



# Investment Update – 31 March 2017

TAL Life Limited ABN 70 050 109 450 AFSL 237848

## For Managed Investment Bond and Rollover Deferred Annuity policy owners

The Investment Update is to be read in conjunction with your Annual Statement and is provided by TAL Life Limited (TAL). It provides you with the information you need to understand the management, financial condition and investment performance of your investment option(s) and product.

Your Annual Statement provides details of your accumulated benefit entitlement, including details of opening and closing balances, transactions and your investment option(s).

If you'd like a printed copy of this update or have any questions, please call us on 1300 209 088 or email [customerservice@tal.com.au](mailto:customerservice@tal.com.au) quoting your policy number.

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## Directory

### Issuer, Administrator, Insurer & Investment Manager

TAL Life Limited  
ABN 70 050 109 450 AFSL 237848

### Customer Service

1300 209 088  
Monday to Friday  
9.00am – 5.00pm (AEST/AEDT)

[customerservice@tal.com.au](mailto:customerservice@tal.com.au)

TAL Life Limited  
GPO Box 5380  
Sydney NSW 2001

### Terms used in this Investment Update

ABN	Australian Business Number
AEST/AEDT	Australian Eastern Standard Time/Australian Eastern Daylight Time
AFSL	Australian Financial Services Licence
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)
CPI	Consumer Price Index
FOS	Financial Ombudsman Service
'Russell Investments', 'Russell'	Russell Investment Management Limited ABN 53 068 338 974
SCT	Superannuation Complaints Tribunal
'TAL', 'we', 'us'	TAL Life Limited and any of its related bodies corporate
Unit Linked	an investment option where members purchase units, with each unit representing an equal share of the underlying assets of the option. The value of each unit, ie. the unit price, reflects the market value of the underlying assets
'you', 'your', 'customer'	the customer

## Disclaimer

TAL, its related bodies corporate and their directors and associates do not guarantee any particular rate of return, the repayment of capital or income, or the performance of any of the products or funds referred to in this Investment Update unless otherwise stated. The information contained in this Investment Update is general information only and does not constitute financial or taxation advice. It does not take into account your individual objectives, financial situation or particular needs (your circumstances). TAL recommends that you read the relevant Product Disclosure Statement and consider obtaining independent investment and taxation advice specific to your circumstances before making any financial decision.

## Important information on how we manage your investment

### Processing of contributions and withdrawals

We reserve the right to suspend or restrict the processing of some or all transactions where:

- in our absolute discretion, market disruptions or extraordinary circumstances mean that it would not be fair and reasonable to continue processing transactions;
- for whatever reason, we are unable to determine the unit price(s) at which transactions should be processed; or
- one or more investment options are illiquid in that they do not have sufficient assets that can reasonably be expected to be realised and converted into cash to satisfy redemption requests within the timeframe set by legislation.

Additionally, if we do not receive all the necessary information, we may, at our absolute discretion, reject an application for units in whole or in part.

The temporary suspension or restriction of processing of transactions will be lifted when, in our absolute discretion, the risk to policy owners has abated sufficiently to make it fair and reasonable to resume processing transactions.

### Identification requirements

The AML/CTF Act requires us to identify you and verify your identity when you make withdrawals from your investment. Generally, you will need to provide certain documents (such as a certified copy of your passport or current driver licence) to establish or verify your identity. If you do not provide identifying documents, we will not be able to process your withdrawal. The AML/CTF Act also imposes reporting obligations on us if we form suspicions about the identity of someone we are transacting with or about the purpose of the transaction itself. In these circumstances we may decide to delay or decline to process that transaction and report it to the regulator if we are concerned that the request or transaction may be in breach of the provisions of the AML/CTF Act or cause us to commit an offence under that Act. If we take this step, we will not incur any liability to you.

TAL has processes in place to help to prevent unauthorised people from gaining access to your investment. However, there are some steps that you can also take to help protect your personal information from unauthorised access or use. The website of the Office of the Australian Information Commissioner at [www.oaic.gov.au](http://www.oaic.gov.au) contains useful information on how you can protect your personal information.

### Privacy

The way in which TAL collects, handles, secures and discloses your personal information is set out in the TAL Privacy Policy which is available on our website [www.tal.com.au/Privacy-Policy](http://www.tal.com.au/Privacy-Policy) or a hard copy is available free of charge on request.

### Unit pricing

The following section provides information about unit pricing. Our current process may differ to the description in your original product terms. We reserve the right to alter our process at any time without notice.

