



Paul
Spirit Super member

Member outcomes assessment for 30 June 2023

Retirement product

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**Spirit
Super**



20 March 2024

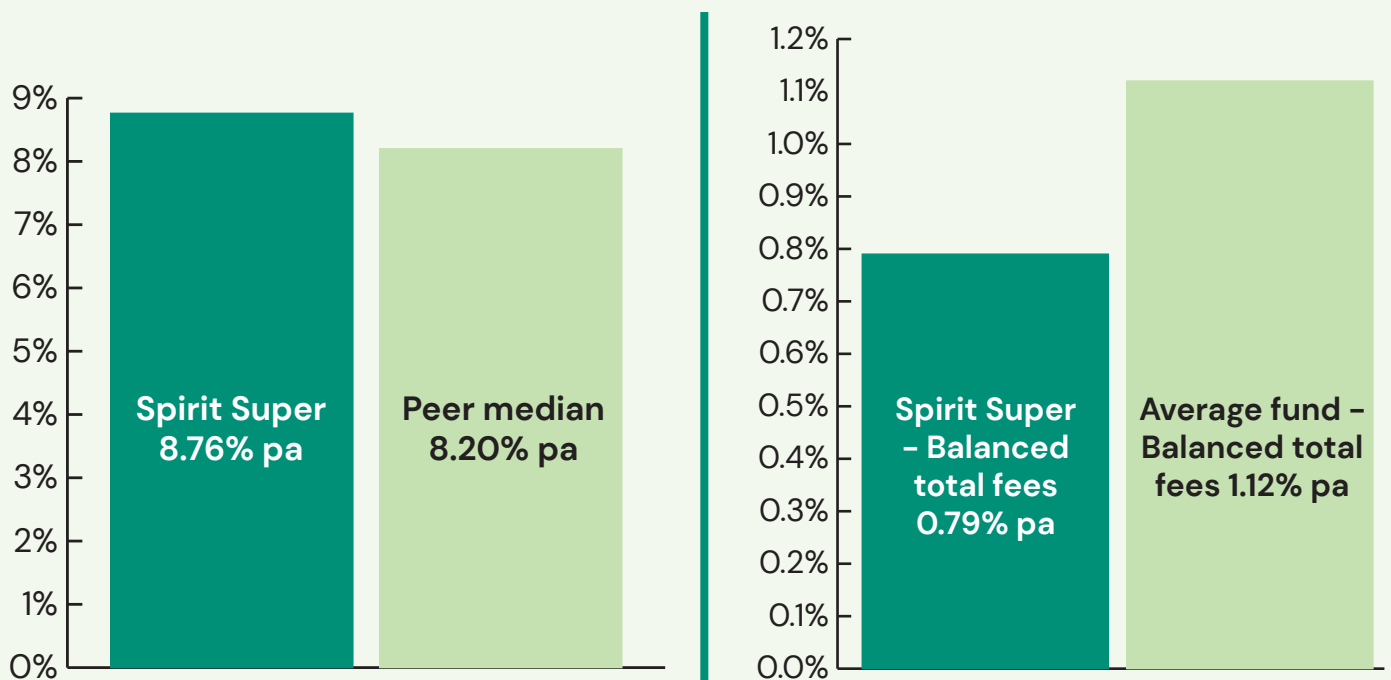
At Spirit Super we work as hard as you do. With low fees and a history of strong, long-term returns, we put your super to work.

Each year we're required to assess our performance in promoting the financial interests of our members by each of our products. This assessment examines a range of product comparisons and other assessment factors.

Based on our assessment, the Trustee has determined that Spirit Super's retirement product successfully promoted the best financial interests of members for the year ended 30 June 2023.

Our approach, peer groups and data sources for this assessment are on page 8.

Spirit Super at a glance - Balanced investment option



Most of our retirement product (Control Pension) members are invested in the Balanced investment option. Over 10 years, our Balanced option produced a return of **8.76% pa** compared to a peer median¹ of 8.20% pa.

