Equity Trustees

SELECT PERSONAL SUPERANNUATION MEMBER OUTCOMES ASSESSMENT

INTRODUCTION

In this report, Equity Trustees Superannuation Limited publishes the results of our annual assessment of how well the Select Personal Superannuation product (the **product**) issued from Super Retirement Fund (the **fund**) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2024.

COVERAGE

There are five versions of this product which are summarised in the following table. In this report we have assessed the first version of the product (SRFSPS004).

Version	Product Code	Size	Total Fees	Investment options	Weighted average 5-year net return	Insurance cover
1	ADFPS SRFSPS001	$11.8M	1.29% p.a.	19	6.51%	No
2	CMPS SRFSPS002	$110.2M	1.30% p.a.	22	6.52%	Yes
3	MPPS SRFSPS003	$36.3M	1.26% p.a.	15	7.41%	Yes
4	PRUPS SRFSPS004	$271.9M	1.25% p.a.	27	5.82%	Yes
5	SCPS SRFSPS005	$77.6M	1.31% p.a.	27	6.26%	Yes

METHODOLOGY AND STRUCTURE

In conducting this assessment, we compared the product to other choice superannuation products included in statistical data published by the Australian Prudential Regulation Authority (**comparable products**) using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential Standard SPS 515 *Strategic Planning and Member Outcomes*.

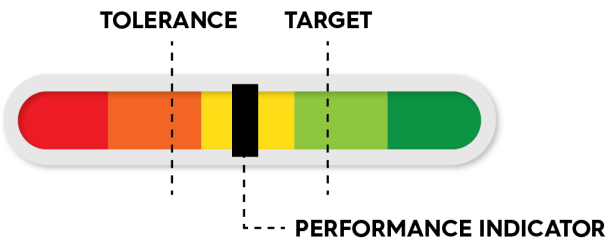
This report includes:

- our overall assessment of whether the product provides optimal member outcomes and promotes their financial interests;
- a dashboard that depicts our assessment of the product's market-relative performance for each outcome we aim to provide members;
- a table summarising the key metrics that we relied on when making this assessment; and

- our commentary on this performance that includes action items to improve suboptimal performance.

For each member outcome, the dashboard presents the relevant segment of market performance. The width of each segment is based on the range of market performance for each outcome and is specific to each outcome. The positioning of the black performance indicator bar against the colour coding is our assessment of how well the outcome has been delivered. The colour coding gives a visual representation of performance that moves from neutral (yellow) through orange to least tolerance (red), and in the opposite direction from yellow to the target (or green) area of the dashboard. The assessment of each member outcome is based on several equally-weighted metrics. Accordingly, if one metric is outside our tolerance level it doesn't automatically mean the entire member outcome is outside our tolerance level.

Example dashboard for illustrative purposes only



The target is generally the average position of the comparable products while the tolerance level is the trigger for us to consider any necessary actions to improve member outcomes.

Please visit our website to view a short video that provides more information about the operation of the dashboard.

OVERALL ASSESSMENT

Having carefully considered the comparisons of the product with comparable products set out in this report, including the dashboards, metrics, commentary, and other relevant information available to us at the time of writing, we have concluded that as a result of the following factors the product is promoting members' financial interests:

1. the fees and costs that affect the return to members are appropriate having regard to their financial interests;
2. the net returns for the product (i.e. returns after deducting all fees, costs and taxes) are consistent with market rates;
3. the level of investment risk for the product is acceptable in relation to the net returns generated;
4. the investment strategy for the product is appropriate;
5. the options, benefits and facilities offered in the product are appropriate for members;
6. the insurance premium charged for the product does not inappropriately erode members' account balances;
7. the insurance strategy for the product is appropriate; and
8. the scale of the product and the fund does not disadvantage members.

DASHBOARD

STRATEGIC CONTEXT

Working together with the fund's promoter, Resolution Life, our purpose is to enhance retirement outcomes by providing products that allow members to accumulate retirement savings, receive retirement income and protect their assets.

