

Praemium SMA Superannuation Fund

Member Outcomes Assessment
For the year ended 30 June 2023

28 February 2024

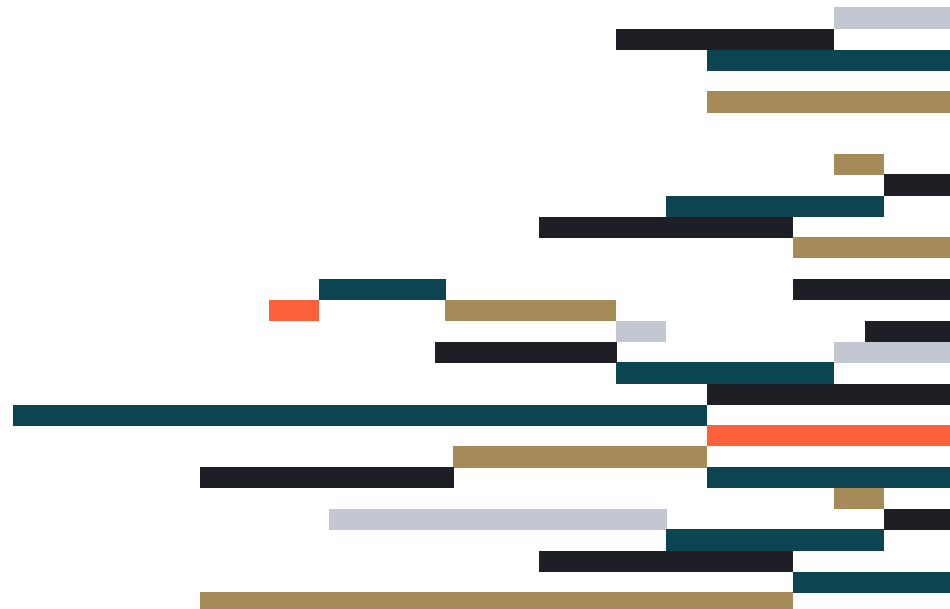


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Introduction

Introduction

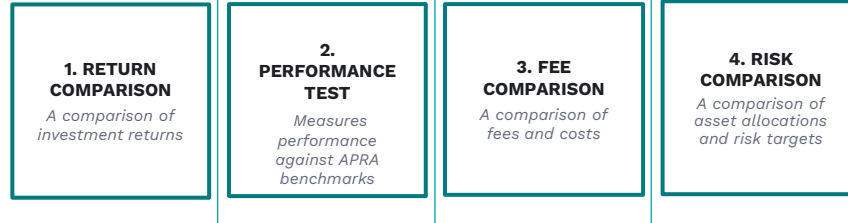
What is the Member Outcomes Assessment?

This document will focus on the key outcomes found within the assessment in relation to Praemium SMA Superannuation Fund ('Praemium'). It analyses how Praemium's products compare to similar products and whether these products are serving the financial interests of the members. The document will present the final conclusions and summary, before going into detail on steps 1 and 2 of the assessment.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2024, and is relevant for the financial year ended 30 June 2023.

Approach for this assessment

Step 1: Measure and compare products



Step 2: Assess product appropriateness

Assessment of product appropriateness against key factors that can affect superannuation

Section 52 (11)

1. Options, benefits and facilities
2. Investment strategy
3. Insurance strategy and fees

SPS 515

4. Scale
5. Operating costs
6. Basis for setting fees

Step 3: Publish determination

A publication with a determination for each product is required to assess whether the financial interests of the beneficiaries who hold the product are being promoted.



Executive Summary

Product Determinations

The Trustee has determined that it is promoting the financial interests of the beneficiaries of its **Accumulation product** and that of its **Pension product** on the basis that:

- For administration fees, Praemium is lower than its relevant peer fund median for \$50,000 and \$250,000 balances, although slightly higher cost on a \$100,000 balance;
- For investment returns, the majority of Praemium's investment options outperformed or marginally underperformed their relevant peer fund median on a one, five and 10 years' basis;
- Risk-adjusted returns are higher or marginally less than peer fund medians for a majority of investment options; and
- The objective assessment factors, being Praemium's options, benefits and facilities, investment strategy, operating costs, scale and the basis for setting fees, are considered appropriate for Praemium's members and do not inappropriately erode their retirement balances.



