

# YourChoice Super

## Year in Review 2020

Thank you for reading the YourChoice Super (YourChoice) product summary which includes the product determination, a summary of our annual member outcomes assessment and comparison for the 2019-2020 financial year.

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.

As at 30 June 2020, YourChoice had 19,489 members, and was a sub-plan of MAP Master Superannuation Plan Division II (MAP). Members of YourChoice were transferred as part of the larger MAP transfer into OneSuper<sup>1</sup> from 1 December 2020. This transfer enabled members to take advantage of greater efficiencies through being part of a larger fund, which is expected to ultimately lead to improved members outcomes. YourChoice is available through a financial adviser and offers an accumulation superannuation product and an account based pension, with a transition to retirement option through financial advisers under the following labels:

- YourChoice Super
- NextPlan YourChoice Super
- Pearl YourChoice Super

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-19 in February 2020 which impacted business and communities on a global scale.

During the year, we implemented the following positive changes:

- We simplified our fee structure removing switching fees for the Pooled Investment Options and all transaction fees. This will remove barriers for a more active investment approach.
- Early in the financial year, we completed a comprehensive review of our pooled investment options to ensure we were meeting our members' best financial interest and transitioned a number of our investment options to the reconstructed pooled investment options. The consolidation of the underlying investments, resulting in a reduction of investment fees, should drive greater positive returns in the future.
- We simplified our disclosure documents and enhanced our members' digital experience with continued improvements to the online portals and the launch of a new public website, with increased and improved communications to advisers and members. We also provided access to educational and research material to assist during this challenging year.

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<sup>1</sup> Members were transferred into OneSuper ABN 43 905 581 638 (formerly known as Smartsave 'Member's Choice' Superannuation Master Plan) by way of Successor Fund Transfer (SFT).

We focused on creating the right investment structure for our members, and the simplification of fees to drive better long-term members outcomes. On balance, and 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 are not 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.

## Fees, investment returns and risk

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 in the range of values.

We have used the median either calculated using APRA statistical data, or provided by SuperRatings<sup>2</sup>, a company which specialises in ratings and research for the super industry and compares funds across a range of quantitative and qualitative factors. We benchmarked our fees, returns and level of investment risk against our peers<sup>3</sup>.

YourChoice Super offers a wide range of investment options. As at 30 June 2020, more than 80% of our funds were invested in the pooled investment options, therefore, we have used our Pooled Investment Options to compare our fees and investment returns against our peers. Where there is a range in the fee, the most expensive fee is used for comparison.

## Fees

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

The below table provides a comparison of our fees against our peers' comparable investment options. Green cells indicate where we are less expensive than our peer median, and red cells where we are more expensive. The below shows that we have met our aim of being less than our peer median for most of our pooled investment options.

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<sup>2</sup> Fee medians are sourced from SuperRatings and are as at 30 June 2020.

<sup>3</sup> Peer Group is defined as all Master Trusts – Personal, Master Trust – Corporate, Industry – Personal, and Industry Public Offer Corporate – Personal products with data sourced from SuperRatings.

Pooled Investment Option	Total Fees per \$50,000 balance	Peer Median Accum	Peer Median Pension
Cash	\$515.00	\$395.00	\$456
Moderate	\$555.00	\$590	\$597
Passive Moderate	\$525.00	\$590	\$597
Balanced	\$620.00	\$594	\$676
Passive Balanced	\$555.00	\$594	\$676
Growth	\$630.00	\$637	\$707
Passive Growth	\$555.00	\$637	\$707
High Growth	\$685.00	\$630	\$769
Passive High Growth	\$520.00	\$630	\$769

We will continue to review the overall pricing to find further efficiencies following the transfer into OneSuper with the aim of reducing member fees.

The fees charged in YourChoice consists of a mix of fixed and percentage-based fees with a tiered asset-based fee range based on the product label of:

\$0 - \$250,000: 0.25% - 0.30% p.a.

