



Member Outcomes
Assessment
2022



**How we are promoting members
best financial interests**

PortfolioCare[®]
Super and Pension

Financial Year ending 30 June 2022

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, *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.

Our hope for the future is to unite as one people, to listen and learn from each other with respect and walk the path to reconciliation together.



Introduction

N.M. Superannuation Proprietary Limited (NM Super) is the Trustee for AMP's superannuation and retirement savings with over \$106bn in funds under management and over 1 million member accounts across two super funds, making us the 5th largest superannuation provider in Australia¹.

PortfolioCare Super and Pension Service (PortfolioCare Service) has approximately \$330m in assets and 4,000 member accounts and is part of the Wealth Personal Superannuation and Pension Fund (Wealth Fund), one of Australia's largest super funds with over \$50 billion in member funds and over 300,000 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.

Making our assessment and determination

Using a range of factors, each year we are required to assess whether we are promoting the best financial interests of members and publish the assessments including comparisons.

Our assessment compares how *PortfolioCare Service* has performed during the financial year ending 30 June 2022 across the following areas:

¹ APRA Annual Fund Statistics as at 30 June 2022.



Investment performance

including investment strategy, investment risk & net returns*



Fees & Costs

including the basis for setting fees & appropriateness for members



Scale of the Fund

including operating expenses & benefits to members



Member experience

including the options, benefits & facilities offered to members



Insurance offering

for members including the insurance strategy & level of premiums

* It is important to remember that past performance is not indicative of future performance.

Progress made against our strategy

Member services

Throughout the year our administration service providers have focused on improving member and adviser processes, technology and systems to ensure efficiency, security and stability. There's also been additional focus on uplifting identification processes to ensure our member accounts are safeguarded against fraud.

Investment governance

Investment monitoring and governance has been strengthened. This includes the termination of underperforming funds where necessary and streamlining the investment menu where there is low member investment in options. We continue to monitor investment options and our investment teams meet with Fund Managers to assess performance where trigger events have occurred.

Retirement income strategy and solution

We introduced a new retirement strategy as part of the government's Retirement Income Covenant. You can read more about the strategy [here](#).

Governance & ESG

We're continuing to invest in our systems, processes, people and structures to ensure your retirement savings are well managed.

We've also developed a new sustainability framework and strategy in early 2022, with a focus area on climate change and member financial wellness. Implementation will commence from FY2022/23. For more information see the [Wealth Fund Annual Report 2022](#).

Our focus for FY22/23 and beyond

- Ensuring our investment options are competitive and meet the needs of our member segments.
- Continue to review our product sets for competitiveness.
- Implementing our strategy to ensure appropriate products and services are available for those members who no longer have an active financial advice relationship.



Our assessment and determination summary

The Trustee has considered its results compared to other peer products across key assessment factors. The Trustee has also considered the progress it has made against the strategy in making a determination.

The Trustee has determined that it is promoting the financial interests of members based on the following:



Investment Performance

The investment strategy, risk exposure and performance are appropriate for the types of members invested. The investment menu offers members investment choice spanning the investment risk spectrum and there are investment processes to make sure investments are fit for purpose.



Fees and costs

Administration fees for the majority of members are within acceptable fee ranges* when compared to a broad range of wrap platform products in the market².

The basis for setting fees is appropriate and based on the costs of operating the product. This includes administering the product, range of product features and functionality and the services provided. Declining product scale has not impacted member fee arrangements.



Scale of the fund

The scale of the Wealth Fund ranks in the top quartile by size with over \$50bn in assets with positive cashflows. While product membership and funds under management for *PortfolioCare* Service has been declining overtime, administration fees have not increased.



Member experience

Member options, benefits and facilities are appropriate for the cohorts of members invested in *PortfolioCare* Service. The service levels that members receive are appropriate and within the expectations of the Trustee.



Insurance offer

Members can choose to take out insurance cover through AIA Australia. Insurance is appropriate and in line with our insurance strategy. Claims outcomes are appropriate.

*Refer to the Fee and Cost section for more information.

² Assessed using Chant West Wrap Comparator tool. The analysis was completed in February 2023.



Investments

PortfolioCare Service 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 and exchange traded funds, and term deposits. The range of multi-dimensional 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.

