

AMG MySUPER

MEMBER OUTCOMES ASSESSMENT

INTRODUCTION

In this report, Equity Trustees Superannuation Limited publishes the results of our annual assessment of how well the AMG MySuper product (the **product**) issued from AMG Super (the **fund**) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2023.

METHODOLOGY AND STRUCTURE

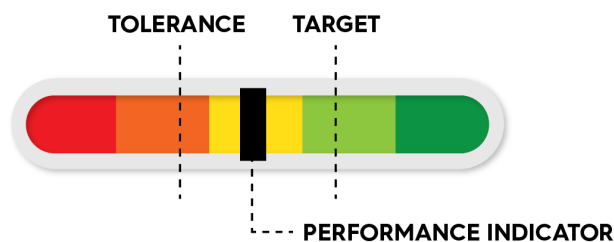
In conducting this assessment, we compared the product to other MySuper superannuation products included in statistical data published by the Australian Prudential Regulation Authority (**comparable products**) using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential Standard SPS 515 *Strategic Planning and Member Outcomes*.

This report includes:

- our overall assessment of whether the product provides optimal member outcomes and promotes their financial interests;
- a dashboard that depicts our assessment of the product's market-relative performance for each outcome we aim to provide members;
- a table summarising the key metrics that we relied on when making this assessment; and
- our commentary on this performance that includes action items to improve suboptimal performance.

For each member outcome, the dashboard presents the relevant segment of market performance. The width of each segment is based on the range of market performance for each outcome and is specific to each outcome. The positioning of the black performance indicator bar against the colour coding is our assessment of how well the outcome has been delivered. The colour coding gives a visual representation of performance that moves from neutral (yellow) through orange to least tolerance (red), and in the opposite direction from yellow to the target (or green) area of the dashboard. The assessment of each member outcome is based on several equally-weighted metrics. Accordingly, if one metric is outside our tolerance level it doesn't automatically mean the entire member outcome is outside our tolerance level.

Example dashboard for illustrative purposes only



The target is generally the average position of the comparable products while the tolerance level is the trigger for us to consider any necessary actions to improve member outcomes.

Please visit our [website](#) to view a short video that provides more information about the operation of the dashboard.



OVERALL ASSESSMENT

Having carefully considered the comparisons of the product with comparable products set out in this report, including the dashboards, metrics, commentary and other relevant information available to us at the time of writing, we have concluded that as a result of the following factors the product is promoting members’ financial interests:

1. the fees and costs that affect the return to members are appropriate having regard to their financial interests;
2. the net returns for the product (i.e. returns after deducting all fees, costs and taxes) are not consistent with market rates;
3. the investment strategy for the product is not appropriate;
4. the options, benefits and facilities offered in the product are appropriate for members;
5. the insurance premium charged for the product does not inappropriately erode members’ account balances;
6. the insurance strategy for the product is appropriate; and
7. the scale of the product and the fund does not disadvantage members.

ACTION ITEMS

As part of the ongoing review of the strategic future of the fund, a decision was made to wind-up the product and transfer members to a fund of their choice. Members who do not nominate a fund will be transferred to the Australian Taxation Office.

DASHBOARD

STRATEGIC CONTEXT

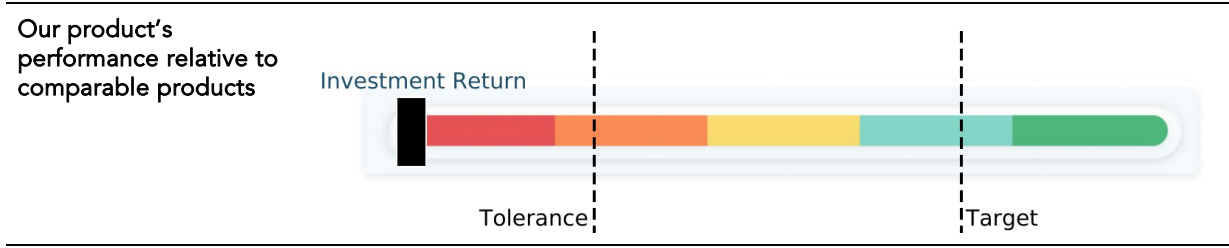
Working together with the fund’s promoter, Acclaim Wealth, our purpose is to provide quality and value for money superannuation products to a diverse range of members, from default members to more sophisticated advised members who want features similar to a self-managed superannuation fund.

