



Elysia and Spirit Super member Elly

Member outcomes assessment for 30 June 2023

Choice product

Contents

Determination summary	3
Assessment detail	4
Appendix 1 – Assessment methodology	8

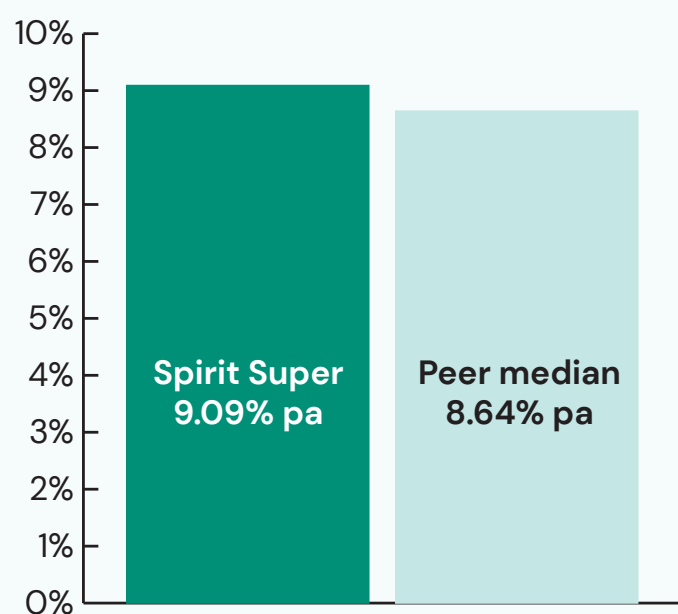
At Spirit Super we work as hard as you do. With low fees and a history of strong, long-term returns, we put your super to work.

Each year we're required to assess our performance in promoting the financial interests of our members by each of our products. This assessment takes into account the results of the APRA annual performance test (which we've passed in the inaugural assessment of choice products) as well as examining a range of product comparisons and other assessment factors.

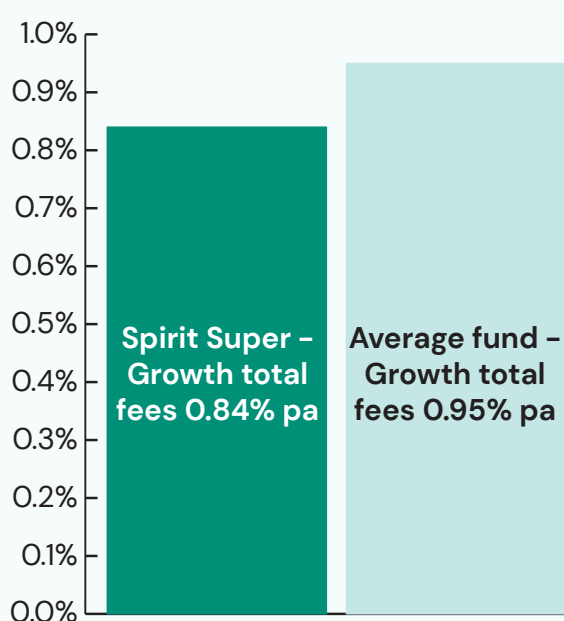
Based on our assessment, the Trustee has determined that Spirit Super's choice product promoted the best financial interests of members for the year ended 30 June 2023.

Our approach, peer groups and data sources for this assessment are on page 8.

Spirit Super at a glance – Growth investment option



Most of our choice product members are invested in the Growth investment option. Over 10 years, our Growth option produced a net investment return of **9.09% pa** compared to a peer median¹ of 8.64% pa.



Members invested in the Growth investment option with an account balance of \$50,000 paid **0.84% pa** in total fees, considerably less than the industry median² of 0.95% pa.

¹Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Returns are net of fees and costs. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. | ²Source: APRA quarterly superannuation product statistics at 30 June 2023.

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Determination summary

Comparison factors

Investment returns

Our choice product's pre-mixed option investment returns outperformed the APRA performance test returns benchmark over the 9-year assessment period.

Our Growth option, where most choice product members are invested, achieved returns above the median³ over the key time frames used for our assessment of 1 and 10 years relative to comparable investment options.