Our 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 FY21/22, we continued to improve our investment option due diligence process by increasing the number of investment options placed 'on watch' and closing investment options that weren't meeting expectations.

The *PortfolioCare Service* investment menu offers members over 280 managed funds. You can find out more about investment options and risk in the *PortfolioCare Service* Investment Options document at amp.com.au/portfoliocare.

Risk

The *PortfolioCare Service* investment menu spans the investment risk spectrum. We monitor investment risk through the volatility or deviation from return objectives. This volatility measure or Standard Risk Measure (SRM)³ is used by all super funds. Volatility indicates the tendency of returns to rise or fall in a certain period. Monitoring volatility enables our members to choose appropriate investments based on their risk tolerance combined with their investment horizon.

We analysed data from Morningstar⁴, which revealed that most of the managed funds available on *PortfolioCare Service* are relatively less volatile than the Morningstar peer groups⁵. We found that nearly 48% of the investment options on the platform have relatively lower risk of losing money during negative volatile market conditions compared to their peers in the industry, especially for investment options in the highest risk category. Additionally, we observed that 51% of the investment options available on *PortfolioCare Service* tend to incur lower losses than comparable investments in adverse market conditions over a 12 month period to 30 June 2022.

³ Standard Risk Measure is an indicator based on guidance from the Australian Prudential Regulation Authority (APRA). *PortfolioCare* has introduced the SRM in accordance with recommendations from the Financial Services Council (FSC) and Association of Superannuation Funds of Australia (ASFA).

⁴ Morningstar Australia (Morningstar) is a data provider to the financial services industry.

⁵ 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.

Performance

We assessed investment options' performance against similar investment options, using the minimum investment time frame provided in the investment options' target market determination. When compared to Morningstar data, half of *PortfolioCare* Service investment options outperformed similar investment options over the stated investment time horizon⁶. This represented investment return outperformance for over 65% of assets on *PortfolioCare* Super Service and over 61% of assets on *PortfolioCare* Pension Service.

We regularly monitor underperforming managed funds to make sure the investment strategy, risk exposure and investment objectives remain appropriate for members. In FY22/23 we will continue to monitor and assess investment option performance across our products investment menus.

Retirement solutions

We offer a range of solutions to help members manage the many challenges with retirement, including the risk of outliving their savings, not having enough or ensuring members have access to their money when it's needed.

Members have access to a range of solutions through our existing transition to retirement and account-based pension offers. Through financial advice, members can invest in income generating options based on their goals and objectives.

In July 2022 we introduced a new retirement strategy as part of the government's Retirement Income Covenant. You can read about it [here](#).

Outlook and actions

In FY22/23 we'll continue to focus on improving member outcomes by continuing to review our range and quality of investment options available to members and their advisers.

Assets on *PortfolioCare*
Super Service

65%

**Investment return
outperformance**

Assets on *PortfolioCare*
Pension Service

61%

**Investment return
outperformance**

⁶ The Trustee's investment time horizon for a managed fund is generally in accordance with its asset class time horizon.



Fees and Costs

The fee structure of *PortfolioCare Super and Pension Service* is appropriate for the majority of members⁷, when compared to a broad range of platform products in the market.

The basis for setting fees

The basis for setting fees is to meet the operating expenses of the product which includes 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, whilst 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.

All members pay a trustee fee of 0.1% per annum on balances under \$1.5m, which excludes amounts in the cash account. The minimum administration fee is \$68.64 per annum on balances less than \$7,466.

Using the analysis from Chant West's Wrap Comparator Tool, we compared the *PortfolioCare Service Super and Pension* 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 February 2023. We found that:

- **PortfolioCare Super Service** administration fees were appropriate for the majority of members, which represents approximately 64% of members with balances less than \$70k (10% of AUM) and above \$270k (50% of AUM), and above median (more expensive) for approximately 36% of members with balances between \$70k and \$270k (40% of AUM), when compared to Chant West peer products⁸.
- **PortfolioCare Pension Service** administration fees were appropriate for the majority of members, which represents approximately 56% of members with balances less than \$70k (13% of AUM) and balances above \$340k (35% of AUM), and above median (more expensive) for approximately 44% of members with balances between \$70k and \$330k (52% of AUM), when compared to Chant West peer products⁹.

