



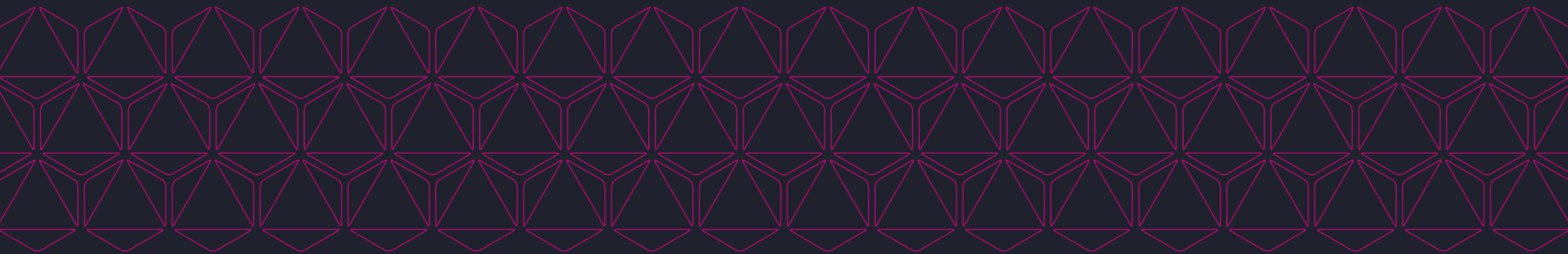
Member Outcomes Assessment

Praemium SMA Superannuation Fund
for the year ended 30 June 2021

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Introduction

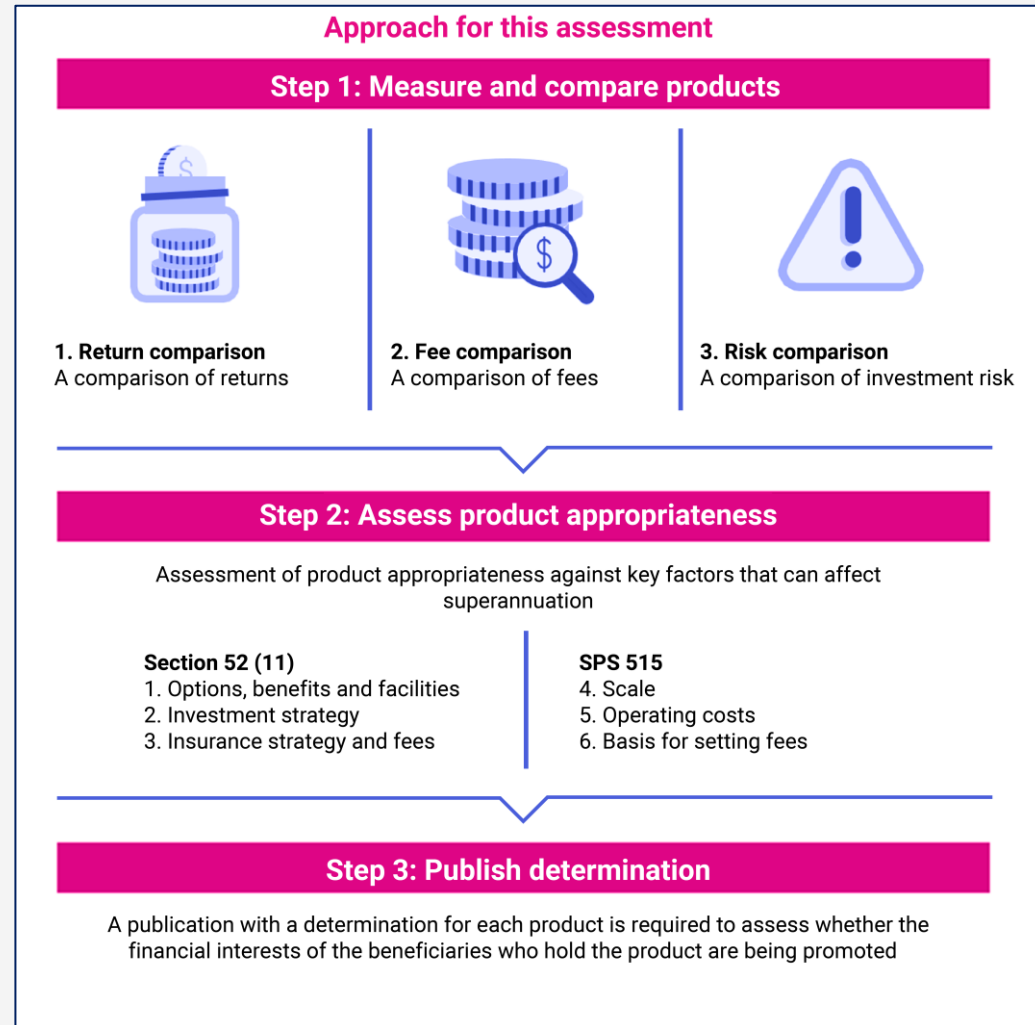


Introduction

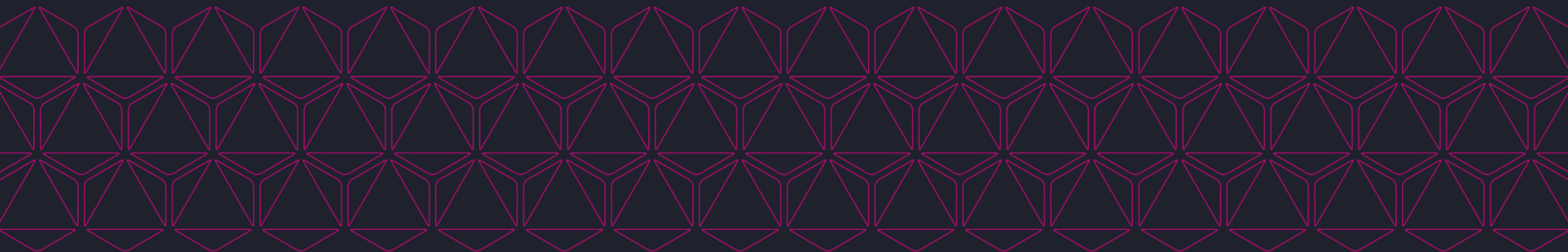
What is the Member Outcomes Assessment?

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 2022 and is relevant for the financial year ended 30 June 2021.



Executive Summary



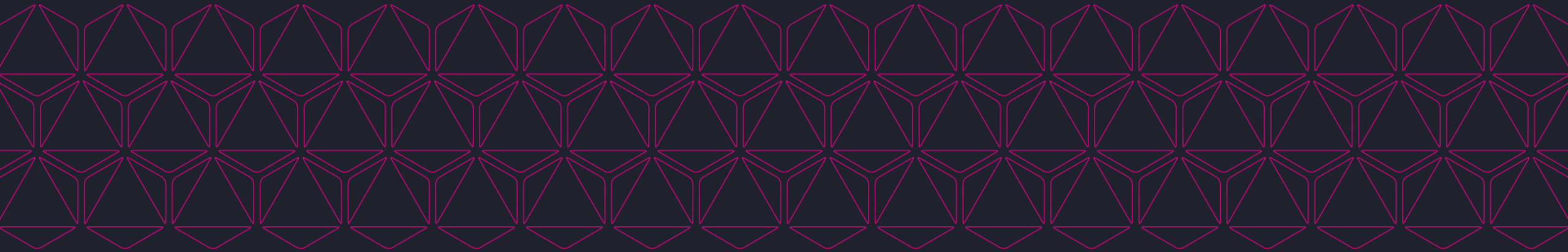
Product Determinations

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 their relevant peer fund median on \$50,000, \$100,000 and \$250,000 balances;
- » For investment returns, the majority of Praemium's investment options outperformed their relevant peer fund median on a three and five years' basis;
- » Risk-adjusted returns are higher or in line with 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.

The Trustee notes that operating cost management is a priority to ensure sustainability of the platform to ensure financial interest of beneficiaries continue to be served for the foreseeable future.

Praemium Overview



Praemium Overview

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