Members invested in our Balanced product with an account balance of \$50,000 paid **0.79% pa** in total fees, less than the industry median² of 1.12% pa.

¹Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Returns are net of fees and costs. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. | ²Source: APRA quarterly superannuation product statistics at 30 June 2023.

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Determination summary

Comparison factors

Investment returns

Our Balanced option, where most retirement product (Control Pension) members are invested, achieved returns above the median³ over the key time frames used for our assessment of 1 and 10 years relative to comparable investment options.

Our peer relative performance is heavily influenced by our options' exposure to growth assets versus the comparable median peer fund, as well as the performance of the fund's active managers over different time frames.

³Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Fees and costs

Our fees and costs for the retirement product remain competitive against the industry median.⁴

Within our retirement product, the total annual fees (administration and investment) charged for our pre-mixed investment options on a \$50,000 account balance at 30 June 2023 were considerably lower than the median super fund.

⁴Source: APRA quarterly superannuation product statistics at 30 June 2023.

Investment risk

Performance of our products and level of risk is aligned with the investment strategy.

We manage risk carefully across all our products. Our products' performance and risk level were aligned with our investment strategy and consistent with the level of risk of comparable retirement investment options offered across other super funds⁵.

⁵Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Assessment factors

Investment strategy

We offer a range of investment options with different asset allocations and risk profiles to suit the diverse needs of our members.

Our investment strategy is to build a diversified portfolio of assets that balances investment returns and risks. We achieve this by investing in a combination of growth assets and defensive assets across both public and private markets. A core belief is that we can add value to members via active investing.

Insurance strategy and fees

Insurance isn't available for our retirement products.

Options, benefits and facilities

We strive to support our members' journey with choice and service as unique as they are. We pride ourselves on easy interactions, excellent service, and personal support, with products and services that offer good value and meet the changing needs of members now and in the long run.

Scale

As a mid-size fund, Spirit Super is well placed to take advantage of economies of scale and negotiate competitive fees with strategic partners and investment managers.

The fund continues to be focused on growth opportunities to further provide superior financial benefits and services to members now and into the long term. The merger with CareSuper in late 2024 is central to achieving our current scale targets to continue to be a sustainable fund and deliver value for members.

Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and be sustainable, competitive, and equitable.

Our operating cost to asset ratio for the 2022-23 financial year was below the median of other super funds (being in the lowest 25%⁶) and shows that our fees are set appropriately in the best financial interests of members.

⁶Source: SuperRatings Benchmark Report 2024 (all funds).

Assessment detail

Comparison factors

Investment returns

Overall, we've assessed that the investment returns provided by our retirement options were competitive⁷.

⁷Returns of the retirement product versus the median investment option with a similar growth profile provided by SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Our Balanced option, net returns to 30 June 2023 were above median of similar peer options over the key time frames used for our assessment of 1 and 10 years.

Net return⁸ (investment return minus administration and investment fees and costs) for a \$50,000 account balance invested in the Balanced option as at 30 June 2023

	1 year %	10 years % pa
Spirit Super	10.34	8.76
Relative to median	0.28 above median	0.56 above median

⁸Net return is the return after administration and investment fees and costs, transaction costs and taxation for a representative member with an account balance of \$50,000. Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023 including products that have the approximate ratio of 60-76% growth assets which is the most appropriate comparison to the Spirit Super Balanced option. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

While most retirement product members are invested in the Balanced option, there were nine investment (Control Pension) options at 30 June 2023, each with different investment risk levels and return objectives. Compared to other funds, our Growth, Sustainable, Conservative, Diversified fixed interest and Cash investment options were strong performers in the 2022-23 financial year, achieving a higher return than the relevant median fund. The Moderate, Australian shares, and International shares sector options had mixed performance over the 1 year assessment period, with below median returns to 30 June 2023. Our relative performance is influenced by our options' exposure to growth assets versus the respective median peer fund. For our Moderate option, we found it had a modestly lower exposure to growth assets, primarily listed equity, than our peers.

