

Mason Stevens Super

Member Outcomes Assessment
For the year ended 30 June 2022

28 February 2023

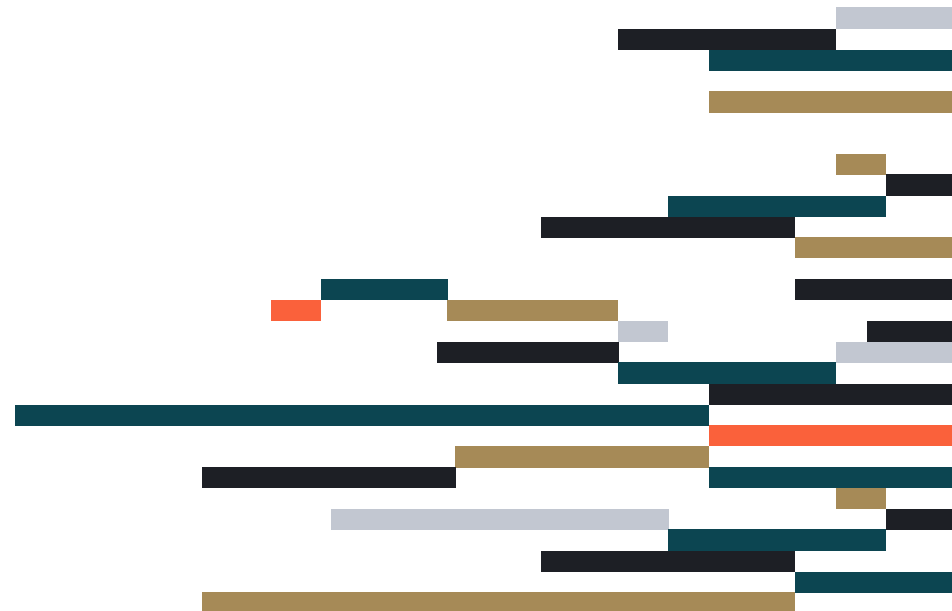


Table of contents

Item	
Introduction	3
Executive summary	5
Mason Stevens Super overview	7
Comparative assessment	9
Product appropriateness assessment	20



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 2023, and is relevant for the financial year ended 30 June 2022.

Approach for this assessment

Step 1: Measure and compare products



1. Return comparison
A comparison of returns



2. Fee comparison
A comparison of fees



3. Risk comparison
A comparison of investment risk

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 than their relevant peer fund median on \$100,000 and \$250,000 balances;
- For investment returns, the majority of Mason Stevens' investment options outperformed their relevant peer fund median on a five and ten years' basis;
- 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 2022. 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 2022, please refer to your Financial Year 2021/22 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.

