

Fees and other costs

The information in this document forms part of the Aware Super **Member Booklets** (Product Disclosure Statements) for:

- Employer Sponsored members dated 1 October 2020
- Police Blue Ribbon Super members dated 1 October 2020
- Ambulance Officers' Super members dated 1 October 2020
- Personal members dated 1 October 2020



1 October 2020



Disclaimer

This document has been prepared by Aware Super Pty Ltd (referred to in this document as the 'trustee', 'we', 'us' or 'our'), the trustee of Aware Super (referred to in this document as 'Aware Super' or 'the fund'). This document contains general information only. It does not take into account your specific objectives, financial situation or needs. You should consider the information having regard to your personal circumstances. It is recommended that you consult a financial adviser if you require financial advice that takes into account your personal circumstances.

The information contained in this *Member Booklet Supplement* was accurate at the time of its preparation. However, some of the information can change from time to time and the trustee can change matters which are the subject of representations made in the *Member Booklet* and *Member Booklet Supplements*. If the change is not materially adverse, the updated information will be available on our website at aware.com.au/pdsupdates. A paper copy of this *Member Booklet Supplement* and any update will be available free of charge by contacting us on **1300 650 873**.

We may change any matter in this *Member Booklet Supplement* without member consent, but in the case of an increase in fees and charges, we will notify members at least 30 days before the change occurs. This offer is only made to persons receiving this *Member Booklet Supplement* and the applicable *Member Booklet* (electronically or otherwise) in Australia.



Competitive fees

As one of Australia's largest superannuation funds, we use our size and stability to keep costs down. We don't pay commissions to financial advisers.

Fees and other costs

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, advice fees for personal advice and insurance fees, may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you. Entry fees and exit fees cannot be charged.

Taxes are set out in the *Member Booklet Supplement: Tax and super* and insurance fees and other costs relating to insurance are set out in the applicable *Member Booklet Supplement: Insurance*.

You should read all the information about fees and other costs because it is important to understand their impact on your investment. The investment fees and other costs for each MySuper product offered by the superannuation entity and each investment option offered by the entity, are set out on page 2.

Type of fee	Amount	How and when paid
Investment fee ^{1,2}	An estimated percentage, depending on your investment option. Ranging from 0.03% to 0.87% per year (\$15 to \$435 per \$50,000). See page 2 for more information. MySuper Life Cycle strategy: Growth option: 0.74% per year Balanced Growth option: 0.62% per year	Deducted from the assets of the option or the assets of underlying investment vehicles before the unit price for an investment option is determined.
Administration fee ²	\$52 per year (\$4.33 per month) plus an asset-based administration fee of 0.15% per year (\$75 per \$50,000). The asset-based administration fee is capped at \$750 per year (\$62.50 per month).	Deducted from your account at the end of each month, or on exit. Fees for part of a month are calculated based on the number of days you were in the fund. The dollar based administration fee is charged from the date you join the fund, whilst the asset-based administration fee is charged from the month your first contribution or rollover is received.
Buy-sell spread	Nil	The fund does not charge a buy-sell spread.
Switching fee	Nil	The fund does not charge a switching fee.
Advice fee relating to all members investing in a particular MySuper product or investment option	Nil	No advice fee is charged for providing general and simple advice limited to your Aware Super account.
Other fees and costs ³	Comprehensive financial advice You will pay insurance premiums if you have insurance. In addition, to offset the costs of administering your insurance, for unit-based cover we retain \$1.20 per year per unit of death and total and permanent disablement (TPD) cover, and \$0.60 per year per unit of death only cover.	! Additional fees may be paid to a financial adviser. The fees will depend on the complexity of the advice you are seeking. If you obtain complex financial advice from a planner in our financial planning business, you will be informed of the fee before you proceed. If you are issued with a Statement of Advice, it will contain details of the fees, which may be deducted from your account when the advice is received (or you may need to pay the fee directly). For more information see Financial planning on page 4. Deducted from your account at the end of the month or on exit, as part of the insurance premium. Fees for part of a month are calculated daily.
Indirect cost ratio	Nil	All indirect costs are included in investment fees.

