

Living Super

Member Outcomes Assessment

For the year ended 30 June 2024

Board approval date: 28th February 2025

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Introduction

Introduction

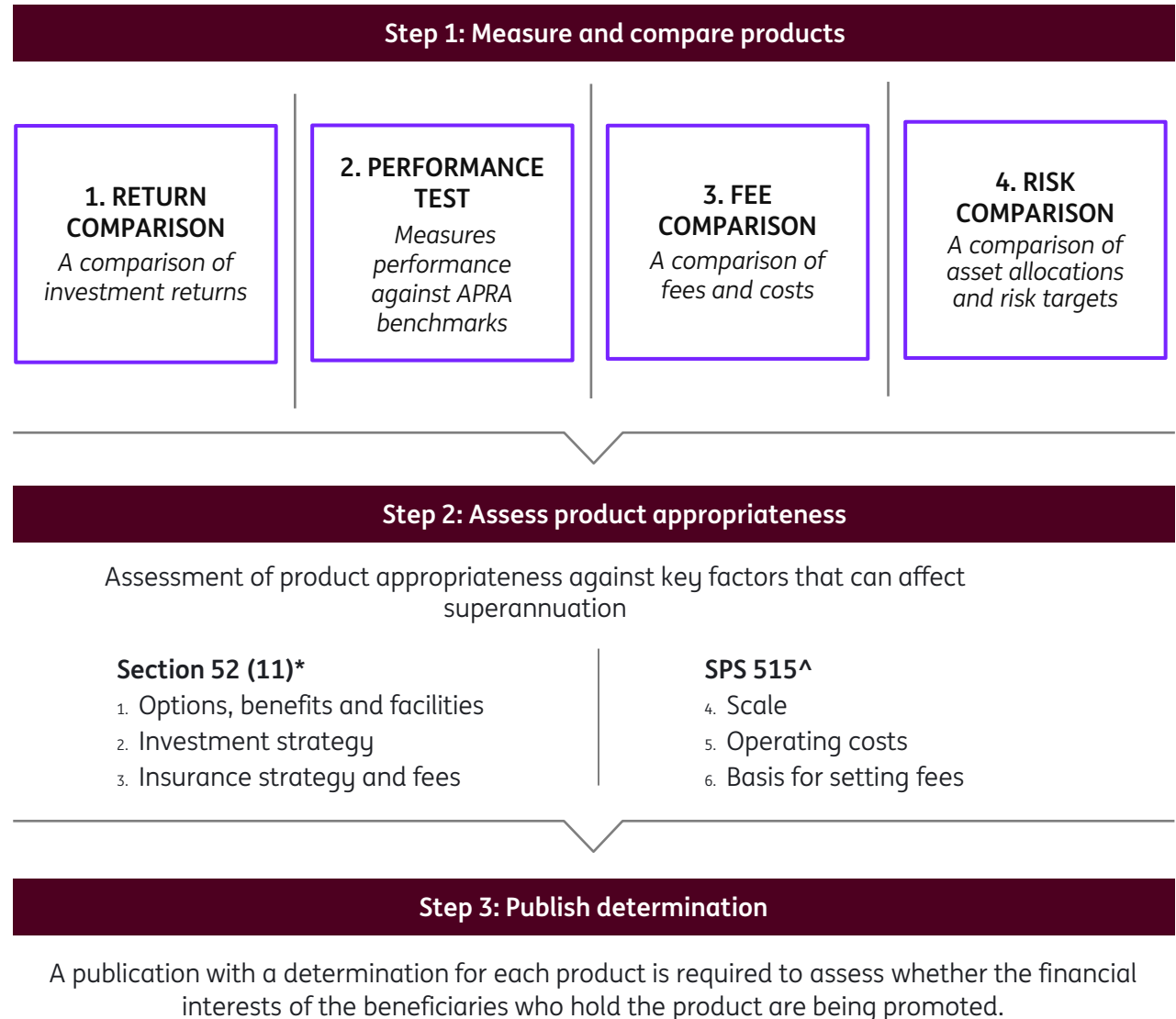
What is the Member Outcomes Assessment?

This document will focus on the key outcomes found within the assessment in relation to Living Super – a sub-plan of OneSuper. It analyses how Living Super’s products compare to similar products and whether these products are serving financial interests of members. The document will present the final conclusions and summary, before going into detail on steps 1 and 2 of the assessment.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2025 and is relevant for the financial year ended 30 June 2024.

* Section 52 of Superannuation Industry (Supervision) Act 1993
^ Prudential Standard SPS 515 Strategic Planning and Member Outcomes

Approach for this assessment



Executive summary

Product determinations

Diversa Trustees Limited (the Trustee) has determined that Living Super is promoting the financial interests of the beneficiaries invested in its

Accumulation product and those invested in its **Pension product** on the basis that:

- Total fees and costs (which includes both administration and investment fees) at a product level are less expensive than the peer median for FY24 across all modelled balance points for all managed investment options;
- On balance, the net investment returns of Living Super's managed investment options are broadly in-line with peer medians for all managed investment options, other than the International Shares (Hedged) investment option which has underperformed against the peer median over all measured periods;
- All Living Super investment options that were assessed as part of the APRA performance test (Accumulation product only) passed the test;
- A majority of the objective assessment factors, being Living Super's options, benefits and facilities, investment strategy, insurance strategy and fees, and the basis for setting fees, are considered appropriate for Living Super's members and do not inappropriately erode their retirement balances.

The Trustee notes, however, that:

- Whilst total fees and costs are all lower than the peer median, there is an opportunity for improvement on administration fees and the operating expense ratio in order to be more competitive with peers;
- Increased marketing is planned for FY25, which should increase membership and funds under management, but also lower operating expenses; and
- The Trustee notes that as part of the 1 December 2023 SFT to OneSuper, changes were made to the managed investment options and a new Investment Manager was appointed with a more active management approach, which are designed with the aim of delivering improved investment performance outcomes for members.
- In terms of scale, following the SFT, it is anticipated that being part of a larger fund with higher growth and additional scale will benefit members by reducing costs in the longer-term. Increased marketing activity should also improve scale.

Choice overview

Living Super overview

Living Super was launched in August 2012. Members are able to invest in a range of diversified and single sector managed investment options, each of which are also offered as a pension (and transition to retirement) product. In addition, members can invest in Term Deposits of varying durations, and selected ASX-listed securities.

In December 2023, Living Super successor fund transferred (SFT) into OneSuper.

The focus of this 30 June 2024 Member Outcomes Assessment is on the eleven managed investment options offered by Living Super to its members.

Conservative
option

Moderate
option

Growth option

High Growth
option

Diversified
option

Cash option

Australian
Shares option

International
Shares option

Australian
Listed Property
option

Australian
Fixed Interest
option

International
Fixed Interest
(Hedge) option

Choice assessment

Fees & Costs Comparison: Accumulation

Total Fees

Living Super's total fees and costs (administration fees plus investment fees) for its Accumulation product are compared to the fund median total fees of 20 other peers* in the graphs on pages 11 and 12. All of Living Super's managed investment options are considerably lower cost than the peer median when total fees are calculated on \$30,000, \$50,000 and \$100,000 balances.

Administration Fees

On pages 13 and 14, Living Super's Accumulation administration fees are also compared to the fund median administration fees of 20 other peers*, based on the relevant asset classes.

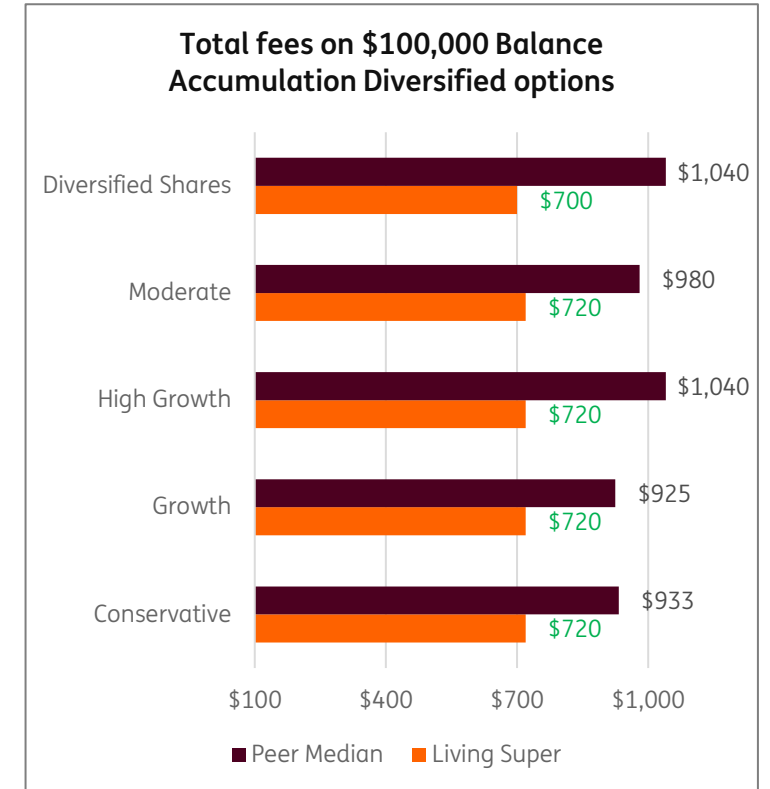
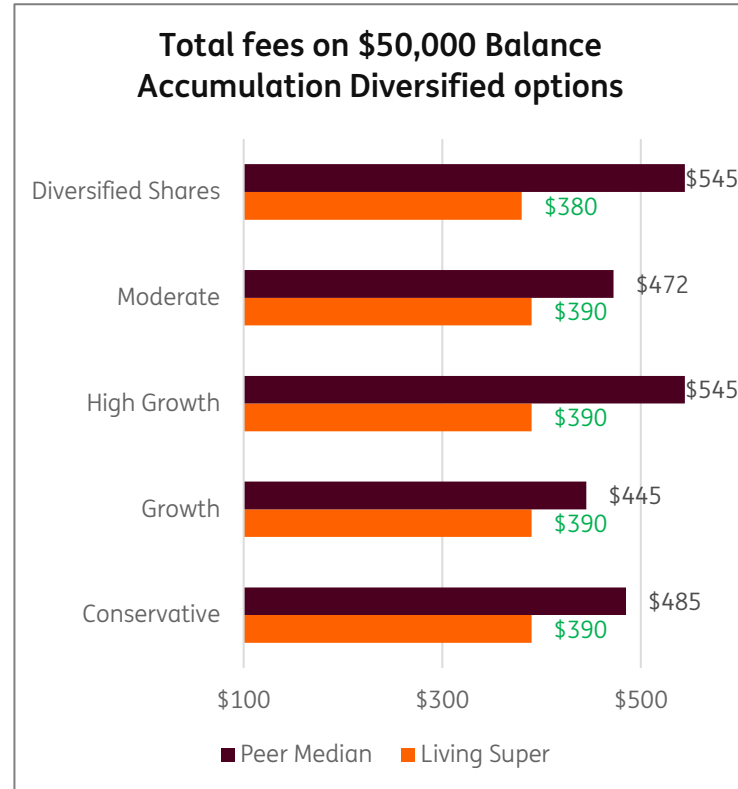
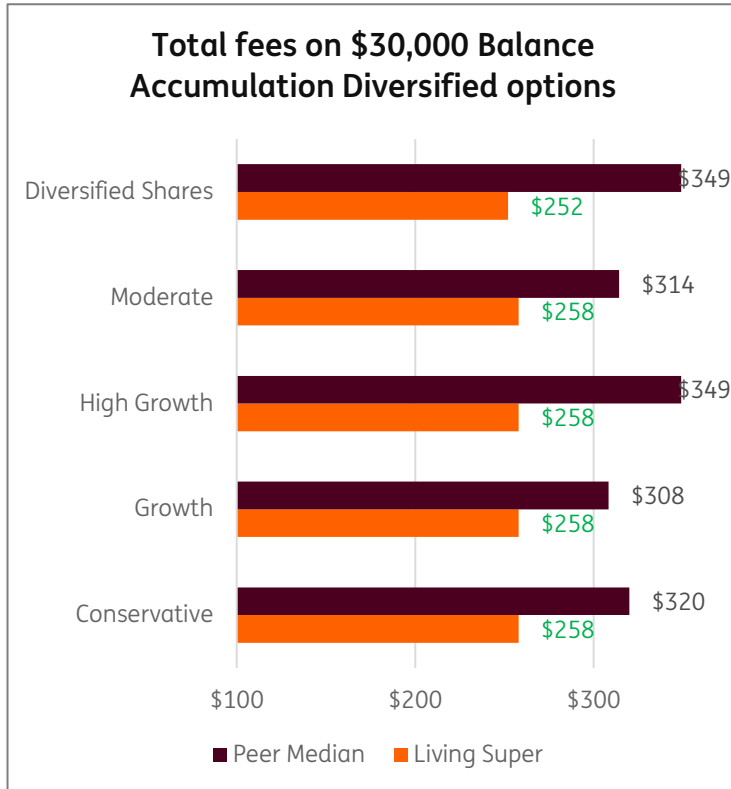
Living Super is higher cost than the median across most managed investment options when administration fees are calculated on \$30,000, \$50,000 and \$100,000 balances. The exceptions are Diversified Shares, Moderate, High Growth, Australian Property and Australian Fixed Interest which are either lower cost or in line with the peer median when calculated on the \$30,000 and \$50,000 balances. The Cash Option is considerably lower cost on all balances.

