

Perpetual WealthFocus Superannuation
Fund – Pension Plan

RSE R1057010

ABN 41 772 007 500

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 the Perpetual WealthFocus Super 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 the services provided to members. In this assessment we provide a summary of the outcomes for members in the Perpetual WealthFocus Pension 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. This is an outcome of the investment options and managers that we offer. The Plan is a choice product, where the member and their adviser select which investment option(s) to invest in. As such, we seek to have a robust investment governance framework covering the selection and ongoing monitoring of investment managers.

During the 2021 financial year we have taken many steps to improve the outcomes for members such as launching our new member online portal, myPerpetual, and lowering fees.

Determination for the year ending 30 June 2021

We have determined that we have promoted the financial interests of members of the Perpetual WealthFocus Pension Plan.

Investment strategy

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

The Plan is a choice product, where the member and their adviser select which investment option(s) to invest in. The Plan offers a choice of more than 40 investment options (which have different levels of risk and generate 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 options provide exposure to underlying investment funds managed by Perpetual Investment Management Limited (Perpetual Investments) or a range of other investment managers.

The investment return comparison shows a substantial increase in the number of options delivering returns above the peer median over the 12 months ending 30 June 2021. This is due to market conditions starting to favour Perpetual Investments quality and value investment style and the fee reductions implemented on 1 December 2020.

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 our administration fees are competitive relative to peers.

Investment fees are a pass-through of the investment fees charged on the underlying investment funds. Some underlying investment managers have priced their funds at a premium, reflecting their differentiated investment process or strong track record.

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. 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.

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 Plan is a choice product, where the member and their adviser select which investment option(s) to invest in. The investment strategy of 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 is a choice product, where the member and their adviser select which investment option(s) to invest in.

The Plan offers a range of investment options, managed by specialist investment managers with differing styles, philosophies, approaches and techniques, with the aim of enhancing the diversification available to members. Members, with the assistance of their financial advisers, choose the investment options / specialist investment managers they want to invest with.

The Plan offers a choice of more than 40 investment options, across a range of asset class such as cash, fixed income, property and infrastructure, Australian Shares and international shares as well as multi-asset class options with differing levels of risk and return. The investment performance including the range and quality of options offered is reviewed by the Perpetual Superannuation Limited Investment Committee on an ongoing basis.

The investment return comparison shows a substantial increase in the number of options delivering returns above the peer median over the 12 months ending 30 June 2021. The reasons for this are:

- the December 2020 fee reductions – on 1 December 2020 fees were reduced by generally 0.75%pa to 0.90%pa with the ending of grandfathered conflicted remuneration arrangements. The impact of the fee reductions is strongest over the 1 year performance numbers (which included 7 months at the lower fee level), and
- the outperformance of Perpetual managed options – Perpetual manages money with a distinct quality and value style. That is, it seeks to invest in companies with reliable earnings trading at reasonable valuations. Stimulatory monetary policy over the period from the GFC to the Covid 19 pandemic of falling interest rates has favoured growth stocks (companies expected to grow earnings faster into the future). However, market conditions have started to turn with Perpetual's value style delivering strong outperformance over the 12 months ending 30 June 2021.

Conversely, fewer options have delivered returns above the peer medians over longer time frames. This is partly due to our historical fee structure that included components for payments to financial advisers while most of the peer group did not. As such the comparisons have not been done on a like-for-like basis. Also, there was underperformance of Perpetual managed options, that are managed with a value style, over a period that strongly favoured managers with a growth style. Changing economic conditions such as rising inflation and tighter monetary policy means that market conditions are now more favourable for value managers.

Investment risk varies based on individual investment managers investment approaches. The investment risk comparison shows that the investment risk levels are generally similar across options investing in the same asset class. An exception to this, and a stand-out in terms of investment risk, is Perpetual Geared Australian option. This option's investment strategy includes borrowing to increase the investment exposure. This borrowing amplifies both the positive and negative returns and hence the investment risk of this option. Given the volatile nature of returns of the Perpetual Geared Australian option, we have imposed a 30% limit on the percentage exposure to this option.