¹ Investment fees may vary from year to year and cannot be precisely calculated in advance. These are an estimate of the fees and costs of each option for the 12 months to 30 June 2020. Past costs are not a reliable indicator of future costs. The investment fees for all investment options are provided on page 2.

² 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, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

³ For more information on 'Other fees and costs' see the section **Financial planning** on page 4.

Additional explanation of fees and costs

Investment fees

Investment fees reflect a broad range of fees and costs associated with the purchase/sale and ongoing management of investments of the fund and underlying investment vehicles. This includes fees paid to investment managers, as well as amounts paid to a variety of third parties such as our custodian, brokers and government authorities. These amounts are paid from the assets of the investment option before we calculate the unit price and are not deducted directly from your account.

The investment fees for each of the diversified investment options (i.e. the High Growth, Growth, Diversified SRI, Balanced Growth and Conservative Growth investment options) also include the trustee's charge of 0.04% per year. This is a component of 'Other fees and costs'.

Investment fees may vary from year to year and cannot be precisely calculated in advance.

Important: The investment fees shown below are indicative only and are based on the fees and costs for each investment option for the 12 months to 30 June 2020, including several components which are estimates only. The amount you'll pay in future years will depend on the actual fees and costs incurred by the trustee in managing the investment option. Past costs are not a reliable indicator of future costs.

Estimated investment fees (% per year)

Investment option	Investment-related costs	Performance-related costs	Transaction costs ¹	Other fees and costs	Total investment fees
High Growth	0.32%	0.21%	0.09%	0.15%	0.77%
Growth ²	0.30%	0.21%	0.09%	0.14%	0.74%
Diversified Socially Responsible Investment	0.23%	0.07%	0.06%	0.15%	0.51%
Balanced Growth ²	0.27%	0.15%	0.07%	0.13%	0.62%
Conservative Growth	0.21%	0.09%	0.04%	0.12%	0.46%
Australian Equities	0.04%	0.00%	0.00%	0.03%	0.07%
Australian Equities Socially Responsible Investment	0.16%	0.00%	0.05%	0.04%	0.25%
International Equities	0.04%	0.00%	0.03%	0.04%	0.11%
Property	0.31%	0.24%	0.15%	0.17%	0.87%
Australian Fixed Interest	0.05%	0.00%	0.00%	0.03%	0.08%
International Fixed Interest	0.06%	0.00%	0.00%	0.21%	0.27%
Cash	0.02%	0.00%	0.00%	0.01%	0.03%

¹ The amounts shown above reflect an estimate of explicit transaction costs only. An estimate of implicit transaction costs is shown in the table on page 3.

² The fees shown are the same for MySuper and Choice members.

Additional information regarding the different components of investment fees is provided below and on the following page.

Investment-related costs

Investment-related costs reflect fees paid to investment managers and a range of specialist investment consultants, as well as the costs of the Aware Super investment team which is responsible for setting the fund's investment strategy and overseeing the fund's investment portfolios. These costs may be paid from the fund or deducted from underlying investment vehicles.

Performance-related costs

We don't directly deduct any performance-based fees from member accounts. However, we have performance fee arrangements with a number of external investment managers. These costs may be paid from the assets of the fund or deducted from underlying investment vehicles and are subject to change without notice to you. The estimated performance-related costs per option for the 12 months to 30 June 2020 are shown in the table above.

A performance-related cost may be payable once performance above an agreed level has been reached and is typically capped at an upper percentage limit. If performance-related costs are payable by the fund or an underlying investment they will increase the investment fees payable for that investment option. The method of calculation varies, but generally these fees are calculated as a percentage of the investment returns that exceed an agreed level of return. Investment managers with performance-related fee arrangements may also be entitled to a base percentage fee.

It is important to note that the amount of performance-related costs cannot be accurately predicted in advance. The actual amount of performance-related costs incurred in a particular financial year will depend on the allocation of our investment options to these investment managers and underlying investments, as well as the actual investment performance for the relevant year.

Transactional and operational costs

Transactional and operational costs are a broad category of costs that relate to the purchase/sale of the assets of the fund or an underlying fund or other investment vehicle.

