range (%)	New Range (%)
Australian Equities	35	25	-10	25-40	10-35	18	15	-3	10-25	0-25
International Equities	15	20	5	10-30	10-35	8	10	2	5-20	0-25
Real Assets	10	12	2	0-20	5-20	4	3	-1	0-20	0-15
Total Growth	60	60	0		50-70	30	30	0		20-40
Australian Fixed Income	15	15	0	5-25	5-35	30	30	0	15-40	10-40
International Fixed Income	15	26	11	5-25	5-35	30	32	2	15-40	10-40
Cash	10	2	-8	5-20	0-40	10	10	0	5-20	0-40
Total Defensive	40	40	0		30-50	70	70	0		60-80

Asset Classes and Benchmark Allocations	Balanced Growth (Closed to New Members)				
	Investment Structure			SAA Range	
	Current (%)	New (%)	Change	Current Range (%)	New Range (%)
Australian Equities	40	35	-5	25-55	10-40
International Equities	20	20	0	10-30	10-40
Real Assets	10	12	2	5-20	0-25
Total Growth	70	70	0		60-80
Australian Fixed Income	20	7	-13	5-30	5-35
International Fixed Income	0	21	21	0	5-35
Cash	10	5	-5	5-20	0-20
Total Defensive	30	30	0		20-40

4. Changes to Buy Sell Spread

To reflect an increase in underlying transacting costs, the buy/sell spreads for our investment options are increasing. This is not an increase in a fee paid to us. The changes are set out in the table below:

The buy-sell spread is a mechanism to recover transaction costs incurred in relation to the purchase or sale of assets for Slate Super when money moves into, or out of, an investment option in Slate Super. The buy-sell spread may change within the range without notice to meet changes in the transaction costs including in circumstances such as adverse market conditions. Currently, both buy and sell spreads fall within the range of 0.04% to 0.12% for the open investment options. We are expanding these ranges to 0.08% and 0.15%. In the event of any further changes to the buy-sell spread range, we will provide notification within 3 months of the change.

Investment Option	Current buy / sell spread		New buy / sell spread	
Lifestage Sand	0.08%	0.08%	0.13%	0.12%
Lifestage Coral	0.08%	0.08%	0.12%	0.11%
Lifestage Ocean	0.08%	0.08%	0.13%	0.13%
Lifestage Sky	0.08%	0.08%	0.11%	0.11%
Balanced Growth (Closed to New Members)	0.15%	0.15%	0.13%	0.13%

5. Changes to Fees and Costs

The fees and costs for Slate Super after the transition will differ from those currently applicable. The tables below present a summary of the current fees and costs, as well as the fees and costs that will be in effect in Slate Super starting from 1 May 2024. Whilst all members with account balances of \$2,000 and more will experience a reduction in administration fees and costs, it is important to note that due to an increase in investment fees and costs, overall fees and costs in Slate Super will now increase. You should read the below information carefully to determine how your Slate Super account may be impacted.

Changes to Administration Fees and Costs

There are two components that make up the administration fees in Slate Super. They include a fixed dollar administration fee and a percentage-based administration fee.

- Currently members are charged a fixed dollar administration fee of \$78 if their account balance is over \$2,000. From 1 May 2024 this fee will reduce to \$60, and will be charged to all members regardless of their account balance; and
- Currently members are charged a percentage-based administration fee of 0.62% per annum. From 1 May 2024 this fee will reduce to 0.49% per annum

Changes to Investment Fees and Costs

Currently there are two components that make up investment fees and costs in Slate Super, these are a rate of 0.11% deducted for fund level investment fees and costs plus a rate of 0.22% deducted for underlying investment fees and costs.

From 1 May 2024 these rates will be replaced by an increased rate of 0.61% charged for total Investment fees and costs.

Please refer to the table below detailing the changes to fees.

Type of Fee	Current Fees		New Fees	
Ongoing annual fees¹				
Administration fees and costs	0.62% per annum	The percentage-based fee is accrued and reflected in the unit price	0.49% per annum	The percentage-based fee is accrued and reflected in the unit price
	Plus \$0 per annum	For members with a balance under \$2,000 deducted directly from your account monthly	Plus \$60 per annum	For all members regardless of their account balance deducted directly from the account monthly
	Plus \$78 per annum	For members with a balance of \$2,000 and over deducted directly from the account monthly		
Investment fees and costs²	0.33% per annum	Deducted from investment earnings and reflected in the unit price.	0.61% per annum	Deducted from investment earnings and reflected in the unit price
Transaction Costs	0.00% per annum	Transaction costs incurred when assets are bought and sold and shown net of amounts received by the buy-sell spread charged. Deducted from investment earnings before the unit price is determined. This cost is not deducted directly from your account	0.00%	Transaction costs incurred when assets are bought and sold and shown net of amounts received by the buy-sell spread charged. Deducted from investment earnings before the unit price is determined. This cost is not deducted directly from your account

¹ If your account balance for a product offered by the superannuation entity is less than \$6,000 at the end of the entity's income year, certain fees and costs charged to you in relation to administration and investment are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

² Investment fees and costs include an amount of 0.00% for performance fees. Information on performance fees is set out under 'Additional explanation of fees and costs' in the Additional Information Booklet.

Fee Comparison - what could this mean for you?

To help you understand the impact that fees and costs will have on your account within Slate Super, the following two tables have been included.

Table 1 assumes an account balance of \$50,000 invested in a single option at the beginning of and throughout the year.

Table 2 assumes an account balance of \$10,000 invested in a single option at the beginning of and throughout the year.

