

MAP Super

Member Outcomes Assessment
For the year ended 30 June 2021

28 February 2022

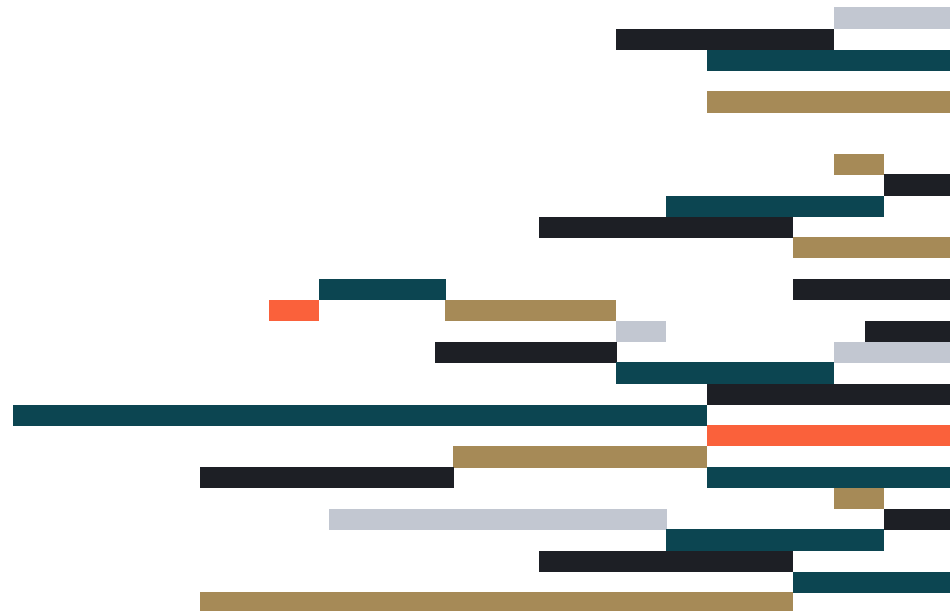


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Introduction

What is the Member Outcomes Assessment?

This document will focus on the key outcomes found within the assessment in relation to MAP Super. It analyses how MAP Super's products compare to similar products and whether these products are serving the financial interests of the members. The document will present the final conclusions and summary, before going into detail on steps 1 and 2 of the assessment.

The comparative analysis for MAP Super's Accumulation and Pension products is contained in separate sections within this report, however the assessment of product appropriateness applies across both Accumulation and Pension products.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2022, and is relevant for the financial year ended 30 June 2021.

Approach for this assessment

Step 1: Measure and compare products



1. Return comparison
A comparison of returns



2. Fee comparison
A comparison of fees



3. Risk comparison
A comparison of investment risk

Step 2: Assess product appropriateness

Assessment of product appropriateness against key factors that can affect superannuation

Section 52 (11)

1. Options, benefits and facilities
2. Investment strategy
3. Insurance strategy and fees

SPS 515

4. Scale
5. Operating costs
6. Basis for setting fees

Step 3: Publish determination

A publication with a determination for each product is required to assess whether the financial interests of the beneficiaries who hold the product are being promoted.



Executive Summary

The Trustee has determined that, on balance, it is promoting the financial interests of the beneficiaries invested in its **Accumulation product** and its **Pension product** on the basis that:

- Total fees (which includes both administration and investment fees) at a product level are less expensive than the peer fund median for FY21 across all modelled balance points for most investment options except the Cash option; and
- A majority of the objective assessment factors, being MAP Super's options, benefits and facilities, investment strategy, insurance strategy and fees, operating costs and the basis for setting fees, are considered appropriate for MAP Super's members and do not inappropriately erode their retirement balances.

It is noted that improvements are required in relation to MAP Super's investment performance and investment risk as these have predominantly underperformed their relevant peer fund median. Although the one year investment performance has, across a majority of investment options, outperformed the median. It is expected that the consolidation of MAP Super into OneSuper, which occurred during FY21, will improve the investment performance in the future.

The Trustee also notes that recent the recent transfer into OneSuper will results in improvements in scale and reduced operating costs as now members will be part of a larger pool of Funds under Management ('FUM') and bigger member base.



MAP Super Overview

MAP Super Overview



MAP Super was launched in 1992. Members are able to invest in a range of diversified and single sector options, with each investment option available for both Accumulation and Pension members. MAP Super delivers its financial products with a focus on simplicity and good value for customers.

MAP Super offers eight investment options to its members:

**Balanced
Option**

**High Growth
Option**

**Growth
Option**

**Moderate
Option**

**Conservative
Option**

**Australian
Shares Option**

**International
Shares Option**

Cash Option



Accumulation Comparative Assessment

Fees & Costs Comparison: Accumulation



Total Fees

MAP Super's total fees (administration fee plus investment fees) are compared to peer fund median fees in the charts following this page. MAP's investment options are lower cost than the peer fund median when total fees are calculated on a \$30,000 and \$50,000 balance. The only exception to this is its Cash option, which was higher than the median at all balances.

The Trustee notes that this assessment is consistent with APRA's heatmap which rated MAP Super as having more competitive fees than the median fund on a total fees basis for \$50,000 balances. The High Growth and Balanced options have slightly higher total fees at \$100,000 Balance, but all other options with the exception of Cash are under the median at \$100,000 balance.

