

Member outcomes 2020/21

We're focused on doing our best for you

We're one of the largest super funds for aspirational, professionally minded people. And we're run only to benefit the interests of our members.

At CareSuper we're here to help you achieve your best possible lifestyle when you finish working. We do this by delivering superior long-term returns, high quality, trusted services, and active investment management.

Here's why 220,000+ members choose us



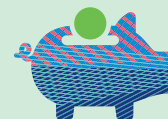
STRONG PERFORMANCE RECORD

We're one of Australia's leading super funds, with a track record of outperformance over the long term.



MULTI-AWARD-WINNER

Independent ratings expert, SuperRatings, has rated us a top-tier platinum fund for 15 years in a row.



PROFIT-TO-MEMBERS

We're an Industry SuperFund, meaning we're run to benefit members, no one else.

PROMOTING THE FINANCIAL INTERESTS OF MEMBERS

Based on our member outcomes assessment completed for 30 June 2021, we've determined:

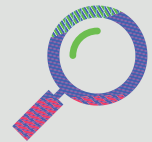
- Our MySuper and Choice products are promoting the financial interests of members and
- CARE Super Pty Ltd, as Trustee of CareSuper, is promoting the financial interests of members.

This is great news for our members, and you can be confident your super savings are in safe hands. You can read more about our analysis and how we came to our determination in this report.



Part 1. How we compare

The first requirement of the member outcomes assessment was to compare our MySuper, Choice and Pension products against similar products from other super funds. We looked at three key metrics: fees and costs, net return to members and the level of investment risk. Read a summary of our comparison below and more about fees on page 7.



MYSUPER

Our Balanced option is CareSuper's MySuper (default investment option) product.

According to independent ratings agency SuperRatings, our Balanced (MySuper) option was a top performer over the last 7, 10, 15 and 20 years and is ranked 3rd over 20 years as at 30 June 2021, returning an average 7.84% per year.*

When compared to a selection of similar products from other funds, we found our Balanced (MySuper) option:

- Delivered a stronger 10-year average return
- Has the lowest investment risk level of all funds in the comparison.

Our Balanced (MySuper) option outperformed over the long term, and it's highly rated by independent ratings agencies. View our MySuper ratings and awards at caresuper.com.au/awards.



CHOICE

In addition to our Balanced (MySuper) option, we offer 11 Choice products (investment options) each with different targets for returns and levels of investment risk, plus a Direct Investment option.

All our investment options are strong long-term performers. Over 10 years, the returns of all our Managed options were in the top quartile. For our Asset class options, our Australian Shares, Overseas Shares, Fixed Interest and Cash options were also in the top quartile over 10 years. While our Property option was in the second quartile over the same time period.*

We invest with the long term in mind and we're always looking to your future. So while the 1-year return for our Conservative Balanced, Balanced, Growth, Property, Fixed Interest and Cash options were behind their respective survey median returns for the period to 30 June 2021, the longer-term figures are a true measure of our success.^

Pleasingly, the 1-year return for our Overseas Shares and Australian Shares options were ahead of their respective median survey returns.^

PENSION

Our Pension product includes 13 investment options, including seven Managed options, five Asset class options and, for pensions other the transition to retirement (TTR) pension, the Direct Investment option.

The returns for our Pension options to 30 June 2021 are in line with the comments made about our Balanced (MySuper) and Choice options.

* SuperRatings Fund Crediting Rate Survey SR50 Balanced (60-76) Index - June 2021

^ SuperRatings Fund Crediting Rate Survey - June 2021.

Part 2. Assessment

The second requirement of the member outcomes assessment was to evaluate whether the following key factors promote the financial interests of CareSuper members invested in our MySuper and Choice options.



KEY FACTORS

- Options, benefits and facilities
- Investment strategy
- Insurance strategy and insurance fees
- Scale
- Operating costs
- Fees
- APRA annual performance test
- APRA MySuper and Choice Heatmap

1. OPTIONS, BENEFITS AND FACILITIES

We aim to build enduring relationships with our members by continually adding value and improving customer experience.

