

MEMBER OUTCOMES ASSESSMENT

LifeFocus eWrap – Super/Pension

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 these challenges, the LifeFocus Fund ("the Fund") was able to promote its members' best interest' as required under superannuation law and continue to support its selling proposition to offer members and advisers a complete investment and administration service. The administration facility allows members to 'wrap' their superannuation account and invest in cash, term deposits, an extensive range of managed investments and shares listed on the Australian Securities Exchange (ASX). The Fund offers two account types: Super and pension.

The Trustee's strategic objective is to deliver quality, value for money outcomes for members, achieving sustainability and success over the long term, and helping individuals meet their superannuation needs over a required time horizon.

The Fund's net assets are over \$400M and at present, the Fund is looking into consolidation opportunities with another fund to further improve member outcome and bring additional scale benefits.

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 our 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 our members and undergoing regular reviews.

Details of this assessment are outlined below.

Investment returns and risk

Investment Return

Our investment objectives are to provide members with a range of different investments by potential return, risk profile and style to suit members' individual circumstances and promote investment diversification and to achieve competitive investment returns for members commensurate with risk.

Members can invest in an extensive range of managed investments, securities listed on the Australian Securities Exchange with 582 different investment options as at 30 June 2020.

LifeFocus is an advised product, that is only available through a financial adviser who has a best interest duty to ensure that the product will assist their client in meeting their objectives, financial situation and needs. This includes whether the investments are appropriate to the member.

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 a member's:

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

It is not appropriate to provide a performance return comparison to peer groups in the summary, as each member's investments are personally tailored using the investment options available. We measure the appropriateness of the investment offering on a quarterly basis with annual additional testing via asset consultants who check all managed funds and managed portfolios against their determined benchmarks which 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.

The comparison to the benchmarks reveals that 60% of the investment options underperformed their benchmarks for the 5 year period measured. However, the investment options did not fall outside the trustee's trigger levels.

Quarterly Returns	Cash Plus (%)	Conservative (%)	Moderate (%)	Balanced (%)	Growth (%)	High Growth (%)	All Shares (%)
Q1 - September	1.08	1.60	1.98	2.53	2.60	2.93	2.68
Q2 - December	-0.44	-0.48	0.18	0.38	1.24	1.49	3.28
Q3 - March	1.48	-3.49	-7.73	-10.86	-12.10	-12.56	-18.99
Q4 - June	0.32	2.96	5.43	7.05	8.83	9.12	14.22
Compounded Return	2.44	0.46	-0.61	-1.79	-0.65	-0.32	-1.87
1 Year Trigger	-3.30	-2.60	-4.80	-6.40	-8.10	-10.30	-11.40
4/4 Year Trigger	-3.30	-2.60	-4.80	-6.40	-8.10	-10.30	-11.40
Trigger REACHED	No	No	No	No	No	No	No

*Past performance is not a reliable indicator of future performance.

We believe we have met our objectives to provide a range of investments for members who, with the help of the 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. The labelling of the diversified options and the aligned Standard Risk Measure label are 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.

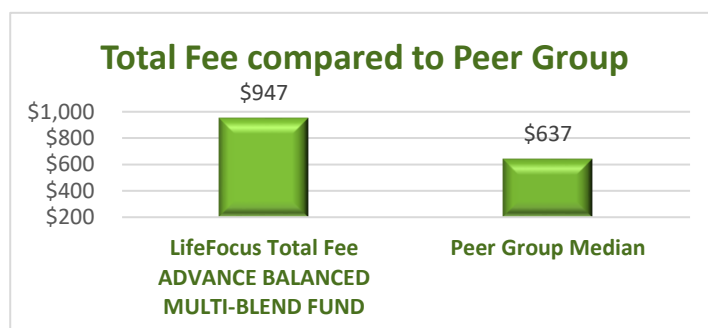
LifeFocus charges a mix of fixed and percentage-based fees. Our percentage-based administration fee is tiered and starts to reduce when the member account reaches \$100,000, and further reduces when a member's account reaches certain balances. Please refer to the PDS for a full break down of the tiers. The average account balance of our members is \$112,000 hence many members take advantage of the tiered administration fee.

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 Advance Balanced Multi-Blend Fund. This option is used in the model member fee example in the PDS. The indirect cost ratios (management fees charged by the underlying fund) of other investment options will depend on the investment options chosen and may be higher or lower¹.

We used data from SuperRatings as the basis of this assessment. We have measured this investment option against its peer median² using comparable investment options.

Where we have used the median in our comparisons, benchmarks or measurements, the median is defined as the middle of a sorted list of values. For example, take this list of numbers: 2, 10, 12. The average is found adding all of the numbers together and dividing the number of items in the set: $(2 + 10 + 12) \div 3 = 8$. The median is just the middle number: 10.

The graph shows that total fee, if an account balance of \$50,000 is invested in the Advance Balanced Multi-Blend Fund, it is more expensive in comparison to the peer median.



¹ Fees and costs are payable to the investment managers of the underlying investments. The amount you pay for specific underlying investments is shown in the List of Available Investment Options booklet and the disclosure documents for each underlying investment. For more information, see the 'Additional explanation of fees and other costs' section in Part 2: Additional Information of the PDS.

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

We measured the investment and 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 investment and operating expense ratio is 0.70%p.a. This is the same as 0.70%p.a. for retail funds.

The above investment and operating expense ratio comparison however does not consider the cost of individual members which may vary due to different account balance and different investment fees applicable on chosen investment options. As it is an advised product the financial adviser can ensure that the product is suitable for the member. This includes whether the fees charged are appropriate. Taking into account where we are placed in comparison with the median and the required engagement by our members with a financial adviser, the Trustee has determined that the basis for the setting of fees is appropriate for our members.

The Trustee has determined that our members are not disadvantaged due to the scale of, and within, the Trustees' business operations, and the operating costs of the Trustees' business operations are not inappropriately affecting the financial interests of members.

Member services and product options

At 30 June 2020, we had over 3,574 members with \$402M members' benefits. The fund has maintained its membership during the year recording a 3% decline in comparison to the industry decline of 11.7%³. 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 members and advisers to select from in order to create the portfolio that is most suitable for the member's circumstances and needs.

We have implemented some enhancements to the online member portal. Members can create and submit a pre-populated insurance opt-in e-form including new status displays where insurance is cancelled due to inactivity, Protecting Your Super legislation.

We believe that we have promoted the financial interest of our members and we believe we have met our objective to provide value add products, services, and facilities to ensure members receive appropriate services for the fees paid.

Insurance

Our objective is to maintain an appropriate insurance offering which is available to members via consultation with their financial adviser. The Fund offers Retail Insurance Cover with terms that are specific to the retail's insurer's product disclosure statement. Advisers can tailor the cover to meet members' specific needs. They are able to align the insurance cover to members' personal circumstances, ensuring the premiums a member is charged aligns with the required level of 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.

Based on the above, we have determined that the insurance strategy for the product is

³ Annual Superannuation bulletin June 2020 – highlights issued 29 January 2021

appropriate, and that, through the financial advice process, advisers ensure there is no inappropriate erosion of members' retirements income due to the impact of insurance premiums.

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