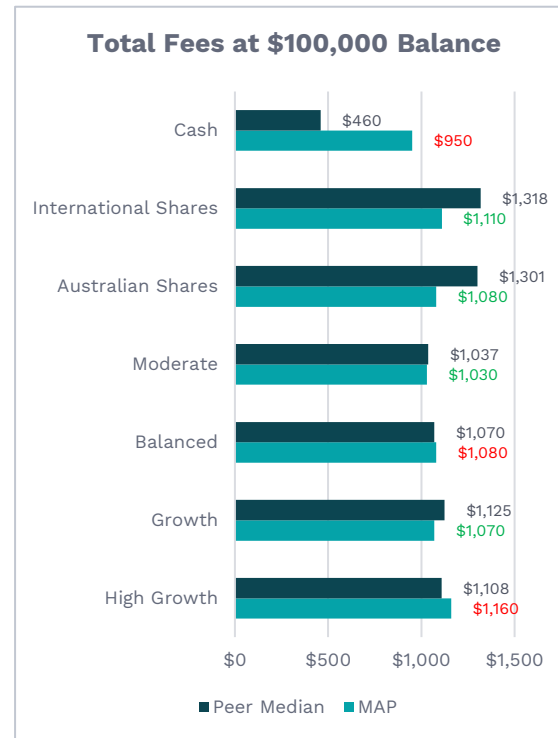
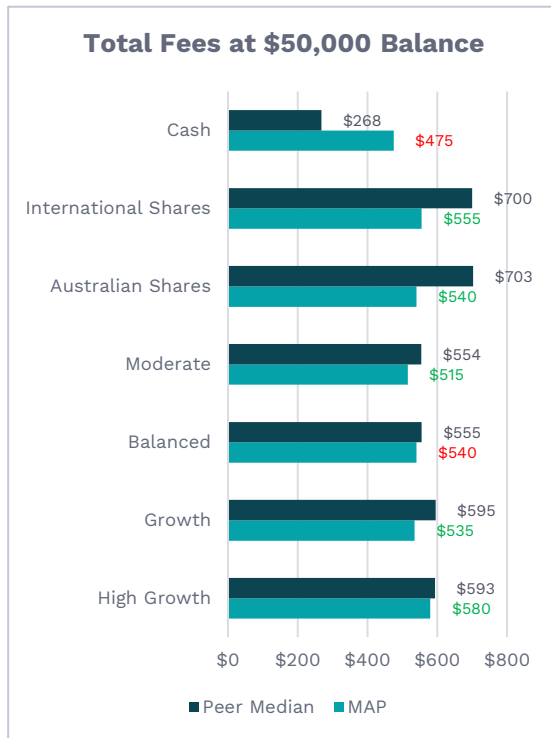
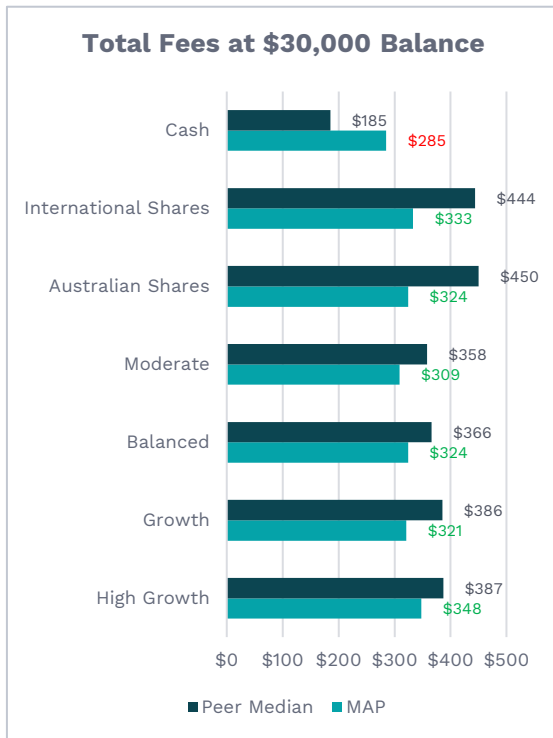
Administration Fees

MAP Super's Accumulation administration fees are also compared to peer fund median administration fees. MAP Super is higher cost across a majority of investment options when administration fees are calculated on a \$30,000, \$50,000 and \$100,000 balances.

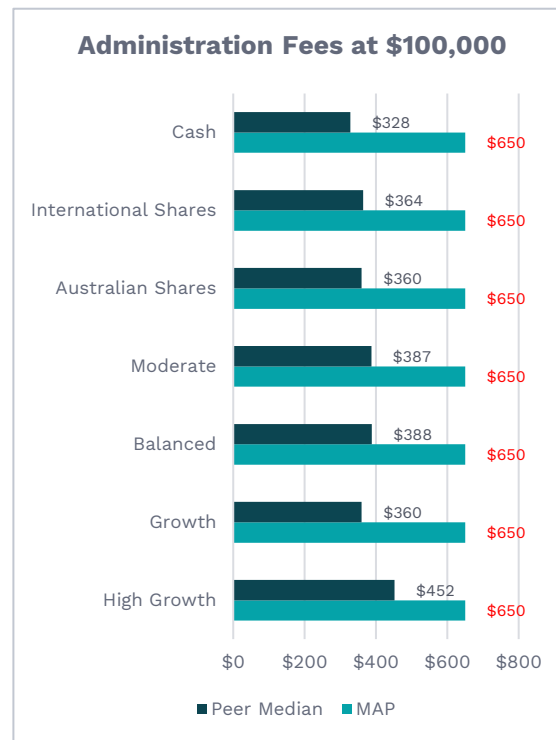
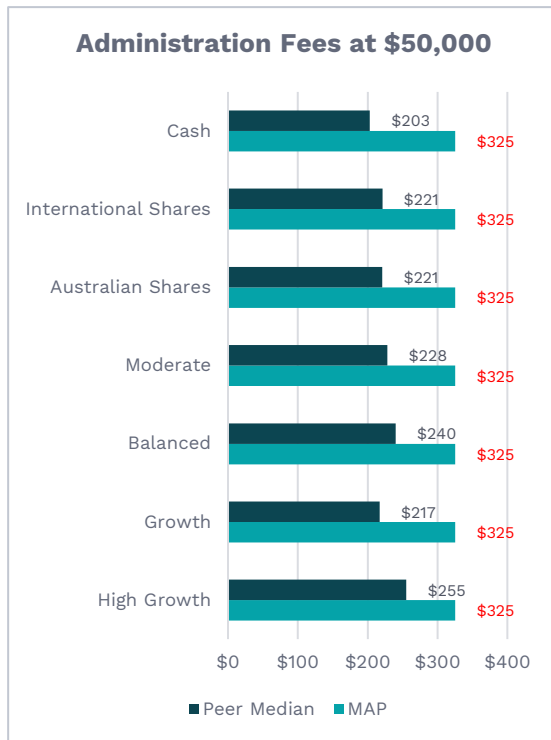
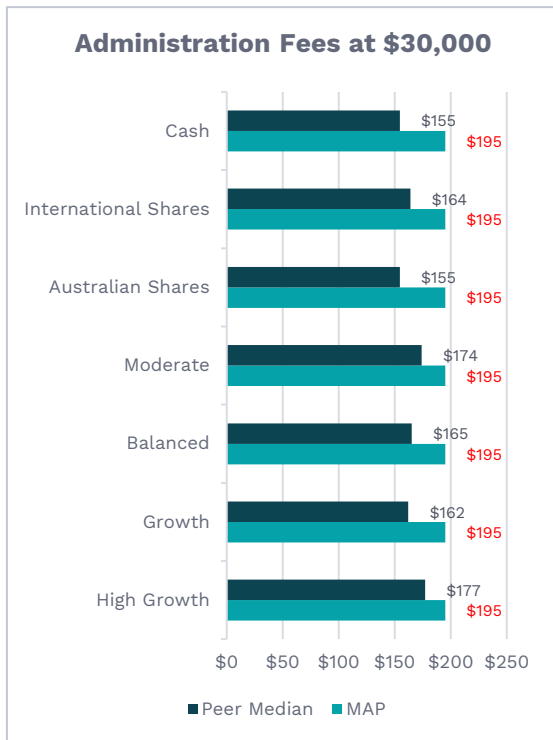
The Trustee notes that this is consistent with APRA's heatmap which rated MAP Super as having less competitive fees than the median fund on a total fees basis for \$50,000 and \$100,000 balances.

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product as the total fees for MAP Super for a majority of investment options are less expensive than the peer fund median across all the modelled balance points. The Trustee notes however, that there is an opportunity for improvement on administration fees in order to be more competitive with peers.

Fees & Costs Comparison: Accumulation Options



Fees & Costs Comparison: Accumulation Options



Investment Return Comparison: Accumulation



Diversified Investment Options

MAP Super's diversified investment options include the Moderate, Balanced, Growth and High Growth options. The diversified investment options' net investment returns over a one year period to 30 June 2021 have all outperformed the peer fund median. Over both a three year and five year period, MAP Super's diversified options are tracking closely to peers with only slight underperformance against peer medians. MAP Super's diversified options' ten year returns are underperforming peer medians.

