

Member outcomes assessment

Financial year ended 30 June 2023



Introduction

The Member outcomes assessment is an annual undertaking by Prime Super to ensure Prime Super has promoted the best financial interests of members. The assessment covers accumulation and pension products and the services Prime Super offers for members.

The assessment completed for the financial year 2023 determined that Prime Super successfully promoted the best financial interests of members.

The assessment covers six considerations that are important to our members:

- **General scale considerations** to provide comfort that Prime Super is big enough to continue to provide products and services for all members.
- **Member related cashflows** to ensure the Fund has a strong positive cashflow to continue growth for the benefit of all members.
- **Investment performance** to assist members to grow retirement savings for their future.
- **Fees and costs** that are appropriate and value for money.
- **Insurance strategy and insurance fees** that are competitive and deliver appropriate benefits for members when an insurance incident arises.
- **Options benefits and facilities** that are relevant for members accumulating savings for retirement, or for use in retirement.



Prime Super



General scale considerations

As at 30 June 2023, Prime Super had total assets of approximately \$6.6 billion and a total membership of about 145,000 members.

According to the published APRA 'Annual fund-level superannuation statistics – June 2023,' Prime Super's rank on key measures is as follows, compared to other registrable superannuation entities (RSEs):

Measure	30 June 2023 Ranking (97 RSEs)
Asset size	38
Member numbers	23
Cashflow	37
Cost per member	24

Prime Super is in the top third in terms of the net cashflow from members, member numbers and cost per member (being lower cost). Prime Super is above median in terms of the value of funds under management.

Conclusion: In terms of a simple measure of scale, Prime Super has sufficient scale to deliver competitive superannuation and pension products to members of the Fund.



Member related cashflows

Prime Super receives a strong contribution flow from members in terms of superannuation guarantee contributions, member voluntary contributions and rollovers into the Fund. The total contributions received exceed benefits paid during the normal course of business. For the year ended 30 June 2023, contributions grew by 5.20% from the previous year, and net contributions continued to be positive (around \$250m).

Conclusion: Prime Super continues to receive a strong flow of contributions and rollovers from members delivering a positive contribution to the overall growth of the Fund.



Investment performance

The investment performance of Prime Super is measured against the established performance objective for each option and against the performance of other superannuation funds. All investment performance figures quoted are after all costs associated with investing.

The investment objectives and the investment performance against those objectives of the investment options offered by Prime Super ending 30 June 2023 are as follows:

Investment option	Objective	Option (p.a.)	Objective (p.a.)
MySuper	Outperform CPI by 3.00% p.a. over seven years	6.33%	6.05%
Managed Growth	Outperform CPI by 3.50% p.a. over 10 years	9.66%	6.35%
Conservative	Outperform CPI by 1.00% p.a. over five years	3.79%	4.13%
Alternatives	Outperform CPI by 2.50% p.a. over 10 years	10.73%	5.24%
Income Focused	Objective 1 – Yield RBA cash rate + 3.00% over five years	4.42%	3.45%
	Objective 2 – Total return outperform CPI by 2.00% p.a. over five years	4.98%	4.36%
Sustainable Responsible Investment (SRI)	Outperform CPI by 2.00% p.a. over seven years	n/a*	n/a*
Property	Outperform CPI by 2.50% p.a. over 10 years	12.57%	5.24%
Australian Shares	Outperform (before tax and investment expenses) S&P/ASX300 Accumulation Index over five years**	6.88%	7.12%
International Shares	Outperform (before tax and investment expenses) the weighted average of MSCI World (ex-Australia) Index (in AUD) and MSCI Emerging Markets Index (in AUD) before hedging over five years**	8.60%	10.91%
Fixed Interest	Outperform (before tax and investment expenses) the weighted average of major Australian and international bond indices and global floating rate credit (targeting outperformance above the Bloomberg AusBond Bank Bill Index) hedged to \$A over five years**	-1.32%	-2.12%
Cash	Perform in line (before tax and investment expenses) with Bloomberg AusBond Bank Bill Index on an annual basis**	2.72%	2.89%

* The SRI was first offered to members of Prime Super from 1 January 2019.

** Returns quoted are before-tax returns to align with the established investment objective.

This assessment shows that eight out of 11 of the investment options (where there is sufficient history) have achieved their objective.



