

Mason Stevens Super

Member Outcomes Assessment
For the year ended 30 June 2023

28 February 2024



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Introduction

Introduction

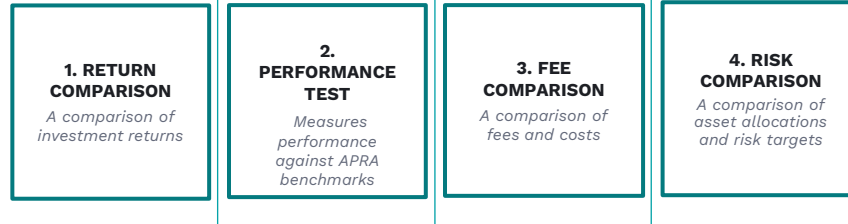
What is the Member Outcomes Assessment?

This document will focus on the key outcomes found within the assessment in relation to Mason Stevens Super ('Mason Stevens'). It analyses how Mason Stevens' 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.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2024, and is relevant for the financial year ended 30 June 2023.

Approach for this assessment

Step 1: Measure and compare products



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

Product Determinations

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

- For administration fees, Mason Stevens is lower cost than the peer fund median administration fees at a product level modelled on the higher balance points, which are more reflective of the average Mason Stevens member;
- For investment returns, Mason Stevens' investment options showed satisfactory performance for the majority of in scope investment options over the measured periods;
- Risk-adjusted returns are higher or in line with peer fund medians for a majority of investment options; and
- The objective assessment factors, being Mason Stevens' options, benefits and facilities, insurance strategy and fees, investment strategy, operating costs, scale and the basis for setting fees, are considered appropriate for Mason Stevens's members and do not inappropriately erode their retirement balances.



Mason Stevens Overview

Mason Stevens Overview

Mason Stevens Super and Pension ('Mason Stevens') offers 'wrap-style' accounts through its platform for members. Mason Stevens offers the following products:

- Accumulation Account
- Pension Account
- Transition to Retirement Account

Through the Mason Stevens' platform, members have access to 'Model Portfolios', which have been designed by professional model portfolio managers, and self-directed investments including:

- Australian and International listed shares
- Fixed income securities
- Managed funds
- Term deposits & Cash

Mason Stevens offers the WLM Super white-labelled product which is included in this assessment.

For the purposes of this assessment, the analysis is focused on the ten Mason Stevens investment options with the highest concentration of assets invested in them at 30 June 2023. These investment options are available as part of Mason Stevens' Model Portfolios but do not necessarily comprise the entirety of the selected Model Portfolio. If you would like to know the performance of your Mason Stevens account for the year ended 30 June 2023, please refer to your Financial Year 2022/23 annual member statement.



Comparative Assessment

Fees & Costs Comparison

For the purpose of this assessment, only Mason Stevens' administration fees are compared to peer fund median administration fees. As investment management fees are charged by the individual investment managers and deducted from the returns, these vary by the individual managed fund or Exchange Traded Fund (ETF) investment option selected and are not comparable to benchmarks based on pooled investment structures.

