

Guild Retirement Fund Member Outcomes Assessment 2021–2022



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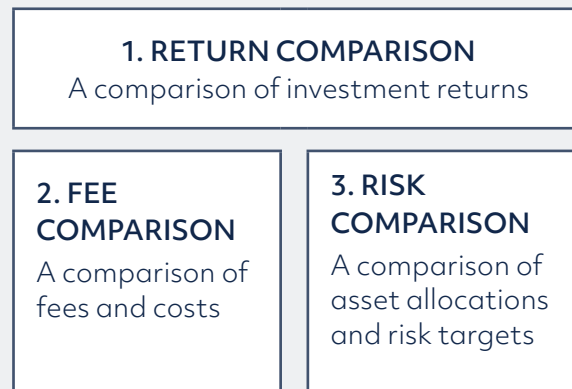
Introduction

In April 2019, changes were made to the rules governing superannuation funds in Australia. The Superannuation Industry (Supervision) Act 1993, or 'SIS Act' for short, requires each trustee of a super fund to check annually if the financial interests of its members are being looked after. Funds must do this by comparing and benchmarking their products with those of similar funds.

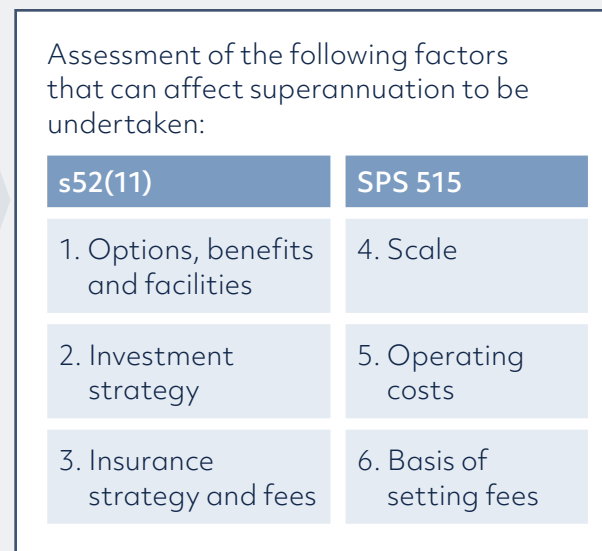
The Member Outcomes Assessment ('MOA') is a review that every trustee must complete by 28 February 2023. Data from the previous financial year (up to 30 June 2022) is used to carry out the assessment. The requirements for the assessment are set out in sections 52(9) to 52(11) of the SIS Act. Different groups of members are identified based on the type of product they have (incl. MySuper and Choice (Accumulation and Pension)).

For comparison purposes, the funds in the peer group for Choice products are currently selected based on the risk level of their investment options because final regulations mandating how this comparison is to be made have not yet been made.

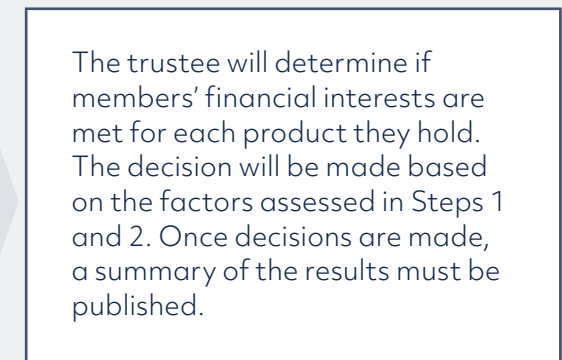
STEP 1 Comparative assessment



STEP 2 Objective assessment



STEP 3 Conclusion



Criteria for balancing of factors

Assessment factors	Criteria
Investment returns	<ul style="list-style-type: none"> We compare our investment returns at both a life stage and product level. Returns are benchmarked against median returns for 1, 3, and 5-year periods for our MySuper, Choice and Pension options. We also use APRA's investment return heatmap results for MySuper and Chant West's Member Outcomes Dashboard for Choice products.
Fees	<ul style="list-style-type: none"> We benchmark our administration, investment, and total fees against the median for MySuper balances of \$25,000 and \$50,000, and Choice and Pension balances of \$50,000 and \$100,000. We also use APRA's fee benchmark heatmap results for MySuper.
Investment risk	<ul style="list-style-type: none"> We compare our investment risk level to similar funds based on the APRA classification for MySuper products. For Choice and Pension products, we compare the risk-reward of each investment against the peer fund median.
Options facilities and benefits	<ul style="list-style-type: none"> We assess the range of services provided to members (incl. any specialised services) based on quality and quantity against the broader industry.

Assessment factors	Criteria
Investment strategy	<ul style="list-style-type: none"> We check if our investment strategies are appropriate for all products and consider any changes to investment strategy, the flexibility of choice products, investment governance processes, and material changes to our approach to managing investments.
Scale	<ul style="list-style-type: none"> We examine the impact of the fund's size on operating costs, investment strategy, negotiating power with service providers (incl. potential discounts), ability to attract and retain talent, and the potential benefits of pooling risk for retirement and insurance products.
Insurance strategy and fees	<ul style="list-style-type: none"> We check the appropriateness of our insurance strategy and coverage for the fund, as well as our governance processes. We examine the affordability of insurance fees (typically less than 1% of members' salary) and check balance erosion prevention mechanisms.
Operating costs	<ul style="list-style-type: none"> We analyse our fixed and variable costs, compare our operating costs to the industry, and disclose any shareholder payments (if there are any).
Basis for setting fees	<ul style="list-style-type: none"> We check the appropriateness of our fee structures for the products. We split between flat and variable fees, any fee caps, the timing of fee charges, and any fee discounts or rebates provided.

Product determinations

MySuper

After considering a balance of factors (see p.4), with a higher weighting given to Investment Returns and Fees, the Trustee of Guild Retirement Fund (GRF) found that the financial interests of MySuper members are being promoted.

Investment returns for MySuper members in two of the three life stages are above the median for longer-term 5-year performance – that is 80% of the fund’s membership. Investment risk for different life stages is in line with peers and is appropriate for the membership base.

Total fees and costs for MySuper at a product level are a little higher than the median, but investment fees were lowered in FY 21-22 which helped to reduce the overall costs, and further fee reductions are expected to benefit members in FY 23-24. All objective assessment criteria (see p.4) are deemed appropriate.

Choice

After considering a balance of factors (see p.4), with a higher weighting given to Investment Returns and Fees, the Trustee of GRF found that the financial interests of Choice members are being promoted.

In May 2022, significant changes were made to the Choice product offering that resulted in reduced investment fees. These changes included consolidating investment options and using more passive investment strategies.

Additionally, administration fees were reduced by introducing a flat percentage-based fee instead of a tiered fee structure. These changes are expected to improve financial outcomes for members in future years.

Most investment options performed below average over the past 1, 3, and 5-year periods. However, investment risk for different options is in line with industry peers and is considered appropriate for members as an alternative to the higher risk Building and Growing MySuper options. Total fees and costs for a \$100K balance are generally in line with median fees. All objective assessment criteria (see p.4) are deemed appropriate.

Pension/TTR

After considering a balance of factors (see p.4), with a higher weighting given to Investment Returns and Fees, the Trustee of GRF found that the financial interests of Pension members are being promoted.

In FY 21-22, significant changes were made to the Pension product that resulted in reduced investment fees. These changes included consolidating investment options and using more passive investment strategies.

In addition, administration fees were reduced by replacing the tiered fee structure with a flat percentage-based fee. These changes are expected to improve financial outcomes for members in future years.

Most investment options performed below the median over the past 1, 3, and 5-year periods. However, investment risk is in line with industry peers and is considered appropriate for members.

Fees and costs are slightly higher than the peer group.

All objective assessment criteria (see p.4) are deemed appropriate.

Comparative assessment: MySuper



MySuper return comparison

The Trustee has determined that the financial interests of its members in the MySuper product are being promoted as most life stages have performed better than the median in the 3 and 5-year performance periods.

- All life stages underperformed in the short-term (1 year) due to the high exposure to growth assets. This also impacted the 3-year performance result.
- During FY 21-22, markets were impacted by central banks increasing interest rates and the Russia-Ukraine War.
- Actively managed funds were able to avoid certain negatively impacted markets. Our MySuper portfolio is passively managed, leading to underperformance compared to peers in the short term.
- The majority of MySuper's listed equities are invested in Russell Low Carbon products that exclude the energy sector. That sector rallied strongly in the 1-year period up to 30 June 2022, leading to underperformance of the Russell Low Carbon products.
- Two out of the three life stages (Growing and Building) have remained above the median for the past 5 years – over 95% of our MySuper members are in the two life stages.

FY 21-22 APRA Heatmap

The APRA Heatmap is a tool used by the Australian Prudential Regulation Authority (APRA) to assess the performance of MySuper products and provide comparative information to consumers.

- The 8-year net investment returns for the Consolidating life stage have performed above average. The Building life stage has only slightly underperformed, and the Growing life stage has significantly underperformed.
- In the 8-year period, the Strategic Asset Allocation (SAA) benchmark has underperformed slightly, and the Simple Reference Portfolio (SRP) benchmark has underperformed significantly for its Growing life stage. The Trustee is working with Assets Consultants to improve performance.
- Our MySuper product passed the Your Future Your Super (YFYS) performance test.