In addition to our superannuation, retirement and insurance products, CareSuper members can access extra benefits with their membership, including savings on everyday insurance, finance-related essentials and access to an online education hub. We also offer free advice about your super over the phone*, comprehensive^ and complex# advice for a fee, education, events, webinars and more.

Find out more about the benefits available with your CareSuper membership at caresuper.com.au/benefits.

* Financial advice obtained over the phone, or through MemberOnline, is provided by Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293, Australian Financial Services Licence #411766.

^ Advice is provided by one of our financial planners who are Authorised Representatives of Industry Funds Services Limited (IFS). IFS is responsible for any advice given to you by its Authorised Representatives. Industry Fund Services Limited ABN 54 007 016 195 AFSL 232514.

If you require more complex personal financial advice, our financial planners, in the course of their initial appointment with you, may refer you to an external advice service provided by Australian Unity Personal Financial Services Limited (ABN 26 098 725 145, AFSL 234459).



CareSuper's product objective – 30 June 2021

Maintain an appropriate number of product options, benefits and facilities for CareSuper members.



CareSuper members can access extra benefits with their membership.

2. INVESTMENT STRATEGY

We invest your super with one goal in mind: to help you achieve the best possible outcomes when you finish working. We use an actively managed and long-term strategy – driven by a proven investment philosophy.

You can learn more about how our investment philosophy informs our investment strategy at caresuper.com.au/invest.

OUR INVESTMENT PHILOSOPHY INCORPORATES:



ACTIVE MANAGEMENT

The active management of investments across the fund. Searching for the best opportunities in Australia and overseas to help maximise returns over the long term.



DOWNSIDE PROTECTION

An investment approach that focuses on protecting savings during financial downturns.



RESPONSIBLE INVESTING

We invest your savings sustainably by investing in companies that meet our environmental, social and corporate governance criteria and excluding those that don't.

A COMPARISON

Our aim is to deliver strong net returns over the long term, protecting your savings in down markets and maximising gains in up markets.

This approach has led to our strong long-term performance with our Balanced (My Super) option ranked 3rd over 20 years as at 30 June 2021, returning an average 7.84% per year.*

Factoring in risk level (the likelihood of a negative annual return), over 10 years to 30 June 2021, our Balanced option is the only fund in the top 10 funds for both risk level and returns. And three of the top 10 funds for returns are bottom quartile for risk level. This means that members of these funds could be more likely to receive a negative annual return.

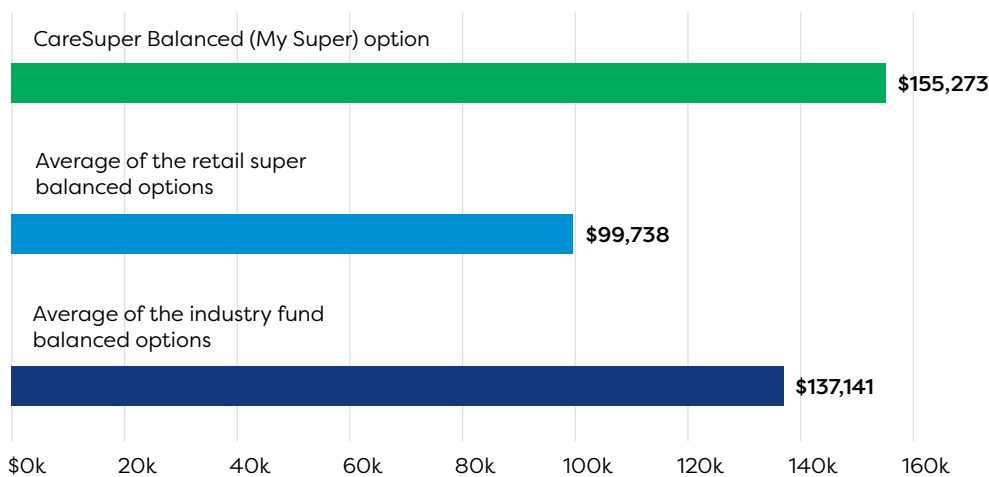
* SuperRatings Fund Crediting Rate Survey, SR50 Balanced (60-76) Index, 30 June 2021.

