

MEMBER OUTCOMES ASSESSMENT

Max Super

Year in Review 2020

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 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 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 businesses and communities on a global scale.

Whilst facing these challenges, Max Super Fund ("the Fund") had also experienced a lack of growth in membership and funds under management. The funds under management have been steadily decreasing, reaching \$51 million at 30 June 2020. The Trustee acknowledged that we were required to achieve better scale and efficiencies and made a decision in the best interest of the members to transfer all members of the Fund into OneSuper¹. This was completed on 1 January 2021.

Max Super consisted of an Employer Division with a MySuper Product and a Personal Division with 42% of members in MySuper product at 30 June 2020.

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 members and undergoing regular reviews.

Investment returns and risk

MySuper

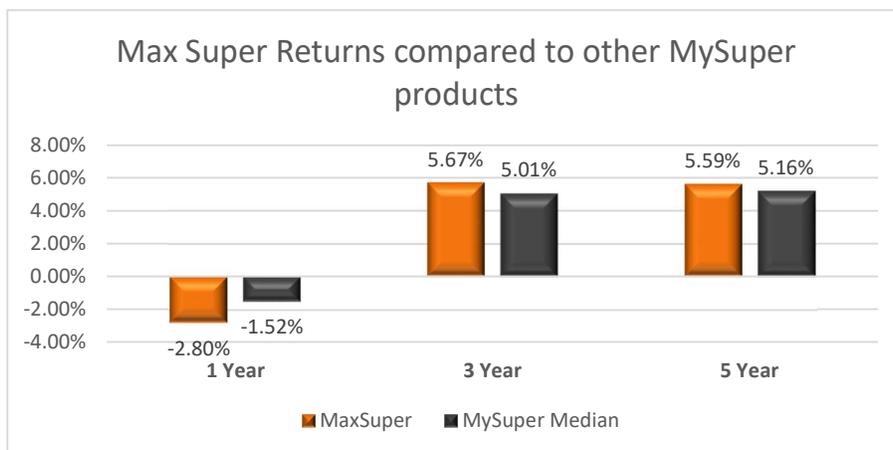
Investment Return

For members of our MySuper division, the performance returns are measured against all other

¹ 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).

MySuper products. We have used a median calculation either calculated by Australian Prudential Regulation Authority (APRA) or provided by SuperRatings², a company which specialises in ratings and research for the super industry and compares funds across a range of quantitative and qualitative factors.

Max Super aimed to achieve higher than the median returns for the relevant period measured across all MySuper products. The below graph shows that MySuper members received above the median returns compared to other MySuper products over the five-year period.



Level of Investment Risk

50% of MySuper Products have a risk rating of Medium-High which represents an estimated 3 to 4 negative investment returns over a 20-year period. The Max Super MySuper option had an investment risk label of Medium-High, with an estimated 3 to 4 negative net investment returns over a 20-year period. We believe that this level of risk is appropriate for our members with an average age of 39 and median age of 38. This allows us to take advantage of longer investment timeframes from which to drive long-term returns.

We have determined that the investment options, levels of risk and returns were appropriate for MySuper members.

Choice Product

Investment Returns

The investments were designed to maintain an index-only investment strategy taking advantage of highly liquid assets.

We used survey data from SuperRatings as the basis of our assessment of our investment option.