Our peer relative performance is heavily influenced by our options' exposure to growth assets versus the comparable median peer fund, as well as the performance of the fund's active managers over different time frames.

³Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Fees and costs

Our fees and costs for the choice product remain competitive, passing the APRA performance test fees and cost benchmark assessment for pre-mixed investment options and confirming that our fees and costs are providing value to our members.

Within our choice product, the total annual fees (administration and investment) for our pre-mixed investment options on a \$50,000 account balance were considerably lower than the median⁴ super fund.

⁴Source: APRA quarterly superannuation product statistics at 30 June 2023.

Investment risk

Performance of our products and level of risk is aligned with the investment strategy.

We manage risk carefully across all our products. Our products' performance and risk level were aligned with our investment strategy and consistent with the level of risk of comparable choice investment options offered across other super funds⁵.

⁵Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Assessment factors

Investment strategy

We offer a range of investment options with different asset allocations and risk profiles to suit the diverse needs of our members.

Our investment strategy is to build a diversified portfolio of assets that balances investment returns and risks. We achieve this by investing in a combination of growth assets and defensive assets across both public and private markets. A core belief is that we can add value to members via active investing.

Insurance strategy and fees

We recognise how important it is to have insurance cover that's appropriate and affordable for our members.

Our guiding principle is that the cost of default insurance cover should be no more than 1% of salary over a member's lifetime (to retirement), which is currently being achieved.

Our members' claims experience as measured by approval rates and claim times was better than our competitors over 2022–23⁶.

⁶Source: SuperRatings Benchmark Report 2024 (all funds).

Options, benefits and facilities

We strive to support our members' journey with choice and service as unique as they are. We pride ourselves on easy interactions, excellent service, and personal support, with products and services that offer good value and meet the changing needs of members now and in the long run.

Scale

As a mid-size fund, Spirit Super is well placed to take advantage of economies of scale and negotiate competitive fees with strategic partners and investment managers.

The fund continues to be focused on growth opportunities to further provide superior financial benefits and services to members now and into the long term. The merger with CareSuper in late 2024 is central to achieving our current scale targets to continue to be a sustainable fund and deliver value for members.

Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and be sustainable, competitive, and equitable.

Our operating cost to asset ratio for the 2022–23 financial year was below the median of other super funds (being in the lowest 25%⁷) and shows that our fees are set appropriately in the best financial interests of members.

⁷Source: SuperRatings Benchmark Report 2024 (all funds).

Assessment detail

Comparison factors

Investment returns

Our choice product’s pre-mixed investment options passed the inaugural APRA performance test, which included our investment returns outperforming the benchmark over the 9-year assessment period. Passing this test confirms that we continue to deliver strong long-term outcomes to our members through the implementation of our investment strategy for our choice product as independently confirmed by the industry regulator.

Our Growth option’s net returns to 30 June 2023 were above the median of similar peer options over the key time frames used for our assessment of 1 and 10 years.

Net return⁸ (investment return minus administration and investment fees and costs) for a \$50,000 account balance invested in the Growth option as at 30 June 2023

	1 year %	10 years % pa
Spirit Super	12.01	9.09
Relative to median	0.83 above median	0.45 above median

⁸Net return is the return after administration and investment fees and costs, transaction costs and taxation for a representative member with an account balance of \$50,000. Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023 including products that have the approximate ratio of 77–90% growth assets which is the most appropriate comparison to the Spirit Super Growth option. Investment returns aren’t guaranteed. Past performance isn’t a reliable indicator of future returns.

4 While most choice product members are invested in the Growth option, there were eight investment choice options at 30 June 2023, each with different investment risk levels and return objectives. Compared to other funds, our Growth, Sustainable, Conservative and Cash investment options were strong performers in the 2022–23 financial year, achieving a higher return than the relevant median fund. The Moderate, Australian shares, International shares and Diversified fixed interest sector option had mixed performance over the 1 year assessment period, with below median returns to 30 June 2023. Our relative performance is influenced by our options’ exposure to growth assets versus the respective median peer fund. For our Moderate option, we found it had a modestly lower exposure to growth assets, primarily listed equity, than our peers.

