

November 2022

This notice contains important information about the Fund

This notice is issued by Equity Trustees Superannuation Limited (ABN 50 055 641 757, AFSL No. 229757, RSE Licence No. L0001458) (**we; our; us**) as trustee of the Crescent Wealth Superannuation Fund (ABN 71 302 958 449) (**Fund**).

The Promoter of the Fund is Crescent Wealth Funds Management (Aust) Limited (**Crescent Wealth**).

The Fund invests into managed investment schemes for which Crescent Wealth is the Responsible Entity (**Underlying Investments**).

Why are we writing to you?

We have become aware that the estimated costs of the Underlying Investments (**Indirect Costs**) that Crescent Wealth provided to us were not calculated or disclosed correctly and were too low, resulting in a breach of regulatory standards. As a result, the following amounts that we have disclosed to you are incorrect and too low:

- the “Indirect cost ratios” of the investment options in the ‘Fees and Costs’ section of the Product Disclosure Statement you received if you became a member of the Fund after 1 July 2017;
- the “Indirect costs for the superannuation product” in the ‘Example of annual fees and costs’ section of this Product Disclosure Statement; and
- the total amount of fees and costs shown in the ‘Fees and Costs’ section in the statement you have received for each year, or part of a year, that you have been a member of the Fund since 1 July 2017 (**Periodic Statement**).

However, it is important to note the administration fees deducted directly from your account in the Fund (which are reflected as transactions listed in your Periodic Statements), and the percentage-based administration fees and investment returns attributable to your account are not impacted by this error.

What are Indirect Costs?

The Fund invests money into the Underlying Investments for each investment option. Indirect Costs are fees and expenses that are deducted from the Underlying Investments before the investment returns from the Underlying Investments are allocated to the Fund's investment options.

These fees and expenses include investment management fees, property costs, alternative asset costs, audit costs, custody costs, and other investment-related costs.

At an investment option level, Indirect Costs are expressed as an indirect cost ratio which is the ratio of the indirect costs of an investment option to total average net assets of that option (**ICR**).

Why has the error occurred?

Although Indirect Costs are always shown as estimates, the estimates provided to us by Crescent Wealth were not calculated correctly because they:

- did not incorporate some of the fees and costs that were deducted from the Underlying Investments; and
- were not reviewed and updated by Crescent Wealth for each financial year.

What are we doing?

We engaged an independent expert to investigate the past calculations of Indirect Costs and ICRs, and to determine the Indirect Costs and ICRs for the year ended 30 June 2022. The independent expert's findings are shown below.

When this investigation commenced, we withdrew the Fund's Product Disclosure Statement (Crescent Wealth also requested its withdrawal). As the independent expert has confirmed the ICRs for the year ended 30 June 2022, we are working with Crescent Wealth to issue an updated Product Disclosure Statement that reflects these ICRs as soon as possible.

We are also conducting a review of Crescent Wealth as the Responsible Entity of the Underlying Investments and will take appropriate action in response to the findings of this review to protect your best financial interests.

What is the difference between the ICRs previously disclosed / used and those calculated by our independent expert?

The following tables show the difference between the ICR disclosed / used in Product Disclosure Statements or Periodic Statements issued in each year since 1 July 2017 and the actual ICR calculated by the independent expert. Actual ICRs are based on data available to the independent expert and include some estimates and assumptions.

Investment Option	Disclosed ICR (estimated % p.a.)	Actual ICR (% p.a.)			
		Year ended 30/6/19	Year ended 30/6/20	Year ended 30/6/21	Year ended 30/6/22
Balanced	1.18%	1.89%	1.94%	1.96%	1.91%
Conservative	0.83%	1.55%	1.63%	1.66%	1.66%
Growth	1.39%	2.23%	2.26%	2.16%	2.01%
Balanced Global	0.61%	NA	NA	1.34%	1.51%

Investment Option	Disclosed ICR (estimated % p.a.)	Actual ICR (% p.a.) Year ended 30/6/18
Balanced	1.25%	1.70%
Conservative	0.87%	1.32%
Growth	1.45%	2.05%

Examples of the difference between the disclosed and actual ICRs

The following example, which is based on a \$50,000 account balance held in the Balanced investment option, helps explain the effect the error has had on the Fund's product disclosures. Examples of the annual fees and costs for other investment options are also shown. Incorrect information has been struck out in red text (~~for example~~) and replaced with correct information in blue underlined text (for example).

'Example of annual fees and costs' section of the Product Disclosure Statement issued on 1 November 2021

This table gives an example of how the fees and costs for the Crescent Wealth Super Balanced option for this superannuation product can affect your investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE: Crescent Wealth Super Balanced Option		Balance of \$50,000
Investment Fees	0%	For every \$50,000 you have in the superannuation product you will be charged \$0 each year
PLUS Administration Fees	0.89% p.a.* \$98.80 p.a. (\$1.90 per week)	And , you will be charged \$98.80 in administration fees regardless of your balance plus \$445 for every \$50,000
PLUS Indirect costs for the superannuation product	1.18% <u>1.96%</u>	And , indirect costs of \$590 <u>\$980</u> each year will be deducted from your investment
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$1133.80 <u>\$1,523.80</u> for the superannuation product

Note: *Additional fees may apply

Examples of the annual fees and costs for each the Fund's other investment options, using the same methodology, based on a balance of \$50,000 are:

- Crescent Wealth Super Conservative: ~~\$958.80~~ \$1,373.80;
- Crescent Wealth Super Growth: ~~\$1,238.80~~ \$1,623.80; and
- Crescent Wealth Balanced Global: ~~\$848.80~~ \$1,213.80.

The incorrect ICRs have had a similar impact on Periodic Statements.

It is important to note that:

- the impact of error (in dollar terms) on the total fees and costs shown in the 'Fees and Costs' section in the Periodic Statement you have received for each year, or part of a year, that you have been a member of the Fund since 1 July 2017 depends on the investment options(s) you were invested in and the size of your account balance; and
- the administration fees deducted directly from your account in the Fund (which are reflected as transactions listed in your Periodic Statements), and the percentage-based administration fees and investment returns attributable to your account are not impacted by this error.

What you can do now?

We understand that most members are likely to have chosen the Fund because its investment options are based on Islamic investment principles and screening processes, and not because of the fees and costs. However, if you believe that the disclosure of incorrect Indirect Costs and ICRs impacted your decision to join, or remain a member of, the Fund and wish to make a complaint, please contact us at the following address:

Post	Email	Phone
The Complaints Officer Crescent Wealth Superannuation Fund GPO Box 4650 Melbourne VIC 3001	super@crescentwealth.com.au	1300 926 626

Your complaint should help us understand:

- how the disclosure of incorrect ICRs and Indirect Costs impacted your decision to join, or remain a member of, the Fund; and
- any loss you suffered due to this decision.

You can also lodge a complaint with the Australian Financial Complaints Authority (**AFCA**), although AFCA will not normally deal with a complaint until it has been through our complaints handling process. AFCA provides fair and independent financial services complaint resolution that is free to consumers:

Post	Email	Phone
Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001	info@afca.org.au	1800 931 678

AFCA cannot deal with all complaints. Time limits (and other limits) may apply so you should act promptly or otherwise consult the AFCA website (www.afca.com.au) to find out if or when you can complain to AFCA.

Further information

If you have any queries about this letter, including the impact on your Periodic Statement(s), please call the Crescent Wealth Helpline Team between 9am and 6pm (Sydney time) – Monday to Friday on **1300 926 626**.

For, and on behalf of the Trustee

Equity Trustees Superannuation Limited