These costs are deducted from the assets of the fund or the underlying investment vehicle, as relevant, when they are due and payable and are an additional cost to you.

Transactional and operational costs include both explicit and implicit costs. The amounts shown in the table above reflect an estimate of all explicit transaction costs incurred for the 12 months to 30 June 2020.

Explicit transaction costs include, but are not limited to, the following:

- **Brokerage** – the amount paid to a broker when buying and selling securities, for example shares on a stock exchange. In some overseas markets stamp duty is also payable in relation to share transactions which we consider a part of brokerage. While brokerage is an additional cost of investing, as a large institutional investor, Aware Super is able to access wholesale brokerage rates which are generally cheaper than retail brokerage rates.
- **Clearing fees** – fees payable in relation to futures trades to a clearing house for facilitating settlement and reconciling orders between transacting parties (buyers and sellers).
- **Stamp duty** – a government tax paid on the legal transfer of property and certain other assets from one owner to another. As mentioned above, in certain countries stamp duty is payable in relation to equity transactions. However, the majority of the stamp duty incurred by the fund relates to investments in direct property and infrastructure where stamp duty costs can be significant.
- **Commissions** – a percentage of the sale amount paid to a selling agent, for instance, when a direct property investment such as an office building is sold. Like stamp duty, commission amounts can be substantial.
- **Buy/Sell spreads** – a charge incorporated into the application (buy)/redemption (sell) unit price of an investment product to cover the costs of transacting. Investments in certain external funds may attract buy/sell spread charges.
- **Due diligence costs** – the costs associated with researching a potential investment, for example legal and advisory costs.

In addition to explicit costs, implicit transaction costs are embedded in the price of certain investments. Implicit costs include bid/offer spreads, which are the difference between the price a buyer is willing to pay (the bid price) and the price a seller is willing to accept (the ask price) for a particular security. Bid/offer spreads may be incurred when converting one currency to another, as well as when buying and selling listed equities and fixed income securities such as bonds.

For listed securities, implicit costs may also include market impact, which refers to the effect an investor can have on the price when buying or selling an asset: typically, an upward effect when buying, or downward effect when selling. In general, highly liquid securities result in lower market impact costs than less liquid securities. Many of these implicit costs are estimates as they are not known with certainty.

An estimate of implicit transaction costs for the 12 months to 30 June 2020 is provided in the table below which, together with the explicit transaction costs reported on page 2, make up the total estimated transactional and operational costs shown below.

Investment option	Estimated implicit transaction costs	Total estimated transactional and operational costs
High Growth	0.05%	0.14%
Growth ¹	0.06%	0.15%
Diversified Socially Responsible Investment	0.05%	0.11%
Balanced Growth ¹	0.09%	0.16%
Conservative Growth	0.08%	0.12%
Australian Equities	0.00%	0.00%
Australian Equities Socially Responsible Investment	0.14%	0.19%
International Equities	0.03%	0.06%
Property	0.17%	0.32%
Australian Fixed Interest	0.05%	0.05%
International Fixed Interest	0.09%	0.09%
Cash	0.00%	0.00%

¹ The amounts shown are the same for MySuper and Choice members.

It is important to note that past costs are not a reliable indicator of future costs and the amount of transaction costs will vary from year-to-year depending on the type, size and frequency of transactions. In general, illiquid asset classes such as property and infrastructure tend to have higher transaction costs (for example stamp duty) compared to more liquid asset classes like equities and fixed income. Similarly, actively managed portfolios that trade investments frequently tend to have greater transaction costs compared to passively managed strategies which replicate an index.

Other fees and costs

The amounts shown under the other fees and costs category reflects a range of other expenses associated with the fund's investments. This includes fees paid to the custodian to hold the assets of the fund, as well as amounts paid to accounting/audit and tax specialists to assist with the reporting obligations of certain underlying investments. It also includes the costs associated with the fund's securities lending program and the 0.04% trustee charge in relation to the diversified investment options (i.e. the High Growth, Growth, Diversified SRI, Balanced Growth and Conservative Growth investment options). Finally, it includes the estimated costs associated with the use of over-the-counter (OTC) derivatives which, rather than being traded on a listed financial market, are private contracts traded directly between two parties. For example, a number of foreign investments are hedged to the Australian dollar via the use of currency forward contracts, a type of OTC derivative. This helps minimise the impact of currency fluctuations on investment returns.

