

ClearView **WealthFoundations**



ClearView WealthFoundations Super and Pension

Member Outcomes Assessment for the year ended 30 June 2020

We're pleased to share the first annual performance assessment of WealthFoundations Super and Pension (WealthFoundations) against our objectives. Compared to other retail superannuation funds*, WealthFoundations achieved first or second quartile results for investment returns and risk, fees and net returns and sustainability based on independent benchmarking data from Morningstar and Chant West. We are also looking forward to working with our members and their advisers to understand what additional insurance options and services you would like to receive from WealthFoundations.

* See Methodology on page 3.

Based on this assessment, we have determined that the financial interests of members are being promoted by ClearView Life Nominees Pty Limited as trustee of WealthFoundations:

- The investment strategy, including investment risk and the return target, is appropriate - see section 1
- The options, benefits, facilities and fees are appropriate for members – see sections 1, 2 and 4
- The insurance strategy is appropriate and insurance costs do not inappropriately erode members' account balances – see section 3
- Members are not disadvantaged by the scale or operating costs of the fund – see section 5.

1. Investment returns and risk

WealthFoundations members can choose from 28 investment portfolios with different risk profiles (based on the target allocation to growth and income assets) and investment styles, including Active Dynamic, Index Dynamic, Active Strategic, Index Strategic and Guaranteed Cash. WealthFoundations also provides a Foundation Assurance Benefit to protect members' capital from market downturns if they die or are disabled (as detailed in the **PDS**). This allows investors to select the risk and return profile that best suits their needs.

Investment returns

In most categories, WealthFoundations achieved top quartile returns for the year ended 30 June 2020 compared to funds in the Morningstar Super and Pension Multisector categories and Chant West Retail Master Trust group (see Appendix 1).

Managing investment risk

As the past year illustrates, successful investing involves a balance of managing risks and seeking returns. Our investment team manage risk and seek additional returns within the portfolios through asset allocation or active stock selection. Index and Strategic portfolio risk and return outcomes will largely be determined by the underlying asset classes. Dynamic portfolios provide more flexibility to manage risk outcomes.

The Dynamic portfolio strategy seeks to achieve good returns while limiting the risk of large drops in markets. This can particularly impact people in or near retirement, as they have less opportunity to wait for the market to correct or to rebuild their assets by making additional contributions. The Index and Active Dynamic 70 options have experienced very low volatility relative to funds in their Morningstar peer group (see Appendix 2).

Objective: 1st or 2nd quartile
Status: achieved

2. Fees and net returns

WealthFoundations is competitively priced. Across all investment strategies, total fees are in first and second quartiles for the Chant West Retail Master Trust group. Examples are shown in Appendix 3 for active and index investments in Moderate and Growth risk profiles.

Objective: 1st or 2nd quartile
Status: achieved

3. Insurance

WealthFoundations does not currently provide insurance or charge insurance premiums (and benefits are not eroded by insurance premiums). WealthFoundations is offered to members through a financial adviser, who arranges external insurance where members and their advisers determine this is appropriate. We are also investigating whether members would value a simple death and disability insurance option within WealthFoundations in the future.

Objective: Insurance access
Status: Work in progress

4. Services

Our members engage regularly with their WealthFoundations account, with more members than the average fund¹ using our website, opening their annual statements online and keeping their email addresses and phone numbers up to date. All members join WealthFoundations with an adviser who can advise them on their retirement needs, rather than using self-service calculators and education tools (however we are open to introducing them if members would value this). We will continue to work with members and their advisers to understand what additional services they would most like to receive from us.

Objective: Service support
Status: Work in progress

5. Sustainability

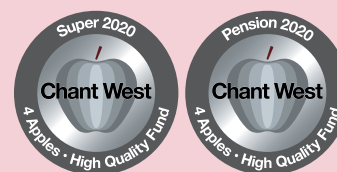
WealthFoundations grew 30% in both members and assets in the 12 months to 30 June 2020 and was recognised in KPMG and Strategic Insights benchmarks as one of the fastest growing funds in the retail sector.

WealthFoundations is part of the ClearView Retirement Plan (CRP). CRP operating expenses, cash flows, growth and other sustainability metrics are top quartile based on Chant West analysis of APRA data for the year ended 30 June 2020 (see Appendix 4). Members are therefore not disadvantaged by the scale or operating costs of the plan.

WealthFoundations was rated by Chant West as a 4 Apples - High Quality Fund in 2020.