To support this purpose, our goals for the fund are to enhance member's retirement balances, provide members with confidence through reliable and clear delivery of regulatory compliance, satisfy members through engaging member service that assists them grow their account balances, and grow member balances through competitive investment returns in line with stated objectives and targets.

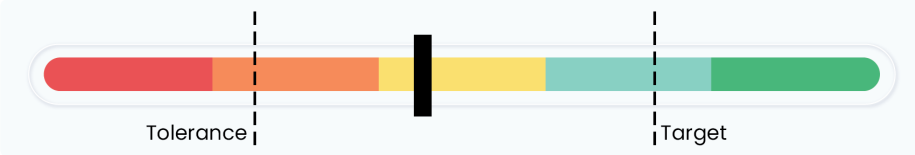
The product is a choice accumulation product.

INVESTMENT RETURN

Outcomes

Investment return for a $50,000 account balance in the product[1.0] is consistent with market indexes.

Our product's performance relative to comparable products



Metrics

Ref	Metric Label	Value	Tolerance	Target
1.1	1-year actual net return	9.22%	9.23%	9.83%
1.2	3-year actual net return	4.10%	3.69%	4.41%
1.3	5-year actual net return	5.82%	5.15%	5.68%
1.4	10-year actual net return	5.95%	6.08%	6.72%

1.0 Investment returns and associated targets and tolerance levels are weighted averages for the product. The weighted averages are based on the performance, asset allocation and funds under management of the investment options available in the product. The table in Appendix 1 provides more information.
1.1 – 1.4 The product's fee structure leads to different net returns for different account balances. The table in Appendix 2 provides more information.
1.2 – 1.4 Net returns are based on historic returns and the current fee structure.

Commentary

The performance indicator measures the weighted average investment return of all investment options in the product over 1, 3, 5 and 10-year periods and is based on an equal weighting of all the metrics in the above table.

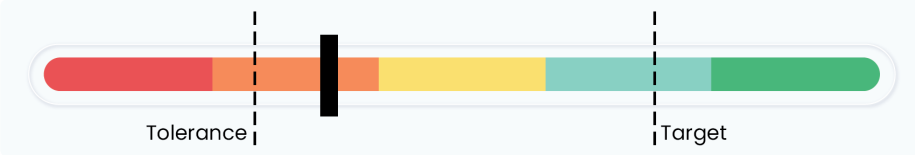
Appendix 1 displays the investment returns for each investment option available in the product and the weighted average investment returns for the product over these periods.

This commentary focuses on the 5-year weighted average return to 30 June 2024. The 5-year period is a balance between short-term and long-term performance. When reading this commentary, it's important to bear in mind that past performance is not a reliable indicator of future performance.

Over the 5-years to 30 June 2024 the product's weighted average investment return was above our target level. Due to the nature of capital guaranteed products there is a great focus on capital protection as opposed to capital growth which may impact performance over time. No action is required as a result of this assessment.

The investment strategy for the Fund is reviewed annually, which includes the risk return profile of the investment options, and we are comfortable it is appropriate for members.

INVESTMENT RISK

Outcomes	Investment risk for a $50,000 account balance in the product is consistent with the Standard Risk Measure (**SRM**)[2.0].
Our product's performance relative to comparable products	

Metrics

Ref	Metric Label	Value	Tolerance	Target
2.1	Negative annual net returns over last 10 years	1.84	2.00	1.00

2.0 Negative annual returns and associated targets and tolerance levels are weighted averages for the product. The weighted averages are based on the performance, SRM and funds under management of the investment options available in the product. Portions of years have been rounded up or down to a whole year.

Commentary

The performance indicator measures the weighted average number of negative annual returns since the product's inception.

When reading this commentary, it's important to bear in mind that past performance is not a reliable indicator of future performance.

Since inception the weighted average number of negative returns for the product was within our tolerance level.

The investment strategy for the Fund is reviewed annually, which includes the risk return profile of the investment options and we are comfortable it is appropriate for members.

