



Guild Retirement Fund

Member Outcomes Assessment 2020–2021



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Introduction

Each year we are required to assess our performance and, based on the results of that assessment, make an annual determination that we are promoting the financial interests of our members.

The assessment is designed to help members understand how the Fund's products compared to other fund's products, across investments, fees and insurance.

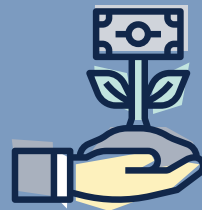
The Guild Retirement Fund (GRF) has completed the Member Outcomes Assessment for the year ended 30 June 2021.

This document provides a summary of the key outcomes of the assessment of the Fund's products: MySuper, Choice and Pension/TTR products. It provides detail about the findings from Steps 1 and 2 of the assessment.

All data is reported in accordance with APRA requirements.

Assessment approach

STEP 1: Comparative assessment



1. Return comparison

A comparison of investment returns



2. Fee comparison

A comparison of fees and costs



3. Risk comparison

A comparison of asset allocations and risk targets

STEP 2: Objective assessment

Assessment of the following factors that can affect superannuation

Section 52(11) of the Superannuation Industry (Supervision) Act (SIS Act)

1. Options, benefits and facilities
2. Investment strategy
3. Insurance strategy and fees

APRA Superannuation Prudential Standard 515 Strategic Planning and Member Outcomes (SPS 515)

4. Scale
5. Operating costs
6. Basis of setting fees

STEP 3: Conclusion

A publication with determinations of each product is required to see whether the financial interests of the beneficiaries who hold the product are being promoted.

Criteria for Balancing of Factors

Assessment factors	Criteria
Investment returns	<ul style="list-style-type: none"> • MySuper – Returns benchmarked against the median at both a lifestage and product level for 1, 3 and 5-year returns • Choice & Pensions – Returns benchmarked against the median at both an investment option and product level for 1, 3 and 5-year returns • APRA investment return heatmap results for MySuper and Choice
Fees	<ul style="list-style-type: none"> • Administration, Investment and Total fees benchmarked against median (MySuper balances: \$25,000 and \$50,000 / Choice and Pension balances – \$50,000 and \$100,000) • APRA fees benchmark heatmap results for MySuper and Choice
Investment Risk	<ul style="list-style-type: none"> • MySuper – Level of investment risk comparison based on APRA classification against peers from the strategic growth asset allocation category at both a lifestage and product level • Choice and Pension – comparison of the risk reward of each investment after adjusting for risk and comparing against the peer fund median
Options Facilities and Benefits	<ul style="list-style-type: none"> • Qualitative and quantitative assessment of range of services provided to the members based on the broader assessment of the industry • Specialised services provided to the members
Investment strategy	<ul style="list-style-type: none"> • Appropriateness of investment strategies for all products and material changes to investment strategy • Flexibility of choice products • Investment governance processes • Material changes to approach to managing investments, e.g. change in asset consultant
Scale	<ul style="list-style-type: none"> • Relationship between number of accounts and the operating costs of the business operations, including trends in cost per member measures • Impact of size on investment strategy, such as access to investments in certain asset classes • Degree of bargaining power with service providers and access to any volume related discounts • Ability to attract and retain key staff • Opportunity to pool risk, which is important in the context of certain retirement and insurance products

Criteria for Balancing of Factors (continued)

Assessment factors	Criteria
Insurance Strategy	<ul style="list-style-type: none"> • Appropriateness of Insurance strategy and coverage for the fund • Governance processes – claims, balance erosion monitoring
Insurance Fees	<ul style="list-style-type: none"> • Premium affordability for most of the membership is less than 1% of their salary • Balance erosion prevention mechanisms
Operating Costs	<ul style="list-style-type: none"> • Analysis of level of fixed vs variable costs for the fund • Comparison of Operating costs and expenses with the industry • Disclosure of shareholder payments if any
Basis for setting fees	<ul style="list-style-type: none"> • Appropriateness of its fee structures for the products • Split between flat and variable fees, any fee caps, the timing of fee charges and any fee discounts or rebates



Product determinations

MySuper

The Trustee has determined that the financial interests of GRF's MySuper beneficiaries are being promoted, based on balancing the factors, with a higher weighting provided to Investment Returns and Fees.

Investment returns for MySuper members across almost all life stages are above the median for 1, 3 and 5-year performance.

Top quartile performance was achieved, where the Building lifestage was ranked 1st out of 80 funds for its investment performance for 1 and 3-year and 2nd for its 5-year investment performance against 76 funds. The Growing Lifestage was ranked 1st in 3-year return and was ranked in the top quartile in the 1 and 5-year returns.

Investment risk for the different lifestages is in line with peers and is considered appropriate for the membership base.

MySuper fees and costs at a product level are more expensive than the median. Investment fees were reduced in FY 21/22, which will help lower overall costs.

All objective assessment factors (options, benefits and facilities, investment strategy, insurance strategy and fees, scale, operating costs, and basis of setting fees) are considered to be appropriate.

Choice

The Trustee has determined that the financial interests of GRF's Choice beneficiaries are being promoted, based on balancing the factors, with a higher weighting provided to Investment Returns and Fees.

Most of the investment options have performed above or close to the median over the medium to longer term. Most Choice members are invested in the Growth, Balanced and Conservative options (totalling almost 60% of the membership), which have consistently performed well across the medium term to longer term.

Investment risk for the different options is in line with peers and is considered appropriate for the membership base as an alternative to the higher risk Building and Growing MySuper options.

Choice Fees and costs are higher than the peer group. Investment fees were reduced in FY 21/22, which will help lower overall costs and reductions to the Administration fee in the medium term are currently being assessed.

All objective assessment factors (options, benefits and facilities, investment strategy, insurance strategy and fees, scale, operating costs and basis of setting fees) are considered to be appropriate.

Pension/TTR

The Trustee has determined that the financial interests of GRF's Pension beneficiaries are not being promoted, based on balancing the factors, with a higher weighting provided to Investment Returns and Fees.

The majority of the investment options have performed close to, or below the median across a 5-year performance period. The medium-term performance has seen improvements, with 3 of the 5 options above median performance. The Trustee is currently reviewing the investment option offering, with the view to make significant changes. Investment risk for the different options is in line with peers and is considered appropriate for the membership base.

Fees and costs are higher than the peer group. Both Investment and Administration fees were reduced in FY 21/22 which will be reflected in next year's assessment.

All objective assessment factors (options, benefits and facilities, investment strategy, insurance strategy and fees, scale, operating costs and basis of setting fees) are considered to be appropriate.

Comparative assessment: MySuper



MySuper return comparison

The Trustee has determined it is promoting the financial interests of the beneficiaries invested in its MySuper product, as almost all life stages are above the median in the 1, 3 and 5 year performance.

All lifestages have had strong performance over the 1 and 3 years, outperforming the median. The 5 year performance is strong, with 2 of the 3 lifestages outperforming the median.

Top quartile performance:

- The Building lifestage was ranked 1st out of 80 funds for its investment performance for 1 and 3 years and 2nd for its 5-year investment performance against 76 funds.
- The Growing lifestage was ranked 1st in 3-year returns and was ranked in the top quartile in the 1 and 5 -year returns.

FY 20/21 APRA heatmap

The net investment returns for the 7-year period for Building and Consolidating lifestages are rated as white, and the performance is above median. The Building lifestage has marginal underperformance.

The Trustee notes that the SAA benchmark has marginal under performance for the 7-year period.

The SRP benchmark has significant under-performance for its Growing lifestage for the 7-year period (>50bps) and will look to undertake further analysis to improve its performance over the short term.

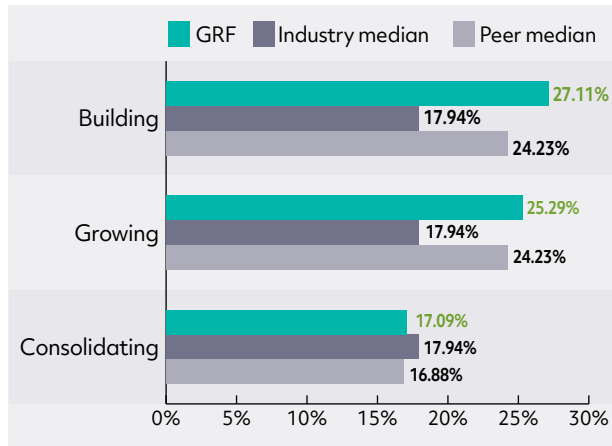
The MySuper product has passed the YFYS performance test at a MySuper product level.