Praemium Overview

Praemium Overview

Praemium SMA Superannuation Fund ('Praemium') offers 'wrap-style' accounts through its platform for advisers and their client members. Praemium offers the following products:

- Accumulation Account
- Pension Account, being either an:
 - Account Based Pension (Allocated Pension Member) or
 - Transition to Retirement Pension Account

Praemium also offers the following white label products which are considered in this MOA:

- Advisory Partners SuperSMA
- Agentia SuperSMA
- Burrell SuperSMA
- Collins House SuperSMA
- Bruining Partners SMA
- Kofkin SMA
- Praemium Managed Accounts for Infocus Superannuation
- Providence Managed Accounts SuperSMA
- Seneca SuperSMA
- Shaw Managed Accounts Superannuation
- True Investing SuperSMA
- Ventura Managed Account Portfolios Superannuation (VMAPS)

Praemium Overview

Members have access to a very large range of investments via Praemium's investment menu, including:

- Managed Funds (Domestic and international)
- ASX securities
- International shares
- Cash
- Term Deposits
- Exchange Traded Funds ('ETFs') / Listed Investment Companies ('LICs')
- Fixed Interest securities

Praemium members have access to a comprehensive investment menu consisting of listed shares and interest-bearing securities, managed funds and cash, via Model Portfolios. The risk profile of an investment will depend on the Model Portfolio chosen. This enables members to be hands on and to tailor their super to suit their needs, however, results in varying fees and investment returns and risk being experienced by members.

For the purposes of this assessment, the analysis is focused on the nine Praemium investment options with the highest concentration of assets invested in them at 30 June 2023. These investment options are available as part of Praemium's Model Portfolios but do not necessarily comprise the entirety of the selected Model Portfolio. If you would like to know the performance of your Praemium account for the year ended 30 June 2023, please refer to your Financial Year 22/23 annual member statement.



Comparative Assessment

Fees & Costs Comparison

For the purpose of this assessment, only Praemium's administration fees are compared to peer fund median administration fees. As investment management fees are charged by the individual investment managers and deducted from the returns, these vary by the individual managed fund or ETF investment option selected and are not comparable to benchmarks based on pooled investment structures.

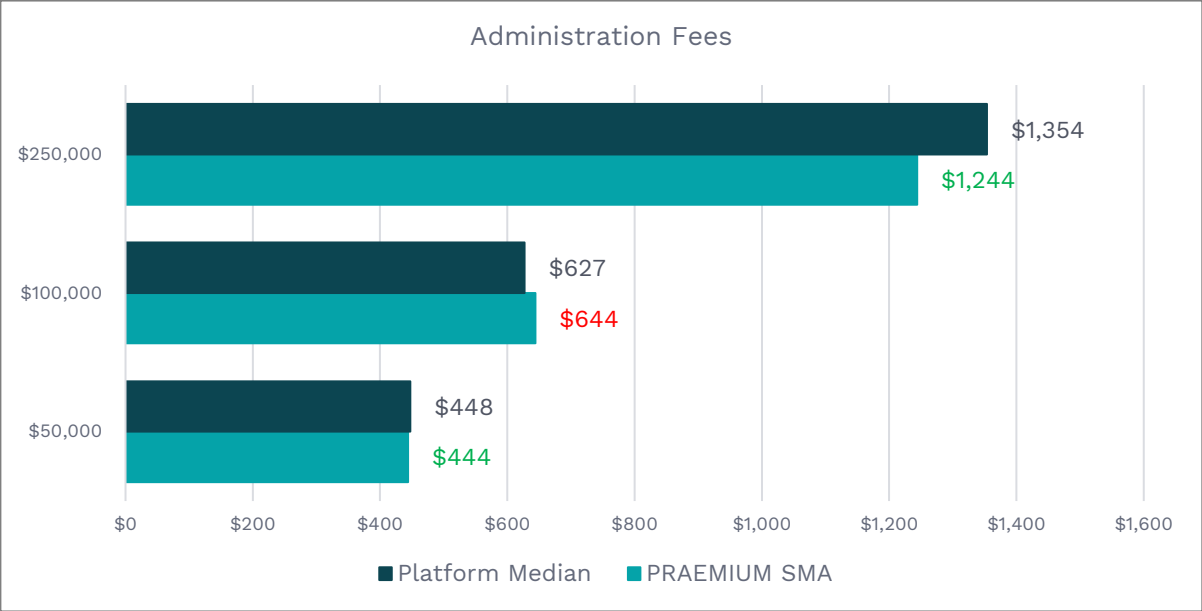
It is noted that this administration fee comparison is at the product and being assessed against a peer group of similar platform superannuation products. On the following page, the Praemium administration fee for Accumulation and Pension members is compared to the peer fund median administration fee which includes Praemium and 19 other peer Platform funds.