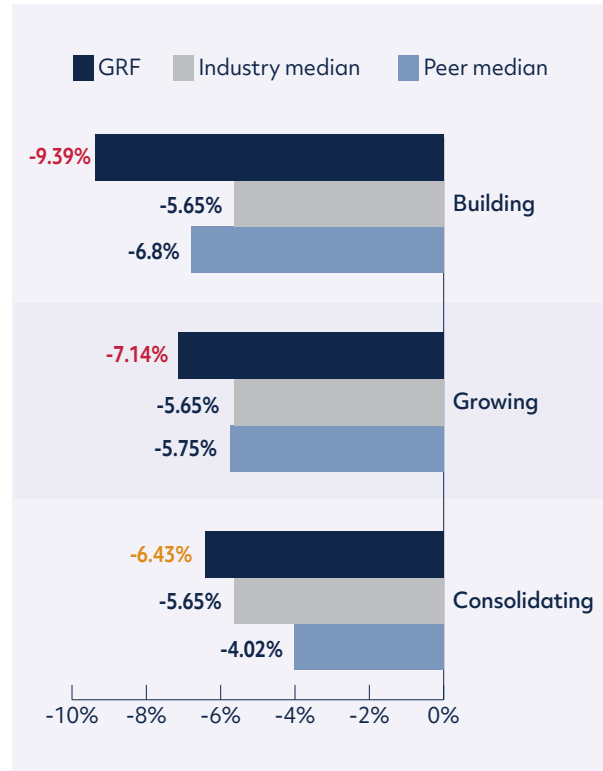
Data Sources

- APRA MySuper Quarterly Statistics June 2022
- APRA MySuper Heatmap 2022

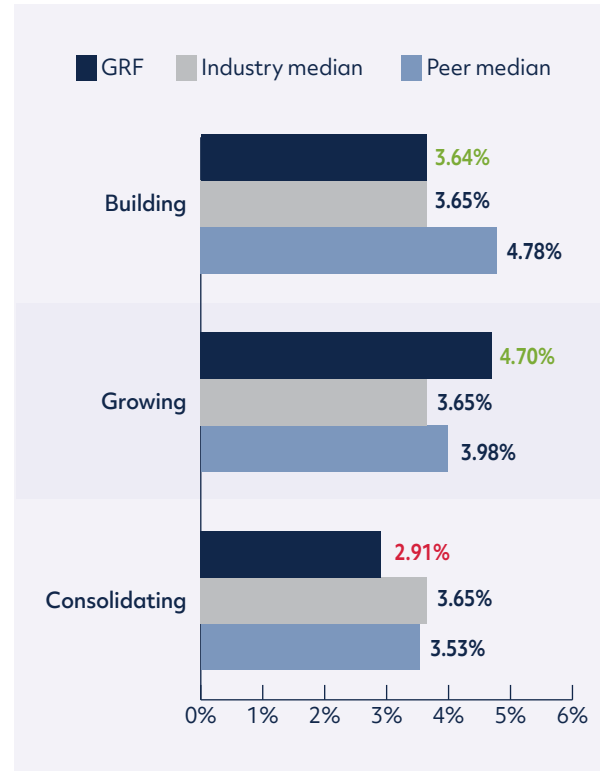


MySuper return comparison continued

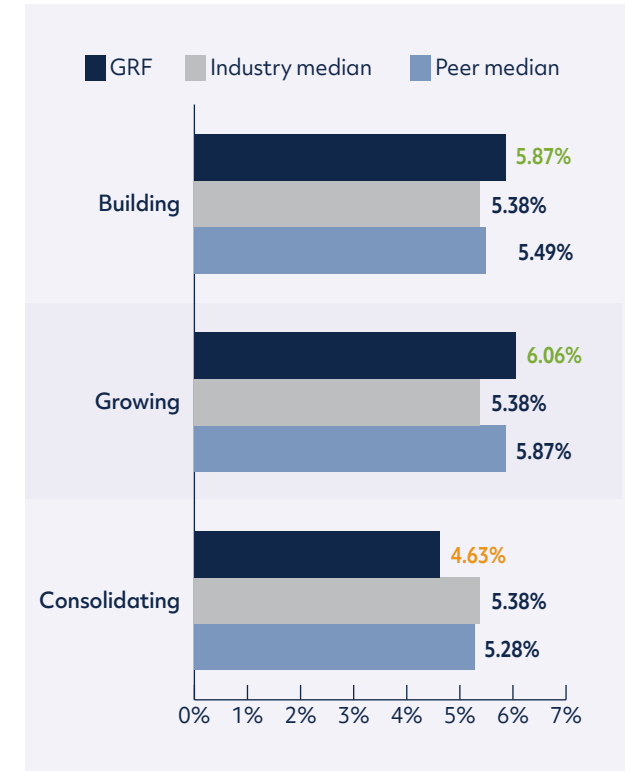
1 year performance



3 year performance



5 year performance



In the above graphs, the X axis represents net investment returns and the Y axis displays the life stages 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.

■	Above median or within 5% of median
■	Below median between 5% and 15%
■	>15% below median

Data source: APRA MySuper Quarterly statistics, June 2022.

MySuper fee comparison

The Trustee has determined that, overall, the financial interests of its members in the MySuper product are being promoted in relation to fees and costs. The total fees for the Building life stage are below average cost, while the Growing and Consolidating life stages are slightly above average.

- For all life stages, the administration fees are slightly higher than average (compared against all MySuper products in the industry) at a \$50,000 balance, and significantly higher at a \$25,000 balance.
- Investment fees for Consolidating and Growing are slightly more expensive than the median, while the Building life stage is significantly lower cost.
- Overall, fees for Consolidating and Growing life stages are only marginally more expensive than the median, while the Building option is significantly less expensive.

- An assessment of the total fees and costs for GRF's MySuper product found that it's more expensive than the median.

FY 21-22 APRA Heatmap

APRA's MySuper Heatmap found that administration fees are marginally more expensive for all life stages with a \$50,000 balance. However, overall fees are cheaper than the median for all life stages.

Your MySuper fees (FY 21-22)

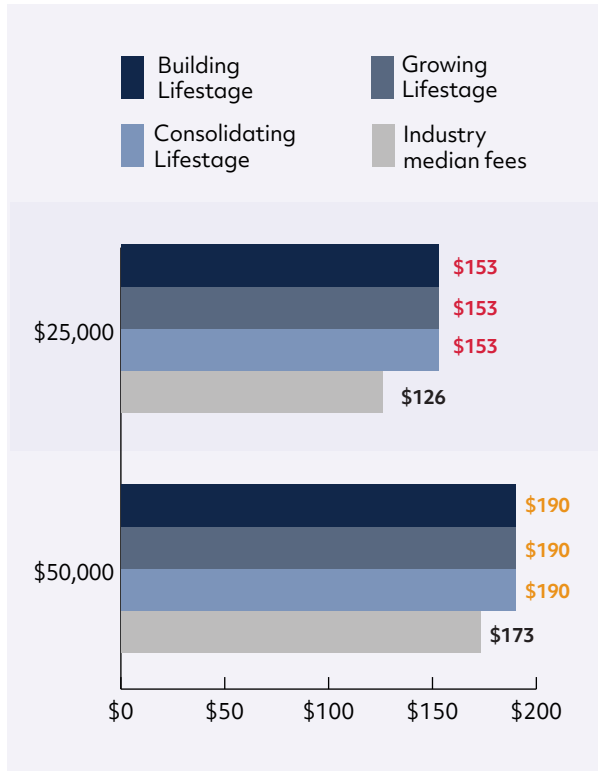
The following costs were used for the comparison against peers:

- The fixed administration fee of \$115 per annum.
- The percentage component of the administration fee: 0.15%.
- The fee cap of \$800 per annum on total fees paid is applied.
- The Investment fee, which ranges from 0.41% to 0.69%, depending on the life stage.

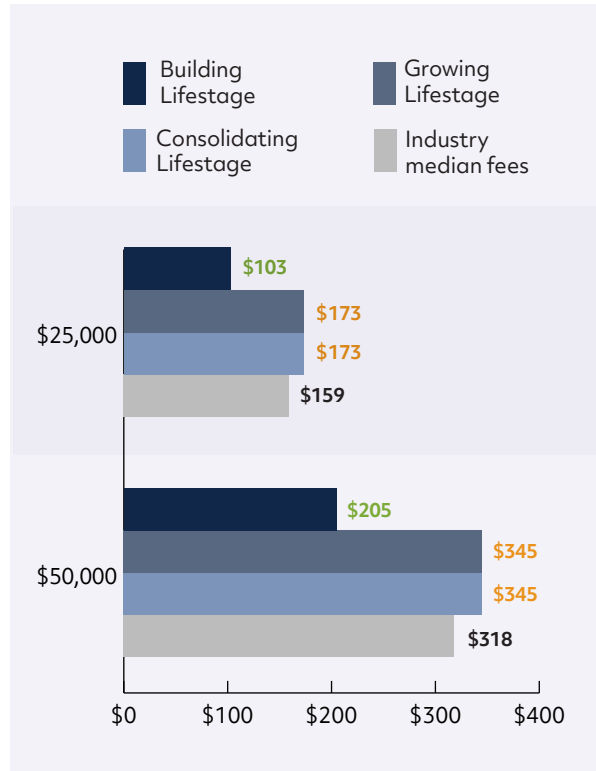


MySuper fee comparison continued

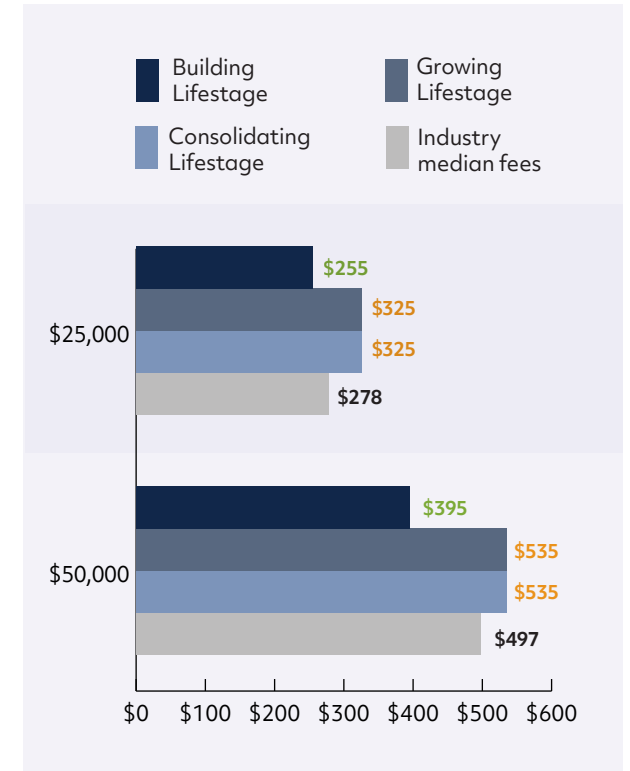
Administration fees



Investment fees



Total fees



In the above graphs, the X axis represents fees paid in \$ and the Y axis displays the life stages benchmarked against MySuper product in the industry. The balances used are \$25,000 and \$50,000.