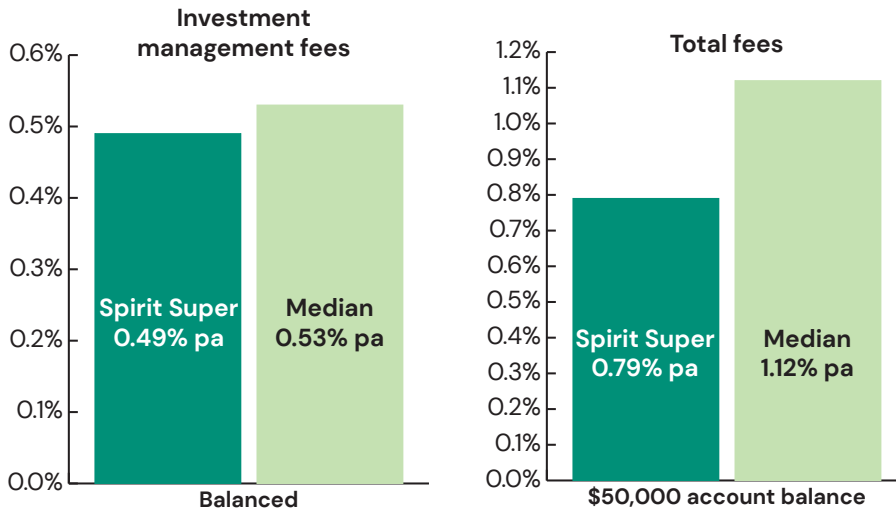
Overall, we've assessed that the investment returns provided by our retirement options were competitive. Returns did vary over some time periods, see page 9 for the performance of all Spirit Super retirement product investment options.

Fees and costs

We keep our fees low, so our members have more to invest for the future. As an industry super fund, we're run only to benefit members, no one else – we don't pay commissions to advisors or give profits to shareholders.

The fees and costs that apply to Spirit Super's retirement product remain competitive against the industry median. When invested in the Balanced option, investment fees and total annual fees (administration and investment fee) are significantly lower than the median comparable fund⁹.

Annual investment management and total fee on a \$50,000 account balance – Balanced option as at 30 June 2023.



⁹Source: SuperRatings Smart 2 and Spirit Super *Member guide* (March 2023) for investment management fees and APRA quarterly superannuation product statistics for total fees.

Generally, the fees and costs you pay as a percentage of your account balance will be higher for a low balance and will decrease as it grows. See page 10 for investment management and total fees when invested in other retirement options.

Investment risk

Performance for Spirit Super's retirement product investment options is consistent with its stated risk objectives and is aligned with that of the median risk profile of comparable investment options, therefore the level of investment risk and return target was considered appropriate for Spirit Super's retirement members at 30 June 2023. An assessment of investment performance standard deviation over 3- and 5-years and stated standard risk measure for each investment option is provided on page 11.

Assessment factors

Investment strategy

We offer a range of investment options with different asset allocations and risk profiles to suit the diverse needs of our members. Our investment strategy is to build a diversified portfolio of assets that balances investment returns and risks, designed to maximise the probability of achieving return objectives across the long term.

Our retirement product investment options performance against their stated 'CPI +' or benchmark objective over the minimum investment horizons is provided on page 12. Our pre-mixed Balanced investment option has significantly outperformed the return objective, with most other retirement products meeting their stated return objectives over minimum time frames at 30 June 2023¹⁰.

We continually monitor a range of indicators to look for changes in the investment environment, and in response we've undergone a significant review and restructure of the Spirit Super investment portfolio over the last two years.

Considering the investment environment, ongoing monitoring, the review of all retirement products, and the recently observed improvement in performance versus targets, we consider that the retirement products' investment strategies are suitable to support members' risk and return objectives over their relevant investment time horizons looking forward.

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Our investment options' risk and return objectives are available in our [*Pension guide*](#).

¹⁰Conservative and International shares options haven't met their stated return objectives over the minimum time frame to 30 June 2023. See page 12 for more information.

Insurance strategy and fees

Insurance isn't available for our retirement product.

Options benefits and facilities

We strive to support our members' journey with choice and service as unique as they are.