Praemium's administration fees are lower cost at a product level when administration fees are calculated on \$50,000 and \$250,000 balances, however slightly higher cost on \$100,000 balances.

The average Praemium member has a balance of \$268,211, so the modelled account balances are appropriate for assessing the relative competitiveness of Praemium's administration fees for its membership.

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product and its Pension product as the administration fees for Praemium at a product level are less expensive than the peer fund median.

Fees & Costs Comparison



Source: Peer median is derived from 20 similar platform products, which includes 19 Peers and Praemium SMA. Administration fees are inclusive of any cost of recovery fees or Operational Risk Financial Requirement reserves.

Choice Investment Return Comparison

Praemium's net investment returns for the investment options that have been assessed in this report are illustrated in the graphs contained on page 14.

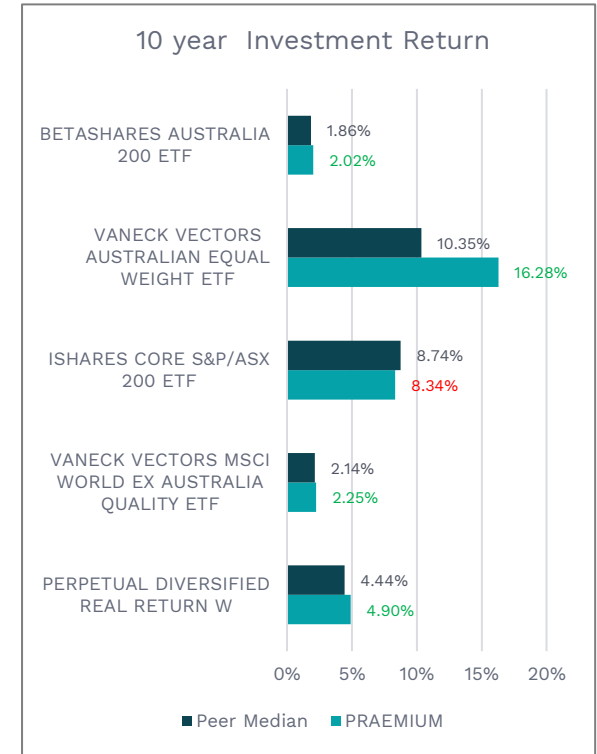
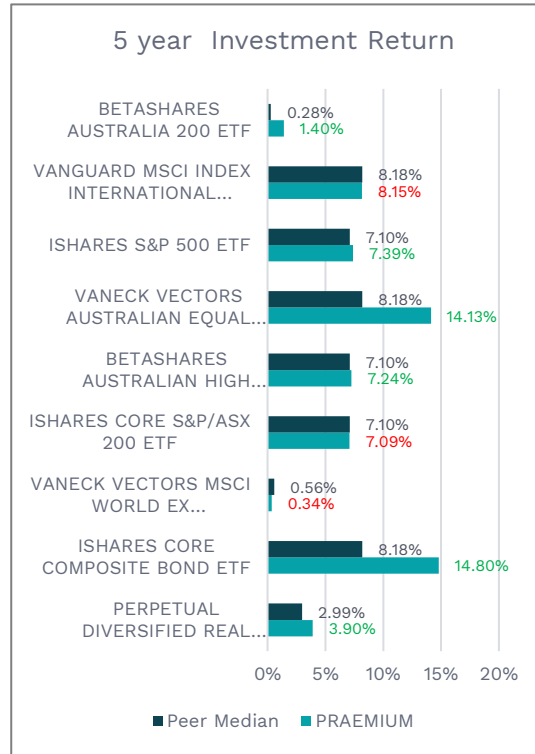
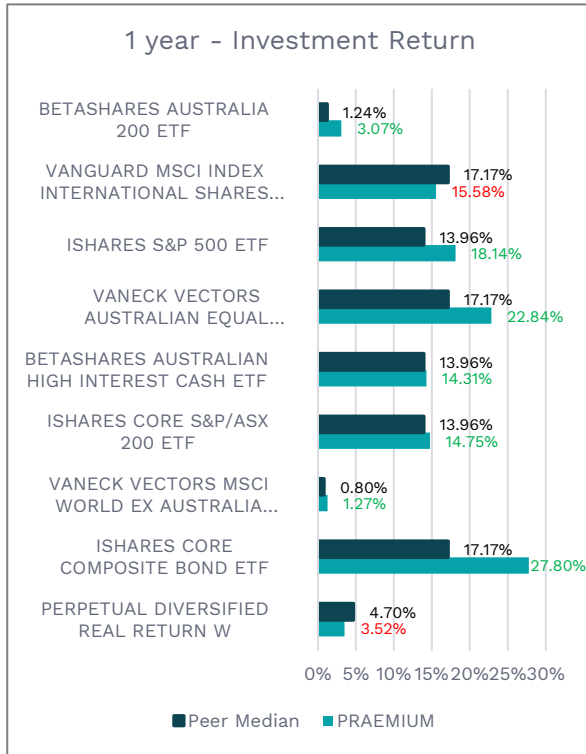
It is noted that the medians depicted in the following graphs are based on pooled investment options, with the relevant peer fund median selected based on the closest corresponding asset class to the relevant Praemium's investment option. Although not a perfect comparison, these medians represent a suitable proxy for assessing the performance of Praemium's underlying investment options.

For the purposes of this assessment, the analysis is focused on the nine Praemium investment options with the highest concentration of assets invested in them at 30 June 2023. These investment options are available as part of Praemium's Model Portfolios but do not necessarily comprise the entirety of the selected Model Portfolio.

Over all of the measured periods (one-year, five-years and ten-years) to 30 June 2023, most of the in-scope Praemium investment options outperformed their peer median. Any underperformance is generally marginal, particularly over the longer five-year and ten-year periods.

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries as the investment returns show strong performance for the majority of in-scope investment options over both the short term and the longer periods.