FEES AND COSTS

Outcomes	Fees (gross of tax) for a $50,000 account balance are consistent with market rates.[4.0]
Our product's performance relative to comparable products	

Metrics

Ref	Metric Label	Value	Tolerance	Target
4.1	Total fees	1.25%	1.43%	0.98%

4.0 The product's fee structure leads to different net returns for different account balances. The table in the Appendix 2 provides more information.
4.1 These fees include a weighted average investment fee that is based on the investment fees and funds under management of the investment options available in the product.

Commentary

This table lists the product's total fees and costs (administration and investment fees and costs) that members paid in the year ended 30 June 2024. Other fees may be payable which are set out in the product's disclosure documents.

The performance indicator measures total fees and costs together against comparable products.

Total fees were within our tolerance level.

It's important to note that:

- due to reductions, fee rates as of 30 June 2024 are lower than the amounts listed in the table; and
- the full effect of these reductions will be reflected in the Member Outcomes Assessment for the year ended 30 June 2025.

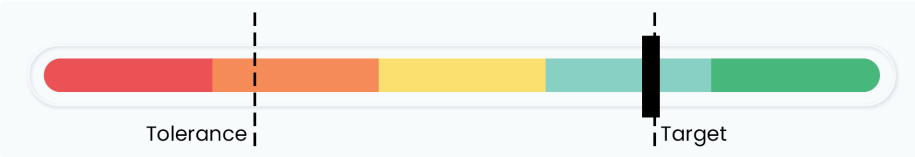
As a result, we are comfortable that fees and costs are consistent with market rates and therefore are appropriate having regard to members financial interests.

INSURANCE CLAIM MANAGEMENT

Outcomes

Valid claims are accepted and paid in a timely manner.

Our product's performance relative to comparable products



Metrics

Ref	Metric Label	Value	Tolerance	Target
6.1	Insurer's declined claims ratio - life cover	0.00%	4.75%	3.00%
6.2	Insurer's average time to decision - life cover	0.53	2.50	2.00
6.3	Insurer's declined claims ratio - TPD cover	40.00%	22.25%	16.50%
6.4	Insurer's average time to decision - TPD cover	4.30	13.75	8.00
6.7	Insurance-related EDR complaints	0.88	2.25	0.75

6.2 and 6.4 The time to decision is measured in months.
6.3 – 6.4 TPD means "Total and Permanent Disablement".
6.7 EDR means "External Dispute Resolution".
6.7 This is the annual number of insurance-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.

Commentary

The performance indicator measures the acceptance of insurance claims, the timeliness of claim decision-making and the quality of the claims process against comparable products.

The performance indicator, which is within our tolerance level, is based on an equal weighting of all the metrics in the above table.

The insured benefits in this product are supported by retail insurance policies. For this suite of policies, in the year ended 30 June 2024 the fund's insurer:

- paid 5 life insurance claims and declined 0 life insurance claims; and
- paid 3 TPD insurance claims and declined 2 TPD Insurance claims.

The declined claims ratio for TPD insurance cover is outside our tolerance level because this metric is based on a low volume of claims for the year which makes this outcome volatile and not an indication of a systemic problem that needs

to be addressed.

We review all declined insurance claims to make sure the insurer has acted fairly and reasonably, and consistently with the relevant policy terms and conditions. Based on these reviews, we are comfortable that denied claims have been considered appropriately.

Considering all these matters, we are comfortable that valid claims are accepted and paid.

All insurance cover is voluntary. We believe that the appropriate level of insurance cover is a balance between the amount of cover required (based on the maintenance of the member's, and their dependants', standard of living in the event of an accident or illness) and the affordability of that cover for the member.

Members have the opportunity to seek personal financial advice if required, select their own level of insurance cover and cancel their cover if no longer required. Therefore:

- the insurance premiums charged for the product do not inappropriately erode members' account balances; and
- the insurance strategy for the product is appropriate.

MEMBER SERVICES

Outcomes

Administration services satisfy member expectations.