- Above median or within 5% of median
- Below median between 5% and 15%
- >15% below median

Source: Summarised four quarters from APRA MySuper Quarterly Statistics, June 2022.

MySuper risk comparison

The Trustee has determined that it is promoting the financial interests of its members in relation to the investment risk in its MySuper product. While the level of investment risk is categorised as 'High', it's comparable to most MySuper products in the industry. Plus, it's in line with the fund's investment strategy and appropriate for our membership base, which is younger compared to those of other funds. This allows our members to have more time to invest and achieve higher returns.

According to APRA data, our MySuper product has a 'High' investment risk band with 215 comparable peers. It's estimated to result in 4 to less than 6 years of negative investment returns over a 20-year period. At the life stage level, the investment risk bands are:

- **Building life stage:** 'Very High' investment risk, with no comparable peers in the industry.
- **Growing life stage:** 'High' investment risk, with 114 comparable peers.
- **Consolidating life stage:** 'Medium to High' investment risk, with 40 comparable peers. Noting effective 1 May 2022, the risk label for this life stage was increased to 'High'.

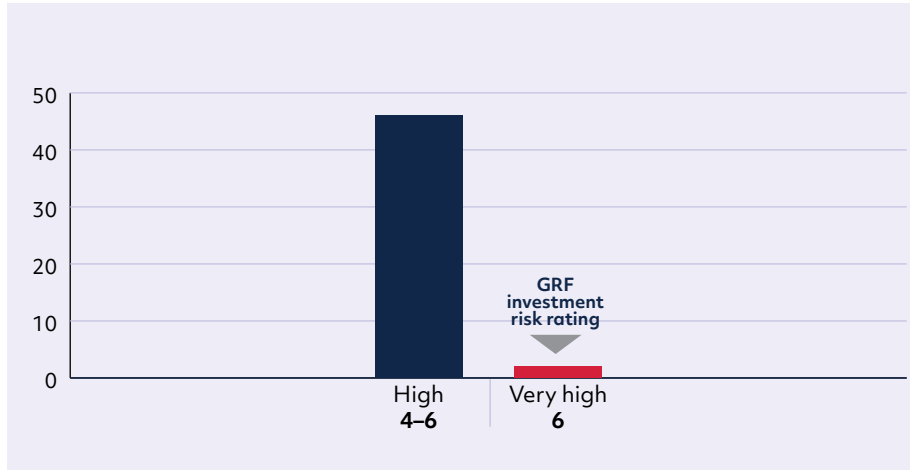
APRA Investment Risk table

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

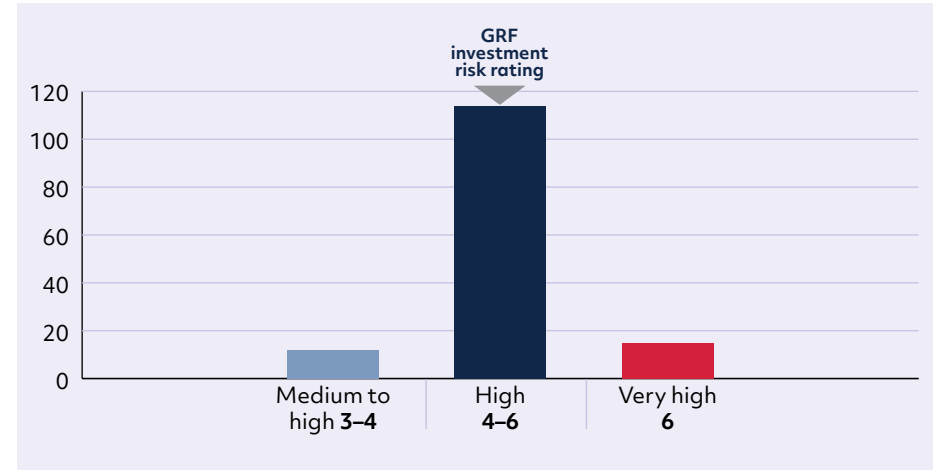


MySuper risk comparison continued

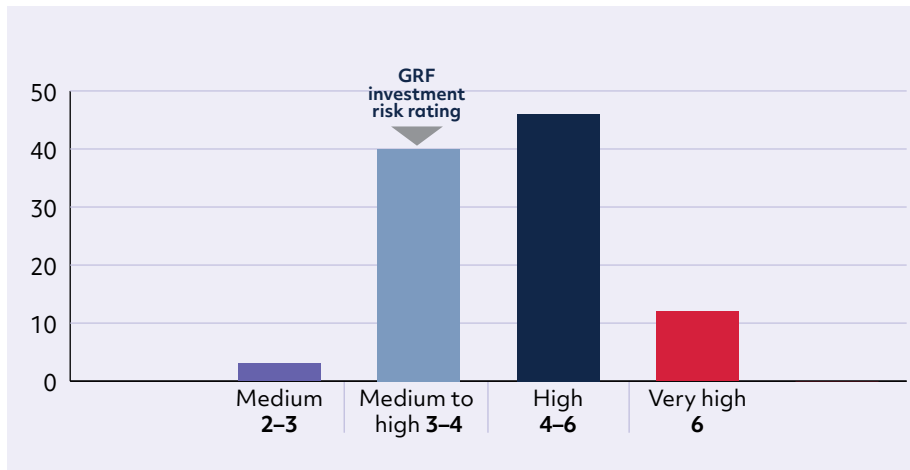
Investment risk – Building life stage



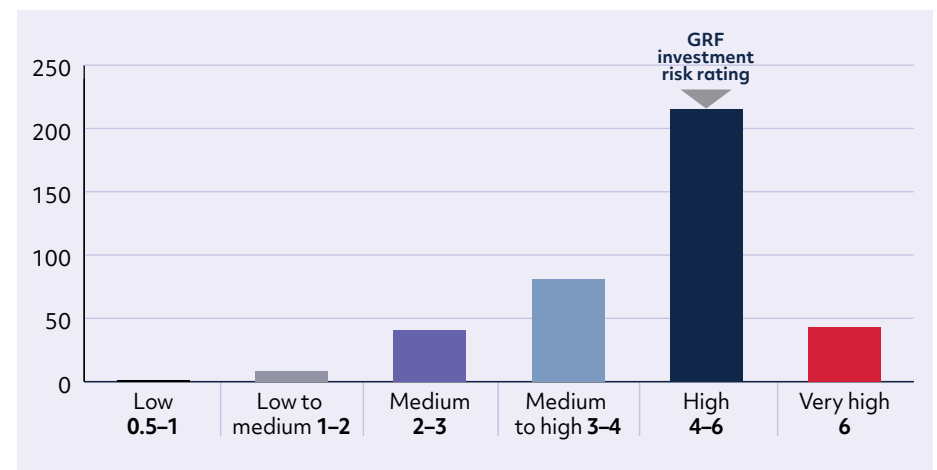
Investment risk – Growing life stage



Investment risk – Consolidating life stage



Investment risk – Product level



In the graphs above, the X axis represents risk labels, and the Y axis displays the number of funds in each risk category. It includes us (GRF) and peer funds in the industry. The balance used is \$50,000.

Source: APRA MySuper Quarterly Statistics, June 2022.

Comparative Assessment: Choice

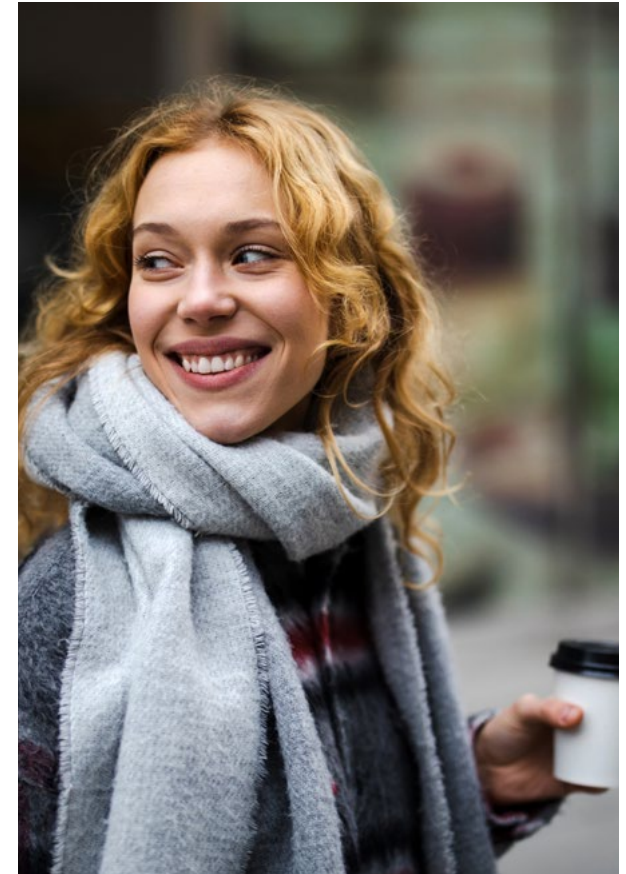


Choice return comparison

The Trustee has determined that the financial interests of its members in the Choice product are not being promoted as most investment options have performed below the median.

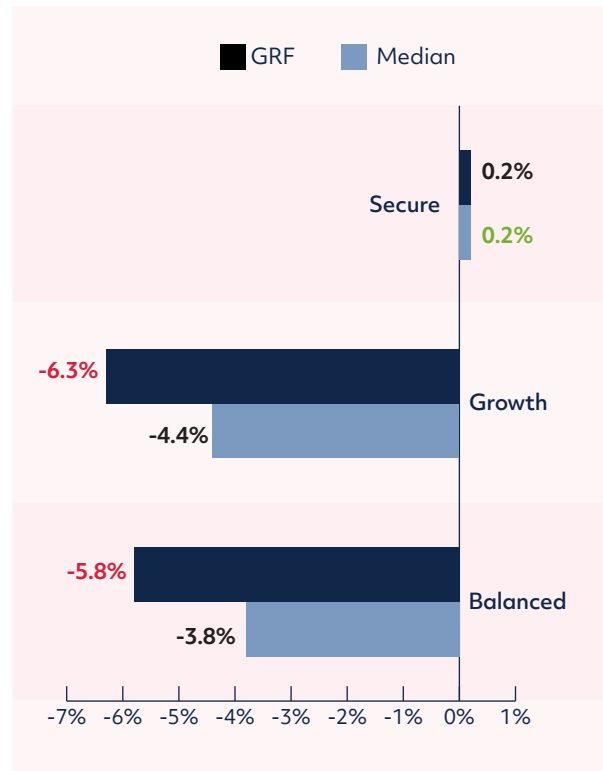
Our Choice menu includes two diversified options, **Growth** and **Balanced**, and one single sector option, **Secure**.