To support this purpose, our goals are to wind-up the AMG MySuper option.

The product is a MySuper product.

INVESTMENT RETURN

Outcomes	Investment return for a \$50,000 account balance in the product ^{1.0} is consistent with market indexes.
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Metrics	Ref	Metric Label	Value	Tolerance	Target
	1.1	1-year actual net return	7.83%	9.08%	9.53%
	1.2	3-year actual net return	5.36%	6.37%	7.11%
	1.3	5-year actual net return	4.59%	5.03%	5.43%

1.0 Investment returns and associated targets and tolerance levels are weighted averages for the product. The weighted averages are based on the performance, asset allocation and funds under management of the investment options available in the product. The table in Appendix 1 provides more information.
 1.1 – 1.3 The product’s fee structure leads to different net returns for different account balances. The table in Appendix 2 provides more information.
 1.2 – 1.3 Net returns are based on historic returns and the current fee structure.



Commentary

In August 2023, the product failed the [Annual superannuation performance test](#) for the third consecutive year. This is a legislated performance test that is undertaken by the regulator, APRA, that assesses the performance of investment options against tailored benchmarks over a ten year time horizon.

The product has been closed to new members since 19 August 2022 and will be wound up in FY24.

The performance indicator measures the average investment return over one, three and 5-year periods and is based on an equal weighting of all the metrics in the above table.

This commentary focuses on the five-year weighted average return to 30 June 2023. The 5 year term is a balance between capturing any shorter term developments with the longer term trend of return performance.

When reading this commentary, it’s important to bear in mind that past performance is not a reliable indicator of future performance.

Over the five years to 30 June 2023 the product’s weighted average investment return was outside of our tolerance level.

Asset allocation, manager style and manager underperformance have detracted from performance over the five-year period.

Our targets and tolerance levels are based on a peer group that is weighted towards large superannuation funds with high levels of unlisted assets. As the product has an index-based strategy that does not invest in these assets, in sharp down markets it is likely to underperform the peer group and, conversely, outperform the peer group in rising markets. Underperformance in the year ended 30 June 2023 has detrimentally affected the net returns to this date.

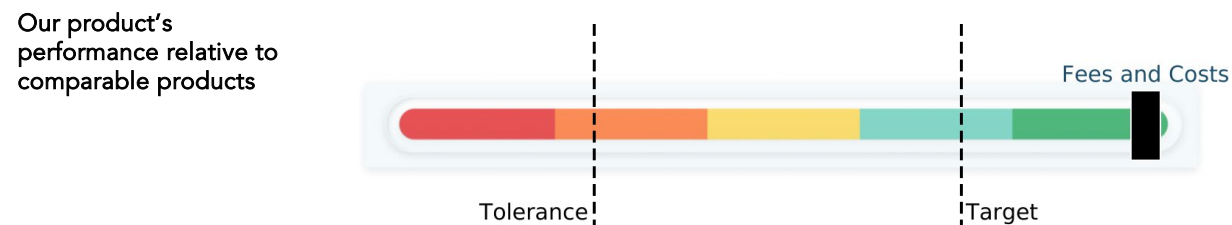
As a result, we are not comfortable that the product’s weighted net returns are consistent with market rates and therefore do not advance members’ financial interests.

As part of the ongoing review of the strategic future of the fund, a decision was made to wind-up the product and transfer members to a fund of their choice. Members who do not nominate a fund will be transferred to the Australian Taxation Office.

No further action is required as a result of this assessment.

FEES AND COSTS

Outcomes Fees (gross of tax) for a \$50,000 account balance are consistent with market rates.^{4.0}



Metrics	Ref	Metric Label	Value	Tolerance	Target
	4.1	Total fees	0.46%	1.29%	0.90%

4.0 The product’s fee structure leads to different net returns for different account balances. The table in the Appendix 2 provides more information.

4.1 These fees include a weighted average investment fee that is based on the investment fees and funds under management of the investment options available in the product.

Commentary

This table lists the product’s total fees and costs (administration and investment fees and costs). Other fees may be payable which are set out in the product’s disclosure documents.



The performance indicator measures total fees and costs together against comparable products.

Total fees were within our tolerance level.

