



2020 Member Outcomes Assessment Summary

Determination and product summary for
OnePath Custodians Pty Ltd



Table of Contents

- 1 Introduction**
Pages 3-5
 - 2 Product Determinations**
Page 6-7
 - 3 Product Summary - MySuper**
Pages 8-11
 - 4 Product Summary – ANZ Smart Choice**
Pages 12-16
 - 5 Product Summary – OneAnswer Frontier**
Pages 17-21
 - 6 Product Summary – Grow Wrap**
Pages 21-25
 - 7 Product Summary – OneCare Super**
Pages 27-28
 - 8 Closed Products Determination**
Pages 29-30
- 

What is the Member Outcomes Assessment?



This document will focus on the key outcomes found within the assessment in relation to the four main product categories of the Retirement Portfolio Service: MySuper, ANZ Smart Choice, OneAnswer Frontier, Grow Wrap and OneCare Super*. The Superannuation Fund is Retirement Portfolio Service and OnePath Custodians Pty Limited (referred to in this document as 'OPC') is the Trustee of the Superannuation Fund.

It analyses how OPC products compare to similar external products, and whether our products are serving the financial interests of our members. The document will present the final conclusions and summary, before going into detail on steps 1 and 2 of the assessment.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2021* and is relevant for the financial year that ended 30 June 2020.

* In August 2021, OneCare Super was re-assessed and a separate OneCare Super section added to this document as OneCare Super is a standalone risk only product.

Approach for this assessment

Step 1: Measure and compare products



1. Return comparison

A comparison of absolute and relative return targets



2. Fee comparison

A comparison of absolute and relative fees



3. Risk comparison

A comparison of OPC's asset allocations and risk targets

Step 2: Assess product appropriateness

Assessment of product appropriateness against key factors that can affect superannuation

Section 52(11)

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

SPS 515

4. Scale
5. Operating costs
6. Fees

Step 3: Conclude

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.

Which category is your super product in?

For this assessment, all of our current products have been grouped into the categories of “MySuper”, “ANZ Smart Choice”, “OneAnswer Frontier”, “Grow Wrap” or “OneCare Super” for analysis to be undertaken.

The following table outlines the products that comprise each of these broader categories. Some of these products (i.e., ANZ Smart Choice Super) fall under more than one category.

There are also a number of closed products not listed here, that we are phasing out. If you are a member of one of these products, you will be transitioned into a more modern product which will better promote your financial interests in a timeframe to be approved by the Trustee.

| Your Super Product | This Assessment's Product Category |
|--|---|
| MySuper ANZ Smart Choice Super for employers and their employees (Default) ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees (Default) | MySuper |
| ANZ Smart Choice (Choice) ANZ Smart Choice Super for employers and their employees (Choice) ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees (Choice) ANZ Smart Choice Super and Pension | ANZ Smart Choice (Employer/Retail) |
| OneAnswer Frontier OneAnswer Frontier Personal Super and Pension | OneAnswer Frontier |
| Grow Wrap Grow Wrap Super and Pension Service | Grow Wrap |
| OneCare Super OneCare Super | OneCare Super |

How have we compared your super product compared to the industry?

Listed to the right is the sub-set of OPC investment options that are in scope for this assessment. These options are in-house or OPC manufactured investments - OptiMix, Smart Choice and OnePath - with 0.5% or more in total funds under management invested across all OPC products.

Equivalent investment options for each other super fund will be mapped against these options and used for assessing fees and costs and performance.

Grow Wrap offers wholesale investment options which means the performance is consistent across peers. We have compared administration fees to the same options offered by peers, and the performance returns of the options with the most funds under management compared to their peers.

OneCare Super is a insurance only superannuation product, and therefore does not have any investment options.

For each category these underlying investment options will be assessed

MySuper

| | |
|----------------------------|----------------------------|
| ANZ Smart Choice - MySuper | Diversified, multi-manager |
|----------------------------|----------------------------|

ANZ Smart Choice

| | |
|-----------------------------|----------------------------|
| OnePath Alternatives Growth | Growth alternatives |
| OptiMix Balanced | Diversified, multi-manager |
| OptiMix Conservative | Diversified, multi-manager |
| OptiMix Growth | Diversified, multi-manager |
| OptiMix High Growth | Diversified, multi-manager |
| OptiMix Moderate | Diversified, multi-manager |
| Smart Choice Super – 1950s | Diversified, multi-manager |
| Smart Choice Super – 1960s | Diversified, multi-manager |
| Smart Choice Super – 1970s | Diversified, multi-manager |
| Smart Choice Super – 1980s | Diversified, multi-manager |
| Smart Choice Super – 1990s | Diversified, multi-manager |
| Smart Choice Super – Growth | Diversified, multi-manager |

OneAnswer Frontier

| | |
|------------------------------|----------------------------|
| OnePath Alternatives Growth | Growth alternatives |
| OnePath Australian Shares | Australian equities |
| OnePath Balanced | Diversified, multi-manager |
| OnePath Blue Chip Imputation | Australian equities |
| OnePath Emerging Companies | Australian equities |
| OnePath Managed Growth | Diversified, multi-manager |
| OnePath Tax Effective Income | Diversified, multi-manager |
| OptiMix Balanced | Diversified, multi-manager |
| OptiMix Conservative | Diversified, multi-manager |
| OptiMix Growth | Diversified, multi-manager |
| OptiMix High Growth | Diversified, multi-manager |
| OptiMix Moderate | Diversified, multi-manager |

Investment options will be compared to options from these industry peers



Complete list of 89 MySuper products from other superannuation funds



A peer set of seven to eight comparable funds, varying in size from \$5 billion to \$190 billion in funds under management, across both the retail and industry fund sector.

Product Determinations Summary

MySuper

The trustee has determined that the financial interests of MySuper beneficiaries are being promoted.



Returns

The 5 year returns for Lifestage investment options are above the peer set median. This is consistent with the long-term investment nature of superannuation products. For the 1-year period, underperformance versus peers can mostly be attributed to the impact of the market correction in the March 2020 quarter as the Lifestage investment options do not have any exposure to unlisted assets.



Fees

This is a low cost product with fees considerably lower than the median charged across the industry.



Investment Risk

Investment Risk for the Lifestage options varied between Medium to High (1940s and 1950s) and High (1960s to 2000s). The reason for the high-risk classification in comparison with peers is due to ANZ Smart Choice's approach to the construction of its Lifestage options. Despite the high-risk classification, the Lifestage options have a higher return target than their peers.



Objective Assessment

The favourable long term investment returns, low fees and the acceptable investment risk rating of the product compared to its peers, make ANZ Smart Choice Super (MySuper) an appropriate product for its members

ANZ Smart Choice (Employer / Retail)

The trustee has determined that the financial interests of ANZ Smart Choice beneficiaries are being promoted.



Returns

Whilst several of this product category's assessed investment options have underperformed, these options have very few choice members invested therefore, the 1, 3 and 5 years underperformance affects a minority of members. Reasons for underperformance include stronger peer active returns in international and Australian equities and an underweight to growth alternatives. Changes to address manager performance and asset allocation have been made but will take some time to flow through to improved performance returns.



Fees

ANZ Smart Choice Super is a low cost product with fees considerably lower than the median charged across the industry.



Investment Risk

44% of funds under management have favourable* Mercer / Lonsec ratings, 1% has Mercer 'B' rating and 55% no ratings from Mercer or Lonsec, nearly all of which relates to ANZ Smart Choice passive funds. These ratings are monitored and reported to OPC Board quarterly. Where downgrades are identified, fund managers are contacted for rationale and appropriate action is taken if required.



Objective Assessment

The low fees and the acceptable investment risk rating of the product compared to its peers, make it an appropriate product for its members. This is despite the underperformance of the assessed investment options which have very few members invested on a product level.

OneAnswer Frontier

The trustee has determined that the financial interests of OneAnswer Frontier beneficiaries are being promoted.



Returns

Over a 5 year period, of the 12 investment options that are analysed within this report, 11 performed below median. However, 55% of investment options in the entire OneAnswer investment option menu have delivered returns above median. A number of actions have been taken to address manager performance and asset allocation in underperforming options. These changes will take some time to flow through to improved performance returns.



Fees

On a total fees and costs basis (including administration fees, investment fees and indirect cost ratios) the total fees for OneAnswer Frontier investment options are at or below median.



Investment Risk

87% of investment options (by funds under management) have favourable* Mercer or Lonsec ratings. Research house ratings are monitored and reported to OPC Board quarterly. Where downgrades are identified fund managers are contacted for rationale and appropriate action is taken if required.



Objective Assessment

The product options, benefits and facilities (with particular reference to member services, tax structure, investment options and online capability), investment strategy, insurance strategy and fees and other relevant matters lead to a conclusion of appropriateness of the product for OneAnswer Frontier members.

* We have defined favourable to be Mercer rating 'Investment Grade' or Lonsec grade 'Recommended' or higher on either rating scale.

