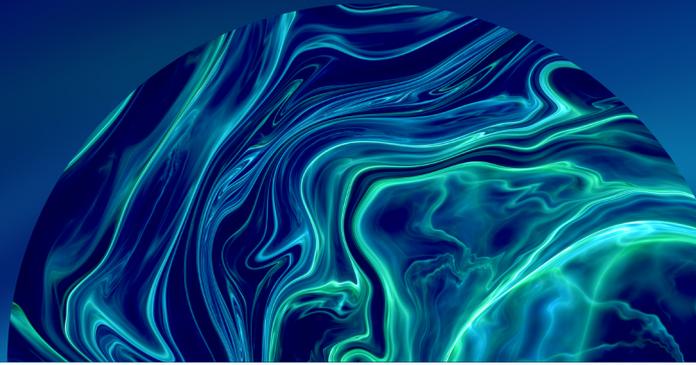


SOLUTION OVERVIEW

FTSE ASFA Australia Index Series



A more precise way to measure after-tax performance

Superannuation funds in Australia rely on indexes to benchmark their fund's performance, communicate this to their members, and to assess the performance of their fund managers.

Traditionally, superannuation funds have used indexes calculated on a pre-tax basis for benchmarking purposes. This can create a misalignment between superannuation funds and their fund managers as some investment decisions are attractive on a pre-tax basis but harm after-tax performance.

As a result, an increasing number of superannuation funds are measuring their fund managers on an after-tax basis using the FTSE ASFA Australia Index Series.

The FTSE ASFA Australia Index Series provides a range of benchmarking and customised solutions for superannuation funds and institutional investors, to better align investment decisions with tax positions.

Tax-adjusted indexes for Australian investors

FTSE Russell works with some of the largest pension funds globally to build benchmarking solutions that accommodate a wide range of needs. The FTSE ASFA partnership focuses on providing Australian superannuation funds, their fund managers and other stakeholders with the necessary tools to assist the industry in after-tax performance measurement and reporting. The FTSE ASFA Australia Index Series offers a broad investable coverage of the Australian equity market in addition to tax-adjusted indexes for superannuation funds and other types of Australian investors. It combines unique tax features with FTSE Russell's rules-based methodologies and global standards.

The FTSE ASFA Australia Index Series is designed primarily for benchmarking purposes with the ability to customise at the portfolio level for a more tailored solution. The series is also used as the basis for the creation of index-linked products such as Exchange Traded Funds (ETFs), structured products and other derivatives.



**FTSE
RUSSELL**
An LSEG Business

First industry standard after-tax benchmarks

Industry standard tax-adjusted benchmarks did not exist for Australian investors until the launch of the FTSE ASFA Australia Index Series in 2009, due to the complexities involved in developing the methodology in this area. FTSE Russell's independence and focus on providing tailored benchmarking solutions assures Australian superannuation funds are using an objective and valid point of reference for measuring after-tax performance. Now superannuation funds can share a common basis with their fund managers and other stakeholders for greater transparency and focus on tax efficient investing.

A clearer picture for all investors

A clearer picture of performance is important to all types of investors. FTSE Russell uses varying tax rates to calculate a franking credit and buy-back adjusted version of the FTSE ASFA Australia Index Series for:

- Tax exempt investors
- Superannuation funds

Daily or annual franking credit-adjusted indexes

Franking credits are refunded by the Australian Taxation Office (ATO) at the end of the financial year. In 2018, FTSE Russell launched the cumulative franked indexes, which accumulates franking credits on a daily basis and reinvests the credits at the end of the financial year. Daily franking credit-adjusted indexes that reinvest franking credits on a daily basis are also available.

Customised after-tax solutions

FTSE Russell understands that there is not necessarily a 'one size fits all' when it comes to measuring after-tax performance. Investors have different requirements and FTSE Russell can develop customised solutions to meet your needs. The Custom team at FTSE Russell will work with you to create an after-tax benchmark to suit your specific objectives or mandates.

Informed opinions

The depth and breadth of data included in the FTSE ASFA Australia Index Series provides granularity for performance attribution at the tax level. This facilitates more informed discussions between superannuation funds, fund managers and other stakeholders, when measuring the performance of a portfolio against an aftertax benchmark. FTSE Russell places great importance on the transparency of its index design. Index ground rules are accessible at all times at ftserussell.com/australia.

Accurate representation of the Australian market

Unlike other Australian equity indexes, FTSE Russell excludes CHESSE depository interests (CDIs) and investment trusts from the FTSE ASFA Australia Index Series to minimise duplicate holdings of companies within a diversified portfolio. Additionally, investors will be better positioned to capture investment opportunities associated with small cap companies included in the dynamic FTSE All-Share® Index. Constituents in the FTSE All-Share Index will not be fixed, allowing the indexes to expand and contract with the market.