Our strategy is to continue to grow WealthFoundations by adding additional product and service features and work with other super funds where appropriate.

Objective: 1st or 2nd quartile
Status: achieved



¹ Compared to Chant West – Retail Master Trust group

Jane Paskin

Chair, ClearView Life Nominees

25 February 2021

Methodology

To benchmark investment performance and volatility, ClearView use Morningstar data for peer comparisons as they cover a comprehensive range of super and pension investments that are widely used by members who use a financial adviser, which is the target market for WealthFoundations.

To benchmark administration fees and other product features, ClearView use Chant West data for peer comparisons. To benchmark product features in the Chant West database, we compared ourselves to the retail master trust group, using an average balance of \$150k.

Appendix 1 - Investment returns

In most categories, WealthFoundations achieved top quartile returns for the year ended 30 June 2020 compared to funds in the Morningstar Super and Pension Multisector categories and Chant West Retail Master Trust group.

One-year investment returns to 30 June 2020 – Source: Morningstar Direct

Pension Multisector Moderate		Quartiles	Superannuation Multisector Moderate		Quartiles
IPS Active Dynamic 30 (Pension)		2nd	IPS Active Dynamic 30 (Super & TTR)		2nd
IPS Index Dynamic 30 (Pension)		1st	IPS Index Strategic 30 (Super & TTR)		1st
IPS Index Strategic 30 (Pension)		1st	IPS Active Strategic 30 (Super & TTR)		2nd
IPS Active Strategic 30 (Pension)		1st	IPS Index Dynamic 30 (Super & TTR)		1st
Pension Multisector Balanced		Quartiles	Superannuation Multisector Balanced		Quartiles
IPS Active Strategic 50 (Pension)		2nd	IPS Active Strategic 50 (Super & TTR)		2nd
IPS Active Dynamic 50 (Pension)		1st	IPS Active Dynamic 50 (Super & TTR)		1st
IPS Index Strategic 50 (Pension)		1st	IPS Index Strategic 50 (Super & TTR)		1st
IPS Index Dynamic 50 (Pension)		1st	IPS Index Dynamic 50 (Super & TTR)		1st
Pension Multisector Growth		Quartiles	Superannuation Multisector Growth		Quartiles
IPS Index Dynamic 70 (Pension)		1st	IPS Index Dynamic 70 (Super & TTR)		1st
IPS Active Dynamic 70 (Pension)		1st	IPS Active Dynamic 70 (Super & TTR)		1st
IPS Index Strategic 70 (Pension)		1st	IPS Active Strategic 70 (Super & TTR)		2nd
IPS Active Strategic 70 (Pension)		2nd	IPS Index Strategic 70 (Super & TTR)		1st
Pension Multisector Aggressive		Quartiles	Superannuation Multisector Aggressive		Quartiles
IPS Active Strategic 100 (Pension)		3rd	IPS Index Dynamic 90 (Super & TTR)		1st
IPS Index Strategic 100 (Pension)		2nd	IPS Index Strategic 85 (Super & TTR)		1st
IPS Active Strategic 85 (Pension)		2nd	IPS Index Strategic 100 (Super & TTR)		1st
IPS Index Strategic 85 (Pension)		1st	IPS Active Dynamic 90 (Super & TTR)		1st
IPS Active Dynamic 90 (Pension)		1st			
IPS Index Dynamic 90 (Pension)		1st			

One-year investment returns for retail master trusts to 30 June 2020 – Source: Chant Wes

