

Member Outcomes Assessment
Financial Year ending 30 June 2023

PortfolioCare[®] Super and Pension Service



About this document and assessment

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 Hillross Financial Services Ltd ABN 77 003 323 055 AFSL 232705. This assessment incorporates *PortfolioCare* Super Service - Personal, *PortfolioCare* Super Service -Employee, *PortfolioCare* Pension Service and *PortfolioCare* Term Allocated Pension Service. *PortfolioCare* Term Allocated Pension Service was closed to new members in 2007.

Acknowledgment 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.



Introduction

N.M. Superannuation Proprietary Limited (NM Super) is the Trustee for AMP's superannuation and retirement savings with over \$111bn in funds under management and approximately 900,000 member accounts across two super funds, making us one of the largest superannuation providers in Australia.

PortfolioCare Super and Pension Service (PortfolioCare Service) has approximately \$465m in assets and 3,500 member accounts. It is part of the Wealth Personal Superannuation and Pension Fund (Wealth Fund), one of Australia's largest super funds with over \$55bn in member funds and over 255,000 member accounts.

PortfolioCare Service provides members (via their financial advisers) access to a comprehensive menu of investments. By making active investment choices, members can save and grow their super and, at the right time, convert their super savings into regular pension payments. *PortfolioCare Service* does not offer an authorised MySuper product.

As Trustee of your retirement savings, our purpose and vision is **"to deliver sustainable and enhanced outcomes for all members"** and to operate with autonomy and objectivity in providing the best possible superannuation and retirement outcomes for individual members.

Progress made against the Trustee's strategy

The Trustee and AMP are committed to enhancing outcomes for members and have continued this commitment throughout FY22/23 for members in *PortfolioCare Service* and the Wealth Fund including:

- ✓ Rationalising some non-contemporary style Wealth Fund products
- ✓ Improved investment governance and monitoring to remove underperforming options
- ✓ Continued improvement of member experiences such as call centre and administration services
- ✓ Stronger governance, leadership and talent to ensure members' retirement savings are well managed.

Commitment to improve outcomes for members

Given the progress made against the strategy to enhance outcomes for members, during 2023, the Trustee's strategy and objectives for members were refreshed. Key areas of focus in 2024 include:



Investment performance

Improving investment performance outcomes against benchmark returns and peers across a range of investments offered on the platform.



Data security & fraud

Continuing to enhance data and fraud prevention capabilities.



Support services

Ensuring our products and services continue to suit members who no longer have a financial adviser.



Focus on efficiencies

Continuing to focus on operational efficiencies and value for money for members.

Assessing our performance

Each year, N.M. Superannuation Proprietary Limited (NM Super, the Trustee) is required to assess whether we are promoting the financial interests of members.

The Trustee's assessment compares how *PortfolioCare* Service performed for accumulation and pension members during the financial year ending 30 June 2023 across the following key assessment factors:

- **Investments and performance**
- **Fees and costs**
- **Scale and operating expenses**
- **Member experience**
- **Insurance offer**

