

**Perpetual's Select Superannuation Fund  
– Super Plan**

RSE R1057034

ABN 51 068 260 563

**Annual Outcomes Assessment**

**Annual Determination: June 2021**

**Perpetual Superannuation Limited**

**ABN 84 008 416 831 AFSL 225246 RSE L0003315**

**Perpetual** 

## Annual Outcome Assessment

The Annual Outcome Assessment considers a range of comparisons and assessments which Perpetual Superannuation Limited, as Trustee of Perpetual's Select Superannuation Fund (Fund), uses to determine whether we have promoted the financial interests of our members. Broadly this includes comparisons and assessments of the level of investment risk and returns, fees and costs, and other factors such as services provided to members. In this assessment we provide a summary of the outcomes for members in the Perpetual Select Super Plan (the Plan).

A key factor in determining whether we have promoted members' financial interests is how we deliver investment return (net of fees) and manage investment risk. Our investment approach is targeted at delivering strong, consistent risk-adjusted returns. We consider this approach appropriate to the needs of our members, with more than half the members of the Plan aged 50 years or older. This influences their risk tolerance and capacity to recover from market downturns.

During the 2021 financial year we have taken many steps to improve outcomes for members such as launching our new member online portal, myPerpetual, and lowering fees. Further fee reductions are being made, effective 1 March 2022, showing our commitment to remain competitive in a market where fees are steadily declining.

## Determination for the year ending 30 June 2021

We have determined that we have promoted the financial interests of members of the Perpetual Select Super Plan.

### **Investment strategy**

*The investment strategy for the Plan, including the level of investment risk and the return target, is appropriate for members.*

We generally follow a multi-manager approach to investing, where Perpetual selects a range of specialist investment managers to manage the assets of the Plan. Perpetual chooses specialist investment managers to combine their different styles, philosophies, approaches and techniques, with the aim of enhancing diversification within each asset class and producing more consistent returns.

For the period ending 30 June 2021, the Select Super options have generally delivered lower returns, at a lower level of risk, than peers (see table on page 5). Our investment approach is aimed at delivering strong, consistent risk-adjusted returns. This approach is considered appropriate for the Plan's membership.

### **Fees and costs**

*The basis for the setting of fees is appropriate and the Plan's operating costs are not inappropriately affecting members' financial interests.*

The fee comparison shows that total fees are above peer medians. The investment approach adopted by the Plan, outlined above under Investment strategy, is typically higher cost. The investment approach is considered appropriate for the membership of the Plan, with more than half the members of the Plan aged 50 years or older. This influences their risk tolerance and capacity to recover from market downturns.

Fees were lowered in October 2020 to improve outcomes for members. Further fee reductions are being made, effective 1 March 2022, showing our commitment to remain competitive in a market where fees are steadily declining.

## **Options, benefits and facilities**

*The options, benefits and facilities offered under the Plan are appropriate for members.*

Based on feedback from members, they value the services that we provide such as our locally based contact centre and online member portal. Further, during the 2022 financial year we introduced a Member Engagement Strategy outlining the metrics that we monitor of our progress in deepening member engagement.

Supporting members' best financial interests means it is important to be selective in the services provided. In our case, this means choosing not to provide financial product advice to members. Our view is that members are able to engage external financial advisers according to their needs and objectives. This means that the cost of providing advice is not incurred by all members in the Plan, including those who do not wish to use such a service.

## **Insurance strategy and premiums**

*The insurance strategy of the Plan is appropriate for members, and the insurance premiums are not inappropriately eroding the retirement benefits of members.*

We offer insurance on a voluntary basis to members. Other than a small group of default insurance members, it is up to members to determine what type of insurance they hold and their level of cover. We seek to inform members of their level of cover and premiums through statements and our online member portal. Going forward, we will also be providing additional communication to members that we consider at risk of insurance premiums inappropriately eroding their retirement savings.