A BIGGER NET BENEFIT

Our strategy has delivered a bigger net benefit to members over the long term.* How?

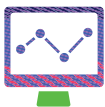


The result? Over 15 years to 30 June 2021, our Balanced (My Super) option returned over \$55,000 more than the average of all surveyed retail funds and outperformed the average of all surveyed industry funds by over \$15,000.



Past performance is not a reliable indicator of future performance. Comparisons modelled by SuperRatings as at 30 June 2021 commissioned by CareSuper. Assumes a starting balance of \$50,000 and initial salary of \$50,000 and considers historical earnings and fees – excluding contributions, entry, exit and adviser fees. Compares the average difference in net benefit performance of CareSuper's Balanced option and the balanced options of funds tracked by SuperRatings including funds with a 15-year performance history. Outcomes vary between funds. See caresuper.com.au/assumptions for more details about modelling calculations and assumptions.

*SuperRatings Fund Crediting Rate Survey, SR50 Balanced (60-76) Index, 30 June 2021.



CareSuper's investment objectives – 30 June 2021

- Maintain competitive rolling 10 year net returns in comparison to peers as measured by SuperRatings. ✓
- Ensure investment management is in line with philosophy of active management and downside protection. ✓
- Maintain lower than median risk outcome in comparison to peers. ✓

We're driven by a clear and genuine purpose: to help our members achieve the best possible outcomes in retirement.

3. INSURANCE STRATEGY AND INSURANCE FEES

Our insurance strategy is informed by our insurance philosophy.

We offer competitive and affordable insurance to eligible members to provide cover in the event of death, terminal illness, total and permanent disablement and temporary disablement.

Our insurance offering has been designed for our professionally oriented members who are in lower-risk occupations, meaning we've been able to negotiate competitive fees with our insurer, MetLife. We don't make a profit from providing insurance to members, and it's one of the most cost-effective ways to access the benefits of insurance.

WE'RE COMMITTED TO:

1. An insurance design with a competitive and equitable pricing model for insurance fees

Our age-based pricing model helps us deliver value to members at different life stages, while remaining fair and sustainable over the long term.

2. A fair and personalised approach to insurance claims management

We aim to ensure the claims process is as fair, ethical and straightforward as possible and that eligible claims are paid in a reasonable timeframe. We'll do everything reasonable to pursue an insurance claim for members and/or their beneficiaries if the claim has a reasonable prospect of success.

3. A trusted partnership with our insurer

We require our insurance partner to reflect our members-first ethos, support our service model, and demonstrate alignment to us in their claims philosophy.

OUR INSURANCE OFFERING

We offer three types of insurance: death, total and permanent disablement (TPD) and income protection. When a new member joins CareSuper they may automatically receive default age-based death and TPD cover, subject to meeting eligibility conditions. Income protection is available as voluntary cover and members can apply at any time in MemberOnline.

We also support employers who wish to arrange more tailored insurance through CareSuper for their employees as part of their overall benefits.

You can find out more about insurance in super and our insurance offering at caresuper.com.au/insurance-through-super.

MAINTAINING AN APPROPRIATE INSURANCE STRATEGY

We conduct an annual review of our insurance design to ensure its appropriateness. This includes:

- Benchmarking our current insurance offering against competitor funds
- An annual analysis of the key measures for financial management such as claims experience, claims ratios, loss ratios, performance of claims by cause, risks and consideration of whether performance is in line with expectations
- An annual review of our membership profile and insurance philosophy to ensure value is provided to members.