WealthFocus Pension Plan – Investment Returns Comparison

PENSION – INVESTMENT RETURNS – JUNE 2021	1Y%	3Y%	5Y%	10Y%
SRP50 Capital Stable (20-40) Index	8.49	5.07	5.30	5.86
WFP Blackrock Diversified ESG Stable	6.93	4.41	4.27	5.03
WFP Perpetual Conservative	9.32	5.21	4.67	5.42
SRP25 Conservative Balanced (41-59) Index	13.68	6.78	7.50	7.73
WFP Perpetual Diversified Growth	14.88	6.76	6.30	6.87
WFP Perpetual Diversified Real Return	10.59	5.02	4.65	-
SRP50 Balanced (60-76) Index	19.46	8.36	9.40	9.23
WFP Blackrock Diversified ESG Growth	17.18	7.71	8.47	8.40
WFP Blackrock Tactical Growth	19.22	9.43	9.44	8.68
WFP Morningstar Growth Real Return	16.40	4.54	5.45	6.51
WFP Perpetual Balanced Growth	21.57	8.34	8.00	8.20
WFP Schroder Strategic Growth	16.84	7.07	7.81	7.40
SRP25 High Growth (91-100) Index	28.36	10.6	11.95	11.22
WFP Perpetual Split Growth	29.12	9.35	10.31	11.05
SRP50 Cash Index	0.26	1.17	1.49	2.38
WFP Perpetual Cash	0.02	0.65	0.74	1.42
SRP25 Diversified Fixed Interest Index	0.88	3.74	3.24	4.77
WFP Bentham Global Income	10.10	2.64	4.75	5.02
WFP Diversified Income	5.34	2.40	2.72	3.33
WFP Macquarie Income Opportunities	2.59	1.73	2.05	2.64
WFP OnePath Diversified Fixed Interest	0.69	2.81	2.13	3.59
WFP Perpetual Dynamic Fixed Income	3.52	2.85	2.66	-
WFP Schroder Fixed Income	0.91	4.00	2.67	3.74
WFP Vanguard Fixed Interest	-1.42	3.03	1.95	3.66
SRP25 Property Index	16.83	6.03	6.76	8.74
WFP AMP Capital Global Property Securities	28.64	6.39	4.44	7.39
WFP Lazard Global Listed Infrastructure	12.36	4.40	8.12	11.13
WFP Pental Property Securities	32.95	9.78	6.57	11.08
WFP Vanguard Australian Property Securities Index	33.01	6.09	4.50	10.12
SRP50 Australian Shares Index	30.49	10.16	11.92	10.24
WFP Ausbil Australian Active Equity	36.96	10.78	12.32	10.20
WFP Ausbil Australian Emerging Leaders	42.14	7.99	10.55	8.83
WFP Fidelity Australian Equities	31.00	10.61	11.25	10.65
WFP IML Australian Share	20.95	4.94	6.28	8.79
WFP IML Future Leaders	28.62	3.00	6.07	9.15
WFP Pental Australian Equity	28.84	9.41	11.53	9.35
WFP Perpetual Australian Share	38.53	10.41	10.36	9.43
WFP Perpetual Concentrated Equity	37.94	7.83	10.07	9.88
WFP Perpetual Ethical SRI	42.89	9.65	9.72	12.31
WFP Perpetual Geared Australian	98.03	12.60	16.25	14.91
WFP Perpetual Industrial Share	31.92	7.34	8.42	10.03
WFP Perpetual Share-Plus Long-Short	30.20	8.02	10.30	11.21
WFP Perpetual Smaller Companies	41.25	13.60	13.14	11.48
WFP Schroder Australian Equity	27.51	7.88	11.16	8.63
WFP Vanguard Australian Shares Index	25.91	9.62	10.95	8.90
SRP50 International Shares Index	30.71	13.47	14	13.31
WFP Magellan Global	10.10	12.09	13.07	12.15
WFP MFS Global Equity	26.45	13.24	12.66	13.74
WFP Perpetual Global Innovation Share	-	-	-	-
WFP Perpetual Global Share	36.83	12.22	13.83	12.72
WFP Platinum Asia	24.03	12.29	13.80	11.33
WFP Platinum International	25.25	5.99	9.79	9.77
WFP T. Rowe Price Global Equity	32.53	20.18	19.87	16.02
WFP Vanguard Intl Index Hedged	32.65	11.58	12.49	11.16
WFP Vanguard Intl Shares Index	25.58	13.27	-	-
WFP Aspect Diversified Futures	6.36	2.93	0.45	-