Product Determinations Summary

Grow Wrap

The trustee has determined that the financial interests of Grow Wrap beneficiaries are being promoted.



Returns

Over a 5 year period, 55% Grow Wrap investment menu have delivered returns above median. We regularly monitor the investment options available through the investment menu and have processes in place to take action where an investment option is continually appearing in the lower quartile of performance without justifiable rationale.



Fees

When considering ongoing administration fees and costs for our average member balance of ~\$200,000, the administration fees and costs of Grow Wrap are the lowest against the selected peer group of similar choice products.



Investment Risk

96% of funds under management in the investment options has favourable* Mercer or Lonsec ratings. Research house ratings are monitored and reported to OPC Board quarterly. Where downgrades are identified fund managers are contacted for rationale and appropriate action is taken if required.



Objective Assessment

The product options, benefits and facilities (with particular reference to member services, tax structure, investment options and online capability), investment strategy, insurance strategy and fees and other relevant matters lead to a conclusion of appropriateness of the product for Grow Wrap members.

OneCare Super

The trustee has determined that the financial interests of OneCare Super beneficiaries are being promoted.



Returns

Investment Returns are not applicable to the OneCare Super product.



Fees

The only fees applicable to the OneCare Super product are insurance fees. These are under Insurance Fees section below.



Investment Risk

Investment Risk is not applicable to the OneCare Super product.



Objective Assessment

The product options, benefits and facilities, insurance strategy, insurance fees, scale, operating costs and basis for setting fees lead to a conclusion of appropriateness of the product for OneCare Super members.

* We have defined favourable to be Mercer rating 'Investment Grade' or Lonsec grade 'Recommended' or higher on either rating scale.

Product summary

MySuper

Product summary of the key outcomes within Steps 1 and 2 of the assessment for MySuper.



Step 1. Measure and Compare – Fees & Returns

Fees comparison to other MySuper products on a \$50,000 MySuper portfolio (shown as % p.a.)

ANZ Smart Choice MySuper is priced at an industry leading level and considerably lower than the median charged across the industry.

| | Median of comparator funds | ANZ Smart Choice - MySuper |
|---|----------------------------|----------------------------|
| Investment fees and indirect cost ratio | 0.76% | 0.53% |
| Administration fees | 0.35% | 0.13% |
| Total fees | 1.11% | 0.66% |

The above table compares the overall member fees for the ANZ Smart Choice MySuper product with all MySuper products across the industry (inclusive of both retail funds and industry funds). The analysis has converted the ANZ Smart Choice fee to a percentage-based fee, using a member balance of \$50,000 invested in the MySuper 1960s Lifestage option and includes indirect cost ratios and all administration fees.

The industry price leading position of ANZ Smart Choice MySuper is further confirmed by research agencies such as Super ratings, Canstar ratings and Chant West (Apple Check tool as at 30 June 2020).

Rating Key

| | |
|---------------------------------------|---|
| ■ | Fees lower than median |
| ■ | Fees less than 20 basis points higher than median |
| ■ | Fees more than 20 basis points higher than median |

Return comparison to other MySuper products on a MySuper portfolio (shown as % p.a.)

Although the one year returns of the Smart Choice Lifestage investment options were all below the median returns of peers, long term performance (measured over 5 years) is much stronger with all Smart Choice investment options achieving above median performance for all Lifestage options.

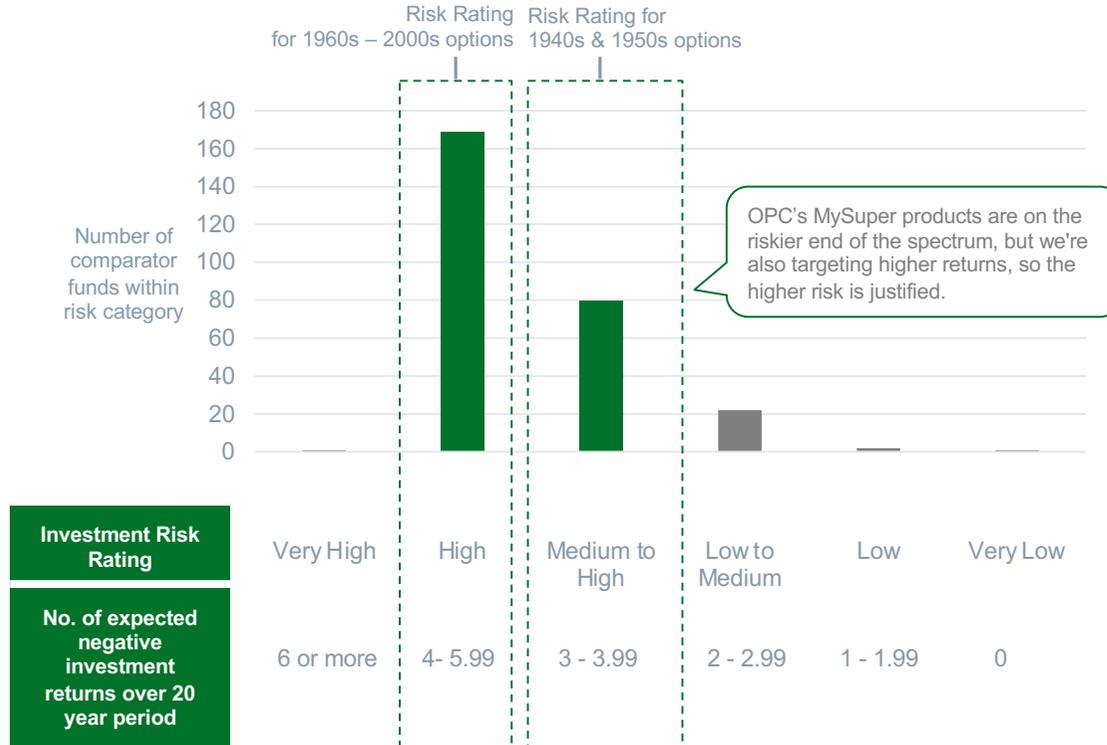
| Product life stage | 1 year return | 1 year return peer median | 3 year return | 3 year return peer median | 5 year return | 5 year return peer median |
|--------------------|---------------|---------------------------|---------------|---------------------------|---------------|---------------------------|
| 1940s | -0.25% | 0.20% | 3.96% | 3.78% | 3.74% | 3.74% |
| 1950s | -0.56% | -0.22% | 4.22% | 3.84% | 4.37% | 3.87% |
| 1960s | -1.85% | -0.81% | 4.61% | 4.63% | 4.97% | 4.77% |
| 1970s | -2.63% | -1.74% | 5.02% | 5.04% | 5.53% | 5.44% |
| 1980s | -3.13% | -1.95% | 5.17% | 5.23% | 5.76% | 5.55% |
| 1990s | -3.05% | -2.00% | 5.27% | 5.28% | 5.84% | 5.59% |
| 2000s | -3.06% | -2.14% | 5.04% | 5.12% | N/A | N/A |

Rating Key

| | |
|---------------------------------------|---|
| ■ | Returns higher than median |
| ■ | Returns less than 50 basis points below median |
| ■ | Returns more than 50 basis points lower than median |

Step 1. Measure and Compare - Investment risk

MySuper Risk Comparison



MySuper Risk Comparison Analysis

The investment risk classification of the ANZ Smart Choice MySuper product sits within Medium to High range for the 1940s and 1950s Lifestage options and High for the 1960s to 2000s Lifestage options.

These classifications are among the largest two groups of Lifestage MySuper funds in terms of investment risk. The relatively high investment risk for the ANZ Smart Choice MySuper Lifestage options compared to its peers may be attributed to the difference in the MySuper providers’ approach to the construction of Lifestage options. For example, ANZ Smart Choice MySuper has 7 Lifestage options whereas another peer in this group offers 41 Lifestage options, which results in a degree of over sampling of some of the options versus others. Other peer funds place all members in a single growth-oriented Lifestage option and then migrate them to a more defensive allocation at a later point in their life, resulting in more defensive options than growth-oriented Lifestage options.

ANZ Smart Choice MySuper Lifestage options lack exposure to unlisted assets which means that these options are more exposed to the impact of a market correction compared to their peers.

Note that ANZ Smart Choice MySuper Lifestage options have a higher average return target than peers at CPI plus 4% p.a. versus CPI plus 3.8% p.a., which when met results in our members experiencing a higher rate of return in the long term than the median of peers in this grouping.

Source: APRA Annual MySuper Statistics for the year ended 30 June 2020

APRA’s Reporting Standard SRS 700.0: Product Dashboard provides that the “Medium to High” investment risk label correlates to an estimated 3 to less than 4 negative net investment returns over a 20 year period, and “High” investment risk label correlates to an estimated 4 to less than 6 negative net investment returns over a 20 year period.

Step 2. Objective Assessments

This is an assessment of product appropriateness against six key factors that can affect superannuation.

