

Member outcomes assessment

Pension products: financial year ending 30 June 2020



The information in this document is for:

- › Choice Income
- › TTR Income

Putting members' interests first

AustralianSuper is Australia's largest super fund. Acting in the best financial interests for over 2.3 million members is at the heart of everything we do.

We're here to help members achieve their best possible retirement outcome built on a history of strong long-term investment returns and low fees.

We have determined that each of AustralianSuper's products promote the best financial interests of members.



Benefit from our size

As Australia's largest super fund, our size and scale help us keep fees and costs lower.



Profits to members

As a profit-to-member fund, we don't pay commissions to financial advisers or pay dividends to shareholders.



Strong net benefits

AustralianSuper is a top performing fund over the medium and long term*. Together with low fees, this means more super for members.

* Based on the AustralianSuper Choice Income Balanced option compared to SuperRatings Pension Fund Crediting Rate Survey – SRP50 Balanced (60-76) Index. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Determination summary

Comparison factors



Returns - AustralianSuper is a top performing super fund over the medium and long term. Our Balanced option, where most members are invested, achieved strong investment returns to 30 June 2020 when compared to other similar products over 1, 3, 5 and 10 years. Our other investment options also have strong investment returns relative to comparable funds.



Investment risk - We manage risk carefully across all of our options. The level of investment risk in our options is broadly consistent with the median level of risk in comparable funds.



Fees and costs - AustralianSuper's fees are among the lowest in the superannuation industry. When invested in the Balanced option, our annual fees (admin and investment) for a \$50,000 account balance are considerably lower than the average super fund.

Assessment factors



Investment strategy - We offer a range of investment options with different asset allocations and risk profiles, to suit the different needs of members. Our active management approach continues to drive lower investment costs and deliver top-performing long-term investment performance.



Options, benefits and facilities - AustralianSuper strives to ensure our products and services offer good value and meet the changing needs of members now and in the long run. The Fund has consistently achieved high ratings from independent organisations like Canstar* for our value for money, investment performance, fees and fund operations.



Scale - We're Australia's largest super fund and one of the largest super fund investors globally. Our size enables us to capture economies of scale to reduce overall costs and gives us access to attractive, large scale investment.



Setting of fees and operating costs - The fees and costs we charge are designed to provide good long-term value and to be sustainable, competitive and equitable. AustralianSuper's operating costs are well below the median of other super funds and our fees are among the lowest in the industry.

* AustralianSuper received the Canstar 5-Star Rating for Outstanding Value in Superannuation and Account Based Pension in 2020. Ratings are only one factor to be taken into account when choosing a super fund. Read the full methodology.

See **page 5** for assessment methodology.



Comparison factors

Returns

AustralianSuper is a top performing super fund over the medium and long term. Our Balanced option achieved strong investment returns to 30 June 2020 when compared to other similar products over 1, 3, 5 and 10 years*.

Choice Income investment returns* – Balanced option							
1 year (%)		3 years (% pa)		5 years (% pa)		10 years (% pa)	
Return	Relative to median	Return	Relative to median	Return	Relative to median	Return	Relative to median
0.55	1.26 above median	7.22	1.54 above median	7.95	1.59 above median	9.71	1.33 above median

TTR Income investment returns* – Balanced option							
1 year (%)		3 years (% pa)		5 years (% pa)		10 years (% pa)	
Return	Relative to median	Return	Relative to median	Return	Relative to median	Return	Relative to median
0.52	1.34 above median	6.65	1.48 above median	7.35	1.52 above median	8.77	1.34 above median

While most members are invested in the Balanced option, there are 11 investment choice options, each with different investment risk levels and return objectives. See page 5 for the performance of all AustralianSuper investment options.

Investment risk

The Standard Risk Measure (SRM) estimated for AustralianSuper products is within the range of peer products.

The SRM is a basis to compare the risk levels of investment options across funds. It is the short-term risk that your super savings will be reduced by volatility (or the ups and downs) of investment markets and the estimated number of negative annual returns over any 20-year period.

See page 7 for each investment option SRM.

Fees and costs

AustralianSuper works hard to keep fees low. We don't pay commissions to advisers or give profits to shareholders.

The main fees to set up and manage your account are administration and investment fees.

The table below shows the annual administration and investment fees of our account-based pension when invested in the Balanced option (where most members are invested) as at June 2020.