- **Growth** performed below the median over the 1, 3 and 5-year performance periods.
- **Balance** performed below the median over the 3 and 5-year periods but underperformed over the 1-year period.
- **Secure** performed below the median over the 3 and 5-year periods but is at the median over the 1-year period.
- During FY 21-22, markets were impacted by central banks aggressively increasing interest rates and the Russia-Ukraine War.
- Actively managed funds were able to avoid certain negatively impacted markets. Our Choice portfolio is passively managed, leading to underperformance compared to industry peers.
- Most of GRF's listed equities are invested in Russell Low Carbon products that exclude the energy sector. That sector rallied strongly in the 1-year period up to 30 June 2022, leading to underperformance of the Russell Low Carbon products. This negatively impacted the returns of both Balanced and Growth options.
- In FY 21-22, the Trustee implemented a Dynamic Asset Allocation strategy which is expected to improve short-term performance.

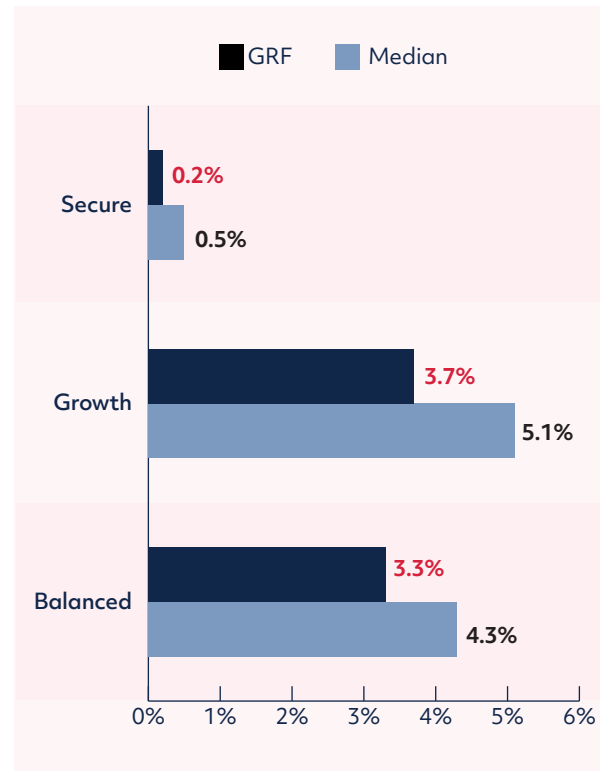


Choice return comparison continued

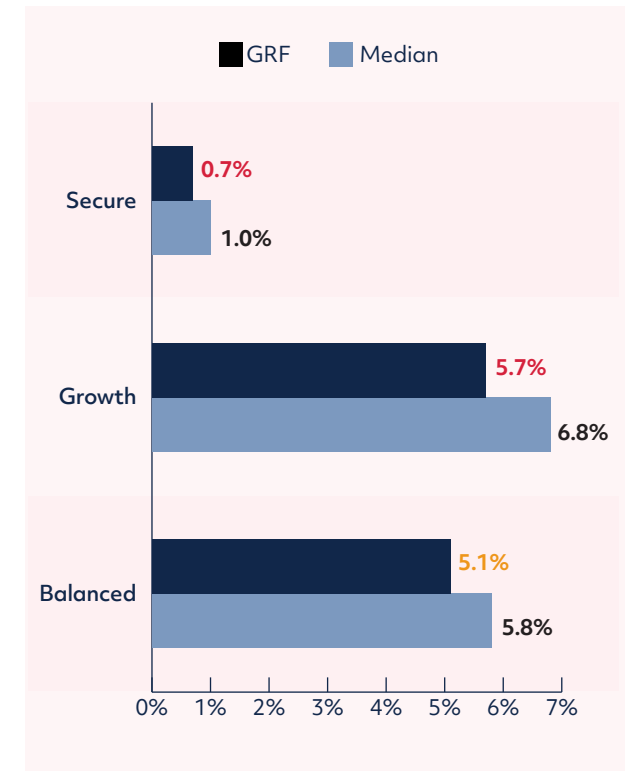
1 year performance



3 year performance



5 year performance



In the above graphs, the X axis represents net investment returns. The Y axis displays the Choice options (Balanced, Growth and Secure) benchmarked against the industry peer median in the same investment risk bands over a 1, 3 and 5-year period. The balance used is \$50,000. The returns are after tax and investment fees but before administration fees.

- Above median or within 5% of median
- Below median between 5% and 15%
- >15% below median

Data source: Chant West June 2022 Member Outcomes Dashboard.

Choice fee comparison

The Trustee has determined that the financial interests of its members in the Choice product are being promoted in relation to fees and costs. The total fees for the average member in our Choice product are only marginally above average.

- The average member balance in our Choice product is close to \$100,000.
- The investment fees for a \$100,000 balance are cheaper than average for all three Choice options (Growth, Balance and Secure) compared to peers in the industry.
- The administration fees for \$100,000 and \$50,000 balances are higher than average in comparison.
- The total fees – the sum of administration and investment fees – for a \$100,000 balance are only marginally higher compared to the median for Growth and Balanced options.

Your Choice fees (FY 21-22)

The following costs were used for the comparison against peers:

- The fixed administration fee of \$115 per annum.
- The percentage component of the administration fee of 0.30%.
- The Investment fee of 0.0% to 0.60%, depending on the investment option.

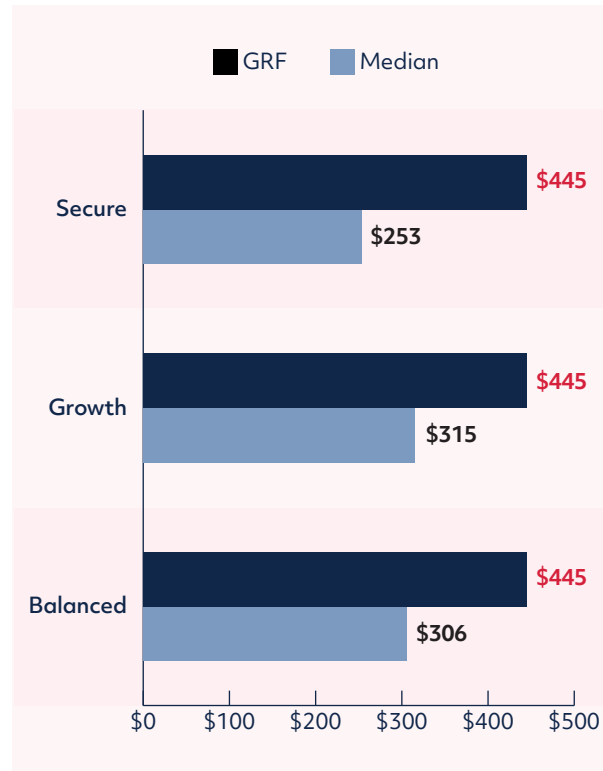


Source: Chant West Member Outcomes Dashboard effective 30 June 2022 for Choice options.

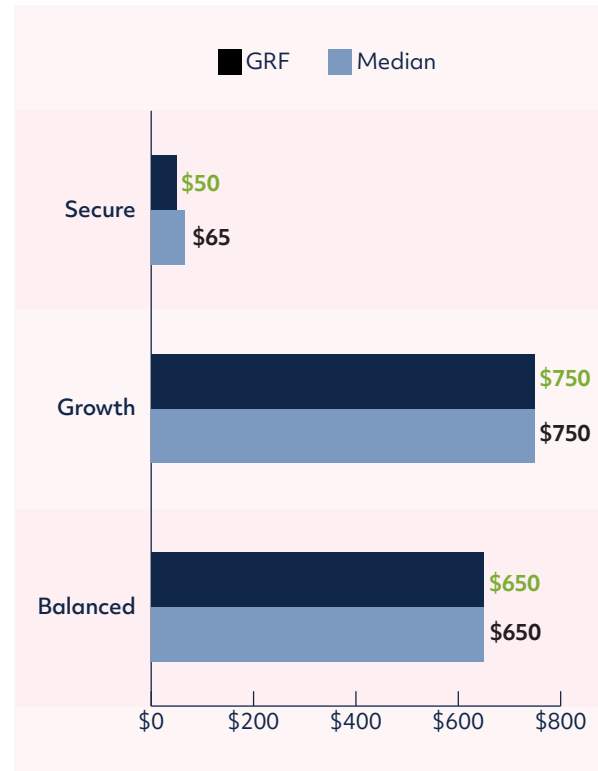
Choice fee comparison continued

Choice fee comparison at a \$100,000 balance

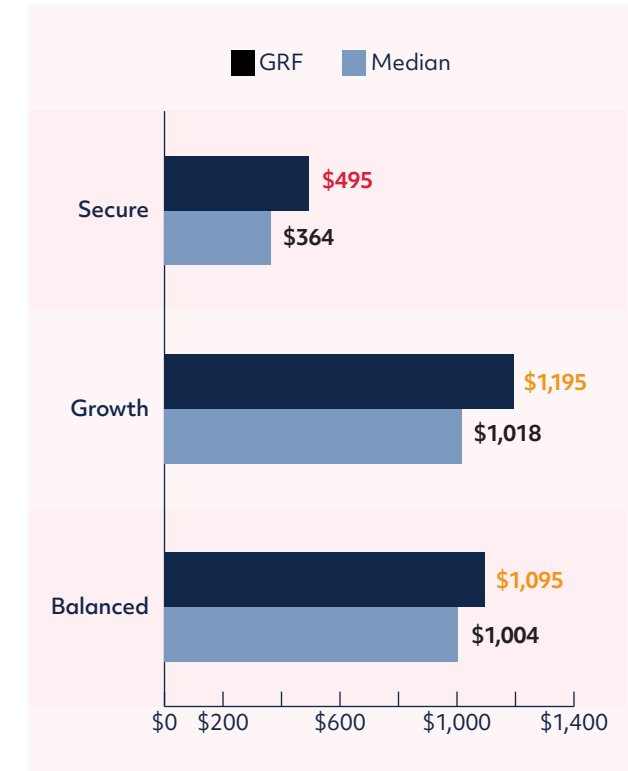
Administration fees at \$100k balance



Investment fees at \$100k balance



Total fees at \$100k balance



In the above graphs, the X axis represents fees paid in \$. The Y axis displays the Choice investment options benchmarked against the median cost of industry peer products within the same risk band. The balance used is \$100,000. The total fees are the sum of administration and investment fees.

