



Australian
EXPATRIATE
Superannuation Fund

MEMBER OUTCOMES ASSESSMENT
Year in Review 2020

Issued by Diversa Trustees Limited, ABN 49 006 421 638, RSE License L0000635, AFS Licence 235153,
as Trustee for the Tidswell Master Superannuation Plan ABN 34 300 938 877, RSE R1004953.

Australian Expatriate Superannuation Fund is a sub plan of the Tidswell Master Superannuation Plan
ABN 34 300 938 877, RSE R1004953 and the Promoter is IVCM (Aust) Pty Ltd ABN 16 608 923 477, AFSL 491530.

We have assessed our performance and, based on that assessment, made 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 these challenges, Australian Expatriate Superannuation Fund ("AESF", "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 an ability to transfer UK Pension money into AESF as it is a Qualifying Recognised Overseas Pension Scheme (QROPS). The Fund remains the only retail superannuation fund in Australia, that is registered with Her Majesties Revenue and Customs in the UK, as a QROPS. This demonstrates the high operational and compliance standards we adhere to and we are very proud that we can continue to provide an 'easier' fully supported retirement option targeted at expatriates to help bring their overseas pension fund into Australia and/or to consolidate their super into one Australian superannuation fund with us.

We have continued to work hard to deliver our core features:

- Providing QROPS expertise, and pension transfer services to members who want to transfer their pension money from the UK to Australia. Our team have extensive knowledge of the UK pension industry and Australian superannuation which has allowed them to bridge the knowledge gap between both jurisdictions to our existing and prospective members.
- A range of investment options for members to choose from including access to low-cost passive investments via managed funds and Exchange Traded Funds. There were also a number of new additional funds added to our range, allowing members and advisers to choose from a more diverse range of fund options to assist with their investment strategy planning. Details of all available funds can be found in the Investment Guide on the product website.
- Providing investment options in multi-currency including cash investment options in foreign currency. this provides our members the added flexibility to take advantage of the best currency rates.

With a focus on members' best interests, we implemented the following positive changes and enhancements:

- In January 2020, a new website was launched specifically to enhance our customers' experience and help our members and prospective client base understand the complex world of superannuation. An AESF product specific website was also launched within the IVCM website for this purpose.
- Both websites host a chat box function which allows existing members and prospects to contact Customer Service during business hours to have any queries answered, improving the overall customer service experience.
- All servicing forms were made interactive, to ease the administrative process for all of our members.

We continue our commitment to you and will be delivering further enhancements:

- We are changing the administrator and providing a new online portal with the following additional exciting features:
 - » Improved and clear visibility of transactions on members' accounts;
 - » Improved trading functionality with an ability to requesting trades via the online portal; and
 - » Providing a facility for advisers to place trade requests;
- We are currently looking at further expanding our investment offering.
- There are a number of other functions that the portal offers which we are exploring to further enhance our customer experience and improve service to all members.

Determination

Based on the assessment of the outcomes achieved and evidence contained in this summary, 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

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 the strategies and to achieve competitive investment returns for members commensurate with risk. Members can invest in:

- Australian and international equities, fixed income securities via managed funds and Exchange Traded Funds;
- Foreign currencies such as GBP and USD.

Close to 60% of our members' investment portfolios have been prepared with guidance from a financial adviser who developed a diverse portfolio of investments tailored to suit each member's:

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

We monitor the appropriateness of the investment offering on a quarterly basis with annual additional testing. We have measured the performance of the Exchange Traded Funds and Managed Funds that are offered using MorningStar Market Indices as a benchmark. These indices are asset-weighted average indices from all the funds in a multi-sector category as determined by Morningstar. The table shows that a number of funds underperformed the benchmarks. Past performance is not a guarantee of future performance.

Investment	3 Year Return	Benchmark	Difference
Russell Balanced A	3.17%	6.66%	-3.49%
Vanguard Growth Index	6.48%	6.66%	-0.19%
Russell Growth A	3.45%	7.52%	-4.07%
Russell High Growth A	3.60%	7.52%	-3.92%
Vanguard High Growth Index	6.94%	7.52%	-0.58%
Vanguard Conservative Index	5.40%	5.12%	0.27%
Vanguard Balanced Index Fund	6.13%	6.18%	-0.05%
Vanguard Global Infrastructure Index	8.89%	6.23%	2.66%

¹The returns quoted are before taxes if applicable and administration fees but after investment fees.

It is to be noted returns were impacted by the COVID-19 when investment markets reacted to the uncertainty during the March quarter and only partly recovered in the quarter ending 30 June 2020.

We believe we have met our objectives to provide a range of investments for members who can make a choice depending on the risk they would like to take or with the help of the advisers they can construct and implement an appropriate investment strategy.

Level of Investment Risk

Members can access a wide range of investment options. Members must decide on the level of investment risk they wish to accept, as the Fund does not have a default investment option. A member needs to make a choice on entry otherwise their application will not be accepted. The labelling of the diversified options and the aligned Standard Risk Measure label is consistent with other comparable funds.

Based on the above, the Trustee has determined that the investment strategy for the product, including the level of investment risk and the return target, is appropriate to members.

Fees and Costs

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

Our administration fee depends on the investment chosen and whether a member's account includes any QROPS money. The below table explains the administration fee in place at 30 June 2020.