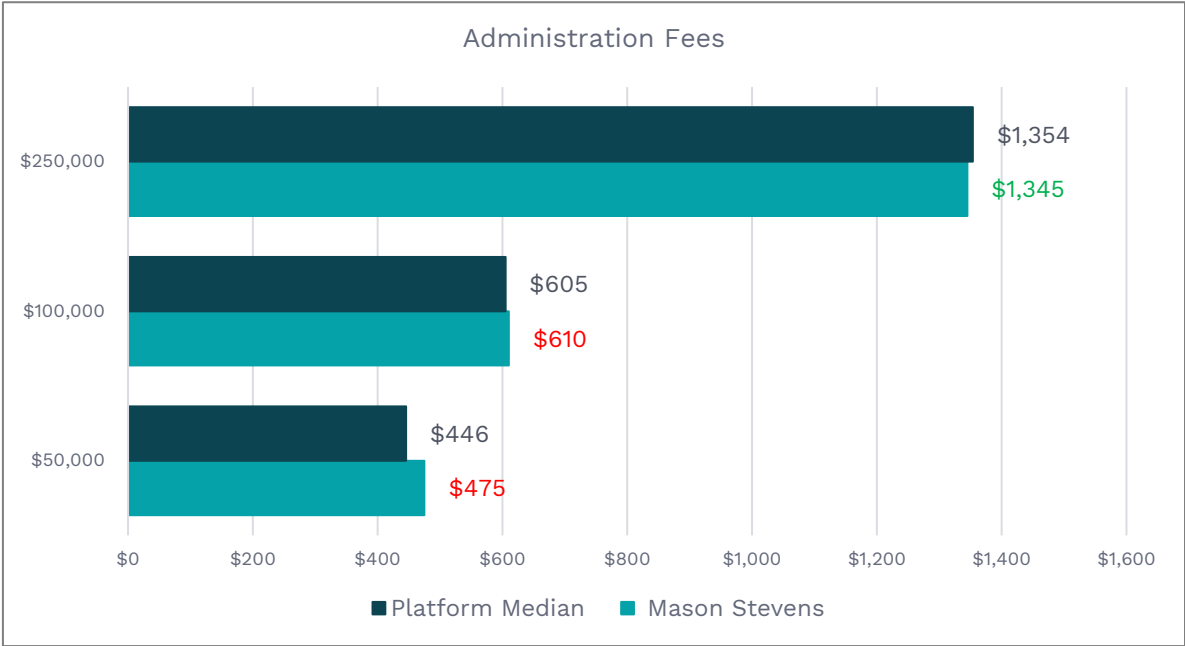
It is noted that this administration fee comparison is at the product level and being assessed against a peer group of similar platform superannuation products. On the following page, the Mason Stevens administration fee for Accumulation and Pension members is compared to the peer fund median administration fee which includes Mason Stevens and 19 other peer Platform funds.

Mason Stevens' administration fees are slightly higher cost at a product level when administration fees are calculated on a \$50,000 balance, but lower cost at the \$100,000 and \$250,000 balances.

The average Mason Stevens member had a balance of \$325,905 at 30 June 2023, so the modelled account balances are appropriate for assessing the relative competitiveness of Mason Stevens' administration fees for its membership.

The Trustee has determined it is promoting the financial interests of the beneficiaries as the administration fees at a product level modelled on the higher balance points, which are more reflective of the average Mason Stevens member, are lower cost than the peer fund median.

Fees & Costs Comparison



Source: Peer median is derived from 20 similar platform products, which includes 19 Peers and Mason Stevens. Administration fees are inclusive of any cost of recovery fees or Operational Risk Financial Requirement reserves.

Choice Investment Return Comparison

Mason Stevens' net investment returns for the investment options that have been assessed in this report are illustrated in the graphs contained on pages 13.