Options, Benefits and Facilities

Members have access to a comprehensive range of insurance options, Lifestage (default) and Choose Your Own (CYO), as well as tailored benefit designs (including capacity for an external insurer of employer's choice). The fund also supports members when they are making a claim. In addition, members can access education sessions focusing on super, insurance and investments, as well as quarterly communications to members and digital tools to help members manage and keep track of their superannuation.

Investment Strategy

The Lifestage investment options offered to MySuper members provide a mix of growth and defensive assets based on their time horizon to retirement, with the mix of growth and defensive assets becoming more defensive as the member moves towards and into retirement. The asset allocation is reviewed at least once every three years and when irregular market conditions require it. The due diligence and selection of investment managers follows a robust qualitative and quantitatively focused process.

Insurance strategy and fees

Members have access to competitive insurance premiums and favourable reinstatement and activation terms in response to regulatory reforms - management adopted an approach to not differentiate terms between MySuper and Choice members. Insurance premiums <1% of salary principle is applied to all members except for the "male, heavy blue collar" cohort. Male, heavy blue-collar rates affect a minor cohort of members and are addressed via communication prompting members to confirm/ update their occupation. This will be considered at the next insurance re-rating exercise to be undertaken in 2023.

Objective Assessment Comments

The product options, benefits and facilities, investment strategy, insurance strategy and fees and other relevant matters lead to a conclusion of appropriateness of the product for MySuper members.

Scale

ANZ Smart Choice MySuper has significant scale within itself and as part of the Retirement Portfolio Service Super Fund. Whilst there has been a steady reduction in MySuper member numbers mainly due to external factors; members accessing the Early Release of Super scheme and members being transferred to the ATO as 'Unclaimed Super' accounts, the average MySuper member balance has increased to ~\$45k, up 26% since June 2017. The percentage of MySuper members and funds under management in the fund overall remains steady at 54% and 60% respectively. The fund remains sustainable at current membership levels and OPC remains committed to the MySuper product.

Operating Costs

The scale of the ANZ Smart Choice super product along with the overall increasing scale of IOOF's superannuation operations allows for the sharing of certain fixed costs. Pooling of MySuper and Choice investments promotes economies of scale.

Fees

Both the scale of funds under management and investment management agreements allow the fund to maintain investment costs which are competitive in comparison to the market. The agreed administration costs are in line or cheaper than industry average costs.

Product summary

ANZ Smart Choice (Employer / Retail)

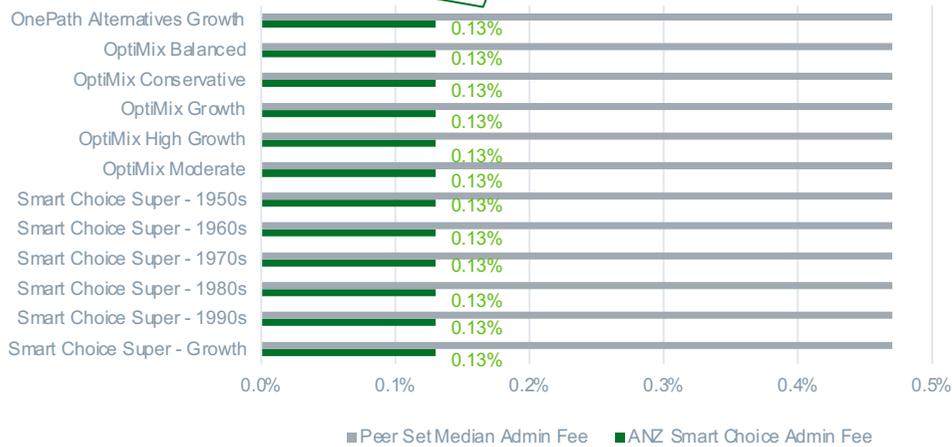
Product summary of the key outcomes
within Steps 1 and 2 of the assessment
for ANZ Smart Choice (Employer / Retail).



Step 1. Measure and Compare - Fees

Smart Choice Administration Fee comparison on a \$50,000 portfolio (shown as % p.a.)

The Administration fees are all significantly cheaper than the median.

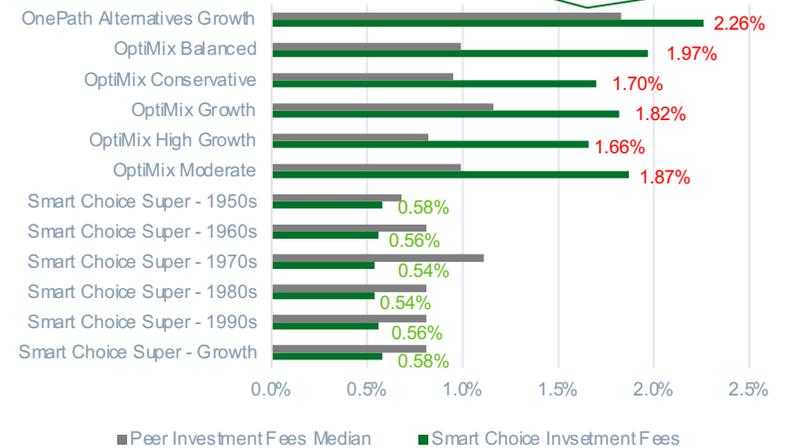


These two graphs compare the administration fee and investment fee of the in-scope investment options (both Choice and MySuper options) offered within ANZ Smart Choice Super to a peer set of comparable funds. In total, 54 investment options are offered to ANZ Smart Choice employer product members, and 17 for ANZ Smart Choice Super (retail).

For all investment options shown above, the administration fee is significantly below peers.

Smart Choice Investment Fee comparison on a \$50,000 portfolio (shown as % p.a.)

The Smart Choice diversified options are more expensive than median, however several of the higher fee options have outperformed in returns. The Smart Choice MySuper Lifestage options are competitively priced compared to peers.



Total fees are made up of both administration fees and investment fees. For all investment options, the administration fee is significantly below peers. For the OnePath and OptiMix options the investment related fees are relatively high compared to peer funds. Indirect costs are higher in the diversified OptiMix and OnePath options due to the inclusion of alternative assets which typically have higher costs to operate (noting that there are very few members invested in these options).

As total fees are made up of both administration fees and investment fees, when combined with the competitive administration fees (shown on the graph to the left), this will reduce the total fees, making it a competitive option in the market against peers.

Rating Key

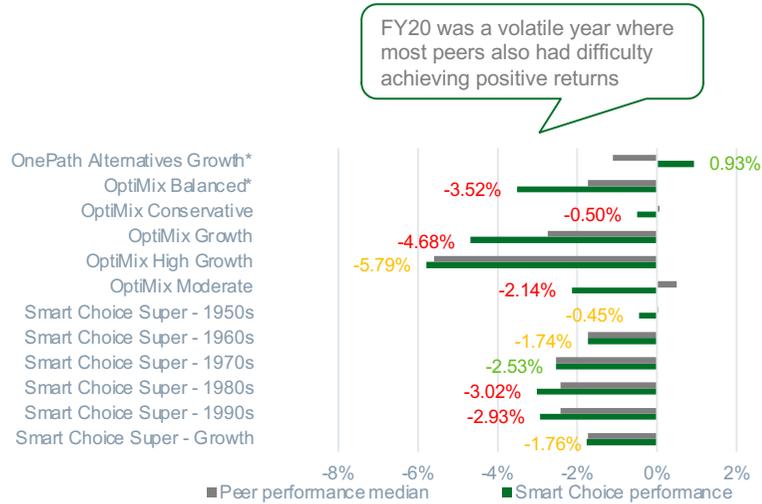
- Fees lower than median
- Fees less than 20 basis points higher than median
- Fees more than 20 basis points higher than median

Source: Various peer fund PDS documents

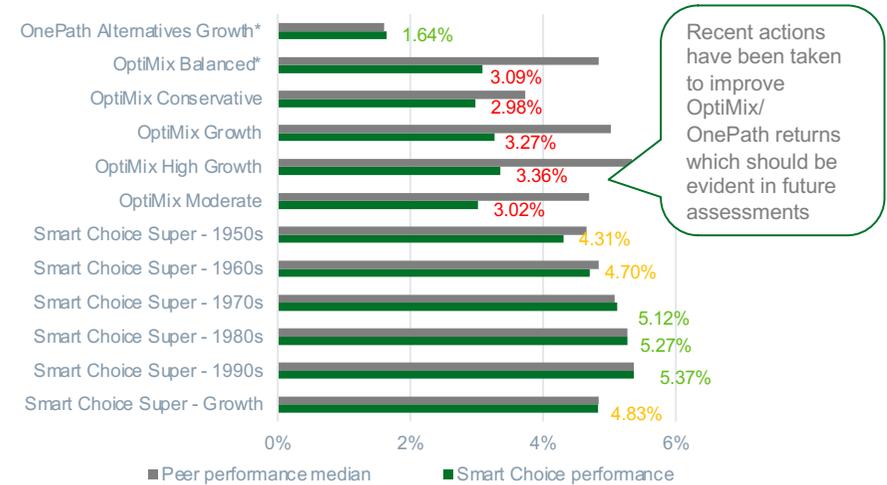
Source: Various peer fund PDS documents

Step 1. Measure and Compare - Investment returns

Performance comparison on a Smart Choice portfolio (% p.a. over one year to 30 June 2020)