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

Green – above median returns, Red – below median returns

WealthFocus Pension Plan – Investment Risk Comparison

PENSIONS – STANDARD DEVIATIONS – JUINE 2021	1Y%	3Y%	5Y%	10Y%
SRP50 Capital Stable (20-40) Index	2.45	4.44	3.66	3.18
WFP Blackrock Diversified ESG Stable	3.20	5.09	4.22	3.79
WFP Perpetual Conservative	3.20	4.20	3.51	3.14
SRP25 Conservative Balanced (41-59) Index	3.95	6.85	5.53	4.93
WFP Perpetual Diversified Growth	5.25	6.44	5.33	4.95
WFP Perpetual Diversified Real Return	N/A	N/A	N/A	N/A
SRP50 Balanced (60-76) Index	5.34	8.89	7.14	6.53
WFP Blackrock Diversified ESG Growth	6.07	10.18	8.40	7.86
WFP Blackrock Tactical Growth	6.49	10.62	8.73	7.88
WFP Morningstar Growth Real Return	9.87	8.68	7.00	6.10
WFP Perpetual Balanced Growth	7.23	8.95	7.38	6.67
WFP Schroder Strategic Growth	6.17	9.07	7.41	6.81
SRP25 High Growth (91-100) Index	8.2	13.53	10.95	10.12
WFP Perpetual Split Growth	11.82	13.44	11.15	10.10
SRP50 Cash Index	0.04	0.24	0.22	0.35
WFP Perpetual Cash	0.01	0.17	0.13	0.28
SRP25 Diversified Fixed Interest Index	2.9	3.07	2.53	2.41
WFP Bentham Global Income	2.24	6.61	5.32	4.75
WFP Diversified Income	0.93	3.11	2.45	1.85
WFP Macquarie Income Opportunities	1.32	3.03	2.45	1.96
WFP OnePath Diversified Fixed Interest	2.96	3.28	2.81	2.68
WFP Perpetual Dynamic Fixed Income	1.48	2.87	2.27	-
WFP Schroder Fixed Income	3.75	3.48	2.99	2.58
WFP Vanguard Fixed Interest	4.00	3.50	3.11	2.97
SRP25 Property Index	5.61	8.7	6.95	7.57
WFP AMP Capital Global Property Securities	10.97	16.70	13.90	13.28
WFP Lazard Global Listed Infrastructure	12.89	14.96	13.26	11.24
WFP Pandal Property Securities	15.17	23.53	19.80	16.01
WFP Vanguard Australian Property Securities Index	16.39	25.71	21.34	17.17
SRP50 Australian Shares Index	10.86	17.87	14.69	13.48
WFP Ausbil Australian Active Equity	11.64	19.51	16.08	14.80
WFP Ausbil Australian Emerging Leaders	11.39	22.12	18.54	17.23
WFP Fidelity Australian Equities	10.90	16.78	14.13	13.26
WFP IML Australian Share	11.28	15.53	12.79	11.31
WFP IML Future Leaders	11.84	18.87	15.13	12.67
WFP Pandal Australian Equity	10.68	17.46	14.22	13.30
WFP Perpetual Australian Share	11.34	18.34	15.06	13.58
WFP Perpetual Concentrated Equity	14.17	19.75	16.11	14.07
WFP Perpetual Ethical SRI	12.25	17.26	14.30	13.35
WFP Perpetual Geared Australian	25.16	42.07	34.67	31.17
WFP Perpetual Industrial Share	13.54	17.51	14.48	13.06
WFP Perpetual Share-Plus Long-Short	16.71	18.00	14.50	12.44
WFP Perpetual Smaller Companies	11.06	20.72	16.75	15.19
WFP Schroder Australian Equity	14.31	18.30	14.92	13.69
WFP Vanguard Australian Shares Index	10.24	16.58	13.76	12.91
SRP50 International Shares Index	8.72	12.67	10.78	10.68
WFP Magellan Global	8.94	10.36	9.50	10.36
WFP MFS Global Equity	10.72	12.72	10.96	11.20
WFP Perpetual Global Innovation Share	N/A	N/A	N/A	N/A
WFP Perpetual Global Share	13.14	14.04	11.52	11.27
WFP Platinum Asia	7.35	9.70	9.85	11.27
WFP Platinum International	12.06	11.42	10.15	10.67
WFP T. Rowe Price Global Equity	7.41	13.08	11.13	11.32
WFP Vanguard Intl Index Hedged	13.04	17.22	13.79	12.61
WFP Vanguard Intl Shares Index	N/A	N/A	N/A	N/A
WFP Aspect Diversified Futures	N/A	N/A	N/A	N/A

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

Green – below median risk, Red – above median risk, N/A – not available in data sources

Fees and costs and basis for setting fees

The total fees charged to members include administration fees and investment fees.

We charge administration fees for administering member accounts and to meet the ongoing costs of operating the Plan and its investment options. Administration fees are generally 0.25% pa of the value of each investment option.

Investment fees are for overseeing the Fund's investments. The amount differs between investment options, depending on the fees charged by the underlying investment manager. We pass on to members any management fee rebates that we receive from investment managers.

Some underlying investment managers also charge performance fees. Performance fees are charged when underlying investment funds exceed their performance hurdle and meets any other relevant conditions. Performance fees are variable depending on the performance of the underlying fund.

The Fee Comparison shows that the administration fee is competitive relative to peers. However, the gap between WealthFocus' administration fee and the peer median narrows as balances increase. This is because WealthFocus does not charge any flat dollar administration fees or pay any rebates on higher account balances.

The Fee Comparison shows that investment fees are generally competitive relative to peers. As outlined above, investment fees are a pass-through of the fees charged by the underlying manager. Some investment managers charge higher fees due to their differentiated investment process or strong track record. The investment fee of 3.31%pa for Perpetual Global Innovation, is because of a performance fee charged on the underlying Fund for the period ending 30 June 2021, reflecting the strong performance of the option at the time.