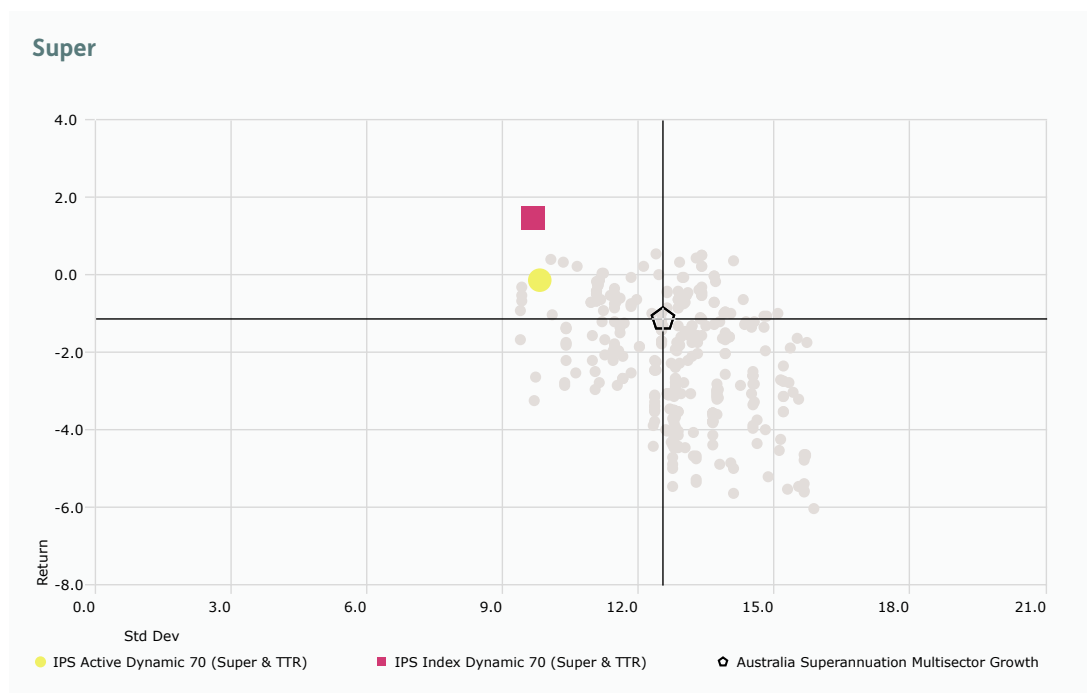
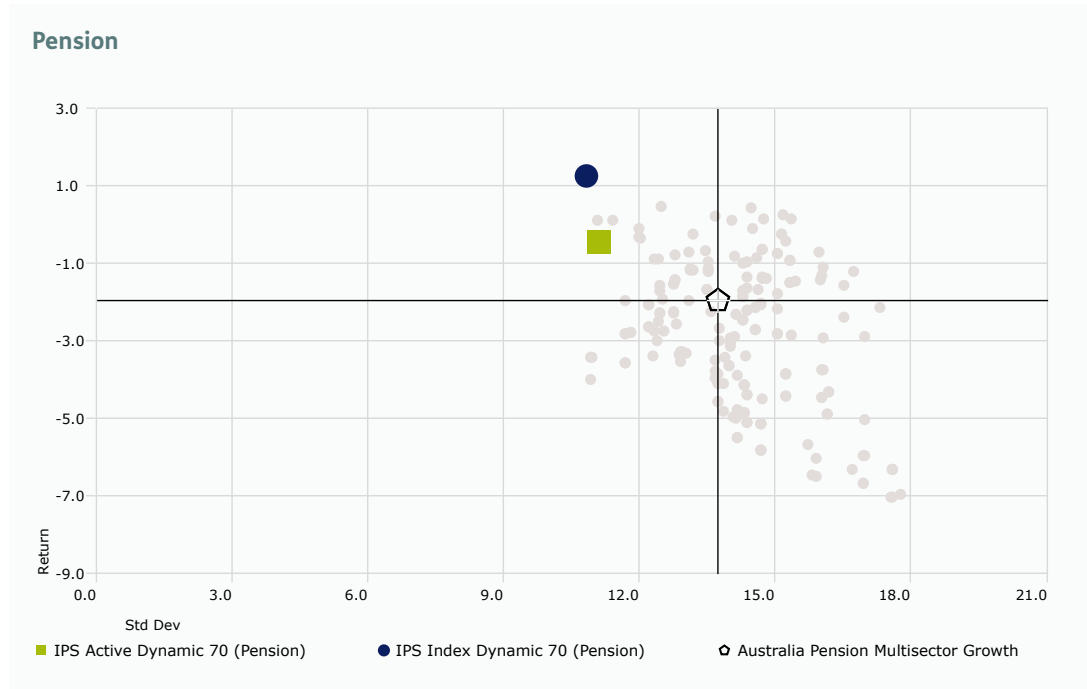
Moderate (41-60% growth assets)		Quartiles	Growth (61-80% growth assets)		Quartiles
IPS Active Dynamic 50		1st	IPS Active Dynamic 70		1st
IPS Index Dynamic 50		1st	IPS Index Dynamic 70		1st
IPS Active Strategic 50		2nd	IPS Active Strategic 70		3rd
IPS Index Strategic 50		1st	IPS Index Strategic 70		1st

Legend	Morningstar	Chant West
1st	Above 75% Well above average	Best quartile
2nd	50%-75% Above average	Second quartile
3rd	25%-50% Slightly below average	Third quartile
4th	0-25% Well below average	Worst quartile

Appendix 2 - Managing investment risk

The charts below show risk in standard deviations (Std Dev) on the horizontal axis while the vertical axis measures annualised returns. The Index and Active Dynamic 70 options have experienced very low volatility relative to funds in their Morningstar peer group.