- » Accumulation Account
- » Pension Account, being either:
 - » Account Based Pension or
 - » Transition to Retirement Pension Account

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

- » Advisory Partners SuperSMA
- » Agentia SuperSMA
- » Burrell SuperSMA
- » Collins House SuperSMA
- » Praemium Enterprise SuperSMA
- » Praemium Series 1 SuperSMA
- » Praemium Managed Accounts Super
- » Providence Managed Accounts SuperSMA
- » Shaw Managed Accounts Superannuation
- » True Investing SuperSMA
- » Ventura Managed Account Portfolios Superannuation (VMAPS)
- » Praemium Managed Accounts for Infocus Superannuation

Praemium Overview

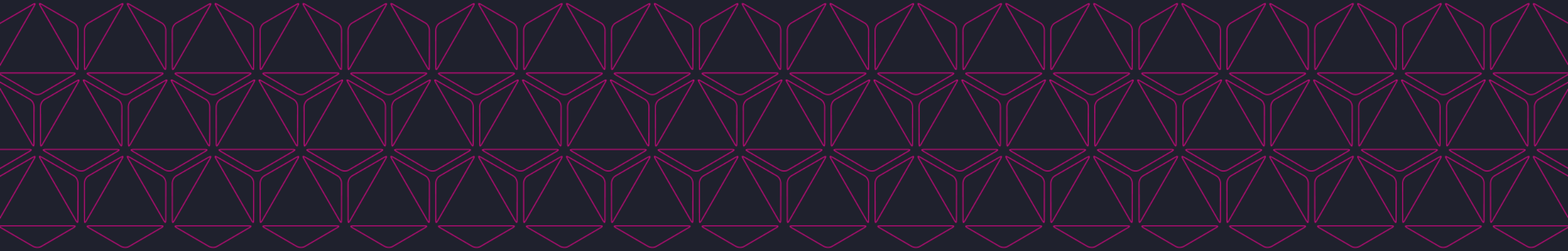
Members have access to over 1,600 investments via Praemium's investment menu, including:

- » Managed models
- » 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 eight Praemium investment options with the highest concentration of assets invested in them at 30 June 2021. 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 2021, please refer to your Financial Year 20/21 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 managed model, individual managed fund or ETF investment option selected and are not comparable to benchmarks based on pooled investment structures.