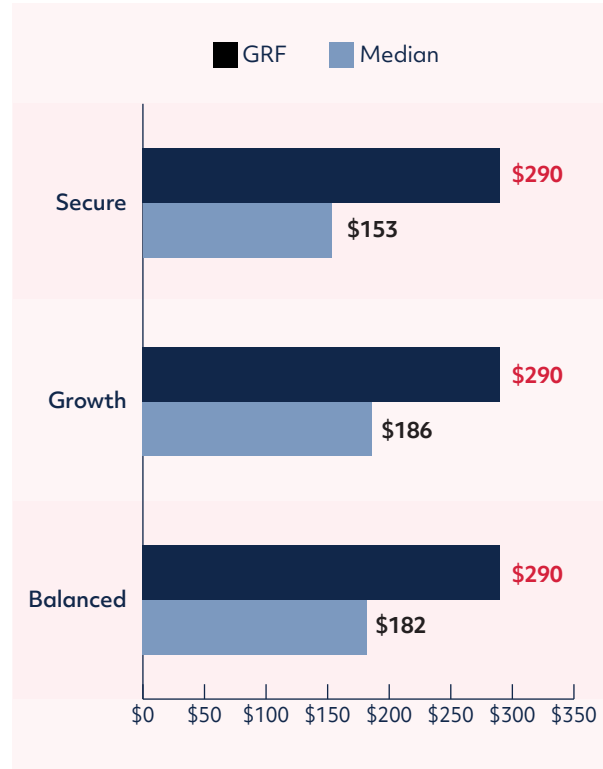
- Above median or within 5% of median
- Below median between 5% and 15%
- >15% below median

Source: Chant West Member Outcomes Dashboard effective 30 June 2022 for Choice options.

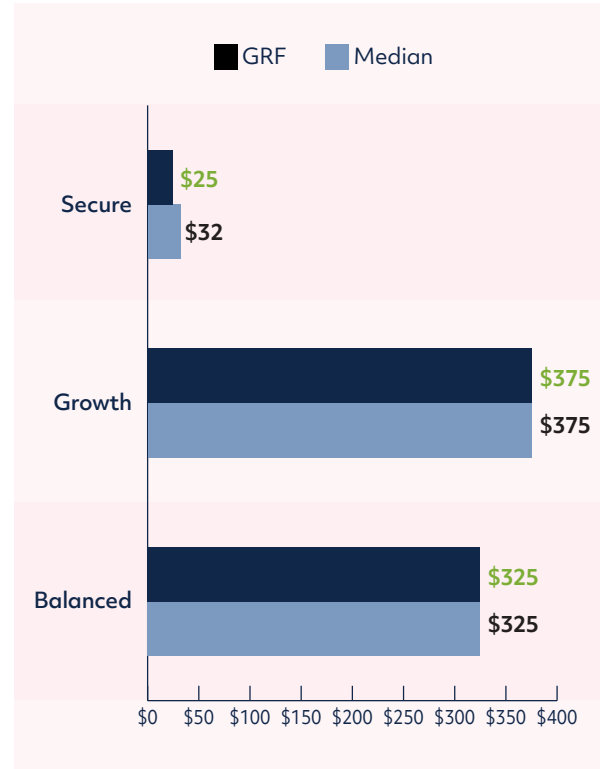
Choice fee comparison continued

Choice fee comparison at a \$50,000 balance

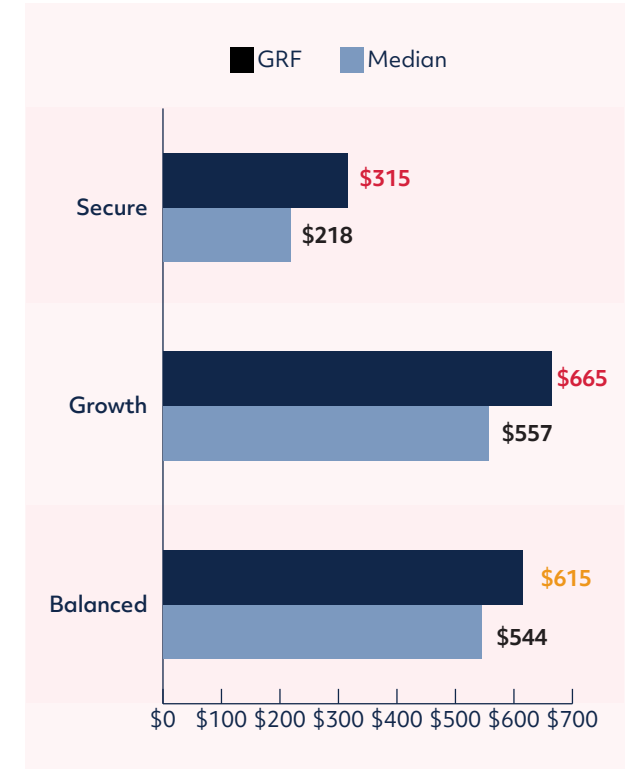
Administration fees at \$50k balance



Investment fees at \$50k balance



Total fees at \$50k balance



In the above graphs, the X axis represents fees paid in \$. The Y axis displays the Choice investment options benchmarked against the median cost of industry peer products within the same risk band. The balance used is \$50,000. The total fees are the sum of administration and investment fees.

- Above median or within 5% of median
- Below median between 5% and 15%
- >15% below median

Source: Chant West Member Outcomes Dashboard effective 30 June 2022 for Choice options.

Choice risk comparison

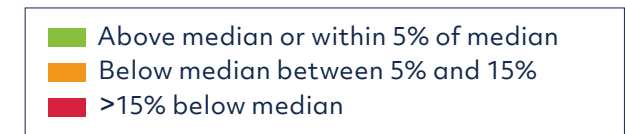
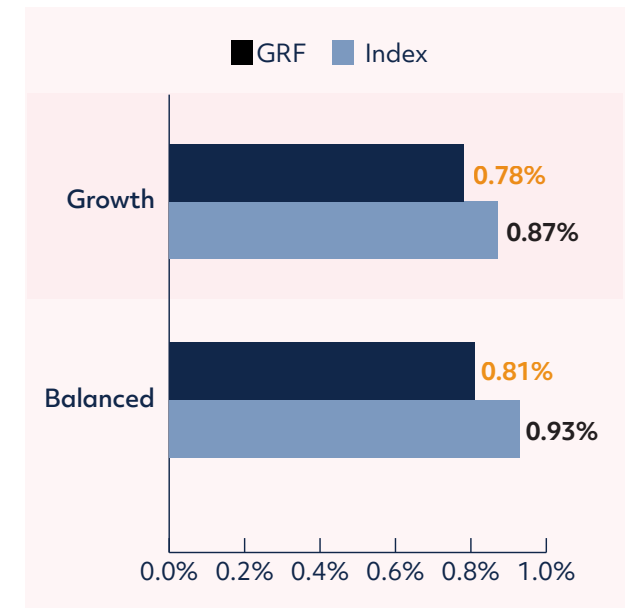
The Trustee has determined that it is promoting the financial interests of its members in relation to the investment risk in its Choice product. The risk of most Choice investment options is comparable to peers in the industry, with appropriate adjustments made to our Strategic Asset Allocation (SAA) to suit our membership demographics.

Liquidity across the fund remains strong. An assessment by independent asset consultant, Frontier Advisors*, found that the SAA for our Pension options was well below the 25% limit on illiquid assets for the performance period. This limit is documented in our Trustee Investment Policy Statement.

- In the graph to the right, the X axis represents net investment returns. The Y axis displays our two diversified Choice options (Balanced and Growth) benchmarked against the peer fund median of those with the same risk profile.

- To capture the risk-reward for each investment option, annual returns and market volatility are considered. The higher the number, the greater the investment return relative to the amount of risk taken. This represents the additional amount of return investors could receive per unit of increased risk.
- Due to the Growth exposure of GRF's products in our current SAA, the Trustee expects negative returns on one in five years (as explained in our Product Disclosure Statement). This has caused both diversified Choice options to perform below the median.

Accumulation: 7-year risk-return



*Frontier Stress Testing and Liquidity Review dated 16 February 2022.

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

Comparative Assessment: Pension

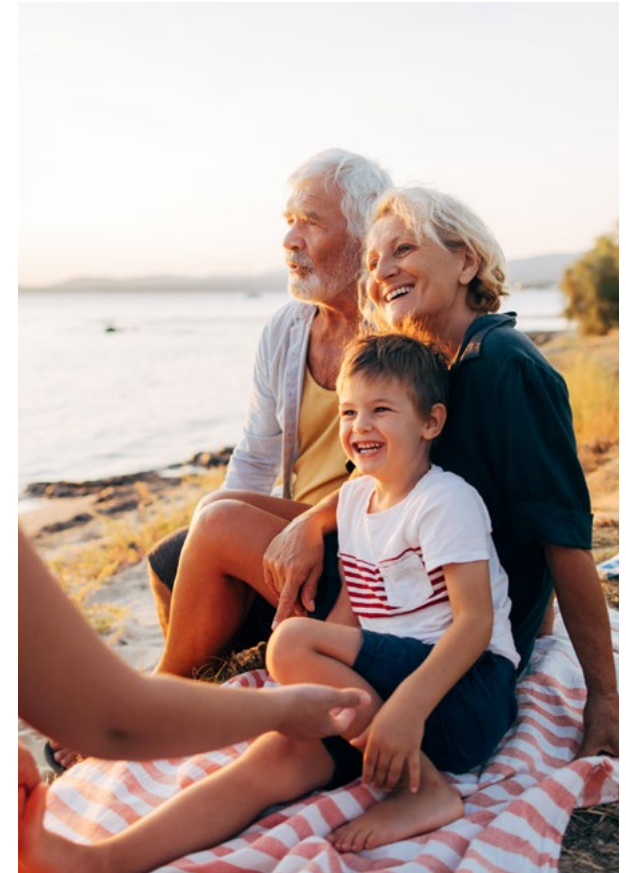


Pension return comparison

The Trustee has determined that the financial interests of its members in the Pension product are not being promoted as most investment options have performed below the median.