MAP Super's diversified options' have all outperformed APRA's benchmark over five years, which will be used for the Your Future Your Super performance test. We note seven year return data was not available on the heatmap.

Single Sector Investment Options

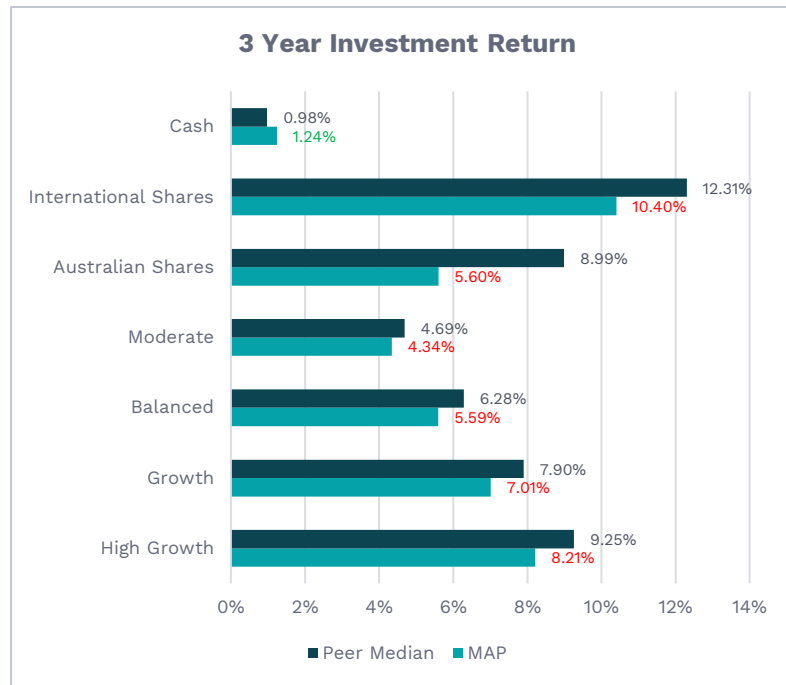
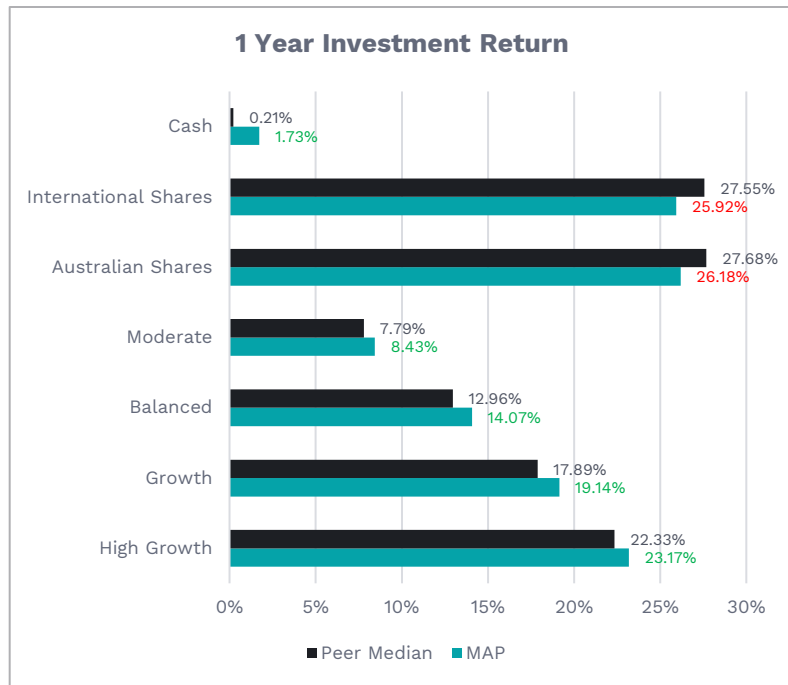
MAP Super's Australian Shares and International Shares investment options are underperforming peer medians over the one year period, three year period and the longer-dated ten year period. However, the five year investment returns for these investment options are tracking closely to or outperforming their relevant peer fund medians.

MAP Super's Cash investment option has outperformed peer medians over both the short term and long term with one, three, five and ten year performance outperforming peer medians.

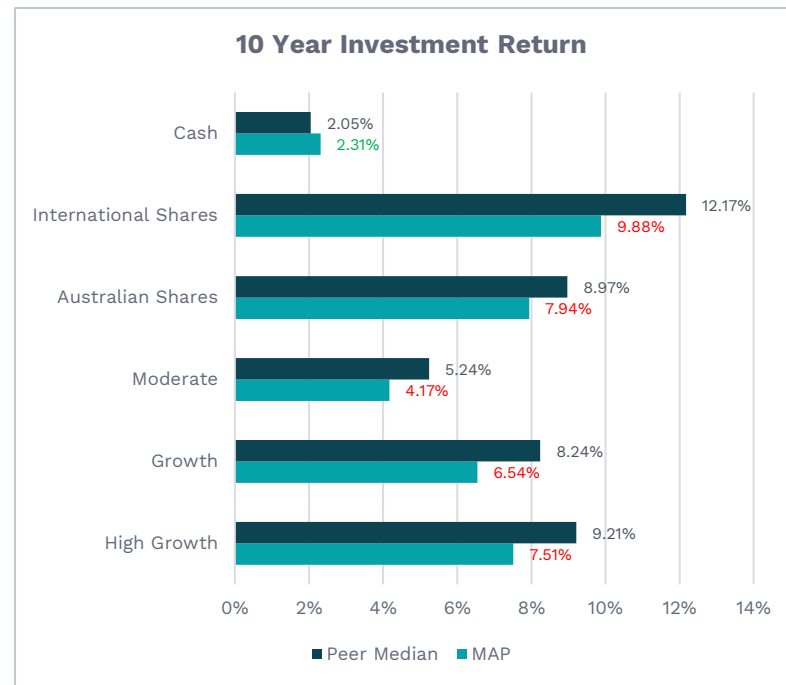
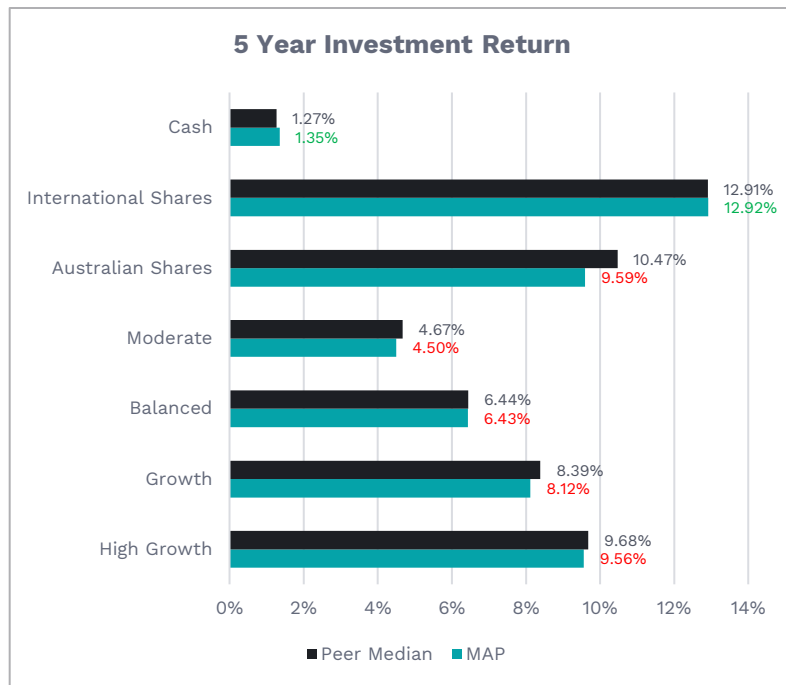
The Trustee notes that MAP Super's investments only transitioned to the Mercer investment pools in mid-2019, so Mercer's performance is not fully reflected in the three and five year investment performance data.