Summary

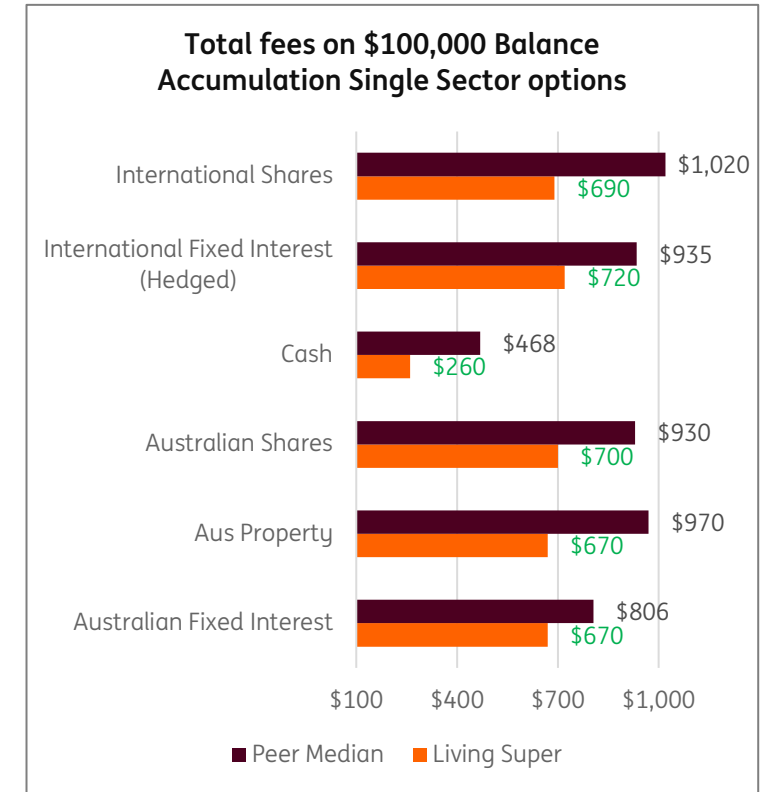
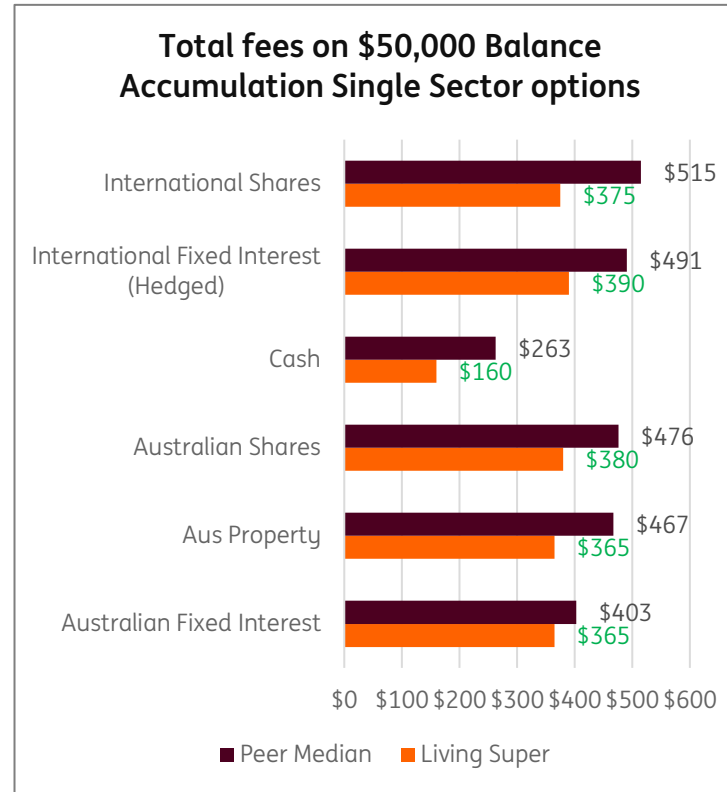
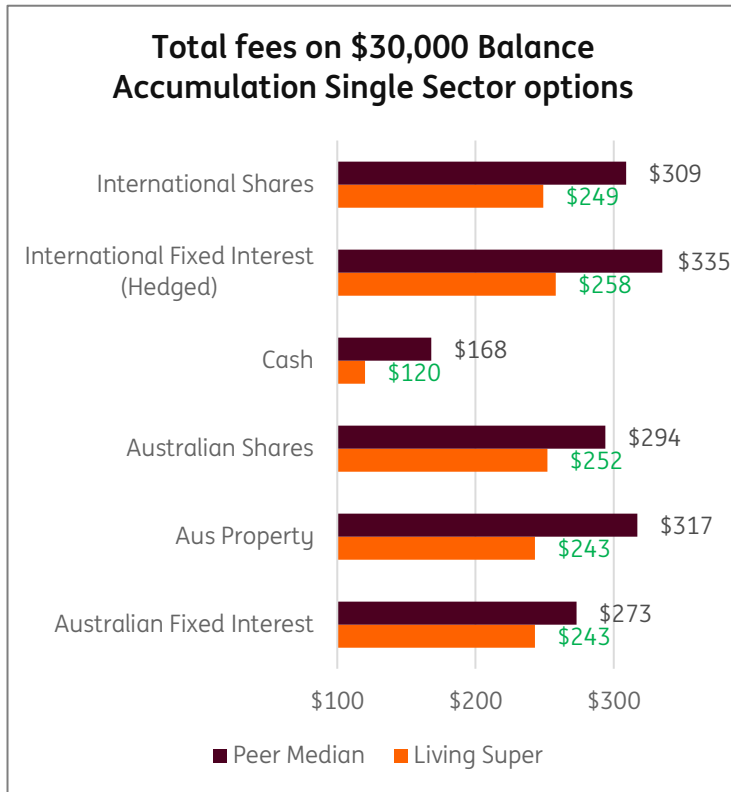
On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product as the total fees for Living Super at a product level are less expensive than the peer median for all measured balances.

*Peer group includes AMP, Aust Ethical, Australian Retirement Trust, AustralianSuper, Aware Super, BT, Professional, Future Super, Guild, Living Super, Intrust, Mercer Super Trust, Plum, Prime Super, Raiz, smartMonday, Spaceship, Suncorp, Superhero, Unisuper and Zurich.

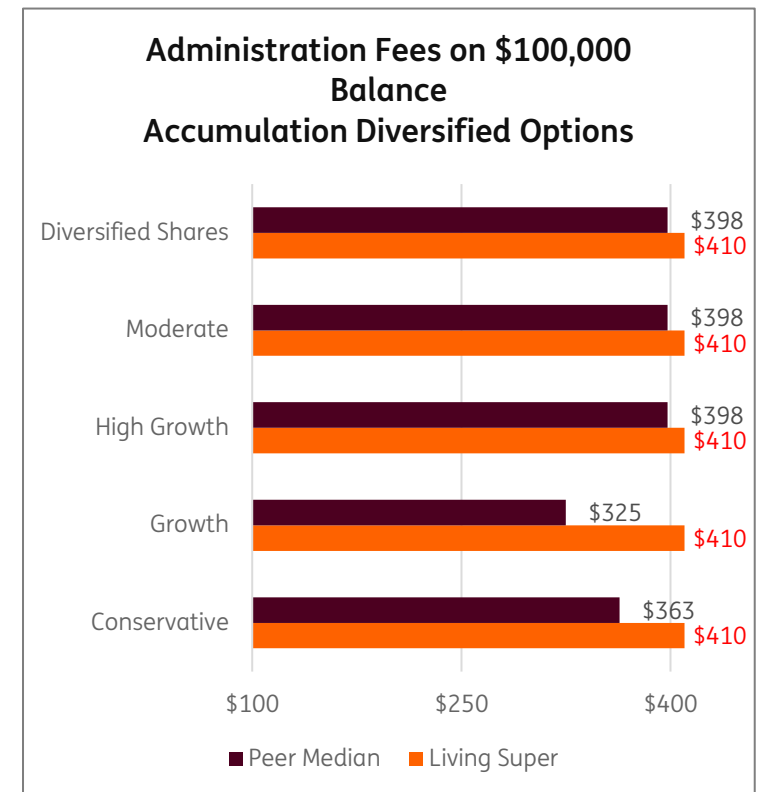
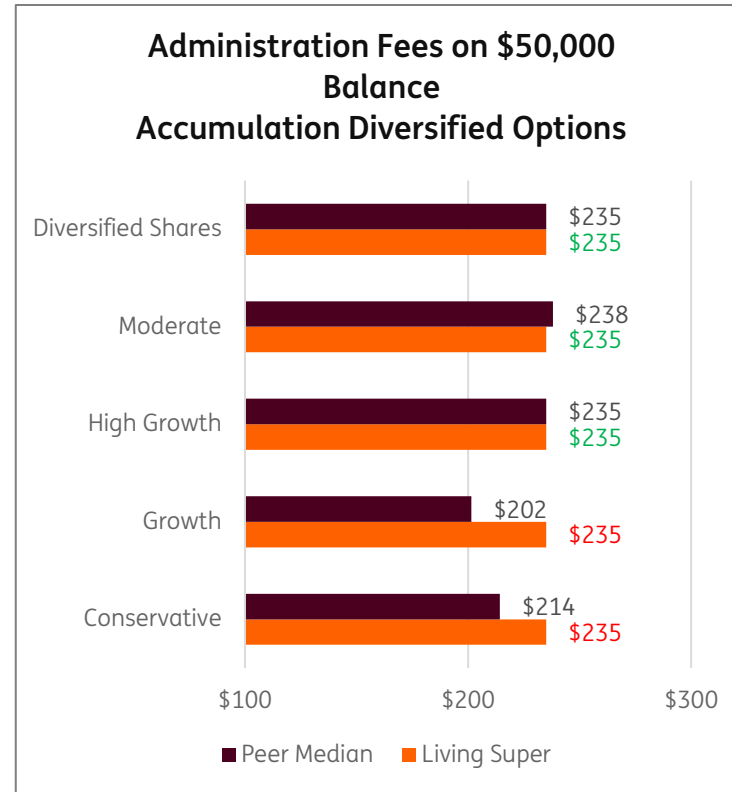
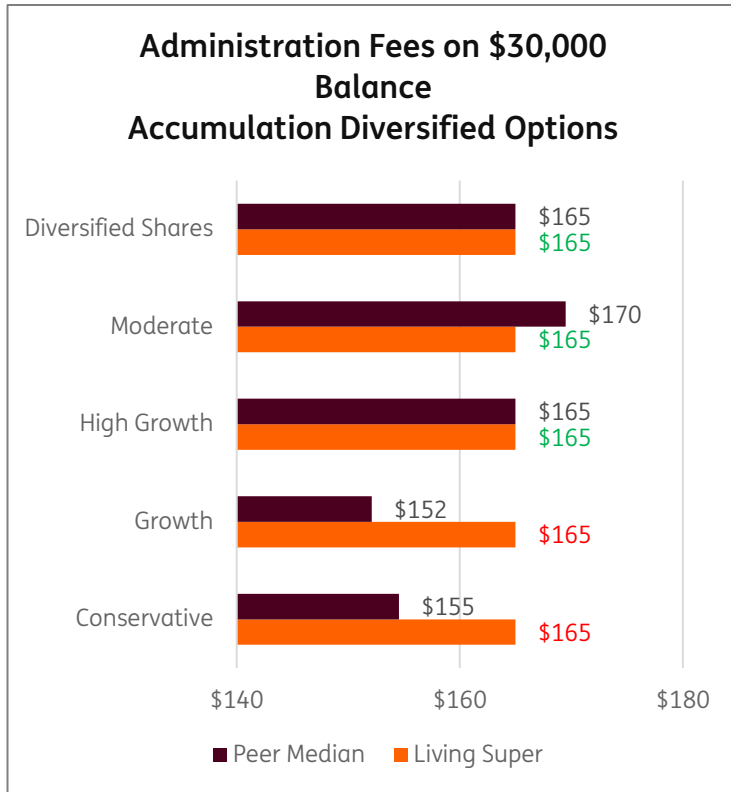
Total Fees & Costs Comparison: Accumulation Diversified Options