We pride ourselves on easy interactions, excellent service, and personal support, with products and services that offer good value and meet the changing needs of members now and in the future.

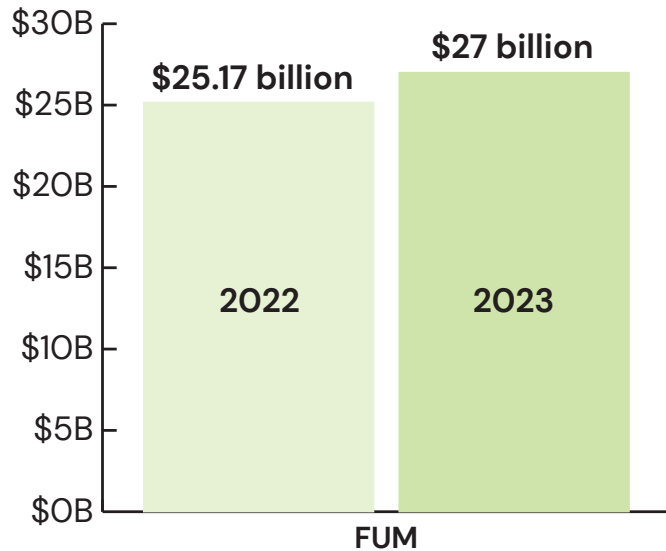
Spirit Super members benefit from a range of quality services that are well used and offer good value. This includes access to a local contact centre, staff located in our members' communities, online access via **Member Online** and the **Spirit Super app**, web tools and articles, advice options, and access to employer, retirement and financial planning seminars and webinars at no additional cost.

We regularly assess these services to make sure they're appropriate for our members. These assessments include measurement of usage, member experience and cost.

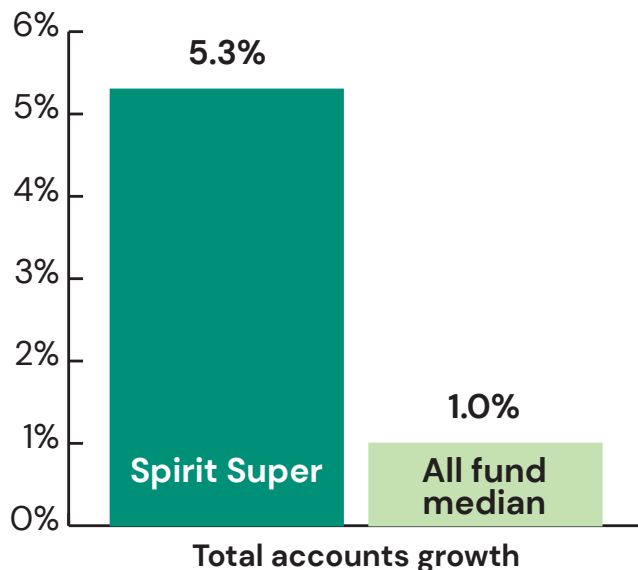
Scale

As a medium sized fund, we're well positioned to meet the financial interests of members.

In the 2022-23 financial year our funds under management (\$27b at 30 June 2023) significantly increased by 10.6%, this was better than the industry median of 10.1%¹¹. The number of Spirit Super member accounts increased by 5.3% over the 2022-23 financial year, higher than the median account growth of 1.0%. Our size enables us to capture economies of scale to create cost efficiencies and gives us access to attractive, large-scale investment opportunities. Our scale doesn't disadvantage the financial interests of members holding the relevant products



Funds under management \$27 billion.
Up 10.6% over the 2022-23 financial year.



Total accounts growth up by 5.3%
over the 2022-23 financial year.

¹¹Source: SuperRatings Benchmark Report 2024.

Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and be sustainable, competitive, and equitable. Administration fees relate to the cost of providing services like our contact centre, member seminars, member communications and online tools to provide our members with what they need to grow their super for retirement.