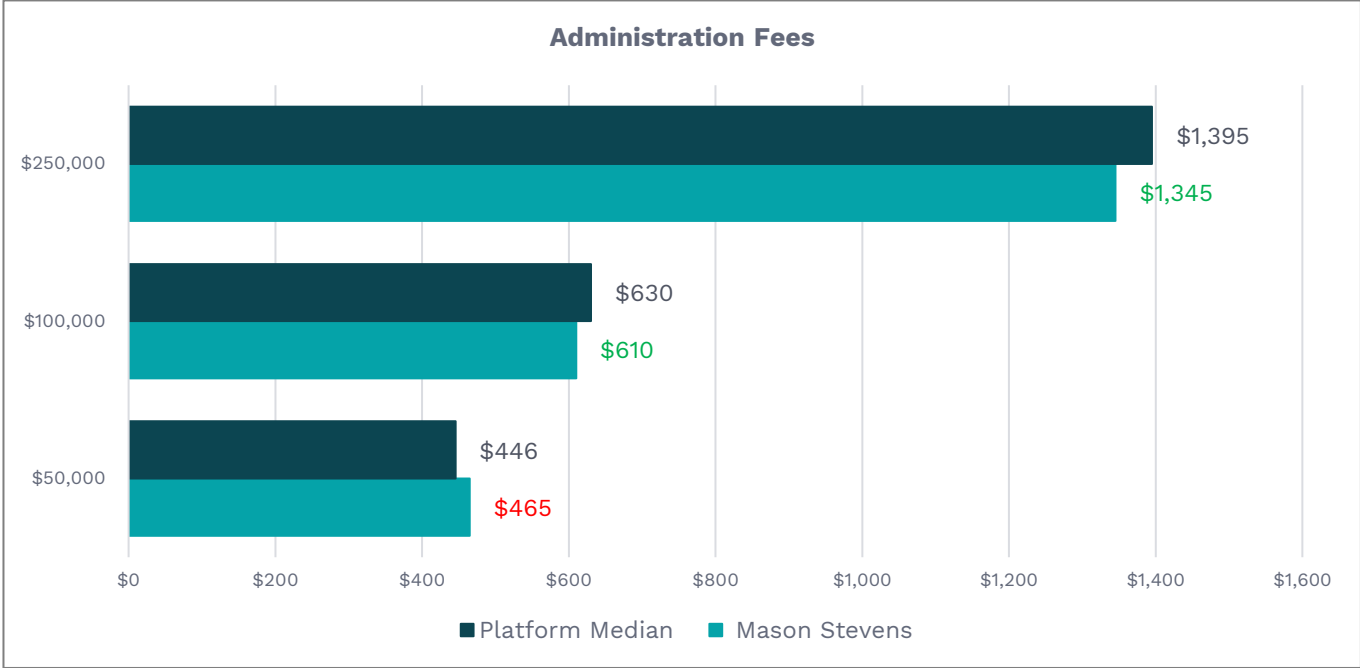
It is noted that this administration fee comparison is at the product level and being assessed against a peer group of similar platform superannuation products. On the following page, the Mason Stevens administration fee for Accumulation and Pension members is compared to the peer fund median administration fee which includes Mason Stevens and 20 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 has a balance of \$297,378, 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 relevant for the average Mason Stevens member, are lower cost than the peer fund median.

Fees & Costs Comparison



Source: Peer median is derived from 21 similar platform products. Administration fees are inclusive of any cost of recovery fees or Operational Risk Financial Requirement reserves where applicable.

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.

