

Member Outcomes Assessment

Year in Review 2020

We are required to assess our performance and, based on that assessment, make an annual determination that members' interests have been promoted, in accordance with superannuation laws and standards.

Summary

The 2019-2020 financial year was an unprecedented year with challenges arising from prolonged drought conditions, the worst bushfire season on record, and the onset of COVID in February 2020 which impacted business and communities on a global scale.

Whilst facing into these challenges, the Mason Stevens Super Fund (**White label: Dynamic Asset**) ("the Fund") was able to promote its members best interests as required under superannuation law and continue to support its unique selling proposition to offer members and advisers a complete investment and administration service with global investment capability.

During the financial year ended 30 June 2020, after considering our members' best interests, we have delivered the following:

- Added new investment options on to the menu including managed funds, ETFs, international listed securities and direct bonds;
- Made enhancements to the member and adviser portals, driving administration efficiencies for advisers, enabling them to manage members' accounts more effectively;
- Provided an ability for members to create a portfolio with their adviser that is self-directed;
- A re-designed corporate website, making it easier for members and advisers to access key documents and information about the Fund;
- Continued to support a highly cost-effective method for investing in a range of asset classes; and
- Delivered a series of platform upgrades that brought overall stability to the member's online portal, increased security, and more accurate performance reporting.

We continue our commitment to you and are delivering further enhancements:

- Developing the client mobile app which will be enable members to see their account balance, underlying portfolios and individual holdings as well as transaction history of the self-directed portfolio; and
- Continuing to release incremental enhancements to the platform by receiving insights from Investment Trends;

Determination

Based on the assessment of the outcomes achieved and information contained in this assessment, we have determined that:

- members' interests are being promoted;
- the basis for the setting of fees is appropriate for members,
- members have not been disadvantaged due to the scale of, and within, the Trustees' business operations;
- the operating costs of the Trustees' business operations are not inappropriately affecting the financial interests of members;
- the options, benefits and facilities offered under the product are appropriate to members;
- the investment strategy for the product, including the level of investment risk and the return target, is appropriate to members; and
- the insurance strategy for the product is appropriate to members and undergoing regular reviews.

Details of this assessment are outlined below.

Investment returns and risk

Investment Return

Our investment objective is to provide members with a range of different investments by potential return, risk profile and style to suit members' individual circumstances and promote diversification of your strategies and to achieve competitive investment returns for members commensurate with risk. Members can invest in:

- Australian and international equities, fixed income securities, managed funds, and term deposits through the Self-Directed Portfolio; and
- Managed Portfolios which are professionally managed investments with a defined objective

Each member's investment portfolio has been prepared for a member with guidance from their financial advisor who developed a diverse portfolio of investments tailored to suit member's:

- personal circumstances;
- personal investment objectives and long-term goals;
- risk tolerance; and
- expected investment timeframe

We have conducted a comprehensive analysis of the investments available via the Fund. It is not appropriate to provide a comparison to peer groups in the summary, as each member's investments are personally tailored using the 392 investment options available. We measure the appropriateness of the investment offering on quarterly basis with annual additional testing via asset consultants who check all managed funds and managed portfolios against their determined benchmarks and provide a recommendation if any changes are required. As at 30 June 2020 the asset consultant determined that each option met the standard required and remains appropriate to stay on the platform.

We include a performance comparison to benchmark for Mason Stevens Managed Portfolios, there were only two Mason Stevens Managed Portfolios available as at 30 June 2020. Both options are relatively new hence no longer-term returns are available.

Managed Portfolio	Benchmark	1 Year Performance	Benchmark	Out-Performance
Mason Stevens ASX 20 Managed Portfolio	S&P/ASX 20	-13.41%	-9.38%	-4.03%
Mason Stevens Australian Fixed Income Portfolio	RBA +2.00%	3.85%	2.71%	1.14%

It is to be noted the returns were impacted by COVID-19 when investment markets reacted to the uncertainty during the March quarter and only partly recovered in the quarter ending 30 June 2020. The graph shows that Fixed Income Portfolio was above its benchmark whereas the ASX 20 portfolio performed worse than the benchmark.

We believe we have met our objectives to provide a range of investments for members who, with the help of their advisers, can construct and implement an appropriate investment strategy. The adviser is responsible for selecting the investment choices a member invests in. We regularly review the overall investment strategy ensuring a suitable list of investments is available.

Level of Investment Risk

Members can access a wide range of Investment Options. Members, together with their adviser, can decide on the level of investment risk they wish to take, as the Fund does not have a default investment option model. The labelling of the diversified options and the aligned Standard Risk Measure label is consistent with other comparable funds.

The Trustee has determined that the investment options, levels of risk and returns are appropriate for members.