Borrowing and property operating costs

Borrowing and property operating costs are an additional cost to you of investing in certain investment options. Borrowing costs include loan establishment costs and interest payments and are most significant for illiquid asset classes such as property and infrastructure where asset prices can be substantial. Property operating costs include a range of costs associated with managing property investments, for example council and water rates, utilities and lease renewal costs.

These costs are deducted from the income or assets of the fund or an underlying investment vehicle, as relevant, when they are due and payable.

An estimate of borrowing and property operating costs for the 12 months to 30 June 2020 is provided in the table below. Note that, except for the Property option, none of the single asset class options incurred borrowing costs or property operating costs for the period. It is important to note that past costs are not a reliable indicator of future costs and the amount of borrowing and property operating costs may vary from year to year.

Investment option	Estimated borrowing costs	Estimated property operating costs
High Growth	0.07%	0.06%
Growth ²	0.07%	0.06%
Diversified Socially Responsible Investment	0.05%	0.07%
Balanced Growth ²	0.05%	0.05%
Conservative Growth	0.04%	0.04%
Property	0.29%	0.33%

² The amounts shown are the same for MySuper and Choice members.

Financial planning

Aware Super members have access to financial advice¹. The fees charged for personal advice about your Aware Super account are detailed below:

Service	Details	Fee
Personal advice limited to your interest in your Aware Super account	Simple advice about investment choice, voluntary contributions, insurance and starting an income stream (limited circumstances).	No charge. We pay a fee to provide a limited advice service to all members. The cost of providing this service is covered by the administration fees paid by members.

If you obtain complex financial advice about your Aware Super account, the fee for this advice will depend on the scope and complexity of the advice and may be deducted from your Aware Super account when the advice is received, or you may need to pay for the advice directly. You will be informed of the fee before you proceed. If you are issued with an advice document, it will contain details of the fees. Aware Super does not pay any commissions to advisers.

¹ When members receive advice, they receive it under our financial planning business' own AFS licence. Our financial planning business is wholly owned by Aware Super Pty Ltd as trustee of the fund. You should read their Financial Services Guide before making a decision. For more information call **1300 650 873**.

Activity fees

An activity fee is a fee for the particular service you choose to use and is not part of the ongoing management costs. There are currently no activity fees charged by the fund.

Additions or alterations to fees and charges

All fees and costs may be revised by us from time to time without your consent. For example, fees and charges may increase when there are changes in superannuation law, or there are increases in fees charged by our service providers. We may introduce new fees and charges. We will give you at least 30 days prior notice if there is an increase in fees and charges or if a new fee or charge is introduced that affects your account. This excludes investment fees which are estimates only and may vary from year to year. However, we will give you at least 30 days notice if there is an increase in the Trustee charge.

Reserves

We maintain an administration reserve to pay the costs associated with the management of the fund. Interest earned on contributions and rollover amounts received by us, but not yet allocated to members' accounts and administration fees deducted from members' accounts, are credited to the fund's administration reserve account. We use this account to pay the administrator's fees and any other administration and operating expenses of the trustee or fund. Any excess retained in the account is ultimately applied for the benefit of the membership as a whole.

We are required to maintain Operational Risk Financial Requirement (ORFR) financial resources. We hold this as an ORFR reserve in the fund which is held separately from members' accounts and the administration reserve. The ORFR reserve is only used to cover losses arising from operational issues.

Tax

For more information on the amount of tax payable, see section 7 of the applicable *Member Booklet* and the *Member Booklet Supplement: Tax and super*.

Tax rebates on your account

You receive a 15% rebate on amounts deducted from your account for tax deductible insurance premiums. The 15% rebate is credited to your account at the time the premium is deducted. The tax benefit received by the fund for administration and asset-based administration expenses is retained by the fund.

Insurance costs

For information on insurance fees and other costs relating to insurance, see section 8 of the applicable *Member Booklet* and the applicable *Member Booklet Supplement: Insurance*.