Investment performance continued

Investment performance against peers

Investment performance measured against the performance of other superannuation funds over the long term is strong. The following table sets out the relative performance of the Prime Super investment choice options over the 10 years to 30 June 2023, against the relevant SuperRatings Fund Crediting Rate Survey as at 30 June 2023, for both the superannuation product and the pension product.

Investment option	Super quartile ranking	Super return 30 June 2023	Pension ranking	Pension return 30 June 2023
MySuper/Balanced	2nd	7.69%	1st	8.87%
Managed Growth	1st	9.11%	1st	10.55%
Conservative	1st	5.04%	1st	5.88%
Australian Equities	1st	9.36%	1st	10.92%
International Equities	3rd	9.97%	3rd	11.24%
Property	1st	10.72%	1st	12.35%
Fixed Interest	2nd	2.19%	2nd	2.58%
Cash	1st	1.78%	1st	2.09%

Investment performance in APRA performance test

Investment performance, as reported by APRA Performance Test as at 30 June 2023 (dated November 2023) reports that Prime Super ranked 20 out of 60 MySuper Options for investment returns above the relevant benchmark. Investment performance for choice products was recorded for the first time in the 2023 APRA Performance Test. Every Prime Super choice option passed the performance test. The options included in the performance test were:

- MySuper
- Managed Growth
- Conservative
- Australian Equities
- International Equities
- Property
- Fixed Interest
- Cash

Conclusion: Prime Super continues to deliver strong investment performance as measured against investment objectives and other superannuation funds.



Fees and costs

Prime Super has an objective to maintain an adequate fee structure that ensures services to members can be maintained and developed over time. Prime Super has competitive administration fees. The fees charged each year to member accounts are budgeted to fully cover all operating costs. This approach to fees is different to some super funds where the total of fees charged to member accounts is less than total operating costs.

Operating costs

Based on industry-wide data published by APRA, Prime Super has a cost per member result in the lowest third of all funds. The cost per member is also lower than many larger funds. This is a clear demonstration that the cost efficiency of Prime Super is strong and ensures the long-term viability of the offering.

Conclusion: Prime Super has a sustainable and competitive fee and cost structure that delivers a positive outcome to members.



Insurance strategy and insurance fees

Prime Super's objective is to maintain an appropriate insurance offering that provides an adequate and meaningful level of cover at a reasonable cost.

TAL Life Limited (TAL) is the provider of group insurance products for Prime Super members. TAL is Australia's leading life insurer. Insurance premiums are benchmarked annually and in the most recent review conducted in 2023 premiums were confirmed to be competitive in the current market.

A key measure of the efficiency of the insurance offering is the value of claims paid against the premiums collected from members. For the 10 years to 30 June 2023, Prime Super has paid out 97 per cent of insurance premiums collected as benefits to members of the Fund, as a result of insurance claims. This is a strong indicator that the insurance offering is delivering a real benefit to members of the Fund.

Conclusion: The insurance offering of Prime Super is competitive across the broader superannuation environment and it delivers a meaningful benefit to members.



Options, benefits and facilities

Prime Super's objective is to provide a satisfactory level of products, services and facilities compared to peer group funds.

Rainmaker Information produced a summary of the offerings of superannuation funds entitled the 'Superannuation fund extra benefits review'. Prime Super has used this report to benchmark the options, benefits and facilities offered by the Fund against offerings across the industry.

Conclusion: Prime Super offers a range of options, benefits and facilities to members of the Fund that are appropriate and deliver a competitive superannuation and pension offering.

The information contained in this document is correct as at 30 June 2023 and has been prepared by Prime Super Pty Ltd ABN 81 067 241 016 AFSL 219723 RSE L0000277 (Trustee), Prime Super ABN 60 562 335 823 RN 1000276. It contains general information only and does not take account of your specific objectives, financial situation, needs or personal circumstances. You should seek professional financial advice, consider your own circumstances and read our Product Disclosure Statement (PDS) before making a decision about Prime Super. The Trustee is not licensed to provide personal financial advice. Read our PDS and Target Market Determination (TMD) at primesuper.com.au/pds or phone 1800 675 839. Prime Super Pty Ltd is the Trustee of the regulated fund Prime Super ABN 60 562 335 823, RN 1000276. You can obtain a copy of our joint FSG with Link Advice by phoning 1800 675 839 or visiting primesuper.com.au/financial-services-guide/.