\$250,000 - \$1,000,000: 0.15% - 0.20% p.a.

Over \$1,000,000: Nil

The average account balance of our members is \$18,446.

YourChoice is an advised product, that is, it 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 fees charged are appropriate to the member. Considering where we are placed in comparison with the peer 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 operating expense ratio for YourChoice is 1.39%p.a., which is higher than the median of 0.60% p.a. for retail funds and the median of 0.40% p.a. for the total industry. This is reflective of the low average balance. Post the transfer of members to OneSuper, YourChoice Super leverages the scale of being part of an umbrella fund with funds under management of over \$1.15 billion<sup>4</sup>. Therefore, 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.

<sup>4</sup> Figure is as at 30 June 2020

## Investment Returns and Investment Risk

### Investment Returns

The general investment objectives of YourChoice are:

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

The below table provides the investment returns for the pooled options relative to their investment objective. Returns higher than the objective is indicated in green, and returns lower than the objective is indicated in red.

Investment Pools	1year	3year	Since inception
<b>YourChoice Cash Investment Option</b>	0.68%	N/A	<b>1.21%</b>
Investment Objective (RBA Cash rate)	0.65%	N/A	1.51%
<b>YourChoice Passive Balanced Investment Option</b>	0.24%	4.14%	<b>4.65%</b>
Investment Objective (CPI + 1.5%)	1.15%	2.62%	2.83%
<b>YourChoice Balanced Investment Option</b>	0.31%	N/A	<b>4.21%</b>
Investment Objective (CPI + 1.5%)	1.15%	N/A	2.53%
<b>YourChoice Passive High Growth Investment Option</b>	2.00%	N/A	<b>9.08%</b>
Investment Objective (CPI + 3.5%)	3.14%	N/A	4.55%
<b>YourChoice High Growth Investment Option</b>	-1.43%	2.64%	<b>2.83%</b>
Investment Objective (CPI + 3.5%)	3.14%	4.64%	4.60%
<b>YourChoice Passive Moderate Investment Option</b>	1.06%	N/A	<b>1.06%</b>
Investment Objective (CPI + 0.5%)	0.15%	N/A	2.02%
<b>YourChoice Moderate Investment Option</b>	1.34%	N/A	<b>1.34%</b>
Investment Objective (CPI + 0.5%)	0.15%	N/A	2.02%
<b>YourChoice Passive Growth Investment Option</b>	-1.05%	N/A	<b>-1.05%</b>
Investment Objective (CPI + 2.5%)	2.14%	N/A	4.05%
<b>YourChoice Growth Investment Option</b>	-1.10%	N/A	<b>-1.10%</b>
Investment Objective (CPI + 2.5%)	2.14%	N/A	4.05%
<b>YourChoice Passive Balanced - Pension</b>	0.82%	N/A	<b>0.82%</b>
Investment Objective (CPI + 1.5%)	1.15%	N/A	1.14%
<b>YourChoice Growth - Pension</b>	-1.09%	N/A	<b>-1.08%</b>
Investment Objective (CPI + 2.5%)	2.14%	N/A	2.14%

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

Although there were a number of pooled investment options for which returns did not meet investment objectives, we believe that with the recent restructuring of the underlying investments, including the reduction in investment fees, these returns will improve in the future.

**YourChoice Super** a sub plan of OneSuper ABN 43 905 581 638 RSE R1001341

**Trustee:** Diversa Trustees Limited **ABN:** 49 006 421 638 **RSE Licence Number:** L0000635 **AFSL Licence:** 235153

**P:** 1800 640 055 **E** [yourchoicesuper@onevue.com.au](mailto:yourchoicesuper@onevue.com.au) **W:** <https://onesuper.com/funds/your-choice-super/> **M:** PO Box 1282, Albury NSW 2640

## Investment Risk and Strategy

YourChoice provides members and advisers with access to the Core and Full category investment menus.

