

Perpetual's Pooled Superannuation Trust

RSE R1057027

ABN 89 544 906 125

Annual Outcomes Assessment

Annual Determination: June 2020

Perpetual Superannuation Limited

ABN 84 008 416 831 AFSL 225246 RSE L0003315

Statement from the Chair

The Trustee of Perpetual's Pooled Superannuation Trust (**PST**) would like to thank you, our members, for trusting us to manage your retirement savings. It is not a role we take lightly, knowing that trust needs to be earned every day. Our commitment to earning your trust drives all our actions.

One way we demonstrate this commitment is the provision of an Annual Outcomes Assessment, the purpose of which is for the PST's Trustee, Perpetual Superannuation Limited, to determine whether it is promoting the financial interest of members of the PST.

This document presents the first Annual Outcomes Assessment for Perpetual's Pooled Superannuation Trust, being for the period ending June 2020.

Determination for the period ending 30 June 2020

The Trustee has determined that the financial interests of members of Perpetual's Pooled Superannuation Trust are being promoted by the Trustee. The determination is as at 30 June 2020, although developments since that date have also been taken into consideration. This determination is based on:

- i. a comparison of investment returns, investment risk and fees with other similar funds; and
- ii the following assessments:
 - the options, benefits and facilities offered in the PST are appropriate for members;
 - the PST's investment strategy, including the level of investment risk and the return target, is appropriate for members;
 - the PST's insurance strategy is appropriate, and the insurance premiums are not inappropriately eroding the retirement income of members;
 - members are not disadvantaged due to scale of the Trustee's operations;
 - the PST's operating costs are not inappropriately affecting the beneficial interest of members; and
 - the basis for the setting of the PST's fees is appropriate.



Janet Torney
Chair

The PST's Purpose

The PST provides a tax paid investment vehicle for complying superannuation Funds, approved deposit funds, pooled superannuation trusts, life companies and certain other entities. Each of the investment options offered in the PST are managed by Perpetual Investment Management Limited (PIML).

On an annual basis the Trustee assesses whether it is promoting the financial interests of the PST's members by looking at two measures:

i. completing a comparison of the PST with other similar Funds in relation to:

- investment returns;
- level of investment risk; and
- fees and costs.

ii. assessing the Fund's performance against a number of key member outcomes, namely:

- options, benefits and facilities available to members of the PST;
- investment strategy;
- insurance strategy and premiums;¹
- overall size and scale of operations;
- operating costs; and
- the basis for setting fees.

¹– Note that insurance is not a feature offered by the PST

Annual Outcomes Assessment

1. Comparison of the PST with other similar funds

The Trustee has completed a comparison of investment returns, investment risk and fees of the PST with other similar funds, a summary of which is shown at Attachment 1. The outcomes of the comparison are discussed under Section 2.2 (investment strategy and the level of investment risk and return target) and Section 2.6 (basis for setting fees).

2. Assessment of member outcomes

2.1 Options, Benefits and Facilities

The PST seeks to offer options, benefits and facilities that are appropriate to the needs and wants of members.

Assessment

The options, benefits and facilities offered under the product are appropriate for the members

The PST is a wholesale vehicle offering investment options to Superannuation Funds, and other approved investors, to offer to their members. The end members receive services from their superannuation fund such as website and contact centres. There is no direct service relationship between the PST and the end members.

2.2 Investment Strategy and level of investment risk and return target

The investment objective for the PST as a whole 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) that suit the needs of the trustees of the funds who aim to invest in the Trust as part of meeting their own individual strategies and member needs.

Assessment

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

During the 2020 calendar year, the Trustee completed a comprehensive review of the investment strategy for the PST that resulted in changes including:

- the replacement of the investment manager for the Global Share investment option
- updating the standard risk measures for some of the investment options and
- the termination of the Smaller Companies Share investment option

By completing these reviews on a regular basis, the Trustee ensures that the investment strategy, including the target level of investment risk and return, is appropriate for members.