## **Overall size and scale of operations**

*Members of the Plan are not disadvantaged due to scale.*

Members of the Plan benefit by the Plan being part of the Perpetual Group, a global diversified financial services business managing close to \$100bn in assets (as at 30 June 2021). The Plan is able to leverage the investment and administration capabilities of the broader Perpetual Group. This means that delivering the outcomes that we seek for our members is sustainable into the future as members of the Plan benefit from the scale and growth of the Perpetual Group.

## Investment strategy and level of investment risk and returns

The investment strategy for the Plan is to offer a range of investment options (which have different levels of risk and generate investment returns in different ways, over different time frames and from different asset classes) enabling members to select the investment option(s) that meet their needs and circumstances.

The Plan generally adopts a multi-manager approach to investing, where Perpetual chooses several specialist investment managers for most of the various asset classes to manage the underlying assets of the investment options. This multi-manager approach reduces the risk associated with using a single specialist investment manager, as an individual manager's performance can change over time or with different market conditions.

Perpetual chooses specialist investment managers to combine their different styles, philosophies, approaches and techniques, with the aim of enhancing diversification within each asset class and producing more consistent returns.

The Plan offers a range of 5 multi-asset class investment options with differing risk profiles ranging from conservative to high growth. Most members choose to invest via these pre-mixed options. The Plan also offers 6 single asset class options that members can use to tailor their exposure to a particular asset class.

The Returns and Risk Comparisons on the following page shows that for the period ending 30 June 2021, the Plan's options have generally delivered lower returns, at a lower level of risk, than the median of the peer group. Risk (standard deviation) is a measure of the volatility of the returns. A lower number indicates more consistent returns (ie lower risk). A higher number indicates more variability in returns (ie higher risk).

Our investment approach is aimed at delivering strong, consistent risk-adjusted returns. This approach is considered appropriate for the Plan's membership, with more than half of members aged 50 years or older. This influences their risk tolerance and capacity to recover from market downturns.