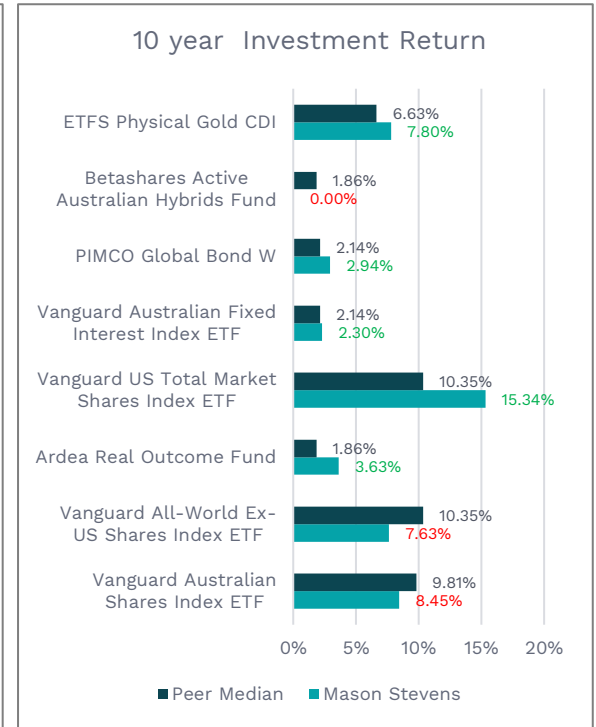
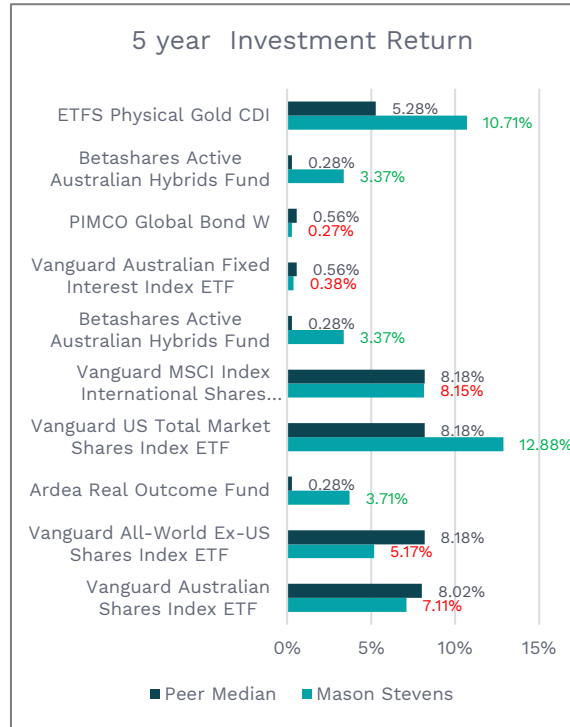
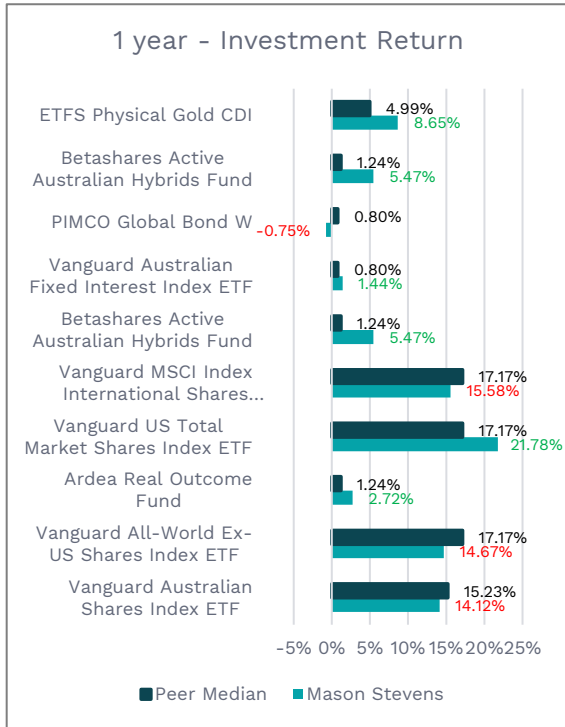
It is noted that the medians depicted in the following graphs are based on pooled investment options, with the relevant peer fund median selected based on the closest corresponding asset class to the relevant Mason Stevens investment option. Although not a perfect comparison, these medians represent a suitable proxy for assessing the performance of Mason Stevens's underlying investment options.

Over the one-year period to 30 June 2023, six of the ten in scope Mason Stevens investment options outperformed against their peer median.

Over the longer five-year period to 30 June 2023, five of the ten in scope Mason Stevens investment options outperformed against their peer median, whilst for the ten-year period, five of the eight in scope Mason Stevens investment options with ten-year performance history outperformed against their peer median.

The Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product and its Pension product as the investment returns show satisfactory performance for the majority of in scope investment options over the measured periods.