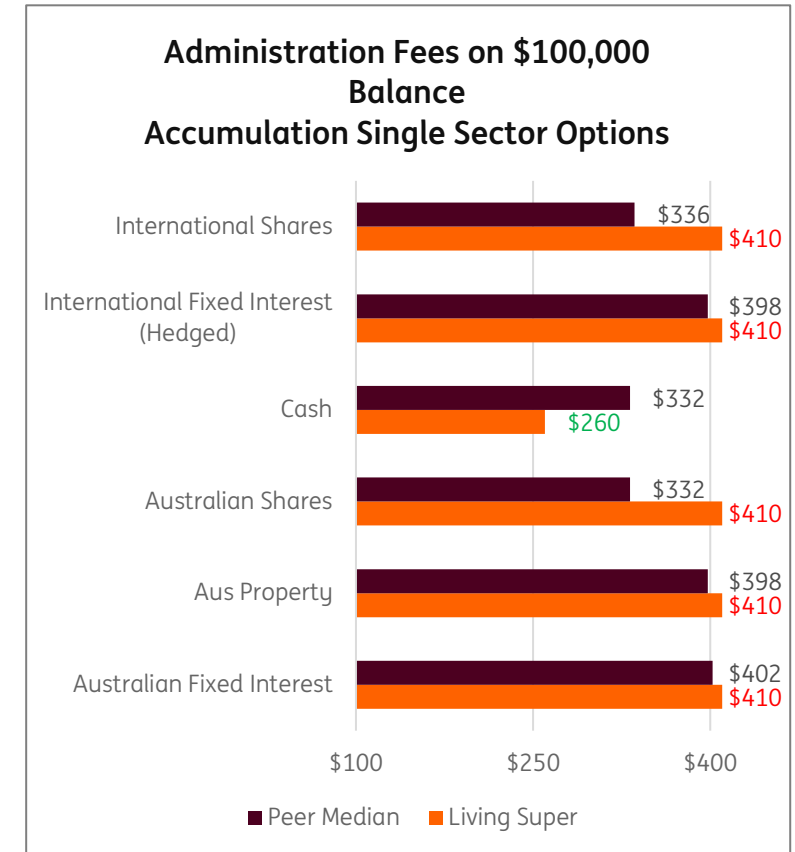
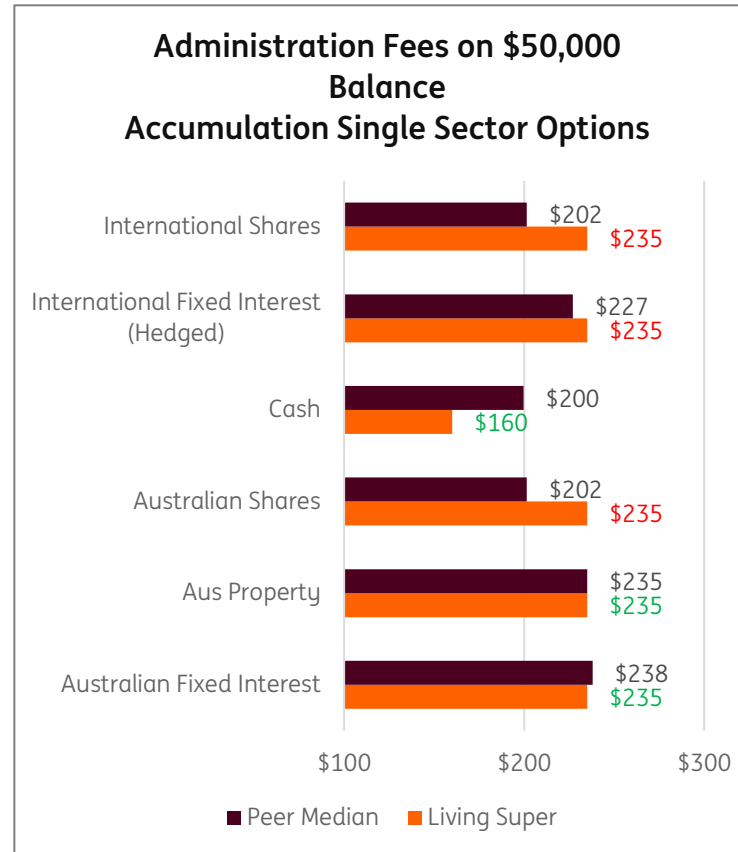
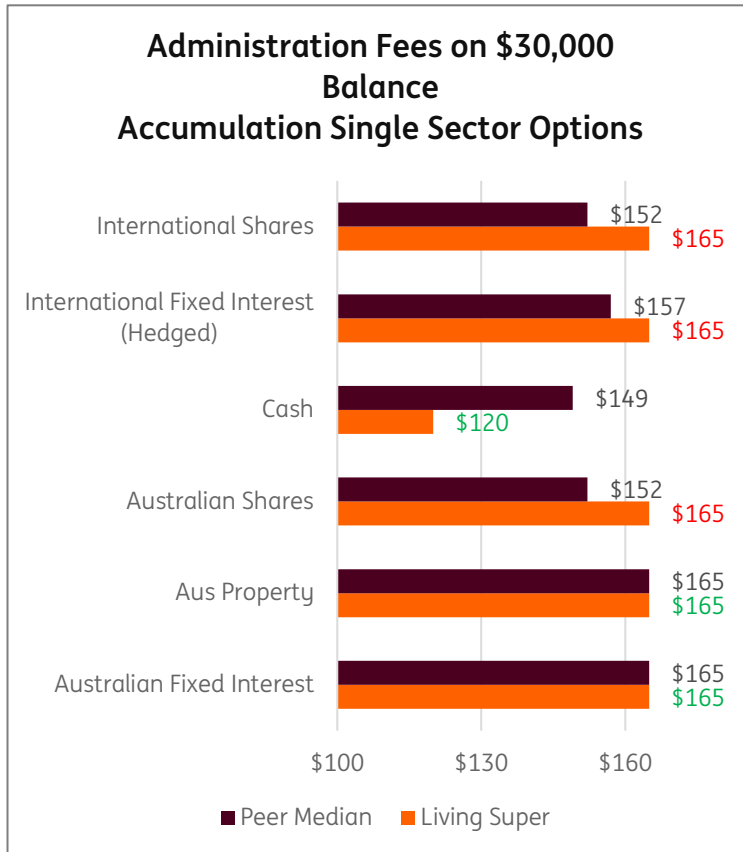
Total Fees & Costs Comparison: Accumulation Single Sector Options



Administration Fees Comparison: Accumulation Diversified Options



Administration Fees Comparison: Accumulation Single Sector Options



Fees & Costs Comparison: Pension

Total Fees

Living Super's total fees and costs (administration fees plus investment fees) for its Pension product are compared to the fund median total fees of 20 other peers* in the graphs on pages 16 and 17. All of Living Super's Pension managed investment options are considerably lower cost than the peer median when total fees are calculated on \$30,000, \$50,000 and \$100,000 balances, with the exception of International Fixed Interest (Hedged) which is slightly above the median.

Administration Fees

On pages 18 and 19, Living Super's Pension administration fees are also compared to the fund median administration fees of 20 other peers* in the charts below, based on the relevant asset classes.

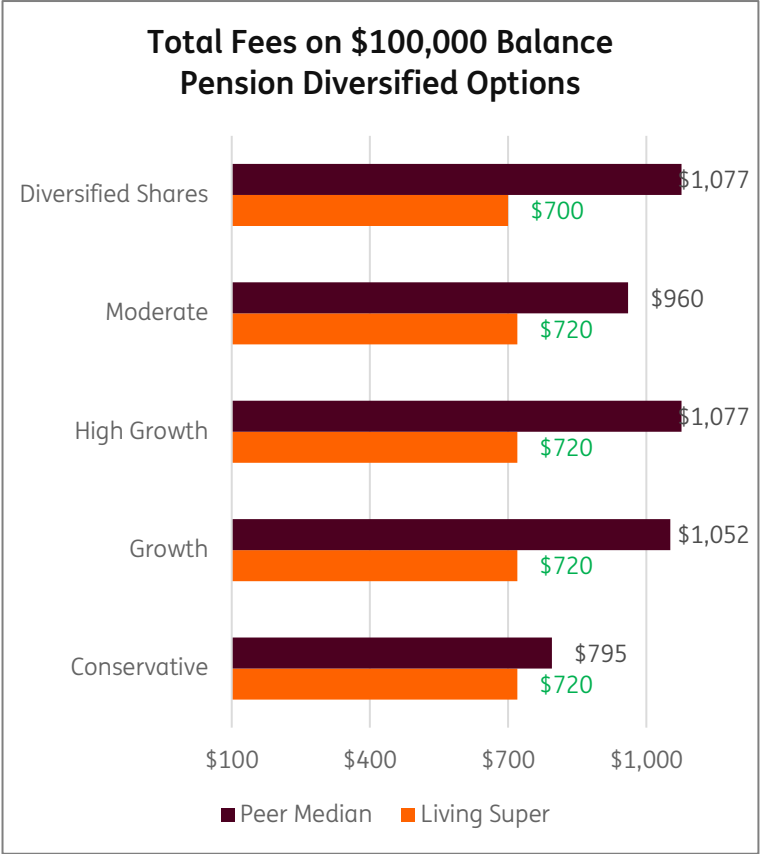
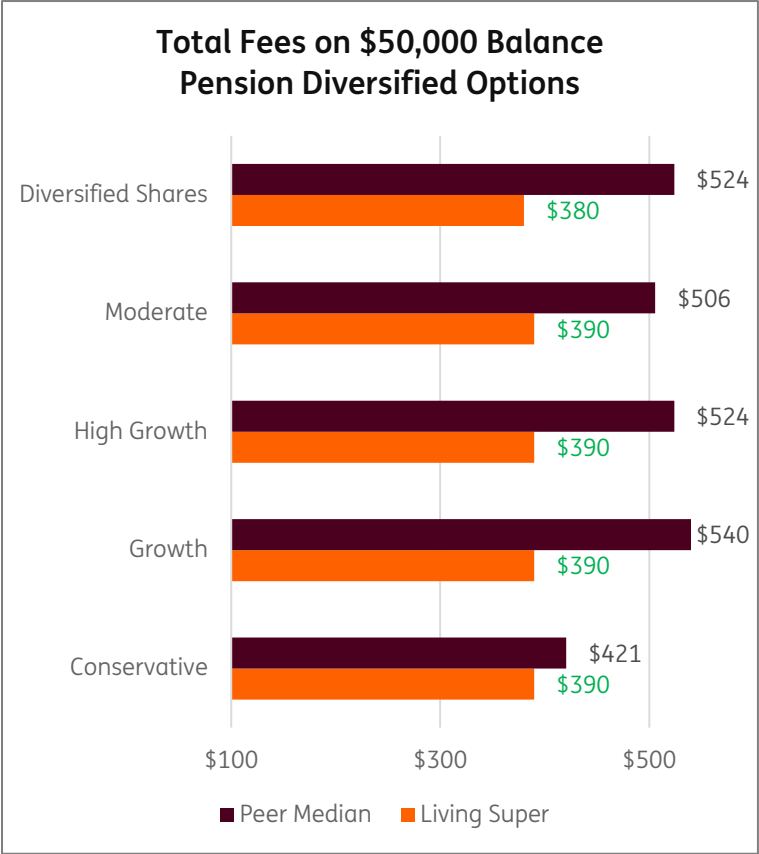
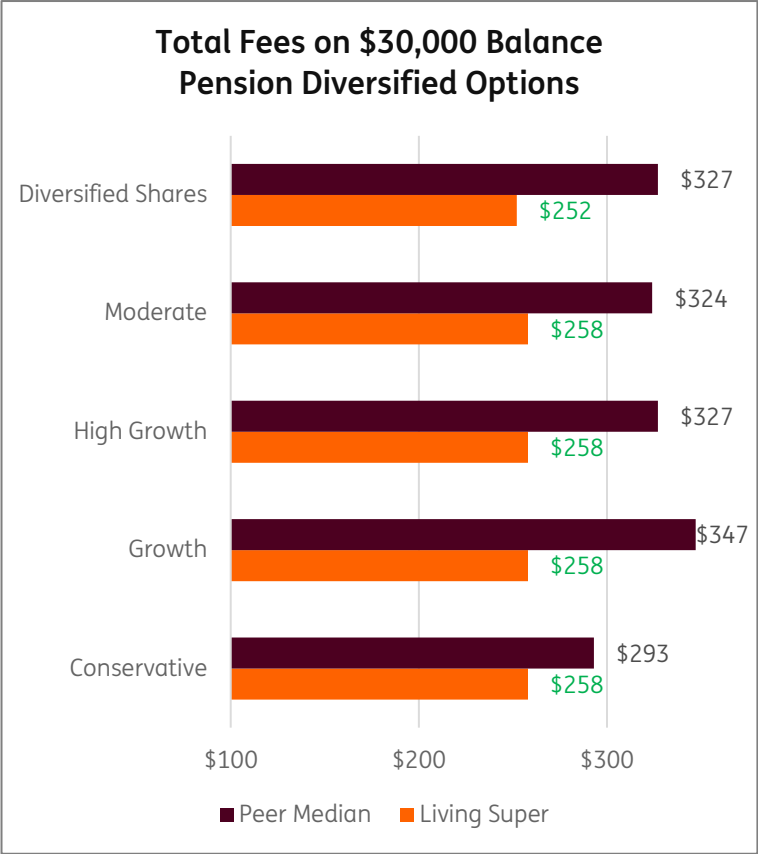
Living Super is higher cost than the median across all Pension managed investment options, other than the Cash option, when administration fees are calculated on \$30,000, \$50,000 and \$100,000 balances.

