SUPER INFO
WINTER 2023

WHAT'S INSIDE:
- Changes to investment options
- Changes to Strategic Asset Allocations and ranges

Farewell Garry and welcome David

In June Garry Powell retired as Chairperson of the Scheme.

Garry first joined the Board in the 1990's. Prior to joining the Board he was engaged by Super SA to be the part-time Secretary of the Scheme.

He has been a great conduit between the Scheme and Government and was pivotal in the Scheme becoming APRA Licensed and then subsequently becoming an exempt public sector superannuation scheme helping to reduce a layer of regulatory burden and cost for the Scheme.

Gary played a key role in the transfer of the management of the Scheme's investments to Funds SA. His depth of knowledge regarding the Scheme is unparalleled and his experience in the field of superannuation has been invaluable to the Board.

The Trustee Board would like to wish Garry all the very best in his retirement.

David Smelt has joined the Board as Garry's replacement and as the Scheme's new Chairperson.

David commenced in the Superannuation industry in 1987 with National Mutual and since then has held senior roles with Mercer (where he was the Customer Service Manager for our Scheme), Local Super, Statewide Super and most recently was heavily involved with the merger of Statewide Super and Hostplus.

David has significant Defined Benefit and investment experience, and the Board feels extremely fortunate to have found someone of David's calibre to Chair the Scheme both now and in the future.

Surplus Distribution

Further to the communication to members in May, the surplus distribution was allocated to qualifying members' surplus accounts effective 1 July 2023.

Notional Taxed Contribution Rates Certificate

The Actuary issued an updated Notional Taxed Contribution Rates Certificate effective from 1 July 2023. This is used to calculate the amount of notional concessional contributions attributable to your Defined Benefit entitlements.

The Notional Taxed Contribution Rate for accruing members is 15.6% from 1 July 2023.

The Notional Taxed Contribution Rate for non-accruing members is 0%. These include those Standard Members who meet one or more of the following criteria:

- are over age 60;
- only have preserved benefits in the Scheme;
- are on leave without pay;
- have ceased contributing to the Scheme (except due to temporary total disablement); and
- have an accrued benefit multiple equal to the maximum retirement benefit multiple of 8.0.

For non-accruing members all actual or notional Employer contributions credited to their accounts count as concessional contributions. This includes notional Superannuation Guarantee contributions on Superannuation Salary made to a member's late retirement account, which are 11% of your superannuation salary for the 2023/24 financial year.

In conjunction with the increase in substantive salaries from 1 July 2023, members with voluntary salary sacrifice arrangements should consider their position to ensure that their current level of voluntary salary sacrifice still remains appropriate for them.

Annual Statements

It has been a hectic time both leading up to and post the end of the financial year. Annual Statements should be available in the 1st week of October.

As always, if you have any questions in relation to the Scheme please do not hesitate to contact me.

Darren Royals
Manager

Changes to investment options

Important information about changes to asset class classifications, strategic asset allocations and ranges across all diversified investment options.

Changes are being made to the investment options available to the SA Metropolitan Fire Service Superannuation Scheme members. In this edition of Super Info, we've outlined these changes, what they might mean for you, and some things to consider to be sure your super is invested to suit your situation.

Funds SA, as the investment manager of the Scheme, will make the following changes to the asset classes, strategic asset allocations, and ranges for the investment options with effect from 1 August 2023.

