



OUTCOMES ASSESSMENT DETERMINATION 2019-20

SUMMARY OF DETERMINATION

In making this determination, the Trustee has reviewed AvSuper's performance, on balance, against a range of key assessment factors including investment performance, fees and costs, insurance arrangements, business scale and size, and the various options, benefits and facilities available to members.

The Trustee also recognises that when endeavouring to draw a balanced comparison of products, such as superannuation products, it is understood that past performance is rarely a good indicator of future performance – so the value of quantitative analysis, on its own, is generally limited.

Where possible the Trustee undertook its comparisons using publicly available information such as statistics from the Australian Prudential Regulation Authority (APRA).

Performance was also measured against objective internal and external benchmarks. Appropriate comparative data, where available, was also reviewed, although the Trustee notes the lack of reliable public comparative data in some areas, and that some available data did not provide a balanced "like-for-like" comparison.

In conclusion, the Trustee has determined that it is satisfied that the financial interests of Fund beneficiaries are being promoted, having regard to its:

- **MySuper product, compared to other MySuper products (see section 1),**
- **Choice products, compared to comparable choice products (see section 2), and**
- **Other assessment areas (see section 3)**



SECTION 1: MYSUPER PRODUCT

In conducting its assessment, the Trustee compared AvSuper's MySuper product with other MySuper products and reviewed:

- The fees and costs that affected investment returns,
- Investment returns, after the deduction of fees, costs and taxes, and
- The level of investment risk.

The Trustee noted that AvSuper's overarching investment objective for members of CPI + 3.5% per year, on average over rolling 10 years was **met/exceeded** and observed from the comparative data available that AvSuper's:

- Fees and costs were competitive, being at/below the median (\$560.50 and 0.69% pa) on a representative \$50K balance and represented good value for money, particularly having regard to the high level of personalised service available to members,
- Investment returns, on a 5-year net basis, were slightly below the median (5.68% pa) on an annualised basis, and
- Investment risk levels were at the median (Medium to High) for other MySuper products with a similar risk profile.

The Trustee concluded that the financial interests of Fund beneficiaries are being promoted, having regard to its MySuper product, compared to other MySuper products, notwithstanding that such comparisons can often only be an approximation because of the differing investment composition and asset allocation mixes between various MySuper products.

The Trustee also noted that it has already implemented cost reductions in investment fees and administration fees following the period of this assessment.

The Trustee recognises that different investment asset allocations and portfolio mixes can achieve different outcomes and that it will continue to seek opportunities to enhance investment returns and reduce fees and costs where possible.



SECTION 2: CHOICE PRODUCTS

In conducting its assessment, the Trustee compared AvSuper's choice products (ie AvSuper's investment options other than its MySuper product) with other choice products and reviewed:

- The fees and costs that affected investment returns,
- Investment returns, after the deduction of fees, costs and taxes, and
- The level of investment risk.

The Trustee noted that AvSuper's overarching investment objectives per year, on average over rolling 10 years were **met/exceeded** (where 10-year data was available) for most choice products and observed from the comparative data available that AvSuper's:

- Fees and costs were competitive on a representative \$50K balance and represented good value for money, particularly having regard to the high level of personalised service available to members, and after taking account of investment fees charged on an "active investment management" basis,
- Investment returns, on a rolling 10-year basis (where 10-year data was available), were within tolerance to respective medians, on an annualised basis, having regard to the risk/return profile and investment objective for each of the various choice products, and
- Investment risk levels were at the median for each choice product relative to comparable choice products with similar risk profiles.

The Trustee concluded that the financial interests of Fund beneficiaries are being promoted, having regard to its choice products, compared to other choice products, notwithstanding that such comparisons can often only be an approximation because of the differing investment objectives, composition and asset allocation mixes between various choice products.

The Trustee also noted that it has already implemented cost reductions in administration fees and investment fees for several choice products following the period of this assessment.

The Trustee recognises that different investment asset allocations and portfolio mixes can achieve different outcomes and that it will continue to seek opportunities to enhance investment returns and reduce fees and costs where possible.

SECTION 3: OTHER ASSESSMENT AREAS

In forming its assessment, the Trustee also reviewed the appropriateness of each of the following:

- Options, benefits and facilities offered to members,
- The investment strategy for each MySuper and choice products, including the level of investment risk and the investment return targets,
- The insurance strategy for members,
- Insurance fees charged and whether these inappropriately erode the retirement income of members,
- The scale of, and within, the Trustee's business operations,
- Operating costs of the Trustee's business operations and how these affect the financial interests of members, and
- The basis for the setting of AvSuper's fees.

The Trustee noted that:

- A wide range of value-add options, benefits and facilities was available to members, and that good take-up rates were enjoyed across this range, including member investment choice options, additional voluntary contributions and voluntary insurance products, as well as personal advice services,
- The generation of investment returns, overall, and by each investment option, is meeting expectations for long-term investment return objectives, in line with the Trustee's investment philosophy and strategy, while all sources of investment risk are being prudently managed and monitored,
- Insurance benefits provided to members vary depending on the category of membership, and are provided on a very cost effective basis, especially having regard to the main occupational classes covered by the Fund, acknowledging that many of the Fund's members are unable to source insurance cover elsewhere because of occupational risk,
- Insurance fees charged are competitive and remain appropriate, without inappropriately eroding the retirement outcomes of members,
- There are sufficient financial assets and numbers of members to ensure that the financial interests of members are not disadvantaged because of the scale and size of the Fund and membership,
- Operating costs are appropriate and competitive, without inappropriately eroding the retirement outcomes of members, and
- The current cost recovery fee basis remains appropriate, and in line with the Trustee's "profit-for-members" philosophy, which does not lead to inappropriate outcomes or cross-subsidisation between cohorts of members.

The Trustee concluded that the financial interests of beneficiaries are being promoted, having regard to its:

- **Options, benefits and facilities,**
- **Investment strategy for each MySuper and choice product, including the level of investment risk and the investment return targets,**
- **Insurance strategy for members, and the insurance fees charged,**
- **Scale of business operations, and**
- **Operating costs and basis for the setting of AvSuper's fees.**



SECTION 4: SUMMARY OF PRODUCT COMPARISON METHODOLOGY

The following information summarises the comparison basis on which this determination is based.

Where possible the Trustee undertook its MySuper product comparisons using publicly available information about superannuation funds and their MySuper products, such as relevant statistics from the Australian Prudential Regulation Authority (APRA) [website](#). APRA is one of the key regulators of the superannuation industry.

For external benchmarking and comparison purposes, additional supplementary information about superannuation funds and their Choice products was also sourced from the Rainmaker [website](#). Rainmaker is an independent provider of financial services data and research for superannuation funds.

For internal benchmarking purposes, particularly for the other assessment areas, a large range of information was reviewed by the Trustee including:

- Regular and ad-hoc reports provided by the Trustee's external service providers detailing key statistical data, such as membership demographics, transaction volumes, investment attribution and administration performance analysis, aggregated where appropriate to provide historical experience and average/median metrics, and
- A range of other publicly available data, including information about several other superannuation funds and their products, available from their respective websites.

In making its comparative assessments for the purposes of this determination, the Trustee notes the lack of reliable public comparative and transparent data in some areas, and that some available data did not provide a balanced "like-for-like" comparison.