We'll continue to monitor the appropriateness of fees to ensure member outcomes are achieved.

⁷ *PortfolioCare Service* has approximately 64% of super members and approximately 56% of pension members who are charged administration fees better than median, within 10% of the median, or within \$100 above the average price charged by competitors identified by the Chant West Comparator Tool.

⁸ *PortfolioCare Super Service* has been compared to 41 peer products.

⁹ *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.

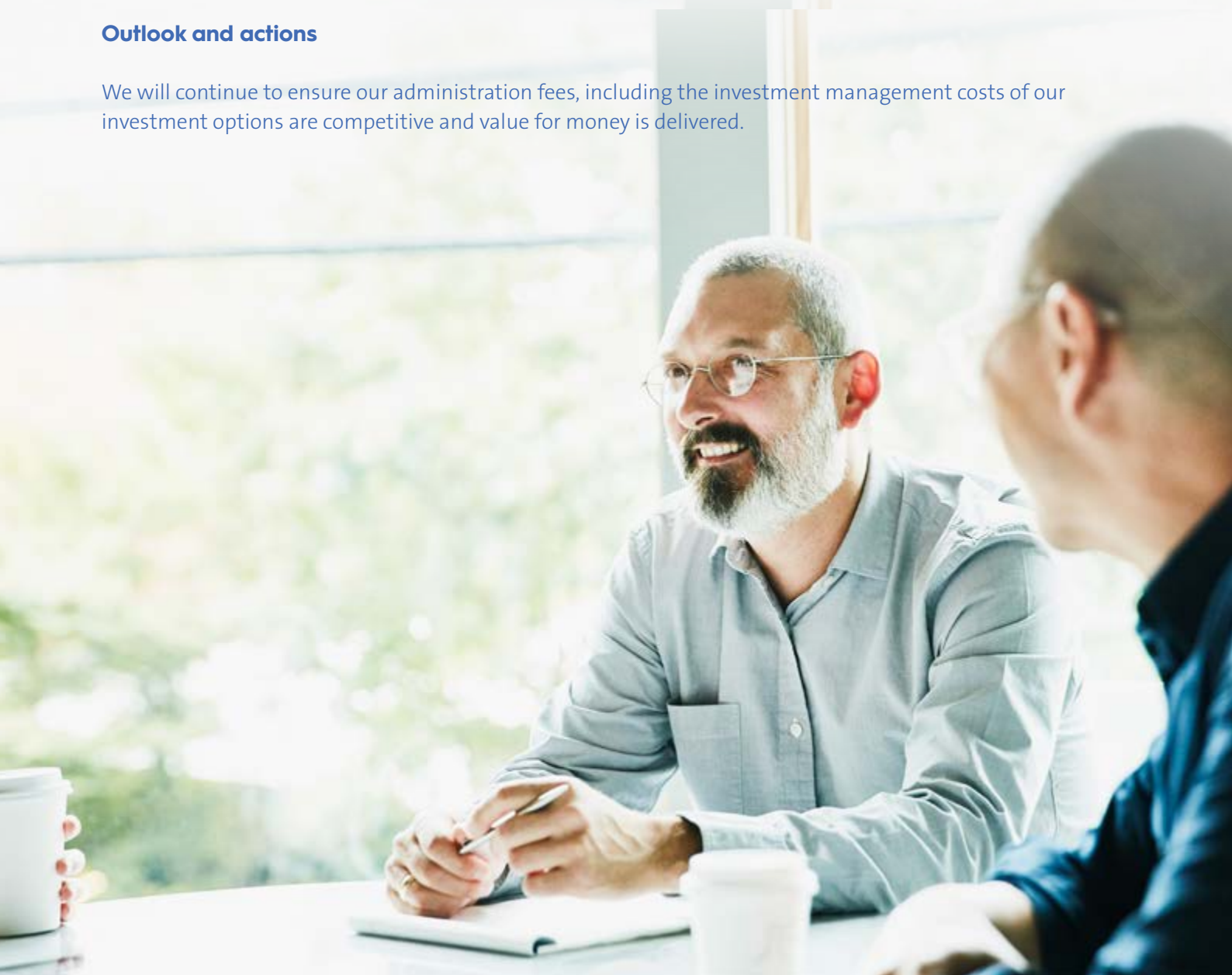
Once accounts are linked, the administration fee is calculated on the total combined balance of the linked accounts. The administration fee is then proportionately allocated to each account on the total combined balance.