Account-based pension annual administration and investment fees when invested in the Balanced option†				
Balance band	\$50,000	\$100,000	\$250,000	\$500,000
Total fees and costs (\$)	\$422	\$727	\$1,642	\$3,167
% of balance	0.84	0.73	0.66	0.63
Relative to median fund	below	below	below	below

The total fees and costs you pay when invested in other Choice Income and TTR Income options vary. Learn more at australiansuper.com/fees

* Investment returns for the Balanced option are for periods to 30 June 2020. AustralianSuper investment returns are based on crediting rates. Choice Income returns are compared to the SuperRatings Pension Fund Crediting Rate Survey – SRP50 Balanced (60-76) Index. TTR Income returns are based on the crediting rate for super (accumulation) options and are compared to the SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

† Comparison of AustralianSuper administration fees for TTR Income and Choice Income accounts and the investment fee for the Balanced option, to administration and investment fees for the median comparable balanced option based on SuperRatings data. Investment fees are for the financial year ending June 2020 and are likely to vary from year to year. Other fees and costs may apply. See the Product Disclosure Statement for full details.

Assessment factors

Investment strategy

We believe active management is the best approach to help our members achieve their best possible retirement outcome. This includes the integration of Environmental, Social and Governance (ESG) considerations into our investment decision making across all investment options.

Our assessment confirms each investment option's strategy is consistent with its risk and return objectives and is appropriate for our members.

We continually monitor a range of indicators to look for changes in the investment and select specific investments that we believe will outperform the broader market. This is supported by quality research, experienced investment specialists and a disciplined investment process. This active management approach enables us to adjust our investment strategy and position portfolios to make the most of the current and future environment and maximise members' long-term returns. We also use index management in some options to lower overall portfolio costs or where active management opportunities are smaller.

Our investment options' risk and return objectives are available to view at australiansuper.com/InvestmentGuide

Options, benefits and facilities

AustralianSuper strives to ensure our products and services meet the changing needs of members now and in the long run.

Members benefit from a range of good quality services that are well-utilised and offer good value. This includes access to a local contact centre, an online account with mobile app, web tools and articles, advice options, and access to retirement and financial planning seminars at no additional cost. We regularly assess these services to ensure they are appropriate for members. These assessments include measurement of usage, member experience and cost.

The Fund has consistently achieved high ratings from independent organisations that measure the overall quality of a fund according to value for money, investment performance, fees and fund operations.

Scale

As Australia's largest super fund, we use our size to secure competitive fees and insurance costs, improving outcomes for our 2.3 million members*.

With over \$182 billion of members' assets*, our scale has allowed us to build world-class in-house investment capabilities that help us maximise long-term returns and lower costs through direct investment. Our scale also gives us access to attractive, large scale investment opportunities.

Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and to be sustainable, competitive and equitable. Administration fees go towards the cost of providing services like our contact centre, member seminars, member communications, and online tools to help members build their super for retirement.

For the financial year ending 30 June 2020, the Fund achieved a total operating surplus with an expense ratio per member of 0.2% per annum. This result is below the industry median of 0.4% and shows our fees are set appropriately in the best financial interests of members.

* Total AustralianSuper membership as at 30 June 2020.

Appendices

Assessment methodology

The approach used in this assessment is prescribed by regulations and Australian Prudential Regulation Authority (APRA).

The comparison to similar funds includes returns, the level of investment risk, and fees and costs.

The assessment also considers the appropriateness of our:

- > investment strategy
- > scale
- > setting of fees and operating costs; and
- > options, benefits and facilities.

Returns

Each PreMixed investment option has an investment objective with two aims:

1. To beat CPI by a determined percentage over a certain time frame; and
2. To beat the median fund over a certain time frame.

The percentage and the time frame correspond with the return and risk profile of each option. The Indexed Diversified option is an exception, its investment objective is to beat CPI by +3% over the medium to longer term.

Each DIY Mix option has an investment objective to beat an index or CPI relevant to the investment option.

Super is a long-term investment and we encourage members to focus on long-term returns. For more information on the investment objectives of each option visit australiansuper.com/performance

PreMixed investment options

AustralianSuper offers six PreMixed investment options, each with different investment risk levels and return objectives.

