

# Member outcomes assessment

Super products: financial year ending 30 June 2020



The information in this document is for:

- › AustralianSuper Plan
- › Personal Plan
- › AustralianSuper Select
- › Super Options
- › Public Sector Division
- › GHD Superannuation Plan
- › Super Only

## 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 Balanced option compared to 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.

# Determination summary

## Comparison factors



**Returns** - AustralianSuper is a top performing super fund over the medium and long term. Our MySuper Balanced option, where most members are invested, achieved strong net returns to 30 June 2020 when compared to other MySuper products over 1, 3 and 5 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 other MySuper and 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.



**Insurance strategy and fees** - We recognise how important it is to have insurance cover. That's why we work hard to keep costs down and provide affordable insurance cover options for our members.

Our guiding principle is that the cost of basic (default) insurance cover should be no more than 1% of salary over a member's lifetime (in super) to retirement and should not erode the ultimate retirement balance by more than 10%. Our insurance fees for basic cover are comfortably below these thresholds and therefore do not inappropriately erode the retirement balances of members.



**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 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. 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 MySuper Balanced option achieved strong net returns to 30 June 2020 when compared to other MySuper products over 1, 3 and 5 years\*.

Net return* (investment return minus admin and investment fees) for a \$50,000 account balance invested in the Balanced option					
1 year (%)		3 years (% pa)		5 years (% pa)	
Return	Relative to median	Return	Relative to median	Return	Relative to median
0.29	1.33 above median	6.44	1.56 above median	7.17	1.88 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.

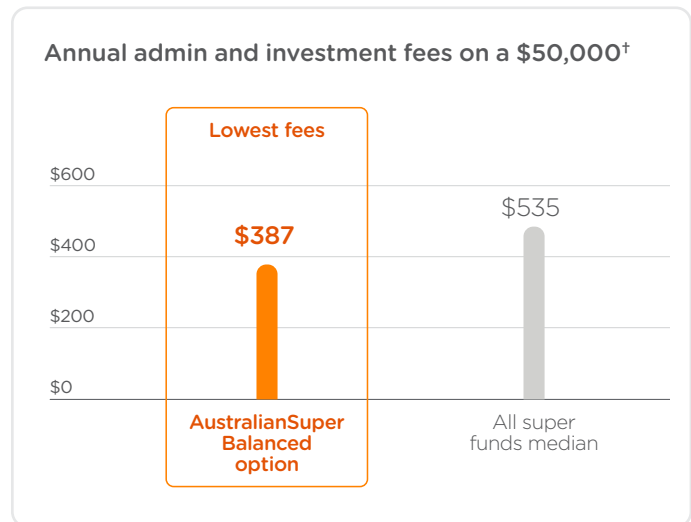
See page 7 for each investment option SRM.

### 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.

When invested in the Balanced option, our annual fees (admin and investment) for a \$50,000 account balance are \$387. This is considerably lower than the median MySuper fund of \$535, and places our MySuper option 12th of 85 super funds†.



Generally, the fees you pay as a percentage of your balance will be greater for a low account balance and will decrease over time as it grows. See page 7 for fees and cost when invested in other options.

\* Net return (sometimes called net benefit) is a measure of past investment performance after administration and investment fees have been taken out. Comparison for a \$50,000 account balance to all other My Super products, based on APRA data, for periods to 30 June 2020, and includes life-cycle products that have the approximate ratio of 70% growth and 30% defensive assets which is the most appropriate comparison to the AustralianSuper MySuper Balanced option. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

† Comparison of the AustralianSuper administration fee for super (accumulation) accounts and the investment fee for the Balanced option, to the median MySuper fund. Based on APRA Quarterly Statistics as at 30 June 2020, which consolidates fees and costs for MySuper products for a representative member with a \$50,000 account balance. The AustralianSuper investment fee is for the financial year ending 30 June 2020. Investment fees change from year to year and are different for each investment option. Insurance premiums and other fees and costs may apply.

## 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 outlook 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](https://australiansuper.com/InvestmentGuide)

### Insurance strategy and fees

Insurance through AustralianSuper is designed to offer members affordable death and disability cover. Most members receive basic (default) Death, Total & Permanent Disablement (TPD) cover and Income Protection cover. The basic cover we provide automatically to members varies by product. For plans where basic cover isn't provided, members can apply for it anytime. The cover levels we provide automatically to members are primarily driven by considerations of affordability and our guiding principle that the cost of basic cover should be no more than 1% of salary over the member's lifetime (in super) to retirement and should not erode the ultimate retirement balance by more than 10%.

Our insurance fees for basic cover are comfortably below these thresholds and therefore do not inappropriately erode the retirement balances of members.

You can view AustralianSuper's insurance strategy at [australiansuper.com/InsuranceCode](https://australiansuper.com/InsuranceCode)

### 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. This capability is realised in the Balanced investment option, where most members are invested, with overall fees (admin and investment fees) lower than they were 10 years ago for a member with a \$50,000 account balance.