## Select Super Plan –Returns and Risk Comparisons

| As at 30 June 2021               |  | Select Super Plan |       |       |       | Super Ratings - Median |       |       |       |
|----------------------------------|--|-------------------|-------|-------|-------|------------------------|-------|-------|-------|
| Options                          | SuperRatings Peer Group                  | 1Y%               | 3Y%   | 5Y%   | 10Y%  | 1Y%                    | 3Y%   | 5Y%   | 10Y%  |
| <b>Net Returns</b>               |  |                   |       |       |       |                        |       |       |       |
| Conservative                     | SR50 Capital Stable (20-40) Index        | 9.82              | 4.61  | 4.38  | 4.76  | 7.61                   | 4.44  | 4.64  | 5.29  |
| Diversified                      | SR25 Conservative Balanced (41-59) Index | 12.50             | 5.53  | 5.25  | 5.59  | 12.61                  | 6.22  | 6.66  | 6.72  |
| Balanced                         | SR50 Balanced (60-76) Index              | 16.14             | 6.65  | 6.70  | 6.90  | 17.85                  | 7.86  | 8.72  | 8.28  |
| Growth                           | SR50 Growth (77-90) Index                | 19.51             | 7.51  | 7.90  | 7.80  | 22.21                  | 9.16  | 9.97  | 9.28  |
| High Growth                      | SR25 High Growth (91-100) Index          | 22.60             | 8.25  | 8.84  | 8.40  | 25.69                  | 10.04 | 10.92 | 10.06 |
| Cash                             | SR50 Cash Index                          | -0.04             | 0.35  | 0.30  | 0.76  | 0.23                   | 0.99  | 1.28  | 2.06  |
| Fixed interest                   | SR25 Diversified Fixed Interest Index    | 1.41              | 2.00  | 1.54  | 2.39  | 1.15                   | 3.22  | 2.88  | 4.15  |
| Real Estate                      | SR25 Property Index                      | 19.39             | 5.47  | 4.78  | 7.64  | 15.36                  | 5.57  | 5.85  | 7.78  |
| Australian Share                 | SR50 Australian Shares Index             | 25.25             | 6.70  | 8.07  | 7.67  | 27.65                  | 9.07  | 10.74 | 9.14  |
| Limited Share                    | SR50 Australian Shares Index             | 36.28             | 6.96  | 8.91  | 8.69  | 27.65                  | 9.07  | 10.74 | 9.14  |
| International                    | SR50 International Shares Index          | 27.14             | 13.37 | 13.92 | 11.50 | 27.87                  | 12.58 | 13.24 | 12.25 |
| <b>Risk (standard deviation)</b> |  |                   |       |       |       |                        |       |       |       |
| Conservative                     | SR50 Capital Stable (20-40) Index        | 2.78              | 4.46  | 3.65  | 3.17  | 2.04                   | 3.81  | 3.08  | 2.78  |
| Diversified                      | SR25 Conservative Balanced (41-59) Index | 3.46              | 5.44  | 4.46  | 4.52  | 3.29                   | 6.13  | 5.01  | 4.42  |
| Balanced                         | SR50 Balanced (60-76) Index              | 4.37              | 7.18  | 5.90  | 5.45  | 4.80                   | 8.15  | 6.64  | 5.85  |
| Growth                           | SR50 Growth (77-90) Index                | 5.40              | 8.64  | 7.12  | 6.45  | 6.02                   | 10.05 | 8.08  | 7.31  |
| High Growth                      | SR25 High Growth (91-100) Index          | 6.49              | 10.15 | 8.28  | 7.59  | 7.18                   | 11.75 | 9.63  | 8.87  |
| Cash                             | SR50 Cash Index                          | 0.04              | 0.13  | 0.10  | 0.23  | 0.04                   | 0.20  | 0.19  | 0.31  |
| Fixed interest                   | SR25 Diversified Fixed Interest Index    | 1.59              | 2.24  | 1.83  | 1.76  | 2.50                   | 2.31  | 2.04  | 2.00  |
| Real Estate                      | SR25 Property Index                      | 9.12              | 15.32 | 13.02 | 11.19 | 5.13                   | 6.73  | 5.76  | 5.58  |
| Australian Share                 | SR50 Australian Shares Index             | 8.96              | 15.08 | 12.31 | 11.24 | 10.18                  | 16.15 | 13.28 | 12.25 |
| Limited Share                    | SR50 Australian Shares Index             | 13.89             | 19.07 | 15.50 | 13.42 | 10.18                  | 16.15 | 13.28 | 12.25 |
| International                    | SR50 International Shares Index          | 6.31              | 10.97 | 9.38  | 9.36  | 8.20                   | 11.72 | 9.91  | 9.84  |

source: SuperRatings' Fund Crediting Rate Survey (June 2021)

Green – above median net returns, below median Risk (standard deviation)

Red – below median net returns, above median risk (standard deviation)

## Fees and costs and basis for setting fees

The Plan levies administration fees for the administration of member accounts and to meet the ongoing costs of operating the Plan and its investment options. Administration fees are set at a flat rate of \$84 p.a. and a variable rate of 0.20%p.a. (for most options). The flat fee goes to covering operational and administrative costs that do not vary by account balance, such as the cost of preparing and mailing account statements. The variable component goes to covering other operational and administrative costs, such as fund accounting fees from service providers.

Investment fees are for overseeing the Plan's investments. The amounts differ between investment options due to the nature of each investment option's underlying investments.

The Fee Comparison on the following page shows that total and investment fees are above peer medians, while the administration fee is below the peer median.

The investment approach adopted by the Plan is typically higher cost compared to some peers. As outlined in the investment strategy section we seek to deliver strong, consistent risk-adjusted net returns. These objectives are implemented by an investment approach that uses multiple investment managers, and an active approach to investment management. This approach is considered appropriate for the membership of the Plan, considering that more than half the members are aged 50 years or older and generally do not have a financial adviser.