Spirit Super's operating cost metrics are low relative to industry with the fund positioned within the lowest cost quadrant and demonstrating our continued ability to control and keep costs low through our operating model relevant to the size and membership of our fund over the 2022-23 financial year. The fund's operating expenses relative to net assets (member expense ratio) were 0.29% per annum, below the median fund of 0.34% per annum, with our cost per member at \$229, remaining significantly below the industry median of \$332.¹²

These result confirm that our operating costs aren't inappropriately affecting the financial interests of our members and our fees are set appropriately in the best financial interests of our members.

¹²Source: SuperRatings Benchmark Report 2024.

Annual determination for the period ending 30 June 2023

Based on this assessment the trustee has determined:

- that the Spirit Super retirement product compares well to peers and meets the financial interests of beneficiaries in regard to fees and costs, returns, investment strategy and the level of investment risk
- that the financial interests of the beneficiaries of Spirit Super are promoted by the trustee because:
 - the options, benefits and facilities offered are appropriate
 - scale within the trustee’s business operations isn’t causing a disadvantage
 - operating costs of the trustee’s business operations aren’t inappropriately affecting the financial interests, and
 - that the basis for the setting of fees is appropriate.

Appendix 1 – Assessment methodology

This *Member outcomes assessment* complies with the requirements of the *Superannuation Industry Supervision Act 1993 (SIS Act)* and *Superannuation Prudential Standard 515 Strategic Planning and Member Outcomes (SPS 515)*.

As prescribed by the regulations of the Australian Prudential Regulation Authority (APRA), the member outcomes assessment includes:

- assessment of our performance relative to peers (comparison factors):
 - investment returns
 - fees and costs
 - investment risk.
- assessment of the appropriateness of assessment factors:
 - investment strategy
 - insurance strategy and fees
 - options, benefits, and facilities
 - fees and costs
 - scale
 - the setting of fees and operating costs.

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Comparative factors

Returns, fees and investment risk for the retirement product are compared to the median for a reasonable peer group as noted in the following table.

Investment option	Peer group	Data source
Growth	<ul style="list-style-type: none"> • All comparable APRA funds – trustee directed non-platform options. 	<ul style="list-style-type: none"> • APRA quarterly superannuation product statistics. • SuperRatings Benchmark Report 2024. • SuperRatings Fund Crediting Rate Survey.
Sustainable ¹³		
Moderate ¹³		
Balanced		
Conservative		
Australian shares	<ul style="list-style-type: none"> • All comparable SuperRatings funds – pension. • Single sector options within the same sector (eg Cash). 	<ul style="list-style-type: none"> • SuperRatings Benchmark Report 2024. • SuperRatings Fund Crediting Rate Survey.
International shares		
Diversified fixed interest		
Cash		

¹³These investment options started on 1 April 2021. Where sufficient data is unavailable, these options have been excluded from the assessment. The Long-term investment option hasn’t been included in this comparative assessment as it’s part of the Managed Pension strategy and isn’t comparable as a stand-alone investment option.

Retirement product investment options – investment returns

Spirit Super offers nine investment options, each with different investment risk levels and return objectives.

The following tables detail the investment option's performance relative to the median return of comparable options. Returns against the stated investment strategy CPI objective or benchmark we aim to achieve for each option to 30 June 2023 are provided on page 12.

Net investment return¹⁴ – retirement options as at 30 June 2023

	1 years %	3 years % pa	5 years % pa	7 years % pa	10 years % pa
Growth	13.44	10.45	7.70	9.41	10.07
Relative to median	1.10	0.57	0.11	0.19	0.63
Sustainable¹⁵	10.97	8.05	7.00	7.96	N/A
Relative to median	0.91	-0.39	0.52	0.20	
Balanced	10.34	8.33	6.42	7.79	8.76
Relative to median	0.28	-0.11	-0.06	0.03	0.56
Moderate¹⁵	7.92	5.44	5.39	5.90	N/A
Relative to median	-0.18	-0.61	0.25	-0.25	
Conservative	5.43	3.90	3.72	4.42	5.18
Relative to median	0.24	0.24	0.27	0.17	0.10
Australian shares	14.86	12.56	8.04	10.30	10.16
Relative to median	-0.50	-0.04	-0.04	0.41	0.29
International shares	18.90	11.58	8.09	10.05	10.32
Relative to median	-0.73	0.05	-1.16	-1.03	-1.06
Diversified fixed interest	0.52	-2.84	0.03	0.61	1.88
Relative to median	0.03	0.02	-0.46	-0.38	-0.56
Cash	3.26	1.24	1.40	1.56	1.83
Relative to median	0.20	0.06	0.05	0.01	-0.01