Our product's performance relative to comparable products

Metrics

Ref	Metric Label	Value	Tolerance	Target
8.1	Administration-related EDR complaints	0.00	3.50	1.50
8.2	Service Level Achievement	96.14%	80.00%	95.00%
8.3	Administration fees	0.50%	0.62%	0.38%
8.4	Information security controls	Effective	Partially Effective	Effective

8.1 EDR means "External Dispute Resolution".
8.1 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.
8.2 Service level achievement measures the portion of new member, contribution and benefit payment transactions that were processed within our service level.
8.4 This is our view of the effectiveness of the Administrator's information and cyber security controls based on an independent review completed during the year.

Commentary

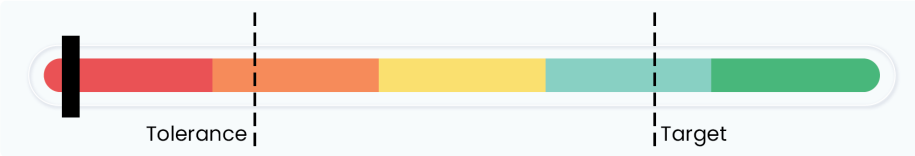
The performance indicator measures the delivery of administration services against our service levels, and against the cost of similar services for comparable products.

The performance indicator, which is above our target level, is based on an equal weighting of the above metrics.

As a result, we are comfortable that administration services satisfy member expectations because of the number of administration related complaints, the high rate of service level achievement and the administrator's information and cyber security controls are effective.

Therefore, we consider the options, benefits and facilities offered in the product are appropriate for members.

SCALE

Outcomes	The fund is likely to deliver optimal outcomes in the future.
The scale of the fund relative to comparable products	

Metrics

Ref	Metric Label	Value	Tolerance	Target
9.1	RSE adjusted total accounts growth rate	-10.56%	-6.25%	-2.50%
9.2	RSE Net Cash Flow Ratio	-9.64%	-2.75%	-0.50%
9.3	RSE Net Rollover Ratio	-6.22%	-3.00%	-1.75%

9.1 The RSE adjusted total accounts growth rate is the average annual percentage change in member accounts averaged over the three year period, excluding Successor Fund Transfers (SFTs) and account consolidations.
9.2 The RSE Net Cash Flow Ratio is members' benefits flows in less members' benefits flows out as a percentage of cash flow adjusted net assets averaged over the three year period, excluding SFTs.
9.3 The RSE Net Rollover Ratio is rollovers in less rollovers out as a percentage of cash flow adjusted net assets averaged over the three year period, excluding SFTs.

Commentary

The performance indicator measures the fund's growth and ability to deliver scale benefits to members against other funds.

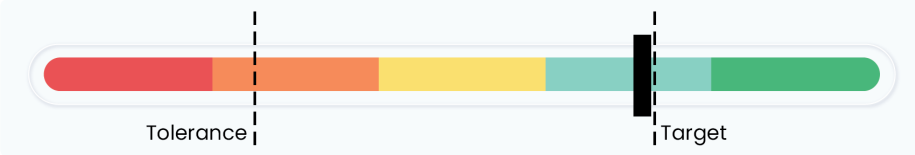
The performance indicator, which is outside tolerance level, is based on an equal weighting of the above metrics.

The fund is closed to new members and continues to be in run off with membership decreasing by 7% in FY24. It is expected to decrease at a similar rate over the next 3 years.

With total member benefits of $2.7b and approximately 34,000 members, we believe that the fund has reasonable scale.

We will continue to monitor the impact that the expected reduction in fund size may have on member outcomes and take appropriate action if required.

LIQUIDITY

Outcomes	Benefit and rollover requests can be met in a timely manner from investments
Our product's performance relative to comparable products	

Metrics

Ref	Metric Label	Value	Tolerance	Target
10.1	Investment liquidity in a GFC scenario	90.21%	40.00%	80.00%
10.2	Insurer financial strength rating	A+	BBB	AA

10.1 Liquidity is a weighted average that is based on the liquidity in a Global Financial Crisis scenario and funds under management of the investment options available in the product. The table in Appendix 1 provides more information.

Commentary

The performance indicator measures the fund's ability to meet benefit and rollover requests in a timely manner.

We regularly monitor whether the investments and any insurance policies would be able to meet cash requirements in extreme situations. Based on our analysis, we consider that benefits are supported by liquid investments.