To ensure our approach to setting fees remains appropriate, further fee reductions are being made, effective 1 March 2022, showing our commitment to remain competitive in a market where fees are steadily declining.

## Select Super Plan –Fee Comparison

### Total Fees

| Total Fees           | \$50k | \$100k  | \$500k  |
|----------------------|-------|---------|---------|
| Select – Balanced \$ | \$874 | \$1,664 | \$7,500 |
| Select Balanced %    | 1.75% | 1.66%   | 1.50%   |
| Peer Median \$       | \$721 | \$1,356 | \$6,260 |
| Peer Median %        | 1.44% | 1.36%   | 1.25%   |

### Administration Fees

| Admin Fees                 | \$50k | \$100k | \$500k  |
|----------------------------|-------|--------|---------|
| Select Superannuation - \$ | \$184 | \$284  | \$600   |
| Select Superannuation- %   | 0.37% | 0.28%  | 0.12%   |
| Median \$                  | \$310 | \$556  | \$2,024 |
| Median %                   | 0.62% | 0.56%  | 0.40%   |

### Investment Fees and Costs

| Investment Fees %   | Select | Peer Median |
|---------------------|--------|-------------|
| Conservative        | 1.21   | 0.67        |
| Diversified         | 1.32   | 0.81        |
| Balanced            | 1.38   | 0.80        |
| Growth              | 1.44   | 0.80        |
| High Growth         | 1.53   | 1.00        |
| Cash                | 0.00   | 0.24        |
| Fixed Income        | 0.93   | 0.55        |
| Real Estate         | 1.19   | 0.85        |
| Australian Share    | 1.27   | 1.02        |
| Limited Share       | 1.11   | 1.02        |
| International Share | 1.39   | 1.10        |

source: SuperRatings' Fee Survey (June 2021), SuperRatings' Investment Survey (June 2021)

Green – below peer median

Red – above peer median

## Options, benefits and facilities

Members benefit from a range of services aimed at assisting them in managing their retirement savings including:

- a local contact centre that members have consistently rated highly in terms of professionalism, availability and responding quickly to questions;
- online account access – which allows members to view account balances, complete transactions, view insurance details and statements. Member surveys have shown increasing satisfaction with our online services since the launch of our new online member portal, myPerpetual, in December 2020;
- a website providing insightful articles on investments and managing wealth.

Further, during the 2022 financial year we introduced a Member Engagement Strategy outlining the metrics that we monitor of our progress in deepening member engagement.

A key differentiator from other super funds is that we do not offer financial product advice services. We believe in the value of financial advice and consider that this is best provided by the member engaging their own financial adviser separate from the Plan. Not providing financial advice assists in keeping our administration fees competitive.

## Insurance strategy and premiums

Our insurance strategy is to offer highly flexible insurance on a choice basis. Members choose whether to hold insurance, the type of insurance they hold and their level of cover (within the minimums and maximums permitted for the product). We offer three types of insurance cover: death, total and permanent disablement (TPD) and income protection.

There is a small group of existing members with default death and TPD cover. Our target for default insurance is that premiums do not exceed 1% of a member's salary. In comparison to average salary data, premiums for default insurance fall below the 1% level for each age groups. For members who have chosen to hold insurance, we use premiums of more than 5% of a member's balance as an indicator that there may be a risk of premiums inappropriately eroding the member's balance. For 75% of members, their premiums are below this level. Amongst members where premiums are above 5% of their balance, most have relatively small balances (below \$20,000), suggesting that they may be keeping their account for the insurance coverage and holding their main retirement savings elsewhere.

To protect members' superannuation balances from being inappropriately eroded by the cost of insurance premiums we aim for members to be aware of their level of insurance cover and premiums. Members are made aware of their insurance cover and premiums on their annual statement and in the insurance section of our online member portal, myPerpetual. Members are able to cancel their insurance at any time.