### How unit pricing works

When you invest money in an investment option, your money is pooled together with that of other policy owners. TAL then uses this pool of funds to invest in assets which are managed on behalf of all policy owners. All units within each Unit Linked investment option have an equal value. Unit prices for these investment options are determined daily (for each business day) by dividing the total net asset value of the investment option by the number of units on issue within that investment option.

The net asset value of all investment options includes the market value of the assets (including provision for tax benefits that may arise in the future) and provisions for fees, taxes, transaction costs and any other expenses of the option. We use the most recent best estimate of these provisions in each day's net asset value. These estimates are updated regularly and may be subject to change.

### Withdrawals and benefit payments

TAL's current process is to calculate the withdrawal value using the latest available unit price at the time of calculating the payment. This current process may differ from the benefit calculation procedure in your original product terms.

### Adjustments

Very occasionally, errors occur that have a material effect on the value of your account. When this happens, TAL will adjust your account as follows:

- for policies that are still current, we will adjust the investment to ensure it is in the position it should have been had the error not occurred; and
- for policies that have exited, compensation may be paid where the adjustment is at least \$20.

Where an exited policy has been overpaid, TAL may seek to recover the overpayment from you.

### Fees

We will provide you with 30 days' notice before introducing any additional fee(s) or before any increases (other than CPI increases) to existing fees. Standard rounding practices apply to CPI increases to fees.

## About the investment information

### Investment management arrangements

TAL invests contributions received into the investment option(s) that you have selected. These investment options invest in a life insurance policy issued by TAL and the assets supporting this policy are managed by Russell Investments.

### Performance returns

Investment performance information as at 31 March 2017 is rounded to one decimal place. The calculation of performance returns is based on the movement of unit prices over the period reported. The performance returns shown are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option and before the deduction of any other fees and rebates that may be applicable to your policy. Performance returns are the annual returns for the investment option as a whole. For current investment performance information, see [Performance](#) on our website and then select your product. Past performance is no guarantee of future performance.

### Asset allocations and benchmarks

Asset allocations as at 31 March 2017 and 31 March 2016 for each of the investment options have been rounded to the nearest one decimal place. The actual allocations may vary from time to time due to market fluctuations and investment decisions. A limited portion of the investment portfolios may be held as cash for liquidity or other investment purposes from time to time. This cash holding is included in the asset class specified in the underlying manager's strategic asset allocation. For example, a specialist shares manager may hold some cash (within specified limits) and this would be classified as shares. For current or further information about asset allocation benchmarks and minimum and maximum ranges, please contact your financial adviser, call us on 1300 209 088 or see [Profiles](#) on our website and select your product and the appropriate investment option.

### Changes to the strategic asset allocation

As part of our ongoing commitment to continually improve investment options, we have reviewed the strategic asset allocation of each investment option with Russell Investments. The strategic asset allocation is the weighting to asset classes that we believe is required to achieve an option's investment objective based on long-term risk and asset returns expectations. Any changes to the strategic asset allocation will be detailed in the 'Investment information as at 31 March 2017' section and are updated on the website when they occur.

### Risk and return profile

Volatility can be simply defined as fluctuations in the returns of an investment and is the most common way to measure the risk associated with certain asset classes such as shares, fixed interest and property. An investment which is more volatile than another is said to be riskier. This is because the greater the volatility of an investment, the greater the chance that its return could be less than expected. It is widely accepted that over long periods of time, a relationship exists between the risk and return of each investment option. Generally, the investment options with the potential for earning higher returns carry a higher risk (ie. have higher volatility of returns). If you would like details for each of the investment options available to you as a policy owner (including asset allocation benchmarks and ranges), call us on 1300 209 088 or see [Profiles](#) on our website and select your product and the appropriate investment option.

### Multi-manager investment style

TAL's multi-manager investment options are managed by Russell Investments. Russell's investment strategy begins by researching some of the world's best investment managers. Underlying investment managers are then selected for inclusion in the investment options – each chosen for what Russell believes is their outstanding capabilities. These underlying managers, with different approaches and styles to investing, are then combined together to manage portfolios of securities. It's a multi-dimensional process that provides a simple yet sophisticated investment for investors.

For nearly 40 years, Russell's extensive understanding of markets, managers and investors has enabled them to design funds that seek to deliver consistent long-term results. Through the TAL investment options, you gain exposure to a highly awarded investment company.

### Labour standards and environmental, social and ethical considerations

Labour standards, environmental, social, or ethical considerations are not taken into account for the purpose of selecting, retaining, or realising an investment. Underlying investment managers may or may not take these considerations into account.