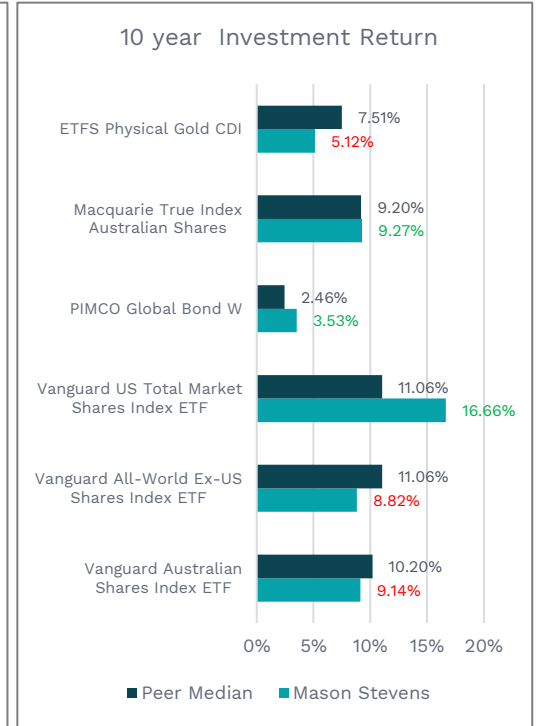
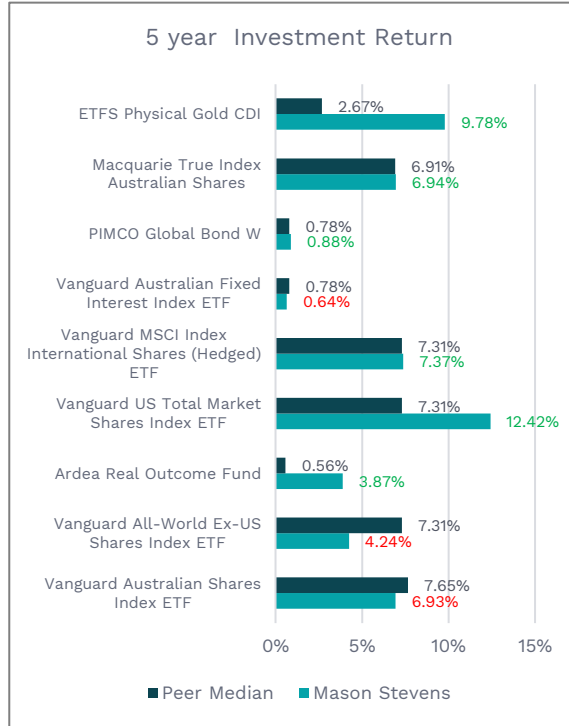
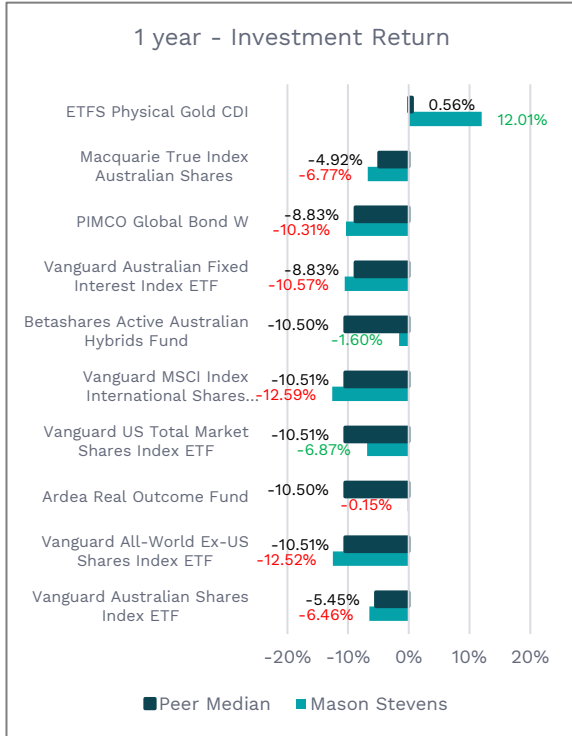
It is noted that the medians depicted in the following graphs are based on pooled investment options, with the relevant peer fund median selected based on the closest corresponding asset class to the relevant Mason Stevens investment option. Although not a perfect comparison, these medians represent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

Over the one year period to 30 June 2022, three of the ten in scope Mason Stevens investment options outperformed against their peer median.

The longer term returns over the five and ten year period, showed the majority of investment options outperformed against the five year peer median, with Vanguard Australian Fixed Interest Index ETF, Vanguard All-World Ex-US Shares Index ETF and Vanguard Australian Shares Index ETF underperforming. Over the ten year period, 50% of investment returns 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 longer five and ten year periods, with this longer term investment horizon considered by the Trustee to be more important than the one year investment performance due to the long term nature of superannuation.