CareSuper's insurance objective – 30 June 2021

Maintain appropriate insurance strategy designed to meet the needs of CareSuper members including a professional scale.



Provide an insurance product that meets the requirements of regulations including Protecting Your Super, Putting Members Interests First, the Insurance In Superannuation Claims Handling Guidance Note including insurance fees charged and the minimisation of cross-subsidisation of age and gender.



Provide an insurance product that prevents unnecessary insurance premiums from eroding the retirement income of beneficiaries.



4. SCALE

We assess our scale (the size of the fund) to ensure that we can provide benefits and services at a cost that delivers members a competitive net benefit.

We assess scale based on the following criteria:

- Net benefit to members
- Sufficient income to cover costs of operation while ensuring competitive fees for an active investment fund
- Services provided to members compared to similar funds
- Returns for each investment option compared to the median return and competitor funds
- Member usage of included services.

Based on the analysis performed for our member outcomes assessment for financial year ended 30 June 2021 we have met the above criteria. We continue to have:

- Enough members to sustain the ongoing viability of the fund to operate in the best interests of members. We had over 220,000 members as at 30 June 2021.
- A sufficient level of assets to invest while remaining nimble enough to move quickly in the market if required. Learn more about our top investment holdings in our **Annual Report 2021** available at caresuper.com.au/annualreport2021.
- A good offering of products and services that are used by members and compare favourably within the market.
- Strong long-term returns and net benefit compared to competitor funds as outlined earlier in this report.



CareSuper's scale objective – 30 June 2021

Maintain sufficient scale to ensure the net benefit for members remains competitive.



5. OPERATING COSTS

At CareSuper, we work hard to keep our costs low and we're transparent about our expenses.

Our operating costs include administration costs, investment costs and management costs, such as professional services, marketing services, technology expenses and communication costs.

Operating costs are budgeted for each financial year and approved by the CareSuper Board and expenditure is then monitored closely. A full breakdown of our operating expenses can be found at caresuper.com.au/financialinformation.

In the 2020/21 financial year, the COVID-19 pandemic reduced both our revenue and expenditure, which resulted in an improvement on our budget. In the past year, reserves (consisting of previous unspent budgets) have been used to enhance our products and services for members.

HOW OUR COSTS COMPARE

According to SuperRatings, our operating expenses, relative to our membership base and assets, are below the industry median.*

*SuperRatings Benchmark Report 2022.



CareSuper's operating costs objective – 30 June 2021

Work hard to keep costs low to maximise members' balances.



6. FEES

We're driven by strong results – not by being the cheapest. Because when it comes to your super, it's the overall benefit to you that counts.

The total fees and costs applied to your super account include administration fees, investment fees and an indirect cost ratio.* Other fees apply for the Direct Investment option and Guaranteed Income product. You can view our fees at caresuper.com.au/fees.

HOW OUR FEES COMPARE

The annual fee for a CareSuper member invested in our Balanced (MySuper) option with an account balance of \$50,000 is \$578. In comparison, the average fee for a \$50,000 account balance across all MySuper products rated by SuperRatings in 2022 is \$616.^

And we remain in the top quartile for net benefit to members over the long term.

* Additional fees, such as advice fees for personal advice, or insurance fees, may apply. Percentages are of your account balance.

^ SuperRatings Benchmark Report 2022



CareSuper's fees objective – 30 June 2021

Maintain competitive fees on net return basis.



7. APRA ANNUAL PERFORMANCE TEST

In 2021, APRA introduced annual performance tests on all funds' MySuper products for the 2020/21 financial year. This test will be extended to Choice products in 2022.

WE'RE A TOP 10 PERFORMING FUND

The results of the inaugural MySuper performance test as at 30 June 2021 were published in December 2021. As anticipated, our Balanced (MySuper) option (that most members are invested in), passed the test. As anticipated, our Balanced (MySuper) option (that most members are invested in), passed the test and outperformed APRA's benchmark by a healthy margin of 0.71%. It was also was one of the top 10 performing funds.