On balance, the Trustee has determined it is not promoting the financial interests of the beneficiaries of its Accumulation product as the longer term investment returns of a majority of its investment options are underperforming their peer fund medians. However, due to the long term nature of superannuation, investment performance can be improved upon to ensure that members' financial interests are being promoted.

Investment Return Comparison: Accumulation Options MAP



Investment Return Comparison: Accumulation Options MAP



Investment Return Comparison: Accumulation



MAP Super's net investment return for its diversified investment options all outperformed their relevant five year APRA benchmarks, which are used for APRA's performance heatmap. All options also outperformed the five year APRA simple reference portfolios. Seven year performance data was unavailable on the heatmap for MAP Super's investment options.

| Choice option name | 5 year Net Investment Return (NIR) p.a. | Value of MAP's Product Selection* in the past 5 years | | Value of MAP's asset allocation** in the past 5 years | |
|--------------------|---|---|--|--|--|
| | | 5 year NIR relative to SAA Benchmark Portfolio p.a. | | 5 year NIR relative to Simple Reference Portfolio p.a. | |
| | | | | | |
| | | | | | |
| | | | | | |
| MAP - Balanced | 7.07% | 0.65% | | 0.19% | |
| MAP - Growth | 8.76% | 0.71% | | 0.20% | |
| MAP - High Growth | 10.20% | 0.71% | | 0.14% | |
| MAP - Moderate | 5.14% | 0.59% | | 0.09% | |

Investment Risk Comparison



In the following graphs, we measure the performance of MAP Super's investment options after adjusting for risk compared to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the greater the investment return relative to the amount of risk taken, representing the additional amount of return that an investor receives per unit of increase in risk.

Diversified Investment Options

MAP Super's Sharpe ratio is lower than the peer median for the majority of diversified investment options (across both Accumulation and Pension products) over the one year, three year and five year timeframes. However, the Balanced investment option performed above median for the five year period, with other options performing close to the median for the same timeframe.

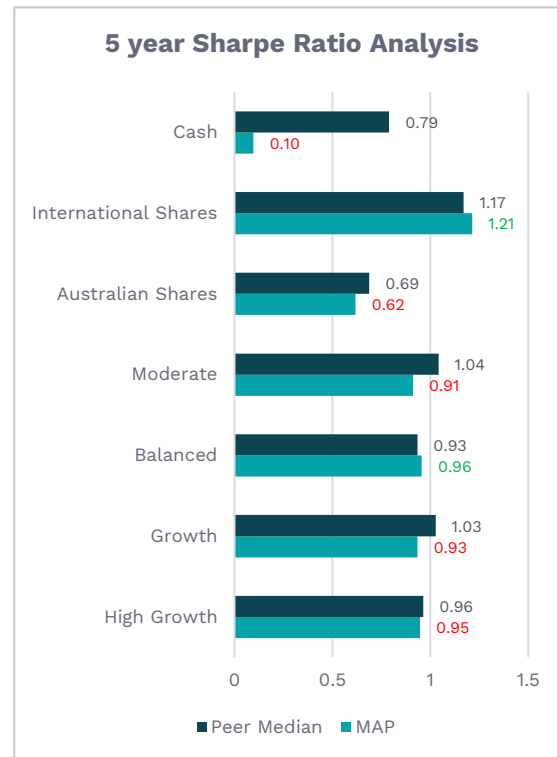
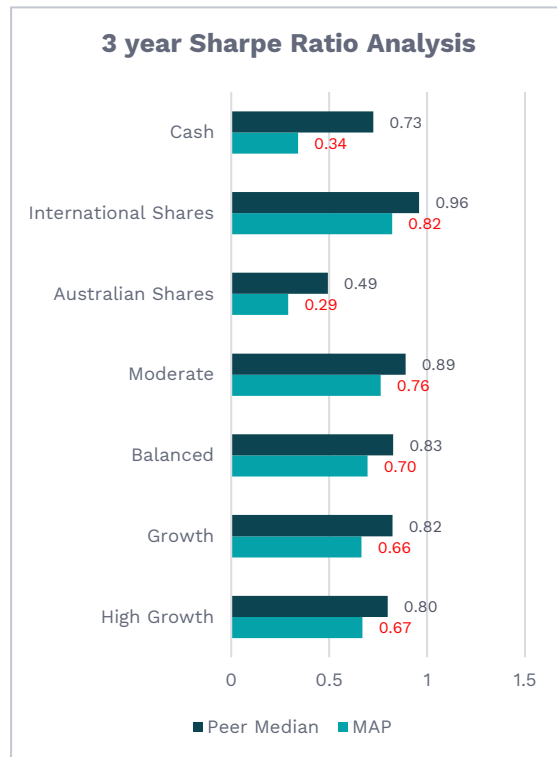
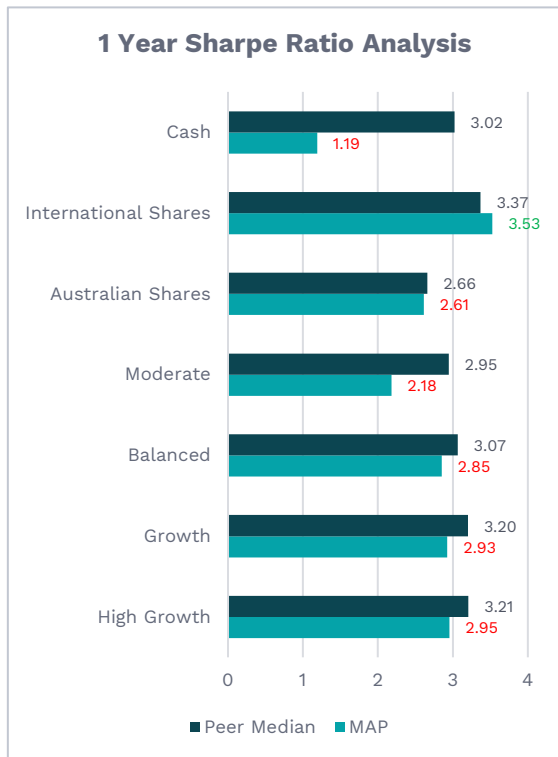
Single Sector Investment Options

MAP Super's Sharpe ratios are lower than the median for the majority of single sector investment options over the one year, three year and five year periods. However, the International Shares investment option outperformed the median over the one year and five year timeframes.

