



UPDATE

Changes to advice fees and commissions

Westpac Rollover Investment Bond

Summary of the changes

In December 2020 we informed members of changes resulting from the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* (Royal Commission) in regard to the ending of grandfathered payments.

Attachments

All members were provided with the attached letter (sample), outlining the changes and providing additional contact information with BT.

For more information

131 817 | GPO Box 2675, Sydney NSW 2001

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Date

Investor number

Dear <salutation>,

Ending grandfathered payments

From 1 July 2013, certain payments made by product issuers to advisers and dealer groups were banned as part of the Future of Financial Advice (FoFA) reforms. However, under those reforms, some of these payments were allowed to continue. These payments are referred to as 'grandfathered payments'.

What's changing?

From 1 January 2021, these grandfathered payments to advisers and dealer groups will no longer be allowed to continue and any benefit from ceasing these payments must be passed back to investors.

As you don't have a financial adviser to whom grandfathered payments were being made, you previously received a monthly 'fee rebate' deposited into your investment. With the ending of grandfathered payments, the existing monthly fee rebate will cease, and going forward all investors will receive the equivalent fee rebate in the form of a reduced management fee, reflected in the daily unit price of your investment.

The 'Cash Based Portfolio' investment option

Up until 30 November 2020 you received the fee rebate as a monthly deposit into your investment for the Cash Based Portfolio investment option. The fee rebate in relation to this investment option was equivalent to 0.40% per annum (p.a.) of your balance in the option.

Due to system limitations (which no longer apply), we reduced the management fee of the Cash Based Portfolio option in line with cash investment options in other products, resulting in greater management fee reductions for you than was necessary in order to keep net returns positive for the Cash Based Portfolio option. The management fee as at 30 November 2020 was 0.29% p.a.

How will the benefits of grandfathered payments be passed back to you from 1 December 2020?

Due to the ceasing of grandfathered commissions, we've reduced the management fee by 0.40% p.a. to a new management fee of **0.18% p.a.** The fee reduction of 0.40% p.a. is the equivalent of the fee rebate you received previously.

At the same time, we have also removed the system limitations that previously reduced the management fee by more than was necessary to keep the return positive.

This means the management fee without the system limitations and before the 0.40% p.a. management fee reduction actually increased from 0.29% p.a. to 0.58% p.a.

These changes all occurred on 1 December 2020.

Please see a summary of the changes in the following table:

	Management fee	Monthly Fee rebate
As at 30 November 2020	0.29% p.a. (including higher reduction due to system limitations)	0.40%p.a. (paid into your investment until 30 November 2020)
From 1 December 2020	0.58% p.a.	n/a

	(adjusted management fee without system limitations) - 0.40% p.a. (reflecting the monthly fee rebate)	(now reflected as management fee reduction)
	<hr/> 0.18% p.a. (new management fee)	

Do I have to take any action?

No, you don't have to do anything.

From 1 December 2020 you are now being charged a reduced 0.18% p.a. management fee for the Cash Based Portfolio investment option.

To make sure we comply with this legislation, you will receive a one-off fee rebate deposited into your investment in early 2021 to ensure that we provide you with a 30-day notice period and that you are not worse off during this period.

The rebate will equal 0.29% p.a., plus an additional component for 'time out of the market' as it may be processed after the end of the 30-day notice period.

We're here to help

If you have any questions, please speak to your financial adviser if you have one. Alternatively, you can call our Customer Relations team on 131 817 between 8.30am and 5.30pm (Sydney time), Monday to Friday.

Yours sincerely

<signature>

Disclosure information