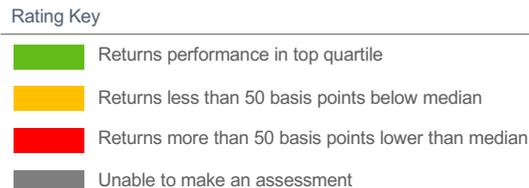


Performance comparison on a Smart Choice portfolio (% p.a. over three years to 30 June 2020)

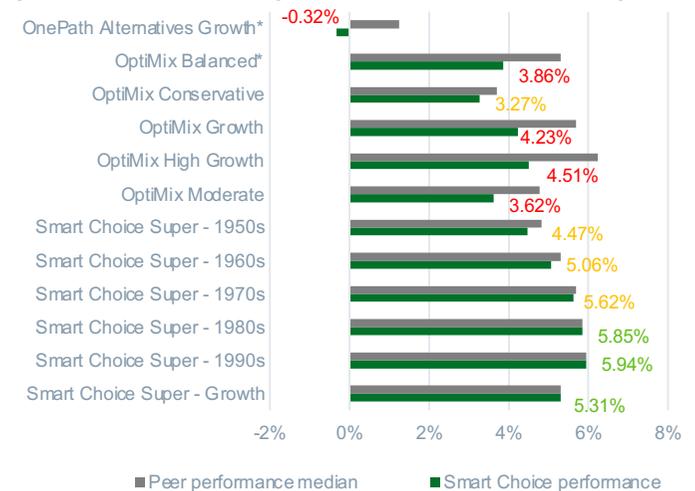


Investment returns for the OptiMix and OnePath investment options have mainly been negative over the past year in absolute terms. OptiMix and OnePath diversified investment options have underperformed their benchmarks over the year. However, a number of actions have been taken during and after FY20 to address this underperformance; these changes will take some time to flow through to improved performance returns. Noting that there are very few members invested in these options at a product level.

Commentary pertaining to the investment performance of the Smart Choice investment options can be found in the MySuper section of this document.



Performance comparison on a Smart Choice portfolio (% p.a. over five years to 30 June 2020)



Step 1. Measure and Compare - Investment risk

ANZ Smart Choice Risk Comparison

| Choice option | Lonsec Risk Rating |
|-----------------------------|--------------------|
| OnePath Alternatives Growth | Investment Grade |
| OptiMix Balanced | Investment Grade |
| OptiMix Conservative | Investment Grade |
| OptiMix Growth | Investment Grade |
| OptiMix High Growth | Investment Grade |
| OptiMix Moderate | Investment Grade |

| Choice option | APRA Risk Rating* |
|-----------------------------|-------------------|
| Smart Choice Super - 1950s | Medium - High |
| Smart Choice Super - 1960s | High |
| Smart Choice Super - 1970s | High |
| Smart Choice Super - 1980s | High |
| Smart Choice Super - 1990s | High |
| Smart Choice Super - Growth | High |

These Lifestage investment options are on the riskier end of the spectrum, but we're also targeting higher returns, so the higher risk is justified.

Source: APRA Annual MySuper Statistics for the year ended 30 June 2020
See slide 9 for further detail on these risk ratings.

ANZ Smart Choice Risk Comparison Analysis

The investment risk of the investment options are assessed by an external rating house (Lonsec) as well as the OPC research team.

The Lonsec ratings have been used as a representative measure of investment risk. Research houses compare and rate funds on risk and return outcomes, investment process, investment process, liquidity, etc. Where downgrades are identified fund managers are contacted for rationale and appropriate action is taken if required.

Based on the analysis, the Trustee is satisfied that compared to peers the level of investment risk is promoting the financial interests of members.

Lonsec Risk Rating Key

| | |
|--------------------|---|
| Highly Recommended | The Highly Recommended rating indicates that Lonsec has very strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered a preferred entry point to this asset class or strategy. |
| Recommended | The Recommended rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy. |
| Investment Grade | The Investment Grade rating indicates that Lonsec has conviction the financial product can generate risk adjusted returns in line with relevant objectives. However, if applicable, Lonsec believes the financial product has fewer competitive advantages than its peers. |
| Screened Out | The Screened Out rating indicates that Lonsec currently does not have conviction that the financial product can generate risk adjusted returns in line with relevant objectives. The financial product currently has insufficient competitive advantages relative to its review peer group (if applicable). |
| Fund Watch | The Fund Watch rating indicates that no new investment into this financial product is recommended. A significant change has occurred with the financial product and a detailed assessment of the change is needed and/or series of rectifying actions required prior to this rating being changed |
| Redeem | The Redeem rating indicates the financial product is no longer considered worthy of investment for any time period and investors should immediately redeem units from the financial product, subject to seeking financial advice. |

Step 2. Objective Assessments

This is an assessment of product appropriateness against six key factors that can affect superannuation.

Options, Benefits and Facilities

Members have access to a comprehensive range of insurance options, Lifestage (default) and CYO, as well as tailored benefit designs (including capacity for an external insurer of employer's choice). The fund also supports members when they are making a claim. In addition, members can access education sessions focusing on super, insurance and investments, as well as quarterly communications to members and digital tools to help members manage and keep track of their superannuation.

Investment Strategy

The investment strategy and governance is deemed appropriate as members have access to a breadth of Lifestage and CYO investment options to meet their requirements. The asset allocation is reviewed at least once every three years and when irregular market conditions require it. The due diligence and selection of investment managers follows a robust qualitative and quantitatively focused process.

Insurance strategy and fees

In accordance with the Insurance Strategy the cost of insurance is a key consideration and due diligence factor in determining the insurance arrangement that the Trustee offers employers and members. For the period to 30 June 2020, a number of tailored plan re-rates have been implemented. Owing to the current challenging Group Insurance Market (as a result of COVID-19 and sustainability pressures), there have been significant premium increases in some instances.

In all cases the Trustee has sought to ensure that the best possible premium and insurance design outcome is provided to members by completing external market analysis, offering panel insurer selection and seeking independent external actuarial benchmarking analysis as part of the review process.



Scale

ANZ Smart Choice has significant scale within itself and as part of the Retirement Portfolio Service Super Fund. Whilst there has been a reduction in member numbers for the FY20, mainly due to external factors; members accessing the Early Release of Super scheme and members being transferred to the ATO as 'Unclaimed Super' accounts, membership and funds under management is generally stable. Announced mergers with MLC and the integration of the ANZ Wealth products into IOOF will also increase scale significantly. The fund remains sustainable at current membership levels and OPC remains committed to the Smart Choice product.

Operating Costs

The scale of the ANZ Smart Choice product along with the overall increasing scale of IOOF's superannuation operations allows for the sharing of certain fixed costs. The pooling of MySuper and Choice investments promotes economies of scale.

Fees

Both the scale of funds under management and investment management agreements allow the fund to maintain investment costs which are competitive in comparison to the market. Lower administration costs translate to low overall administration costs to members providing ANZ Smart Choice members with an overall administration charge amongst the lowest in the industry.

Product summary

OneAnswer Frontier

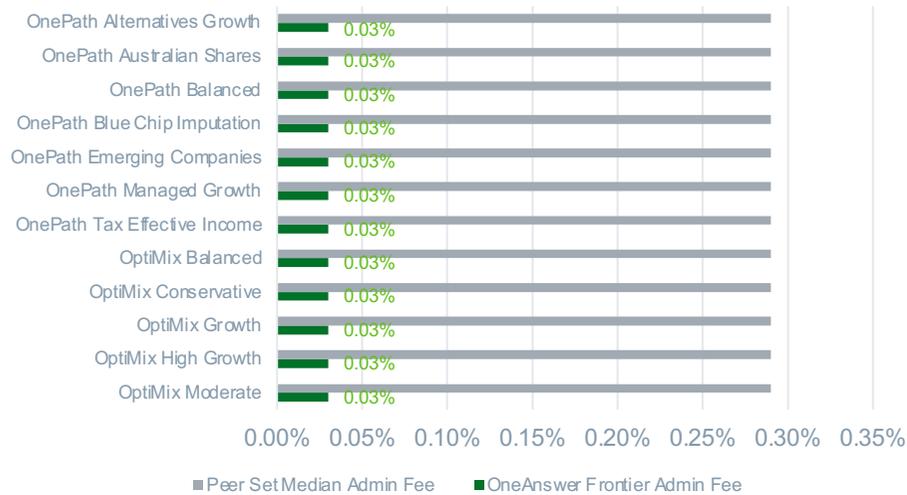
Product summary of the key outcomes
within Steps 1 and 2 of the assessment
for OneAnswer Frontier.



Step 1. Measure and Compare - Fees

OneAnswer Frontier Administration Fee Comparison on a \$150,000 portfolio (shown as % p.a.)