Assessment and determination

Investment performance

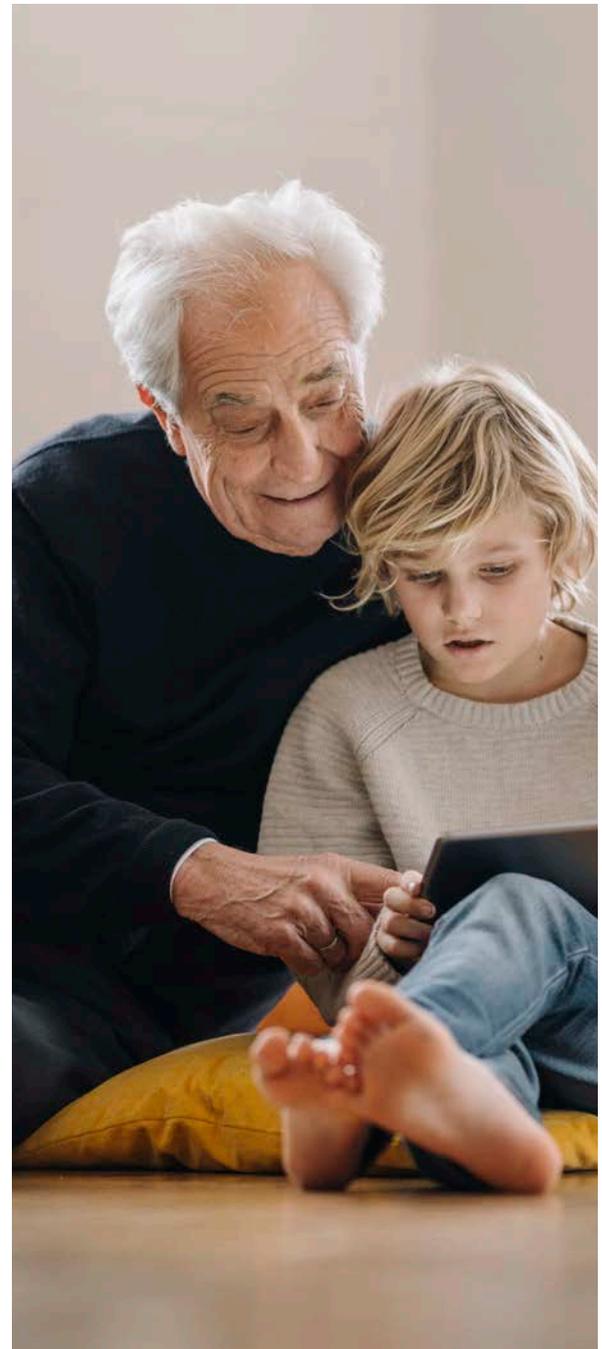
The *PortfolioCare* Service investment strategy, risk exposure and performance is **appropriate** for members. The investment menu continues to provide members with investment choice across different asset classes and different investment managers. The investment menu also provides members with access to different types of investments including managed funds, direct shares, exchange traded funds, and term deposits. Five investment options available for members failed the Government's annual performance test. These options are now closed for new members.

Focus > Continue to review the investment option offering to promote member choice and remove investments that no longer meet performance or risk objectives. Continue to manage member outcomes as it relates to the superannuation Annual Performance Test.

Fees and costs

Administration fees and cost arrangements for *PortfolioCare* Super and Pension Service 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 > Continue to review and monitor administration fees across account balance bands and investment fee impacts to performance outcomes.



Scale and operating costs

The Wealth Fund is one of the largest wrap platforms in Australia with more than \$55bn in assets and approximately 255,000 member accounts. The Trustee considers fund operating costs as **appropriate** and below the industry median for APRA regulated super funds.

Member numbers in *PortfolioCare* Super and Pension Service have reduced during the period to \$465m and despite the reduction in scale, members have not been disadvantaged through fee increases or service deterioration.

Focus > Given the reducing membership, AMP will continue to work with financial advisers, where applicable, to help members transition to contemporary offers while considering all costs members may incur.

Member experience

We consider member services, including options, benefits and facilities to be **appropriate** for members. Service levels have been met by the outsourced administration provider, Asgard Capital Management Limited (Asgard). They have also improved adviser functionality (to better serve members) on the platform.

Focus > Continue to ensure Asgard continues to deliver an appropriate level of services and features that are in the best interests of our members and provides value for money.

Insurance offer

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

Focus > Continue to consider the types of insurance available through the platform and improve claims administration handling times for Total and Permanent Disability insurance.



Investments & performance

Range of investments

PortfolioCare Service offers a broad range of investment options¹ 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.

Investment strategy and governance

The investment strategy for *PortfolioCare* Service is to give members access to leading Australian and international investment markets and investment managers with a range of asset allocations to accommodate varying risk appetites. We provide the flexibility to enable members to switch investment options, implement investment strategies that are tailored to their needs and create portfolios to complement their risk appetites.

The Trustee's investment governance framework outlines the structures, policies and processes for managing investment options. This is supported by expert independent investment advice provided by JANA Investment Advisers.