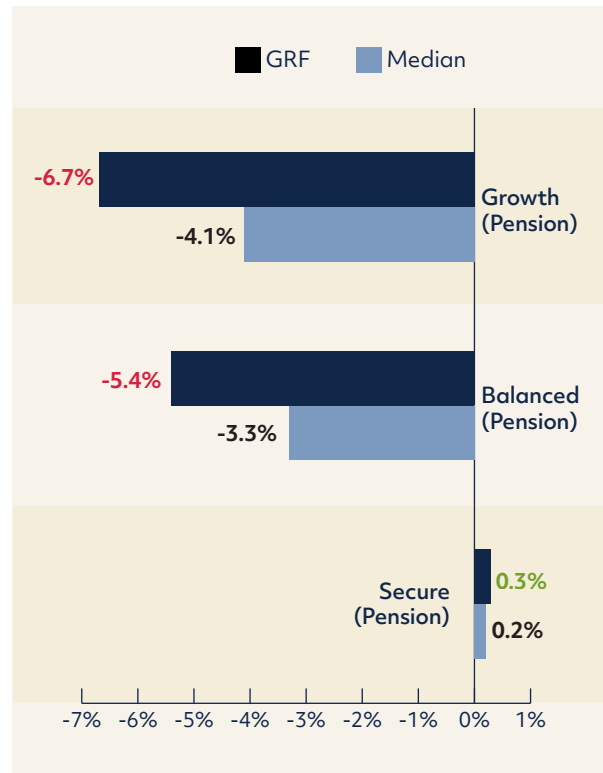
Our Pension menu includes two diversified options, **Growth** and **Balanced**, and one single sector option, **Secure**.

- **Growth** and **Balanced** performed below the median over the 1, 3 and 5-year performance periods.
- **Secure** performed below the median over the 3 and 5-year periods but is above median over the 1-year period.
- During FY 21-22, markets were impacted by central banks aggressively increasing interest rates, and the Russia-Ukraine War.
- Actively managed funds were able to avoid certain negatively impacted markets. Our Choice portfolio is passively managed, leading to underperformance compared to industry peers.
- Most of GRF's listed equities are invested in Russell Low Carbon products that exclude the energy sector. That sector rallied strongly in the 1-year period up to 30 June 2022, leading to underperformance of the Russell Low Carbon products. This negatively impacted the returns of both Balanced and Growth options.
- In FY 21-22, the Trustee implemented a Dynamic Asset Allocation strategy which is expected to improve short-term performance.

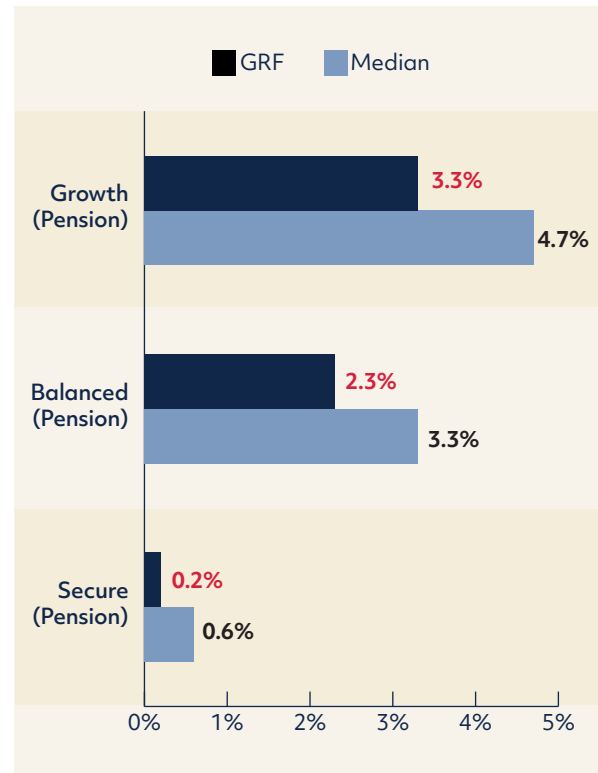


Pension return comparison continued

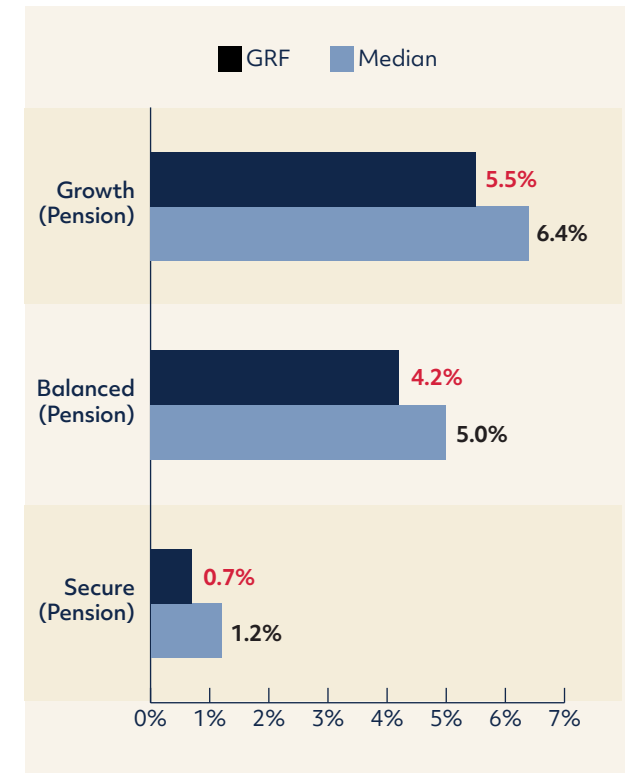
1 year performance



3 year performance



5 year performance



In the above graphs, the X axis represents net investment returns. The Y axis displays the Pension options (Balanced, Growth and Secure) benchmarked against the industry peer median in the same investment risk bands over a 1, 3 and 5-year period. The balance used is \$50,000. The returns are after tax and investment fees but before administration fees.

■ Above median or within 5% of median
■ Below median between 5% and 15%
■ >15% below median

Source: Chant West Member Outcomes Dashboard effective 30 June 2022 for Pension options.

Pension fee comparison

The Trustee has determined that the financial interests of its members in the Pension product are being promoted in relation to fees and costs. The total fees for the average member in our Choice product are in line with the median fees compared to peers. Plus, further fee reductions for Pension members are planned for FY 23-24.

- The average member balance in our Pension product is greater than \$100,000.
- The current administration, investment, and total fees (total fees are the sum of administration and investment fees) are in line with median industry fees for most investment options.
- Further fee reductions are anticipated to be passed on to members in FY 23-24.



Your Pension fees (FY 21-22)

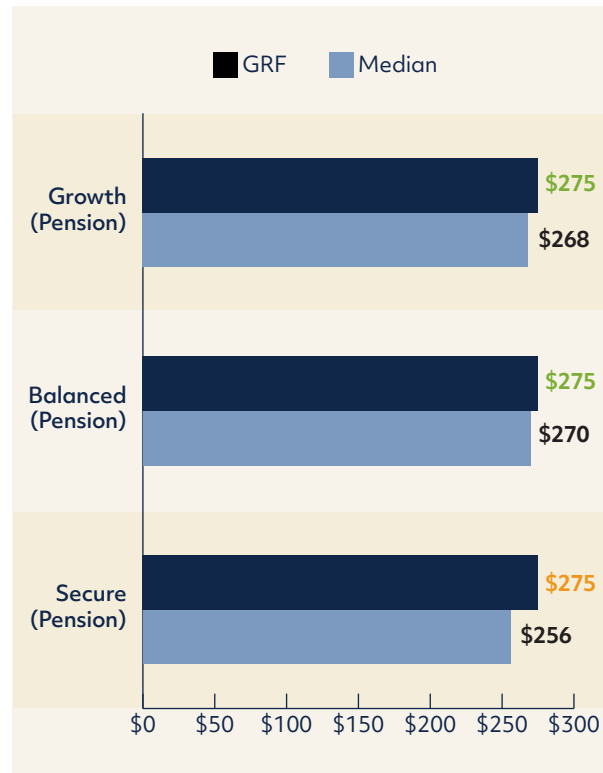
The following costs were used for the comparison against peers:

- The fixed administration fee of \$115 per annum.
- The percentage component of the administration fee of 0.15%.
- The fee cap of \$800 per annum on total fees paid is applied.
- The Investment fee ranges from 0.05% to 0.46%, depending on the investment option.