Investment returns for Choice Income (account-based pension) PreMixed options at 30 June 2020*												
Investment option	1 year			3 years			5 years			10 years		
	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median
High Growth	0.71	-1.41	above	7.80	6.17	above	8.42	7.03	above	10.37	8.98	above
Balanced	0.55	-0.71	above	7.22	5.68	above	7.95	6.36	above	9.71	8.38	above
Socially Aware	-2.17	-0.71	below	5.39	5.68	below	6.82	6.36	above	9.16	8.38	above
Conservative Balanced	1.55	0.02	above	6.34	4.89	above	6.96	5.37	above	8.62	7.24	above
Stable	1.91	0.78	above	5.35	4.13	above	5.95	4.44	above	7.26	5.86	above
Indexed Diversified†	1.59	2.65	n/a	7.29	4.27	n/a	6.90	4.55	n/a	-	-	-

* Investment return for periods to 30 June 2020. Comparison based on SuperRatings data. AustralianSuper investment returns are based on crediting rates. For Choice Income products, crediting rates are the investment return less investment fees. Crediting rates do not include the impact of administration fees, insurance premiums and other fees and costs that are deducted from members' account balances. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

† The investment objective of the Index Diversified option is to achieve an average annual return of CPI + 3% pa over the medium to longer term. There are no comparable funds based on SuperRatings data.

Investment returns for TTR Income PreMixed options at 30 June 2020*												
Investment option	1 year			3 years			5 years			10 years		
	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median
High Growth	0.61	-1.18	above	7.13	5.62	above	7.71	6.35	above	9.42	7.98	above
Balanced	0.52	-0.82	above	6.65	5.17	above	7.35	5.83	above	8.77	7.43	above
Socially Aware	-2.07	-0.82	below	4.83	5.17	below	6.10	5.83	above	8.23	7.43	above
Conservative Balanced	1.35	0.05	above	5.66	4.66	above	6.21	4.67	above	7.73	6.29	above
Stable	1.78	0.65	above	4.79	3.64	above	5.33	3.95	above	6.47	5.18	above
Indexed Diversified†	1.34	2.65	n/a	6.43	4.27	n/a	6.10	4.55	n/a	-	-	-

DIY Mix investment options

AustralianSuper offers five DIY Mix investment options, plus a direct investment option (Member Direct), each with different investment risk levels and return objectives.

Investment returns for Choice Income (account-based pension) DIY Mix‡ options at 30 June 2020§												
Investment option	1 year			3 years			5 years			10 years		
	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median
Australian Shares	-4.47	-6.59	above	7.18	6.61	above	7.90	7.27	above	9.65	8.35	above
International Shares	11.57	4.37	above	12.99	10.13	above	11.11	8.89	above	12.61	11.50	above
Property	-5.96	-1.65	below	2.24	5.93	below	5.82	8.73	below	7.30	9.26	below
Diversified Fixed Interest	1.72	0.15	below	3.33	1.60	below	3.95	1.75	below	6.33	2.54	above
Cash	1.28	0.85	above	1.94	1.53	above	2.14	1.73	above	3.07	2.68	above
Member Direct#	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* Investment return for periods to 30 June 2020. For TTR Income accounts, the investment return is based on the crediting rate for super (accumulation) options. Crediting rates are the investment return less investment fees. Crediting rates do not include the impact of administration fees, insurance premiums and other fees and costs that are deducted from members' account balances. From 1 April 2020 the crediting rate includes an administration fee that is deducted from investment returns, that only applies to super (accumulation) accounts and does not apply to TTR Income accounts. TTR Income accounts will be adjusted to refund the administration fee deducted from investment returns, so that it does not apply. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

† The investment objective of the Index Diversified option is to achieve an average annual return of CPI + 3% pa over the medium to longer term. There are no comparable funds based on SuperRatings data.

‡ DIY Mix options do not have an investment objective to beat the median fund and therefore a comparison or ranking to peer funds is not appropriate.

§ Investment return for periods to 30 June 2020. Comparison based on SuperRatings data. AustralianSuper investment returns are based on crediting rates. For Choice Income products, crediting rates are the investment return less investment fees. Crediting rates do not include the impact of administration fees, insurance premiums and other fees and costs that are deducted from members' account balances. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Member Direct is a self-managed option. You choose and manage your own investments. You can invest in a range of listed securities, including stocks in the S&P/ASX 300 Index, selected Exchange Traded Funds (ETFs), selected Listed Investment Companies (LICs), term deposits and cash.