During FY22/23, we continued to actively assess our investment options against a number of metrics including performance and investment management capability. These metrics support decision making on regarding investment options on our investment menu. In FY22/23, assessment processes were extended to include the superannuation Annual Performance Test (APT).

The *PortfolioCare* Service investment menu offers members over 200 managed funds. You can find out more about investment options and risk in the *PortfolioCare* Service Investment Options document at amp.com.au/portfoliocare.

Level of investment risk

The *PortfolioCare* Service 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 groups², it was found that 44% of managed funds offered through *PortfolioCare* Service 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.

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 2023 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 were assessed to ensure they continue to meet the needs of members. There were no material exceptions identified.

¹This includes open and closed investment options. Generally, closed investment options are still available for members with existing investments, but new members cannot select them.

²Morningstar 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.

Investment performance

Annual performance test (APT)

In FY22/23, the superannuation APT was introduced by the Australian Government for platform superannuation products. The superannuation APT is administered by the Australian Prudential Regulatory Authority (APRA).

There were five managed funds available on *PortfolioCare* Service that failed to meet the APT assessment benchmarks. This represented less than 2% of the managed funds available to members. Investment options that failed the FY22/23 superannuation APT have had their portfolio design reviewed with a number of strategic asset allocation changes made.

All failed managed funds are closed to new members. The Trustee will continue to monitor these managed funds for any further changes that may be required to ensure they continue to meet the needs of members.

Performance against peers and benchmarks

The *PortfolioCare* Service investment menu offers members investment choice and spans different asset classes and different investment approaches, which will determine the return experience.

Based on Morningstar peer groups, we found that 39% of managed funds offered through *PortfolioCare* Service performed better than industry peers over the year to 30 June 2023, noting that the peer group may include managed funds with different investment strategies and benchmarks within the same asset class.

Members should refer to their investor report/s for individual performance experience, including individual rate of return. Your member performance will be impacted by any transactions on your account.

Retirement solutions

PortfolioCare Service 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.

Outlook and actions to improve outcomes

To ensure continual improvement in members' outcomes, the Trustee is focused on:

- Assessing investment options which are in the best interest of members for those managed funds which failed the annual performance test. This may include transferring members to similar, but better performing options
- Continuing to promote member investor choice and opportunities to build bespoke portfolios to meet member needs and remove investments that no longer meet performance or risk objectives.

Fees and Costs

The fee structure of *PortfolioCare Super and Pension Service* is appropriate for approximately half of the members³ 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

Administration fees paid by members depends on their account balance. The fee is charged proportionately across a number of different account balances and fee tiers. Members receive an administration fee rebate on the portion held in the cash account. The minimum administration fee is \$68.64 per annum and applies to balances less than \$7,466.

All members pay a trustee fee of 0.1% per annum on account balances under \$1.5 million excluding the cash account.

Using the analysis from Chant West's Wrap Comparator Tool, we compared the *PortfolioCare Super and Pension Service* administration fees, inclusive of the trustee fee, against the benchmark products reported by Chant West. We tested account balances of \$50k, \$100k to \$1 million at intervals of \$100k, \$1.2 million, \$1.5 million and \$2 million as at June 2023. We found that:

- ***PortfolioCare Super Service*** administration fees were competitive when compared to Chant West peer products⁴ for members who have account balances below \$50k and above \$300k since the fees were below or no higher than 10% more expensive than the average fee charged.
- ***PortfolioCare Pension Service*** administration fees were appropriate for almost half of members who have balances less than \$50k and balances above \$400k when compared to Chant West peer products⁵. The administration fees were \$300 above the average fee according to Chant West for clients who have the average account balance of over \$100k. This equates to an additional charge of 0.3% of the average balance.

PortfolioCare Super and Pension Service administration fees for a \$50k balance, which is used for APRA's Annual Performance Test, are 5% and 7%, respectively, more expensive than the average administration fee according to Chant West.