Investment Return Comparison



Choice Investment Risk Comparison

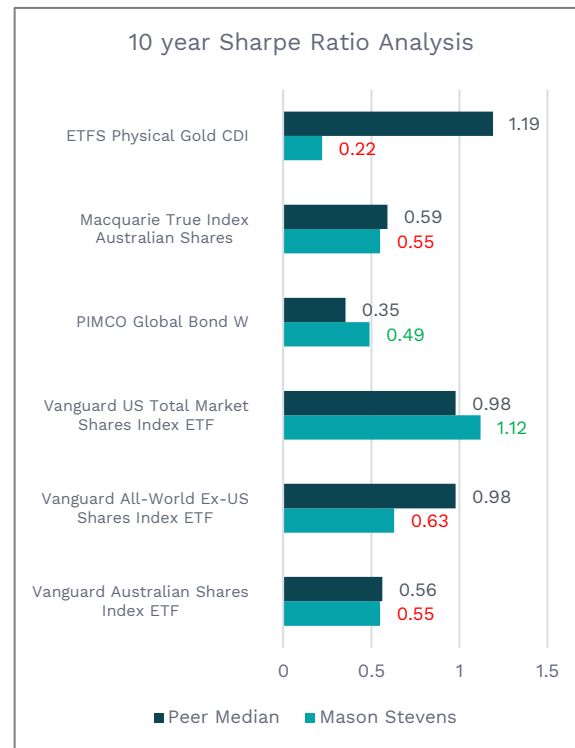
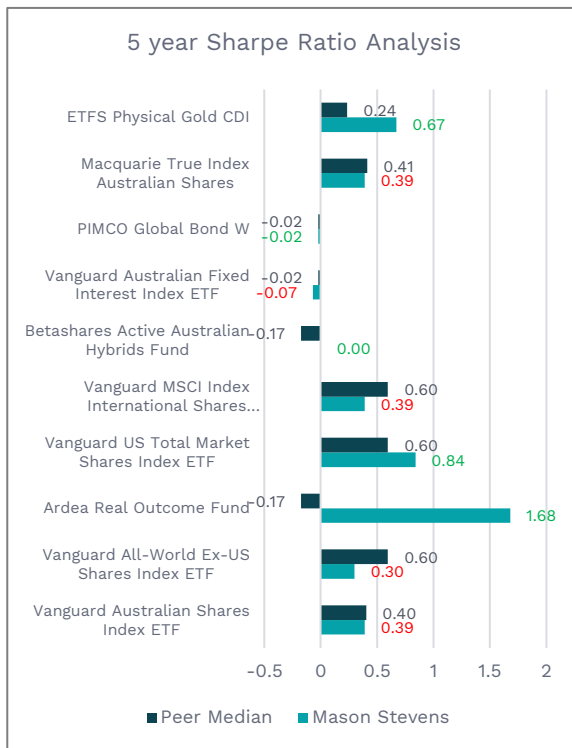
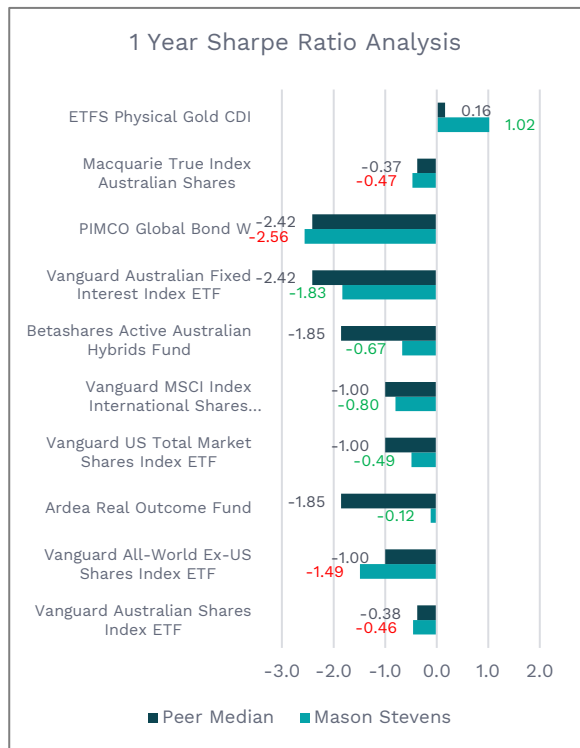
In the graphs on the following pages, we measure the performance of Mason Stevens' in scope investment options after adjusting for risk compared to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the 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' Sharpe ratios are higher than the peer median for most of the in scope investment options for the one year period to 30 June 2022. Over the longer dated periods, the Sharpe ratios are smoothed out, with five out of 10 investment options meeting or outperforming the five year medians, and four of six investment options underperforming against the ten year peer fund medians.

