

# Legislative Outcomes Assessment

Annual Determination for the Year Ending 30 June 2021, made by the Trustee Board on 11 March 2022.<sup>i</sup>

## 1. Introduction

Christian Super (**the Fund**) is required to make an annual determination as to whether we are promoting the financial interests of our members, and to publish this on our website.

The Fund is required to make the following three determinations:

1. That the financial interests of members in our MySuper product are being promoted (**the MySuper Product Determination**)
2. That the financial interests of members in our Choice products are being promoted (**the Choice Product Determination**)
3. That the financial interests of members of the Fund as a whole, are being promoted (**the Whole of Fund Determination**)

The approach that we have taken to make these determinations is outlined below, followed by a summary of the results and the determinations.

## 2. MySuper Product Determination

### Methodology

Our MySuper product (**My Ethical Super**) has been assessed vs all other MySuper products<sup>ii</sup> in Australia, using data from the Australian Prudential Regulation Authority’s (**APRA’s**) Heatmap.

The assessment considered two main areas:

1. Administration and total fees for various account balances<sup>iii</sup>
2. Long term (7 years) and short term (3 year) investment performance<sup>iv</sup>

An overall result within the 3rd quartile or above is the target result.

### Results

The table below contains an overview of our MySuper product assessment.

MySuper Assessment	Quartile
1. Administration and total fees (combined score)	3 <sup>rd</sup>
2. Investment performance	4 <sup>th</sup>
<b>Overall Result<sup>v</sup></b>	<b>3<sup>rd</sup></b>

### MySuper Product Determination

As the overall results fall within the 3rd quartile, it can be concluded that the investment performance (taking into account investment risk) delivered to members is appropriate with respect to the fees and costs paid to obtain that performance. **We have therefore determined that we are promoting the financial interests of members in our MySuper product.**

*It should be noted that the MySuper product did not pass the Annual Performance Assessment to 30 June 2021. This metric was given a 20%<sup>vi</sup> weighting when assessing the investment performance of the MySuper Product given its significance, and the MySuper product through this methodology was still considered to be promoting the financial of members in the MySuper product as outlined above.*

### 3. Choice Product Determination

#### Methodology

Our Choice product has been assessed by using data from APRA’s Heatmap to compare the combined result of our Ethical High Growth, Ethical Conservative Balanced and Ethical Stable investment options vs Choice products offered by other super funds. Other investment options offered within our Choice product have been excluded as they are not included in APRA data (due to insufficient performance history). In addition, the majority of our Choice members are invested in the three options included.

The assessment considered the result of three investment options assessable within our Choice product:

1. Ethical High Growth (total fees and investment performance result)
2. Ethical Conservative Balance (total fees and investment performance result)
3. Ethical Stable (total fees and investment performance result)

An overall result within the 3rd quartile or above is the target result.

#### Results

The table below contains an overview of our Choice product assessment.

Choice Assessment	Quartile
1. Ethical High Growth	3 <sup>rd</sup>
2. Ethical Conservative Balanced	3 <sup>rd</sup>
3. Ethical Stable	3 <sup>rd</sup>
<b>Overall Result</b>	<b>3<sup>rd</sup></b>

#### Choice Product Determination

As the overall results fall within the 3rd quartile, it can be concluded that the investment performance (taking into account investment risk) delivered to members is appropriate with respect to the fees and costs paid to obtain that performance. **We have therefore determined that we are promoting the financial interests of members in our Choice product.**

### 4. Whole of Fund Determination

#### Methodology

Our Whole of Fund assessment considered four key areas:

1. The appropriateness of the options, benefits and facilities of the Fund
2. The appropriateness of the investment strategy
3. The appropriateness of the insurance strategy and its associated costs
4. The appropriateness of the operating costs and associated fees, with particular regard to the scale of the Fund

## Results

### Appropriateness of Options, Benefits and Facilities

In addition to the investment and insurance options offered to members (which are outlined in the following sections) The Fund offers the following optional services, which have been deemed appropriate for its members:

- Online access to accounts through the Fund's MemberAccess portal;
- Mobile access to accounts through the Fund's Mobile App;
- General and administrative advice through the Fund's in-house Member Care Team; and
- Intra-Fund Financial Advice through the Fund's arrangement with Link Advice.

### Appropriateness of Investment Strategy

The MySuper options aims to deliver over a working lifetime, returns of inflation + 3.0%. This objective is consistent with a member who enters the workforce at age 23 and retires at age 67 being funded with approximately 20 years of retirement income. Following on from this objective, the portfolio is constructed to deliver this outcome and the investment risk adjusted accordingly. Our view is that this is appropriate to the members of the default option and promotes their financial interests.

The Fund offers seven options within the Choice product so that there is sufficient diversity of option risk to allow members in different financial circumstances, and at different points in their retirement savings journey to appropriately tailor their investment strategy. We continue to hold the view that this option suite remains appropriate for members and is promoting their financial interests.

### Appropriateness of Insurance Strategy and Costs

Industry benchmarking conducted by SuperRatings combined with internal metrics indicated that the Fund's Death and TPD cover are positioned well above industry mediums across all age categories for coverage amounts with lower than median costs for this cover. This indicates that the insurance product is well placed relative to the market and appropriate to for our membership base.

### Appropriateness of Operating Costs, Fees and Scale

As a profit-to-members fund, Christian Super operates on a cost-recovery basis which we believe is an appropriate basis for setting the revenue amount that is collected through fees.

We have compared the operating costs of the Fund to the industry median using SuperRatings 2021 Operating Cost Metrics. As the Fund's operating costs per member are comparable to other funds in the industry, it is our view that the operating expenses, and the fees associated with them are not disadvantaging the financial interests of the Fund's members.

### Whole of Fund Determination

It has been concluded that the insurance strategy, investment strategy, options, benefits and facilities accessible by members are appropriate with respect to the fees and costs paid to have access to them.

**We have therefore determined that we are promoting the financial interests of members of the Fund as a whole.**

## 5. Endnotes

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<sup>i</sup> It should be noted that the Trustee is in the process of considering and moving towards giving effect to a merger. While the specific requirements of this assessment are to consider the current outcomes delivered to members, it would be remiss not to recognise that giving effect to such a merger will also have a material impact on the forward ability to promote the financial interests of members of the Fund. It is the position of the Trustee that giving effect to a merger will best enable it to continue promoting the financial interests of members into the future, but that this does not affect the conclusion as to whether the Trustee is currently doing so. For further information about the merger process, please refer to <https://www.christiansuper.com.au/merger-faqs/>

<sup>ii</sup> We have compared our My Ethical Super product to all other single strategy MySuper products, as well as the most comparable stage of all MySuper life cycle products, where 'most comparable' is defined as the stage with the closest growth asset allocation on an absolute basis.

<sup>iii</sup> Note that we have chosen to equally weight between the two types of metrics (administration and total fees) and then split the weighting between the account balances to reflect the actual account balances of our members. This approach has been used to best reflect the financial interests of the members of the Fund's MySuper product. Once a score has been determined for each of the administration and total fees metrics, these are combined, at all equal weight to generate a total fees score.

<sup>iv</sup> 7 years is the longest timeframe currently available in the APRA Heatmap and includes the performance test result.

<sup>v</sup> The overall result for the MySuper product assessment was weighted as follows: administration and total fees (50%), and investment performance (50%).

<sup>vi</sup> The performance test metric has been given a 20% weighting, to ensure that this is the single most influential factor on the overall investment performance result.