Core Menu	Full Menu
<ul style="list-style-type: none"> <li>▪ Pooled Investment Options</li> <li>▪ Cash Hub</li> <li>▪ Selected Managed Funds (FUND.eXchange)</li> <li>▪ Selected Managed Account Model Portfolios, available through the Managed Account</li> <li>▪ Term Deposits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pooled Investment Options</li> <li>▪ Cash Hub</li> <li>▪ Full range of Managed Funds</li> <li>▪ Full range of Managed Account Model Portfolios, available through the Managed Account</li> <li>▪ ASX Listed Securities, available through the Managed Account</li> <li>▪ Term Deposits</li> </ul>

The extensive range of investments have different risks and return attributes, which can be considered by their adviser when creating a superannuation investment strategy tailored to their needs. The average member in YourChoice Super is 42 years of age with an account balance of \$18,446.

Members, through their financial advisers, can decide on the level of investment risk they wish to accept. The investment list is approved by the Trustee and has applicable holding limits and minimum investments, and where applicable withdrawal amounts. Where members invest in the Full menu, a minimum balance of \$2,500 must be maintained as well as three months of either pension payments or insurance premiums. This reduces the risk of members having insufficient amounts to pay for these regular deductions. The labelling of the diversified options and the aligned Standard Risk Measure label is consistent with other comparable funds.

**YourChoice Super is focused on providing its members and advisers with investment choice, to enable them to tailor their super to suit their needs and to drive greater returns and better long-term outcomes. Based on the above, the Trustee has determined that, on balance the basis for the setting of fees, the investment strategy for the product, including the level of investment risk and the return target, is appropriate to its members.**

## Member services and product options

2020 was a year in which we focused on driving improvements to our communication and member engagement tools, introducing improved, regular communications and an upgraded website to ensure information was easy for members to find and access. Given the uncertainty created by COVID-19 and the broader market downturn, it was vital that we were able to increase the support provided to members in these ways.

A vital part of the upgraded communications were educational emails sent on the latest insights directly to the member's inbox. These communications were very well received, with Smartsave achieving almost double the average industry email open rate, reflecting the relevance and

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importance of communications with our members. In the period to 30 June 2020, member interest in fund emails were well over benchmark, with emails being opened by members over 39% of the time. Where a click-through to an article was applicable, the industry benchmark was well exceeded with up to 7% click-through rates on the quarterly eNews<sup>5</sup>.

The new OneSuper website was launched on 1 December 2020, with YourChoice Super given its own set of pages within this secure site to augment the existing fund website enhancing our members digital experience. It's easy to navigate around, and from the site access the member portal for account, investment and insurance information.

We also continue to enhance our member digital experience. We've done this through conducting a comprehensive review of the current end-to-end digital experience. Through this, we created new member educational tools, FAQs and provided links to other websites providing members with assistance for example, moneysmart.org videos and financial help pages to assist our members navigate through what has been a very challenging year.

We are currently exploring the following initiatives to further enhance our digital experience in the near future:

- Provide corporate action event details through the member and adviser portal.
- Implement an Artificial Intelligence knowledge base for technical and product support for advisers.
- Provide the ability to make withdrawal requests online.
- Provide the ability to make super to pension in-specie transfers.

We also refreshed our disclosure documents to make them simpler for members and advisers to understand and reviewed our investment offering.

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

## Insurance

YourChoice provides members with access to insurance cover to help protect your family's financial security against the unexpected. Both Group Life insurance (default cover and voluntary cover) and Retail Insurance cover are available in YourChoice Super.

Retail Insurance terms are specific to the retail insurer's product disclosure statement which is available through your financial adviser. YourChoice provides access to Death including Terminal Illness, and Total and Permanent Disablement.

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<sup>5</sup> Open rates and Click-through rates statistics are evidenced from Promoter Mailchimp reporting data.



To receive the default cover, members or their financial adviser must tell us they would like to receive it, that is opt-in, after considering their personal situation and needs, and the cost of the cover, and as such, the Trustee does not look to measure the impact of insurance eroding your retirement income.

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

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