Investment Return Comparison



Choice Investment Risk Comparison

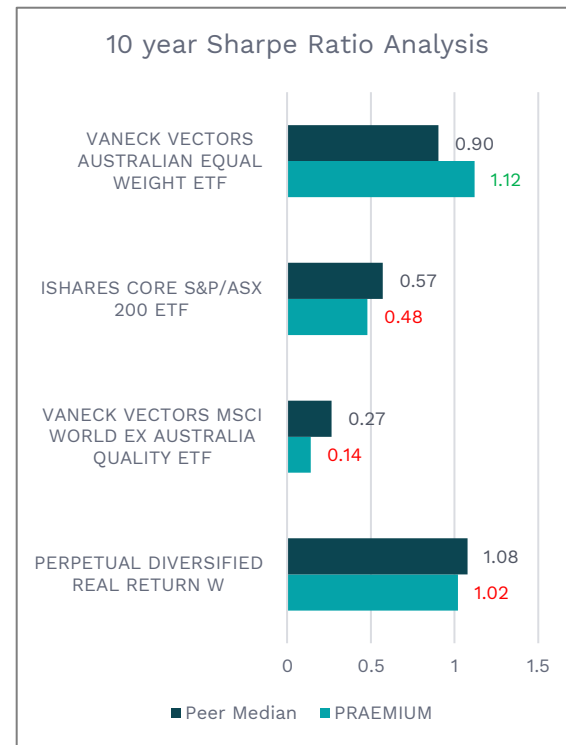
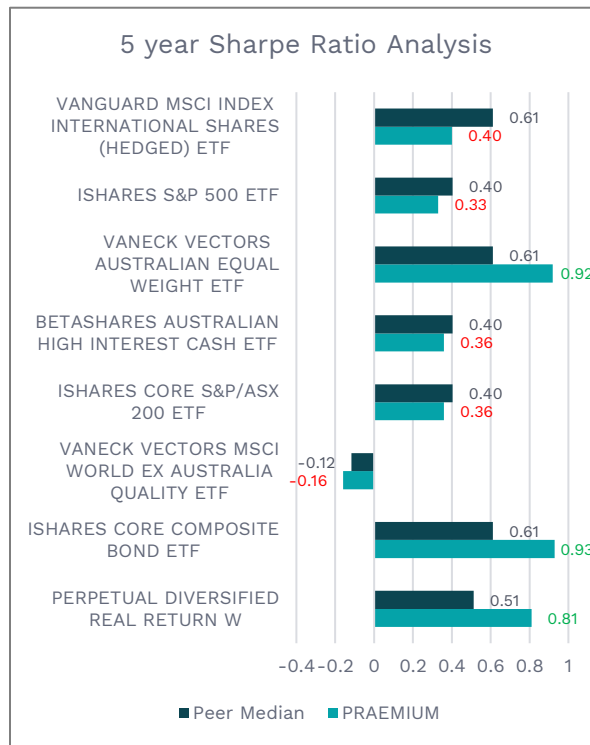
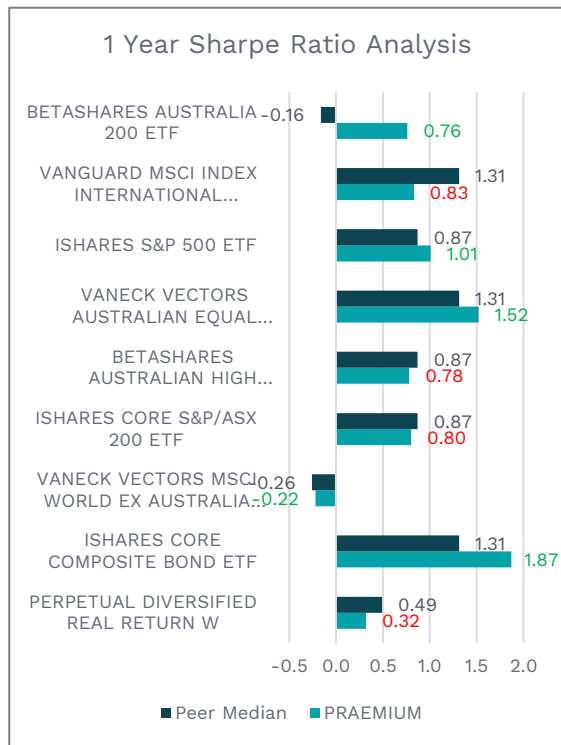
In the graphs on the following pages, we measure the performance of Praemium's top holdings after adjusting for risk comparing to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the greater the investment return relative to the amount of risk taken, representing the additional amount of return that an investor receives per unit of increase in risk.

It is noted that the medians depicted in the following graphs are based on pooled investment options, with the relevant peer fund median selected based on the closest corresponding asset class to the relevant Praemium's investment option. Although not a perfect comparison, these medians represent a suitable proxy for assessing the performance of Praemium's underlying investment options.