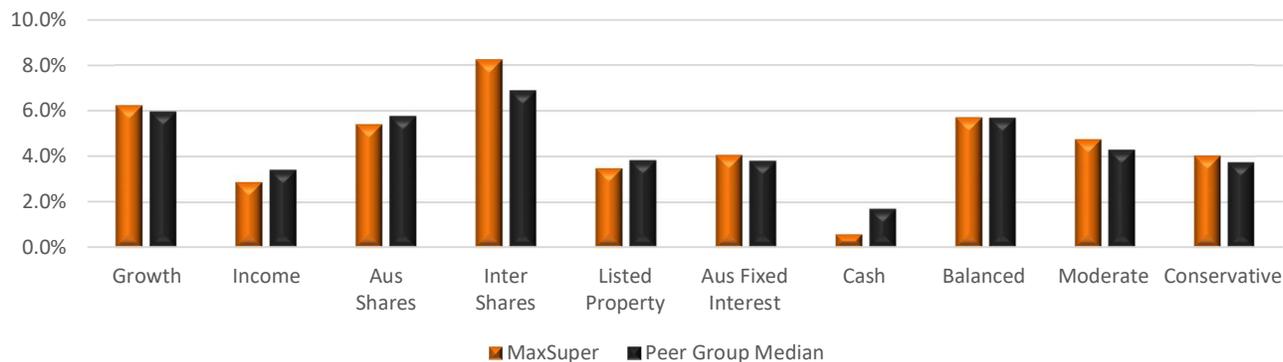
The Options were measured against its peer median³ using comparable investment options within the peer group. The below graph demonstrates that Max Super members received competitive investment returns⁴ compared to their peer median over a five-year period.

² The medians stated have been provided by SuperRatings using the 30 June 2020 figures in the APRA Quarterly MySuper statistics: September 2018 – September 2020 published on 24 November 2020.

³ Peer Group - (Industry Public offer, Industry – Personal, Master Trust – Corporate and Master Trust – Personal as classified by SuperRatings).

⁴ Returns are net of all investment fees, administration fees and taxes, excluding member direct fees. Returns are calculated using changes in the unit price.

Returns compared to Peer Group over 5 Year Period



Level of Investment Risk

As a choice product, the Fund’s investment strategy is to provide a diverse mix of assets at different levels in growth assets, such as shares and defensive assets, including cash and fixed interest. This provides members with access to investments with differing levels of investment risks.

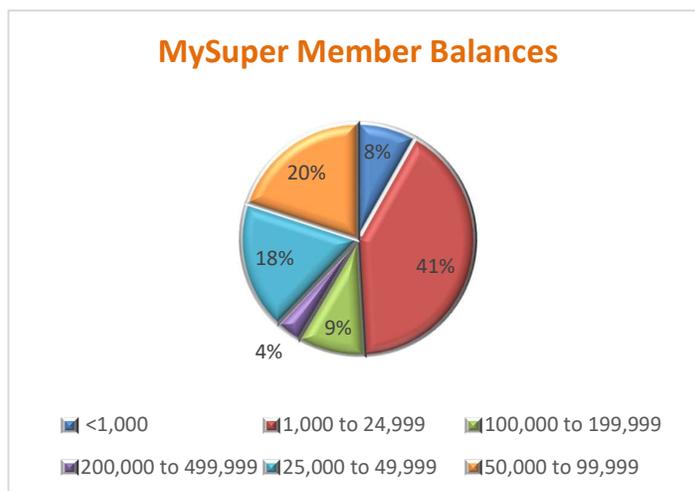
We believe that the investment strategy implemented during the year provides an appropriate risk levels for our range of member cohorts.

Fees and Costs

MySuper

Our aim is to maintain a fee structure that ensures member services can be appropriately delivered.

Members were charged a total fee of 1.125% p.a. inclusive of administration and investment fees. The Fund’s median account balance was \$15,000, hence members with lower account balances were not disadvantaged. As shown in the graph below, most of our members have account balances of less than \$50,000 (67%). Taking this into consideration, most of our members benefited from an asset-based percentage fee.



MySuper members with a balance of \$50,000 were charged a total fee of \$564 which was more expensive than the median of \$540 p.a. as at 30 June 2020.

As part of the Successor Fund Transfer, MySuper members were transferred to another MySuper product within OneSuper and most members have further benefited from the transfer taking advantage of a decrease in fees from \$564 to \$485 p.a. making it less expensive than the median of \$540 and therefore our objective of a better outcome for members was achieved.