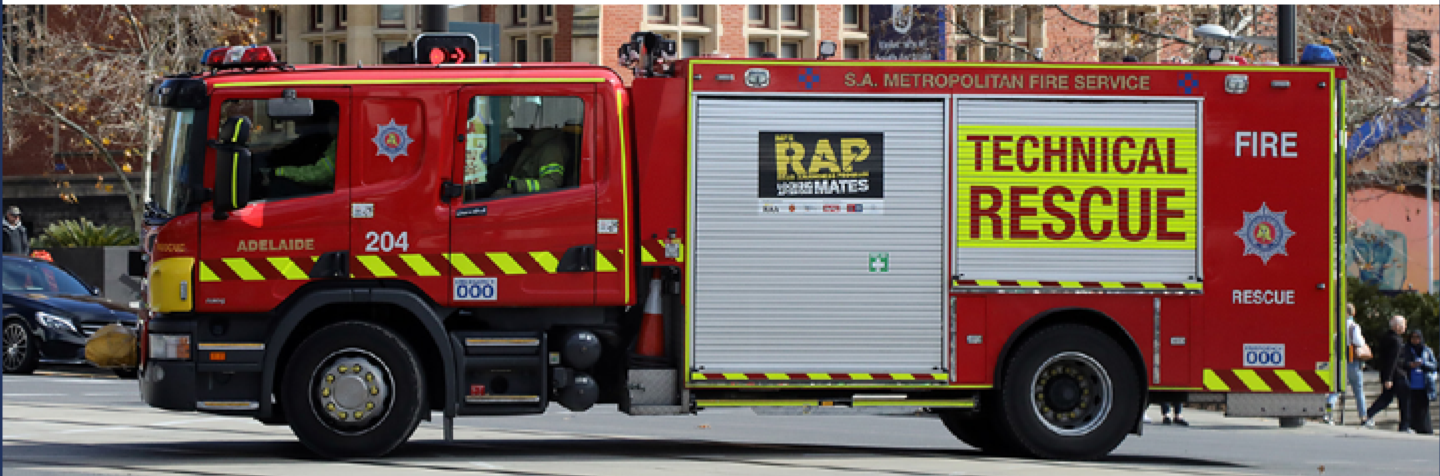
Changes to the asset class categories

The changes are being implemented to help members understand the type of investments within each asset class. There are three changes to the current asset classes:

1. Diversified Strategies Income will be split into two asset classes: Alternatives and Credit
2. Diversified Strategies Growth will be split into two asset classes: Private Markets and Infrastructure.
3. Inflation-Linked securities will be added into Fixed Interest asset class.

A representation of the new asset classes is shown in the table below.

Current Asset Classes	New Asset Classes
Cash	Cash
Fixed Interest	Fixed Interest
Inflation-Linked Securities	
Diversified Strategies Income	Credit
	Alternatives
Property	Property
Australian Equities	Australian Equities
International Equities	International Equities
Diversified Strategies Growth	Infrastructure
	Private Markets



Changes to Strategic Asset Allocations and ranges

Capital Defensive investment option

The following table shows the updated asset allocation and ranges.

Capital Defensive investment option		
Asset Class	**New long-term strategic asset allocation**	**New Range**
Australian Equities	5	0 – 15
International Equities	7	0 – 20
Private Markets	1	0 – 15
Property	6	0 – 20
Infrastructure	11	0 – 25
Alternatives	4	0 – 15
Credit	3	0 – 15
Fixed Interest	45	25 – 65
Cash	18	0 – 30

There have been **no changes** to the investment objectives. The table below shows the investment objectives the option aims to achieve.

Investment objectives	Capital Defensive investment option
Target rate of return	CPI + 0.5%
Investment time horizon	2+ years
Risk of negative return (Standard Risk Measure*)	2 to less than 3 years in 20
Growth asset allocation ranges	10–40%
Risk Classification	Medium (risk band 4)

*The Standard Risk Measure is based on industry guidance and assigns risk labels to investment options that allow members to compare investment options based on the expected number of negative annual returns over any 20-year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk. For example, it does not detail the likely size of a negative return or the potential for a positive return to be less than a member may require to meet their financial goals. Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option.

Conservative investment option

The following table shows the changes to the asset allocation and ranges.

Conservative investment option		
Asset Class	**New long-term strategic asset allocation**	**New Range**
Australian Equities	10	0 – 25
International Equities	14	0 – 25
Private Markets	2	0 – 15
Property	7	0 – 20
Infrastructure	10	0 – 20
Alternatives	4	0 – 15
Credit	7	0 – 20
Fixed Interest	32	10 – 55
Cash	14	0 – 25

There have been **no changes** to the investment objectives. The table below shows the investment objectives the option aims to achieve.

Investment objectives	Conservative investment option
Target rate of return	CPI + 1.5%
Investment time horizon	4+ years
Risk of negative return (Standard Risk Measure*)	2 to less than 3 years in 20
Growth asset allocation ranges	25-55%
Risk Classification	Medium risk (risk band 4)

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Changes to Strategic Asset Allocations and ranges (continued)

Moderate investment option

The following table shows the changes to the asset allocation and ranges.

Moderate investment option		
Asset Class	New long-term strategic asset allocation	New Range
Australian Equities	18	5 – 30
International Equities	22	10 – 35
Private Markets	3	0 – 15
Property	7	0 – 20
Infrastructure	7	0 – 20
Alternatives	3	0 – 15
Credit	7	0 – 20
Fixed Interest	23	0 – 45
Cash	10	0 – 20

There have been **no changes** to the investment objectives. The table below shows the investment objectives the option aims to achieve.

Investment objectives	Moderate investment option
Target rate of return	CPI + 2.5%
Investment time horizon	6+ years
Risk of negative return (Standard Risk Measure*)	3 to less than 4 in 20 years
Growth asset allocation ranges	40–70%
Risk Classification	Medium to High (risk band 5)

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Balanced investment option

The following table shows the changes to the asset allocation and ranges.