The Administration fees are all significantly cheaper than the median.



The two graphs on this page compare administration fees and investment fees of the sub-set of investment options that were assessed within OneAnswer Frontier to a peer set of comparable products and investment options. In total, OneAnswer Frontier offers over 80 investment options to members to select from. For all investment options, the administration fee is very low and significantly below peers.

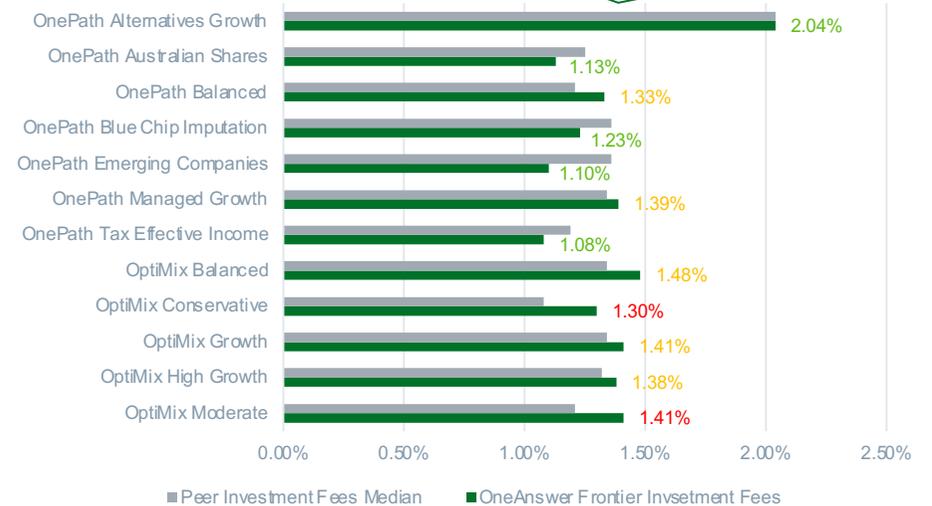
Rating Key

- Fees lower than median
- Fees less than 20 basis points higher than median
- Fees more than 20 basis points higher than median

Source: Various peer fund PDS documents

OneAnswer Frontier Investment Fee comparison on a \$150,000 portfolio (shown as % p.a.)

The majority of the OneAnswer Frontier product investment fees are either cheaper than median or close to the industry median. Once peer set admin fees are added to all Investment Related Fees our total fees for the above investment options are consistent with, or more competitive than the peer set median.



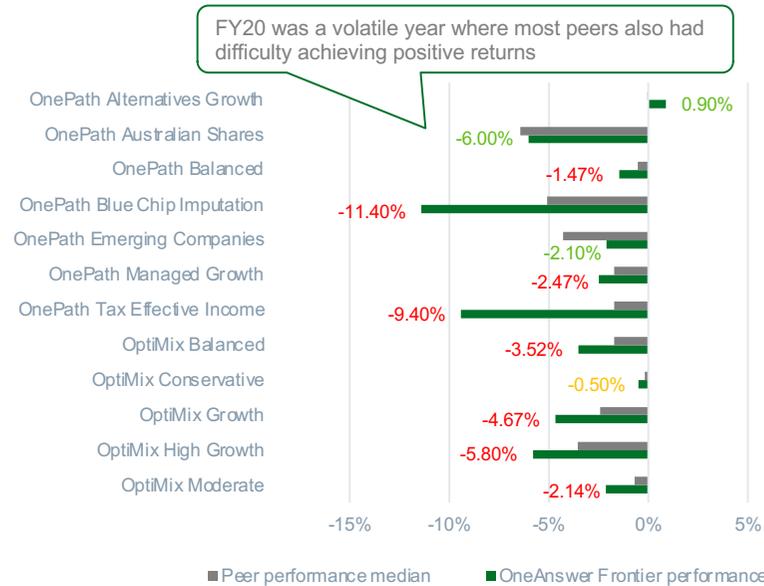
Total fees are made up of administrative fees and investment fees. For OneAnswer Frontier, the administration fee is very low and some investment related fees are relatively high, which contrasts to how many other funds structure their fees. Indirect costs are higher in the diversified OptiMix and OnePath options due to the inclusion of alternative assets which typically have higher costs to operate. Notably, we offer a discount of 0.10% p.a. on the investment management fee for all investment options (excluding cash and term deposits) for members with total balances above \$300,000. This is not reflected in the table as we have used an average balance of \$150,000 for this comparison.

As total fees are made up of both administration fees and investment fees, when combined with the competitive administration fees (shown on the graph to the left), this will reduce the total fees, making it a competitive option in the market against peers.

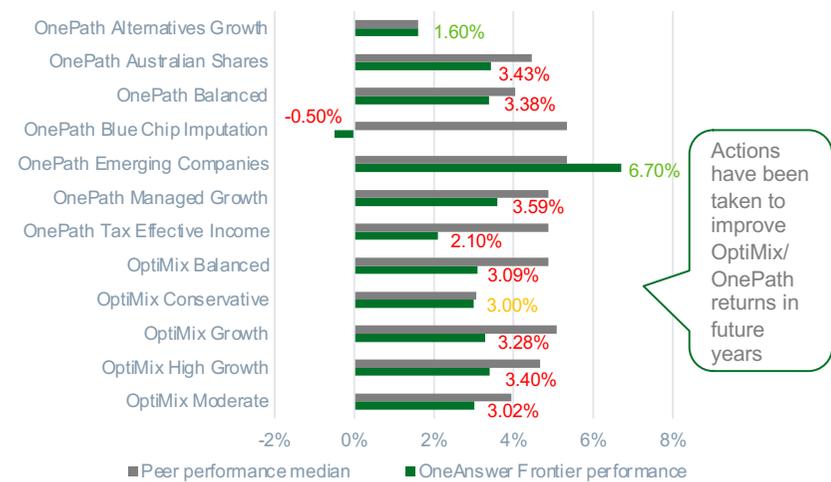
Source: Various peer fund PDS documents

Step 1. Measure and Compare - Investment returns

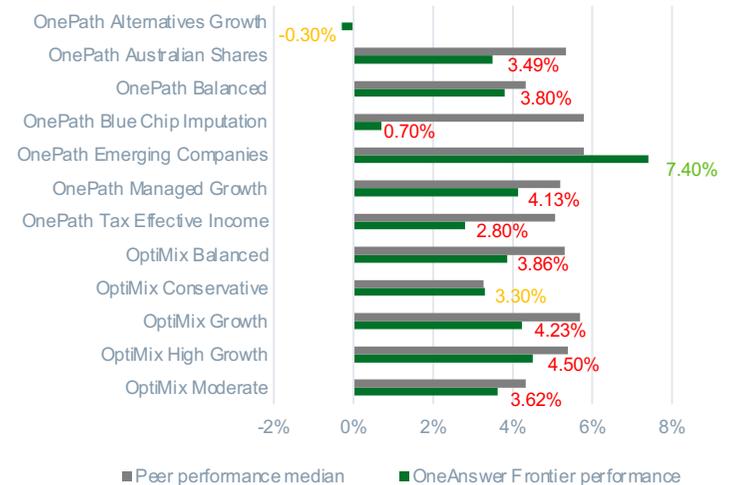
Performance comparison on a OneAnswer Frontier portfolio (% p.a. over one year to 30 June 2020)



Performance comparison on a OneAnswer Frontier portfolio (% p.a. over three years to 30 June 2020)



Performance comparison on a OneAnswer Frontier portfolio (% p.a. over five years to 30 June 2020)



The three graphs on this page compare the investment returns over a 1, 3 and 5 year period of OneAnswer Frontier investment options to the peer set. Returns have mainly been negative over the past year in absolute terms. OptiMix and OnePath diversified investment options have underperformed their benchmarks over the year.