Summary

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Pension product as the total fees for Living Super at a product level are less expensive than the peer median.

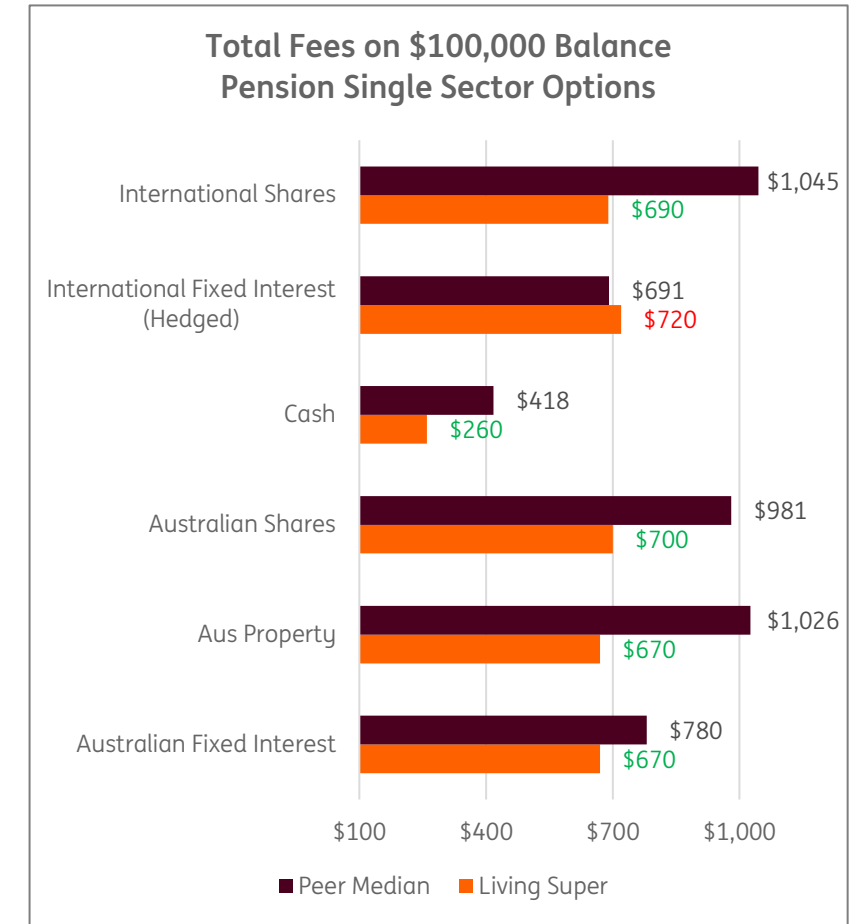
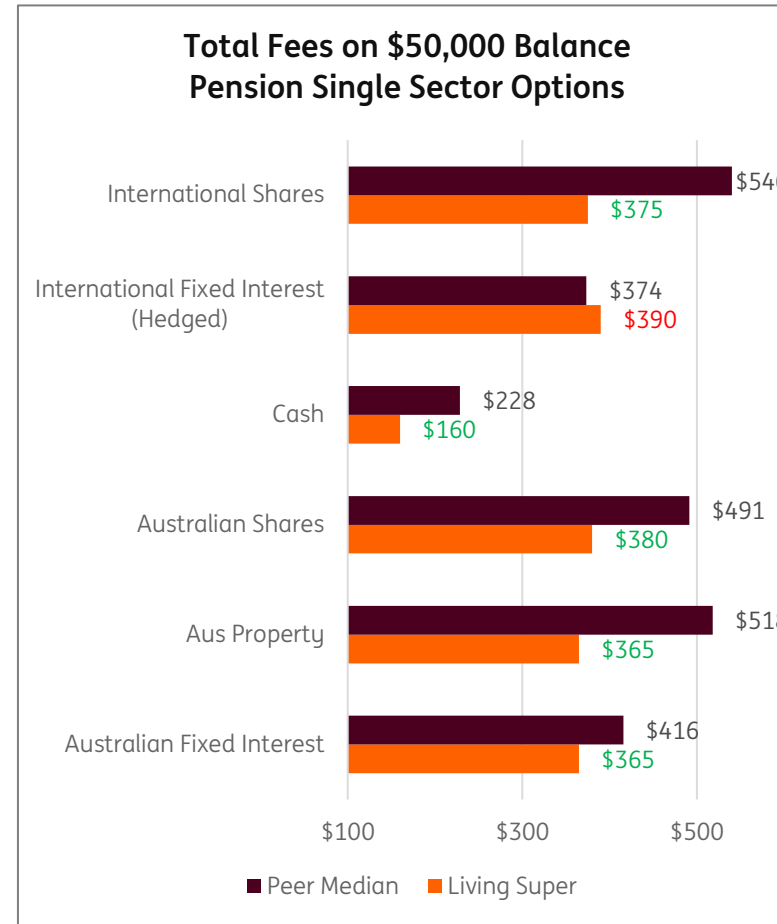
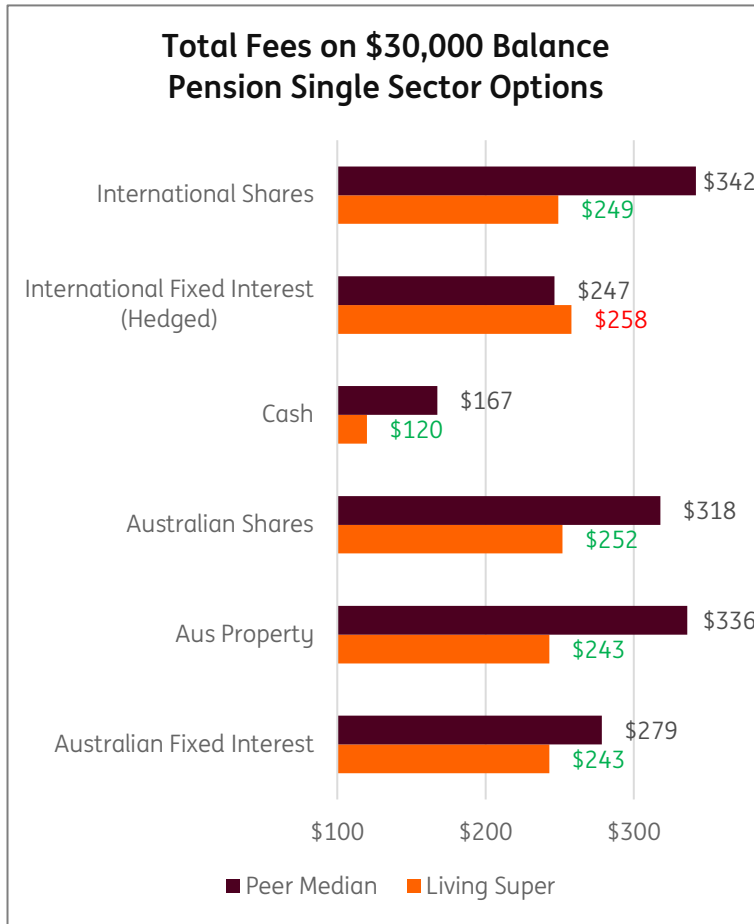
*Peer group includes AMP, Aust Ethical, Australian Retirement Trust, AustralianSuper, Aware Super, BT, Professional, Future Super, Guild, Living Super, Intrust, Mercer Super Trust, Plum, Prime Super, Raiz, smartMonday, Spaceship, Suncorp, Superhero, Unisuper and Zurich.

