

Perpetual WealthFocus Superannuation Fund

RSE R1057010

ABN 41 772 007 500

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 the Perpetual WealthFocus 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 the Perpetual WealthFocus 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 the Perpetual WealthFocus 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 is designed to minimise the complexity of investing by providing access to a comprehensive range of highly rated, competitively priced investment options within one convenient package delivered by Perpetual – an organisation you can trust. Members can tailor a diversified investment portfolio by choosing from an investment option menu that provides access to a wide range of asset classes, with underlying investment funds managed by Perpetual Investment Management Limited or a range of other investment managers. The Fund includes Perpetual WealthFocus Super Plan and Perpetual WealthFocus Pension Plan.

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 fee setting.

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 the 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) in order 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 options offered in the Fund that resulted in changes including the:

- addition of a new investment option, Perpetual Global Innovation Share;
- replacement of the investment manager for Perpetual Global Share;
- closure of two options to new members; and
- updating the standard risk measures (SRMs) for some of the investment options.

By completing these reviews on a regular basis, the Trustee ensures that the Fund offers a diversified range of investment options for members to select option(s) with levels of investment risk and return that is appropriate for them.

The comparison of the levels of investment risk and returns with other similar funds showed that the investment options offered in the Fund delivered a range of outcomes relative to the median levels of other similar funds. WealthFocus Super provides members with a choice of investment managers within most asset classes. The investment managers manage money with different investment styles, philosophies, approaches and techniques. By having a range of investment managers and styles for members to select from, there will be a range of outcomes around the median outcome of other similar Funds.

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 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 the 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 of the Fund are not inappropriately affecting the financial interests of members.

As at June 2020, the Trustee was recovering from the Fund, 0.03%p.a. for normal operating expenses incurred in the proper performance of its duties and obligations relating to the trusteeship, management and administration of the Fund. Since December 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 interests 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 December 2020, this resulted in changes including:

- lowering investment fees
- ending ongoing commission payments to financial advisers
- ending fee rebates

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 in most asset classes the investment options offered in the Fund had fees set at levels that ranged around the median outcome of other similar Funds. This pricing reflects the investment fees charged by the underlying investment managers. Members have the choice of which investment options to invest in. This includes the option to invest in low-fee, passively-managed investment options.

Attachment 1 – comparison with other similar Funds

The Fund offers a range of investment managers and investment options in most asset classes. The following tables provide a summary of the comparisons of investment options offered in the Fund against a peer benchmark being the median result from other similar funds. While the Trustee has completed comparisons across all investment options offered, the following summary covers the major asset classes only.

1.1 Australian Shares

	Returns p.a.	Risk ¹ p.a.	Fees p.a.
Investment options offered in the Fund			
Ausbil Australian Active Equity	5.33%	14.94%	1.05%
Fidelity Australian Equity	5.78%	13.39%	1.00%
Investors Mutual Australian Share	3.20%	12.04%	1.05%
Pendal Australian Equity	5.42%	13.35%	0.99%
Perpetual Australian Share	3.05%	13.68%	1.23%
Perpetual Concentrated Equity	2.59%	14.53%	1.23%
Perpetual Ethical SRI	2.92%	13.16%	1.43%
Perpetual Industrial Share	1.71%	13.42%	1.23%
Perpetual Share-Plus Long-Short	4.10%	11.97%	1.23%
Schroder Australian Equity	4.21%	13.59%	1.05%
Vanguard Australian Shares Index	5.30%	12.93%	0.41%
Peer benchmark	3.64%	13.62%	1.07%

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

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 investment risk shown 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

1.2 Global Shares

	Returns p.a.	Risk ¹ p.a.	Fees p.a.
Investment options offered in the Fund			
Magellan Global	9.81%	9.71%	1.60%
MFS Global Equity	7.13%	10.57%	1.02%
Perpetual Global Share	5.58%	10.73%	1.24%
Platinum Asia	5.90%	10.07%	1.60%
Platinum International	3.45%	9.05%	1.60%
T Rowe Price Global Equity	12.16%	11.51%	1.19%
Vanguard International Shares Index (Hedged)	5.60%	12.37%	0.46%
Peer benchmark	7.27%	10.39%	1.25%

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Source:

Investment Risk and Investment Returns – Lonsec iRate

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

1.3 Fixed Income

Investment options offered in the Fund	Returns p.a.	Risk ¹ p.a.	Fees p.a.
Investment options offered in the Fund			
Bentham Global Income	1.99%	5.15%	0.92%
Macquarie Income Opportunities	1.47%	2.24%	0.71%
OnePath Diversified Fixed Interest	2.76%	2.38%	0.69%
Perpetual Diversified Income	1.71%	2.19%	0.84%
Perpetual Dynamic Fixed Income	2.12%	1.98%	0.70%
Schroder Fixed Income	2.88%	2.35%	0.70%
Vanguard Australian Fixed Interest Index	2.95%	2.51%	0.49%
Peer benchmark	2.62%	2.41%	0.81%

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Risk - Investment risk is the amount of risk taken in generating the return delivered. The investment risk shown 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

1.4 Diversified Balanced

	Returns p.a.	Risk ¹ p.a.	Fees p.a.
Investment options offered in the Fund			
BlackRock Balanced	5.29%	8.14%	0.85%
BlackRock Scientific Diversified Growth	5.20%	8.23%	0.91%
Morningstar Growth Real Return	2.97%	5.38%	0.78%
Perpetual Balanced Growth	3.75%	6.44%	1.04%
Schroder Balanced	4.08%	6.78%	1.10%
Peer benchmark	4.13%	7.43%	1.03%

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 investment risk shown 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 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 statements (PDSs) for the Perpetual WealthFocus Super Plan and Pension Plan, issued by PSL, should be considered before deciding whether to acquire or maintain an interest 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, administration fees, indirect costs and income tax of up to 15%.

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