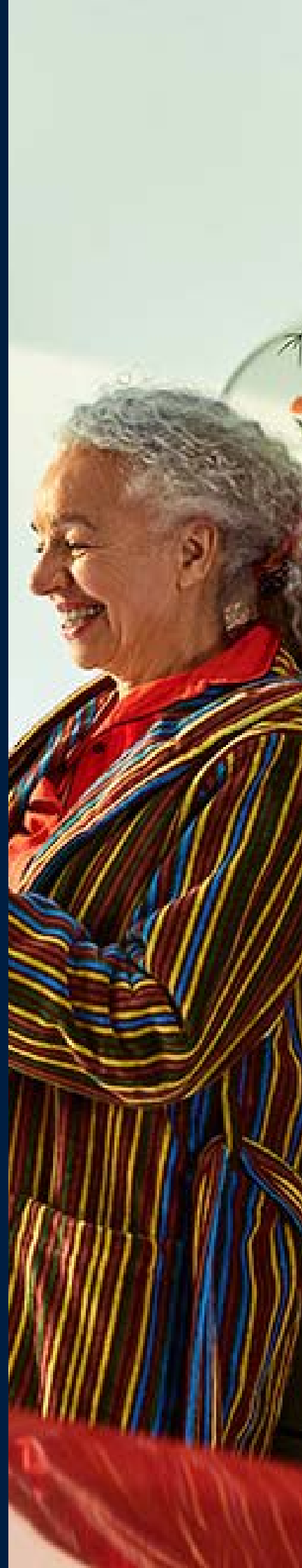


**Member Outcomes Assessment**

Financial Year ending 30 June 2024

# *PortfolioCare*<sup>®</sup> Elements Super & Pension



## About this document

Issued by N.M. Superannuation Proprietary Limited (**NM Super**) ABN 31 008 428 322 AFSL 234654 RSE L0002523 as Trustee for the Wealth Personal Superannuation and Pension Fund (**Wealth Fund**) ABN 92 381 911 598. *PortfolioCare* is a registered trademark of NMMT Limited ABN 42 058 835 573 AFSL 234653. This assessment incorporates *PortfolioCare* Elements Super, *PortfolioCare* Elements Pension and *PortfolioCare* Elements Term Allocated Pension. Note: *PortfolioCare* Elements closed to new super and pension members in 2016 and to new term allocated pension members in 2007.

## Acknowledgement of Country

N.M. Superannuation Proprietary Limited acknowledges all First Nations Peoples across Australia. We recognise the Traditional Custodians of the land and value the connection to Country, waterways and sky. We pay our respects to the Elders for their resilience, courage and wisdom; for ensuring the survival of this country's rich culture and heritage.

## Purpose of this document

N.M. Superannuation Proprietary Limited (**NM Super**) is the Trustee for AMP's superannuation and retirement savings with over \$115bn in funds under management and approximately 860,000 member accounts across two super funds, making the Trustee one of the largest superannuation providers in Australia.

By law, each year all superannuation trustees must assess their products to ensure it continues to promote the financial interests of members.

The assessment compares how *PortfolioCare* Elements Super and Pension performed for superannuation and pension members during the financial year ending 30 June 2024 across the following key assessment factors:



**Investment performance**



**Fees and costs**



**Scale and operating expenses**



**Member benefits, options and services**



**Insurance arrangements**

## About *PortfolioCare* Elements Super and Pension

*PortfolioCare* Elements Super and Pension has approximately \$57m in assets and 600 member accounts. It is part of the Wealth Personal Superannuation and Pension Fund (**Wealth Fund**), one of Australia's largest super and pension funds with over \$60bn in member funds and over 252,000 member accounts.

## Upgrading members to MyNorth in the second half of 2025

- Towards the end of the calendar year, we're moving members invested in *PortfolioCare* Elements to MyNorth Super and Pension.
- Asgard Capital Management Limited (**ACML**), who currently provide administration and custody services for the Trustee's *PortfolioCare* products, will be ceasing these services in late 2025.
- MyNorth Super and Pension is part of the Wealth Fund. MyNorth is one of Australia's largest APRA regulated 'wrap platforms' with over \$53bn in member assets and 210,000 member accounts at 30 June 2024.
- Following the transfer, members will benefit from enhanced fee arrangements and product features. This transfer is expected to occur around October 2025.
- For more information regarding this transfer, including any impacts to their investments, members should refer to communications issued by the Trustee.