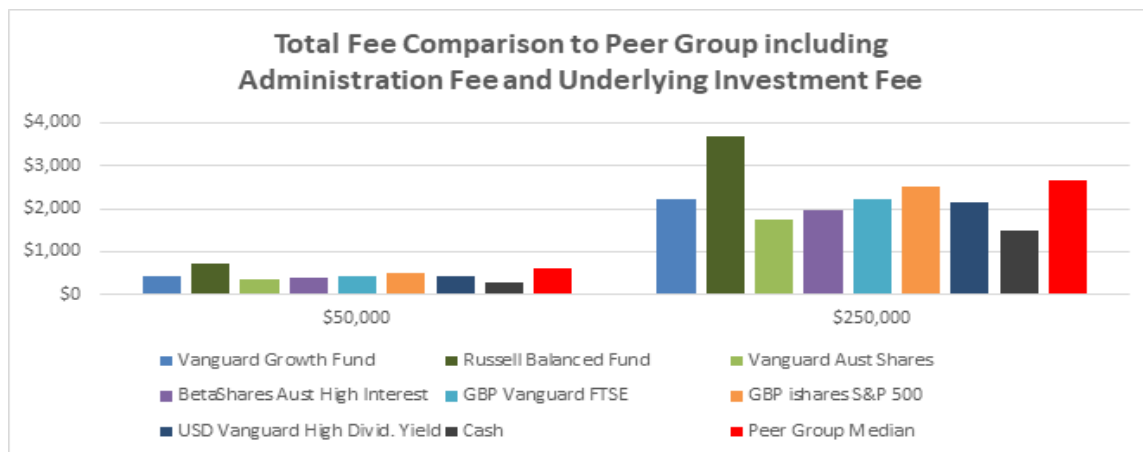
Administration Fee	AUD only investments	0.60%
Administration Fee	With Non-AUD investment	0.80%
Administration Fee	QROPS & AUD investments	0.80%
Administration Fee	QROPS & non-AUD Investments	1.00%

It is to be noted that activity fees may also apply and have not been taken into account in the below fee comparison.

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 various investment options available at various account balances. The investment fees vary between different investments and you should refer to the Investment Guide for further information. They range between 0 to 1.05%.

We used data from SuperRatings as the basis of this assessment. The total fees were measured against its peer median .

The below graph shows that the Fund's total member fees inclusive of administration fees and investment fees are competitive and depending on the investment option chosen may be higher or lower to the peer group median, noting that total fees on 77% of investments options available in AESF are less expensive than the peer group median.



We measured the operating expense ratio of the Fund against all superannuation funds using the publicly available statistics issued by APRA (Australian Prudential Regulation Authority). The results reveal that the Fund's operating expense ratio has reduced from 1.71% at 30 June 2019 to 1.17% at 30 June 2020. However, it remains above the median of 0.60%p.a. for retail funds. Funds under managements have been steadily increasing and we believe this will further improve the scale and reduce operating costs of the Fund.

In December 2020, AESF members were transferred as part of the transfer of the Tidswell Master Superannuation Plan to a new trustee, Diversa Trustees Limited. The Trustee leverages its scale across its entire operations, and scale and costs of our business operations do not impact our members.

The above operating expense ratio comparison however does not consider the costs applicable to individual members, which may vary due to different account balance, different investment fees applicable on chosen investment options.

We note that when comparing fees and costs, it is also important to consider the services and facilities offered by the funds.

Therefore, we believe that the fee structure is appropriate for our members.

²Peer Group - (Industry Public offer, Industry - Personal, Master Trust - Corporate and Master Trust - Personal as classified by SuperRatings).

Member services and product options

We launched our product in late 2016 and at 30 June 2020, we had over 333 members with an average balance of \$193K of which 80% were active members, and with around \$64M funds under management. Our objective is to design a fund for members who desire to have their UK pensions transferred to an Australian superannuation fund and provide a range of investments for members to choose from.

We have been actively engaging with advisers and members by providing a range of services during the year and implementing a number of improvements to ensure the Fund delivers high quality service to its members as listed in the summary above. We have also been working on administration and investment enhancements, and as a result, are in the process of changing the administrator and the custodian for AESF.

The membership has increased by over 110% in comparison to an industry median of a 4% fall. The Fund grew in funds under management over the year increasing its net assets by over 98%. This reflects on our ability to grow the Fund based on the services and facilities the Fund provides.

We believe that we have met our objective to provide a value-add product. We always strive to provide the best, and informative customer service to all our members. This can be further reflected in the positive feedback from many of our members throughout their experiences with us.

Insurance

AESF provides Total and Permanent Disablement and Income Protection insurance cover on and opt in basis. As cover is voluntary, there has not been high levels of uptake in the Fund and the offer has now been closed to new members. Due to member cohort, we believe it has been appropriate to withdraw the offer.

Additionally, members must opt-in and accept a default insurance offering, after considering their personal situation and needs, and the cost of the cover that is appropriate to them. As such, the Trustee does not look to measure the impact of insurance premiums eroding your retirement income.

Based on our analysis, we have determined that the insurance strategy for the product is appropriate to members.

Australian EXPATRIATE Superannuation Fund

Australian Expatriate Superannuation Fund as a division of the Tidswell Master Superannuation Plan ABN 34 300 938 877, RSEL L0000888, Registration No. [R1004953] is administered in accordance with the trust deed and rules of the Tidswell Master Superannuation Plan Superannuation Plan.

The Promoter of the Fund is IVCN [Aust] Pty Ltd ABN 16 608 923 477, AFSL 491530. Diversa Trustees Limited ABN 49 006 421 638 AFSL No. 235153 is the Trustee.