Total Fees & Costs Comparison: Pension Diversified Options

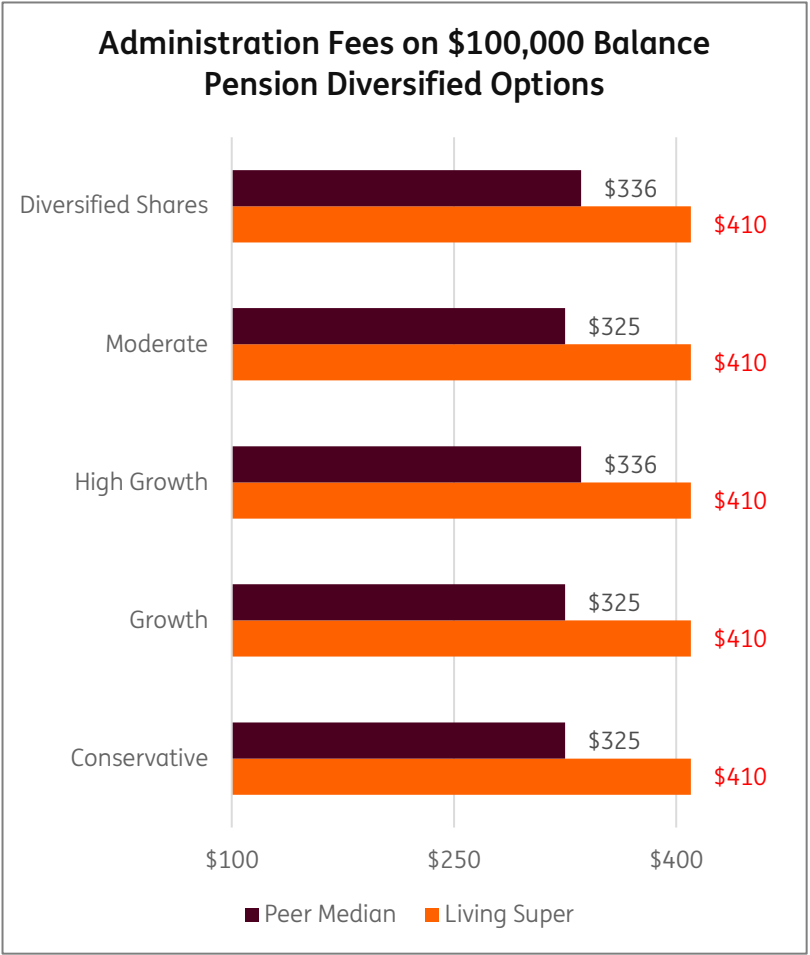
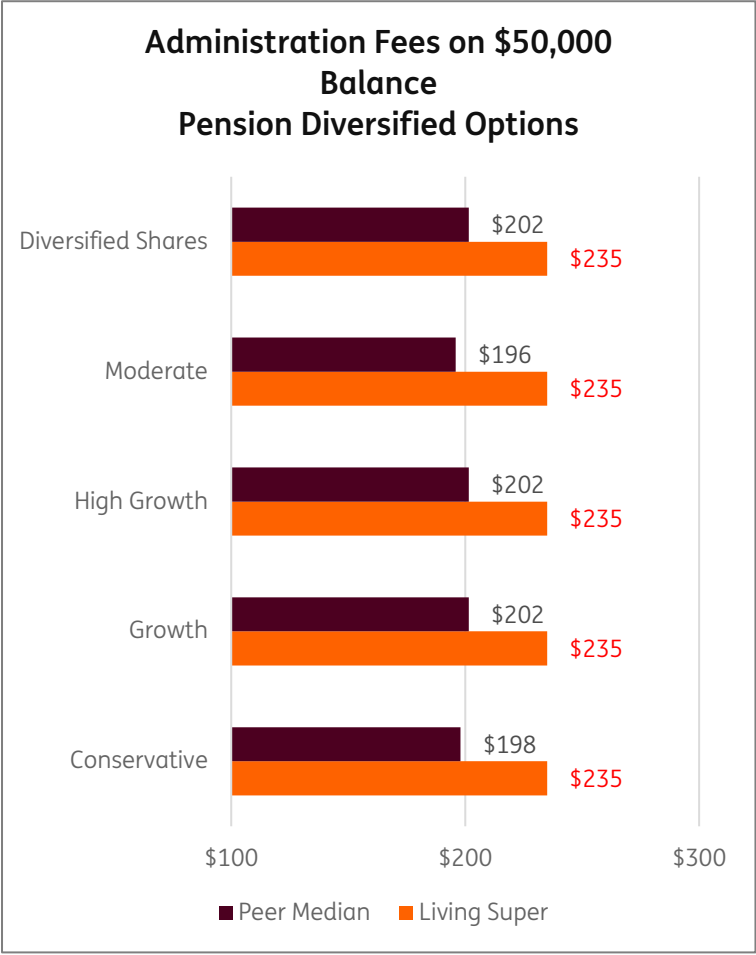
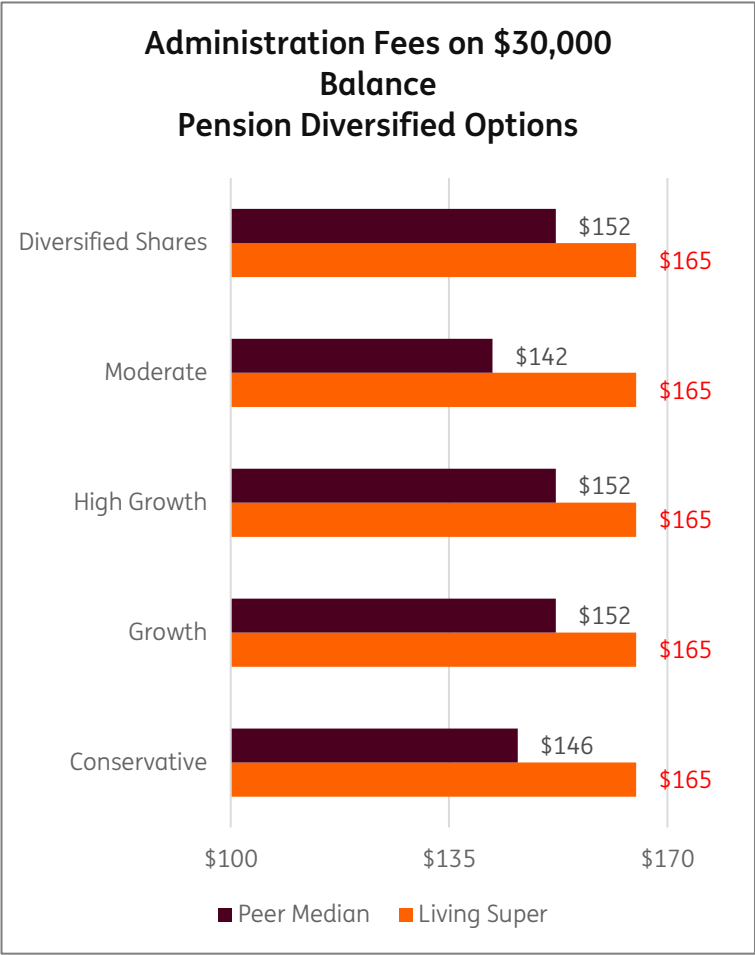


**Peer group includes AMP, Aust Ethical, Australian Retirement Trust, AustralianSuper, Aware Super, BT, Professional Super, Future Super, Guild Super, Intrust, Mercer Super Trust, Plum, Prime Super, Raiz, smartMonday, Spaceship, Suncorp, Superhero, Unisuper and Zurich.*

Total Fees & Costs Comparison: Pension Single Sector Options

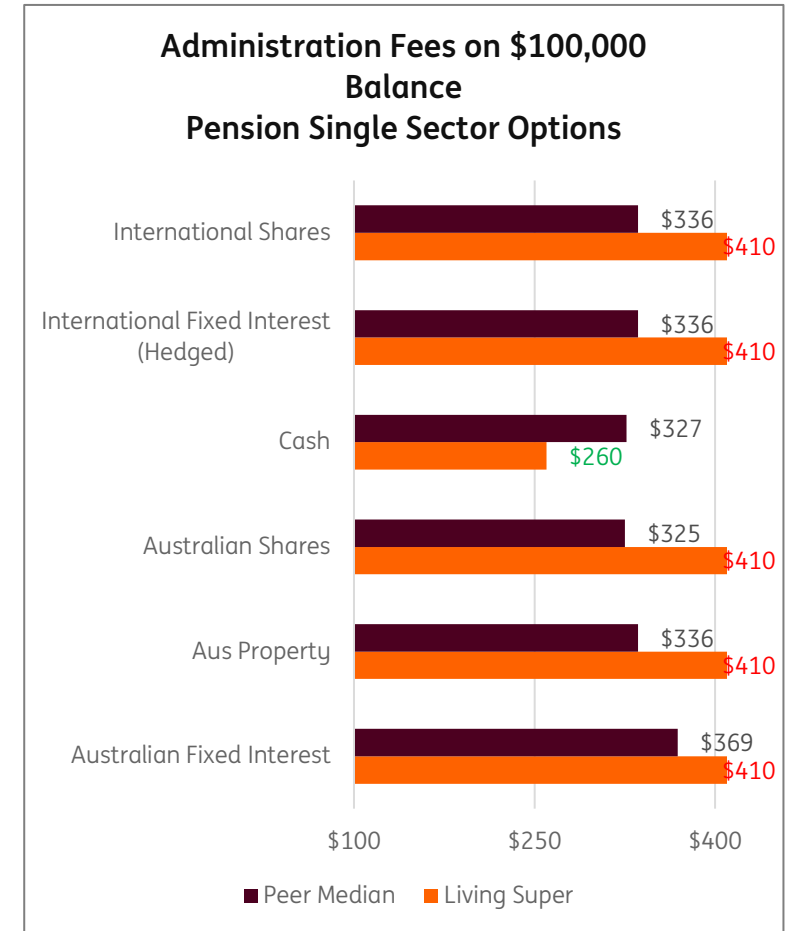
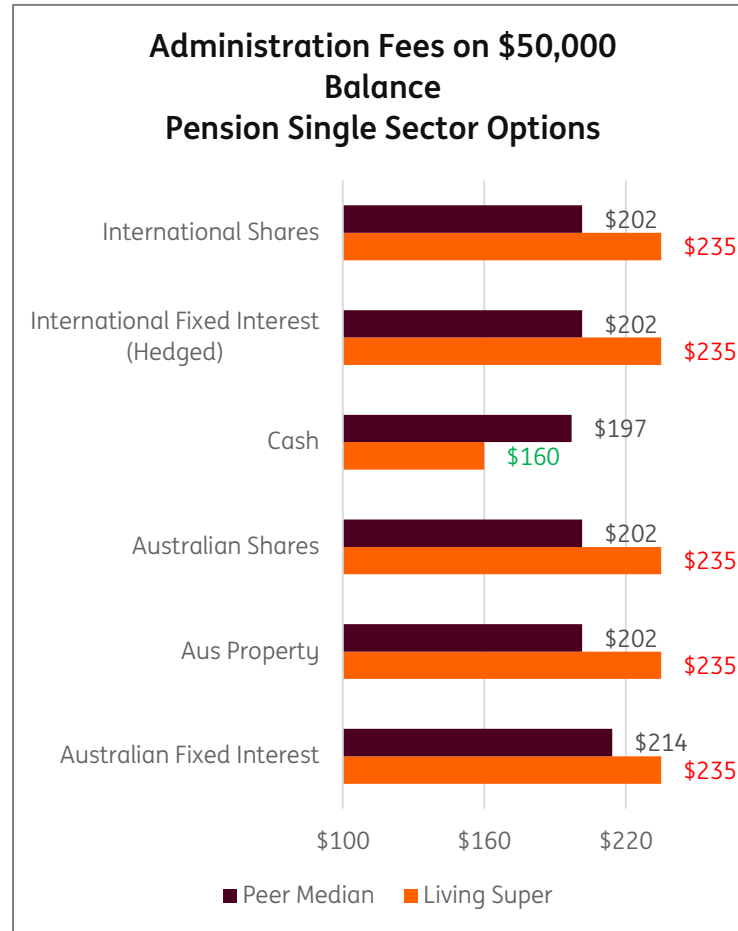
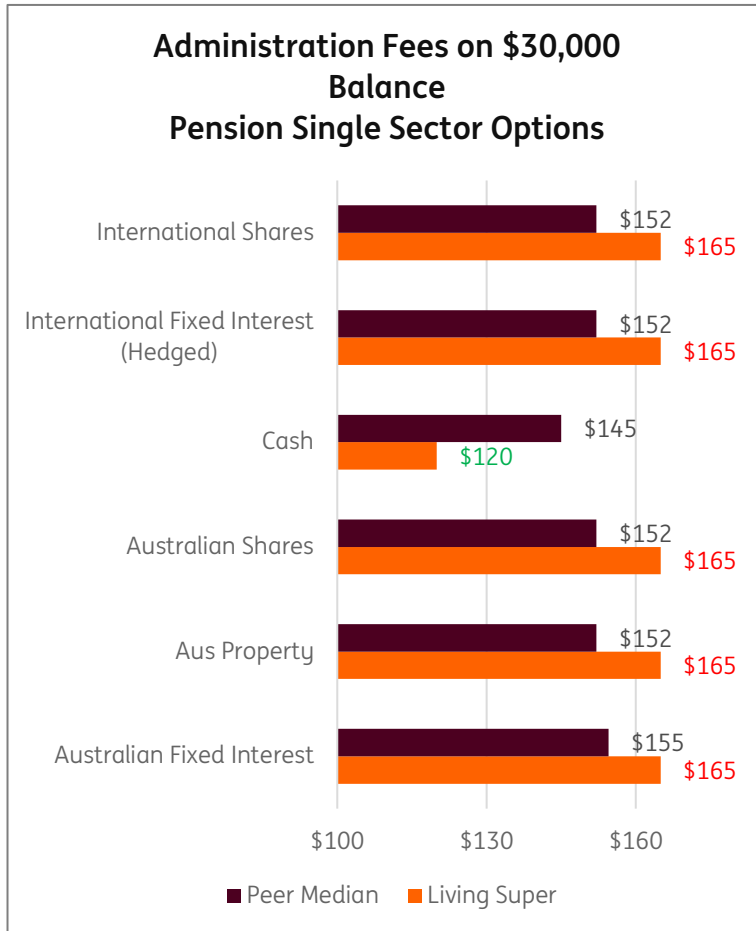


Administration Fees Comparison: Pension Diversified Options



**Peer group includes AMP, Aust Ethical, Australian Retirement Trust, AustralianSuper, Aware Super, BT, Professional Super, Future Super, Guild Super, Intrust, Mercer Super Trust, Plum, Prime Super, Raiz, smartMonday, Spaceship, Suncorp, Superhero, Unisuper and Zurich*

Administration Fees Comparison: Pension Single Sector Options



Investment Return Comparison: Accumulation

Diversified options

Living Super's Accumulation diversified options' net investment returns* over the one-year period to 30 June 2024 have marginally underperformed against the peer median across the 1-year, 5-year and 10-year periods with the exception of the Growth investment option for the 1-year period and the High Growth return for the 10-year period, which both outperformed.

The Trustee notes that until the successor fund transfer to OneSuper on 1 December 2023, Living Super used a mostly passive investment approach. In periods where the markets have been volatile or have not moved in uniform, passive management tends to underperform active management. The median peer universe uses a combination of active and passive management which is not a true comparison for Living Super investment options. As such, the Trustee is comfortable, that given the investment returns are in-line with the peer group.