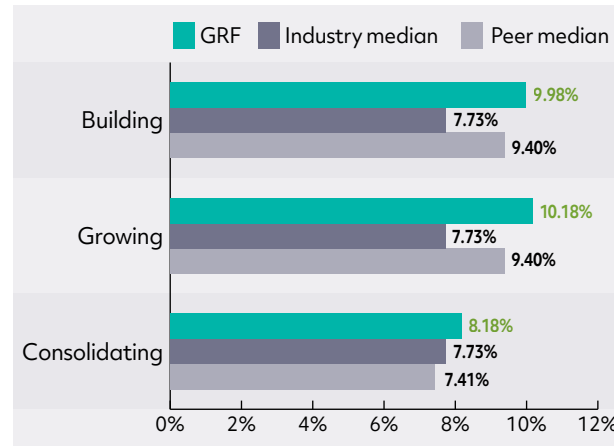


MySuper return comparison (continued)

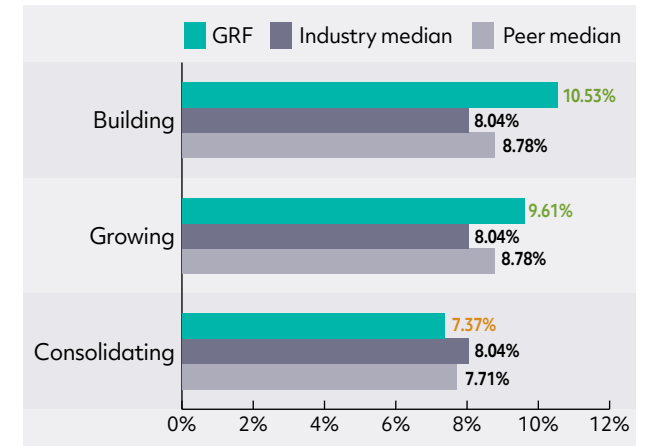
1 year performance



3 year performance



5 year performance



Rating key: ■ Above median ■ <10% below median ■ >10% below median

Source: APRA MySuper Quarterly Statistics June 2021

In the graphs above, the X axis represents net investment returns and the Y axis displays the lifestages of the MySuper product. The balance used is \$50,000. The returns are benchmarked against both the industry and the peers in the same investment risk bands. Returns are calculated net of non-investment related fees, costs and taxes.



MySuper fee comparison

The Trustee has determined that it is not promoting the financial interests of the beneficiaries invested in its MySuper product, as the total fees at a product level are more expensive than the median for FY 20/21. To address this the Trustee has reduced investment fees in FY21/22 which will decrease total fees paid by the members.

- The administration fees for all lifestages are lower than the median peer fee (against all MySuper products) at \$50,000 balance. However, its marginally more expensive than the median for a lower \$25,000 balance.
- The Investment fees for the Consolidating and Growing lifestages are significantly more expensive than the median, whilst the Building Lifestage is significantly lower than the median.
- Overall fees for the Consolidating and Growing lifestages are significantly more expensive the median, whereas the Building Lifestage is significantly less expensive than median.
- An overall product level assessment was completed on total fees and costs, where GRF's MySuper product was more expensive than the median.

FY 20/21 APRA heatmap

- APRA's MySuper heatmap has assessed the administration fees to be marginally more expensive for a \$50,000 balance for all lifestages and total fees for the Building lifestage is significantly cheaper than the median. However for lower balances, especially at a \$10,000 balance, the fees are significantly more expensive than its peers due to a higher dollar administration fee.

GRF fees which were used for comparison are listed below (FY 20/21)

- The current \$ administration fee for the MySuper life stages is \$115 per annum.
- The current % administration fee is 0.15%.
- A fee cap of \$800 on total fees paid.
- Investment fee for this comparison range from 0.43% to 0.83% depending on life stage.

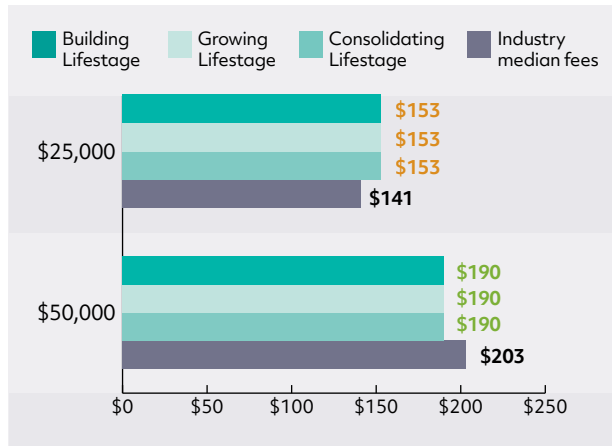
Sources: Summarised four quarters from APRA MySuper Quarterly Statistics, June 2021. APRA MySuper heatmap 2021



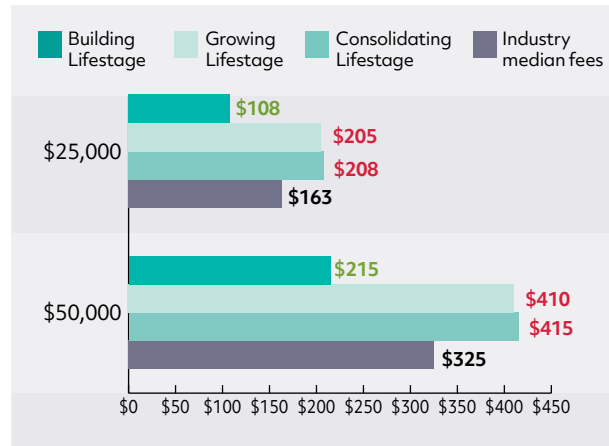
MySuper fee comparison (continued)

Fees & costs comparative assessment

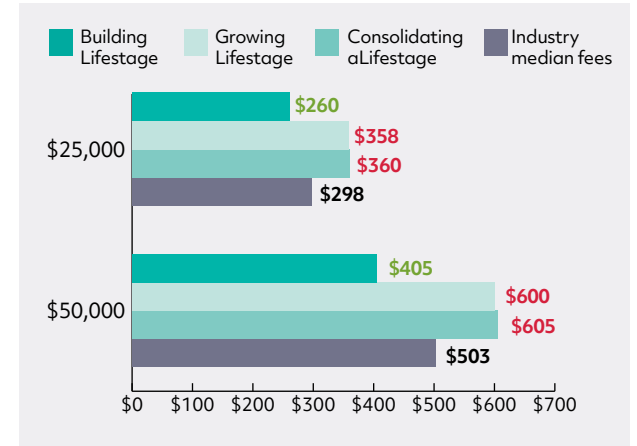
Admin fees



Investment fees



Total fees



Rating key: ■ Cheaper than median ■ More expensive than median by <10% ■ More expensive than median by >10%

Sources: Summarised four quarters from APRA MySuper Quarterly Statistics, June 2021.

For the graphs on this page, the X axis represents fee paid in \$ and the Y axis displays the lifestages benchmarked against across the industry. Balances used are \$25,000 and \$50,000.



MySuper risk comparison

The Trustee has determined it is promoting the financial interests of the beneficiaries invested in its MySuper product. GRF's product level investment risk category is comparable with most MySuper products and is considered appropriate for the membership, based on the MySuper Investment strategy for the fund. The majority of GRF's membership are younger than the distribution ages of the peer group funds, which allows members to achieve higher returns through a longer investment timeframe.

At a lifestage level, the investment risk bands are listed below:

- As the level of investment risk for the Building lifestage is at the highest end of the risk category – **Very High**, this lifestage could only be compared to 1 other peer group fund. GRF have deliberately set this level of risk for members in this lifestage.
- The level of investment risk for the Growing lifestage is at **High**, which has 57 peers for comparison.
- The level of investment risk for the Consolidating lifestage is at **Medium to High**, which has 59 peers for comparison.