Praemium's investment Sharpe ratio are higher or marginally lower than the peer median for the majority of the in-scope investment options for all considered periods to 30 June 2023.

On balance, the Trustee has determined is promoting the financial interests of its beneficiaries as the investment risk return for the options over all considered periods are in line with peer medians.

Investment Risk Comparison





Product Appropriateness Assessment

OPTIONS, FACILITIES & BENEFITS

Praemium offers a range of services and products to all members in order to assist them with engaging with their superannuation to optimise their retirement outcomes.

Praemium have a number of digital resources around superannuation education and financial literacy available on their website. These include articles, blog posts, videos and tutorials. The resources are both useful for members and their financial advisors.

The Trustee has determined that the options, benefits and facilities offered under the product are appropriate to members.

INSURANCE STRATEGY & FEES

Praemium does not offer default cover or any group policies. However members have access to retail insurance cover for death, total and permanent disability and income protection through a number of insurance providers to suit individual needs with consultation of their financial advisers. Given insurance cover decisions are member and adviser driven, the Trustee does not look to determine impacts of insurance on member balances. However, the Trustee has determined there is appropriate accessibility for members to insurance cover.

The Trustee maintains an insurance strategy that governs Praemium's retail insurance offer to members.

The Trustee has determined that that the insurance strategy for the product is appropriate for Praemium's members.

INVESTMENT STRATEGY

Members may choose to access managed portfolios with professional model portfolio managers. Member's may also tailor their investment with access to the investment menu which includes international shares, Australian shares, international fixed income, Australian fixed income, property, infrastructure, Alternatives, cash and diversified options with varying growth asset allocations.

All new investments added to the investment menu (including Model Portfolios) are subject to approval by the Trustee's Investment Committee. All managed funds are required to meet a certain rating from recognised third party research houses such as Lonsec, Morningstar and/or Zenith, or receive an approved rating from the Fund's asset consultant.

The appropriateness of the investment offering is monitored and reviewed on a quarterly basis with annual additional testing via asset consultants who check all managed funds against their determined benchmarks which provide a recommendation if any changes are required.

A majority of Praemium's members' investment portfolios have been prepared with guidance from a financial adviser who developed a diverse portfolio of investments tailored to suit each members':

- personal circumstances;
- personal investment objectives and long-term goals;
- risk tolerance; and
- expected investment timeframe

Based on the above, the Trustee has determined that the investment strategy for the product is appropriate for members.

SCALE

Praemium SMA Superannuation Fund had 13,704 members with approximately \$3.844 billion in funds under management as at 30 June 2023.

It is anticipated that Praemium will continue to grow strongly and achieve greater scale benefits based on its very strong growth during FY23:

- Funds Under Management ('FUM') grew by 27.33%, compared to the industry median of 10.10%
- Net members' benefits flows of \$541.7M, compared to the industry median of \$9.07M
- Number of member accounts grew by 14.36%, compared to the industry median of 1.157%
- Net rollovers into Praemium of \$452.3M, compared to the industry median of -\$29.9M
- Net members' benefit outflow ratio of 46.24%, compared to the industry median of 90.65%

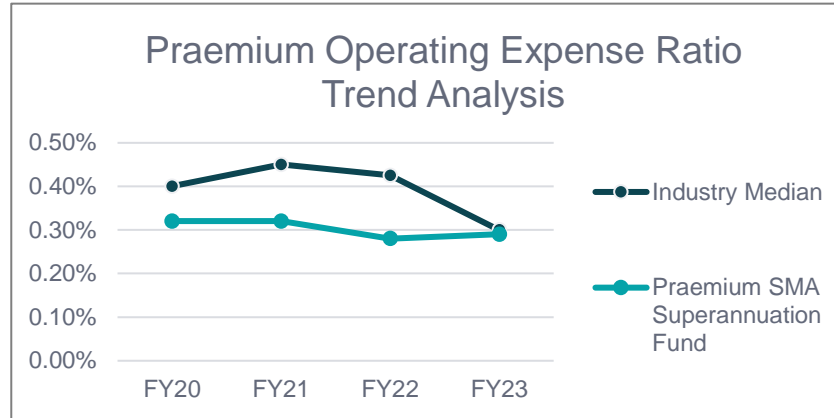
From the above, it is clear that Praemium's growth rate is positive and significantly greater than the industry median for all measures.