5-year and 10-year investment return data isn't available for Living Super's Moderate and Conservative investment options, as these were only launched 1 July 2020. In addition, there are no 1-year, 5-year or 10-year investment return information available for the Diversified Shares investment option as this was launched in December 2023.

Single Sector options

Living Super's Accumulation International Shares and Australian Property investment options have outperformed the peer median for all measured periods to 30 June 2024. Performance for the other Single Sector options is mixed; however, any underperformance is generally marginal.

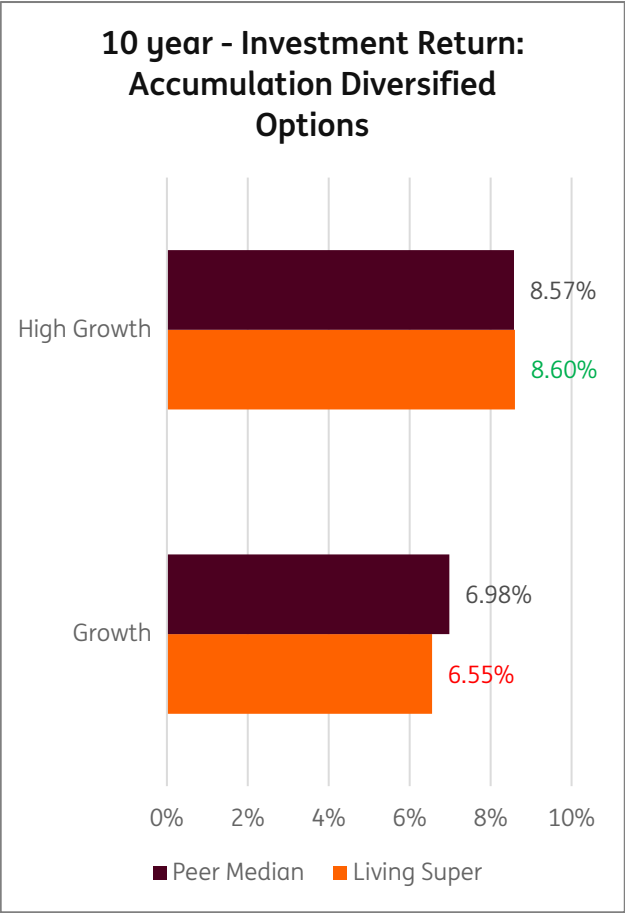
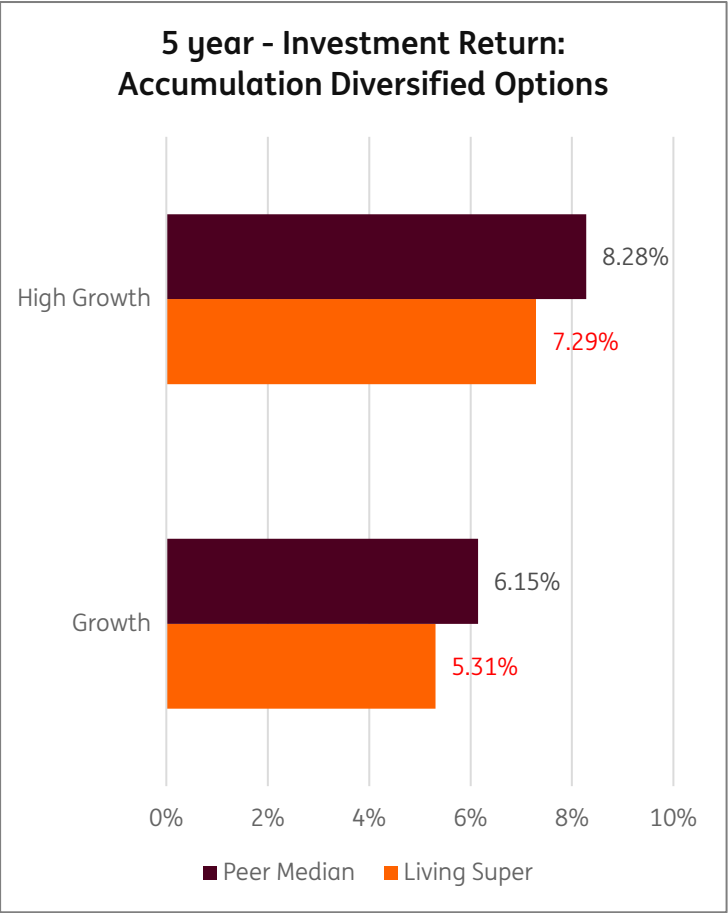
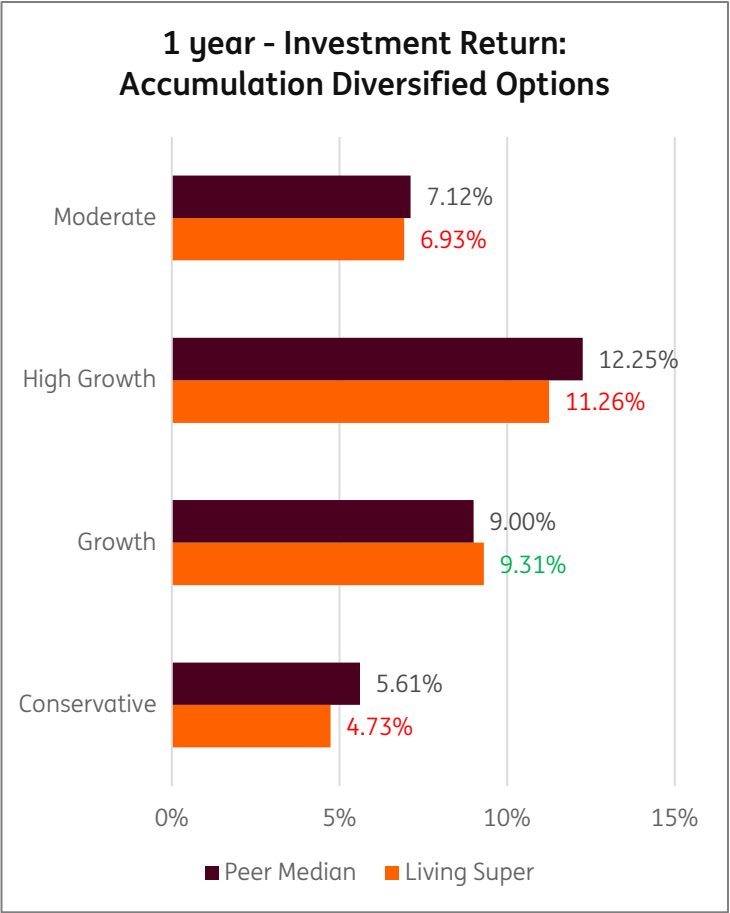
Summary

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product as managed investment returns are in-line with peer medians for a majority of the Accumulation managed investment options, over all measured periods.

The Trustee notes that as a part of the successor fund transfer of Living Super to OneSuper on 1 December 2023, the Balanced and International Shares (Hedged) investment options were closed, and all members transferred into other investment options. In addition, changes were made to the remaining investment options which are designed with the aim of delivering improved investment performance outcomes for members.

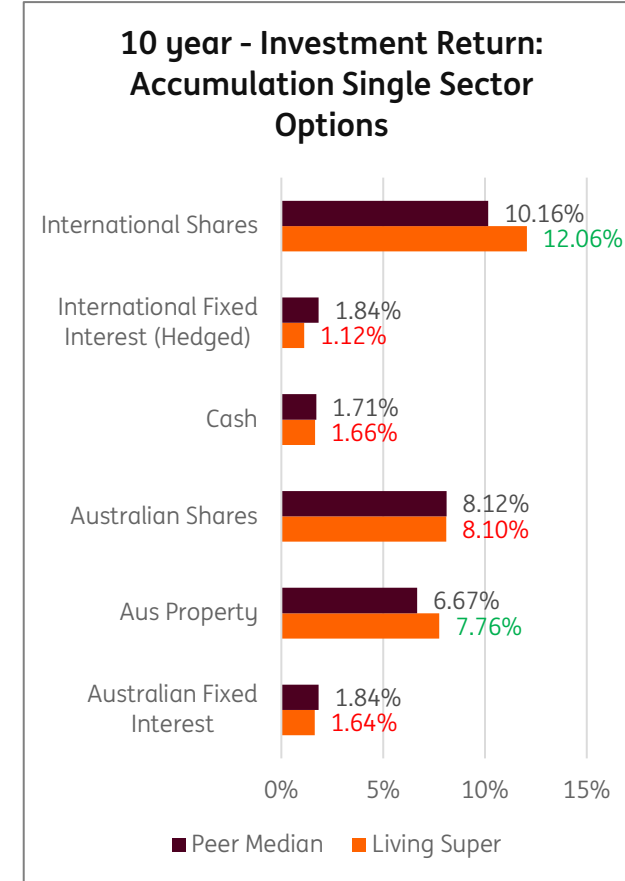
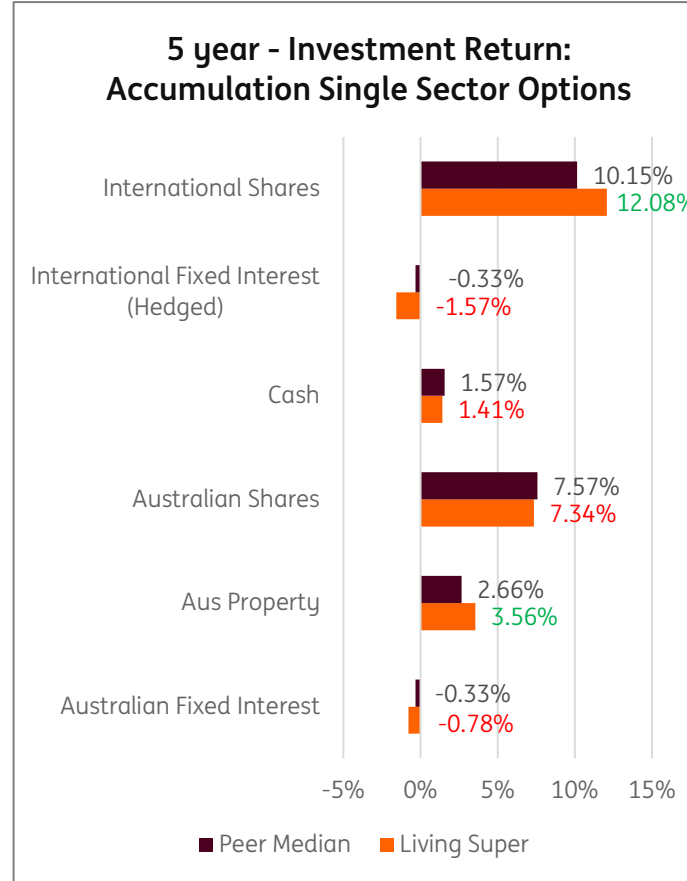
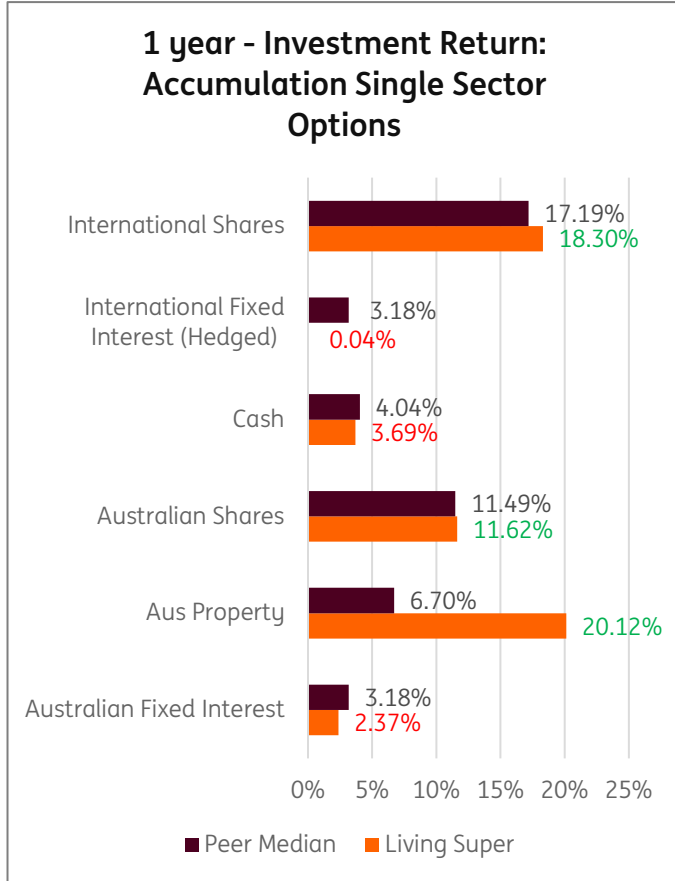
* Living Super's net investment returns are calculated before factoring in asset-based percentages and flat dollar amount administration fees.