Overall, we’ve assessed that the investment returns provided by our choice options were competitive⁹. See page 9 for the performance of all Spirit Super choice product investment options over various time frames.

⁹Returns of the choice product versus the median investment option with a similar growth profile provided by SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren’t guaranteed. Past performance isn’t a reliable indicator of future returns.

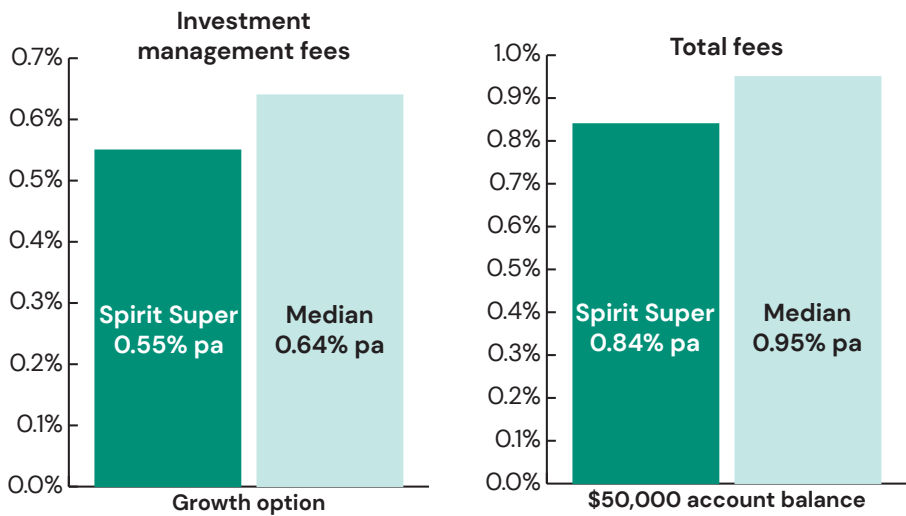
Fees and costs

We keep our fees low, so our members have more to invest for the future. As an industry super fund, we're run only to benefit members, no one else – we don't pay commissions to advisers or give profits to shareholders.

Our choice product's pre-mixed investment options passed the inaugural APRA performance test assessment of choice product's annual fees and costs, with lower than benchmark fees, demonstrating that we've delivered value to our members through competitively positioned administration fees, as determined by the independent industry regulator.

The fees and costs that apply to Spirit Super's choice products remain competitive against the industry median. When invested in the Growth option, investment fees and total annual fees (administration and investment fee) are significantly lower than the median comparable fund¹⁰.

Annual investment management and total fee on a \$50,000 account balance – Growth option as at 30 June 2023



¹⁰Source: SuperRatings Smart 2 and Spirit Super *Member guide* (March 2023) for investment management fees and APRA quarterly superannuation product statistics for total fees.

Generally, the fees and costs you pay as a percentage of your account balance will be higher for a low balance and will decrease as it grows. See page 10 for investment management and total fees when invested in other choice options.

Investment risk

Performance for Spirit Super's choice product investment options was consistent with the stated standard risk measure and was aligned with that of the median risk profile of comparable investment options, therefore the level of investment risk and return target was considered appropriate for Spirit Super's choice members at 30 June 2023. Detail on the comparison of standard deviation in investment performance as a measure of investment risk or volatility and against our stated standard risk measure is provided for each investment option is provided on page 11.

Assessment factors

Investment strategy

We offer a range of investment options with different asset allocations and risk profiles to suit the diverse needs of our members. Our investment strategy is to build a diversified portfolio of assets that balances investment returns and risks, designed to maximise the probability of achieving return objectives across the long term.

Our choice product investment options performance against their stated 'CPI +' or benchmark objective over the minimum investment horizons is provided on page 12. Our pre-mixed Growth investment option (with longer time horizons and higher allocations to growth assets) has significantly outperformed the return objective, with most other choice products meeting their stated return objectives over minimum time frames at 30 June 2023¹¹.

We continually monitor a range of indicators to look for changes in the investment environment, and in response we've undergone a significant review and restructure of the Spirit Super investment portfolio over the last two years.

Considering the investment environment, ongoing monitoring, the review of all choice products, and the recently observed improvement in performance versus targets, we consider that the choice products' investment strategies are suitable to support members' risk and return objectives over their relevant investment time horizons looking forward.