As superannuation is a long term investment, longer dated performance is considered more significant. On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product and those of its Pension product as a majority of the risk-adjusted returns for the in scope investment options are higher or only slightly lower than their relevant peer medians over five and 10 year periods.

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 and 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 1,757 members with approximately \$523 million in funds under management as at 30 June 2022. 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 growth during FY22:

- Funds Under Management ('FUM') grew by 33.41%, compared to the industry median of -4.2%
- Net members' benefits flows of \$172.6M, compared to the industry median of \$23.8M
- Number of member accounts grew by 41.35%, compared to the industry median of 0.084%
- Net rollovers into Mason Stevens of \$157.9M, compared to the industry median of -\$28M
- Net members' benefit outflow ratio of 16.95%, compared to the industry median of 91.4%

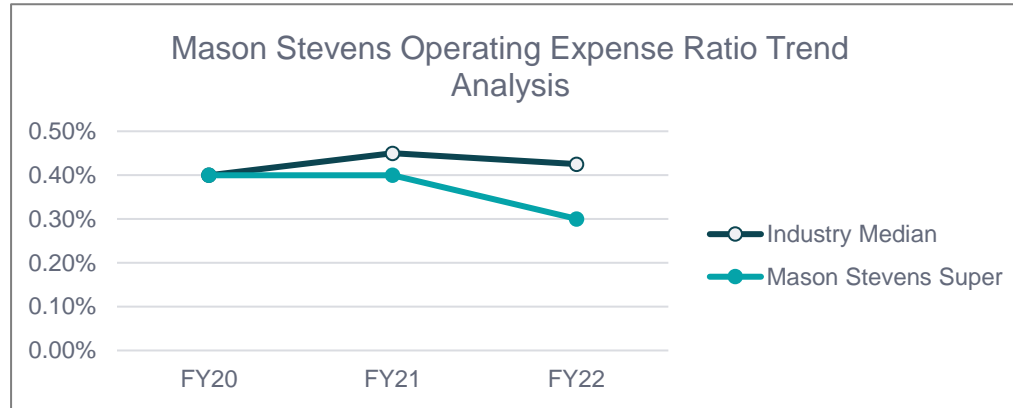
From the above, it is clear that Mason Stevens' growth rate is positive and higher than the industry median.

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 was below the industry median fund in FY21 and FY22. Mason Stevens' operating expense ratio decreased by 0.10% whereas the median fund operating expense ratio remained steady.



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



certane.com

Disclaimer

- The material included in this presentation (Material) is produced by Diversa. It is designed and intended to provide general information in summary form on legal topics, current at the time of publication, for general informational purposes only. The Material may not apply to all jurisdictions.
- The Material does not constitute legal advice, are not intended to be a substitute for legal advice and should not be relied upon as such.
- You should seek legal advice or other professional advice in relation to any particular matters you or your organisation may have.
- No claim or representation is made or warranty given, express or implied, in relation to any of the Material. You use the Material are entirely at your own risk.
- The Material remains the intellectual property of Diversa and its related bodies corporate and must not be copied, shared, or reproduced without express prior authorisation.

Limitation of Liability

- Where conditions and warranties implied by law cannot be excluded, Diversa limits its liability where it is entitled to do so. Otherwise, Diversa is not liable for any loss or damage (including consequential loss or damage) to any person, however caused, which may arise directly or indirectly from the Material or the use of such Material.
- Diversa is not responsible for ensuring that any of the Material is accurate, current, suitable or complete although Diversa uses every reasonable endeavour to maintain the accuracy information available, however, some or all of the information may, from time to time, be amended, or become superseded or otherwise inaccurate.

No client-solicitor relationship created

- The transmission or receipt of any Material is not intended to create, nor should such transmission or receipt be taken as creating, a client-solicitor relationship between Diversa and the recipient.