A further measure we will be introducing is to communicate with insured members considered to be at risk of erosion of benefits, to encourage them to consider whether their cover is appropriate for their needs.

## Overall size and scale of operations

Members of the Plan benefit as a result of the Plan being part of the Perpetual Group, a global diversified financial services business managing close to \$100bn in assets (as at 30 June 2021). The Plan leverages the investment and administration capabilities of the broader Perpetual Group. This means that delivering the outcomes that we seek for our members is sustainable into the future as members of the Plan benefit from the scale and growth of the Perpetual Group.

Given the scale and growth of the Perpetual Group, we are comfortable that members of the Plan receive scale benefits irrespective of the size of the Plan. This is supported by market benchmarking that shows operational expenses per member are below market medians. This is reflected in the competitiveness of the administration fees shown in the fee comparison table on page 7.

## **Attachment 1 – Peer groups and definitions**

### Definitions:

We – Perpetual Superannuation Limited, the trustee of Perpetual’s Select Superannuation Fund

Perpetual – Perpetual Investment Management Limited

The Plan – Perpetual Select Super Plan, part of Perpetual’s Select Superannuation Fund

### Peer groups:

#### **Returns and risk comparison**

Data for the comparisons was sourced from SuperRatings’s Fund Crediting Rate Survey. The criteria applied to the selection of peer groups was:

- assign each of the Select Investment Options to one of SuperRatings asset class categories
- construct peer group from all options in the SuperRatings selected SR50 or SR25 grouping for that asset class category for the relevant product type (super)

#### **Fee comparison**

Data for total fees and administration fees was sourced from SuperRatings’ Fee survey. The criteria applied to the selection of peer group was to:

- include Funds in the Master Trust – Personal category (this is the category that the Plan belongs to)
- exclude multiples of the same or similar investment options from the same provider (to avoid selection bias, the highest fee version of the multiple was excluded)
- exclude passively managed options

Data for investment fees was sourced from SuperRatings’ Investments survey. The criteria applied to the selection of peer group was to:

- include investment options in the Master Trust – Personal category (this is the category that the Plan belongs to)
- group investment options by SuperRatings designated asset classes
- remove passively managed options
- assign each of the Select investment options to a Super Ratings defined asset class

This selection was chosen as providing similar choice options to Select in terms of investment approach, services, features and functionality available to members and their advisers.

### Data sources:

- SuperRatings’ Fees Survey
- SuperRatings’ Fund Crediting Rate Survey
- SuperRatings’ Investment Survey

## Important note

This information has been prepared by Perpetual Superannuation Limited ABN 84 008 416 831 (PSL), AFSL 225246, RSE L0003315 (as trustee for Perpetual's Select Superannuation Fund RSE R1057034, ABN 51 068 260 563). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The product disclosure statement (PDS) for the Perpetual Select Super Plan and Pension Plan, issued by PSL, should be considered before deciding whether to acquire or maintain an interest in the Fund. The PDS can be obtained by calling 1800 003 001 or visiting our website [www.perpetual.com.au](http://www.perpetual.com.au).

No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. Past performance is not indicative of future performance.

Net returns shown have been calculated net of fees, costs and tax deducted from the Plan. It does not include any fees or costs deducted directly from members' accounts. No allowance has been made for any investment fee rebate for Super Plan and Pension Plan members, if applicable.

## Contact details

|         |  |
|---------|--|
| Phone   | 1800 003 001   |
| Mail    | Perpetual Select Super Plan & Pension Plan<br>GPO Box 4171<br>Sydney NSW 2001  |
| Website | <a href="http://www.perpetual.com.au">www.perpetual.com.au</a>                 |
| Email   | <a href="mailto:investments@perpetual.com.au">investments@perpetual.com.au</a> |