The Trustee notes that MAP Super's investments only transitioned to the Mercer investment pools in mid-2019, so Mercer's performance is not fully reflected in the three and five year investment performance data.

On balance, the Trustee has determined it is not promoting the financial interests of the beneficiaries of its Accumulation product as the investment risk for returns is below peer fund medians for a majority of investment options. However, due to the long term nature of superannuation, risk-adjusted investment performance can be improved upon to ensure that members' financial interests are being promoted. It is noted that MAP Super's risk adjusted returns with the exception of Cash investment option are not materially lower than their peer medians.

Investment Risk Comparison: Accumulation





Pension Comparative Assessment

Fees & Costs Comparison: Pension



Total Fees

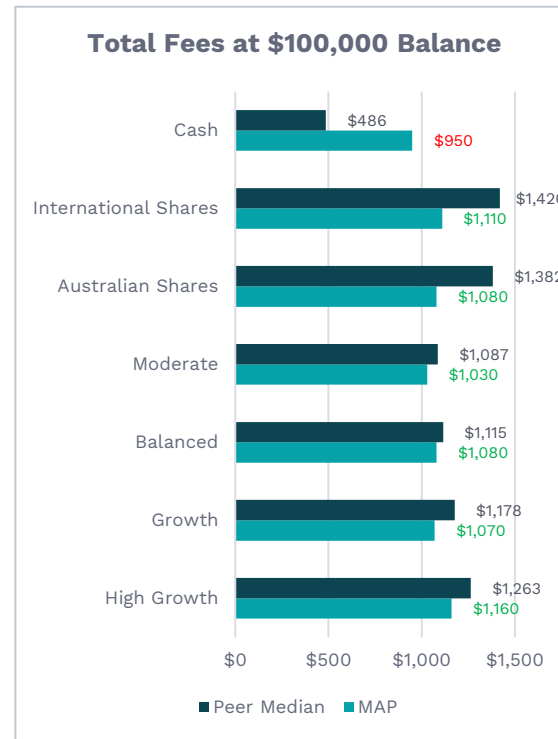
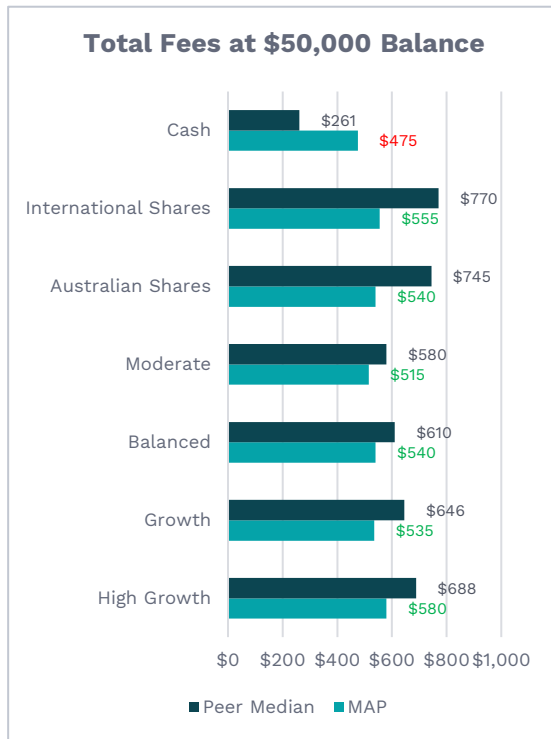
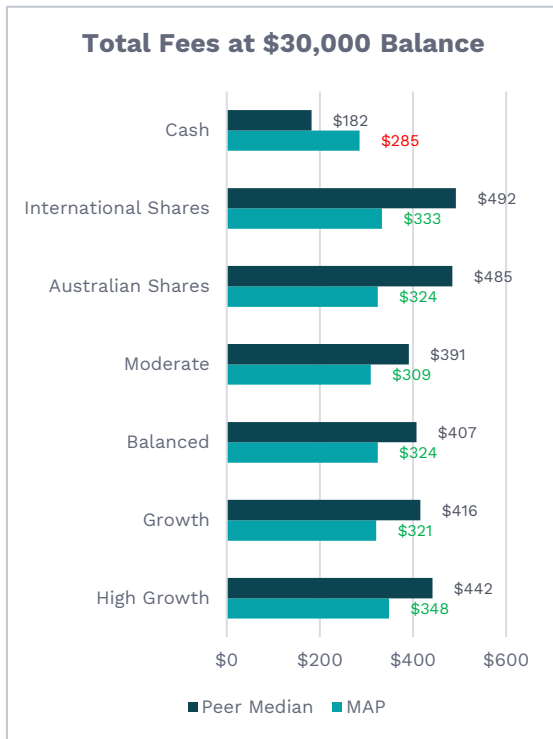
MAP Super's total fees (administration fee plus investment fees) for its Pension product are compared to peer fund median fees in the charts following this page. MAP Super's investment options are lower cost than the peer fund median when total fees are calculated on a \$30,000, \$50,000 and \$100,000, the only exception to this is its Cash option, which was slightly higher than the median at all balances.

Administration Fees

MAP Super's Pension administration fees are also compared to peer fund median administration fee. MAP is higher cost across a majority of investment options when administration fees are calculated on a \$30,000, \$50,000 and \$100,000 balances.

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Pension product as the total fees for MAP Super for all investment options other than the Cash option are less expensive than the peer fund median across all the modelled balance points. The Trustee notes however, that there is an opportunity for improvement on administration fees in order to be more competitive with peers.

Fees & Costs Comparison: Pension



Fees & Costs Comparison: Pension

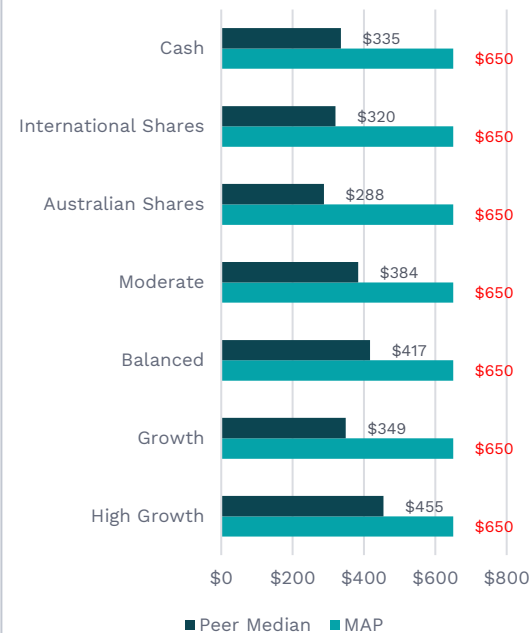
Administration Fees at \$30,000



Administration Fees at \$50,000



Administration Fees at \$100,000



Investment Return Comparison: Pension



Diversified Investment Options

MAP Super's diversified investment options include the Moderate, Balanced, Growth and High Growth options. The diversified investment options' net investment returns over a one year period to 30 June 2021 have all outperformed the peer fund median. Over both a three year and five year period, MAP Super's diversified options are tracking closely to peers with only slight underperformance against peer medians. MAP Super's diversified options' ten year returns are underperforming peer medians.