### Investment in derivatives

Derivatives such as futures, forwards, options and swaps (as applicable) may be used, within agreed limits, by the underlying investment managers in managing the various asset classes.

### Changes to the investment options

TAL reserves the right to withdraw or close an investment option. We may also change any other aspect of any investment option that you invest in at any time. You will be notified in writing of any such change. If an investment option is withdrawn, we will transfer your investment to the nearest equivalent option available at that time.

## Investment information as at 31 March 2017

### TAL's investment objective and strategy

Our investment objective is to provide a product with a range of investment options from which you can select investments.

This investment information is for the following products:

- Managed Investment Bond (Series 1)
- Managed Investment Bond (Series 2)
- Rollover Deferred Annuity (Series 1)
- Rollover Deferred Annuity (Series 2)

### Investment performance

The calculation of investment performance is based on the movement of unit prices for the Unit Linked investment options over the period reported. The returns shown below are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option, and before the deduction of any other fees and the calculation of rebates that may be applicable to your policy. Performance returns are the annual returns for the investment option as a whole.

The 5 and 10 Year Compound Average Returns are detailed below and the figures are rounded to one decimal place. Current 1 to 5 year performance returns are updated at the end of each month and may be obtained by contacting us on 1300 209 088 or by visiting [Performance](#) on our website and selecting your product.

Your individual returns, after taking into account transactions throughout the reporting period, are detailed in your Annual Statement.

Product	Investment option	Compound Average Returns (%)	
		5 Years to 31/03/2017	10 Years to 31/03/2017
Managed Investment Bond (Series 1)	TAL Capital Protected	3.7	2.4
	TAL Performance	7.1	2.8
Managed Investment Bond (Series 2)	TAL Capital Protected	2.1	0.9
	TAL Cash	0.3	1.2
	TAL Performance	5.1	0.9
Rollover Deferred Annuity (Series 1)	TAL Capital Protected	5.0	3.3
	TAL Performance	9.3	3.6
Rollover Deferred Annuity (Series 2)	TAL Australian Shares	8.7	2.4
	TAL Capital Protected	4.2	2.5
	TAL Cash	1.1	2.2
	TAL Diversified	6.5	2.8
	TAL Performance	8.3	2.6

Past investment performance is not a guarantee of future investment performance.

### Important notes on investment options

**Capital Protected investment option:** the Capital Protected investment option is market linked. This means the unit price may fall and rise with market movements. However, the price of a Capital Protected unit when redeemed to pay a benefit, withdrawal or switch, will not be less than the price at which the unit was purchased (less tax, withdrawals and exit charges).

**Cash investment option:** the Cash investment option unit price is guaranteed not to reduce other than as a result of tax or legislative changes.

This information does not take into account your individual circumstances and you should seek tax and/or financial advice from a professional adviser before acting on this information. Your individual returns, after taking into account transactions throughout the reporting period, are detailed in your Annual Statement.

Please note: the **Australian Shares, Diversified and Performance options** do not have a guarantee. The value of your investment in these options can rise or fall.

### Investment option profiles

Not all investment options are available to all policy owners. Please refer to the investment performance table, your Annual Statement and/or Policy/Disclosure document for details of the investment options available to your individual policy.

Asset allocations for 31 March 2017 and 31 March 2016 for each of the investment options are shown below, and have been rounded to one decimal place.

TAL has engaged Russell Investments to provide fund management services for each of the investment options.

#### TAL Australian Shares

Investment objective	The option aims to provide high investment growth over the long term from a portfolio of Australian shares.		
Investment strategy	The option invests in a diversified range of Australian shares.		
Investment timeframe	5+ years		
Risk and return profile	High		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Australian shares	100.0	100.0

#### TAL Capital Protected – for Managed Investment Bond

Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	3+ years		
Risk and return profile	Low to moderate		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Australian fixed interest	34.8	35.1
	Australian shares	15.5	14.9
	Cash and short-term securities	15.0	15.2
	International fixed interest	20.0	20.2
	International shares	10.1	9.8
	Property	4.6	4.8

#### TAL Capital Protected – for Rollover Deferred Annuity

Investment objective	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
Investment timeframe	3+ years		
Risk and return profile	Low to moderate		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Australian fixed interest	34.9	35.0
	Australian shares	15.4	15.3
	Cash and short-term securities	15.0	15.2
	International fixed interest	20.1	20.5
	International shares	10.3	9.5
	Property	4.3	4.5