APRA Investment Risk table

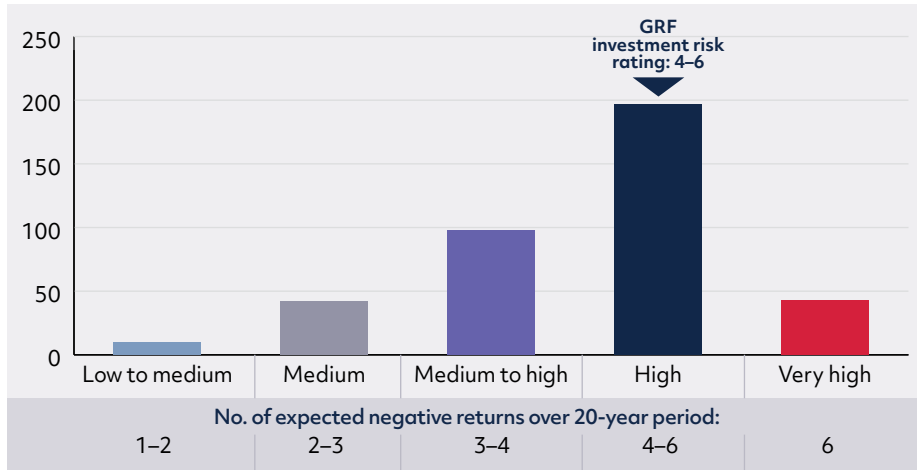
Risk Label	Estimated number of negative annual returns over any 20-year period
Very low	Less than 0.5
Low	0.5 to less than 1
Low to Medium	1 to less than 2
Medium	2 to less than 3
Medium to High	3 to less than 4
High	4 to less than 6
Very High	6 or greater

Based on the APRA data, GRF's Product level investment risk band is at High with 197 peers for comparison, and is estimated to have 4 to less than 6 years of negative investment returns over a 20 year period.

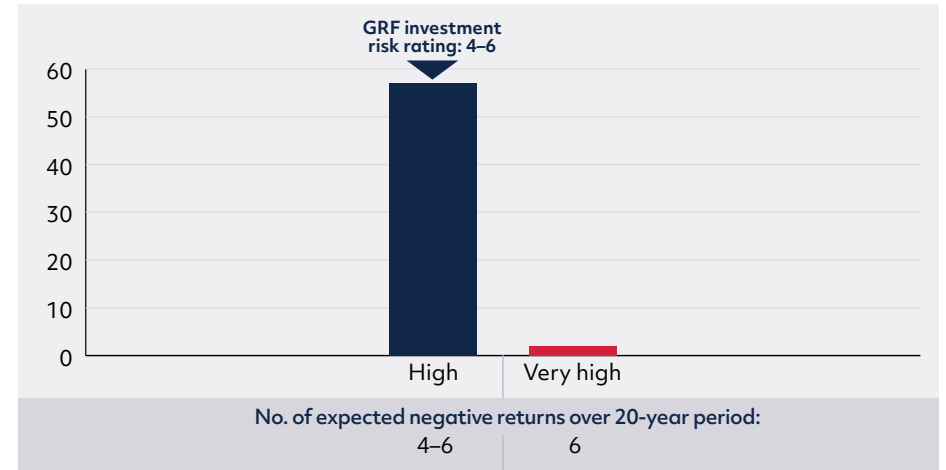


MySuper risk comparison (continued)

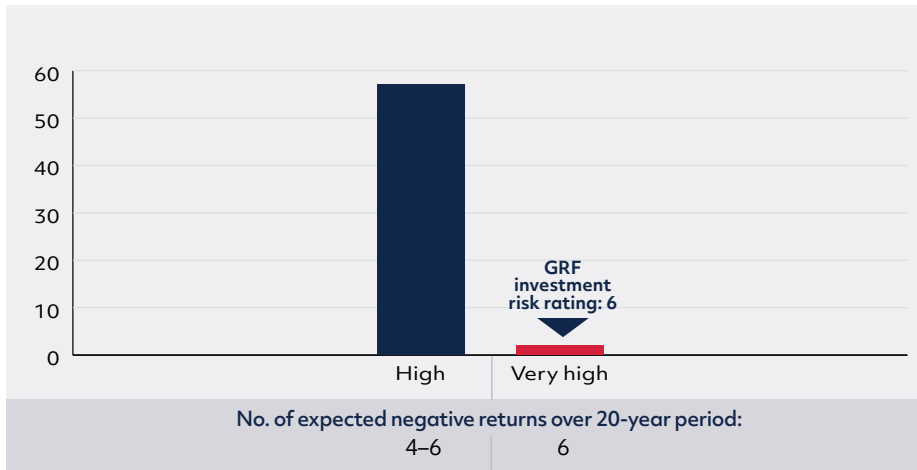
Investment risk rating – Product level



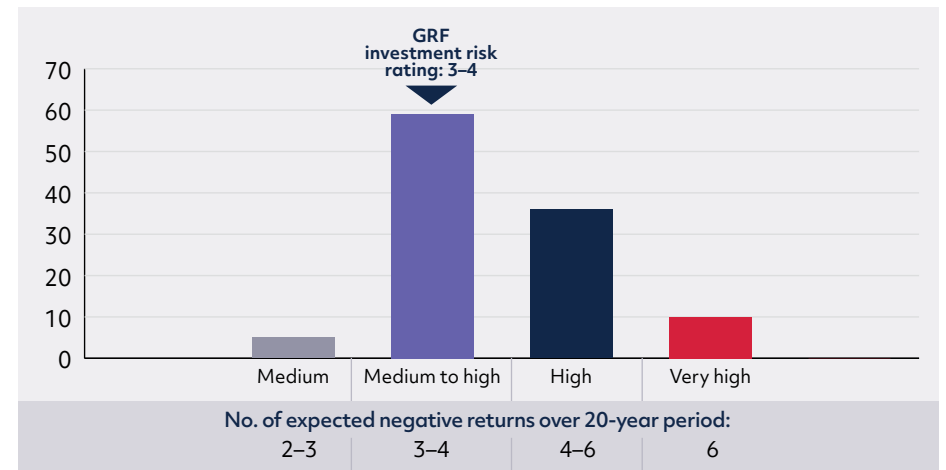
Investment risk rating – Growing Lifestage



Investment risk rating – Building Lifestage



Investment risk rating – Consolidating Lifestage



In the graphs above, the X axis represents Risk Labels and the Y axis displays the number of peer funds in the Risk Category. The balance used is \$50,000.

Source: APRA MySuper Quarterly Statistics June 2021

Comparative assessment: Choice





Choice return comparison

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Choice options, as the majority of the investment options have performed above or close to the median over the medium to longer term. The majority of Choice members are invested in the Growth, Balanced and Conservative options (totalling almost 60% of the membership), which have consistently performed well across the medium term to longer term.

The Choice options menu include 4 diversified options (Conservative, Balanced, Growth and High Growth) and 4 single sector options (Secure, Property Securities, Australian Shares and International Shares (unhedged)).

The peer group funds for the comparison on the next page are based on the funds in the same risk profile. The table compares the net returns over a 1, 3 and 5-year period against peer group funds.

- In the **Diversified** sector options: All options have performed above or close to median over the 1, 3 and 5-year periods.

- In the **Single** sector options: International Shares has performed above or close to median over the 1, 3 and 5-year periods. Property Securities has underperformed over the 3 and 5-year period, however its performance has improved significantly in the 1 year time frame. Australian Shares has performed above or close to the median in the 1 and 3-year timeframe, however the longer term performance is below the median. The Secure option has also underperformed. The Trustee is conducting a review of the Single Sector Options in order to improve the outcomes for these members.

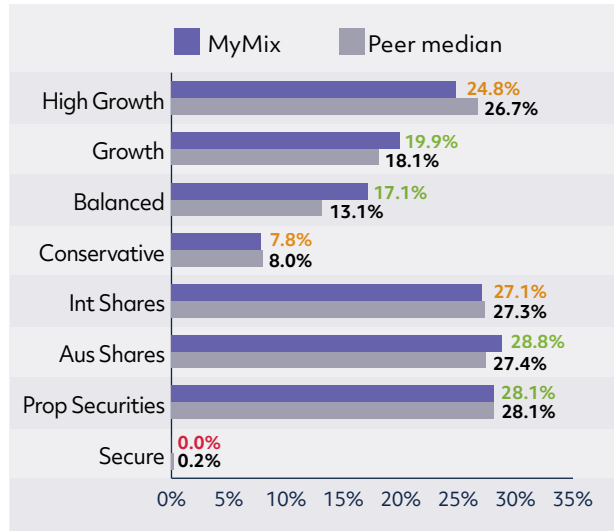
FY 20/21 APRA heatmap

The APRA Choice heatmap for Diversified options indicates above median investment performance for net returns at a \$50K balance with an exception of 1 option. Against Strategic Asset Allocation benchmarking the options have marginally underperformed (below benchmark by 11 to 24 basis points).