## Trustee determination

- NM Super, (**the Trustee**), has determined that it is **promoting the best financial interests** of *PortfolioCare* Elements Super and Pension members.
- The Trustee has used data from the Australian Prudential Regulation Authority (**APRA**) and other external data sources in completing the assessment.
- The Trustee has also considered the progress it's made against the strategy and action being taken in making this determination including the decision to transfer members to MyNorth.

# Summary of the Member Outcome Assessment

## Investments and performance

- Five managed fund investment options available on *PortfolioCare Elements* were subject to an annual performance test (**APT**) benchmark based on their historical 10 year return.
- All of the five managed fund investment options subject to the test did not pass at 30 June 2024. All are closed to new members and members will be transitioned to alternate investment options in 2025.
- Investment options offered across the platform are also benchmarked across their industry peers using Morningstar peer groups. In the 12 months to 30 June 2024, 34% of the investment options ranked in the top quartile and second top quartile of Morningstar peer groups based on their asset class classification.

 **Focus >** Transfer members out of underperforming investment options and products. Continue to enhance the Trustee's performance framework and improve performance against benchmarks and objectives.

## Fees and costs


- Administration fees and cost arrangements for *PortfolioCare Elements Super* and *Pension* are considered **appropriate** when comparing fees to similar products across a broad range of account balances.
- Investment option fees vary depending on the investment option selected.

 **Focus >** Members will be transferred to *MyNorth Super* and *Pension*.




## Scale and operating expenses

- The Wealth Fund is one of the largest APRA regulated wrap platforms in Australia with more than \$60bn in assets and approximately 252,000 member accounts.
- The Trustee considers the Wealth Fund's operating costs as appropriate at 0.28% of total assets and below the industry median for APRA regulated super funds of 0.34%. Operating expenses are also below peer platform providers in the market.
- The reducing scale within *PortfolioCare Elements* means it is **appropriate** that members will be transferred to MyNorth Super and Pension.

 **Focus >** Continue growing the membership and cashflows into the Wealth Fund through adviser relationships.

## Member benefits, options & services

- Member services are considered **appropriate** for members and their advisers during the period.
- Service levels have been met by the outsourced administration provider, Asgard Capital Management Limited (**Asgard**).

 **Focus >** Members will be transferred to MyNorth Super and Pension where members and their advisers will receive enhanced features and functionality.

## Insurance arrangements

- Insurance arrangements available through the product are **appropriate**. There were no claims or claims disputes recorded during the period.

 **Focus >** Continue monitoring insurance service and claims outcomes to ensure they remain appropriate for members.





## Assessment in detail



# Investments & performance

## Investment performance

### APRA performance test outcomes

In FY23/24, the Government's superannuation APT was conducted for platform products for the second time. Investment options classified as Trustee Directed Products<sup>1</sup> (TDPs) are subject to the test.

All five TDPs available on *PortfolioCare Elements* failed to meet the APT assessment benchmarks. This represented approximately 5% of managed funds available to members.

All failed TDPs, are currently closed to new members and will be terminated during 2025.

### Comparing performance against benchmarks and peers

#### Managed funds performance against peers

Analysis using Morningstar peer groups<sup>2</sup> found that 34% of managed funds offered across the platform (or 56% multi-sector funds and 32% single sector funds offered across the platform) performed better than their industry peers over the year to 30 June 2024, noting that the peer group may include managed funds with different investment strategies and benchmarks within the same asset class.

#### Performance against APRA benchmark portfolios

In September 2024, APRA published the performance of each TDP investment option against a Strategic Asset Allocation (SAA) and Simple Reference Portfolio (SRP) benchmark.

The SRP benchmark comprises a simple mix of equity and/or bond listed indices for each asset class.

Based on APRA's benchmarks, the majority of TDPs underperformed relative to the SAA and SRP benchmarks ranging from 3 year to 10-year time horizons. The Trustee will terminate all five of these investment options in 2025.