## TAL Cash

Investment objective	The option aims to provide cash returns over the short term from a portfolio that invests in cash and short-term securities.		
Investment strategy	The option invests in cash and short-term securities.		
Investment timeframe	1 year		
Risk and return profile	Low		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Cash and short-term securities	100.0	100.0

## TAL Diversified

Investment objective	The option aims to provide moderate investment growth over the medium to long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a broadly equal weighting to growth and defensive assets.		
Investment timeframe	3+ years		
Risk and return profile	Moderate		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Australian fixed interest	24.6	25.2
	Australian shares	27.4	26.5
	Cash and short-term securities	4.9	5.1
	International fixed interest	20.1	20.5
	International shares	17.8	17.3
	Property	5.2	5.4

## TAL Performance – for Managed Investment Bond

Investment objective	The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.		
Investment timeframe	5+ years		
Risk and return profile	Moderate to high		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Australian fixed interest	14.6	15.2
	Australian shares	36.7	36.8
	International fixed interest	14.5	15.5
	International shares	27.2	24.7
	Property	7.0	7.8

## TAL Performance – for Rollover Deferred Annuity

Investment objective	The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.		
Investment strategy	The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.		
Investment timeframe	5+ years		
Risk and return profile	Moderate to high		
Asset allocation	<b>Asset class</b>	<b>2017 (%)</b>	<b>2016 (%)</b>
	Australian fixed interest	15.0	15.1
	Australian shares	37.3	36.8
	International fixed interest	14.8	15.5
	International shares	25.9	25.2
	Property	7.0	7.4

## General information

### Information for policy owners of Managed Investment Bonds

#### The 125% Rule option

If you withdraw the account balance after 10 years, the investment is fully tax paid, provided in any one year you have not contributed more than 125% of the previous year's contributions. If, in any year, you have contributed more than 125% of the previous year's contributions, the 10 year tax paid period recommences for the whole investment. If you withdraw your investment during the first 10 years, a portion of the earnings on the investment must be declared as your assessable income for income tax purposes. Note that a credit for tax paid by the life company during that period may reduce the amount of income tax that you have to pay. The portion of the earnings that must be declared depends on the year in which the withdrawal is made:

Year withdrawn	Portion of earnings to be declared
After the 10 <sup>th</sup> year	Nil
During the 10 <sup>th</sup> year	One third of earnings
During the 9 <sup>th</sup> year	Two thirds of earnings
Up to and including the 8 <sup>th</sup> year	All of the earnings

The above information does not take into account your individual investment objectives, financial situation or particular needs. Please contact your financial adviser or registered tax agent for more information or advice.

## Contact us

### Enquiries

If you have a general enquiry or require further information on your policy, call us on 1300 209 088, Monday to Friday between 9.00am – 5.00pm (AEST/AEDT). Alternatively, email us on [customerservice@tal.com.au](mailto:customerservice@tal.com.au) quoting your policy number or write to us at the following address:

TAL Life Limited  
GPO Box 5380  
Sydney NSW 2001

### Complaints

If you have a complaint regarding your TAL product, please write to the Complaints Manager at the address shown above.

#### For Managed Investment Bond policy owners

If your complaint has not been resolved to your satisfaction within 45 days of lodgement, you may refer the matter to the **Financial Ombudsman Service (FOS)**:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001

Call 1800 367 287  
Email [info@fos.org.au](mailto:info@fos.org.au)  
Website [www.fos.org.au](http://www.fos.org.au)

FOS is an independent body designed to help you resolve complaints relating to financial products as well as complaints relating to financial advice and sales of financial and investment products. Complaints with FOS may be resolved by a conciliation process or arbitration. This complaints procedure is free of charge. Decisions made by FOS are binding on us.

#### For Rollover Deferred Annuity policy owners

If your complaint has not been resolved to your satisfaction within 90 days of lodgement, you may refer the matter to the **Superannuation Complaints Tribunal (SCT)**:

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne VIC 3001

Call 1300 884 114  
Email [info@sct.gov.au](mailto:info@sct.gov.au)  
Website [www.sct.gov.au](http://www.sct.gov.au)

The SCT is an independent body established by the Commonwealth Government to deal with complaints about superannuation, annuity policies and retirement savings accounts. The objective of the SCT is to provide a fair, timely and economical means of resolution of complaints as an alternative to the court system. The SCT cannot consider complaints that have not been first referred through our internal complaints resolution process. Please note, time limits apply for the lodgement of complaints with the SCT.