To offset costs in administering TPD, death benefits and claims, we retain \$0.10 of the per month cost of each unit of death and total and permanent disablement (TPD) cover, and \$0.05 of the per month cost of each unit of death only cover.

For more information about financial planning, see the relevant *Member Booklet Supplement: About Aware Super*.



Defined fees

Below is a definition of the fees and costs that may apply to your superannuation:

Activity fees

A fee is an **activity fee** if:

- a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
 - (i) that is engaged in at the request, or with the consent, of a member; or
 - (ii) that relates to a member and is required by law; and
- b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

Administration fees

An **administration fee** is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:

- a) borrowing costs; and
- b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
- c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

Note: The administration fee is \$52 per year (\$4.33 per month) plus an asset-based administration fee of 0.15% per year (\$75 per \$50,000). The asset-based administration fee is capped at \$750 per year (\$62.50 per month).

Advice fees

A fee is an **advice fee** if:

- a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
 - (i) a trustee of the entity; or
 - (ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.

Note: You will only be charged an advice fee if you agree to receive personal financial advice from one of our financial advisers. The fees will be discussed and agreed with you at that time.

Buy-sell spreads

A **buy-sell spread** is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Note: We do not currently charge a buy-sell spread on any of our investment options.

Exit fees

An **exit fee** is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Note: We do not charge an exit fee.

Indirect cost ratio

The **indirect cost ratio (ICR)**, for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

All indirect costs are included in the investment fees shown on page 2.

Insurance fee

A fee is an **insurance fee** if:

- a) the fee relates directly to either or both of the following:
 - (i) insurance premiums paid by the trustee of a superannuation entity in relation to a member or members of the entity;
 - (ii) costs incurred by the trustee of a superannuation entity in relation to the provision of insurance for a member or members of the entity; and
- b) the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and
- c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an advice fee.

Investment fees

An **investment fee** is a fee that relates to the investment of the assets of a superannuation entity and includes:

- a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b) costs that relate to the investment of assets of the entity, other than:
 - (i) borrowing costs; and
 - (ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
 - (iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee;

but does not include property operating costs.

Note: An estimate of these fees to 30 June 2020 for each investment option is provided on page 2.

Switching fees

A **switching fee** for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.

A **switching fee** for a superannuation product other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

Note: We do not charge a switching fee.



Example of annual fees and costs

This table gives an example of how the fees and costs in the MySuper Life Cycle strategy for this superannuation product can affect your superannuation investment over a one-year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE – MySuper Life Cycle Growth option		BALANCE OF \$50,000	EXAMPLE – MySuper Life Cycle Balanced Growth option		BALANCE OF \$50,000
Investment fees ¹	0.74%	For every \$50,000 you have in the superannuation product you will be charged \$370 each year.	Investment fees ¹	0.62%	For every \$50,000 you have in the superannuation product you will be charged \$310 each year.
PLUS Administration fees and costs	\$52 (\$4.33 per month) + 0.15%	For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment \$75 in administration fees and costs, plus \$52 regardless of your balance.	PLUS Administration fees and costs	\$52 (\$4.33 per month) + 0.15%	For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment \$75 in administration fees and costs, plus \$52 regardless of your balance.
PLUS Indirect costs for the superannuation product	0.00%	And , indirect costs of \$0.00 each year will be deducted from your investment.	PLUS Indirect costs for the superannuation product	0.00%	And , indirect costs of \$0.00 each year will be deducted from your investment.
EQUALS Cost of product ²		If your balance was \$50,000, then for that year you will be charged fees of \$497 for the superannuation product.	EQUALS Cost of product ²		If your balance was \$50,000, then for that year you will be charged fees of \$437 for the superannuation product.

¹ These amounts reflect the estimated investment fees for the 12 months to 30 June 2020. The amount you'll pay in future years will depend on the actual fees and costs incurred by us in managing the investment option.

² Additional fees may apply.

This example is illustrative only. What it costs you will depend on the investment option you choose.

ASIC provides a calculator on its MoneySmart website, www.moneysmart.gov.au that can be used to calculate the effect of fees and costs on account balances.



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