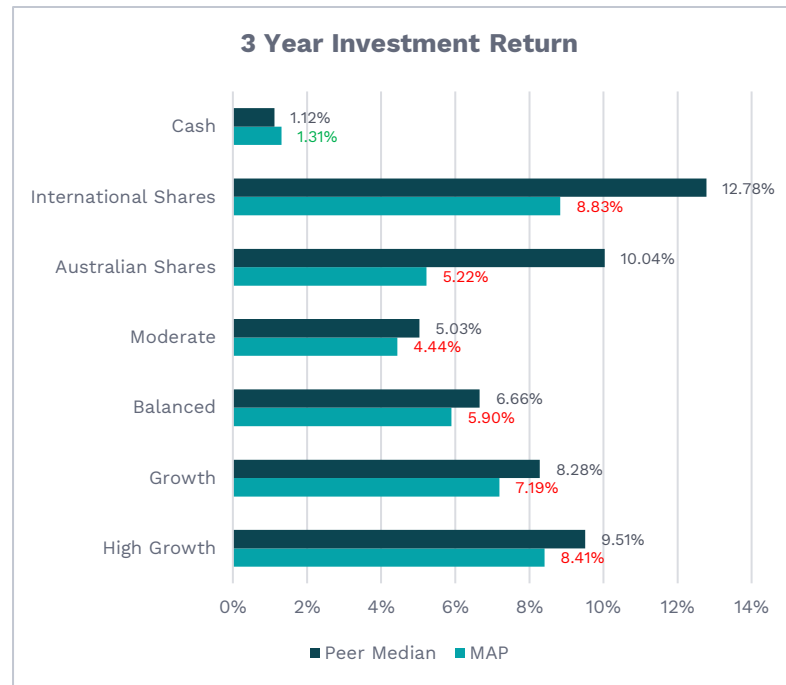
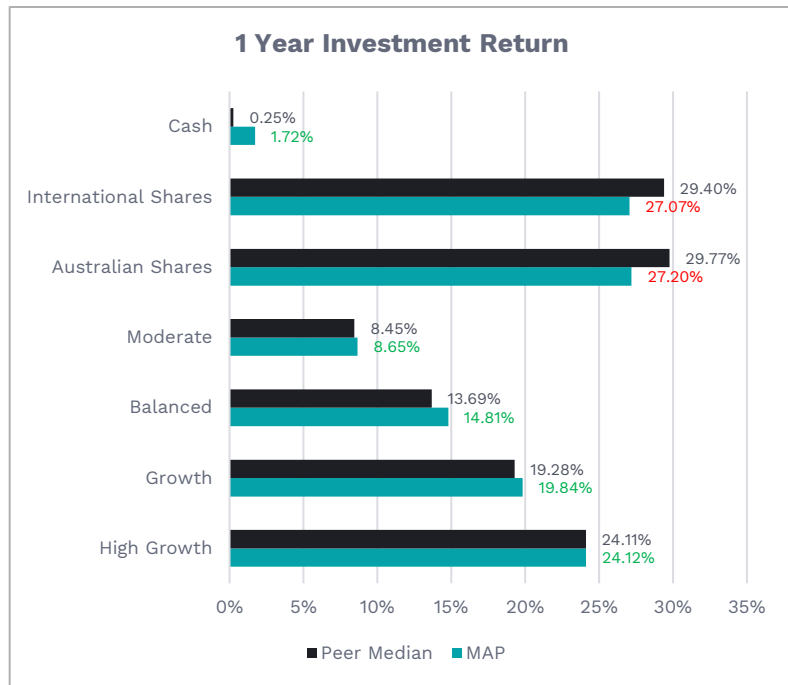
Single Sector Investment Options

MAP Super's Australian Shares and International Shares investment options are underperforming peer medians across all time periods. However, MAP Super's Cash investment option has outperformed peer medians over both the short term and long term with one, three, five and ten year performance outperforming peer medians.

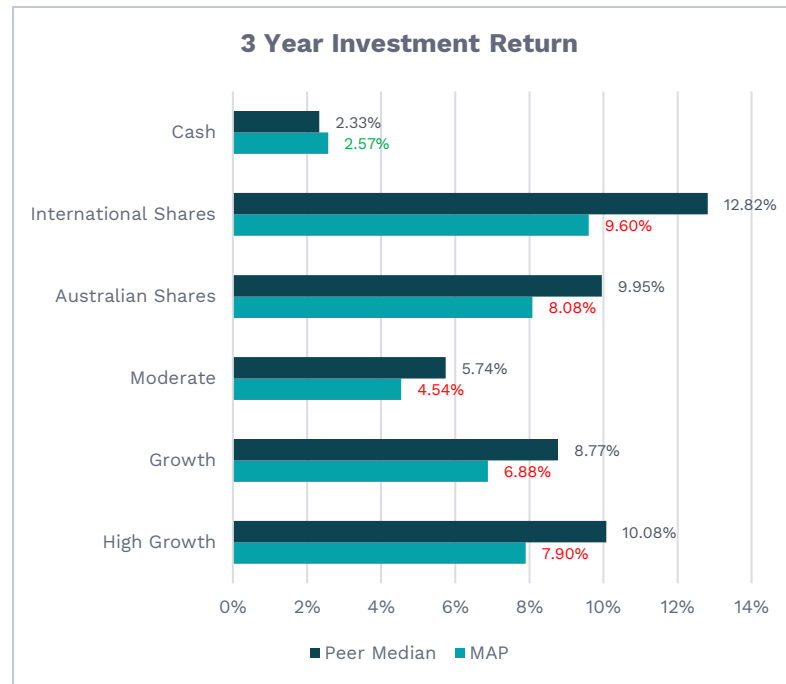
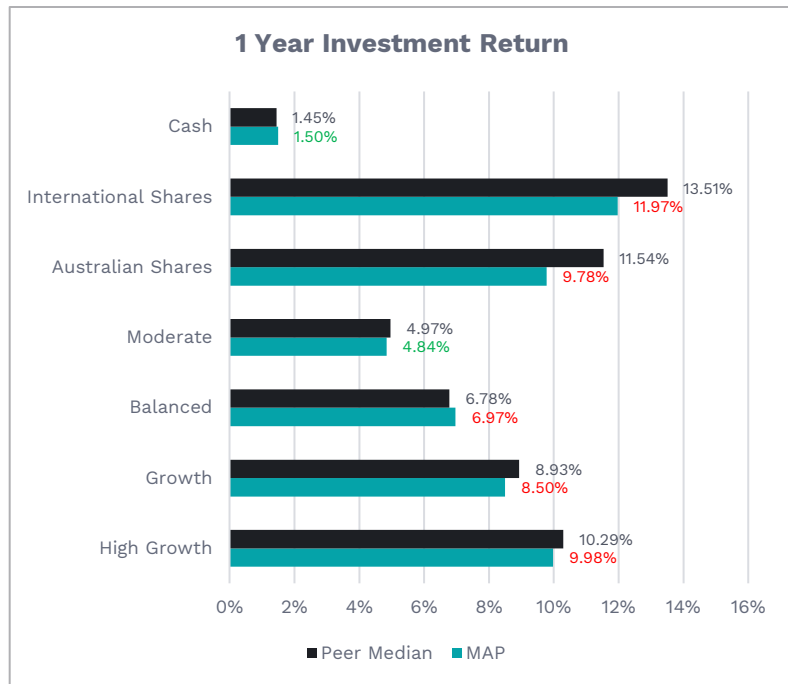
The Trustee notes that MAP Super's investments only transitioned to the Mercer investment pools in mid-2019, so Mercer's performance is not fully reflected in the three and five year investment performance data.