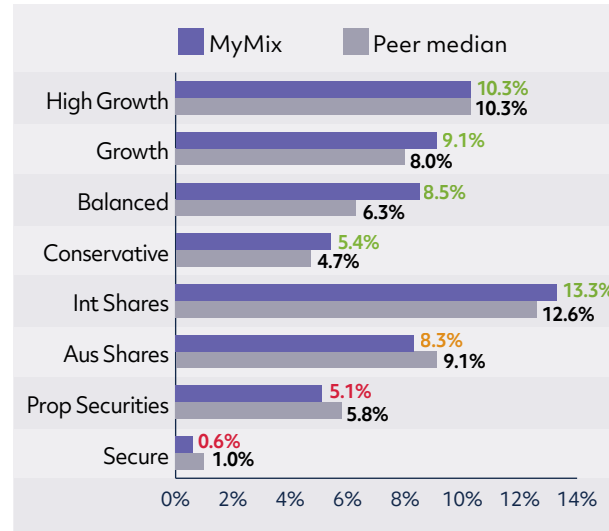


Choice return comparison (continued)

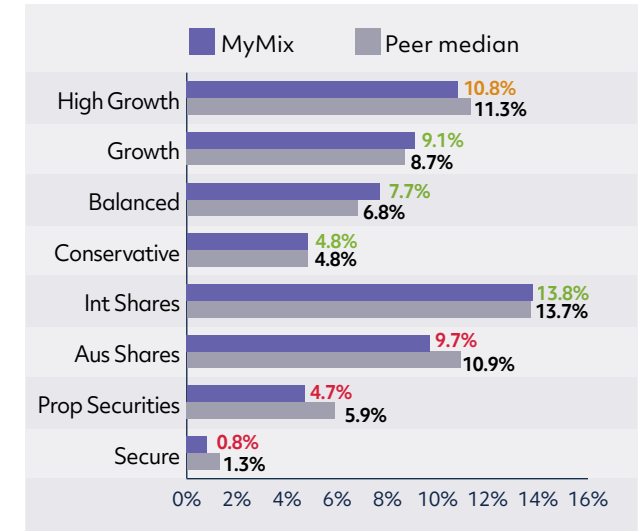
1 year performance



3 year performance



5 year performance



Rating key: ■ Above median ■ <10% below median ■ >10% below median

Data Source: Chant West June 2021 Member Outcomes Dashboard.
APRA Choice heatmap 2021.

For the graphs above, the X axis represents net investment returns and the Y axis displays the choice options benchmarked against across the peers in the same investment risk bands. The balance used is \$50,000 and all Investment returns are after tax and investment fees but before administration fees.



Choice fee comparison

The Trustee has determined it is not promoting the financial interests of the beneficiaries invested in its Choice option, as the fees are more expensive than the peer median. The Trustee has undertaken a reduction to investment fees in FY 21/22 and will significantly reduce administration fees over the course of 2022.

The current administration fees and investment fees at both a \$50,000 balance and \$100,000 balance are more expensive than the median.

The investment fees at both balances are cheaper than median costs for single sector options – International Shares and Property Securities. However, they are more expensive for all other options.

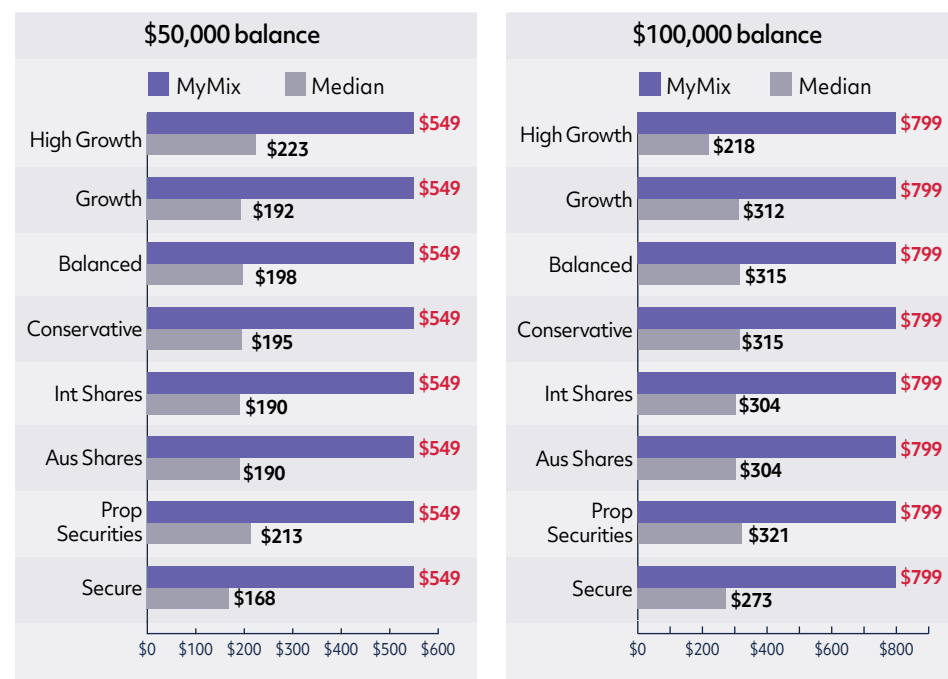
The Trustee will reduce and simplify the administration fees in 2022.

APRA's Choice heatmap has assessed the administration fees at all balances to be significantly higher than the median.

GRF fees which were used for comparison are listed below (FY 20/21)

- The current \$ administration fee for the Choice options is \$95 per annum.
- The current % administration fee is 1.25% with a tiered fee rebate:
 - Up to \$24,999: Nil
 - \$25,000 to \$125,000: 0.75%
 - Over \$125,000: 1.00%
- Investment fee for this comparison range from 0.08% to 1.06% depending on investment option.

Admin fees

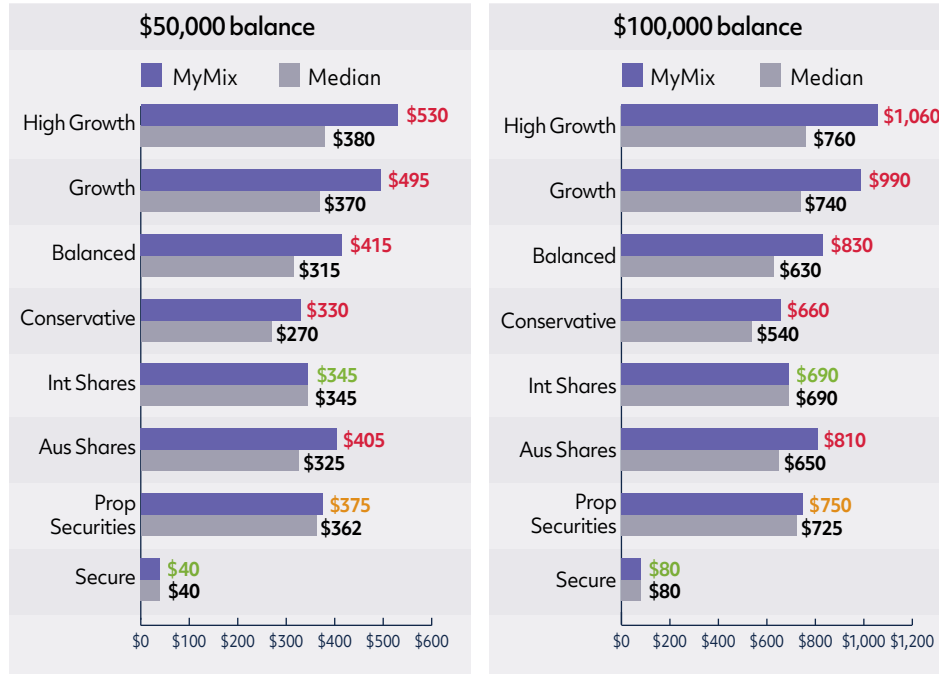


Source: Chant West Member Outcomes Dashboard effective 30 June 2021 for Choice options. APRA Choice Heatmap 2021