Our investment options' risk and return objectives are available in our [Investment guide](#).

¹¹Conservative and International shares options haven't met their stated return objectives over the minimum time frame to 30 June 2023. See page 12 for more information.

Insurance strategy and fees

We recognise how important it is to have insurance cover that's appropriate and affordable for our members. Most Spirit Super members get default death, total and permanent disablement cover and income protection cover (default B members) when they become a member and meet certain eligibility criteria.

The level of cover we automatically provide our members is based on their likely needs and considers a range of characteristics of our membership. We believe that the cost of default insurance cover should be no more than 1% of salary over a member's lifetime (to retirement). Our insurance fees for default cover (June 2023) were below 1% of salary over a member's lifetime and therefore don't inappropriately erode the retirement balances of our members.

We undertook a price review in 2022 which resulted in a fee reduction in early 2023 (with a 3-year rate guarantee) – a great outcome for our members. We also made the following product improvements:

- changes to the total and permanent disablement definition
- introduction of premium waivers while on employer-approved maternity leave
- introduction of MetLife's 360 virtual care service.

A key assessment criterion for how Spirit Super's insurance offering is impacting member outcomes is through the member claims experience, particularly in relation to the proportion of claims which are approved by the fund's insurer. Spirit Super's insurance offering provided higher approval rates for death, total and permanent disability and income protection claims compared to other funds to 30 June 2023.

Our members' claims experience as measured by approval rates and claim times was better than our competitors over 2022–23¹², with above 90% of all member claims approved.

¹²Source: SuperRatings Benchmark Report 2024.

Options, benefits and facilities

We strive to support our members' journey with choice and service as unique as they are.

We pride ourselves on easy interactions, excellent service, and personal support, with products and services that offer good value and meet the changing needs of members now and in the future.

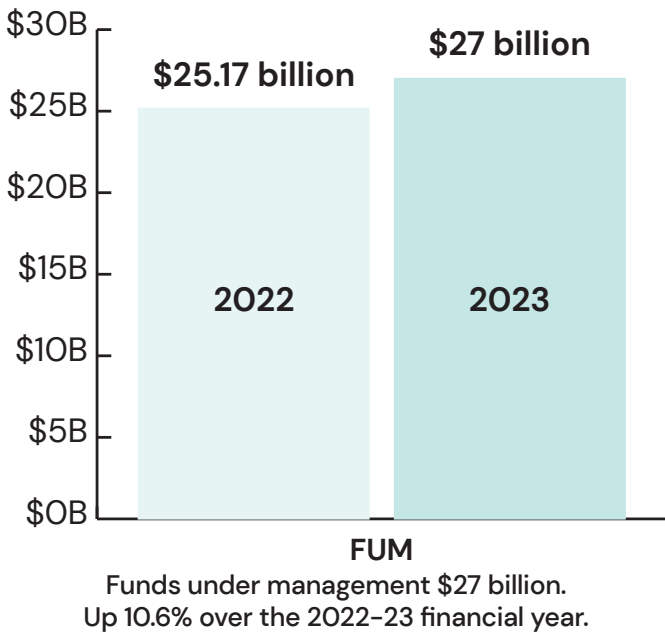
Spirit Super members benefit from a range of quality services that are well used and offer good value. This includes access to a local contact centre, staff located in our members' communities, online access via **Member Online** and the **Spirit Super app**, web tools and articles, advice options, and access to employer, retirement and financial planning seminars and webinars at no additional cost.

We regularly assess these services to make sure they're appropriate for our members. These assessments include measurement of usage, member experience and cost.

Scale

As a medium sized fund, we're well positioned to meet the financial interests of members.

In the 2022-23 financial year our funds under management (\$27b at 30 June 2023) significantly increased by 10.6%, this was better than the industry median of 10.1%¹³. The number of Spirit Super member accounts increased by 5.3% over the 2022-23 financial year, higher than the median account growth of 1.0%. Our size enables us to capture economies of scale to create cost efficiencies and gives us access to attractive, large-scale investment opportunities. Our scale doesn't disadvantage the financial interests of members holding the relevant products.