Fees and Costs

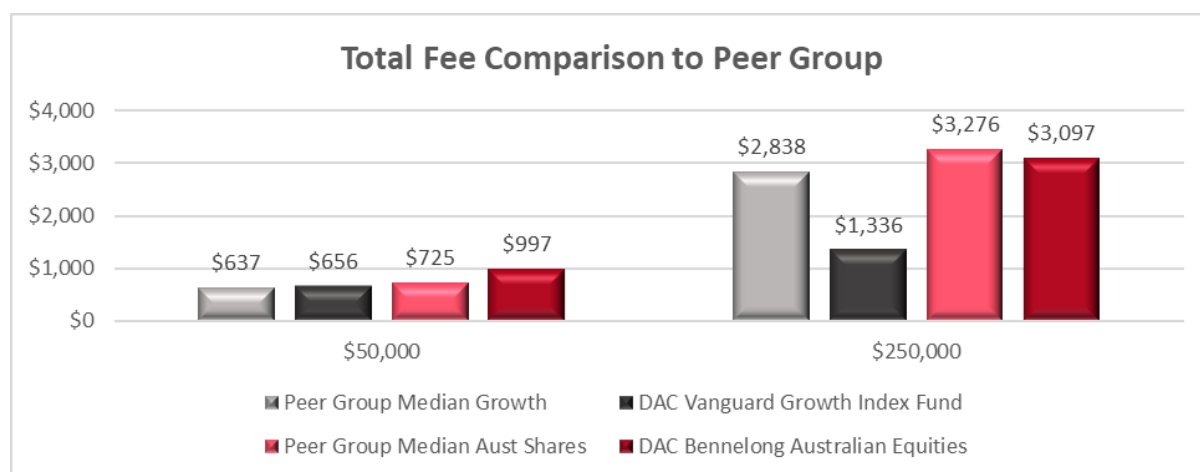
Our aim is to maintain an adequate fee structure to ensure that member services can be appropriately delivered.

A combination of a flat fee and a percentage fee was chosen for the administration fees applicable, taking into account the large average account balances. The flat administration fee of \$300 and fixed account keeping fee of \$120 per year ensure that higher accounts are not eroded. The percentage fee of 0.60% is charged for maintenance of the cash account, a minimum cash balance of \$2,000 is required at all times for accumulation accounts and \$5,000 for TTR and pension accounts with a maximum of \$15,000, the below administration fee was calculated using the minimum cash balance of \$2,000.

In order to better understand an individual member's account, we have conducted testing of members' fees charged per annum on the fee structure in place at 30 June 2020 using the Vanguard Growth Index Fund which had an Indirect Cost Ratio (ICR) is 0.29%. This option is used in the model member fee example in the PDS. For further comparison, we have also included another managed fund available with an ICR of 1%. It is to be noted that ICRs will depend on the investment options chosen and may be higher or lower.

We used data from SuperRatings as the basis of this assessment. We have measured those two investment options against its peer median¹ using comparable investment options.

The below graph shows that the total fees will depend on the investments chosen and that members benefit greatly from the flat administration fee.



We measured the operating expense ratio of the Fund against all superannuation funds using the publicly available statistics issued by Australian Prudential Regulation Authority (APRA). The results reveal that the Fund's operating expense ratio is 0.40%p.a. This is below the 0.60%p.a. for retail funds.

The above operating expense ratio comparison however does not consider the cost of individual members which may vary due to different account balance, different investment fees applicable on chosen investment options and variations to the administration fees having a fixed component.

Based on the above, the Trustee has determined that the basis for the setting of fees is appropriate for our members, and the scale or cost of our business operations, are not inappropriately affecting the financial interests of our members.

Member services and product options

We launched our product in late 2017 and at 30 June 2020, we had over 833 members with an average balance of \$270K and with 100% active members with around \$225M under management. Our objective is to design a fund for members who work closely with their advisers to reach their financial objectives. As a choice platform, it is important that the Fund provides a broad range of investment options, covering diverse asset types, for

¹ Peer Group - (Industry Public offer, Industry – Personal, Master Trust – Corporate and Master Trust – Personal as classified by SuperRatings).

members and advisers to select from in order to create the portfolio that is most suitable for the member's circumstances and needs. We understand that each member's needs are different. We have been actively engaging with our advisers and members by providing a range of services during the year and implementing a number of improvements to ensure the Fund delivers a high quality service to its members as listed in the summary above. We also continue to work on various enhancements to ensure we continue to provide a highly cost-effective and efficient method for investing in a range of asset classes. One of the vital improvements we made is our member onboarding experience which is a seamless process for the member from having the account opened, and rollover received into the fund with zero or minimum action required from the member or the adviser.

The account membership has increased by over 68% in comparison to the industry of a 11.7%² decline. The Fund grew in funds under management over the year, increasing its net assets by over 45%. It has also experienced a low net members' benefits outflow ratio in comparison to the industry. This reflects on our ability to grow the fund based on the services and facilities the Fund provides.

We are proud to say we had no complaints over the last 12 months.

Considering the product benefits and improvements we implemented during the year, we have assessed that we have promoted the financial interests of our members and we believe we have met our objectives to provide value add products, services, and facilities to ensure members receive appropriate services for the fees paid.

Insurance

Understanding that each member's needs are different, Mason Stevens Super partner with three of the largest insurance providers to provide members with the types of cover they might need. Super members can choose from a panel of three industry leading insurance providers, namely TAL, Zurich and AIA.

The insurance cover is provided to members with consultation with financial adviser. The panel of 3 insurers enables the advisers to tailor the cover to members' specific needs. The advisers are able to align the insurance cover to members' personal circumstances ensuring the premiums a member is charged appropriately reflect the cover.

As financial advisers determine the appropriateness of the insurance and the cost of the cover, as such, the Trustee does not look to measure the impact of insurance eroding members' retirement income for members.

Claims

Whilst there have not been any insurance claims made during the financial year, assessments and approvals are completed in a timely manner and payments are made within 3-4 days once the Trustee's approval is received.

Based on the above, we have determined that that the insurance strategy for the product is appropriate to our members, and that there is no inappropriate erosion of members' retirements income due to the impact of insurance premiums.

Important Information

Mason Stevens Super ABN 91 141 447 207 AFSL No 351578.

The Promoter of Mason Stevens Super is Mason Stevens Limited ABN 91 141 447 207 AFSL 351578.

Diversa Trustees Limited ABN 49 006 421 638 AFSL 235153 is the Trustee.

² Annual Superannuation bulleting June 2020 – highlights issued 29 January 2021