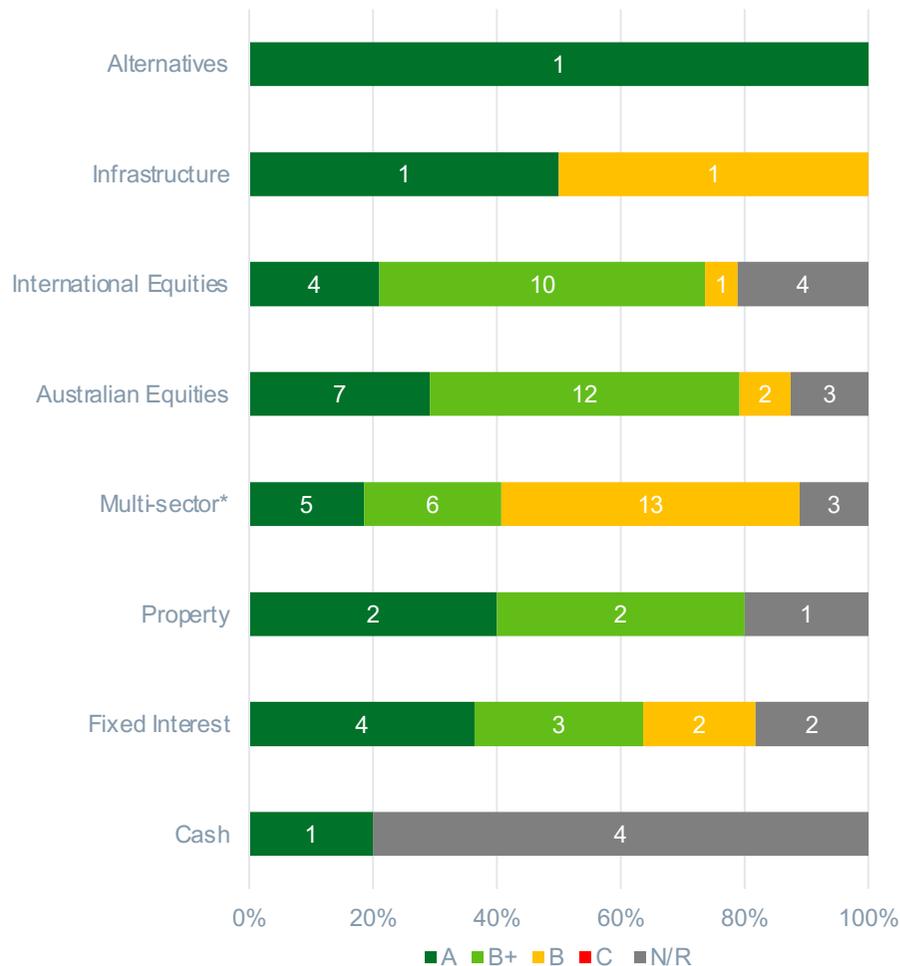
Performance is monitored closely and reported quarterly to the OPC Board to ensure they are informed of performance outcomes. A number of actions have been taken during and after FY20 to address manager performance and asset allocation. These changes will take some time to flow through to improved performance returns.

Rating Key

| | |
|---------------------------------------|---|
| ■ | Returns performance in top quartile |
| ■ | Returns less than 50 basis points below median |
| ■ | Returns more than 50 basis points lower than median |
| ■ | Unable to make an assessment |

Step 1. Measure and Compare - Investment risk

OneAnswer Frontier Risk Comparison



Source: Mercer Risk Ratings

*The Multi-sector ratings were converted from Lonsec ratings to approximately equivalent ratings from Mercer.

**The Trustee has defined favourable to be Investment Grade or higher

OneAnswer Frontier Risk Comparison Analysis

For the purposes of the assessment, rather than a subset of options, all investment options have been included to determine whether the level of investment risk of investment options on the OneAnswer Frontier investment menu is comparable to peers.

Research house ratings have been used as a representative measure of investment risk for the OneAnswer investment menu. Research house reviews cover a wide range of metrics including risk and return outcomes, investment process, liquidity etc. The 2 research houses OneAnswer uses are Lonsec (multi sector funds) and Mercer (single sector funds).

Based on the analysis, the Trustee is satisfied that compared to peers the level of investment risk is promoting the financial interests of members noting:

1. Mercer has rated 93% of single sector funds by Funds under Management (FUM) in OneAnswer as either 'A' or 'B+' (these are Mercer's 2 highest ratings)
2. Lonsec has rated all multi sector funds as investment grade or higher
3. Overall, 87% of investment options by FUM have favourable** Mercer or Lonsec ratings

The graph on the left shows the number of investment options with each rating broken down by asset class.

Mercer Risk Rating Key

| | |
|----|---|
| A | Strategies assessed as having "above average" prospects of outperformance |
| B+ | Strategies assessed as having "above average" prospects of outperformance, but with some reservations |
| B | Strategies assessed as having "average" prospects of outperformance |
| C | Strategies assessed as having "below average" prospects of outperformance |
| N | Strategies not currently rated by Mercer |
| R | The R rating is applied in two situations: <ul style="list-style-type: none"> - Where Mercer has carried out some research but has not completed its full investment strategy research process - Mercer has in the past carried out its full investment strategy research process on the strategy, but are no longer maintaining full research coverage |

Step 2. Objective Assessments

This is an assessment of product appropriateness against six key factors that can affect superannuation.

Options, Benefits and Facilities

The extensive range of investment options, flexibility of insurance through OneCare and sophisticated product features are considered appropriate for Choice members, given that these have been highly rated by external research houses (e.g. Chant West & SuperRatings).

Investment Strategy

The investment strategy and governance is deemed appropriate as members have access to a breadth of investment choices to meet their investment needs and the majority of members receive personal financial advice on joining the product. There are also appropriate controls in place to ensure options continue to provide competitive performance and liquidity risk is monitored.

Insurance strategy and fees

No insurance is offered through the product. However, to the extent that OneCare Super is referred to in the OneAnswer product disclosure statement, competitive analysis confirms premiums are competitive and members must receive personal financial advice to join the product, which ensures their insurance fees do not inappropriately erode their retirement savings.



Objective Assessment Comments

The product options, benefits and facilities, investment strategy, insurance strategy and fees and other relevant matters lead to a conclusion of appropriateness of the product for OneAnswer Frontier members.

Scale

Despite a reduction in member numbers and overall assets in recent times, the product maintains significant scale both in its own right and as part of the Retirement Portfolio Service Superannuation Fund. Announced mergers with MLC and the integration of the OnePath Custodians (ANZ Wealth) products into IOOF will also increase scale significantly. The fund remains sustainable at current membership levels and OPC remains committed to the OneAnswer Frontier product.

Operating Costs

We believe that the scale of the OneAnswer Frontier product, as well as the overall increasing scale of IOOF's superannuation operations as a whole, allows the sharing of certain fixed costs to the mutual benefit of all members.

Fees

Charging overall ongoing fees on a percentage basis means members with "more complex needs and higher overall support costs" bear higher costs and are not cross-subsidised by other members.

Product summary

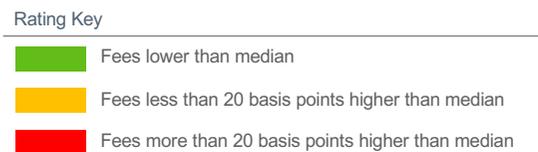
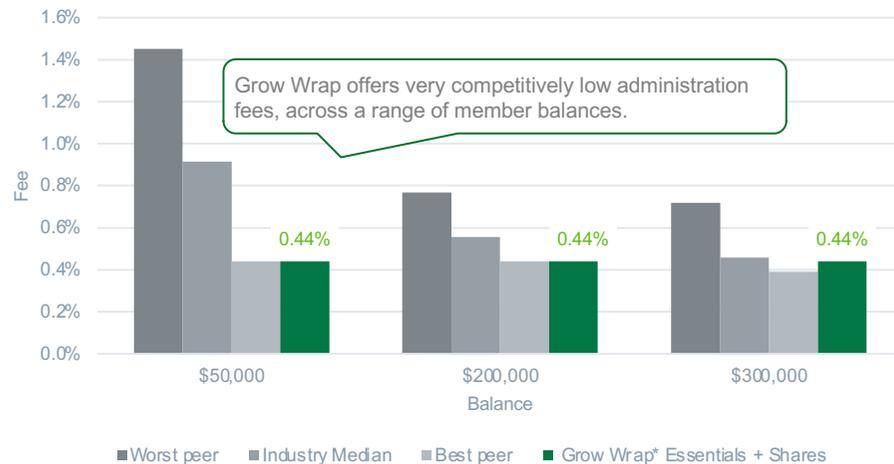
Grow Wrap

Product summary of the key outcomes within Steps 1 and 2 of the assessment for Grow Wrap.



Step 1. Measure and Compare - Fees

Grow Wrap Administration Fee Comparison (shown as % p.a.)



Grow Wrap Administration Fee Comparison Analysis

This graph compares the ongoing member administration fees for Grow Wrap ‘Essentials (net of aligned dealer group discount)’ plus ‘Optional Extra ASX listed securities’ pricing with the administration fees of a selection of peers based on account balances of \$50,000, \$200,000, and \$300,000. Approximately 80% of members in Grow Wrap are clients of our aligned dealer groups and invested in ‘Essentials’ plus ‘Optional Extra ASX listed securities’ only.

Grow Wrap is priced at an industry leading level and considerably lower than the median charged across the industry for balances \$300,000 and lower. For balances greater than \$300,000, Grow Wrap becomes marginally less competitive but is still priced lower than the median fee.