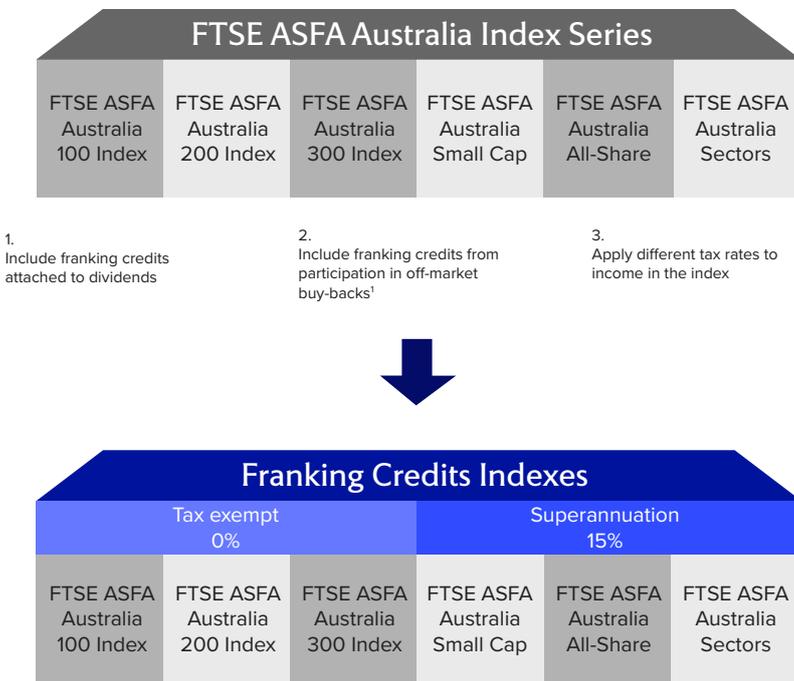
Tested to be liquid and tradable

Investors require liquidity and tradability. FTSE Russell's free float methodology ensures that constituent weights within the index reflect the shares available to investors. The calculation reflects the investability of a company, without subjecting investors to unnecessary re-balancing and transaction costs. Additionally, companies must trade a sufficient level of their available shares in issue prior to a review to be eligible for inclusion, but also to remain in the index series.

Independent committee

Since the launch in 2009 the FTSE ASFA Australia Advisory Committee was instrumental in working with FTSE Russell to ensure that the indexes were calculated in accordance with best practice and are relevant to market requirements. In 2014 the oversight support of the Index Series was moved to the FTSE Asia Pacific Regional Advisory Committee to ensure they continue to meet your needs. The committee is made up of senior investment professionals and finance industry experts acting independently to advise on the creation of new indexes, enhancements to the methodology and to ensure that the index series evolves with any changes in the market environment.

Index family structure



Index features

FTSE ASFA Australia Index Series Tax bracket				
Index feature	Tax exempt	Superannuation	Super Dividends ²	
Applies tax to declared dividends	✓	✓	✓	
Includes franking credits attached to dividends	✓	✓	✓	
Includes franking credits from participating in off-market-buy-backs (OMBBS) ³	✓	✓		
Daily or annually cumulative franking credits ⁴	✓ (Daily or Annually)	✓ (Daily or Annually)		

1 To meet the specific needs of several clients FTSE Russell has developed a suite of indexes for the Tax Exempt and Superannuation Fund tax bracket which exclude off-market buy-backs.

2 Super Dividends indexes only apply tax to declared dividends, and when compared with the superannuation indexes allow superannuation funds to assess the impact of franking credits on performance.

3 Indexes excluding OMBBS are available.

4 Annually cumulative franked indexes were launched in 2018.

ASFA

The Association of Superannuation Funds of Australia (ASFA) has been operating since 1962 and is the peak policy, research and advocacy body for Australia’s superannuation industry.

ASFA’s purpose is to work alongside government bodies and superannuation funds to achieve both good public policy and industry best practice. As a not-for-profit, it exists to ensure these translate into the best outcome for all retirees – ASFA’s focus always leads back to fund members.

ASFA is apolitical, which allows the association to work closely and credibly with politicians, regulators and the media.

ASFA represents the APRA regulated superannuation industry with members from corporate, industry, retail and public sector funds, and service providers. ASFA doesn’t advocate one sector’s interests over another, rather they analyse the system as a whole and develop policy accordingly.

Disclaimer

© 2023 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) The Yield Book Inc ("YB") and (7) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB and BR. "FTSE", "Russell", "FTSE Russell", "FTSE4Good", "ICB", "The Yield Book", "Beyond Ratings" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB or BR. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of FTSE Russell products, including but not limited to indexes, data and analytics, or the fitness or suitability of the FTSE Russell products for any particular purpose to which they might be put. Any representation of historical data accessible through FTSE Russell products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

The information contained in this report should not be considered "research" as defined in recital 28 of the Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council ("MiFID II") and is provided for no fee.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.

About FTSE Russell

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

To learn more, visit lseg.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

North America +1 877 503 6437

Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 (3) 6441 1430

Sydney +61 (0)2 7228 5659



**FTSE
RUSSELL**
An LSEG Business