Investment Return Comparison: Accumulation Diversified Options



Source: SuperRatings Fund Crediting Rate Survey – 30 June 2024. Conservative option is compared to the SR50 Capital Stable (20-40) Index, Growth option is compared to the SR50 Balanced (60-76) Index, High Growth option is compared to the SR25 High Growth (91-100) Index and Moderate option is compared to the SR25 Conservative Balanced (41-59) Index.

Investment Return Comparison: Accumulation Diversified Options



Source: SuperRatings Fund Crediting Rate Survey – 30 June 2024. Australian Fixed Interest option is compared to the SR25 Diversified Fixed Interest Index, Aus Property option is compared to the SR25 Property Index, Australian Shares option is compared to the SR50 Australian Shares Index, Cash option is compared to the SR50 Cash Index, International Fixed Interest (Hedged) option is compared to the SR25 Diversified Fixed Interest Index and International Shares option is compared to the SR50 International Shares Index.

Investment Return Comparison: Pension

Diversified options

Living Super's Pension diversified options' net investment returns* over all periods to 30 June 2024 have marginally underperformed against the peer median with the exception of the Growth and Moderate investment options for 1-year period which both outperformed the peer median.

The Trustee notes that until the successor fund transfer to OneSuper on 1 December 2023, Living Super used a mostly passive investment approach. In periods where the markets have been volatile or have not moved in uniform, passive management tends to underperform active management. The median peer universe uses a combination of active and passive management which is not a true comparison for Living Super investment options. As such, the Trustee is comfortable, that given the investment returns are in-line with the peer group.

5 year and 10-year investment return data isn't available for Living Super's Moderate and Conservative investment options, as these were only launched 1 July 2020. In addition, there are no 1-year, 5-year or 10-year investment return information available for the Diversified Shares investment option as this was launched in December 2023.

Single Sector options

Living Super's Pension International Shares and Australian Property investment options have outperformed the peer median for all time periods to 30 June 2024. Performance for the other Single Sector options is mixed; however, any underperformance is generally marginal.

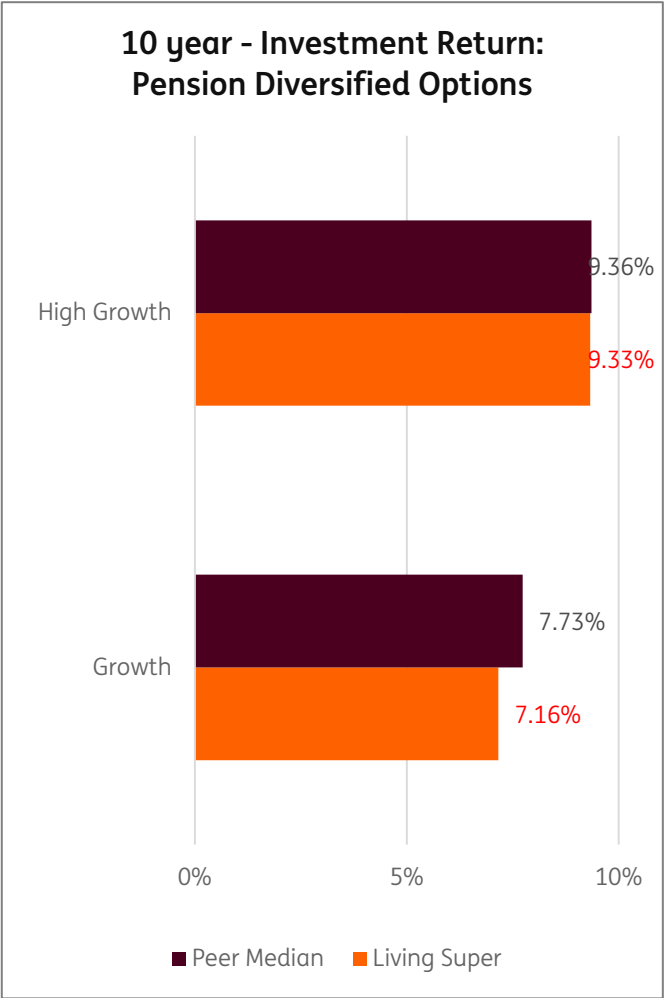
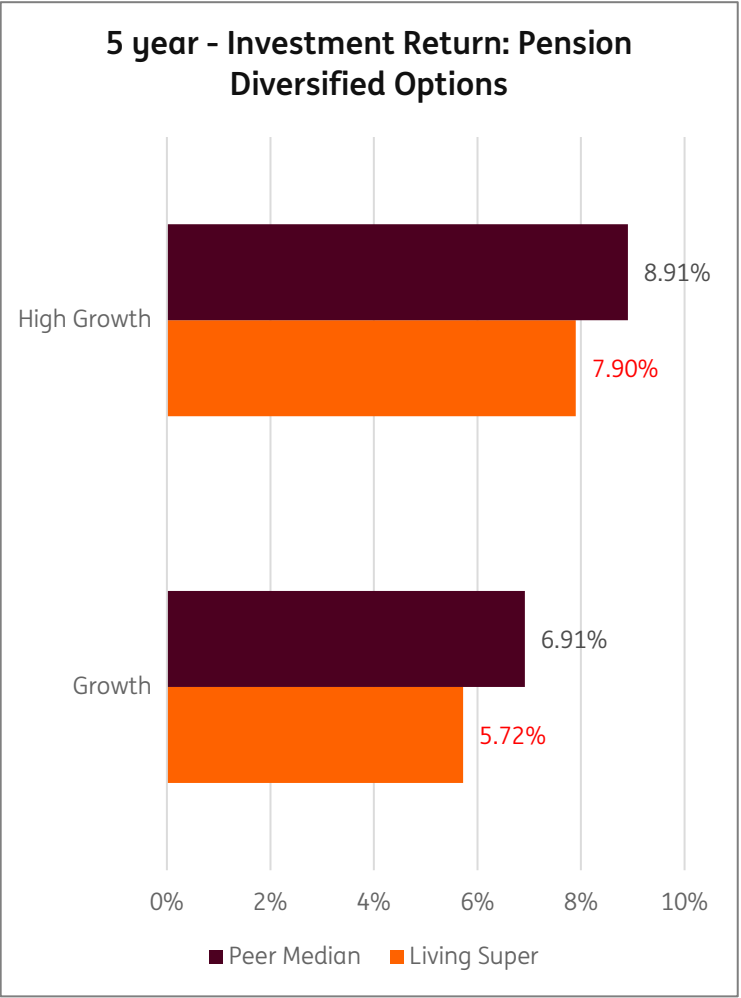
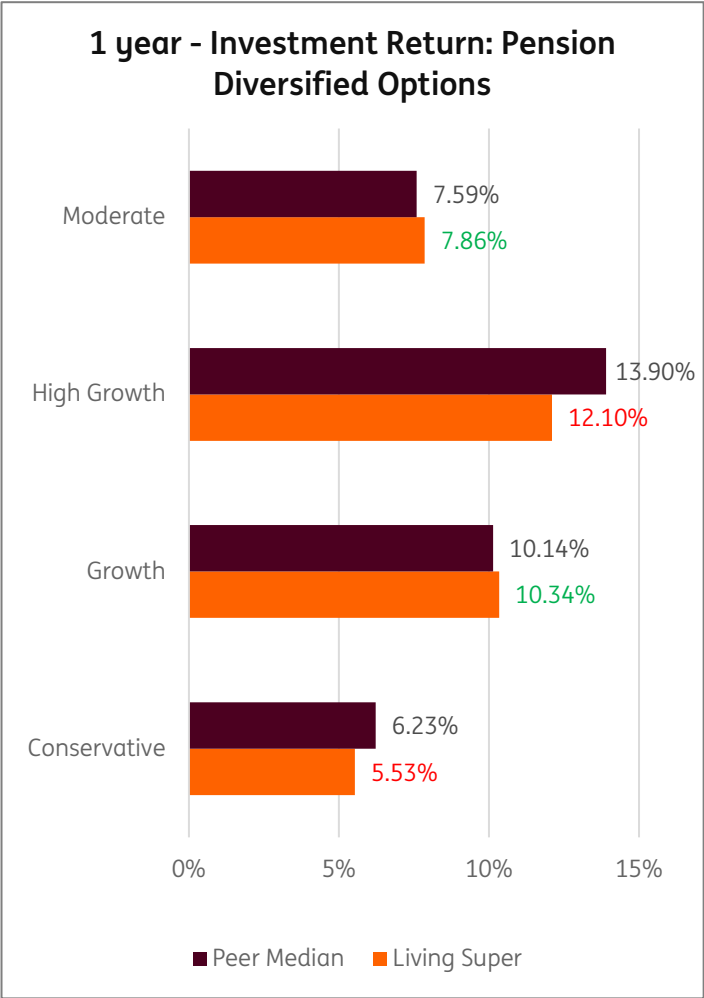
Summary

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Pension product as managed investment returns are broadly in-line with peer medians for all investment options, other than the International Fixed Interest (Hedged) investment option which has underperformed against the peer median over all measured periods.

The Trustee notes that as a part of the successor fund transfer of Living Super to OneSuper on 1 December 2023, the Balanced and International Shares (Hedged) investment options were closed, and all members transferred into other investment options. In addition, changes were made to the remaining investment options which are designed with the aim of delivering improved investment performance outcomes for members.

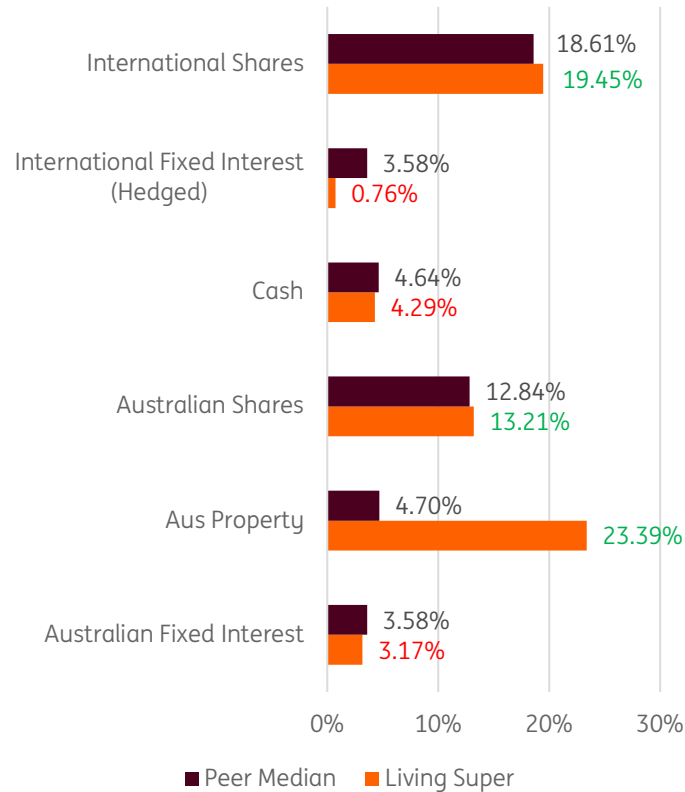
* Living Super's net investment returns are calculated before factoring in asset-based percentages and flat dollar amount administration fees