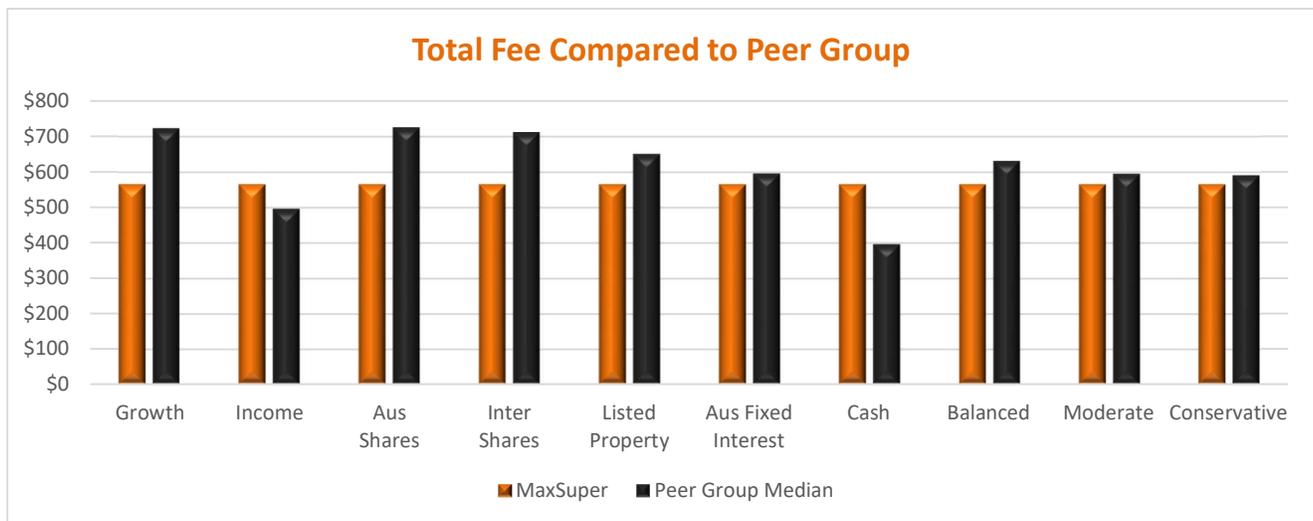
Choice Product

For members of our Choice division, the same fees applied. A member was charged a total fee of 1.125% p.a.

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 for all investment options based on the \$50,000 account balance.

We used data from SuperRatings as the basis of this assessment.

The total fees were measured against its peer median⁵. The below graph shows that the Fund's total member fees are comparable and less expensive than the peer median, with the exception of the Cash Investment Option which is more expensive than the peer median.



We measured the operating expense ratio of the Fund against all superannuation funds using the publicly available statistics issued by APRA. The results reveal that the Fund's operating expense ratio was 1.3% at 30 June 2020 which is above the median of 0.60% p.a. for retail funds.

We acknowledge that operating expense ratio for the financial year was higher in comparison against other funds. We believe this will improve in future years with the members being transferred to a larger fund with additional scale.

Taking this into consideration, on balance, we have determined that we have promoted the financial interests of our members and our fees were appropriate.

Member services and product options

The account membership has decreased by over 20% in comparison to the previous year and the industry of a 11.7%⁶ decline. As at 30 June 2020, we had around 1,200 members with funds under management of \$57M. Despite the reduction in membership, the Fund maintained

⁵ Peer Group - (Industry Public offer, Industry – Personal, Master Trust – Corporate and Master Trust – Personal as classified by SuperRatings).

⁶ Annual Superannuation bulleting June 2020 – highlights issued 29 January 2021

a high percentage of active members at 85% in comparison to 77% for retail funds.

The 2020 financial year was a year in which we focused on supporting and assisting members. The Trustee was monitoring the Fund and seeking a strategy to drive operational and administrative scale to ensure members' outcomes continue to be achieved.