Balanced investment option		
Asset Class	New long-term strategic asset allocation	New Range
Australian Equities	25	10 – 40
International Equities	30	20 – 45
Private Markets	5	0 – 15
Property	9	0 – 25
Infrastructure	7	0 – 20
Alternatives	2	0 – 15
Credit	6	0 – 20
Fixed Interest	13	0 – 35
Cash	3	0 – 20

There have been **no changes** to the investment objectives. The table below shows the investment objectives the option aims to achieve.

Investment objectives	Balanced investment option
Target rate of return	CPI + 3.5%
Investment time horizon	10+ years
Risk of negative return (Standard Risk Measure*)	4 to less than 6 in 20 years
Growth asset allocation ranges	60–90%
Risk Classification	High (risk band 6)

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Changes to Strategic Asset Allocations and ranges (continued)

High Growth investment option

The following table shows the changes to the asset allocation and ranges.

High Growth investment option		
Asset Class	**New long-term strategic asset allocation**	**New Range**
Australian Equities	29	10 – 40
International Equities	36	20 – 50
Private Markets	7	0 – 20
Property	14	0 – 30
Infrastructure	5	0 – 15
Alternatives	0	0 – 10
Credit	7	0 – 20
Fixed Interest	0	0 – 20
Cash	2	0 – 20

There have been **no changes** to the investment objectives. The table below shows the investment objectives the option aims to achieve.

Investment objectives	High Growth investment option
Target rate of return	CPI + 4.5%
Investment time horizon	10+ years
Risk of negative return (Standard Risk Measure*)	4 to less than 6 in 20 years
Growth asset allocation ranges	70–100%
Risk Classification	High (risk band 6)

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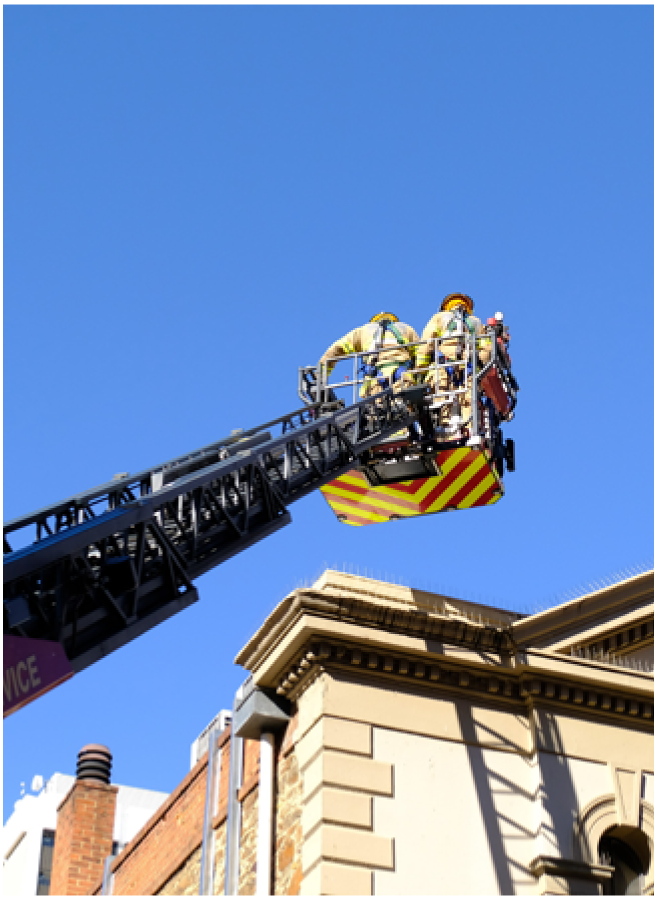
For each investment option, the asset allocation will vary within the individual asset class ranges shown above in response to changes in the investment market environment, as will the overall allocation to growth assets. Funds SA reserves the right to vary the asset allocation, including the target and ranges, of all or any of the investment options.

When do these updates come into effect?

The above changes are long-term strategic asset allocations that Funds SA will commence working towards from 1st August 2023. Funds SA will manage the transition from the previous asset allocations to the new strategic asset allocations having regard to market conditions and investment opportunities. This may be implemented over multiple years given the nature of investment markets. Funds SA will continue to manage the investment options within the applicable asset allocation ranges.

What will this mean for fees?

Investment fees and costs incurred in the Scheme's underlying investments are included in the indirect cost ratio described in the relevant Member Benefit Guide. Indirect costs can vary due to a number of factors, including based on asset allocations. Changes to funds under management, investment managers, and fee arrangements with underlying managers, including performance fees, all contribute to the indirect costs incurred by the Scheme.



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