The comparison of investment risk showed that the investment options in the PST have delivered lower levels of investment risk than similar options in other funds. All other things being equal, a lower level of investment risk is favourable as it shows that returns have been more consistent over time.

The comparison of investment returns with other similar funds showed some underperformance relative to the peer group for the period ending 30 June 2020. PIML's investment approach is to invest in companies that represent the best investment quality that are appropriately priced. The Trustee provides ongoing oversight and monitoring of its investment managers. It remains confident in PIML's investment philosophy, processes and people being able to meet the performance objectives over time. Importantly, PIML has stayed true to label to its stated quality and value style.

2.3 Insurance strategy and premiums

Not applicable as the PST does not offer insurance.

2.4 Overall size and scale of operations

The scale objective of the PST is to ensure that members are not disadvantaged due to scale.

Assessment

The PST members are not disadvantaged due to scale.

The PST is one of a number of products and services offered by the Perpetual Group which is a diversified financial services company comprised of domestic and global asset management, corporate trustee services and advice.

The PST is able to leverage the scale of the Perpetual Group in funds management, administration, tax, fund accounting, product legal and risk resources and partner with strong outsourced providers. This is to the benefit of PST members.

2.5 Operating costs

The operating costs objective of the PST is for operating costs to not inappropriately affect the financial interests of members.

Assessment

The operating costs are not inappropriately affecting the financial interests of members.

All administration and operating costs for the PST are paid from the Trustee's resources generated from fees charged to members. The Trustee does not currently recover normal operating expenses like regulatory fees from members. As operating costs are paid by the Trustee, they do not inappropriately affect the financial interests of members.

2.6 Basis for setting fees

The fee objective of the PST is that the basis for the setting of fees be appropriate.

Assessment

The basis for the setting of fees is appropriate.

The same investment strategies offered in the PST are also offered as wholesale managed investment schemes offered by PIML. Superannuation funds have the choice of investing in either vehicle. The investment fee charged is the same whichever vehicle the funds choose to use.

The comparison of fees with other similar funds showed that the fees for the PST are at a slight premium relative to the median of the peer group for the Balanced, Industrial and Smaller Companies options. The fee for the Global option is slightly below the peer median. This pricing is reflective of the fees charged by the underlying investment manager (PIML). PIML's pricing reflects its active investment management approach and strong long-term track record.

Attachment 1 – comparison with other similar Funds

The following table provides a summary of the comparisons of investment options offered in the Fund against a peer benchmark being the median result from other similar funds.

	Perpetual's Pooled Superannuation Trust			Peer Benchmark		
	Returns p.a.	Risk ¹ p.a.	Fees p.a.	Returns p.a.	Risk ¹ p.a.	Fees p.a.
Balanced Growth	4.57%	6.79%	1.04%	3.85%	7.81%	0.89%
Global Share	6.43%	10.92%	1.10%	8.67%	11.55%	1.13%
Industrial Share	2.42%	14.29%	0.99%	3.78%	15.83%	0.91%
Smaller Companies Share	7.37%	16.07%	1.25%	8.41%	17.68%	1.20%

1. A lower level of investment risk is less risky than a higher level of investment risk (see definitions)

Past performance is not an indicator of future performance

Definitions:

Returns - annualised net returns (net of all fees, costs and taxes) for the 5 year period to 30 June 2020, for a representative member with a \$100,000 account balance

Risk - Investment risk is the amount of risk taken in generating the return delivered. The measure of investment risk used is the volatility (annualised standard deviation) in monthly returns over a 5 year period to 30 June 2020

Fees - sum of investment and administration fees for a representative member, based on a \$100,000 account balance as at December 2020

Source:

Fees, Returns and Risk– Lonsec iRate

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 Pooled Superannuation Trust ABN 89 544 906 125, RSE R1057027). 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 statements (PDSs) for Perpetual's Pooled Superannuation Trust, issued by PSL, should be considered before deciding whether to acquire or hold units in the Fund. The PDSs 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 any investment fees and estimated indirect costs and income tax of up to 15%.

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