

# Perpetual's Select Superannuation Fund

RSE R1057034

ABN 51 068 260 563

## 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 Select Superannuation Fund (**Fund**) 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 Fund's Trustee, Perpetual Superannuation Limited, to determine whether it is promoting the financial interest of members of the Fund.

This document presents the first Annual Outcomes Assessment for Perpetual's Select Superannuation Fund, 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 Select Superannuation Fund 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 Fund are appropriate for members;
  - the Fund's investment strategy, including the level of investment risk and the return target, is appropriate for members;
  - the Fund'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 Fund's operating costs are not inappropriately affecting the beneficial interest of members; and
  - the basis for the setting of the Fund's fees is appropriate.



Janet Torney  
Chair

## The Fund's Purpose

The Fund includes Perpetual Select Super Plan and Perpetual Select Pension Plan, which together aim to provide a complete, life-long solution to your superannuation accumulation and retirement income needs.

The Fund generally adopts a multi-manager approach to investing, where Perpetual Investment Management Limited (PIML) 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 specialist investment 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.

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

- i. completing a comparison of the Fund 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 Fund;
  - investment strategy;
  - insurance strategy and premiums;
  - overall size and scale of operations;
  - operating costs; and
  - the basis for setting fees.

## Annual Outcomes Assessment

### 1. Comparison of the Fund with other similar funds

The Trustee has completed a comparison of investment returns, investment risk and fees of the Fund 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 Fund 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 Fund are appropriate for the members.*

The Trustee seeks to provide a high level of service from our Contact Centre, whether members contact us by phone or email. Member surveys show that they highly rate the service they have received in terms of both effectiveness and timeliness in responding to enquiries. The Contact Centre has performed well against its target service levels, which are based on measures of speed of response and customer satisfaction.

Improving our members' digital experience has been a major focus over the year. This culminated in the launch of our new online portal, myPerpetual in December 2020. myPerpetual offers a range of new functionality assisting members in managing and engaging with their superannuation.

## 2.2 Investment Strategy and level of investment risk and return target

The investment objective for the Fund 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) to build the retirement benefits of members of the Fund by enabling members to select the investment option(s) that meet their needs and circumstances.

### 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 Fund that resulted in changes including:

- updating the CPI return objective for the multi-asset class investment options
- updating the investment guidelines for the multi-asset class options and
- updating the standard risk measures and minimum suggested timeframe for some of the investment options.

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 with other similar funds showed that, for most of the investment options, the Fund had delivered lower levels of investment risk. 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 better than median returns in the growth asset classes (Australian and global equities) and below median returns in the defensive asset classes (fixed income and cash). These asset class returns flowed through to better than median returns in the multi-asset class options with a higher exposure to growth assets and below median returns in multi-asset class options with a greater exposure to defensive assets.

## 2.3 Insurance strategy and premiums

The insurance strategy objective of the Fund is to provide insurance benefits that are appropriate to members' needs. The insurance fee objective of the Fund is to not inappropriately erode members' account balances and, hence, their retirement income.

### Assessment

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

During the 2020 calendar year, there was a repricing of insurance premiums and the Trustee completed a review of the insurance strategy for the Fund. The Trustee engaged an independent third party to complete a review of the insurer's premium proposal to provide validation that it was fair and reasonable. The Trustee concluded, supported by the outcome of the independent review, that the premium changes were reasonable.

Every six months, the Trustee completes erosion of benefit monitoring to confirm that insurance premiums are not inappropriately eroding the retirement benefits of members.

## 2.4 Overall size and scale of operations

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

### Assessment

*Members of Perpetual's Select Superannuation Fund are not disadvantaged due to scale.*

The Fund 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 Fund 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 Fund members.

## 2.5 Operating costs

The operating costs objective of the Fund 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.*

As at June 2020, the Trustee was recovering from the Fund normal operating expenses incurred in the proper performance of our duties and obligations relating to the trusteeship, management and administration of the Fund. However, since October 2020, the Trustee no longer recovers normal operating expenses from the Fund. These expenses are paid from the Trustee's resources generated from the administration fees charged to members. The Trustee sets the administration fees at a level that does not inappropriately affect the financial interest of members.

## 2.6 Basis for setting fees

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

### Assessment

*The basis for the setting of fees is appropriate.*

The Trustee has completed a strategic initiative to review and simplify fees. Effective 1 October 2020, this resulted in changes including:

- a reduction in the dollar-based administration fee
- reductions in the investment fees across most of the investment options
- the introduction of a percentage-based administration fee and
- changes to the rebates available.

By monitoring and reviewing fees over time, the Trustee ensures that the basis for setting fees is appropriate.

Our comparison of fees with other similar funds showed that the Fund is priced at a premium to the median of other similar funds. However, the Trustee has determined that the fees are appropriate, given the high quality of the multi-manager investment team, the lower levels of investment risk they have delivered and the services available to members.

## 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 Select Superannuation Fund			Peer Benchmark		
	Returns p.a.	Risk <sup>1</sup> p.a.	Fees p.a.	Returns p.a.	Risk <sup>1</sup> p.a.	Fees p.a.
Single-asset class						
High Growth	4.71%	8.38%	1.41%	4.41%	10.08%	1.15%
Growth	4.56%	7.20%	1.36%	3.81%	7.61%	1.07%
Balanced	3.98%	6.00%	1.33%	4.13%	7.25%	1.02%
Diversified	3.20%	4.60%	1.27%	3.63%	5.29%	0.97%
Conservative	2.86%	3.60%	1.20%	2.92%	3.38%	0.93%
Single-asset class						
Cash	0.28%	0.10%	0.18%	0.91%	0.09%	0.49%
Fixed Income	1.59%	1.75%	1.19%	2.58%	2.40%	0.83%
Real Estate	3.83%	13.03%	1.45%	1.39%	13.55%	1.11%
Australian Share	3.82%	12.49%	1.48%	3.57%	13.65%	1.15%
Limited Share	1.94%	15.02%	1.39%	3.57%	13.65%	1.15%
International Share	8.24%	10.21%	1.50%	7.02%	10.41%	1.24%

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 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:

Investment Risk and Investment Returns – Lonsec iRate

Fees - product providers' Product Disclosure Statements, information current as at December 2020



## 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 any investment fees and estimated indirect costs and income tax of up to 15%. No allowance has been made for any investment fee rebate for Super Plan and Pension Plan members, if applicable.

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