On balance, the Trustee has determined it is not promoting the financial interests of the beneficiaries of its Pension product as the longer term investment returns of a majority of its investment options are underperforming their peer fund medians. However, due to the long term nature of superannuation, investment performance can be improved upon to ensure that members' financial interests are being promoted.

Investment Return Comparison: Pension



Investment Return Comparison: Pension



Investment Risk Comparison



In the following graphs, we measure the performance of MAP Super's investment options after adjusting for risk compared to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the greater the investment return relative to the amount of risk taken, representing the additional amount of return that an investor receives per unit of increase in risk.

Diversified Investment Options

MAP Super's Sharpe ratio is lower than the peer median for the majority of diversified investment options over the one year, three year and five year timeframes. However, the Balanced investment option performed above median for the five year period, with other options performing close to the median for the same timeframe.

Single Sector Investment Options

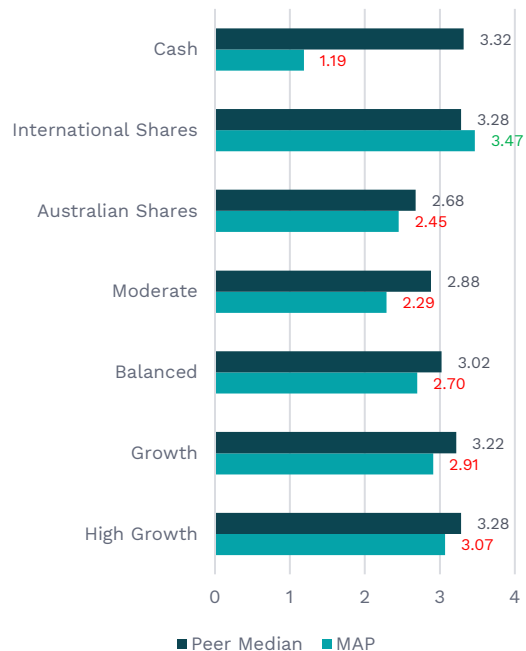
MAP Super's Sharpe ratios are lower than the median for the majority of single sector investment options over the one year, three year and five year periods. However, the International Shares investment option outperformed the median over the one year timeframe.

The Trustee notes that MAP Super's investments only transitioned to the Mercer investment pools in mid-2019, so Mercer's performance is not fully reflected in the three and five year investment performance data.

On balance, the Trustee has determined it is not promoting the financial interests of the beneficiaries of its Pension product as the investment risk for returns is below peer fund medians for a majority of investment options. However, due to the long term nature of superannuation, risk-adjusted investment performance can be improved upon to ensure that members' financial interests are being promoted. It is noted that MAP Super's risk adjusted returns with the exception of Cash investment option are not materially lower than their peer medians.

Investment Risk Comparison: Pension

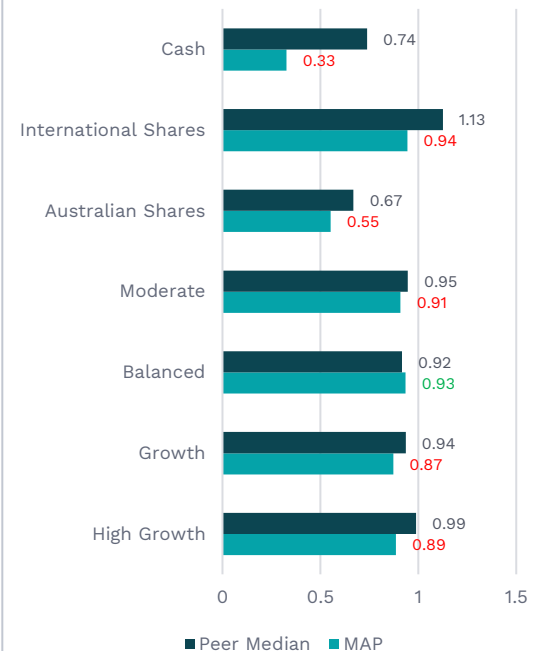
1 Year Sharpe Ratio Analysis



3 year Sharpe Ratio Analysis



5 year Sharpe Ratio Analysis





Product Appropriateness Assessment

OPTIONS, FACILITIES & BENEFITS

MAP Super offers a range of services and products to all members in order to assist them with engaging with their superannuation to optimise their retirement outcomes.

MAP Super's focus on driving improvements to the quality and usage of communication and member engagement tools has resulted in above average member engagement. Key initiatives undertaken over FY21 include the launch of a digital online portal with a platform for investment management and research, and an insurance calculator.

An 'Education Hub' has also been implemented to provide members with a structured form of financial education on superannuation and its key basics. It is noted that implementation for this commenced on August 2021 and thus is outside the scope of this Member Outcomes Assessment, but this is due to the impacts of COVID-19 on the content filming schedule. The education hub's digital content and financial literacy tools are being actively monitored to improve and tailor content to members with a focus on driving engagement and improving member financial literacy.

The Trustee has determined that the options, benefits and facilities offered under the product are appropriate to members.

INVESTMENT STRATEGY

The general investment objectives of MAP Super are:

- To offer members a range of different approved investment options by return potential, risk profile and style, to suit members individual circumstances and promote diversification of member strategies; and
- To achieve competitive investment returns for members commensurate with risk.

MAP's investment menu consists of four diversified options and three single asset sector options. Its diversified options cover four out of five of APRA's growth asset allocation classifications, with only APRA's highest growth asset allocation band not on offer.

For members looking to invest in a higher growth asset allocation, MAP Super also offers an Australian and International shares option. For investors seeking greater liquidity or those with a more conservative risk profile, MAP Super has a Cash investment option.