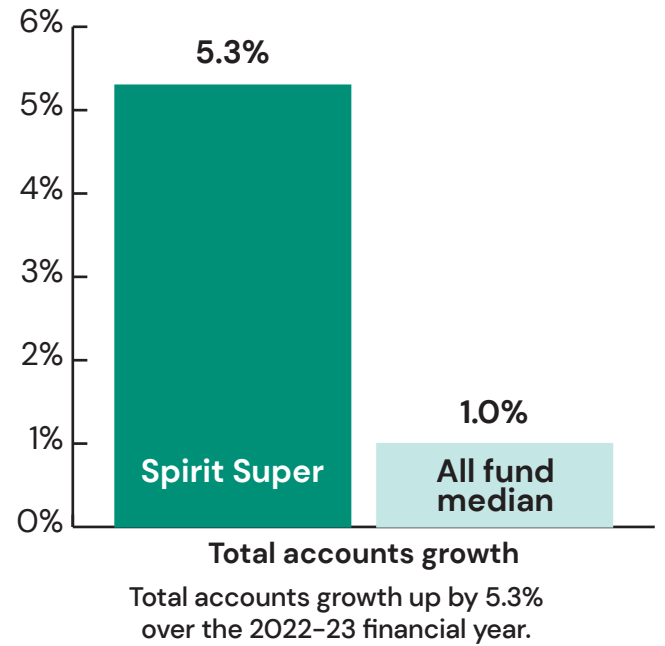
Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and be sustainable, competitive, and equitable. Administration fees relate to the cost of providing services like our contact centre, member seminars, member communications and online tools to provide our members with what they need to grow their super for retirement.

Spirit Super's operating cost metrics are low relative to industry with the fund positioned within the lowest cost quadrant and demonstrating our continued ability to control and keep costs low through our operating model relevant to the size and membership of our fund over the 2022-23 financial year. The fund's operating expenses relative to net assets (member expense ratio) were 0.29% per annum, below the median fund of 0.34% per annum, with our cost per member at \$229, remaining significantly below the industry median of \$332.¹⁴

These results confirm that our operating costs aren't inappropriately affecting the financial interests of our members and our fees are set appropriately in the best financial interests of our members.

¹⁴Source: SuperRatings Benchmark Report 2024.



¹³Source: SuperRatings Benchmark Report 2024.

Annual determination for the period ending 30 June 2023

Based on this assessment the trustee has determined:

- that the Spirit Super choice product compares well to peers and meets the financial interests of beneficiaries in regard to fees and costs, returns, investment strategy and the level of investment risk
- that the financial interests of the beneficiaries of Spirit Super are promoted by the trustee because:
 - the options, benefits and facilities offered are appropriate
 - the insurance strategy for the choice product is appropriate and the insurance fees don’t inappropriately erode retirement income
 - scale within the trustee’s business operations isn’t causing a disadvantage
 - operating costs of the trustee’s business operations aren’t inappropriately affecting the financial interests, and
 - that the basis for the setting of fees is appropriate.

Appendix 1 – Assessment methodology

This *Member outcomes assessment* complies with the requirements of the *Superannuation Industry Supervision Act 1993 (SIS Act)* and *Superannuation Prudential Standard 515 Strategic Planning and Member Outcomes (SPS 515)*.

As prescribed by the regulations of the Australian Prudential Regulation Authority (APRA), the member outcomes assessment includes:

- assessment of our performance relative to peers (comparison factors):
 - investment returns
 - fees and costs
 - investment risk.
- assessment of the appropriateness of assessment factors:
 - investment strategy
 - insurance strategy and fees
 - options, benefits, and facilities
 - fees and costs
 - scale
 - the setting of fees and operating costs.

Comparative factors

Returns, fees and investment risk for the choice product are compared to the median for a reasonable peer group as noted in the following table.

Investment option	Peer group	Data source
Pre-mixed options only (Growth, Sustainable ¹⁵ , Moderate ¹⁵ , Conservative).	• All comparable APRA funds – trustee directed non-platform options.	• APRA annual performance test – choice. • APRA quarterly superannuation product statistics.
All pre-mixed and asset class options.	• All comparable SuperRatings funds – accumulation.	• SuperRatings Fund Crediting Rate Survey. • SuperRatings Benchmark Report 2024.