As a result, we are comfortable that the level of liquidity risk for the product is acceptable.

APPENDIX 1

INVESTMENT OPTION INFORMATION

Investment Option	Inception Date	Growth Ratio	Member Assets	Investment Period 1 Year	3 Years	5 Years	10 Years
Australian Share 10	1995-03-15	100%	$0.9M	9.9%	6.1%	8.42%	7.44%
Australian Share 11	1995-03-15	100%	$4.4M	11.33%	8.27%	8.5%	6.21%
Australian Share 12	1995-03-15	100%	$3.7M	12.7%	7.0%	7.89%	6.8%
Australian Share 6	1995-03-15	100%	$10.4M	9.85%	5.86%	6.09%	5.89%
Australian Share 6	1995-03-15	100%	$2.7M	9.69%	5.93%	6.38%	6.44%
Australian Share 7	1995-03-15	100%	$32.2M	14.89%	3.53%	8.24%	7.74%
Australian Share 8	1995-03-15	100%	$1.9M	4.78%	0.98%	8.39%	8.95%
Australian Share 9	1995-03-15	100%	$2.7M	10.74%	6.74%	7.17%	6.78%
Capital Guaranteed (Non Par)	1995-03-15	0%	$3.0M	2.24%	0.93%	0.59%	1.66%
Capital Guaranteed (Par)	1995-03-15	0%	$4.6M	7.12%	6.67%	6.5%	5.45%
Conservative 3	1995-03-15	32%	$19.6M	5.35%	1.96%	2.56%	3.06%
Conservative 3	1995-03-15	32%	$5.5M	5.31%	2.28%	2.43%	3.13%
Diversified Fixed Interest 2	1995-03-15	0%	$0.6M	1.89%	-2.45%	-1.12%	1.12%
Diversified Fixed Interest 2	1995-03-15	0%	$0.1M	1.89%	-2.47%	-1.4%	0.65%
Fixed Interest	1995-03-15	0%	$0.8M	2.16%	-2.57%	-1.34%	0.81%
Growth 12	1995-03-15	52%	$41.7M	7.02%	3.13%	4.64%	4.92%
Growth 2	1995-03-15	72%	$20.2M	8.81%	4.64%	5.6%	6.1%
Growth 2	1995-03-15	72%	$76.3M	8.73%	4.54%	5.57%	5.6%
Guaranteed Cash	1995-03-15	0%	$6.6M	3.36%	1.44%		
High Growth 2	1995-03-15	85%	$1.3M	10.0%	5.36%	7.33%	7.11%
High Growth 2	1995-03-15	85%	$6.3M	10.01%	5.75%	6.78%	7.03%
International Share 4	1995-03-15	100%	$11.4M	15.63%	7.16%	10.58%	10.14%
International Share 4	1995-03-15	100%	$2.4M	15.62%	7.24%	10.34%	9.98%
International Share 5	1995-03-15	100%	$3.0M	17.71%	9.15%	11.4%	11.48%
International Share 6	1995-03-15	100%	$2.7M	8.87%	1.85%	5.19%	7.06%
International Share 7	1995-03-15	100%	$2.3M	11.86%	7.51%	9.85%	10.29%
Listed Real Assets	1995-03-15	100%	$4.7M	5.55%	-3.39%	-1.0%	4.93%
Weighted Average		70%	$271.9M	9.22%	4.1%	5.82%	5.95%

This table provides information about the asset allocation, size and performance of the investment options available in the product.

APPENDIX 2

ACCOUNT BALANCE-BASED INVESTMENT METRICS

	Account Balance Value					
Time Frame	$10,000	$25,000	$50,000	$100,000	$250,000	$500,000
1	9.2%	9.2%	9.2%	9.2%	9.2%	9.3%
3	4.1%	4.1%	4.1%	4.1%	4.1%	4.2%
5	5.8%	5.8%	5.8%	5.8%	5.8%	5.9%
10	6.0%	6.0%	6.0%	6.0%	6.0%	6.1%

This table illustrates how the product's fee structure affects net returns for different account balances. The illustration is based on historic returns and the current fee structure.

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