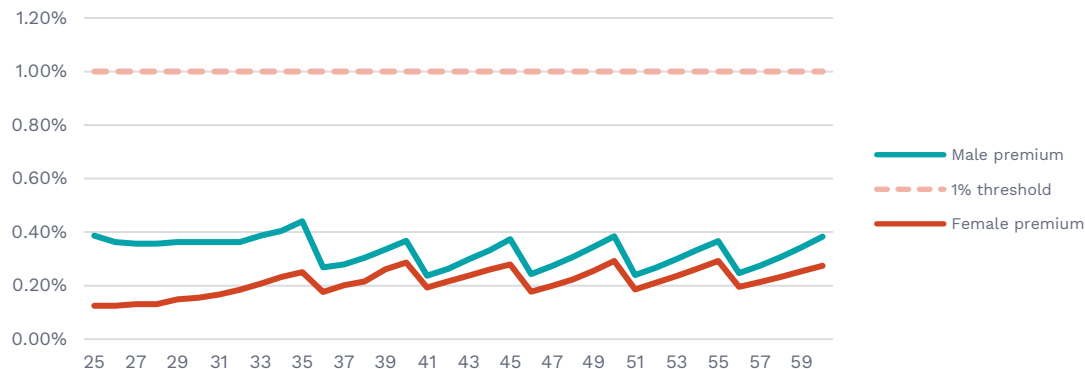
MAP Super conducted an investment strategy review in June 2021. As a result of this review, the High Growth investment objective was adjusted to reflect shifting market conditions.

Based on the above, the Trustee has determined that the investment strategy and investment menu is appropriate for members as it provides options for all members who have varying risk profiles and circumstances.

INSURANCE STRATEGY & FEES

MAP Super provides insurance for members through Hannover Life Re, offering access to Death, Terminal Illness who opt in, Death and Total & Permanent Disability ('TPD'), and Income Protection insurance. Default Death & TPD cover is provided to members who opt in upon joining with the sum insured decreasing as members fall into older age brackets. The affordability of this default cover was analysed.

The following graph shows how MAP Super's premiums* for Death and Total and Permanent Disability insurance cover compares to a 1% of salary** threshold from ages 25 to 60. Whilst MAP Super has not opted into the Insurance in Superannuation Voluntary Code of Practice, the recommended benchmark of 1% of annual salary is still considered. It is noted that insurance cover reduces for members at ages 36, 41, 46, 51 and again at age 56 to reflect the risk in health risk while ensuring premiums remain affordable.



The Trustee has determined that the insurance strategy for the product is appropriate for members, and that there is no inappropriate erosion of members' retirement income due to the impact of insurance premiums.

*Death and TPD rates based on automatic cover for non-smoking males/females in white collar occupations in NSW.

**Based on \$90,000 annual salary as a proxy for ABS average full-time persons weekly total cash earnings of \$1,835.40 (May 2021). The generally held view in superannuation, is that insurance premiums shouldn't cost more than 1% of your salary per annum to prevent your superannuation balance being eroded.

SCALE

MAP Super had 1,104 members with approximately \$164M in funds under management as at 30 June 2021:

- Net members' benefits flows of \$-19M, compared to the industry median of -\$4M
- Number of member accounts reduced by 14%, compared to the industry median of a 3% reduction
- Net rollovers out of MAP Super of \$16M, compared to the industry median net rollovers out of \$28M
- Net members' benefit outflow ratio of 490%, compared to the industry median of 107%

The above data indicates that MAP was in an outflow position during FY21, with contraction greater than that of the median superannuation fund. However, during FY21, members of MAP were transferred into OneSuper via a Successor Fund Transfer ('SFT'). This resulted in members becoming part of a larger superannuation fund with approximately \$1.28 billion of Funds Under Management ('FUM'). This consolidation has the potential to realise improved member benefits and lower overall costs through a range of efficiencies for members of MAP and OneSuper.

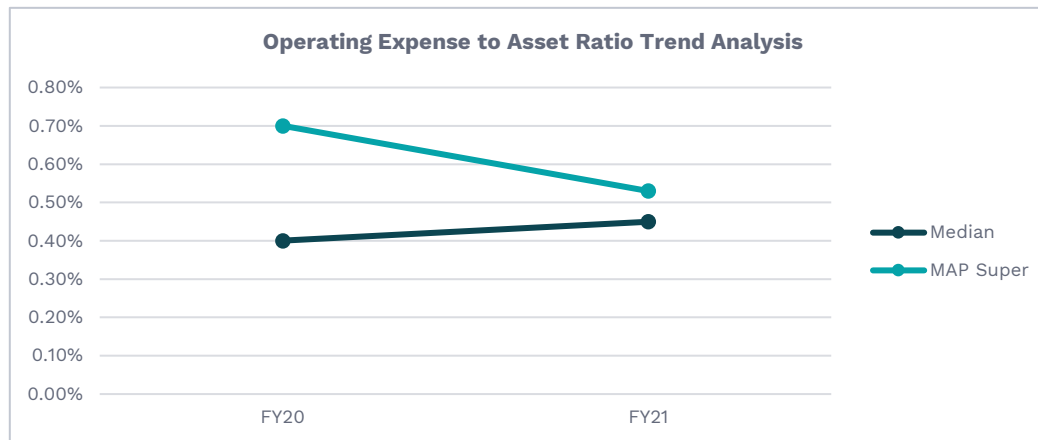
With the SFT into OneSuper, members are now part of a greater FUM and larger member pool, this is likely to drive down fixed cost per member and per dollar of FUM.

In addition, there is an ongoing ability to access resources at scale as a result of MAP's operating model leveraging an outsourced administrator and an outsourced trustee.

It is concluded that members are not disadvantaged due to the scale of, and within, the Trustee's business operations.

OPERATING COSTS

MAP Super's operating expense to asset ratio trend is shown in the graph below compared to the industry fund median (derived from APRA data). It is noted that MAP Super's operating expense ratio was slightly higher than that of the median fund in FY20 and FY21, but has reduced significantly. It is noted that MAP Super's operating expense ratio has decreased by 0.17% between FY20 and FY21 whereas the median fund operating expense ratio has increased by 0.05% over the same period.



Noting the smaller size of the Fund, the operating costs are considered appropriate for MAP Super's members and do not inappropriately erode their retirement balances. However, the Trustee notes that there is an opportunity to improve this ratio in the future – it is anticipated that the consolidation activity with the SFT into OneSuper is likely to drive down fixed cost per member and per dollar of FUM to improve the operating expense ratio.

BASIS FOR SETTING FEES

The basis for setting fees is considered appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

The administration fee is comprised of a combination of an asset-based fee (minimum \$150 per annum with a decreasing rate as account size increases) and an expense recovery fee, calculated as a percentage of the account balance. Please to the tables below for these tiered fees.

This combination of a minimum fee and reducing fee with larger account balances ensures that the costs of services available to all members are appropriately shared across the fund membership base.

Administration fees are charged to members on a monthly basis and investment fees are factored into unit price. This ensures that the cost of maintaining a superannuation account is smoothed over the course of a year rather than members incurring a large impact to their balance at once. Hence, retirement balances are not eroded.

| Asset-based Fees | | |
|-----------------------|-------------|------------|
| From | To | Rate |
| \$0 | \$249,999 | 0.60% p.a. |
| \$250,000 | \$499,999 | 0.55% p.a. |
| \$500,000 | \$999,999 | 0.45% p.a. |
| \$1m | \$1,499,999 | 0.20% p.a. |
| Over \$1.5m | | Nil |
| Or a minimum of \$150 | | |

| Expense Recovery fee | | |
|----------------------|-------------|-------------|
| From | To | Rate |
| \$0 | \$500,000 | 0.05% p.a. |
| \$500,001 | \$1,000,000 | 0.025% p.a. |
| Over \$1m | | Nil |



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