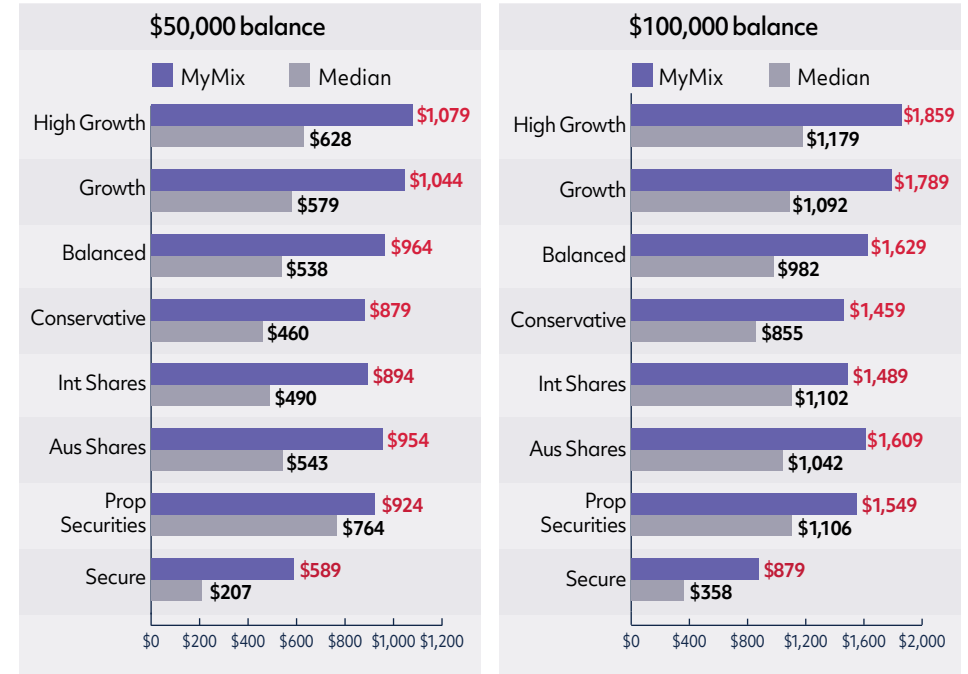


Choice fee comparison (continued)

Investment fees



Total fees



Rating key: ■ Cheaper than median ■ More expensive than median by <10% ■ More expensive than median by >10%

For the graphs above, the X axis represents fee paid in \$ and the Y axis displays the investments benchmarked against across the peer median. Peer funds are in the same investment risk bands across the \$50,000 and \$100,000 balances. Total fees are a sum of the Administration and Investment related fees.

Source: Chant West Member Outcomes Dashboard effective 30 June 2021 for Choice options.
APRA Choice Heatmap 2021



Choice investment risk comparison

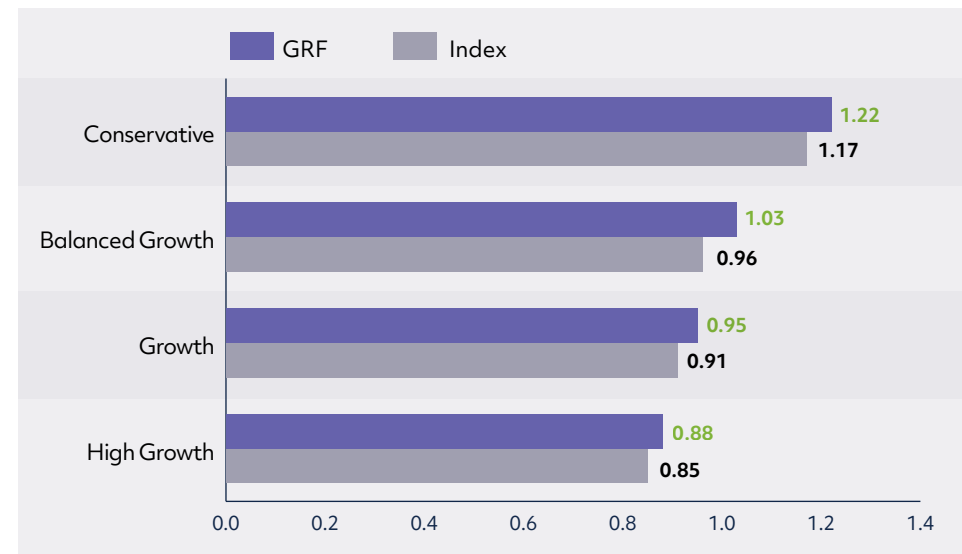
The Trustee has determined it is promoting the financial interests of the beneficiaries invested in its Choice option, as the majority of the investment options are broadly aligned to peers in terms of risk with appropriate adjustment to consider specific demographics of the Fund's membership.

Liquidity across the Fund remains strong, with a review undertaken by Russell Investments* subsequent to the relevant period finding that all Choice and Pension investment options when tested under prevailing conditions were deemed Liquid or Highly Liquid and 9 of the 13 investment options were deemed Liquid or Highly Liquid when tested under stressed conditions (the remaining 4 options were assessed as Moderate).

In the graph to the right, we measure the performance of GRF's investment options after adjusting for risk and comparing against the peer fund median. To do this, we consider the annual returns and volatility of returns to capture the risk reward of each investment option. The higher the number, 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.

For all diversified Choice options, GRF has performed above the median.

Accumulation – 3-year risk analysis



Source: Frontier using Super Ratings data, index the peer group funds for comparison based on the same risk profile.

*Russell Investments Stress Testing and Liquidity Review as at 31 December 2020, dated 15 February 2021

Comparative assessment: **Pension**





Pension return comparison

The Trustee has determined it is not promoting the financial interests of the beneficiaries invested in its Pension option, as the majority of the investment options have performed close to or below the median across the 5 year performance period. The medium term performance has seen improvements, where 3 of the 5 options have seen above median performance. The Trustee is currently reviewing investment option offerings for the Pension product, with the view to make significant changes.

The Pension options menu includes 4 diversified options (Conservative, Balanced, Growth and High Growth) and 1 single sector option (Secure).

The peer group funds for the comparison are based on the funds in the same risk profile.

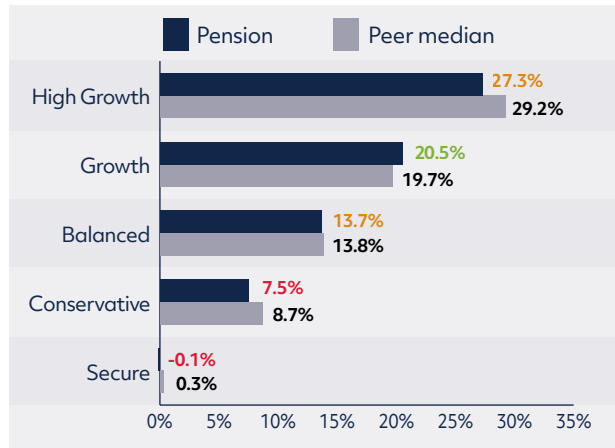
The tables on the following page compare the net returns over a 1, 3 and 5-year period against peer group funds.

- In the **Diversified** sector options: Balanced, Growth and High Growth options have performed above or close to median over the 1 and 3-year periods. However, in the 5-year performance, they have performed close to or below the median. The Conservative option has performed above the median in the 3-year period, however it has performed below the median in the 1 and 5-year period.
- In the **Single** sector options: The Secure option has underperformed across all periods.