Investment Return Comparison



Choice Investment Risk Comparison

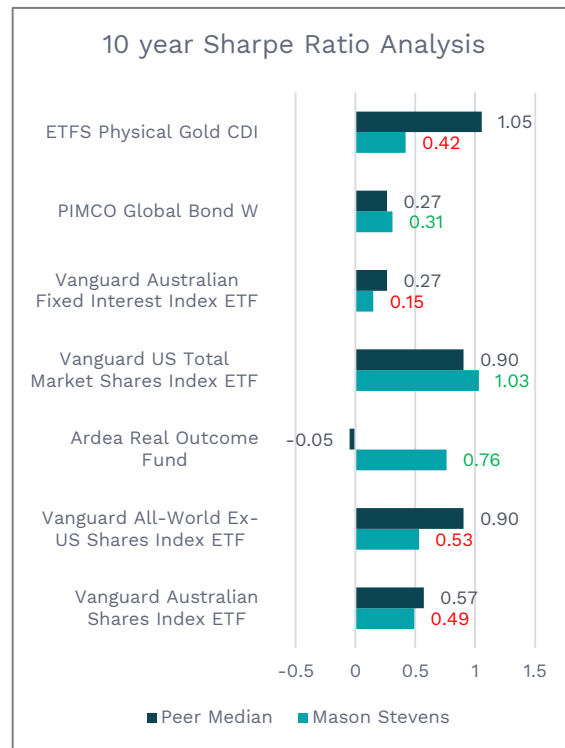
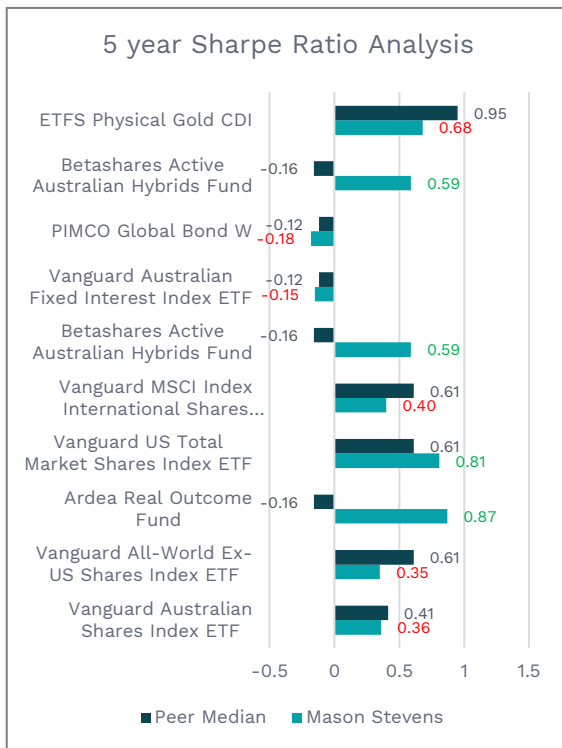
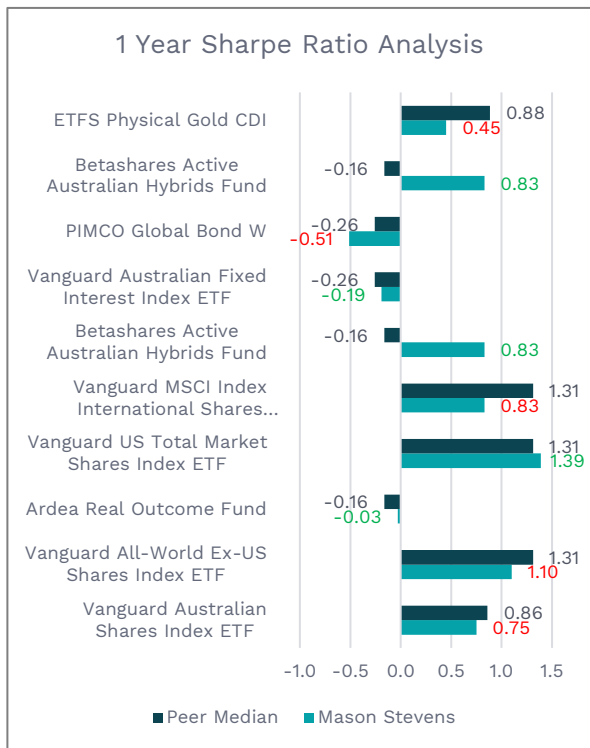
In the graphs on the following pages, we measure the performance of Mason Stevens' in scope investment options after adjusting for risk compared to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the 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.

