

AMG CORE MEMBER OUTCOMES ASSESSMENT

INTRODUCTION

In this report, Equity Trustees Superannuation Limited (we, our, us) publishes the results of our annual assessment of how well the AMG Core product (the Product) issued from the AMG Super Fund (the Fund) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2021.

METHODOLOGY AND STRUCTURE

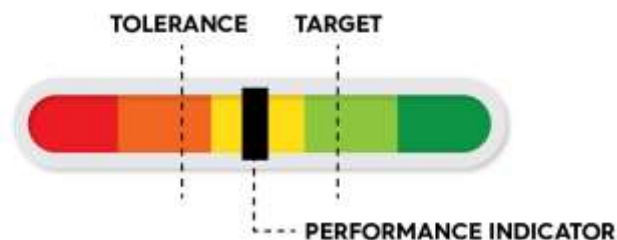
In conducting this assessment, we compared the Product to other choice superannuation products included in statistical data published by the Australian Prudential Regulation Authority (Comparable Products) using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential 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 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 consistent with market rates;
3. the level of investment risk for the Product is acceptable in relation to the net returns generated;
4. the investment strategy for the Product is appropriate;
5. the options, benefits and facilities offered in the Product are appropriate for members;
6. the insurance premium charged for the Product does not inappropriately erode members’ account balances;
7. the insurance strategy for the Product is appropriate; and
8. the scale of the Product and the Fund does not disadvantage members.

DASHBOARD

STRATEGIC CONTEXT

Working together with the Fund’s Promoter, AMG, 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 for the Fund are to enhance members’ retirement balances through reduced fees, provide members with confidence through reliable and clear delivery of regulatory compliance, satisfy members through engaging member service that assists them grow their account balances, grow member balances through competitive investment returns in line with stated objectives and targets, deliver members scale benefits through enhanced distribution, enhance default member outcomes through a competitive MySuper offer and complete administration system modernisation to reduce operating costs and enhance member service.

The Product is a choice accumulation product.

INVESTMENT RISK AND RETURN

Outcomes	Investment risk and return for a \$50,000 account balance in the Product ^{1.0} is consistent with market indexes.
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Commentary

As the Product’s inception date was 19 Feb 2021, there are no annual returns to measure.

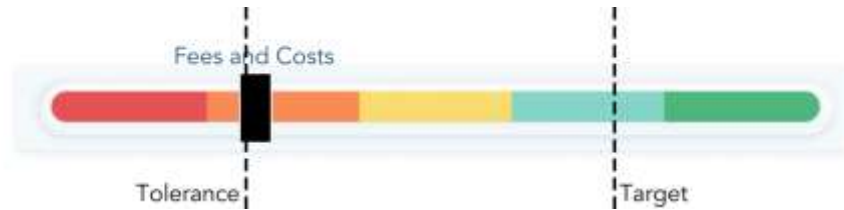
The investment options available in this Product include AMG MySuper. A separate report has been prepared for AMG MySuper, which members should read if they want more information about this investment option.



FEES AND COSTS

Outcomes Fees (gross of tax) for a \$50,000 account balance are consistent with market rates.^{3,0}

The Product's
performance relative to
Comparable Products



Metrics	Ref	Metric Label	Value	Tolerance	Target
	3.1	Administration fees	0.71%	0.65%	0.40%
	3.2	Investment fees	0.78%	0.85%	0.60%
	3.3	Total fees	1.49%	1.50%	1.00%

3.2 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 administration fees. Other fees may be payable which are set out in the Product's disclosure documents.

The performance indicator, which does not meet our target and is within our tolerance level, measures administration fees against Comparable Products.

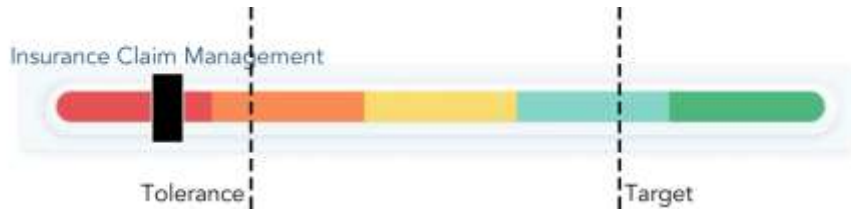
As a result, we are comfortable that fees and costs are consistent with market rates and therefore are appropriate having regard to members' financial interests.



INSURANCE CLAIM MANAGEMENT

Outcomes Valid claims are accepted and paid in a timely manner.

The Product's performance relative to Comparable Products



Metrics	Ref	Metric Label	Value	Tolerance	Target
	5.1	Insurer's declined claims ratio - life cover	16.67%	3.70%	2.42%
	5.3	Insurer's declined claims ratio - TPD cover	66.67%	17.30%	12.27%
	5.7	Insurance-related EDR complaints	1.94	2.37	1.01

5.3 TPD means "Total and Permanent Disablement".
 5.7 EDR means "External Dispute Resolution".
 5.7 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 and the quality of the claims process against Comparable Products.