### Range of investments

*PortfolioCare Elements Super and Pension* offers a broad range of investment options including single and multi-sector managed funds (with access to active, passive and socially responsible investment approaches), direct shares, exchange traded funds, and term deposits. Our range of investment options allows members to construct portfolios that suit their objectives with their financial adviser.

### Level of investment risk

The *PortfolioCare Elements Super and Pension* investment menu spans the investment risk spectrum and caters for different risk/return preferences that members may have.

Generally, different asset classes and different investment approaches will determine the risk profile of an investment option. Investment risk is monitored using several metrics including volatility, standard risk measure (SRM) and liquidity.

Based on Morningstar peer groups, it was found that 47% of managed funds offered across the platform (or 56% multi-sector funds and 46% single sector funds offered across the platform) have relatively lower risk characteristics compared to industry peers over one year.

Noting that the peer group may include managed funds with different investment strategies and benchmarks within the same asset class.

<sup>1</sup> TDPs are multi-asset investment options where the trustee, or a connected entity of the trustee, has control over the design of the investment strategy of the product. For more information go to the APRA website.

<sup>2</sup> Morningstar Australia (Morningstar) is a data provider to the financial services industry. Morningstar groups managed funds into peer group categories which can be reasonably considered to be close investment alternatives (for example, the tax treatment and legal characteristics of the managed funds are the same, or benchmarks, asset class and/or total exposures to various sectors are similar) and for which performance and other measures, such as fees, are comparable.

SRM is an industry metric that shows the expected number of years that an investment may experience a negative return over a 20-year period.

The 2024 review of SRMs indicated that investment options were within expected SRM ranges for each asset class. As part of the Trustee's governance processes, the liquidity profile of investment options was assessed to ensure they continue to meet the needs of members. There was no material exceptions identified.

### Retirement solutions

*PortfolioCare Elements* is an account-based pension offering access to a range of investment options designed to suit a broad range of members approaching or in retirement. Through the support of financial advice, members design portfolios based on their goals and objectives.

Following the transfer to MyNorth, members and their advisers will have access to market leading lifetime income solutions and investment guarantees options.

### Actions to improve outcomes

Members will be transferred to MyNorth Super and Pension with members invested in underperforming options moved to better performing alternative options.



## Fees and Costs

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The fee structure of *PortfolioCare Elements Super and Pension* is appropriate for the majority of members invested in the product, when compared to a broad range of platform products in the market.

### Basis for setting fees

The basis for setting fees is to meet the operating expenses of the product including administration of member accounts, member and advice services, product management, technology and functionality on the Platform.

Our basis for setting fees is to provide a value for money wrap offer to members, while ensuring the viability of the Wealth Fund.

### Administration fee structures

The administration fee paid by members is a flat 0.59% per annum of their account balance. Members receive an administration fee rebate on the portion held in the cash account. The minimum administration fee is \$58.80 per annum and applies to account balances less than \$10,000.

### Administration fee comparisons

Using the analysis from Chant West's Wrap Comparator Tool, *PortfolioCare Elements Super and Pension* administration fees were compared against the benchmark products reported by Chant West.

Account balances of \$50k, \$100k to \$1 million at intervals of \$100k, \$1.2 million, \$1.5 million and \$2 million were assessed as at June 2024.





It was determined that:

- **PortfolioCare Elements Super** administration fees were either below the median or less than 10% more expensive than the median for balances of up to \$200k when compared to Chant West peer products<sup>3</sup>. The administration fees are competitive as 79% of account balances are within this range.
- **PortfolioCare Elements Pension** administration fees were competitive compared to the Chant West peer products<sup>4</sup> since the fees were below the median for balances up to \$100k which represents approximately 65% of members.

#### APRA administration fee platform benchmarks

Using data published by APRA for Platform TDPs available on the *PortfolioCare* investment menus, for a member with a \$50k balance, administration fees are 0.59%. These fees are above the median platform administration fee of 0.56%.

This dataset contains a limited group of platform type products and excludes platforms that are not subject to the APRA Annual Performance Test.

#### Investment fees

Fees paid by members for investments will depend on various factors, including the investment option selected, how actively the investment is managed and how often the balance invested.

Management fees will vary between investments (even within the same asset class) and are set independently by fund managers (as product issuers).