It is noted that the medians depicted in the following graphs are based on pooled investment options, with the relevant peer fund median selected based on the closest corresponding asset class to the relevant Mason Stevens investment option. Although not a perfect comparison, these medians represent a suitable proxy for assessing the risk-adjusted performance of Mason Stevens's underlying investment options.

Mason Stevens's investment Sharpe ratio are higher or marginally lower than the peer median for the majority of the in-scope investment options for all considered periods to 30 June 2023.

On balance, the Trustee has determined is promoting the financial interests of its beneficiaries as the investment risk return for the options over all considered periods are in line with peer medians.

Investment Risk Comparison





Product Appropriateness Assessment

OPTIONS, FACILITIES & BENEFITS

Mason Stevens 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.

Mason Stevens' online portal allows members to view portfolio valuations, portfolio performance, transactions and download reports and statements. Members may also access this information via the app.

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

INSURANCE STRATEGY & FEES

Mason Stevens does not offer default cover or any group policies. However, members have access to death, total and permanent disability and income protection cover through a number of insurance providers to suit individual needs with consultation of their advisors. The insurance providers include AIA, TAL and Zurich. The Trustee maintains an insurance strategy that governs Mason Stevens' retail insurance offer to members.

Given insurance cover decisions are member and advisor driven the Trustee does not look to determine impacts of insurance on member balances. However, the trustee has determined there is appropriate accessibility for members to insurance cover.

INVESTMENT STRATEGY

Members may choose to access managed portfolios with professional model portfolio managers. Members may also invest in Australian and international equities, fixed income securities, managed funds, and term deposits through the self-directed portfolio.

All new investments added to the investment menu (including Model Portfolios) are subject to approval by the Trustee's Investment Committee. All managed funds are required to meet a certain rating from recognised third party research houses such as Lonsec, Morningstar and/or Zenith, or receive an approved rating from the Fund's asset consultant.

The appropriateness of the investment offering is monitored and reviewed on a quarterly basis with annual additional testing via asset consultants who check all managed funds against their determined benchmarks which provide a recommendation if any changes are required.

A majority of Mason Stevens' 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

Based on the above, the Trustee has determined that the investment strategy for the product is appropriate for members.

SCALE

Mason Stevens had 2,658 members with approximately \$866 million in funds under management as at 30 June 2023. While these figures are indicative of Mason Stevens relatively small size in the industry, it is anticipated that Mason Stevens will steadily grow and achieve greater scale benefits based on its strong growth during FY23:

- Funds Under Management ('FUM') grew by 65.79%, compared to the industry median of 10.10%
- Net members' benefits flows of \$301.4M, compared to the industry median of \$9.07M
- Number of member accounts grew by 51.28%, compared to the industry median of 1.157%
- Net rollovers into Mason Stevens of \$268.9M, compared to the industry median of -\$29.9M
- Net members' benefit outflow ratio of 21.15%, compared to the industry median of 90.65%

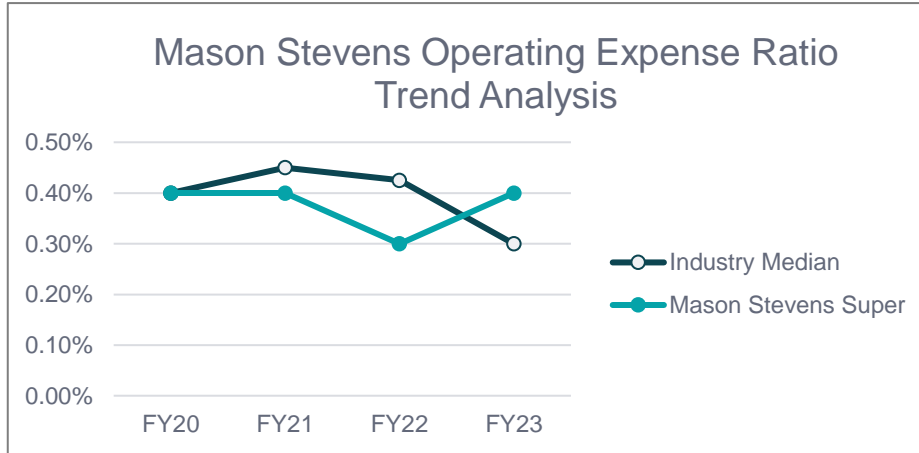
From the above, it is clear that Mason Stevens' growth rate is positive and higher than the industry median.

