

PRODUCT UPDATE

Issue date: 18 March 2022

Changes to AIA Australia's (AIAA) asset allocation benchmark and ranges

AIA Australia (AIAA) has an ongoing process in place to review the investment strategies, including the Strategic Asset Allocations (SAAs), of our investment options. Investment options are designed and managed by AIAA, whilst the day-to-day investment management activities are in most cases outsourced to external investment managers selected by AIAA.

Following a recent review, we have made various changes to our SAAs across the multi-sector investment options with the objective of improving or maintaining expected risk-adjusted returns (higher return/and or lower risk) for these options. In addition, we have also introduced changes to current asset class labels for the Alternatives and Fixed Income asset classes, to provide greater transparency of asset allocations and to better align asset class labels with industry practice. A summary of these changes is outlined below:

- Increasing the allocation to Growth Assets for most of the multi-sector investment options, mainly through an increased allocation to Australian Shares, Global Property Securities and to a lesser extent Unlisted Infrastructure, whilst reducing the allocation to Alternatives (previously referred to as Liquid Alternatives) and
- Reducing the allocation to Fixed Income and Cash, while increasing the allocation to Private Debt for the multi-sector investment options and
- Replacing the current Alternatives asset class label by splitting out the underlying sub-asset class strategies into their own discrete asset class labels: Unlisted Infrastructure, Unlisted Property and Alternatives (previously referred to as Liquid Alternatives) and
- Splitting out the Private Debt sub-asset class strategy from the Fixed Income asset class into its own discrete asset class, to be utilised by the multi-sector investment options and single sector Fixed Income investment option.

The above changes were introduced from 1 February 2022 with completion expected by the end of April 2022.

No changes were made to current published Investment objectives and Standard Risk Measures (SRM) Risk Labels for investment options.

Table of investment options impacted by product

The table below lists the product name and investment options within each product that are impacted by these changes. Please note that where an investment option for a product is not shown, then there is no change for that investment option.

Product name	Product code	Investment option name	Investment strategy
Insurance and Trustee Bonds	BOND	Capital Stable	Capital Stable
		Fixed Interest	Diversified Fixed Interest
		Aust. Fixed Interest	Diversified Fixed Interest
		Balanced	Growth
		Managed Growth	Growth
		Equity Profile	High Growth
Commonwealth Life Family Bonds	FH	Capital Secure	Capital Stable
		Managed	Growth
	FU	Capital Secure	Capital Stable
		Managed	Growth
Commonwealth Life Insurance Bond	BH	Capital Secure	Capital Stable
		Managed	Growth
	BU	Capital Secure	Capital Stable
		Managed	Growth
Ordinary and External Trustee	IBCYP	Capital Stable Growth	Capital Stable
		Capital Stable	Capital Stable
		Capital Stable - Primary	Capital Stable
		Balanced	Growth
		Balanced Growth	Growth
		Balanced - Primary	Growth
		Equity Profile	High Growth
		Equity Profile Growth	High Growth
Easy Saver	EASYSAVER	Capital Secure	Capital Stable
		Managed Growth	Growth
		Balanced	Growth
		Growth	Growth
Investment Growth Bond	A01, A02, A03,	Consensus Stable	Capital Stable
		Stable	Capital Stable
		Fixed Interest	Diversified Fixed Interest
		Consensus Managed	Growth
		Managed	Growth
Investment Growth Bond	A04, A05	Stable	Capital Stable
		Fixed Interest	Diversified Fixed Interest
		Managed	Growth
Investment Growth Bond	A06	NC - Diversified	Balanced
		NC - Conservative	Capital Stable
		NC - Global Fixed Income	Diversified Fixed Interest
		NC - Managed	Growth
		NC - Growth	High Growth

Product name	Product code	Investment option name	Investment strategy
Lifelink	LIFELINK	Managed Growth	Growth
		Managed Growth (version 1)	Growth
		Managed Growth (version 2)	Growth
Lifewise (Version 4)	LIFEWISE4	Managed Growth	Growth
Lifewise (Version 5)	LIFEWISE5	Capital Secure	Capital Stable
		Managed	Growth
		Managed Growth	Growth
Managed Plan	MANAGEDP	Managed Growth Protected	Growth
		Managed Growth Unprotected	Growth
Wholesale Investment Portfolio	PRUINO	Capital Safe	Capital Stable
		Capital Safe Guaranteed - Super Tax Exempt	Capital Stable
		Capital Safe Guaranteed - Super Taxed	Capital Stable
		Australian Fixed Interest Fund	Diversified Fixed Interest
		Balanced	Growth
		Balanced Ordinary	Growth
SGIC Personal Investment Bond	AG3	Managed	Growth
	AH3	Managed	Growth
St Andrew's Investment Bond	IVB	Savings Plan/Investment Bond - Capital Secure	Capital Stable
		Savings Plan/Savings Care Plan/Investment Bond - Managed	Growth
St Andrew's Savings Care	SAC	Savings Plan/Savings Care Plan/Investment Bond - Managed	Growth
St Andrew's Savings Plan	SP	Savings Plan/Investment Bond - Capital Secure	Capital Stable
		Savings Plan/Savings Care Plan/Investment Bond - Managed	Growth
Umbrella Fin Plan 1	T11	Stable	Capital Stable
		Fixed Interest	Diversified Fixed Interest
		Managed	Growth
Umbrella Fin Plan 2	T12	Stable	Capital Stable
		Fixed Interest	Diversified Fixed Interest
		Managed	Growth
Umbrella Invest Plan	T10	Stable	Capital Stable
		Fixed Interest	Diversified Fixed Interest
		Managed	Growth

A closer look at the changes for each investment strategy

This section provides details on the Strategic Asset Allocation (SAA) changes specific to each investment strategy. The changes apply to all investment strategies regardless of product.