Investment Return Comparison: Pension Diversified Options

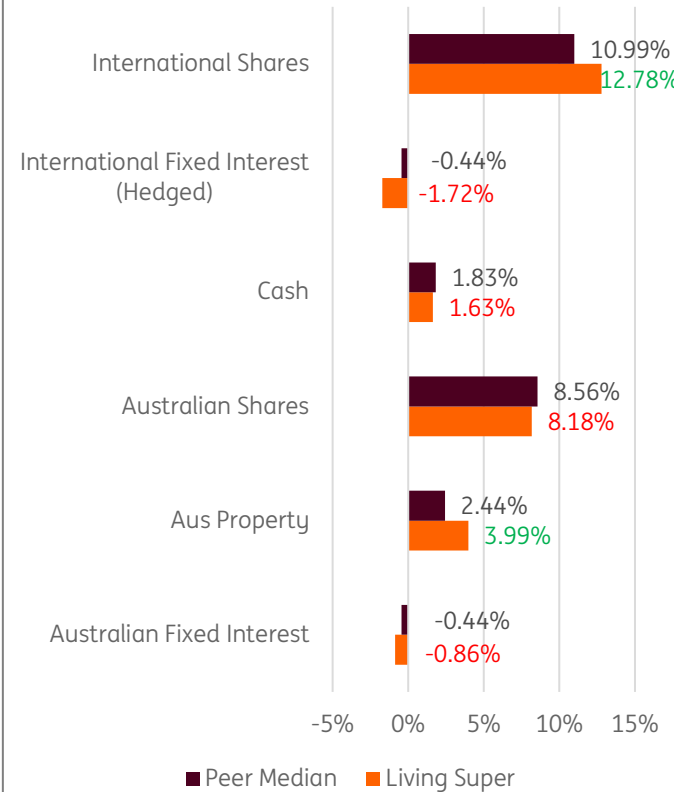


Investment Return Comparison: Pension Single Sector Options

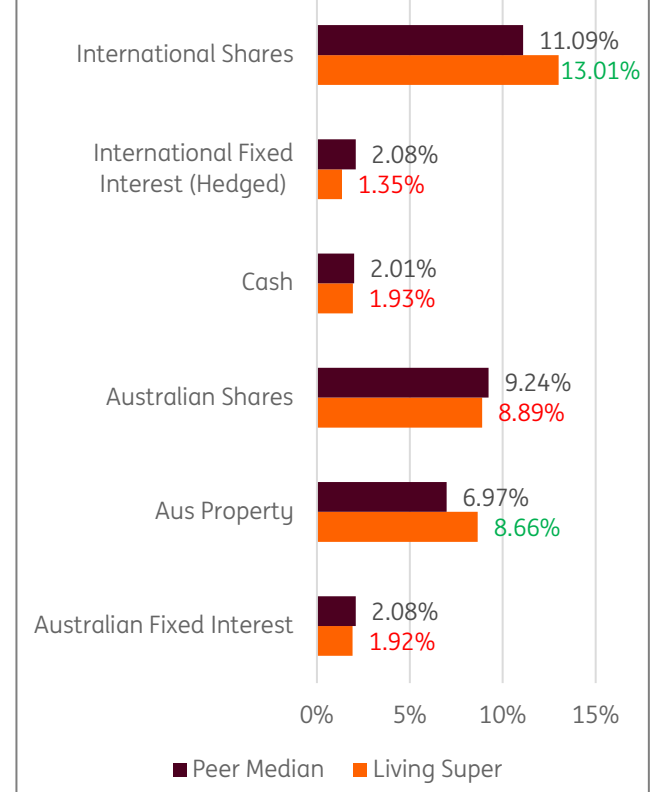
1 year - Investment Return: Pension Single Sector Options



5 year - Investment Return: Pension Single Sector Options



10 year - Investment Return: Pension Single Sector Options



Source: SuperRatings Fund Crediting Rate Survey – 30 June 2024. Australian Fixed Interest option is compared to the SR25 Diversified Fixed Interest Index, Aus Property option is compared to the SR25 Property Index, Australian Shares option is compared to the SR50 Australian Shares Index, Cash option is compared to the SR50 Cash Index, International Fixed Interest (Hedged) option is compared to the SR25 Diversified Fixed Interest Index and International Shares option is compared to the SR50 International Shares Index.

APRA's annual performance test: Accumulation

From 1 July 2023, certain accumulation diversified investment options are subject to APRA's annual performance test. The test measures the performance of these investment options against a benchmark determined by APRA. It compares the investment option's earnings, less costs, with those of similar investment options over the same period. It does not consider member's personal situation, fees, or tax. Only investment options with performance history of at least 7 years were included in the 2023/24 performance test.

Where an investment option fails the performance test for the first time, the trustee must inform members of this fact in writing. Where an investment option fails the performance test for two consecutive years, the trustee will be prohibited from accepting new members into that option.

The performance test assessment metric is based on two components:

1. an investment return component that measures the net investment return of a product relative to an APRA determined benchmark that is created using a product's strategic asset allocation (SAA) (the 'Actual return minus benchmark return' in the table below). The investment return, relative to the benchmark, measures how a Trustee is delivering value to members when implementing the SAA for the product; and
2. an administration fees component, which compares the latest year of administration fees and costs charged to an industry benchmark. For each option, a representative administration fees and expenses ('RAFE' in the table below) measure is determined based on fees over the latest year for a representative member with an account balance of \$50,000 and this is compared to a benchmark ('Relevant BRAFE' in the table below), which is the median RAFE of all options within each product group.

An investment option fails the performance test if the 'performance test metric' is below a threshold of minus 0.50% points per annum.

All Living Super investment options that were assessed passed the 2023/2024 performance test.

Investment Risk Comparison

It is difficult to make a reasonable comparison against the industry in relation to investment risk as there is no publicly available information which provides a breakdown of the level of investment risk for each Choice managed investment option.

The level of risk we take to achieve our target returns is important and each asset class performs differently and carries different risks. The trustee has governance processes that include the setting of strategic asset allocations for funds and conducts market risk stress testing for all investments on an annual basis.

As a result, the Trustee has determined it is promoting the financial interests of its beneficiaries in respect of investment risk.

Options, facilities & benefits

Living Super offers a range of services and products to all members in order to assist them with engaging with their superannuation so that they can maximise their balance and optimise their retirement outcomes.

Living Super engages with its members through digital channels, and assists members in meeting their financial objectives through:

- Educational content, including a quarterly newsletter via email, which generally includes a historical performance update, commentary and articles hosted by ING's blog.
- Engaging digital tools, such as an insurance premium calculator.
- An online platform for trading in ASX-listed securities.
- 24/7 access through ING online banking.

Based on the above, the Trustee has determined that the options, facilities and benefits for the product is appropriate for members.

Investment strategy

Living Super considers its investment menu to provide an appropriate mix of options to members and takes into consideration member feedback when considering any future changes.

The investment strategy was last reviewed in October 2023 in preparation for the successor fund transfer (SFT) of Living Super to OneSuper on 1 December 2023. As part of this review, changes were made to some of the strategic asset allocations of the managed investment options, with no changes to investment and risk objectives.

In addition, a new Diversified Shares option was introduced, along with the termination of the Balanced and International Shares (Hedged) investment options. These changes took effect as part of the SFT.

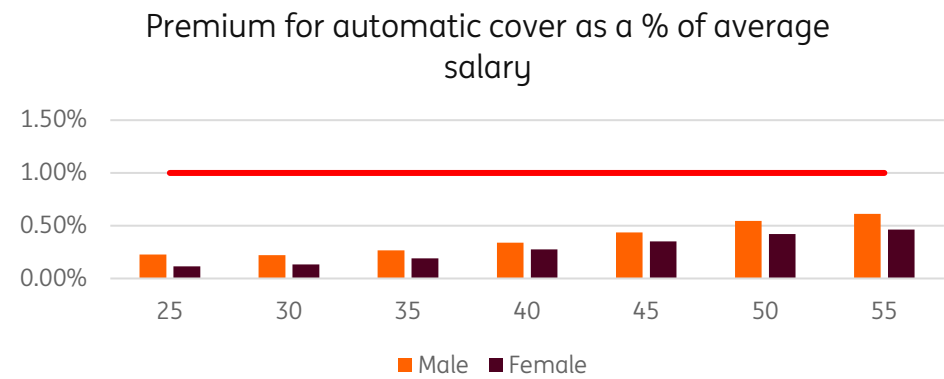
These changes were designed with the aim of delivering improved investment performance outcomes for members.

Based on the above, the Trustee has determined that the investment strategy for the product is appropriate for members.

Insurance strategy & fees

Living Super provides insurance for members through Metlife. Automatic cover for Death and TPD is provided if a member opts in at commencement of their membership, and members can apply for Tailored Cover (including Income Protection) if they feel that this is better suited to their needs. Living Super has simplified its insurance offer to allow members to retain their original occupational rating for insurance purposes, even when moving into a higher risk occupation, thereby reducing the cost of insurance to members in these situations.

The following graph shows how Living Super’s premiums for Automatic Death and Total and Permanent Disability insurance cover compared to a 1% of average salary* erosion test across different ages.



Based on our analysis, the Trustee has determined that that the insurance strategy for the product is appropriate for Living Super’s members, and that there is no inappropriate erosion of members’ retirement income from the impact of insurance premiums.

*Average salary is based Australian Bureau of Statistics average weekly earnings for May 2024

Scale

Living Super had 40,082 members with approximately \$3.48 billion in funds under management as at 30 June 2024.

While these figures are indicative of Living Super's relatively small size in the industry, it is anticipated that Living Super will continue to steadily grow and achieve greater scale benefits. For Living Super, during FY24:

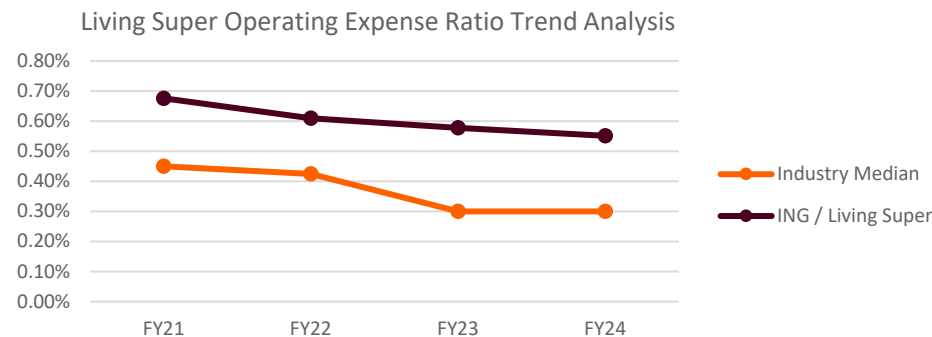
- Funds Under Management ('FUM') grew by 5.21%, compared to the industry median of 9.63%
- Number of member accounts decreased by -6.43%, compared to the industry average of 1.10%
- Total net members' benefits flows were negative of -\$75.3M, compared to the industry median of \$3.7M
- Net Contribution flows increased from prior year by 12.70%, compared to the industry of 14.31%
- Net Rollover flows grew from prior year by 122.47%, compared to the industry of -64.67%
- Net members' benefit outflow ratio of 120.21% is less favourable, compared to the industry median of 89.20%

From the above, in terms of member accounts it is apparent that during FY24 Living Super's growth rate was generally lower than the industry median. However, this was largely due to the successor fund transfer to OneSuper on 1 December 2023 as traditionally there are large outflows resulting from successor fund transfers. A number of marketing campaigns have been planned for FY25 which is expected to have a positive impact on member flows.

It is concluded that members are not currently disadvantaged by the scale of Living Super.

Operating costs

Living Super's operating expense to asset ratio trend is shown in the graph below compared to the industry fund median (derived from APRA data). It is noted that Living Super's operating expense ratio is reducing in line with the trend of the industry and the calculation has been based on operating and administrative expenses incurred by the fund, excluding any investment related expenses.



The higher than industry peer median operating expense ratio may indicate member retirement balances are being inappropriately eroded.

The Trustee however notes that Living Super and its members transferred via successor fund transfer to the Living Super sub-plan of OneSuper on 1 December 2023, which should result in decreased costs in FY25.

Basis for setting fees

The basis for setting fees is considered appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

The administration fee is comprised of the combination of a flat dollar-based fee (\$60 per annum) and a basis points fee (ranging from 0.20% per annum in the Cash option to 0.42 in Listed Securities). The basis point administration fee is capped at \$2,125 per annum. Additionally, an investment fees range from 0.26% to 0.31% per annum on the account balance in the managed investment options, other than the Cash option. The basis points fee component and fee cap of the administration fee ensure members are charged reasonably, which means the retirement balances of lower account balance members won't be eroded and ensures services available to all members are appropriately shared across the fund membership base.

Administration fees are charged to members on a monthly basis and investment fees are factored into the unit price. This ensures that the cost of maintaining a superannuation account is spread over the course of a year rather than members incurring a large impact to their balance at once.

The Trustee notes that Living Super and its members transferred via successor fund transfer to the Living Super sub-plan of OneSuper on 1 December 2023. Most members enjoyed an administration fee reduction as part of the transfer.

The Trustee has concluded that the basis for setting fees is considered appropriate for members and does not inappropriately erode their retirement balances.

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