All funds in the comparison group of funds selected for this assessment also passed the performance test.



CareSuper's APRA annual performance test objective – 30 June 2021

Achieve a positive result in the APRA annual performance test.



8. APRA MYSUPER AND CHOICE HEATMAP

The APRA MySuper Heatmap provides assessments of the performance of every MySuper product. And in December 2021, APRA released its first Choice Heatmap which related to the 2020/21 financial year. The heatmaps aim to help members make the best decisions about their super.

The heatmaps use a graduating colour scheme to provide insights into MySuper and Choice products across three areas: investment performance, fees and costs, and sustainability of member outcomes. The colour overlay shows the degree of underperformance relative to other products or selected benchmarks.

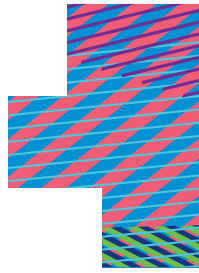
You can view the APRA MySuper and Choice Heatmaps as at 30 June 2021, at apra.gov.au/superannuation-heatmaps.

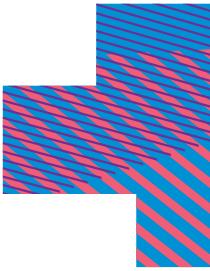
HOW WE PERFORMED

Balanced (MySuper) option

The MySuper Heatmap, as at 30 June 2021, showed our Balanced (MySuper) option was positively graded as white and/or pale yellow compared to many other funds where colours ranged from pale yellow to dark red, indicating their underperformance.*

* MySuper Product Heatmap, 30 June 2021.





CHOICE OPTIONS

The Choice Heatmap, as at 30 June 2021, was produced without consultation with or input from super funds. We believe that the methodology used to develop the Choice Heatmap may have resulted in the publication of inaccurate information about our Managed options. For example, the heatmap compares CareSuper’s Managed options with benchmarks that aren’t consistent with the objectives of these options. Additionally, we believe there may be misrepresentations in the classifications of specific asset classes.

At the time of writing this report, we’re working towards rectifying any errors to ensure the heatmap accurately represents the performance of our investment options.

You can view the investment objectives, recommended investment timeframes and the risk profile of each of our investment options in our **Investment Guide** available at caresuper.com.au/investmentguide or on our website.

Summary of our assessment

Based on the analysis performed, we continue to have:

- Enough members to set fees at a competitive level to cover operating costs
- Enough members to sustain the ongoing viability of the fund to operate in the best interests of members
- The necessary level of assets to invest, while remaining nimble enough to move quickly in the market if required
- A good offering of products and services that compares favourably within the market
- A suitable insurance offering appropriately designed to meet the needs of members with premiums guaranteed until 2023, and
- A strong net benefit compared to competitor funds.

DETERMINATION



Based on the member outcomes assessment completed for 30 June 2021, CareSuper can determine that:

- Our MySuper and Choice products issued by CareSuper are promoting the financial interests of members and
- CARE Super Pty Ltd as Trustee of CareSuper is promoting the financial interests of members.

Our determination is supported independent ratings agency, SuperRatings.

6 SuperRatings believes CareSuper has delivered high quality outcomes to members, as evidenced by a strong strategic planning process and competitive long term net benefit outcomes, while ensuring it maintains a position within the low operating cost quadrant. This positions the fund well to deliver value for money, as well as cost effective and efficient services to members, while undertaking further investment in its products and services. 9

SuperRatings Benchmark Report 2022

Disclaimer: The information provided in this document is general advice only and has been prepared without taking into account your particular financial needs, circumstances or objectives. You should consider your own investment objectives, financial situation and needs and read the appropriate product disclosure statement before making an investment decision. You may also wish to consult a licensed financial adviser. Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments.

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 caresuper.com.au

 caresuper.com.au/getintouch