³ *PortfolioCare Service* has approximately 54% of super members and approximately 41% of pension members who are charged administration fees lower than the average or no more than 10% more expensive than the average price charged by competitors identified by the Chant West Comparator Tool.

⁴ *PortfolioCare Super Service* has been compared to 38 peer products

⁵ *PortfolioCare Pension Service* has been compared to 36 peer products.

Family group linking fee reduction

Through Family group linking, members may be able to receive a reduced administration fee for accounts held with the same financial adviser. Members can link up to four accounts in *PortfolioCare* Super (Personal) and Pension Service and *PortfolioCare* Investment Service. Eligibility conditions apply to the accounts that can be linked.

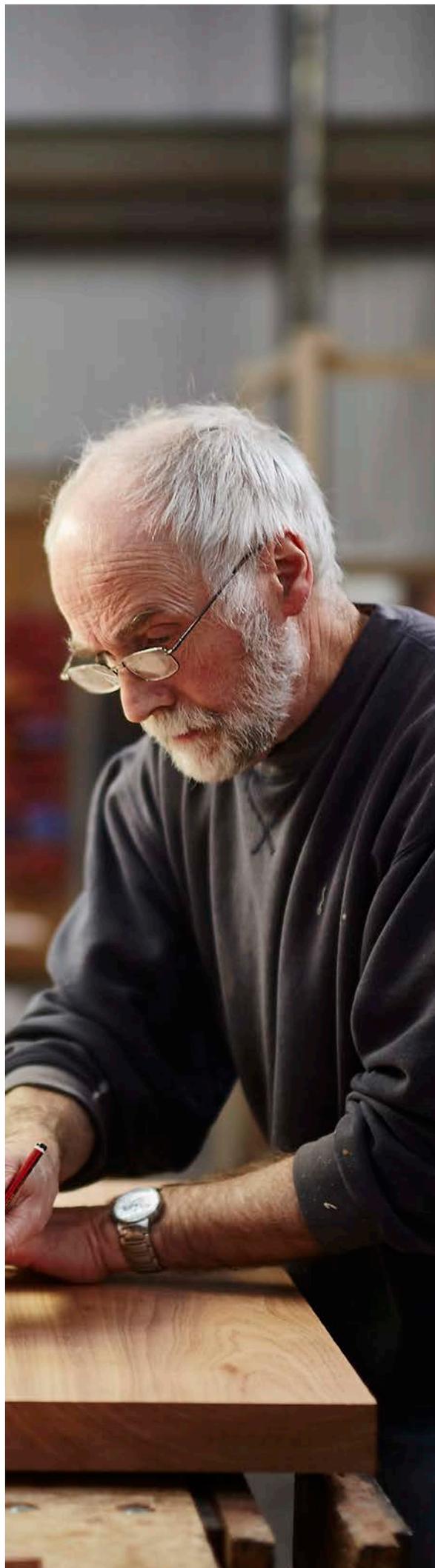
Once accounts are linked, the administration fee is calculated on the total combined balance of the linked accounts. The administration fee is then proportionately allocated to each account on the total combined balance.

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 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

We will continue to review our fee arrangements for competitiveness and value for money, including the investment management costs of our investment options.



Scale & operating expenses

Size and fund growth

PortfolioCare Service had approximately \$465m in funds under administration and over 3,500 member accounts at 30 June 2023. Membership of *PortfolioCare* Service has been gradually declining.

The Wealth Fund, of which *PortfolioCare* Service forms part, had around \$55bn in member assets and over 255,000 member accounts at the end of 30 June 2023, ranking in the top quartile of super funds in Australia. This size enables the Trustee to continually invest in product, service and investment outcomes for members through outsourced service providers, and to attract and retain high quality employees, further enabling scale benefits.

Operating expenses

NM Super outsources platform administration services to NMMT Limited (NMMT), a related party of NM Super and part of the AMP Group. Through NMMT, administration, call centre and technology services are subcontracted to AWM Services Pty Ltd (also part of the AMP Group) who in turn subcontracts these services to Asgard Capital Management Limited (Asgard) for the *PortfolioCare* Service product range.