¹⁵These investment options started on 1 April 2021. Where sufficient data is unavailable, these options have been excluded from the assessment for 30 June 2023.

Choice product investment options – investment returns

Spirit Super offers eight investment options, each with different investment risk levels and return objectives.

The following tables detail the investment option's performance relative to the median return of comparable options. Returns against the stated investment strategy CPI objective or benchmark we aim to achieve for each option to 30 June 2023 are provided on page 12.

Net investment return¹⁶ – choice options as at 30 June 2023

	1 years %	3 years % pa	5 years % pa	7 years % pa	10 years % pa
Growth	12.01	9.45	7.04	8.59	9.09
Relative to median	0.83	0.11	0.12	0.21	0.45
Sustainable¹⁷	9.74	7.00	6.05	6.96	N/A
Relative to median	0.69	-0.52	0.17	0.03	N/A
Moderate¹⁷	6.92	4.88	4.74	5.21	N/A
Relative to median	-0.01	-0.45	0.13	-0.37	N/A
Conservative	4.72	3.58	3.38	3.98	4.59
Relative to median	0.09	0.43	0.24	0.19	0.08
Australian shares	13.54	10.48	6.78	8.94	8.77
Relative to median	-0.15	-0.72	-0.40	0.00	0.09
International shares	16.66	10.80	7.47	9.31	9.52
Relative to median	-0.94	0.00	-1.13	-0.93	-0.85
Diversified fixed interest	0.43	-2.41	0.04	0.54	1.52
Relative to median	-0.08	-0.10	-0.42	-0.37	-0.57
Cash	2.76	1.05	1.18	1.32	1.55
Relative to median	0.09	0.04	0.00	0.00	-0.02

Returns above peer median. | Returns below peer median. | Returns in line with peer median.

¹⁶Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. | ¹⁷Moderate and Sustainable options have only been offered to Spirit Super members from 1 April 2021. However, historic performance is available from the Tasplan investment option adopted in the MTAA Super/Tasplan merger which have been included for this comparison.

Option	Comparative peer median
Growth (89.5%¹⁸ growth)	SuperRatings SR50 Growth (77–90) Index
Sustainable (75% growth)	SuperRatings SR50 Balanced (60–76) Index
Moderate (52% growth)	SuperRatings SR25 Conservative Balanced (41–59) Index
Conservative (33% growth)	SuperRatings SR50 Capital Stable (20–40) Index
Australian shares	SuperRatings SR50 Australian Shares Index
International shares	SuperRatings SR50 International Shares Index
Diversified fixed interest	SuperRatings SR25 Diversified Fixed Interest Index
Cash	SuperRatings SR50 Cash Index

¹⁸Based on actual strategic asset allocation for the Spirit Super Growth investment option of 89.5%.

Choice product investment options – fees and costs

Choice investment options investment management and total fees relative to comparable options at 30 June 2023 are shown in the following tables. The assessment of total fees was made against comparable APRA data, noting that APRA doesn't provide data for Australian shares, International shares, Diversified fixed interest or Cash asset class options.

Investment management fees as at 30 June 2023¹⁹

Option	Spirit Super fees % pa	Median fees % pa
Growth	0.55	0.64
Sustainable	0.53	0.53
Moderate	0.41	0.57
Conservative	0.34	0.49
Australian shares	0.47	0.71
International shares	0.44	0.66
Diversified fixed interest	0.20	0.45
Cash	0.06	0.07

Fees below peer median. | Fees above peer median. | Fees in line with peer median.

¹⁹Source: SuperRatings Smart 2 and Spirit Super Member guide (March 2023).

Total fees²⁰ by choice product investment option as at 30 June 2023

Account balance	Spirit Super % pa	Median fees % pa
Conservative		
\$50,000	0.66	0.98
\$100,000	0.59	0.93
\$250,000	0.55	0.89
Moderate		
\$50,000	0.72	0.97
\$100,000	0.65	0.95
\$250,000	0.61	0.92
Sustainable		
\$50,000	0.51	1.12
\$100,000	0.46	1.07
\$250,000	0.43	1.04
Growth		
\$50,000	0.84	0.95
\$100,000	0.77	0.94
\$250,000	0.73	0.93

Fees below peer median. | Fees above peer median.