WealthFocus Pension Plan –Fee Comparison

Total Fees, by account balance

Total Fees	\$50k	\$100k	\$500k
WealthFocus – Balanced \$	\$540	\$1080	\$5400
WealthFocus Balanced %	1.08%	1.08%	1.08%
Peer Median \$	\$715	\$1,370	\$6,270
Peer Median %	1.43%	1.37%	1.25%

Administration Fees, by account balance

Administration Fees	\$50k	\$100k	\$500k
WealthFocus - \$	\$125	\$250	\$1,250
WealthFocus- %	0.25%	0.25%	0.25%
Median \$	\$316	\$580	\$1,915
Median %	0.63%	0.58%	0.38%

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

Green – below peer median

Red – above peer median

WealthFocus Pension Plan –Fee Comparison

Investment Fees	WealthFocus	Peer Median
Cash		
Perpetual Cash	0.00%	0.24%
Fixed Income		
Bentham Global Income	0.72%	0.57%
Macquarie Income Opportunities	0.48%	0.57%
OnePath Diversified Fixed Interest	0.44%	0.57%
Perpetual Diversified Income	0.59%	0.57%
Perpetual Dynamic Fixed Income	0.45%	0.57%
Schroder Fixed Income	0.46%	0.51%
Vanguard Australian Fixed Interest Index	0.19%	0.51%
Property and infrastructure		
Lazard Global Listed Infrastructure	0.88%	0.85%
Pendal Property Securities	0.60%	0.85%
Vanguard Australian Property Securities Index	0.23%	0.85%
Australian Shares		
Ausbil Australian Active Equity	0.80%	1.01%
Ausbil Australian Emerging Leaders	0.85%	1.01%
Fidelity Australian Equities	0.75%	1.01%
Investors Mutual Australian Share	0.80%	1.01%
Investors Mutual Future Leaders	0.80%	1.01%
Pendal Australian Equity	0.74%	1.01%
Perpetual Australian Share	0.98%	1.01%
Perpetual Concentrated Equity	0.98%	1.01%
Perpetual Ethical SRI	1.18%	1.01%
Perpetual Geared Australian	2.15%	1.01%
Perpetual Industrial Share	0.98%	1.01%
Perpetual SHARE-PLUS Long-Short	1.38%	1.01%
Perpetual Smaller Companies	1.03%	1.01%
Schroder Australian Equity	0.80%	1.01%
Vanguard Australian Shares Index	0.16%	1.01%
International Shares		
Magellan Global	1.45%	1.11%
MFS Global	0.77%	1.11%
Perpetual Global Innovation Share	3.31%	1.11%
Perpetual Global Share	0.99%	1.11%
Platinum Asia	1.35%	1.11%
Platinum International	1.35%	1.11%
T.Rowe Price Global Equity	0.94%	1.11%
Vanguard International Shares Index	0.18%	1.11%
Vanguard International Shares Index (Hedged)	0.21%	1.11%
Diversified - conservative		
BlackRock Diversified ESG Stable	0.59%	0.70%
Perpetual Conservative Growth	0.68%	0.70%
Diversified - balanced		
Perpetual Diversified Growth	0.75%	0.79%
Perpetual Diversified Real Return	0.91%	0.79%
Diversified - growth		
BlackRock Diversified ESG Growth	0.69%	0.84%
BlackRock Tactical Growth	0.67%	0.84%
Morningstar Growth Real Return	0.55%	0.84%
Perpetual Balanced Growth	0.83%	0.84%
Perpetual Split Growth	0.60%	1.05%
Schroder Strategic Growth	0.85%	0.84%

source: 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. This includes:

- a local contact centre that members have consistently rated highly in terms of effectiveness in answering and resolving queries and timeliness of responses,
- online account access – allowing 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, and
- 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 planning 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.

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 irrespective of the growth of the Plan. 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 WealthFocus Superannuation Fund

Perpetual – Perpetual Investment Management Limited

The Plan – Perpetual WealthFocus Pension Plan, part of Perpetual WealthFocus Superannuation Fund

Peer groups:

Returns and risk comparison

Data for the comparisons was sourced from SuperRatings' Fund Crediting Rate Survey and Lonsec Irate. The criteria applied to the selection of peer groups was:

- assign each of the WealthFocus 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 (pension)

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 – Allocated Pension 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 Funds in the Master Trust – Allocated Pension 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 WealthFocus investment options to a Super Ratings defined asset class

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

Data sources:

- Lonsec Irate
- 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 WealthFocus Superannuation Fund RSE R1057010, ABN 41 772 007 500). 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 WealthFocus 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 022 033 or visiting our website 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 Pension Plan members, if applicable.

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