




Outcomes Assessment for Financial Year 2019/2020: Bendigo SmartStart Super - MySuper

As part of Bendigo Bank, we share in the same philosophies around increasing prosperity of the people and communities we serve. Through Bendigo SmartStart Super (BSSS), we want to help you prosper in retirement, by keeping our fees low and delivering strong long-term investment returns.

Bendigo SmartStart Super (BSSS) members have the option to choose from 12 choice investment options with differing risk and return profiles, as well as the MySuper investment option. Members who don't make an investment choice will be invested in the default lifecycle investment option, Bendigo MySuper.

This Outcomes Assessment is an important review on how BSSS is delivering across areas that impact member's future retirement savings. This includes investment returns, fees and costs, insurance, benefits, and facilities (key assessment factors).

The process of this review and results of our outcomes assessment is outlined below in three parts. Firstly, we present the key data we used to compare ourselves across the key assessment factors outlined above. We then present an analysis of each of these assessment factors, followed by a final summary (determination) around whether we have met our obligations to promote the financial interest of our beneficiaries. We used the following symbols to show whether we met an objective, partially met it, or did not meet it at all.

| | |
|-----------------------------|---|
| Objective was met |  |
| Objective was partially met |  |
| Objective was not met |  |


Overall, we are pleased with the results and as Trustee have determined that our Bendigo MySuper product promotes the financial interests of our beneficiaries (our members). We have continued to deliver members a simple, low-cost super solution with strong investment returns and customer service.

How we compare

We used data at 30 June 2020 and MySuper quarterly reported data to the Australian Prudential Regulatory Authority (APRA) to assess how we compared against the industry across three key factors.

Investment returns

We are pleased to report that all three lifecycle investment options achieved higher net returns than the comparable MySuper industry lifecycle options and single strategy options.

| Objectives | Results |
|---|---|
| Achieve net returns above the industry average. |  |

| MySuper net investment return | BSSS Net Investment Return 5yr (p.a.) | Peer Average 5yr p.a. (Morningstar Superannuation/ MySuper peer groups) | BSSS Net Return (SRS 702.0 item 4.3) | Net Return (SRS 702) Lifecycle options ⁴ | Net Return (SRS 702) Single Strategy options ⁵ |
|---|---------------------------------------|---|--------------------------------------|---|---|
| BSSS MySuper product average¹ | 5.58%² | 5.8% | 4.96% | 4.93%³ | |
| MySuper Lifecycle Phase 1 (until 55yo, Growth) | 5.79% | 4.8% | 5.61% | 5.28% | 5.41% |
| MySuper Lifecycle Phase 2 (55-59yo, Balanced) | 5.12% | 4.4% | 4.93% | 4.91% | 5.77% |
| MySuper Lifecycle Phase 3 (60yo+, Conservative) | 4.52% | 3.5% | 4.34% | 3.63% | n/a ⁶ |

¹ In compliance with section 52(10)(a)-(d) of the SIS Act.

² The timewighted average of the 3 lifecycle stages for a member's life if entering at age 18 and ending at age 65 (weighting phase 1 by 37/47, phase 2 by 5/47 and phase 3 by 5/47 as the time in each phase respectively)

³ Average NR of all MySuper Options (Lifecycle options and Single Strategy options)

⁴ Peer average is based on all options that have a published return for a member at age 54, 59 and 64

⁵ Peer average is the average of all options that have total growth exposure 90%-70%, 70%-50%, 50%-30%

⁶ There were no single strategy MySuper options with growth allocation below 50%

Investment risk

The Standard Risk Measure (SRM) considers the number of expected negative years in 20 years. The riskier the investment, the higher this number will be and the higher level of investment uncertainty.

Objectives

Achieve below the industry SRM average.

Results



| MySuper investment risk averages over 5 years | BSSS option SRM Rating (# of negative years in 20) | Lifecycle MySuper average SRM rating (all options covering same age) | Single Strategy MySuper average SRM rating (all options with similar growth allocation) |
|---|--|--|---|
| Bendigo MySuper average | 3.68 | 3.86 | |
| Lifecycle Stage 1 (Growth Index, Age 54, Growth exposure 90%-70%) | 4 | 4.25 | 3.81 |
| Lifecycle Stage 2 (Balanced Index, Age 58, Growth exposure 70%-50%) | 3 | 3.35 | 3.82 |
| Lifecycle Stage 3 (Conservative Index, Age 64, Growth exposure 90%-70%) | 2 | 2.48 | n/a |

*Data source: APRA quarterly MySuper reporting; SRS 700.0 item 3

Member fees

Paying low fees, plays an important role in maximising retirement outcomes. We found that our fees are below the industry average across both product fees (such as administration fees) and investment fees (the cost of managing your investment based on a \$50,000 balance).



Objectives

Results

Fees of no more than the industry average.



| Average fees | Representative member fee (\$) * |
|--|----------------------------------|
| Bendigo MySuper average | \$323.67 |
| All MySuper products average | \$537.23 |
| High-Low range of all MySuper product fees | \$818 - \$250 |

| Each Lifecycle stage | Representative member fee (\$) * |
|-----------------------------------|----------------------------------|
| Bendigo Growth Index | \$333 |
| Peer average - Growth | \$573 |
| Bendigo Balanced Index | \$323 |
| Peer average - Balanced | \$516 |
| Bendigo Conservative Index | \$315 |
| Peer average - Conservative | \$504 |

*Data source: APRA MySuper reporting, SRS 702.0 item 4.4. This fee represents a member who is fully invested in the given investment option, who does not incur any activity fees during a year and who has an account balance of \$50,000 throughout that year. Excludes: investment gains/losses on the \$50,000 balance



Analysis of each of the assessment factors

An important part of this review is how we comply as Trustee in promoting the financial interests of our members across investment returns, risk, fees, costs, and the benefits and facilities offered.