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

It is concluded that members have not been disadvantaged due to the scale of, and within, the Trustee's business operations but that Mason Stevens would benefit from a continued focus on growth.

OPERATING COSTS

Mason Stevens' 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 Mason Stevens' operating expense ratio has risen above the industry median fund in FY23. Mason Stevens' operating expense ratio increased by 0.10% during the year, whereas the median fund operating expense ratio decreased by 0.13%.



The Trustee has determined that the operating costs are considered appropriate for Mason Stevens' members and do not inappropriately erode their retirement balances as, despite the smaller size of Mason Stevens, the operating cost ratio is in line with that of the industry median fund.

BASIS FOR SETTING FEES

Mason Stevens' fee structure consists of a flat dollar account keeping fee and an asset based fee on member balances with a tiered system to limit cross-subsidisation by larger account balances whilst ensuring coverage of the Fund's operational costs and reserves.

The administration fee is accrued daily based on the full account balance which includes both cash and investments and deducted monthly in arrears. 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.

Family linking member pricing for up to six immediate family members is also available for a reduced overall administration fee.

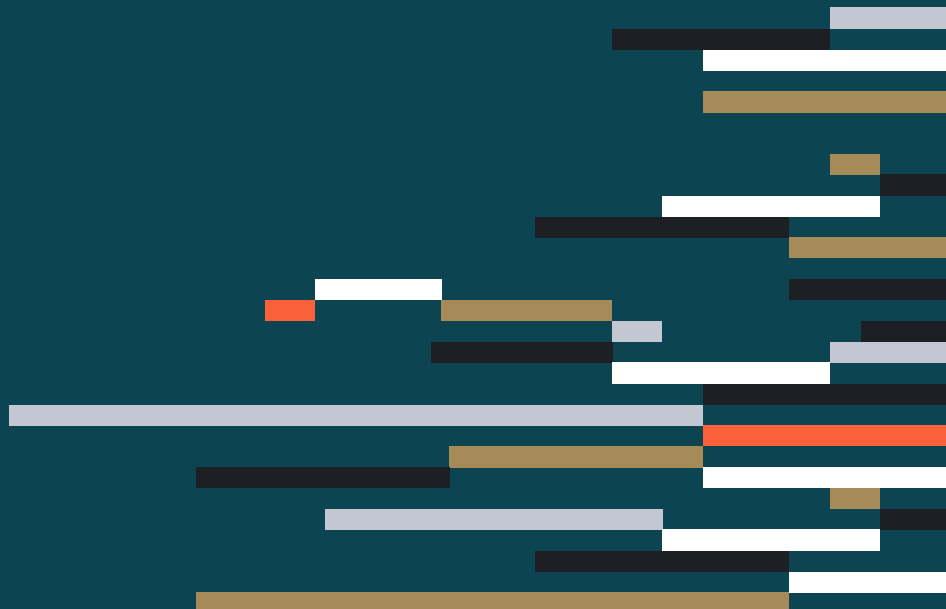
The basis for setting fees is considered appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

Asset-based Admin Fees		
From	To	Rate
\$0	\$250,000	0.44% p.a.
\$250,000	\$750,000	0.22% p.a.
\$750,000	\$2m	0.11% p.a.
\$2m	\$3m	0.055% p.a.
\$3m		Nil
Minimum \$330 p.a.		

Other Account fee		
Expense Recovery fee	0.05% p.a.	Charged Monthly accrued daily
Account keeping fee	\$120 p.a.	Charged Monthly



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