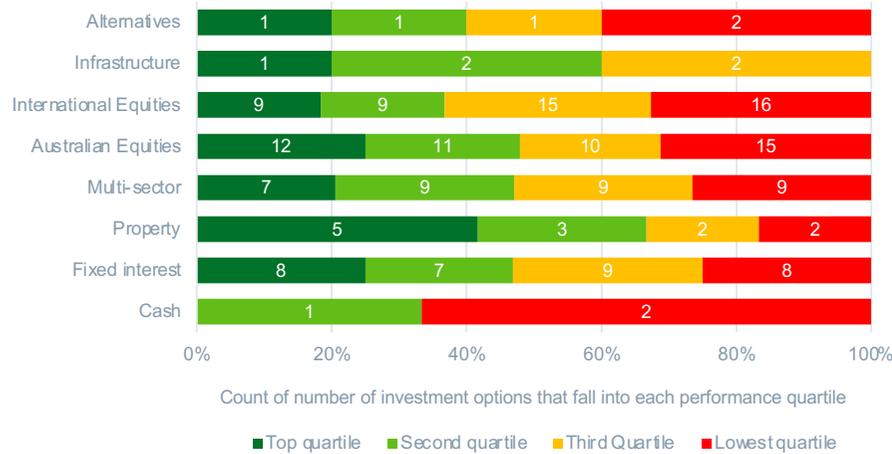
However, one of Grow Wrap’s key competitive advantages is that it offers members investment management fee rebates on over 50% of the managed funds available on the investment menu, which ensures Grow Wrap remains competitive at balances of over \$300,000.

The investment options offered on the menu are widely available across the selected peer group of similar choice options and are offered at the same investment management fee and therefore deliver the same investment returns. As such a comparison cannot be made on the investment fee component of fees.

Step 1. Measure and Compare - Investment returns

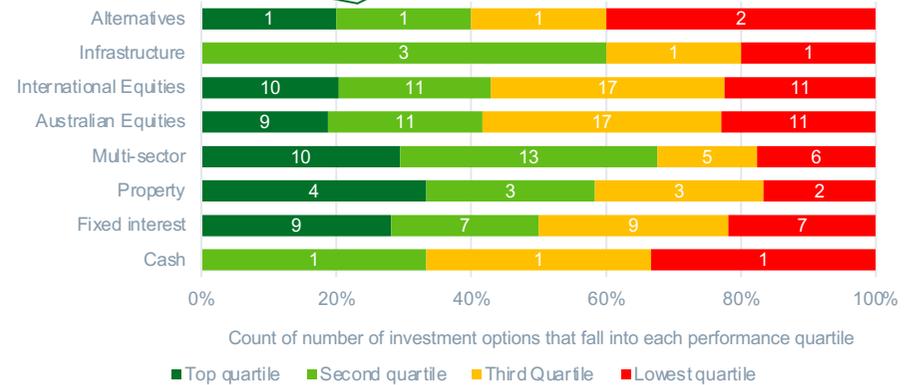
Grow Wrap investment options categorised into quartile of returns compared to their benchmark, over one year to 30 June 2020

A large number of Equity, Property and Fixed Interest investment options had returns in the top two quartiles (above average returns) compared to those option's benchmarks.



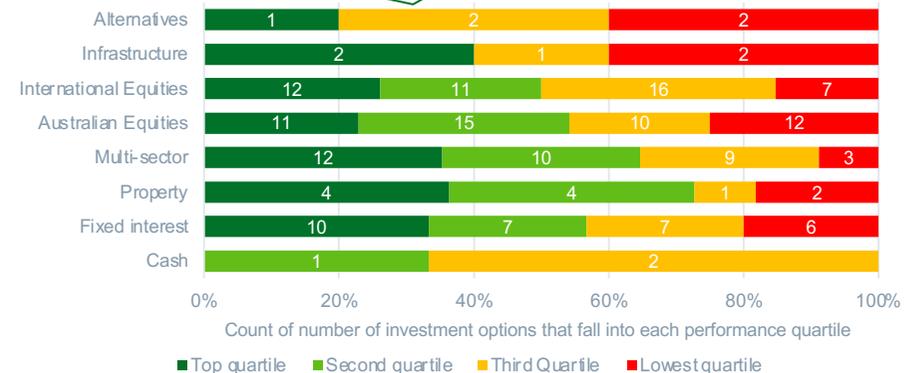
Grow Wrap investment options categorised into quartile of returns compared to their benchmark, over three years to 30 June 2020

A large number of Equity, Multi-sector and Fixed Interest investment options had returns in the top two quartiles (above average returns) compared to those option's benchmarks.



Grow Wrap investment options categorised into quartile of returns compared to their benchmark, over five years to 30 June 2020

Over a longer time period, many options have performed better, indicating 2020 was a particularly bad year but the longer term performance trend is strong.



Grow Wrap offers wholesale investment options which means the performance is consistent across peers – all wrap platforms offer largely the same options through their investment menus.

So we have categorised the returns of the options into 4 return quartiles based on their relative performance against their target return benchmark, to help you see how the investment options offered within each asset sectors are performing.

For the year to 30 June 2020, out of 188 ranked investment options, 86 options achieved 1st and 2nd quartile (above median) performance against their benchmarks, representing 46% of investment options.

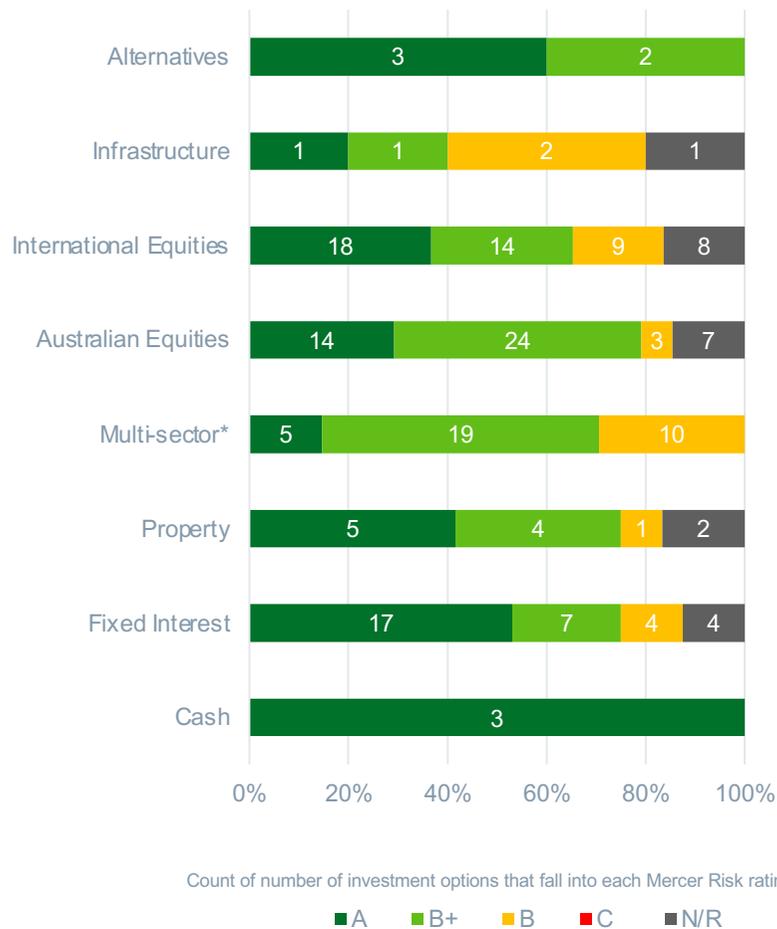
Over the 3 year period to June 2020, out of 188 ranked funds, 93 options achieved 1st and 2nd quartile (above median) performance against their benchmarks, representing 50% of options.

Over the 5 year period to June 2020, out of 188 ranked investment options, 100 options achieved 1st and 2nd quartile (above median) performance against their benchmarks, representing 55% of options.

Therefore, for the overall Grow Wrap product as measured by an analysis of how many investment options achieve top two quartile (above median) performance against their benchmarks over the long term, the investment strategy, including level of investment risk, is appropriate.

Step 1. Measure and Compare - Investment risk

Grow Wrap Risk Comparison



Grow Wrap Risk Comparison Analysis

For the purposes of the assessment, rather than a subset of options, all investment options have been included to determine whether the level of investment risk of investment options on the Grow Wrap investment menu is comparable to peers.

Research house ratings have been used as a representative measure of investment risk for the Grow Wrap investment menu. Research house reviews cover a wide range of metrics including risk and return outcomes, investment process, liquidity etc. The 2 research houses Grow Wrap uses are Lonsec (multi sector funds) and Mercer (single sector funds).

Based on the analysis, the Trustee is satisfied that compared to peers the level of investment risk is promoting the financial interests of members noting:

Mercer has rated 132 of the single sector investment options available on Grow Wrap and 113 (86%) of these investment options have been rated 'A' or 'B+'. Lonsec has rated 34 of the multi-sector investment options and they all have ratings of Highly Recommended, Recommended or Investment Grade. All of the investment options have been rated as having 'Average' or 'Above Average' prospects of outperformance.