### 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 expense ratio per member of 0.2% per annum. This result is below the industry median of 0.4% and shows the 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
- > insurance strategy and fees
- > 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](https://australiansuper.com/performance)

### PreMixed investment options

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

Investment returns for 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
<b>High Growth</b>	0.61	-1.18	above	7.13	5.62	above	7.71	6.35	above	9.42	7.98	above
<b>Balanced</b>	0.52	-0.82	above	6.65	5.17	above	7.35	5.83	above	8.77	7.43	above
<b>Socially Aware</b>	-2.07	-0.82	below	4.83	5.17	below	6.10	5.83	above	8.23	7.43	above
<b>Conservative Balanced</b>	1.35	0.05	above	5.66	4.66	above	6.21	4.67	above	7.73	6.29	above
<b>Stable</b>	1.78	0.65	above	4.79	3.64	above	5.33	3.95	above	6.47	5.18	above
<b>Indexed Diversified†</b>	1.34	2.65	n/a	6.43	4.27	n/a	6.10	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 super (accumulation) products, crediting rates are the investment return less investment fees, the percentage-based administration fee that is deducted from investment returns (applicable from 1 April 2020), and taxes. Investment returns don't include fees deducted from account balances. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

† The investment objective of the Index Diversified fund 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 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 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
<b>Australian Shares</b>	-5.07	-5.04	above	6.15	6.13	above	7.01	6.73	above	8.55	8.27	above
<b>International Shares</b>	10.64	4.21	above	11.94	9.13	above	10.15	8.00	above	11.46	10.27	above
<b>Property</b>	-6.18	-1.48	below	1.81	5.22	below	5.03	7.63	below	6.40	8.09	below
<b>Diversified Fixed Interest</b>	1.30	0.15	below	2.78	1.60	below	3.37	1.75	below	5.46	2.54	above
<b>Cash</b>	1.05	0.72	above	1.63	1.30	above	1.80	1.47	above	2.59	2.29	above
<b>Member Direct‡</b>	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 – SR50 Growth (77-90) Index
- › Balanced – SR50 Balanced (60-76) Index
- › Socially Aware§ – SR50 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 – SR25 Conservative Balanced (41-59) Index
- › Stable – SR50 Capital Stable (20-40) Index
- › Australian Shares – S&P/ASX 200 Accumulation Index adjusted for tax (prior to 1 July 2020 the benchmark was S&P/ASX 300 Accumulation Index adjusted for tax)
- › International Shares – MSCI AC World ex Australia (in \$A) Index adjusted for tax
- › 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 adjusted for tax

\* 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 super (accumulation) products, crediting rates are the investment return less investment fees, the percentage-based administration fee that is deducted from investment returns (applicable from 1 April 2020), and taxes. Returns don't include fees deducted from 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.

§ 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 (MySuper)	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.

## Fees and costs

The table below shows the annual administration and investment fees of \$387 based on a \$50,000 account balance invested in the Balanced (MySuper) option as at 30 June 2020.

Total annual administration and investment fees on \$50,000 account balance invested in Balanced option*	
AustralianSuper	\$387
	0.77%
Median fund	1.07%
AustralianSuper position	12/85

## The fees and costs you pay when invested in PreMixed and DIY Mix options

Administration and investment fees relative to median fund†		
Investment option as at 30 June 2020	\$50,000 balance	
	Fee (\$)	Position
<b>PreMixed options</b>		
High Growth	406	10/121
Balanced	387	12/85
Socially Aware	496	46/151
Conservative Balanced	376	9/115
Stable	341	13/139
Indexed Diversified	251	1/151

Administration and investment fees relative to median fund†		
Investment option as at 30 June 2020	\$50,000 balance	
	Fee (\$)	Position
<b>DIY Mix options</b>		
Australian Shares	266	4/113
International Shares	381	15/110
Property	611	36/91
Diversified Fixed Interest	381	39/100
Cash	181	44/141
Member Direct‡	657	5/5

\* Comparison of the AustralianSuper administration fee for super (accumulation) accounts and the investment fee for the Balanced option, to the median MySuper fund. Based on APRA Quarterly Statistics as at 30 June 2020, which consolidates fees and costs for MySuper products for a representative member with a \$50,000 account balance. The total AustralianSuper fee of 0.77% (\$387) for a \$50,000 account balance is made up of admin fee of 0.27% and investment fee of 0.50%. The AustralianSuper investment fee is for the financial year ending 30 June 2020. Investment fees change from year to year and are different for each investment option. Insurance premiums and other fees and costs may apply.

† Fees and costs data based on Chant West Fees data. Fees are based on publicly available information and discussions with each provider as at January 2021. All fees are gross of income tax and include the net effect of GST. Investment fees include the estimated performance fees and the investment component of the indirect cost ratio. Adviser trail commission (if any) has been included either under "Administration" or "Investment" fees depending on the relevant product's structure. Fees may be grossed up from those shown in the relevant product disclosure statement to reflect the fact that some products do not pass on the benefit of tax deductions for those fees to members. Index Diversified and Socially Aware compared and ranked against the growth option as supplied and advised by Chant West.

Other fees and costs may apply. See the Product Disclosure Statement for full details.

‡ Most members invested in the Member Direct option have balances greater than \$100,000. For account balances of \$100,000 Member Direct fees are \$802 and the rank 3/5 and for account balances of \$200,000 fees are \$1092 and the rank 2/5. The comparison assumes 50% of account balances are held in the default Balanced option and 50% in Member Direct.

## Contact us

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