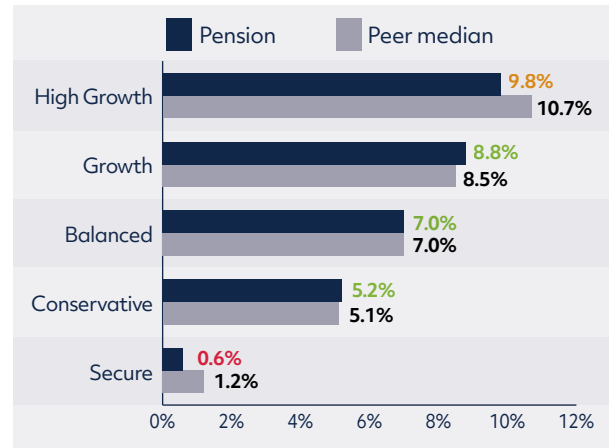


Pension return comparison (continued)

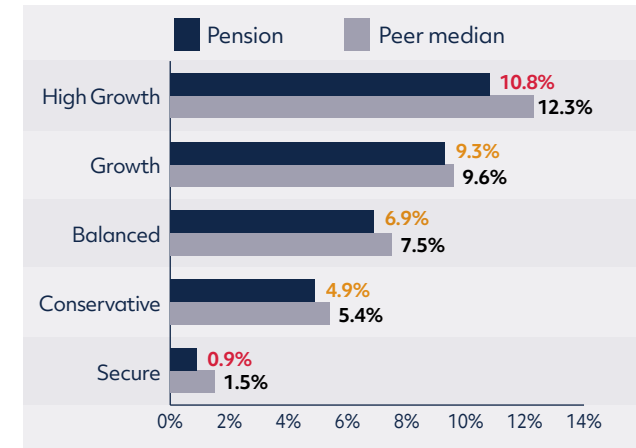
1 year performance



3 year performance



5 year performance



Rating key: ■ Above median ■ <10% below median ■ >10% below median

Source: Chant West Member Outcomes Dashboard effective 30 June 2021 for Pension options

In the graphs above, the X axis represents net investment returns, and the Y axis displays the Choice options benchmarked against across the peers in the same investment risk bands. The balance used is \$50,000 and all Investment returns are after tax and investment fees but before administration fees.



Pension fee comparison

The Trustee has determined it is not promoting the financial interests of the beneficiaries invested in its Pension option, as the fees are more expensive than the peer median. The Trustee has undertaken a reduction to investment fees and administration fees in FY 21/22.

The current administration fees, investment fees and total fees at both a \$50,000 balance and \$100,000 balance are more expensive than the median.

Total fees are a sum of the Administration and Investment related fees.

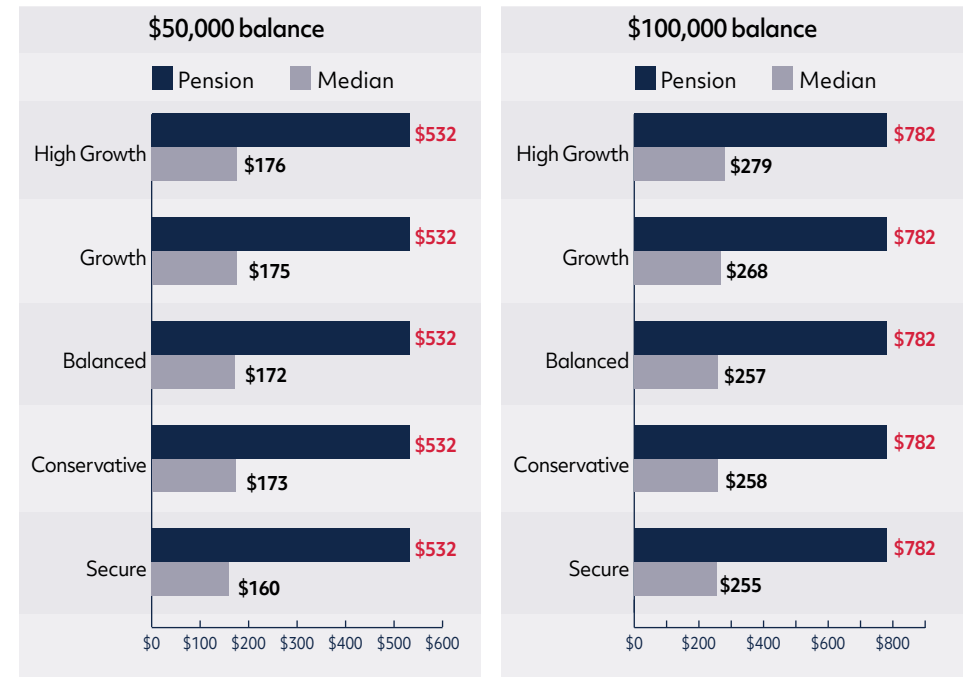
GRF fees which were used for comparison are listed below (FY 20/21)*

- The current \$ administration fee for the Pension options is \$95 per annum.
- The current % administration fee is 1.25% with a tiered fee rebate:
 - Up to \$24,999: Nil
 - \$25,000 to \$125,000: 0.75%
 - Over \$125,000: 1.00%
- Investment fees for this comparison range from 0.08% to 0.87% depending on investment option.

* The administration fees were reduced on 1 January 2022 and are now in line with the MySuper offering.

In the graphs to the right and on the following page, the X axis represents fee paid in \$ and the Y axis displays the investments benchmarked against across the peer median. Peer funds are in the same investment risk bands across the \$50,000 and \$100,000 balances.

Admin fees

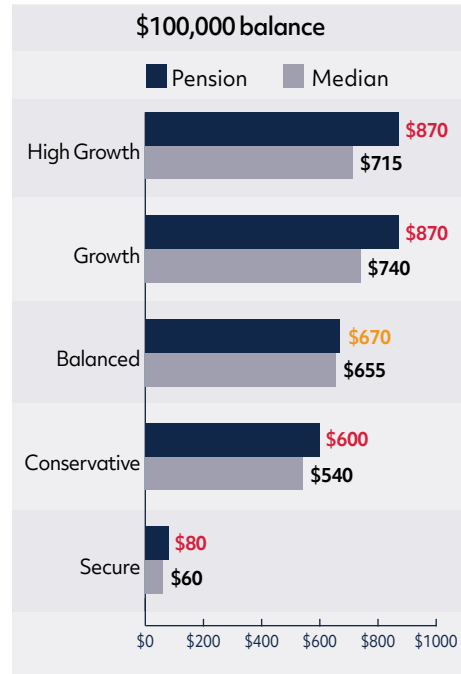
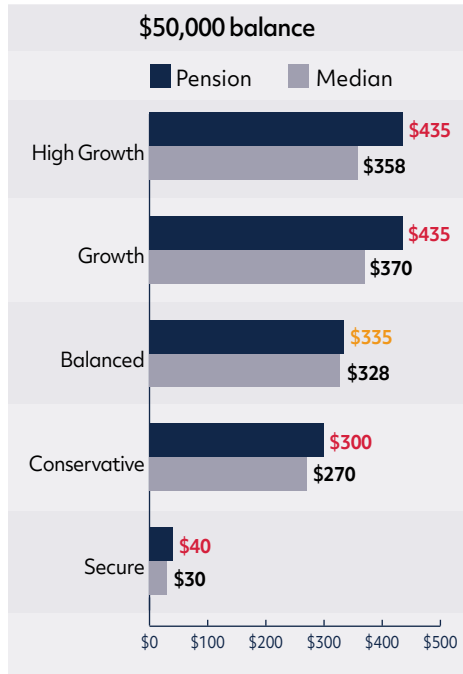


Source: Chant West Member Outcomes Dashboard effective 30 June 2021 for Pension options

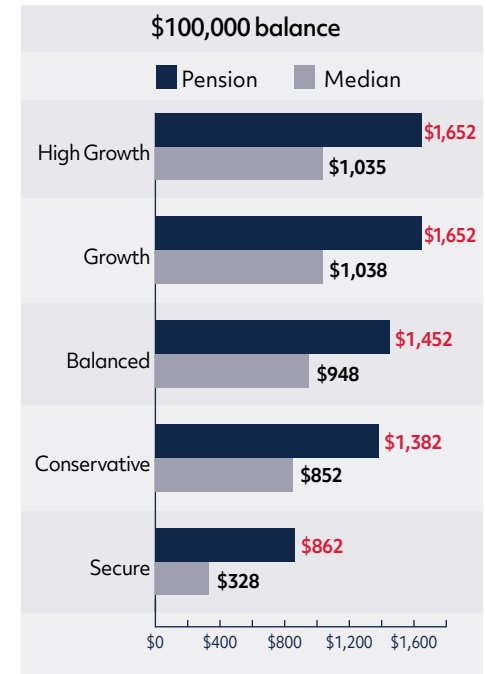


Pension fee comparison (continued)