Investment returns and risk

Our determination: The investment strategy, including the risk and return targets promotes the financial interests of members.

We looked at the appropriateness of investment returns, investment risk and asset allocation across the lifecycle design and its impact on the future retirement savings of members.

We reached this conclusion based on the following:

- The Bendigo MySuper average Net Return was above the peer average by 0.03%. At each lifecycle stage we exceeded the peer average returns.
- The Bendigo MySuper investment risk average over 5 years was less than the average of all lifecycle MySuper options and similar single strategy MySuper options.
- Bendigo MySuper returns across internal investment objectives exceeded for each lifecycle stage over a five-year period.

Fees and costs

Our determination: Fees and costs charged are not inappropriately impacting the future retirement savings of members and the basis for setting fees is appropriate.

We looked at the impact of fees and operating costs across each investment option and how these compared with the industry average across different member segments.

Our representative member fee as well as the representative fees for each investment option across each Bendigo MySuper life stage is significantly less than the industry average. Our operating costs were \$74 per member, below the industry average of \$217.

Insurance

Our determination: Insurance fees charged do not inappropriately erode future retirement savings across most of our members and that they are reasonable compared to actual claims paid out.

Providing members with an appropriate level of insurance cover is an important part of helping our members prosper financially. However, we need to ensure that the cost of this cover isn't having a detrimental impact on future retirement savings.



We reached this conclusion by looking at the following factors:

| Factor | Results |
|--|--|
| Cost of insurance does not have a detrimental impact on members retirement savings | <ul style="list-style-type: none"> • The average premium costs are significantly lower than 10% of annual Super Guarantee contributions • The average cost of our default cover is significantly less than the industry benchmark • For those not regularly contributing Super Guarantee the average premium cost to balance was 0.40% which is significantly lower than our objective. |

| | |
|---|---|
| | <ul style="list-style-type: none"> The average default premium as a percentage of salary 0.38%, well below the industry target of 1%. |
| The claims ratio (percentage of claims paid per dollar of premium) for death and TPD insurance is within expected range | Although this is within the expected range, it is lower than the industry average due to the application of a pre-existing condition exclusion. This exclusion allows us to keep our premium costs competitive. |
| Our claims admittance rates for Income Protection | Above industry average, with processing times within the best quartile. |

Benefits & facilities

Bendigo MySuper is designed to be simple and cost effective. As such, our objective is to ensure that services we offer and how we engage with members is relevant and beneficial. This way we can continue to keep Bendigo MySuper fees competitive.

| Objectives | Results |
|---|---|
| Adequate level of customer service |  |
| Providing effective members' education and engagement |  |

Of the four measures assessed around customer service only our Net Promoter Score was lower than the industry median, which we will focus on improving.

Scale

| |
|---|
| Our determination: Members are not disadvantaged by our scale |
|---|

We considered whether our size and ability to continue to attract Bendigo and Adelaide Bank customers hinders our ability to negotiate competitive fees, pool investments and risk. Our assessment showed that we are able to offer a competitively priced product, with strong investment returns and an appropriate insurance offering.

Bendigo MySuper Trustee Determination

Bendigo MySuper is low cost, with its representative member fees well below the MySuper industry average. Investment returns exceeded the set investment objectives for each MySuper investment option, with investment risk maintaining risk objectives. Basic (yet adequate) tools and facilities are offered to members to assist with keeping costs low.

Through undertaking the member outcome comparisons and assessments and in accordance with the requirements of section 52(9) – 52(11) of the SIS Act, we as Trustee, have determined that we are promoting the financial interests of the beneficiaries in Bendigo MySuper.

The comparisons and assessments undertaken for the member outcomes assessment show that the Bendigo MySuper is sustainable in terms of investment returns, fees and costs and scale.

We balanced the comparative and assessment steps under sections 52(10) and 52(11) of the SIS Act by considering the key factors such as returns, investment strategy, fees, and costs. Secondary key factors relating to the appropriateness of insurance offerings including fees, and any disadvantages from scale, followed by consideration of options, benefits and facilities have also been considered.

Based on the comparison data and corresponding analysis of the assessment factors, we have determined that the following are appropriate to members / beneficiaries in Bendigo MySuper:

- (a) the options, benefits, and facilities offered;
- (b) the investment strategy, including the level of investment risk and the return target;
- (c) the fees and costs;
- (d) scale;
- (e) the insurance strategy; and
- (f) that insurance fees charged do not inappropriately erode the retirement income of the majority of beneficiaries.

This determination is made for the financial year to 30 June 2020.

Bendigo SmartStart Super (ABN 57 526 653 420) (the Fund) is issued by Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906 (Sandhurst) a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service they provide, full details of which are contained in the Product Disclosure Statement. Investments in the Fund are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. This document contains general advice only. Please consider your situation and read the PDS, available at www.bendigobank.com.au, before making an investment decision.