As a result, we are comfortable that fees and costs are consistent with market rates and therefore are appropriate having regard to members financial interests.

INSURANCE CLAIM MANAGEMENT

Outcomes	Valid claims are accepted and paid in a timely manner.				
Our product's performance relative to comparable products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	6.1	Insurer's declined claims ratio - life cover	0.00%	4.75%	3.00%
	6.2	Insurer's average time to decision - life cover	5.11	2.50	2.00
	6.3	Insurer's declined claims ratio - TPD cover	30.00%	22.25%	16.50%
	6.4	Insurer's average time to decision - TPD cover	4.24	13.75	8.00
	6.5	Insurer's declined claims ratio - IP cover	0.00%	6.75%	5.25%
	6.6	Insurer's average time to decision - IP cover	1.27	2.00	1.50
	6.7	Insurance-related EDR complaints	0.41	2.25	0.75
	6.2, 6.4 and 6.6 The time to decision is measured in months. 6.3 – 6.4 TPD means “Total and Permanent Disablement”. 6.5 – 6.6 IP means “Income Protection”. 6.7 EDR means “External Dispute Resolution”. 6.7 This is the annual number of insurance-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.				

Commentary

The performance indicator measures the acceptance of insurance claims, the timeliness of claim decision-making and the quality of the claims process against comparable products.

The performance indicator, which is within our tolerance level, is based on equal weighting of all the metrics in the above table.

The insured benefits in this product are supported by retail life insurance policies. For this suite of policies, in the year ended 30 June 2023 the fund's insurer:

- paid 4 death benefit claims and declined 0 death benefit claims;
- paid 7 TPD benefit claims and declined 3 TPD claims; and
- paid 1 IP claim and declined 0 IP claims.

We review all declined insurance claims to make sure the insurer has acted fairly and reasonably, and consistently with the relevant policy terms and conditions. Based on these reviews, we are comfortable that denied claims have been considered appropriately.

The average time to decision for death claims is outside tolerance level but is considered reasonable given that no claims were declined. With this in mind, we are comfortable that valid claims are accepted and paid in a timely manner, unless there are 'circumstances beyond our control' as defined in the Life Insurance Code of Practice.

As a result, we are comfortable that valid claims are accepted and paid in a timely manner.

The number of insurance-related complaints that have been made to the Australian Financial Complaints Authority is



within our tolerance level.

All Insurance Cover is voluntary. We believe that the appropriate level of insurance cover is a balance between the amount of cover required (based on the maintenance of the member’s, and their dependants’, standard of living in the event of an accident or illness) and the affordability of that cover for the member.

Members have the opportunity to seek personal financial advice if required, select their own level of insurance cover and cancel their cover if no longer required. Therefore:

- the insurance premiums charged for the product do not inappropriately erode members’ account balances; and
- the insurance strategy for the product is appropriate.

MEMBER SERVICES

Outcomes	Administration services satisfy member expectations.				
Our product’s performance relative to comparable products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	8.1	Administration-related EDR complaints	3.65	3.50	1.50
	8.2	Service Level Achievement	86.09%	80.00%	90.00%
	8.3	Administration fees	0.34%	0.48%	0.30%
	8.4	Information security controls	Effective	Partially ..	Effective
	8.1 EDR means “External Dispute Resolution”. 8.1 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts. 8.2 Service level achievement measures the portion of new member, contribution and benefit payment transactions that were processed within our service level. 8.3 This is our view of the effectiveness of the Administrator’s information and cyber security controls based on an independent review completed during the year.				

Commentary

The performance indicator measures the delivery of administration services against our service levels, and against the cost of similar services for comparable products.

The performance indicator, which is within our tolerance level is based on equal weighting of the above metrics.

The number of complaints about administration services that have been made to the Australian Financial Complaints Authority is outside our tolerance level. Many of the complaints arose due to the successor fund transfer (SFT) of Raiz Invest Super into the fund on 16 December 2022 and have since decreased after 30 June 2023.

To improve this, we:

- will work with Acclaim Wealth to address any areas of weakness and reduce the number of complaints to an acceptable level; and
- work with the administrator and promotor to make sure that there are clear and transparent communications between all parties involved.

As a result, we are comfortable that administration services satisfy member expectations because the high rate of service level achievement, administration fees and costs were within our tolerance level and the administrator’s information and cyber security controls are effective.

