



## Pension – investment changes 2008

*Aon has recently made the decision to appoint global investment specialist, Russell Investment Group, to manage most of the Aon Master Trust's investments via its range of multi-manager funds.*

*Along with the transition to Russell, we are making a number of changes to our investments. Key changes include:*

- *a more streamlined investment menu from 1 July 2008*
- *introduction of five Index options*
- *new names for some options*
- *a number of new options with most of them open for investment in October 2008*
- *closure of some Tier 3 options to new investors from 1 July 2008 (and termination in September)*
- *increased currency hedging on international share investments.*

### New investment menu

Our partnership with Russell allows us to streamline our investment menu. The new menu, which started from 1 July 2008, does not use the Tier 1, 2 and 3 structure. From 1 July 2008, there will be two categories of options, known simply as Pre-mixed and Sector.

#### Pre-mixed

High Growth – Index  
High Growth – Active  
Growth – Index  
Growth – Active  
Balanced – Index  
Balanced – Active  
Capital Stable – Index  
Capital Stable – Active  
Secure – Index  
Secure – Active

#### Sector

Australian Shares – Index  
Australian Shares – Diversified  
Australian Shares – Core\*  
International Shares – Index  
International Shares – Index (\$A hedged)  
International Shares – Diversified  
International Shares – Core\*  
International Shares – Core (\$A hedged)\*  
Property – Australian Index  
Property – Diversified  
Fixed Interest – Australian Index  
Fixed Interest – International Index (\$A hedged)  
Fixed Interest – Diversified  
Fixed Interest – Australian\*  
Fixed Interest – International (\$A hedged)\*  
Cash  
Diversified – Maple-Brown Abbott

\* Open to new investment from October 2008.

## What stays the same, what changes

### Pre-mixed

Pre-mixed options will remain essentially the same. Changes include:

- **Five Index options will be introduced from 1 July 2008**  
These options will have the same strategic asset allocations and use the same SSgA products as the corresponding options in Corporate and Personal Super.
- **Change to fixed interest split in Active options**  
From October 2008, diversified fixed interest will be split 50/50 between Australian and international fixed interest. See Table A below.
- **Changes to underlying investments**  
Active options have a new investment product structure from October 2008. The majority of these products are Russell multi-manager sector products. The asset transition from the current managers and structure to the Russell products will occur during September/October.

- **Increased currency hedging**

30% currency hedging applies to the international shares components of the pre-mixed options from July 2008 (for index options) and October 2008 (for active options). This compares with the previous hedging of 0% (index options) and 10% (active options).

### Sector

From 1 July 2008, the new Sector menu incorporates current (mostly renamed) Tier 2 options and a number of current (but renamed) Tier 3 options. A number of new options will be introduced from 1 July 2008 and the majority of these new options will be open for investment in October 2008.

- **Renaming of options**

New names given to a number of current options reflect the broader diversification they now offer or focus on asset class rather than fund manager. See Table B below.

The Trustee and Russell will review the underlying managers on an ongoing basis and have the discretion to add or replace managers in any option.

**Table A Change to fixed interest split in Active options**

	High Growth – Active (%)		Growth – Active (%)		Balanced – Active (%)		Capital Stable – Active (%)		Secure – Active (%)	
	now	1/10/08	now	1/10/08	now	1/10/08	now	1/10/08	now	1/10/08
Australian shares	46.5	46.5	39.5	39.5	32	32	12	12	0	0
International shares	46.5	46.5	39.5	39.5	32	32	12	12	0	0
Property	7	7	6	6	6	6	6	6	0	0
Growth	100	100	85	85	70	70	30	30	0	0
Australian fixed interest	0	0	15	7.5	25	12.5	60	30	60	30
International fixed interest		0		7.5		12.5		30		30
Cash	0	0	0	0	5	5	10	10	40	40
Defensive	0	0	15	15	30	30	70	70	100	100

**Table B Renaming of some options in new Sector category**

Now	New name from 1 July 2008
Australian shares (Tier 2)	Australian Shares – Diversified
International shares (Tier 2)	International Shares – Diversified
Property (Tier 2)	Property – Diversified
Diversified Fixed interest (Tier 2)	Fixed Interest – Diversified
SSgA Australian Equities Index Trust (Tier 3)	Australian Shares – Index
SSgA International Equities Index Trust (Tier 3)	International Shares – Index
SSgA Australian Listed Property Index Trust (Tier 3)	Property – Australian Index
SSgA Australian Fixed Income Index Trust (Tier 3)	Fixed Interest – Australian Index
SSgA Global Fixed Income Index Trust (Tier 3)	Fixed Interest – International Index (\$A hedged)

- **New options**

We have been working with Russell to develop a new range of options. These new options appear in the new investment menu but most will not be open for investment until October 2008.

Australian Shares – Core International Shares – Core International Shares – Core (\$A hedged) International Shares – Index (\$A hedged)* Fixed Interest – Australian Fixed Interest – International (\$A hedged)
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\* Open for investment from 1 July 2008.

- **Increased currency hedging**

Hedging of currency in the International Shares – Diversified option (previously known as International Shares) increases from 10% to 30% from October 2008.

### **Tier 3 options: closure at 1 July 2008 and termination in September 2008**

The remaining Tier 3 options were closed to new contributors from 1 July 2008 (and so do not appear in the new investment menu). The closures do not affect monies currently invested in these options.

These options will be terminated on 16 September 2008 and assets will be transferred automatically to selected default Sector options unless the member instructs otherwise. Buy/sell transaction costs will not apply to these automatic transfers.

We will be contacting affected members regarding these terminations and their transfer options.

### **Option details**

The 1 July 2008 Product Disclosure Statement (PDS) has further details (including objectives, strategies and management fees) on each of the options in the new investment menu. The PDS is available at [aonmastertrust.com.au](http://aonmastertrust.com.au) or by contacting us. Investment profiles for each of the options are also available on the website.

#### **Contact us:**

Phone: 1300 880 588  
Fax: 1300 267 582  
Email: [contactaon@pillar.com.au](mailto:contactaon@pillar.com.au)  
Mail: Aon Master Trust  
PO Box 1949  
Wollongong NSW 2500

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