There is also an ongoing ability to access resources at scale as a result of Praemium's operating model leveraging an outsourced administrator and an outsourced trustee.

It is concluded that members have not been disadvantaged due to the scale of, and within, the Trustee's business operations but that Praemium would benefit from a continued focus on growth.

OPERATING COSTS

Praemium's operating expense to asset ratio trend is shown in the graph below compared to the industry fund median (derived from APRA data). It is noted that Praemium's operating expense ratio is now equal to that of the median fund in FY23 following a significant decrease over the year.



The Trustee notes that the operating costs are decreasing and improving outcomes for beneficiaries. The Trustee has determined that the operating costs are considered appropriate for Praemium's members and do not inappropriately erode their retirement balances.

BASIS FOR SETTING FEES

Praemium's fee structure ensures coverage for operational costs and reserves with limited cross subsidisation. It charges an asset-based fee that is regressive as account balances get larger. International asset fees are separated ensuring they are only charged to members who choose to invest in those assets.

Praemium's administration fee is deducted from member accounts at month end based on the account balance and is based on the full account balance which includes both cash and investments. This ensures that the cost of maintaining a superannuation account is smoothed over the course of a year rather than members incurring a large impact to their balance at once. Hence, retirement balances are not eroded.

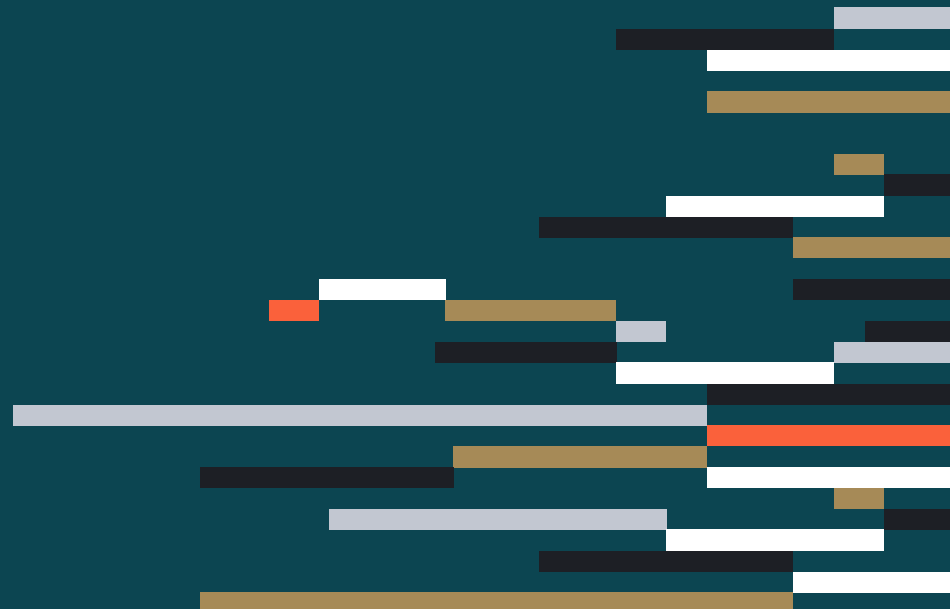
The basis for setting fees is considered appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

Asset-based Admin Fees		
From	To	Rate
\$0	\$250,000	0.37% p.a.
\$250,001	\$500,000	0.30% p.a.
\$500,001	\$1m	0.20% p.a.
More than \$1m		0.00.% p.a.

Other Account fees		
Operational Risk reserve levy	0.03% p.a.	Charged Monthly
Expense Recovery fee	\$100 p.a.	Charged Annually
Account keeping fee	\$144 p.a.	Charged Monthly
International administration fee	0.15% p.a.	Charged Monthly



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