Therefore, we consider the options, benefits and facilities offered in the product are appropriate for members.



SCALE

Outcomes The fund is likely to deliver optimal outcomes in the future.



Metrics	Ref	Metric Label	Value	Tolerance	Target
	9.1	RSE adjusted total accounts growth rate	-15.94%	-6.25%	-2.50%
	9.2	RSE Net Cash Flow Ratio	5.95%	-2.75%	-0.50%
	9.3	RSE Net Rollover Ratio	4.46%	-3.00%	-1.75%

9.1 The RSE adjusted total accounts growth rate is the average annual percentage change in member accounts averaged over the three year period, excluding Successor fund Transfers (SFTs) and account consolidations.
 9.2 The RSE Net Cash Flow Ratio is members' benefits flows in less members' benefits flows out as a percentage of cash flow adjusted net assets averaged over the three year period, excluding SFTs.
 9.3 The RSE Net Rollover Ratio is rollovers in less rollovers out as a percentage of cash flow adjusted net assets averaged over the three year period, excluding SFTs.

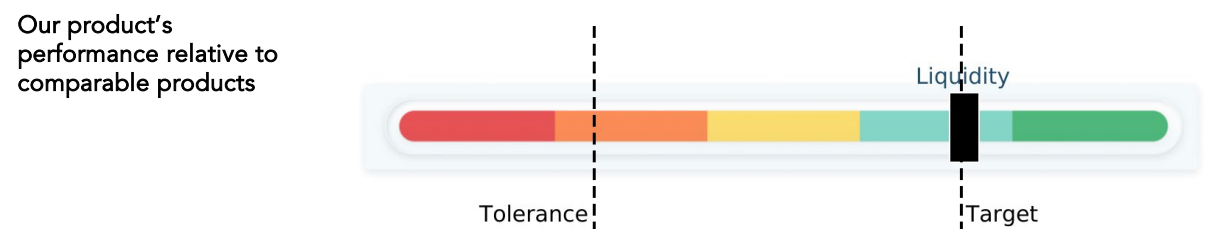
Commentary

The performance indicator measures the fund’s growth and ability to deliver scale benefits to members against other funds.

The performance indicator, which is within our tolerance level is based on equal weighting of the above metrics. No action is required as a result of this assessment. Therefore, we are comfortable that the scale of the product and the fund does not disadvantage members.

LIQUIDITY

Outcomes Benefit and rollover requests can be met in a timely manner from investments and/or insurance policies.



Metrics	Ref	Metric Label	Value	Tolerance	Target
	10.1	Investment liquidity in a GFC scenario	94.00%	40.00%	80.00%
	10.2	Insurer financial strength rating	A+	BBB	AA

10.1 Liquidity is a weighted average that is based on the liquidity in a Global Financial Crisis scenario and funds under management of the investment options available in the product. The table in Appendix 1 provides more information.

Commentary

The performance indicator measures the fund’s ability to meet benefit and rollover requests in a timely manner.

We regularly monitor whether the investments and insurance policies would be able to meet cash requirements in extreme situations. Based on our analysis, we consider that benefits are supported by liquid investments and an insurer with a strong capacity to meet its financial commitments.

As a result, we are comfortable that the level of liquidity risk for the product is acceptable.



APPENDIX 1

INVESTMENT OPTION INFORMATION

Investment Option	Inception Date	Growth Ratio	Member Assets	Investment Period			
				1 Year	3 Years	5 Years	10 Years
AMG MySuper	2012-06-22	69%	\$151.1M	7.83%	5.36%	4.59%	
Weighted Average		69%	\$151.1M	7.83%	5.36%	4.59%	

This table provides information about the asset allocation, size and performance of the investment options available in the product.

APPENDIX 2

ACCOUNT BALANCE-BASED INVESTMENT METRICS

Time Frame	Account Balance Value					
	\$10,000	\$25,000	\$50,000	\$100,000	\$250,000	\$500,000
1	7.3%	7.7%	7.8%	7.9%	7.9%	8.0%
3	4.8%	5.2%	5.4%	5.4%	5.5%	5.5%
5	4.1%	4.5%	4.6%	4.7%	4.7%	4.7%

This table illustrates how the product's fee structure affects net returns for different account balances. The illustration is based on historic returns and the current fee structure.