Returns above peer median. | Returns below peer median. | Returns in line with peer median.

¹⁴Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. | ¹⁵Moderate and Sustainable options have only been offered to Spirit Super members from 1 April 2021. However, historic performance is available from the Tasplan investment option adopted in the MTA Super/Tasplan merger which has been included for this comparison.

Option	Comparative peer median
Growth (89.5%¹⁶ growth)	SuperRatings SRP50 Growth (77-90) Index
Sustainable (75% growth)	SuperRatings SRP50 Balanced (60-76) Index
Balanced (75% growth)	SuperRatings SRP50 Balanced (60-76) Index
Moderate (52% growth)	SuperRatings SRP25 Conservative Balanced (41-59) Index
Conservative (33% growth)	SuperRatings SRP50 Capital Stable (20-40) Index
Australian shares	SuperRatings SRP50 Australian Shares Index
International shares	SuperRatings SRP50 International Shares Index
Diversified fixed interest	SuperRatings SRP25 Diversified Fixed Interest Index
Cash	SuperRatings SRP50 Cash Index

¹⁶Based on actual strategic asset allocation for the Spirit Super Growth investment option of 89.5%.

Retirement product investment options – fees and costs

Retirement investment options investment management and total fees relative to comparable options at 30 June 2023 are shown in the following tables. The assessment of total fees was made against comparable APRA data, noting that APRA doesn't provide data for Australian shares, International shares, Diversified fixed interest or Cash asset class options.

Investment management fees as at 30 June 2023¹⁷

Option	Spirit Super fees % pa	Median fees % pa
Growth	0.55	0.64
Sustainable	0.53	0.53
Balanced	0.49	0.53
Moderate	0.41	0.57
Conservative	0.34	0.49
Australian shares	0.47	0.71
International shares	0.44	0.66
Diversified fixed interest	0.20	0.45
Cash	0.06	0.07

Fees below peer median. | Fees above peer median. | Fees in line with peer median.

¹⁷Source: SuperRatings Smart 2 and Spirit Super Pension guide (March 2023). The investment fee for the Long-term investment option hasn't been included in this comparative assessment as it's part of the Managed Pension strategy and isn't comparable as a stand-alone investment option.

Total fees¹⁸ by retirement product investment option as at 30 June 2023

Account balance	Spirit Super % pa	Median fees % pa
Conservative		
\$50,000	0.66	0.98
\$100,000	0.59	0.93
\$250,000	0.55	0.89
Moderate		
\$50,000	0.72	0.97
\$100,000	0.65	0.95
\$250,000	0.61	0.92
Sustainable		
\$50,000	0.51	1.12
\$100,000	0.46	1.07
\$250,000	0.43	1.04
Balanced		
\$50,000	0.79	1.12
\$100,000	0.72	1.07
\$250,000	0.68	1.04
Growth⁸		
\$50,000	0.84	0.95
\$100,000	0.77	0.94
\$250,000	0.73	0.93

Fees below peer median. | Fees above peer median.

¹⁸Source: APRA quarterly superannuation product statistics. Median comparison based on actual strategic asset allocation for our Growth investment option of 89.5%.

Retirement product investment options – investment risk

Spirit Super has undertaken internal modelling of expected risk and returns across asset classes, drawing on market assumptions provided by the investment consultant and metrics reflecting the portfolio construction of Spirit Super’s asset classes. This modelling is used to construct an expected distribution of returns for each investment option to assess the risk of any option generating a negative return in a 20-year period, referred to as the standard risk measure.