While the number of members in this product has been declining overtime, members have not been disadvantaged by fee increases or service deterioration.

We continually ensure that we receive value for money regarding the services and fees that we pay. We do this through regular monitoring of the service standards of Asgard and benchmark product features, fees and functionality.

Operating costs as a percentage of Wealth Fund assets is 0.28%, which is better than the median operating expense for APRA regulated super funds. This includes the costs for providing *PortfolioCare* Service.

As part of our regular review of products and services we consider pathways for transitioning members and reducing our range of products on offer.

Source: APRA Annual Statistics as at 30 June 2023.



Member experience

The Trustee considers member services, including options, benefits and facilities as appropriate for members of *PortfolioCare Service*.

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 also measure how well our service providers are meeting performance standards.

We outsource member and adviser administration and call centre services to Asgard. Throughout FY22/23, 85% of calls were answered within the service level agreement and 99% of all calls were answered.

Throughout the year Asgard have focused on improving member and adviser processes, technology and systems for efficiency.

Improvements include:

- Transparency of ongoing fees charged to member accounts, we've made an 'Ongoing Fees' screen available on InvestorOnline. Ongoing fees include adviser fee - ongoing, adviser fee - one-off, administration fees, expense and trustee fees where applicable.
- Functionality delivered on AdviserNet to assist advisers manage unsubmitted e-forms at risk of being deleted.
- Enhancing the user experiences on AdviserNet providing richer content for advisers (to share with members) to view member accounts such as portfolio valuation, Capital Gains Tax details, rate of investment return, investments history and share order/trade history.

Complaints

Resolving complaints fairly and in a timely manner is important. We work closely with Asgard to ensure all complaints are responded to within targets.

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 2023.

Financial Advice

Many of our *PortfolioCare Service* members have a financial adviser relationship.

In addition to financial advice provided by many independently licensed financial advisers across the nation, our members also have access to financial advice provided by AMP, one of Australia's oldest and largest financial advice networks.

Previously advised members

PortfolioCare Service is designed for members who have a financial adviser. We are actively improving services of the platform for members who are no longer using a financial adviser.

Outlook and actions

In FY22/23 we continued to actively monitor service providers against administration standards to deliver quality services to members and their advisers.

We will continue to work with our outsourced administration provider, Asgard, to ensure members receive access to quality and contemporary services, features and benefits.

Insurance offering

Through *PortfolioCare* Super Service, members can obtain retail insurance cover from AIA Australia. The insurance available to members balances cost with the level of benefits.

PortfolioCare Super Service 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* Service 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.

Key fund & product profile

As at 30 June 2023

\$465m

in member assets in *PortfolioCare* Service

\$55bn

Net member assets in the Wealth Fund. Top quartile by size and one of the largest platforms regulated by APRA

Over 3,500

member accounts in *PortfolioCare* Service

Over 255,000

member accounts in the Wealth Fund

0.28%

Wealth Fund operating expenses to assets

704

members have insurance cover

\$133k

Average account balance in *PortfolioCare* Service

\$216k

Average account balance in the Wealth Fund

\$130m

negative cashflows from *PortfolioCare* Service in FY22/23

\$650m (approx.)

cashflows into the Wealth Fund in FY22/23

\$1.67bn

in retirement payments from the Wealth Fund with **\$27bn** in pension assets. One of the largest super funds in Australia for pension payments and assets.

Access to over

280 managed funds

FUND DEMOGRAPHICS

64%

Of assets in accumulation phase

36%

Of assets in pension phase

56%

male

44%

female

61

Average age

50%

of members have saved with us for greater than 15 years

Further information

For more information about the investment objectives, fees and costs and risk associated with investing in superannuation please refer to the *PortfolioCare* Super and Pension Service Product Disclosure Statement and target market determination.

For information on the Wealth Personal Superannuation and Pension Fund, which offers *PortfolioCare* Service, please refer to the Wealth Personal Superannuation and Pension Fund Annual Report 2022/23.

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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