Investment fees



Total fees



Rating key: ■ Cheaper than median ■ More expensive than median by <10% ■ More expensive than median by >10%

Source: Chant West Member Outcomes Dashboard effective 30 June 2021 for Pension options

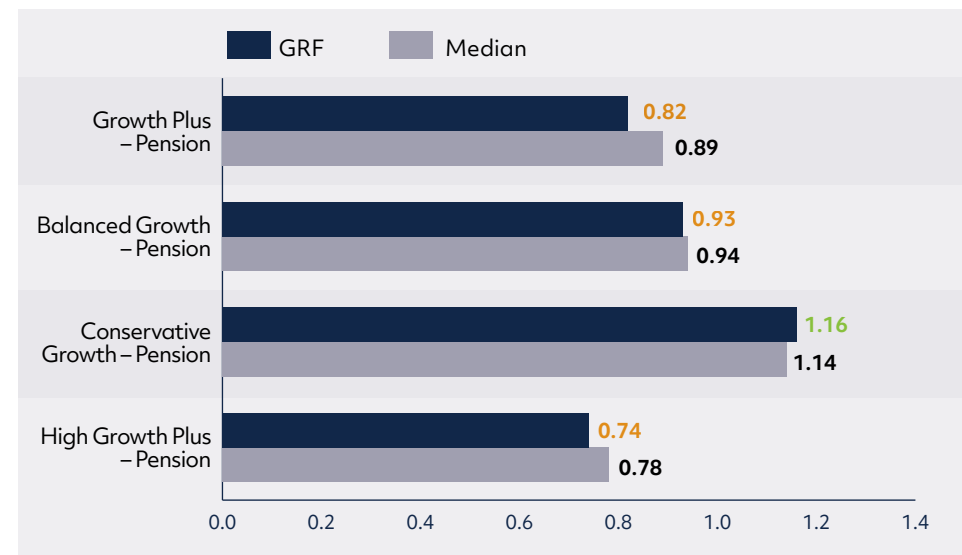


Pension investment risk comparison

The Trustee has determined it is promoting the financial interests of the beneficiaries invested in its Pension option, as the majority of the investment options are broadly aligned to peers in terms of risk with appropriate adjustment to consider specific demographics of the Fund's membership.

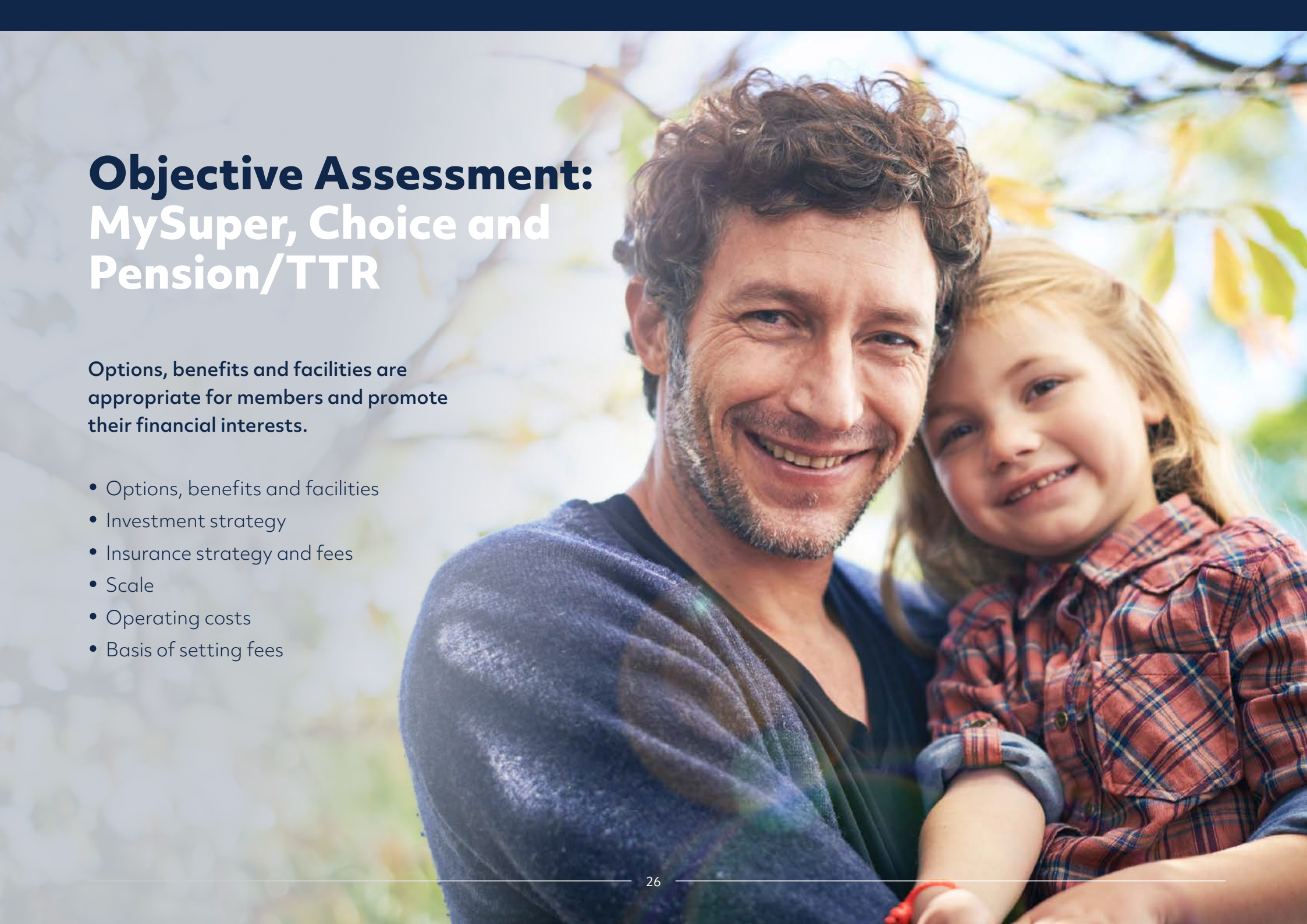
- Liquidity across the Fund remains strong, with a review undertaken by Russell Investments* subsequent to the relevant period, finding that all Choice and Pension investment options when tested under prevailing conditions were deemed Liquid or Highly Liquid and 9 of the 13 investment options were deemed Liquid or Highly Liquid when tested under stressed conditions (the remaining 4 options were assessed as Moderate).
- In the graph to the right, we measure the performance of GRF's investment options after adjusting for risk and comparing against the peer fund median. To do this, we consider the annual returns and volatility of returns to capture the risk reward of each investment option. The higher the number, 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.
- For all diversified Pension options GRF has performed close to or above the median.

Pension – 3-year risk analysis



Source: Frontier from Super Ratings index the peer group funds for the comparison below are based on the funds in the same risk profile.

*Russell Investments Stress Testing and Liquidity Review as at 31 December 2020, dated 15 February 2021

A photograph of a man with curly brown hair and a beard, wearing a blue sweater, smiling warmly. A young girl with blonde hair, wearing a red and blue plaid shirt, is leaning her head against his shoulder and smiling. They are outdoors, with trees and foliage in the background.

Objective Assessment: MySuper, Choice and Pension/TTR

Options, benefits and facilities are appropriate for members and promote their financial interests.

- Options, benefits and facilities
- Investment strategy
- Insurance strategy and fees
- Scale
- Operating costs
- Basis of setting fees



Objective assessment: Options, benefits and facilities

The range of services offered to members are on par with the industry and its peers.

All services are offered to all members in the Fund.

The member Net Promoter Score for FY 20/21 was 26.9.

Significant work has been undertaken by the Trustee to enhance the services being provided to the members.