These factors, along with a member's investment objective and risk appetite, will mean that each member's overall investment fee rate will vary.

#### Outlook and actions

*PortfolioCare* Elements members will be transferred to MyNorth towards the end of 2025 where the majority of members will benefit from enhanced fee and cost arrangements.

<sup>3</sup> *PortfolioCare* Elements Super has been compared to 32 peer products

<sup>4</sup> *PortfolioCare* Elements Pension has been compared to 30 peer products.





## Scale & operating expenses

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### Size and fund growth

The Trustee considers the scale of the Wealth Fund **appropriate**.

*PortfolioCare Elements Super and Pension* was closed to new members in 2016. The product had approximately \$57m in funds under administration and 600 member accounts as at 30 June 2024.

Members will be transferred to MyNorth Super and Pension in late 2025. MyNorth Super and Pension is part of the Wealth Fund which had over \$60bn in assets and 252,000 member accounts at 30 June 2024.

### Operating expenses

Operating expenses and scale of the Wealth Fund are deemed **appropriate**.

During FY23/24 total operating costs were 0.28% of assets of the Wealth Fund. Operating expenses are better than the industry median of 0.34% and are also in the best quartile when compared to other similar platform funds<sup>5</sup>.



## Member benefits, options & services

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### Technology and service delivery to members and advisers

Key to offering quality products and services is measuring and monitoring feedback from our members and financial advice partners. We outsource member and adviser administration and call centre services to Asgard and measure them against performance standards.

Throughout FY23/24, 87% of calls were answered within the service level agreement and 99% of all calls were answered.

Asgard have focused on maintaining the processes, technology and systems that allow products and services to be provided to members and advisers. The Trustee monitors the availability and efficiency of the services provided. In addition, there were improvements made to reporting services this year, allowing advisers to more easily identify reports for each individual account when generating reports at a group level.

### Resolving member complaints

Resolving complaints fairly and in a timely manner is important. Often complaints are complex and complaint resolution timeframes are below our targets.

The Trustee has worked with Asgard to use insights from member complaints to identify dissatisfaction and improve services and products where possible.

We also work closely with the Australian Financial Complaints Authority (**AFCA**) to ensure we reach fair outcomes for members. Our AFCA complaint resolution timeframes remain compliant as at 30 June 2024.

<sup>5</sup> APRA Annual Superannuation Statistics as at 30 June 2024.



## Insurance arrangements

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Through *PortfolioCare* Elements Super, members can obtain retail insurance cover from AIA Australia.

The insurance available to members balances cost with the level of benefits.

*PortfolioCare* Elements Super members can choose from Life, Total and Permanent Disability (**TPD**) and Income Protection (**IP**) insurance. AIA Australia provides a competitive offer with additional benefits such as rehabilitation, wellness and adviser education programs which further strengthens their proposition.

Some *PortfolioCare* Elements Super members may also hold group insurance cover closed to new applications. Existing members with this cover may continue to hold and amend their insurance.

### Insurance affordability

While members with insurance have selected the type and level of insurance cover to meet their needs, usually through the help of a financial adviser, members are reminded of the risks that insurance premiums may pose to retirement income streams.

### Claims outcomes

During the reporting period no claims or claims disputes were recorded. The Trustee actively monitors claims outcomes, claims service provision and claims dispute levels so members can be confident that a claim will be assessed within reasonable timeframes and the final decision will be **appropriate**.

## Further information

For more information about the investment objectives, fees and costs and risk associated with investing in superannuation please refer to the [PortfolioCare Elements Super and Pension Product Disclosure Statement](#).

For information on the Wealth Personal Superannuation and Pension Fund, which offers *PortfolioCare* Elements Super and Pension, please refer to the [Wealth Personal Superannuation and Pension Fund Annual Report 2023/24](#).

The information provided in this Product Determination is general information only. It is not financial product advice nor is it a substitute for obtaining proper financial advice that is tailored to your personal circumstances, financial goals and needs. It's important to remember past performance is not an indicator of future performance.

All information in this Product Determination was obtained from sources the Trustee considers to be reliable, however it does not guarantee it is accurate, free of errors or complete. You shouldn't rely upon it. The Trustee doesn't accept any liability for any resulting loss or damage whatsoever to a reader or any other person.

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