High Growth

Asset class ^{1 2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	90.0%	90.0%
Australian Shares ⁴	34.0%	37.0%
Global Shares	34.0%	34.0%
Unlisted Infrastructure	8.8%	8.0%
Unlisted Property	4.4%	4.0%
Global Property Securities	-	3.0%
Alternatives ⁵	8.8%	4.0%
Defensive assets	10.0%	10.0%
Private Debt	0.4%	3.0%
Fixed Income	6.6%	5.0%
Cash ⁶	3.0%	2.0%

Growth

Asset class ^{1 2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	75.0%	76.0%
Australian Shares ⁴	28.0%	31.0%
Global Shares	28.0%	28.0%
Unlisted Infrastructure	7.6%	8.0%
Unlisted Property	3.8%	4.0%
Global Property Securities	-	2.0%
Alternatives ⁵	7.6%	3.0%
Defensive assets	25.0%	24.0%
Private Debt	1.1%	4.0%
Fixed Income	16.9%	15.0%
Cash ⁶	7.0%	5.0%

Balanced

Asset Class ^{1 2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth Assets	55.0%	56.0%
Australian Shares ⁴	19.0%	21.0%
Global Shares	19.0%	19.0%
Unlisted Infrastructure	6.8%	7.0%
Unlisted Property	3.4%	3.0%
Global Property Securities	-	2.0%
Alternatives ⁵	6.8%	4.0%
Defensive Assets	45.0%	44.0%
Private Debt	1.7%	4.0%
Fixed Income	26.3%	28.0%
Cash ⁶	17.0%	12.0%

Capital Stable

Asset class ^{1 2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	35.0%	36.0%
Australian Shares ⁴	10.0%	11.0%
Global Shares	10.0%	10.0%
Unlisted Infrastructure	6.0%	8.0%
Unlisted Property	3.0%	3.0%
Global Property Securities	-	1.0%
Alternatives ⁵	6.0%	3.0%
Defensive assets	65.0%	64.0%
Private Debt	2.3%	5.0%
Fixed Income	35.7%	34.0%
Cash ⁶	27.0%	25.0%

Capital Secure

Asset class ^{1 2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	0.0%	0.0%
Australian Shares ⁴	-	-
Global Shares	-	-
Unlisted Infrastructure	-	-
Unlisted Property	-	-
Global Property Securities	-	-
Alternatives ⁵	-	-
Defensive assets	100.0%	100.0%
Private Debt	2.1%	4.0%
Fixed Income	32.9%	34.0%
Cash ⁶	65.0%	62.0%

Diversified Fixed Income

Asset class ^{7 2}	Previous asset allocation (%) ³	New asset allocation (%)
Growth assets	0.0%	0.0%
Australian Shares ⁴	-	-
Global Shares	-	-
Unlisted Infrastructure	-	-
Unlisted Property	-	-
Global Property Securities	-	-
Alternatives ⁵	-	-
Defensive assets	100.0%	100.0%
Private Debt	6.0%	6.0%
Fixed Income	94.0%	94.0%
Cash ⁶	-	-

1 Asset allocations shown are SAA weights and the actual allocations may deviate from the SAA weights.

2 For assets held outside of Australia, we have target levels of currency hedging. For Fixed Income, Private Debt, Global Property Securities and Unlisted Infrastructure, we target a 100 per cent hedged currency position. For Global Shares and Unlisted Property, we have a zero per cent hedged currency position. For alternatives, the targeted hedged currency position varies depending on the underlying Alternatives strategy. We reserve the right to change the target levels of currency hedging at any time without prior notice to you. Actual levels of currency hedging may also differ to the target levels of currency hedging over time.

3 Previous allocations are reported on a look-through basis and show the target allocations to the underlying sub-asset class strategies for Alternatives (Unlisted Infrastructure, Unlisted Property and Alternatives (previously referred to as Liquid Alternatives)) and the target allocation to Private Debt within Fixed Income.

4 Up to four per cent of the allocation to Australian shares may be invested in international shares with currency hedging at the discretion of the manager.

5 These are investments in non-traditional asset classes that may be illiquid in nature. They may include but are not limited to Private Equity, Alternative Betas and Hedge Funds.

6 Up to 25 per cent of the allocation to Cash may be invested in high-rated fixed income.

7 Asset allocations are indicative only and may move outside these target allocations temporarily, depending on movements in the value of financial markets and cash flow.

Contact us

Postal address: AIA Australia
Investment Growth Bond
GPO Box 3306
Sydney NSW 2001

Phone: 1800 624 100 between 8:30am-6pm (AEST/AEDT), Monday to Friday, excluding public holidays.

Important Information

This Product Update is issued by AIA Australia Limited ABN 79 004 837 861 AFSL 230043. AIA Australia is part of the AIA Group. Neither AIA Company Limited nor any of its subsidiaries (other than AIA Australia) are responsible for any of the statements contained in this Product Update. The information in this Product Update is general information only and does not take into account your individual objectives, financial situation or needs. You should assess whether the information is appropriate for you and consider speaking to a financial adviser before making an investment decision. AIA Australia has prepared a Target Market Determination which describes the class of consumers that comprise the target market for this product. The Target Market Determination can be sourced at aia.com.au/tmds