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 ensure our administration fees, including the investment management costs of our investment options are competitive and value for money is delivered.





Scale and operating expenses

Size and fund growth

PortfolioCare Service has approximately \$330m in funds under administration and over 4,000 member accounts. The membership size of *PortfolioCare* Service has been declining as advisers transition members to other wrap platform offers.

The Wealth Fund, where *PortfolioCare* Service is held, had around \$50.4bn in assets and over 300,000 member accounts at the end of 30 June 2022, ranking in the top 20 super funds in Australia by size.

Across its two super funds, NM Super oversees \$106bn in member retirement savings. This size enables the Trustee to continually invest in product, service and investment outcomes for members through outsourced service providers, and 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 product size has been declining, fee and cost arrangements have not been impacted due to the scale of our service provider.

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

Importantly, through the arrangement with our service providers, our members do not directly pay for operational costs such as regulatory change, errors and fines. The costs of administering the fund are key to the fees our members pay and is driven by scale which enables us to invest in products and services and keep costs low.

Our costs as a percentage of Wealth Fund assets is 0.26%, which is slightly better than the market average¹⁰. This includes the costs for providing *PortfolioCare* Service. We will continue to focus on reducing operating costs and ensuring members are receiving value for money services.

¹⁰ Source: APRA Annual Statistics as at 30 June 2022.



Member experience

We regularly review, monitor and compare the product features, functionality and services we provide, so that members have access to value for money solutions.

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

There's also been additional focus on uplifting identification processes so that our member accounts are safeguarded against fraud.

Asgard have met expected performance levels across key administration and call centre services, including the timely resolution of complaints.

Financial advice

Many of our *PortfolioCare Service* members have a financial adviser relationship. In the year we created more flexibility in how advice fees can be paid from your account with four installments within a year.

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.

Increasingly, we are observing members who no longer have an active advice relationship. We are reviewing our product and service offering for these members.

Outlook and actions

In FY22/23 we will continue to actively monitor service providers against administration standards to deliver quality services to members and their advisers. A key improvement is the review and implementation of services for members that no longer have an active ongoing advice relationship to ensure product and service arrangements are fit for purpose.



Insurance

Through *PortfolioCare Service* super, members can obtain retail insurance cover from AIA Australia. The insurance available to members, balances cost with the level of benefits. *PortfolioCare Service 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 Service* members may also hold group insurance cover, which is closed to new applications. Existing members with this cover may continue to hold and amend their insurance.

It's important that members' super balances aren't eroded by insurance premiums. 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, we reminded members during the year of the risks that insurance premiums may pose to retirement income streams.

We apply an insurance philosophy of fairness and empathy. There were only a small number of claims during the reporting period, which were all accepted. Due to the small sample size, claims acceptance rates were not able to be assessed.

We actively monitor 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.



Wealth Fund and PortfolioCare Service

as at 30 June 2022



\$330m

In member assets in PortfolioCare Service

\$50.4bn

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



Over 4,000

Member accounts in PortfolioCare Service

Over 300,000

member accounts in the Wealth Fund¹¹

0.26%

Fund operating expense to assets.



\$1.56bn

In retirement payments from the Wealth Fund with **\$25bn** in pension assets. The 8th largest super fund in Australia for pension payments.



\$82.5k

Average account balance in PortfolioCare Service

\$160k

Average account balance in the Wealth Fund¹¹



-\$130m

Negative cashflows from PortfolioCare Service in FY21/22

Almost \$1bn

Cashflows into the Wealth Fund in FY21/22



Approximately

800

members have insurance cover

Access to over

280

managed funds

FUND DEMOGRAPHICS

65%

Of accounts in accumulation phase

35%

Of accounts in pension phase

56%

male

44%

female

60

Average age

50%

of members have tenure greater than 15 years

¹¹ Includes reopened accounts for the purposes of tax and dividend payments.

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* eWRAP, please refer to the [Wealth Personal Superannuation and Pension Fund Annual Report 2021/22](#).

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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