Example of annual fees and costs for the Slate Super Lifestage - Coral investment option

Table 1 Estimated 1 year cost of product based on \$50,000 balance			Table 2 Estimated 1 year cost of product based on \$10,000 balance		
Type of Fee or Cost	Current Fees	New Fees	Type of Fee or Cost	Current Fees	New Fees
Administration fees	\$310.00	\$245.00	Administration fees	\$62.00	\$49.00
	\$78.00	\$60.00		\$78.00	\$60.00
Plus Investment fees	\$165.00	\$305.00	Plus Investment fees	\$33.00	\$61.00
Plus Transaction Costs	\$0.00	\$0.00	Plus Transaction Costs	\$0.00	\$0.00
Equals cost of the product	\$553.00	\$610.00	Equals cost of the product	\$173.00	\$170.00
	If you leave the superannuation entity, you will be charged a sell spread of 0.08% (this is equal to \$40 for every \$50,000 you withdraw).	If you leave the superannuation entity, you will be charged a sell spread of 0.11% (this is equal to \$55 for every \$50,000 you withdraw).		If you leave the superannuation entity, you will be charged a sell spread of 0.08% (this is equal to \$8 for every \$10,000 you withdraw).	If you leave the superannuation entity, you will be charged a sell spread of 0.11% (this is equal to \$11 for every \$10,000 you withdraw).

A transactional levy of 0.20% of the total amount of any rollover received into your account from another superannuation fund will be charged to your account at the time the rollover is processed, reflected on your transaction listing and shown on your annual member statement (this is equal to \$100 for every \$50,000 you rollover into the Fund).

For more information about fees and costs (including the relevant fee definitions), see Section 5 of the Additional Information Booklet or contact us.

6. Before the product changes - if you do not wish to participate

If you do not wish to participate in the changes to Slate Super you may:

- Request the transfer of your entire account balance to another superannuation fund; or
- Request a full withdrawal of your account (subject to meeting a condition of release).

Any transfer or withdrawal instructions must be received by Slate Super before 5pm on 25 April 2024 otherwise some or all of the changes may apply to your account before your account is closed.

If your rollover or full withdrawal is completed, you will be emailed an Exit Statement from Slate Super and your access to the Slate Super Member Portal will cease upon the closure of your account. Any insurance cover you held with Slate Super will also be cancelled upon closure of your account.

Please consider if you require independent professional advice from a licenced financial adviser with respect to Slate Super and the changes detailed in this notice.

7. Implications of the Transition

The Trustee is actively engaging with relevant parties and stakeholders, including investment managers and custodians to implement measures aimed at minimising the impact of the following factors whilst the underlying investments are changing:

- Transaction costs are incurred for all investment changes - the Trustee, Mercer and incumbent managers are seeking to mitigate these costs through various methods for the benefit of members.
 - As part of this investment manager change the associated transition costs are estimated to be approximately 0.15%. Actual cost will be detailed in the Transaction Costs section for each investment option in the Product Disclosure Statement after 1 July 2024.
- Asset Allocation – necessarily, through the transition your investment allocation will temporarily differ as the investment structures are updated to the structure outlined in Section 3.v. these change will be temporary in nature and will be resolved before the transition process is completed
 - During this period, your super may temporarily be transitioned to Cash, which will reduce your exposure to market movements, this may be beneficial or negative for you depending on market conditions during the short transition period.
 - SAA alignment (Section 3.v.) may involve temporary higher allocations to cash or growth/defensive assets, as well as use of derivative instruments to maintain asset class exposures and / or minimise out of market exposure.

During the transition period indirect and direct holdings may still have exposure to companies or securities that may not align with our updated investment selection criteria, in the following circumstances:

- **Asset transitions:** There are instances when assets are transitioned into the investment options. In these instances, it may take time for transitioned direct holdings to align with our selection criteria. In these instances, there may be a period of time when the direct holdings within investment options are exposed to securities that do not align with our selection criteria. of time when the direct holdings within investment options are exposed to securities that do not align with our screening criteria.
- **Discretion:** In limited circumstances, investment managers may be able to continue to hold or acquire a company meeting the selection criteria. This includes where a movement above an exclusion threshold may be temporary, due to market movements or data lags, or where the investment is material to achieving investment objectives, in which case we will continue to monitor the investment and instruct investment managers to divest only if it is in the best interests of investors.
- **Other factors beyond our control:** there remain some factors beyond our control, as outlined in the examples below, that mean an investment option may have exposure within direct holdings to a company or security that does not align with our selection criteria.

Examples:

Operational or structural constraints, different definitions and methodologies of research providers or where there is a change of revenue over a reporting period, data or calculation methodologies.

Subject to the exceptions outlined above, if a security is included on the exclusion list, the investment managers of Mercer's direct holdings will generally be expected to divest the investment within a reasonable period of time and as market conditions allow.

Please contact us if you would like to discuss these changes, or any of the details in this Significant Event Notice and what they mean for you.

Contact Slate

This information was prepared and sent on behalf of Diversa Trustees Limited ABN 49 006 421 638, AFSL 235153, RSE L0000635, the Trustee of Slate Super, a sub-plan in Grosvenor Pirie Superannuation Fund Series 2 (ABN 32 637 272 075, RSE R1001204) and the issuer of interests in the Fund.

Information in this communication is general advice only and has been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, the appropriateness of the product and read the Product Disclosure Statement and Target Market Determination available at www.slate.co before making any decision to acquire or continue to hold the product. You may also decide to seek independent financial advice before making a decision about the product.