Services

GRF members had access to a large range of services in FY 20/21, including:

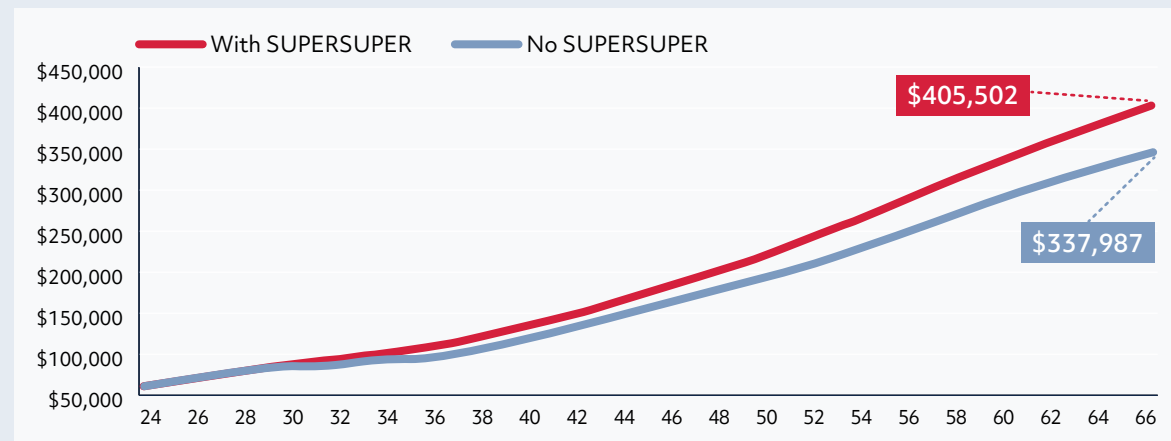
- Digital services through the Member Online portal and access to SUPERSUPER.
- Australian based contact centre (providing both Inbound and Outbound services).
- Personalised Marketing campaigns sent to all members throughout the year to prompt consolidation and additional contributions.
- Members have access to SUPERSUPER, an alternative avenue to save money for their retirement through their everyday shopping.

SUPERSUPER enables additional retirement savings

Our unique value proposition and key feature SUPERSUPER – the Fund’s shop and save rewards program – has enabled members to save money for their retirement through everyday shopping. This is particularly important for our demographic, young women with lower than projected retirement balances. SUPERSUPER offers a unique opportunity to save more without relying solely on Superannuation Guarantee contributions.

Meet Lin

Lin is a 24-year-old member. Lin could be a pharmacy assistant or childcare worker. She is a typical GRF member who is in the default MySuper product and is currently in the Building Lifestage. Through the glidepath she will move to the Growing lifestage and will de-risk at the age of 59 into the Consolidating lifestage. Based on analysis conducted on ABS data from 2015-2016 prior to the launch of SUPERSUPER, where the average household expenditure is approximately \$700 per week if she purchases \$300 of this through SUPERSUPER, Lin can retire with an additional \$67,515.





Objective assessment: Investment strategy

GRF investment strategies are appropriate for members and promote their financial interests.

GTS has strong governance processes in place to monitor investment strategies.

With the average demographic of GRF's membership being young women who will retire with lower-than-average balances due to time out of the workforce caring for children or elderly parents, higher likelihood of part time work and lower average incomes, GRF believes it is appropriate to maintain a higher exposure to growth assets for longer to improve the likelihood of higher longer term returns for its MySuper members (87% of its membership).

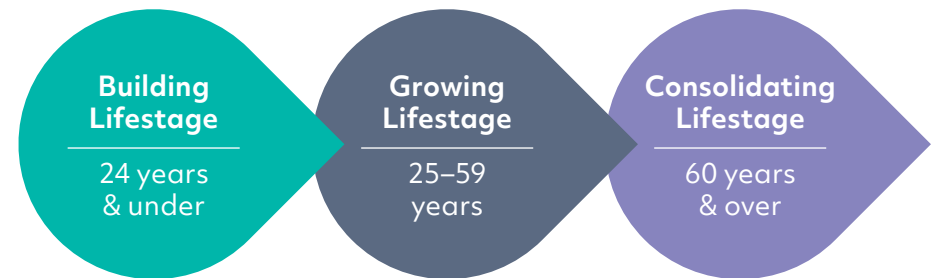
Choice and Pension members have been provided with a choice of investment options which are focused and give members enough flexibility to make their investment choices without being overwhelmed with too many investment options.

The Trustee has a view of ongoing refinement of the investment menu to ensure continued suitability of GRF.

GRF Investment Strategy Updates

- Frontier Advisers Pty Ltd are a leading independent asset consultant and were appointed as the Funds Asset Consultant in June 2021, replacing Russell Investment Management Ltd.
- Frontier provides advice on over \$600 billion of assets to superannuation funds and other institutional investors and GRF expects to benefit from access to their scale and expertise to improve returns for all members in the future.

MySuper lifestages



The Growth assets for Lifestages 1 are 100 % and Lifestage 2 are at 97% and for Consolidating Lifestage are at 62%



Objective assessment: Insurance strategy and fees

The Insurance strategy is appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

GTS has strong governance processes in place to monitor account balance erosion, monitoring of claim admittance rates and monitoring the approvals process of claims.

The insurance strategy for GRF is appropriate, based on several factors including key demographic data such as median ages, number of women in the Fund and level of household debt.

The insurance strategy is being reviewed in FY 21/22 to reassess demographics, likely needs of members, affordability and terms and conditions. Changes will then be considered to the design and cover levels to ensure that the insurance offering continues to be appropriate for the membership moving forward.

Offer, Coverage and Balance Erosion

52% of the Fund membership is insured, with approximately 86% being female, which is in line with the overall membership.

The Trustee's decision as to the types and level of insurance provided to members is formed based on the demographic composition of the members of the Fund. The benefit design is focussed on protecting younger women and their families, with cost competitive pricing and features that meet the work patterns of these members.

The Trustee considers the cost to all members when offering default insurance and that the cost of the insurance does not inappropriately erode the retirement income of members. This recognises the importance of balancing the needs of members with respect to insurance cover offered and retirement incomes.

Additionally, in order to protect member's balances due to inactivity on the account, cover is cancelled after 16 consecutive months without a contribution.





Objective assessment: Scale

GRF is effectively managing any scale-related risk

Despite GRF being small in size compared to the broader superannuation industry, the Trustee does not believe that a lack of scale has resulted in members financial interests being disadvantaged due to the following reasons:

- The new digital operating model and service provider arrangements which have been implemented are cost competitive with (much) larger funds and easily scalable. These arrangements have proven that size is not a barrier to negotiating competitive cost arrangements.
- The growth rate of the Fund is positive and higher than median. This will continue to provide an increasing base upon which operating costs can be pooled, thereby assisting in managing the overall costs and driving down the cost per member.
- Asset consultant arrangements are in place, allowing for investments to access relevant asset classes on a cost competitive basis which are generally accessible to larger funds.

APRA Annual Stats for FY 20/21

- Funds Under Management ('FUM') grew by 26.55%, compared to the industry median of 15%
- Net members' benefits flows of \$56M, compared to the industry median of -\$4M
- Number of member accounts grew by 3%, compared to the industry median of -3%
- Net rollovers out of -\$80M, compared to the industry median of -\$28M
- Net members' benefit outflow ratio of 76.1%, compared to the industry median of 107%





Objective assessment: Operating costs & Basis for setting fees

Operating costs

GTS's operating costs are in line with the industry and are proportionate to the amount of funds under management.

- GTS has a reasonable split between fixed and variable costs.
- The greater level of fixed costs enables member growth without the need to increase costs.
- Lower operating costs due to the of change administration services and operating model from FY 21/22.

Basis for setting fees

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

The administration fee is a combination of a flat dollar-based fee and basis points. This ensures that low balance members do not have their accounts eroded by virtue of being charged only a (higher) fixed fee, while simultaneously providing a sliding scale whereby higher balance members pay a higher total administration fee. This fee is proportionate to the broader range of Fund services that higher balance members typically access as more engaged members. MySuper members have an \$800 cap applied to the total fees they pay and Choice members have a rebate structure for the % administration fees payable to protect higher balances.

Fees are charged to members on a monthly basis, therefore ensuring 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 by way of deducting the fee on an annual or bi-annual fee basis.

The 3% fee cap applies to 35.2% of GRF members, who have a balance under \$6k in FY20/21.

GRF members invested in the Choice option can benefit from the Maternity/Paternity leave fee waiver.

The Trustee is currently undertaking several initiatives to review, revise and lower fee structures for Choice products.





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