²⁰Source: APRA quarterly superannuation product statistics. Median comparison based on actual strategic asset allocation for our Growth investment option of 89.5%.

Choice product investment options – investment risk

Spirit Super has undertaken internal modelling of expected risk and returns across asset classes, drawing on market assumptions provided by the investment consultant and metrics reflecting the portfolio construction of Spirit Super's asset classes. This modelling is used to construct an expected distribution of returns for each investment option to assess the risk of any option generating a negative return in a 20-year period, referred to as the standard risk measure.

The following table provides modelling undertaken in 2023 for all choice product investment options based on Spirit Super's asset class assumptions and compared the output with the standard risk measures disclosed in Spirit Super's *Member guide* (PDS) at 30 June 2023.

Assessment of standard risk measures as at 30 June 2023

Option	Number of negative years in any 20-year period	
	Target standard risk measure	Standard risk measure
Growth	4 to less than 6 years	4.6
Sustainable²¹	3 to less than 4 years	3.9
Moderate²¹	2 to less than 3 years	2.8
Conservative	1 to less than 2 years	1.4
Australian shares	4 to less than 6 years	5.9
International shares	4 to less than 6 years	5.4
Diversified fixed interest	1 to less than 2 years	1.1
Cash	0 to less than 0.5 years	0.0

Standard risk measure within target range.

Standard risk measure outside of target range.

²¹Moderate and Sustainable options have only been offered to Spirit Super members from 1 April 2021. However, historic performance is available from the Tasplan investment option adopted in the MTAA Super/Tasplan merger which have been included for this comparison. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

The following compares standard deviation of each choice product investment option as a measure of volatility in returns relative to comparable options over 3 and 10 years.

Standard deviation²² as at 30 June 2023

	Spirit Super % pa	Median % pa
Growth		
3 years	7.64	7.64
10 years	7.31	7.49
Moderate²³		
3 years	4.10	5.08
10 years	N/A	N/A
Sustainable²³		
3 years	6.34	6.49
10 years	N/A	N/A
Conservative		
3 years	2.72	3.29
10 years	2.56	3.08
Australian shares		
3 years	11.90	12.02
10 years	12.26	12.42
International shares		
3 years	11.27	10.73
10 years	10.28	10.32
Diversified fixed interest		
3 years	4.08	4.16
10 years	2.70	2.87
Cash		
3 years	0.37	0.36
10 years	0.24	0.27

Standard deviation below peer median

Standard deviation above peer median.

²²Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. | ²³Moderate and Sustainable options have only been offered to Spirit Super members from 1 April 2021. However, historic performance is available from the Tasplan investment option adopted in the MTAA Super/Tasplan merger which have been included for this comparison. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

Assessment factors

Assessment factors determine whether the level of risk, additional benefits, services and facilities, and default insurance associated with our choice product is affordable and appropriate to members holding this product.

Further, an assessment of the scale, operating costs, and the basis for setting fees has been undertaken to determine that they're not causing disadvantages or inappropriately affecting the financial interests of our members.

Choice product – investment strategy

Our choice product investment option performance against their stated 'CPI +' or benchmark objective over the minimum investment horizons is provided below.

Net investment return relative to CPI or benchmark objective as at 30 June 2023²⁴

Option	Minimum investment horizon	Result % pa
Growth	10 years	9.09
CPI + 4% pa		6.57
Conservative	4 years	2.82
CPI + 1% pa		5.03
Australian shares	10 years	10.99
ASX300 accumulation index		10.09
International shares	10 years	10.72
MSCI ACWI ex Australia partially hedged		11.51
Diversified fixed interest	5 years	0.16
AusBond/Global Agg Bond Index allocated per strategic asset allocation		-0.34
Cash	1 year	3.32
AusBond Bank Bill Index		2.89

Returns above stated risk return objective. | Returns below stated risk return objective.

²⁴Source: Jana Investment Advisers. | Moderate and Sustainable options have only been offered from 1 April 2021 and as such were excluded from this assessment. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

More information

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