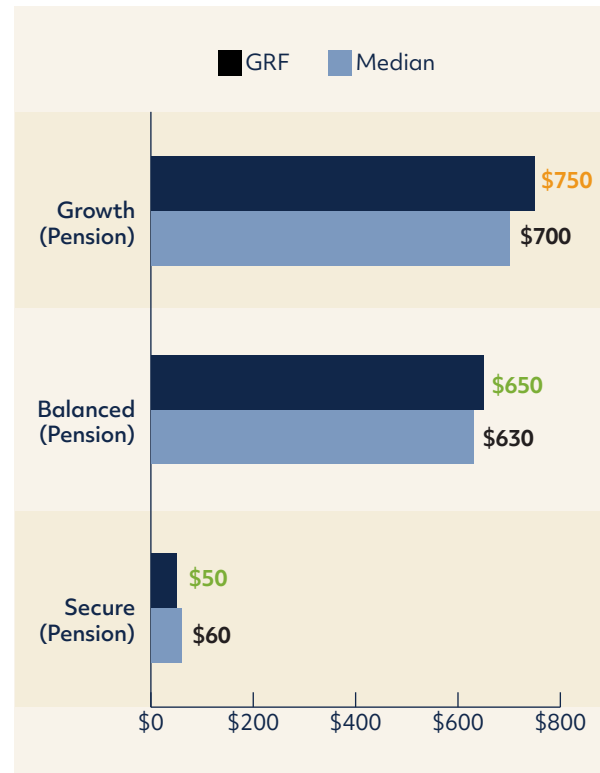
Pension fee comparison continued

Pension fee comparison at a \$100,000 balance

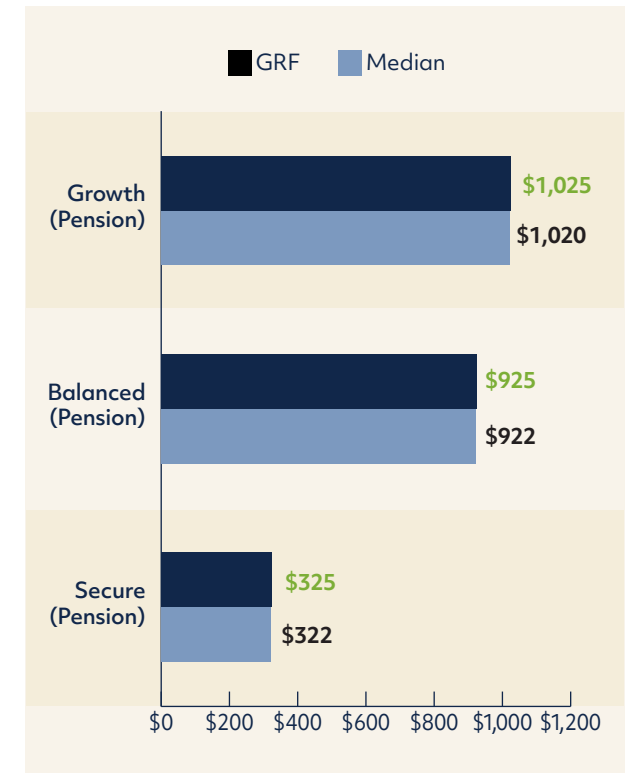
Administration fees at \$100k balance



Investment fees at \$100k balance



Total fees at \$100k balance



In the above graphs, the X axis represents fees paid in \$. The Y axis displays the Pension investment options benchmarked against the median cost of industry peer products within the same risk band. The balance used is \$100,000. The total fees are the sum of administration and investment fees.

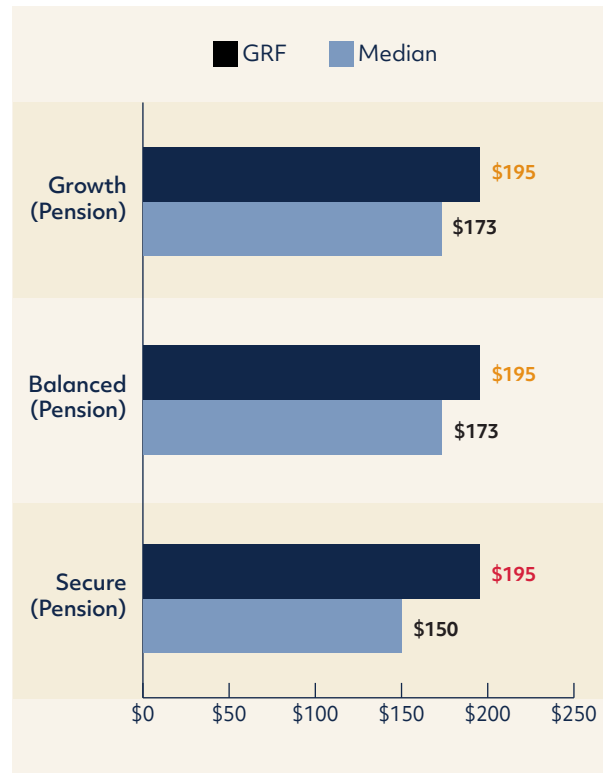
- Above median or within 5% of median
- Below median between 5% and 15%
- >15% below median

Source: Chant West Member Outcomes Dashboard effective 30 June 2022 for Pension options.

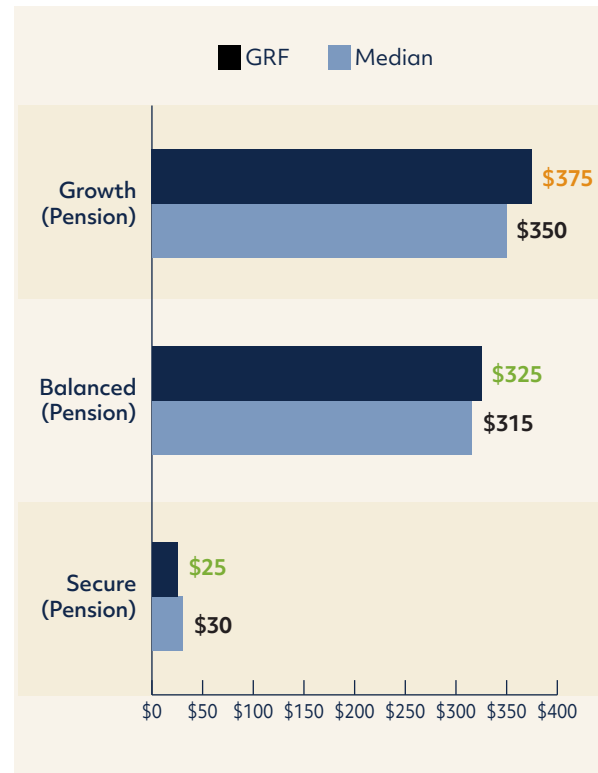
Pension fee comparison continued

Pension fee comparison at a \$50,000 balance

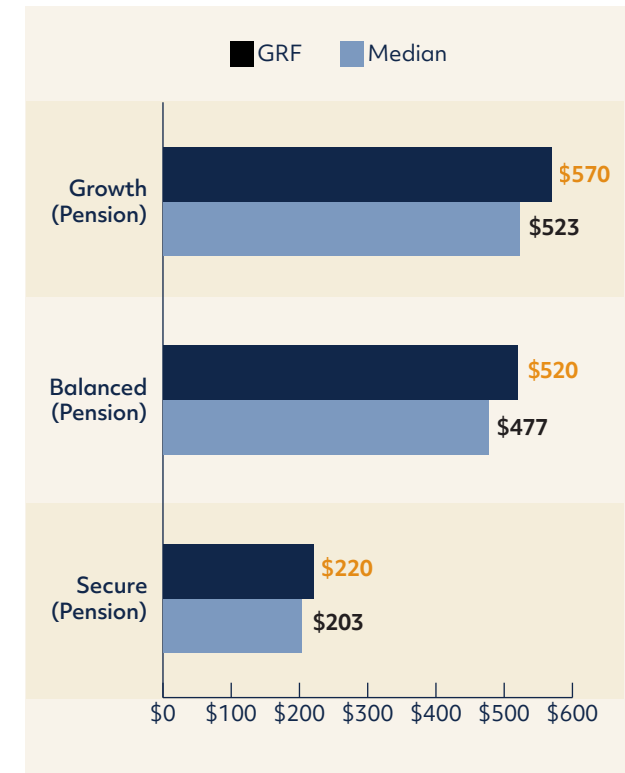
Administration fees at \$50k balance



Investment fees at \$50k balance



Total fees at \$50k balance



In the above graphs, the X axis represents fees paid in \$. The Y axis displays the Pension investment options benchmarked against the median cost of industry peer products within the same risk band. The balance used is \$50,000. The total fees are the sum of administration and investment fees.

- Above median or within 5% of median
- Below median between 5% and 15%
- >15% below median

Source: Chant West Member Outcomes Dashboard effective 30 June 2022 for Pension options.

Pension risk comparison

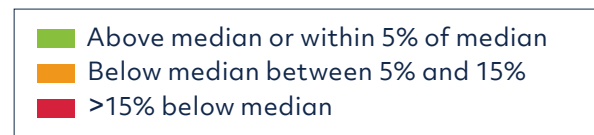
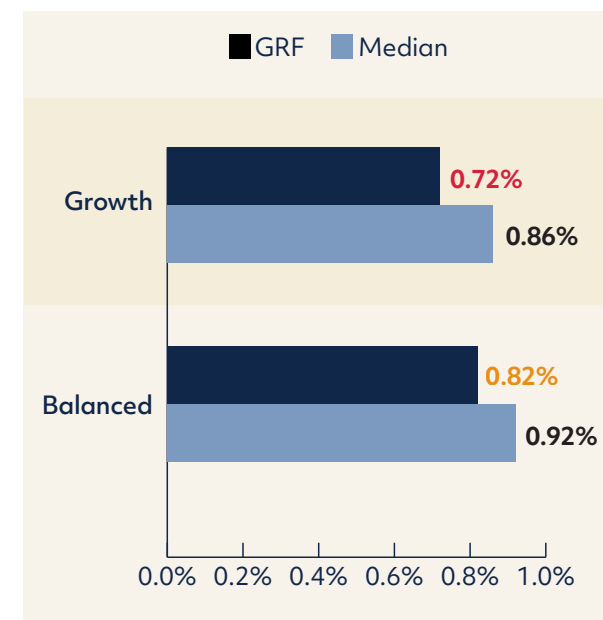
The Trustee has determined that it is promoting the financial interests of its members in relation to the investment risk in its Pension product. The risk of Pension investment options is comparable to peers in the industry, with appropriate adjustments made to our Strategic Asset Allocation (SAA) to suit our membership demographics.

Liquidity across the fund remains strong. An assessment by independent asset consultant, Frontier Advisors*, found that the SAA for our Pension options was well below the 25% limit on illiquid assets for the performance period. This limit is documented in our Trustee Investment Policy Statement.

- In the graph to the right, the X axis represents net investment returns. The Y axis displays our two diversified Pension options (Balanced and Growth) benchmarked against the peer fund median of those with the same risk profile.

- To capture the risk-reward for each investment option, annual returns and market volatility are considered. The higher the number, the greater the investment return relative to the amount of risk taken. This represents the additional amount of return investors could receive per unit of increased risk.
- Due to the Growth exposure of GRF's products in our current SAA, the Trustee expects negative returns on one in five years (as explained in our Product Disclosure Statement). This caused both diversified Choice options to perform below the median.