The following table provides modelling undertaken in 2023 for all retirement product investment options based on Spirit Super’s asset class assumptions and compared the output with the standard risk measures disclosed in Spirit Super’s *Pension guide* (PDS) at 30 June 2023.

Assessment of standard risk measures as at 30 June 2023

Option	Number of negative years in any 20-year period	
	Target standard risk measure	Standard risk measure
Growth	4 to less than 6 years	4.6
Sustainable ¹⁹	3 to less than 4 years	3.9
Balanced	3 to less than 4 years	3.8
Long-term	3 to less than 4 years	3.1
Moderate ¹⁹	2 to less than 3 years	2.8
Conservative	1 to less than 2 years	1.4
Australian shares	4 to less than 6 years	5.9
International shares	4 to less than 6 years	5.4
Diversified fixed interest	1 to less than 2 years	1.1
Cash	0 to less than 0.5 years	0.0

Standard risk measure within target range.

Standard risk measure outside of target range.

¹⁹Moderate and Sustainable options have only been offered to Spirit Super members from 1 April 2021. However, historic performance is available from the Tasplan investment option adopted in the MTAA Super/Tasplan merger which has been included for this comparison. Investment returns aren’t guaranteed. Past performance isn’t a reliable indicator of future returns.

The following compares standard deviation of each retirement product investment option as a measure of volatility in returns relative to comparable options over 3 and 10 years.

Standard deviation²⁰ as at 30 June 2023

	Spirit Super % pa	Median % pa
Growth		
3 years	8.47	8.58
10 years	8.13	8.35
Balanced		
3 years	6.76	7.26
10 years	6.47	6.98
Sustainable²¹		
3 years	6.72	7.26
10 years	N/A	
Moderate²¹		
3 years	4.59	5.27
10 years	N/A	
Conservative		
3 years	3.12	3.73
10 years	2.94	3.45
Australian shares		
3 years	13.08	13.61
10 years	13.54	13.68
International shares		
3 years	12.58	11.95
10 years	11.28	11.14
Diversified fixed interest		
3 years	4.83	4.76
10 years	3.16	3.37
Cash		
3 years	0.43	0.42
10 years	0.29	0.31

Standard deviation below peer median

Standard deviation above peer median.

²⁰Source: SuperRatings Fund Crediting Rate Survey to June 2023. | ²¹Moderate and Sustainable options have only been offered to Spirit Super members from 1 April 2021. However, historic performance is available from the Tasplan investment option adopted in the MTAA Super/Tasplan merger which has been included for this comparison. Investment returns aren’t guaranteed. Past performance isn’t a reliable indicator of future returns.

Assessment factors

Assessment factors determine whether the level of risk, additional benefits, and services and facilities associated retirement product is affordable appropriate to members holding this product.

Further, an assessment of the scale, operating costs, and the basis for setting fees has been undertaken to determine that they're not causing disadvantages or inappropriately affecting the financial interests of our members.

Retirement product – investment strategy

Our retirement product investment option performance against their stated 'CPI +' or benchmark objective over the minimum investment horizons is provided below.

Net investment return relative to CPI or benchmark objective as at 30 June 2023²²

Option ²³	Minimum investment horizon	Result % pa
Growth	10 years	10.07
CPI + 4.5% pa		6.68
Balanced	7 years	7.79
CPI + 3.5% pa		6.26
Conservative	4 years	3.06
CPI + 1.5% pa		5.32
Australian shares	10 years	10.99
ASX300 accumulation index		10.09
International shares	10 years	10.72
MSCI ACWI ex Australia partially hedged		11.51
Diversified fixed interest	5 years	0.16
AusBond/Global Agg Bond Index allocated per strategic asset allocation		-0.34
Cash	1 year	3.32
AusBond Bank Bill Index		2.89

Returns above stated risk return objective. | Returns below stated risk return objective.

²²Source: JANA Investment Advisers. | ²³Moderate, Long-term and Sustainable options have only been offered from 1 April 2021 and as such were excluded from this assessment. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

More information

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