Mercer Risk Rating Key

- A** Strategies assessed as having "above average" prospects of outperformance
- B+** Strategies assessed as having "above average" prospects of outperformance, but which are qualified by at least one of the following:
 - There are strategies in which Mercer has greater conviction that outperformance will be achieved
 - Mercer requires more evidence to support its assessment
- B** Strategies assessed as having "average" prospects of outperformance
- C** Strategies assessed as having "below average" prospects of outperformance
- N** Strategies not currently rated by Mercer
- R** The R rating is applied in two situations:
 - Where Mercer has carried out some research but has not completed its full investment strategy research process
 - Mercer has in the past carried out its full investment strategy research process on the strategy, but we are no longer maintaining full research coverage

The Multi-sector ratings were converted from Lonsec ratings to equivalent ratings from Mercer, with a 'Highly Recommended' rating equating to 'A' and a 'Recommended' rating equating to 'B+'.

Source: Mercer Risk Ratings

*The Multi-sector ratings were converted from Lonsec ratings to approximately equivalent ratings from Mercer.

**The Trustee has defined favourable to be Investment Grade or higher

Step 2. Objective Assessments

This is an assessment of product appropriateness against six key factors that can affect superannuation.

Options, Benefits and Facilities

The extensive range of quality investment options, unbundled pricing structure, investment fee rebates, individualised taxation, flexibility of insurance through OneCare and sophisticated product features are considered appropriate for Choice members, given that these have been highly rated by external research houses (e.g. Chant West & SuperRatings).

Investment Strategy

The investment strategy and governance is deemed appropriate as members have access to a wide range of quality investment choices to meet their investment needs and all members receive personal financial advice on joining the product. For example, 96% of Grow Wrap funds under management have favourable Mercer and/or Lonsec ratings. There are also appropriate controls in place to ensure options continue to provide competitive performance and liquidity risk is monitored.

Insurance strategy and fees

The flexibility of insurance (Death, Death & Total/Permanent Disability and Income Protection) provided through the OneCare product continues to be appropriate for members as the OneCare product is award-winning and as members must receive personal financial advice to join the product. The flexibility allows cover to be tailored to members' individual needs. Competitive analysis with peers confirms that OneCare insurance premiums are not inappropriately eroding the retirement savings of Grow Wrap members and as members must receive personal financial advice to join the product, their adviser must ensure insurance fees and member's level of cover do not inappropriately erode their retirement savings.



Objective Assessment Comments

Grow Wrap is distributed through financial advisers and members must receive personal financial advice to join the product. The product options, benefits and facilities, investment strategy, insurance strategy and fees and other relevant matters considered, coupled with personal financial advice, lead to a conclusion of appropriateness of the product for Grow Wrap members.

Scale

There has been a consistent increase in the number of Grow Wrap members and a steady increase in assets. There appears to be no inappropriate impact to the member. Announced integration with MLC Wealth and IOOF will also increase scale significantly. Therefore, there is confidence that the scale leads to the product being appropriate for members.

Operating Costs

The operating costs of Grow Wrap's operations are assessed to not inappropriately affect the financial interests of members.

Fees

The pricing was set after conducting a review of member and adviser investment behaviours. An unbundled pricing structure, allowing members to pay only for the type of assets held in their portfolio, was the most suitable for members. A review of competitor pricing was undertaken to ensure we provided a market leading price to members. For these reasons, the basis for setting fees is appropriate for Choice members.

Product summary

OneCare Super

Product summary of the key outcomes within Steps 1 and 2 of the assessment for OneCare Super.



OneCare Super

As OneCare Super is an insurance only product there are no investment options within the product. This means that the following aspects of the Member Outcome assessment are not applicable to the product:

Step 1: Comparative Assessment

- Fees (as insurance fees are dealt with within 'Insurance Fees' section)
- Investment Returns
- Investment Risk

Step 2: Objective Assessment

- Investment Strategy

Factors relevant for the Assessment of OneCare Super



Options,
Benefits
& Facilities

The options, benefits and facilities offered in OneCare Super are considered appropriate for members as product benchmarking confirms they are comparable to competitors. OneCare Super is also an approved product by a number of leading financial advice companies, which indicates, as the product is only sold under advice, the product features meet the needs of financially advised members



Insurance
Strategy

OneCare Super's insurance strategy is considered appropriate for members as the product has a wide range of product features which allow insurance to be tailored to member's needs, is sold under advice which ensures members receive appropriate advice about these features and product features and premiums are competitive to peers.



Insurance
Fees

Benchmarking confirms premiums are competitive to peers and as OneCare Super can only be accessed via personal advice, a member's financial adviser will ensure that cost of the cover is appropriate compared to their superannuation savings.



Scale

OPC is a fully owned subsidiary of IOOF Holdings Limited one of the largest superannuation providers by number of members and assets under administration in Australia. Additionally, OnePath Life Limited (the product insurer) is a fully owned subsidiary of Zurich Insurance Group the largest retail life insurer in Australia by in-force premiums. Accordingly, the scale of OPC or OPL's operations are considered sufficient to provide efficient services to OneCare Super members.



Operating
Costs &
Basis for
setting
fees

OPC's operating costs do not affect OneCare Super members as insurance fees are paid directly to OPL. Given the market competitiveness of insurance premiums, OPL's operating costs are considered not to have a negative effect on the financial interests of OneCare Super members.

Basis for setting fees is considered appropriate for OneCare Super members as the OPC must review any premium changes proposed by OPL to ensure these are in the best interests of members and OPL sets fees based on the cost and risk of providing cover.

Closed Products Determination

Determination relevant to products that are currently closed to new members



What is a Closed Product?

A number of our products have been closed to new members and we will be transitioning members to more contemporary products. These products are referred to as 'Closed Products' in this document.

The following table outlines the products that are classified as Closed Products.

| Super Products |
|--|
| ANZ Super Advantage |
| Employer Super, Personal Super |
| Integra Super |
| Employer Super, Personal Super, Integra Allocated Pension, Pooled Super |
| OneAnswer |
| ANZ OneAnswer Personal Super and Pension, OneAnswer Personal Super and Pension, OneAnswer Term Allocated Pension, ANZ OneAnswer Term Allocated Pension |
| PortfolioOne |
| Term Allocated Pension |
| OptiMix |
| Superannuation, Term Allocated Pension, Allocated Pension |
| Risk only |
| World of Protection (Leading Life), ANZ Life & Trauma, OnePath Life & Trauma, Armstrong Jones/Occidental/Regal policies |
| Traditional Products |
| ANZ Traditional policies (includes Endowment & Whole of Life), ANZ Term Life policies, ANZ Savings Accounts, ANZ Personal Superannuation Bond, ANZ Allocated Pension, OnePath Guaranteed Pension, OnePath Allocated Pension, OnePath Personal Retirement Plan, OnePath Traditional Policies (includes Endowment & Whole of Life) |

Closed Products Determination

For each of these Closed Products, transition plans are being developed and as a result members will be migrated to products which have been determined to enhance their financial interests.

Transitions are reviewed with members best interests in mind. These assessments will ensure that after considering matters such as fees, costs and benefits the transfer is in the best interests of members.

The transition will also bring scale and simplicity to the fund's product offering, enabling improvement of member outcomes through efficiency, sustainability and the ability to innovate.



Fees

Fees and costs will form part of the assessment and the Trustee will consider these matters appropriately noting the effect of fees and costs on retirement outcomes.



Options, Benefits & Facilities

Members currently in Closed Products will generally benefit from an uplift in product design and features that are likely to include improved user experience such as online transactions, the ability to maintain beneficiaries online and modern/automated communications and statements. To the extent possible, where a member has benefits which are superior to those under the new product, these benefits will be carried through to the new product.



Scale

The scale of the superannuation fund overall will remain the same and efficiencies expected from the transition will benefit all members in the fund.

About us

At IOOF, we have been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become a leading provider of quality financial services.

As an ASX top 200 company, and with more than \$149.5 billion in funds under management, administration and advice, we currently service more than 500,000 customers around Australia.

Our advice-led, ClientFirst philosophy together with a broad range of products and services means that our ability to provide tailored solutions to help advisers and their clients achieve their financial goals is unparalleled. We believe that success only comes from caring about people and providing quality service and consistent performance.

At IOOF, we have a long history of partnering with other financial services organisations, as well as other advice providers throughout Australia. This ensures we always act in our clients' best interests providing them with greater choice and flexibility.

Important information

Information contained within this report is general advice only and does not take into account your personal objectives, financial situation or needs. You should consider if this information is appropriate for you, in light of your circumstances, before acting on it. Please read the relevant Product Disclosure Statement (PDS), available at OnePath.com.au before making a decision about the products. Past performance is not a reliable indicator of future performance. You may also find it beneficial to obtain advice from a licensed financial adviser. OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) (OPC) is the trustee of the Retirement Portfolio Service Superannuation Fund (the Fund) (ABN 61 808 189 263) and the product issuer. OPC is a member of the IOOF Group of companies, comprising IOOF Holdings Limited ABN 49 100 103 722 and its related bodies corporate. The Australia and New Zealand Banking Group Limited (ANZ) (ABN 11 005 357 522) brand is a trademark of ANZ and is used by OPC under licence from ANZ. ANZ and the IOOF Group of companies (including OPC) are not related bodies corporate. ANZ does not guarantee these products.