Accumulation: 7-year risk-return



*Frontier Stress Testing and Liquidity Review dated 16 February 2022.

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

Objective assessments for MySuper, Choice and Pension

1. Options, benefits and facilities
2. Investment strategy
3. Insurance strategy and fees
4. Scale
5. Operating costs
6. Basis of setting fees



Objective assessment: Options, benefits and facilities

The range of services offered to the members is on par with our industry peers.
All services are offered to all members of the fund.

Our services

Members had access to a large range of services in FY 21-22:

- Access to our SUPERSUPER rewards program that allows members to grow their super by doing their everyday shopping.
- Digital services through our Member Online portal.
- An Australian-based contact centre, providing both Inbound and Outbound services.
- Personalised marketing campaigns to members prompting them to take positive action toward their account (consolidation, additional contributions etc.).



Objective assessment: Investment strategy

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

- The Trustee has strong governance processes in place to monitor investment strategies.
- A large number of our members are young women who will retire with lower-than-average balances. This is due to many taking time out of the workforce to care for children or elderly parents. Our members are more likely to work part-time and have lower-than-average incomes. That's why we believe it's appropriate to maintain a higher exposure to growth assets for longer to improve the likelihood of higher long-term returns for our MySuper members (87% of our membership).
- Choice and Pension members have been provided with three investment options each. That gives our members flexibility to make their investment choices without being overwhelmed with too many options.
- The Trustee believes in continuously improving our investment menu to ensure that the options provided remain appropriate to members of the fund.

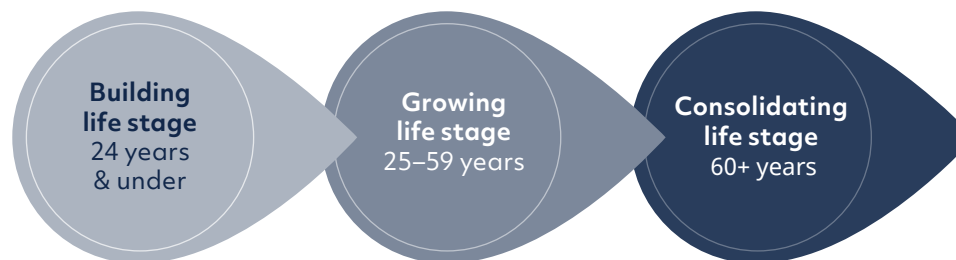
Investment Strategy Updates

- Frontier Advisors, an independent asset consultant, provide high-quality advice and forecasts to GRF.
- The Trustee has implemented Frontiers strategic dynamic asset allocation (DAA) advice tailored to the fund's needs. Members will benefit from these over upcoming periods.

- Most of our members are younger than the memberships of other funds. This allows our members to invest for a longer time and potentially achieve higher returns through the MySuper life stages.
- The investment options for our Choice and Pension products have been simplified to Balanced, Growth and Secure. Members can choose from these options without feeling overwhelmed by too many choices.

MySuper life stages

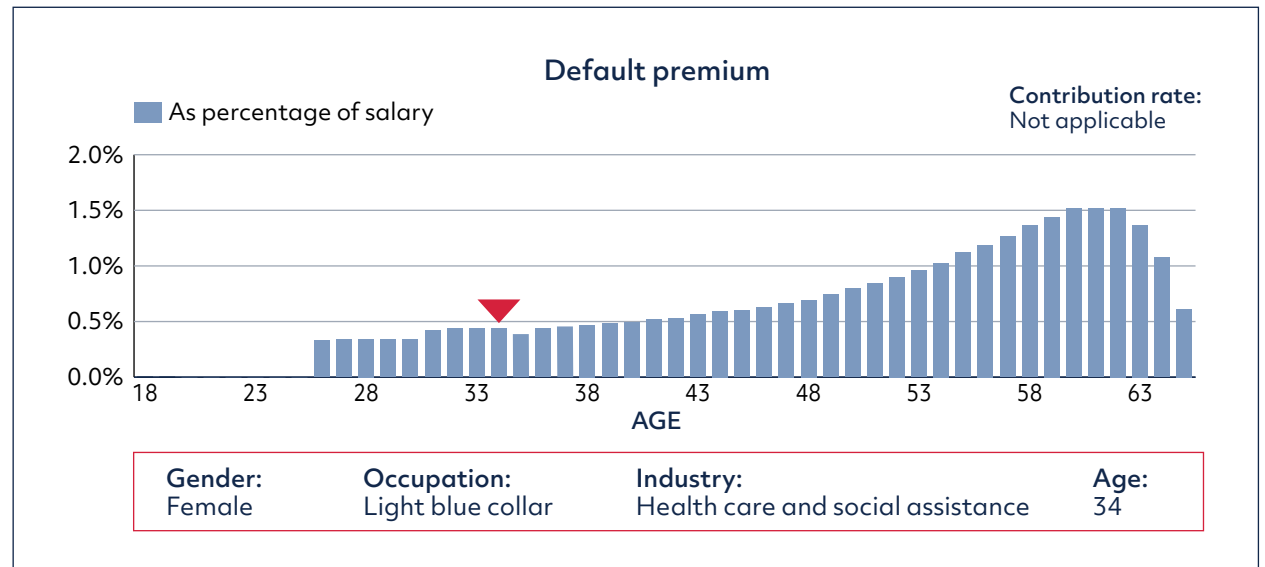
The growth assets exposure for the **Building** and **Growing** life stages are 90%, and 62% for **Consolidating** life stage.



Objective assessment: Insurance strategy and fees

Our insurance strategy is appropriate for members and promotes their financial interests while ensuring it doesn't inappropriately reduce their retirement balances.

- To ensure this, the Trustee has strong governance processes in place to monitor the erosion of account balances, track claim admittance rates, and keep an eye on the approvals process for claims.
- Our insurance strategy for GRF takes into account several factors, including key demographic data such as median ages, the number of women in the fund, and the level of household debt. This helps to ensure that the strategy is appropriate for the needs of our membership.
- The cost of insurance premiums is also affordable for most members, being less than 1% of their salary, and less than 1% over the lifetime of their membership.
- In FY 21-22, the insurance strategy was reviewed to reassess demographics, the likely needs of members, affordability, and terms and conditions. Updates were made to the design and cover levels to ensure that the insurance offering continues to be appropriate for our membership moving forward.



In the above graph, the Y axis represents the percentage cost of premiums in relation to a member's salary. The X axis displays our member's ages.

For members over 54 years of age, the cost of premiums for insurance coverage exceeds 1% of their salary. This is mainly due to the

inclusion of default Income Protection cover, which is an important benefit for members. In addition, the impact of premiums on account balances decreases proportionally as the account balance increases.

Source: Chant West Member Outcomes Insurance dashboard 2022.

Objective assessment: Insurance strategy and fees continued

Offer, coverage and balance erosion

- About half of the fund's members have insurance. The majority of our members are female (approx. 87%) and younger, aged between 25-34 years old. Their incomes are lower than the Australian median.
- The Trustee decides what types and levels of insurance to provide based on the demographics of the fund's members. The benefit design is aimed at protecting younger women and their families, with competitive prices and features that suit their work patterns.
- The insurance strategy takes into account that members' insurance needs are usually linked to their salaries and household debt levels. The appropriate minimum level of cover is determined to ensure that, in the event of death or total and permanent disablement (TPD), a member or their beneficiaries can at least partially meet their debt requirements through insurance in times of financial stress.

- The Trustee considers the cost of default insurance to all members, ensuring that it does not negatively impact their retirement income. To ensure this, retirement incomes were projected using defined pension adequacy measures.
- To prevent inactive accounts from eroding member balances, insurance cover is cancelled after 16 consecutive months without a contribution.



Objective assessment: Scale

GRF is effectively managing any scale-related risk

Despite being smaller in size than other funds in the broader superannuation industry, GRF is not disadvantaged in managing its members' financial interests due to the following reasons:

- Our new digital operating model and service provider arrangements can be structured in a way that is cost-competitive with larger funds and easily scalable. This means that size is not a barrier to negotiating competitive cost arrangements, which helps keep costs down for members.
- The growth rate of the fund is positive and higher than the median, which means that the fund is growing faster than other funds in the industry. The increase in member numbers means operating costs can be pooled, which helps lower the cost per member.
- Asset consultant arrangements provide cost-competitive access to relevant asset classes that are typically available to larger funds.



Source: Chant West dashboard using APRA Annual Statistics FY 21-22.

APRA Annual Stats for FY 21-22

- Our Funds Under Management (FUM) decreased by -2.3%, which is better than the industry median of -2.5%.
- The fund had net member inflows of \$135M, which is better than the industry median of \$20M.
- The number of member accounts increased by 4.7%, which is better than the industry median of 0.3%.
- Net rollouts of the fund were -\$77M, and the industry median was -\$29.5M.
- The fund's member net benefit outflow ratio was 50.8%, which is better than the industry median of 91.4%.

Objective assessment: Operating costs & Basis for setting fees

Operating costs

GTS's operating costs are reasonable and proportionate to the funds they manage.

- They have a good balance between fixed and variable costs.
- This means they can grow without having to increase costs.
- Their fees are lower due to a \$1.6 million reduction in fees in FY 22-23.

Basis for setting fees

GRF's basis for setting fees is suitable for members and promotes their financial interest, without inappropriately eroding their retirement balances.

- The administration fee is made up of a combination of a flat dollar-based fee and a portion (measured in basis points) of the account balance. This ensures that low-balance members aren't charged higher fixed fees while higher-balance members pay a higher total administration fee that reflects the broader range of services they typically use.

- MySuper member fees are capped at \$800. A 3% fee cap applies to MySuper members with a balance of less than \$6,000 (46% of the membership).
- The flat dollar-based administration fee is currently being reviewed, with plans to pass on reductions to members in FY 23-24.
- Fees are charged monthly to help smooth out the impact of maintaining a super account over the course of a year.
- A fee waiver benefit is available for Choice members taking parental leave.
- As all members have access to the same services, cross-subsidisation isn't required. However, there is an opportunity to reduce fees to stay competitive with the market.





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