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

The default insurance benefits in this Fund are supported by a group life insurance policy from Hannover Life Re of Australasia Ltd.

For the default cover, in the year ended 30 June 2021 the Fund's insurer:

- paid 5 death benefit claims and declined 1 death benefit claim; and
- paid 1 TPD benefit claim and declined 2 TPD benefit 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 the denied claims have been considered appropriately.

The number of insurance-related complaints that have been made to the Australian Financial Complaints Authority does not meet our target and is within our tolerance level. No remedial action is required as a result of this assessment.

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

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 a claim) and the affordability of that cover for the member.

We ensure that the cost of default insurance over remains reasonable by reducing the amount of cover as members get older.

The Fund also offers retail insurance policies from AIA Australia Limited, TAL Life Limited and Zurich Australia Limited.

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.																		
The Product’s performance relative to Comparable Products																			
	<table border="1"> <thead> <tr> <th>Ref</th> <th>Metric Label</th> <th>Value</th> <th>Tolerance</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>7.1</td> <td>Administration-related EDR complaints</td> <td>0.65</td> <td>4.82</td> <td>2.07</td> </tr> <tr> <td>7.2</td> <td>Service Level Achievement</td> <td>95.17%</td> <td>90.00%</td> <td>95.00%</td> </tr> </tbody> </table>	Ref	Metric Label	Value	Tolerance	Target	7.1	Administration-related EDR complaints	0.65	4.82	2.07	7.2	Service Level Achievement	95.17%	90.00%	95.00%	<p>7.1 EDR means “External Dispute Resolution”. 7.1 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts. 7.2 Service level achievement measures the portion of new member, contribution and benefit payment transactions that were processed within our service level.</p>		
Ref	Metric Label	Value	Tolerance	Target															
7.1	Administration-related EDR complaints	0.65	4.82	2.07															
7.2	Service Level Achievement	95.17%	90.00%	95.00%															
Metrics																			

Commentary

The performance indicator measures the delivery of administration services against our service levels.

The performance indicator, which meets our target is based on an equal weighting of the above metrics.

Service level achievement (95.17%) meets our target. No remedial action is required as a result of this assessment.

The number of complaints about administration services that have been made to the Australian Financial Complaints Authority meets our target. No remedial action is required as a result of this assessment.

As a result, we are comfortable that administration services satisfy member expectations because of the high rate of service level achievement and the number of administration related complaints is within tolerance level. Therefore, we consider the options, benefits and facilities offered in the Product are appropriate for members.



SUSTAINABILITY

Outcomes	The Product and Fund are sustainable and likely to deliver optimal outcomes in the future.				
The sustainability of the Product and Fund relative to Comparable Products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	8.2	Net member benefit flows p.a.	8.08%	-29.51%	-1.52%
	8.3	Average account balance	\$66,759	\$23,530	\$124,315
	8.5	Movement in member accounts p.a.	-36.00%	-36.39%	-8.01%
	8.6	Average member age	45.8	58.00	48.70

Commentary

The performance indicator measures the Fund’s sustainability and likelihood of delivering optimal outcomes in the foreseeable future against other funds.

The performance indicator, which does not meet our target and is within our tolerance level is based on an equal weighting of the above metrics.

While the Fund’s membership decreased during the period, this was primarily due to COVID early release payments and payments to the Australian Taxation Office for inactive low balance accounts. There were strong inflows from members. As a result the average account balance increased.

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 insurance policies.				
The Product’s performance relative to Comparable Products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	9.1	Investment liquidity in a GFC scenario	98.35%	40.00%	80.00%
	9.2	Insurer financial strength rating	AA-	BBB	AA
	9.1 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.



The performance indicator meets our target. No remedial action is required as a result of this assessment.

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 very 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

Name	Growth Ratio	Size (\$M)	Investment Returns (% pa)			
			1 Year	3 Years	5 Years	10 Years
AMG Australian Equities	95%	\$12.1M				
AMG Australian Fixed Interest	0%	\$1.6M				
AMG Balanced	60%	\$7.6M				
AMG Capital Stable	40%	\$1.5M				
AMG Cash	0%	\$3.3M				
AMG Conservative	20%	\$1.0M				
AMG High Growth	90%	\$2.6M				
AMG International Equities	95%	\$2.9M				
AMG International Fixed Interest	0%	\$0.2M				
AMG Listed Property	95%	\$1.5M				
AMG Managed Growth	75%	\$4.8M				
AMG MySuper	70%	\$1.8M				
Weighted Average	69%					

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