Dynamic 70 (1 July 2019 to 30 June 2020)



Peer group (5-95%): Morningstar Insurance and Pension Funds - Australia - Pension / Superannuation - Multisector Growth

Source: Morningstar Direct

Appendix 3 - Fees and net returns

Comparisons are shown below for \$150,000 invested in active and index Conservative, Moderate, Growth and High Growth risk profiles for the year to 30 June 2020.

In this table, Net returns for all investment strategies were in the first and second quartiles for the Chant West Retail Master Trust group. Net returns are calculated as investment returns less total fees. Total fees include administration and investment fees.

While investment fees are higher for active than index strategies, these fees were offset by relatively low admin fees and high returns to deliver first and second quartile net returns.

Conservative (21-40% growth assets) - Super	Admin fee	Investment fee	Total fees	Net returns
IPS Active Dynamic 30	1st	4th	1st	2nd
IPS Index Dynamic 30	1st	1st	1st	1st
IPS Active Strategic 30	1st	3rd	1st	2nd
IPS Index Strategic 30	1st	1st	1st	1st
Moderate (41-60% growth assets) - Super	Admin fee	Investment fee	Total fees	Net returns
IPS Active Dynamic 50	2nd	4th	3rd	1st
IPS Index Dynamic 50	2nd	1st	1st	1st
IPS Active Strategic 50	2nd	4th	2nd	2nd
IPS Index Strategic 50	2nd	1st	1st	1st
Growth (61-80% growth assets) - Super	Admin fee	Investment fee	Total fees	Net returns
IPS Active Dynamic 70	1st	4th	2nd	1st
IPS Index Dynamic 70	1st	1st	1st	1st
IPS Active Strategic 70	1st	3rd	2nd	2nd
IPS Index Strategic 70	1st	1st	1st	1st
High Growth (81-95% growth assets) - Super	Admin fee	Investment fee	Total fees	Net returns
IPS Active Dynamic 90	1st	4th	3rd	1st
IPS Index Dynamic 90	1st	1st	1st	1st
IPS Active Strategic 85	1st	4th	2nd	1st
IPS Index Strategic 85	1st	1st	1st	1st

Legend

	Best quartile
	Second quartile
	Median
	Third quartile
	Worst quartile






Source: Chant West - Retail Master Trust group, net returns for 1 year to 30 June 2020

Appendix 4 - Sustainability

Operating expenses, cash flows, growth and other sustainability metrics were top quartile, based on Chant West analysis of APRA data for the ClearView Retirement Plan (CRP) for the year ended 30 June 2020. Products in the CRP included ClearView WealthFoundations, ClearView WealthSolutions, ClearView Superannuation and Rollovers, ClearView Pension Plan and ClearView LifeSolutions Super (ClearView LifeSolutions Super was included until 31 October 2020).

CRP result	Item	How was it calculated from APRA data?
\$56	Operating expense per member	Total operating expense / Number of members
7.1%	Net cash flows	(Flows in + (Rollovers in - Rollovers out) - Flows out) / Net assets
62.6%	Benefit outflow ratio	(Flows out + Rollovers out) / (Flows in + Rollovers in)
11.2%	Net rollover ratio	(Rollovers in - Rollovers out) / Net assets
11%	Membership base trend	Annual change in number of members compared to the previous year
92.8%	Active member ratio	Active members / Total members
0.12%	Total operating expenses to assets ratio	Total operating expenses / assets

Legend

	Best quartile
	Second quartile
	Median
	Third quartile
	Worst quartile

Quartiles (based on APRA data)

The key performance indicators are shown as better than benchmark (green) if they meet the following criteria:

- Operating expense: < median*
- Net cash flows: > 0%
- Benefit outflow ratio: < 100%
- Net rollover ratio: > 0%
- Membership base trend: > 0%
- Active member ratio: > median*
- Total operating expenses to assets ratio: < median*

*Refers to median of all funds excluding any employer plans

Source: Chant West, APRA

Important information

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