

Participating Portfolio

Review and changes



Strategic review of Participating portfolios

In response to the significant economic and financial impact caused by COVID-19, along with several structural changes in the market environment, Asteron completed a strategic review of its participating portfolios during 2020.

The purpose of this review, in part, was to ensure that each Participating portfolios' ongoing strategic asset allocation remained appropriate in the context of the prevailing market conditions and enhance the long-term sustainability of each portfolio.

Strategic asset allocation changes

A key outcome of the review was to update the ongoing strategic asset allocations for each Asteron participating portfolio effective 1 January 2021. Details of the changes to the asset allocation for each portfolio are set out in the following 'Strategic asset allocation' table. In summary:

- Across all participating portfolios, the Australian Fixed Interest asset class now accounts for a larger percentage of the defensive asset exposure.
- The asset classes used for the participating portfolios growth exposure has also been simplified. More information on our investment philosophy is available at asteronlife.com.au/investments-and-superannuation.
- For the Asteron Traditional Policies No. 1, Ex Oceanic Traditional Policies and the Ex Tyndall / Ex Royal Sun Alliance Investment Accounts and Traditional Policies, the strategic asset allocation has been set to a 100% defensive asset exposure. Whilst the removal of exposure to growth assets may reduce future expected returns, this has also resulted in a reduced amount of risk within these portfolios, which is expected to increase the certainty of future expected returns.

Participating portfolio priorities

Following the strategic review, the following priorities and value proposition of the Asteron participating policies remained unchanged:

1. The capital guarantee provided to policyholders;
2. policyholders' share in 80% of any profits distributed; and
3. the ability for policy holders to surrender the policy and receive proceeds of their policy at any time.

Strategic asset allocation

Participating Portfolios	Description	Strategic Asset Allocation Period	Cash	Australian Fixed Interest	Total Defensive	Australian Equity	International Equity	Convertible bonds	Unlisted	Hedge Funds	Total Growth
Asteron Investment Accounts No. 1	Investment Account policies originally issued by Asteron Life & Superannuation Limited and invested in Asteron Capital Guaranteed Life/ Super No.1.	Previous	60%	10%	70%	5%	5%	5%	10%	5%	30%
		Current (From January 2021)	5%	65%	70%	10%	10%	10%			30%
Asteron Investment Accounts No. 4	Investment Account policies originally issued by Asteron Life & Superannuation Limited and invested in Asteron Capital Guaranteed Life/ Super No.4.	Previous	55%	35%	90%	2%		2%	4%	2%	10%
		Current (From January 2021)	5%	65%	70%	10%	10%	10%			30%
Asteron Traditional Polices No. 1	Traditional policies originally issued by Asteron Life & Superannuation Limited and invested in Asteron Capital Guaranteed Life No.1.	Previous	20%	50%	70%	5%	5%	5%	10%	5%	30%
		Current (From January 2021)	10%	90%	100%						0%

Participating Portfolios	Description	Strategic Asset Allocation Period	Cash	Australian Fixed Interest	Total Defensive	Australian Equity	International Equity	Convertible bonds	Unlisted	Hedge Funds	Total Growth
Ex Oceanic Traditional Policies	Policies originally issued by Oceanic Life Limited; these include Traditional policies.	Previous	55%	35%	90%	2%		2%	4%	2%	10%
		Current (From January 2021)	10%	90%	100%						0%
Ex Tyndall / Ex Royal Sun Alliance Investment Accounts and Traditional Policies	Policies originally issued by Tyndall Life Limited or Royal Sun Alliance Life Limited; these include both Investment Account and Traditional policies.	Previous	55%	15%	70%	5%	5%	5%	10%	5%	30%
		Current (From January 2021)	10%	90%	100%						0%

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