Investment returns for TTR Income DIY Mix* options at 30 June 2020 [†]												
Investment option	1 year			3 years			5 years			10 years		
	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median	Return (%)	B'mark (%)	Relative to median
Australian Shares	-5.07	-5.04	above	6.15	6.13	above	7.01	6.73	above	8.55	8.27	above
International Shares	10.64	4.21	above	11.94	9.13	above	10.15	8.00	above	11.46	10.27	above
Property	-6.18	-1.48	below	1.81	5.22	below	5.03	7.63	below	6.40	8.09	below
Diversified Fixed Interest	1.30	0.15	below	2.78	1.60	below	3.37	1.75	below	5.46	2.54	above
Cash	1.05	0.72	above	1.63	1.30	above	1.80	1.47	above	2.59	2.29	above
Member Direct[‡]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Benchmarks

- › High Growth – SRP50 Growth (77-90) Index
- › Balanced – SRP50 Balanced (60-76) Index
- › Socially Aware[§] – SRP50 Balanced (60-76) Index
- › Indexed Diversified – Annual CPI +3% (prior to 1 July 2018 the benchmark was CPI +3.5% and prior to 1 July 2015 the benchmark was CPI +4%)
- › Conservative Balanced – SRP25 Conservative Balanced (41-59) Index
- › Stable – SRP50 Capital Stable (20-40) Index
- › Australian Shares – S&P/ASX 200 Accumulation Index adjusted for tax credits (prior to 1 July 2020 the benchmark was S&P/ASX 300 Accumulation Index adjusted for tax credits)
- › International Shares – MSCI AC World ex Australia (in \$A) Index adjusted for tax credits
- › Property – Gross of fees and adjusted for tax, where the composite consists of 60% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, 20% MSCI/AREF UK Quarterly Property Fund Index hedged to AUD and 20% NCREIF Fund Index – Open End Diversified Core Equity hedged to AUD, (Prior to 1 January 2019 MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index adjusted for tax). Hedging is performed by AustralianSuper.
- › Diversified Fixed Interest – CPI +0.5% (prior to 1 July 2015 the benchmark was CPI +1%).
- › Cash – Bloomberg Ausbond Bank Bill Index

* DIY Mix options do not have an investment objective to beat the median fund and therefore a comparison or ranking to peer funds is not appropriate.

[†] Investment return for periods to 30 June 2020. For TTR Income accounts, the investment return is based on the crediting rate for super (accumulation) options. Crediting rates are the investment return less investment fees. Crediting rates do not include the impact of administration fees, insurance premiums and other fees and costs that are deducted from members' account balances. From 1 April 2020 the crediting rate includes an administration fee that is deducted from investment returns, that only applies to super (accumulation) accounts and does not apply to TTR Income accounts. TTR Income accounts will be adjusted to refund the administration fee deducted from investment returns, so that it does not apply. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

[‡] Member Direct is a self-managed option. You choose and manage your own investments. You can invest in a range of listed securities, including stocks in the S&P/ASX 300 Index, selected Exchange Traded Funds (ETFs), selected Listed Investment Companies (LICs), term deposits and cash. Member Direct is not available in TTR Income.

[§] Previously known as Sustainable Balanced before 30 May 2016.

Investment risk

The calculation of the Standard Risk Measure uses complex assumptions that are not standardised between funds. Varying the assumptions could change the results, even if objectives and investments are similar.

Investment option	SRM Risk Label	Range of comparable SRM's Risk Label
High Growth	High	Medium to high - High
Balanced	High	Medium - High
Socially Aware	High	Medium - High
Indexed Diversified	High	n/a
Conservative Balanced	High	Low to medium - High
Stable	Medium	Very low - Medium to high
Australian Shares	Very high	High - Very high
International Shares	Very high	High - Very high
Property	High	n/a
Diversified Fixed Interest*	Medium	Low - High
Cash*	Very low	Very low
Member Direct†	n/a	n/a

* Important information about the risk measure for the Diversified Fixed Interest and Cash options

The Standard Risk Measure analysis provides an estimated number of negative returns that is not reflective of the current low interest rate environment. The potential for a negative return in these options is expected to be higher than it has been in the past. This is due to the low interest rate environment and potential for negative interest rates, as well as the interest rate risk in the options. Based on the low volatility of these options, the potential size of any negative return is expected to be small to moderate.

† Important information about the risk measure for the Member Direct option

Investments made through the Member Direct investment option form part of a self-directed investment strategy. The level of risk will vary depending on an individual's portfolio. Member Direct isn't for everyone and risks can be very high, so double-check it's right for you. You'll be managing your own investments and will need to know a lot about investing and the markets. It's important that you're comfortable doing this.

Contact us

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