The strategy resulted in a decision to Successor Fund Transfer to OneSuper under the trusteeship of Diversa Trustees Limited. This transfer will enable members to take advantage of greater efficiencies through being part of a larger fund, and ultimately lead to improved member outcomes. Members will benefit from the services and products options that OneSuper offers which include educational material, news and regular updates as well as access to a member portal with improved capabilities.

Based on the above we have determined that member services and product options were achieved during the year.

Insurance

AIA is the Fund's Group Life insurer. Max Super aims to provide its members with a diverse range of insurance options to enable them to tailor the product to meet their specific needs at very competitive rates.

Generally, MySuper products must automatically provide members with default Death and Total and Permanent Disability (TPD) insurance cover on an opt-out basis. Eligible members of participating employers in the Employer division are automatically provided with the following default cover of:

- Death and TPD cover when members join, without any medical underwriting. The cost and amount of this cover depends on the member's age, gender and occupation.

Members with a balance of less than \$6,000 or below 25 years of age are not provided with default cover, however, can elect to opt-in to insurance within 60 days of first becoming eligible for cover.

Max Super offers members the ability to apply for additional death and TPD insurance cover where members believe the default arrangements are not sufficient for their requirements.

Default cover is not provided to Max Super Choice Product, and members must apply for insurance, after considering their personal situation and needs.

Whilst Max Super has not opted into the Insurance in Superannuation Voluntary Code of Practice, the recommended benchmark of 1% of annual salary is still considered.

Here is the typical profile of members with default insurance cover:

- Male, 42 years of age, Blue Collar rating, \$92,596.40⁷
- Female, 42 years of age, Blue Collar occupation rating, \$76,393.20³
- Male, 33 years of age, White Collar rating, \$92,596.40³
- Female, 33 years of age, White Collar rating, \$76,393.20³

The above information uses what we know about our members, and information published by the Australian Bureau of Statistics, as we do not collect members' salary information. A typical Max Super member would pay the following annual premiums for their default cover:

⁷ Average Weekly Earnings, Australia as at May 2020 published by the Australian Bureau of Statistics published 1 August 2020. The private sector average weekly earnings is \$1,780.70 for males, and \$1,469.10 for female. These figures have been annualized for the purposes of calculating the cost of default IP for the typical male and female mobiSuper member. The typical member determined using data from May 2020.

Gender	Age	Rating	Premium (Death & TPD)	% of assumed salary
Male	42	Blue Collar	\$814.13	0.88%
Female	42	Blue Collar	\$667.88	0.87%
Male	33	White Collar	\$472.88	0.51%
Female	33	White Collar	\$287.63	0.38%

The total annual default cover insurance premium as a percentage of annual salary is less than 1% for both female and male as per the table above. This means that we have met the benchmark of 1% of salary for either male or females.

We will undertake further analysis across different cohorts of member to assess the erosion of members retirements income due to insurance premiums and we encourage members to regularly review their insurance needs, Members can also opt out of default insurance, decrease, or cancel their insurance cover at any time. Members as part of the successor fund transfer maintain the same level of insurance at the same rates as within Max Super.

Taking into consideration the above, 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.

Disclaimer: Tidswell Financial Services Ltd ABN 55 010 810 607, AFSL 237628 (RSE Licence Number L0000888) was the Trustee of the Fund and issuer of interests in max Super Fund for 2019/20 Financial Year. Max Super Fund held Registration Number R1067897. Max Super was Successor Fund Transferred to OneSuper ABN 43 905 581 638 Registrable Superannuation Entity No: R1001341 under Diversa Trustees ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 on 1 January 2021.

This Product Summary has been prepared by the Trustee to comply with its obligations under the Superannuation Industry (Supervision) Act 1993 (Cth). The information contained in this Product Summary does not take account of the specific needs, or the personal or financial circumstances of any persons. Readers should obtain specialist advice from a licensed financial adviser before making any changes to their own superannuation arrangements or investments.

This document contains general information about investments and investment performance. Please remember that past performance is not necessarily a guide to future performance.