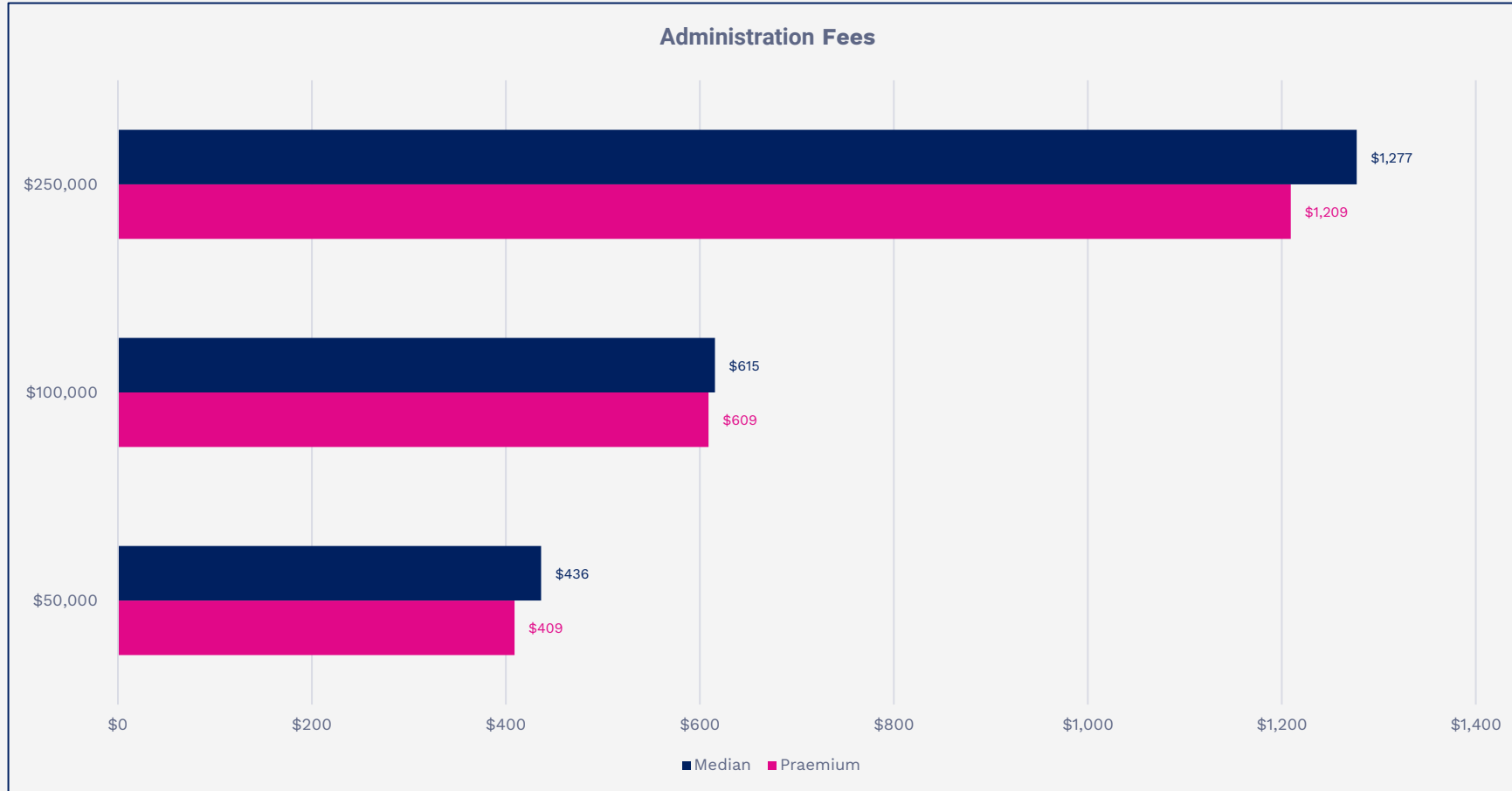
It is noted that this administration fee comparison is at the product and being assessed against a peer group of similar platform superannuation products. On the following page, the Praemium administration fee for Accumulation and Pension members is compared to the peer fund median administration fee which includes Praemium and 15 other peer Platform funds.

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

The average Praemium member has a balance of \$240,000, 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 16 similar platform products, which includes 15 Peers and Præmium SuperSMA. Peers are comprised of Præmium SMA Superannuation Fund, Division 1, DIY Division (Xplore), Allan Gray, Mason Stevens, Lifefocus Superannuation Fund, Personal Choice Private Superannuation Fund, WealthO2, MLC Wrap Super, Perpetual Private Super Wrap, BT Personal Super Plan (SuperWrap), AMP MyNorth Super, HUB24 Super, Netwealth Super Accelerator, IOOF Personal Super (Full Menu), and CFS FirstWrap Super. Administration fees are inclusive of any cost of recovery fees or Operational Risk Financial Requirement reserves.

Choice Investment Return Comparison

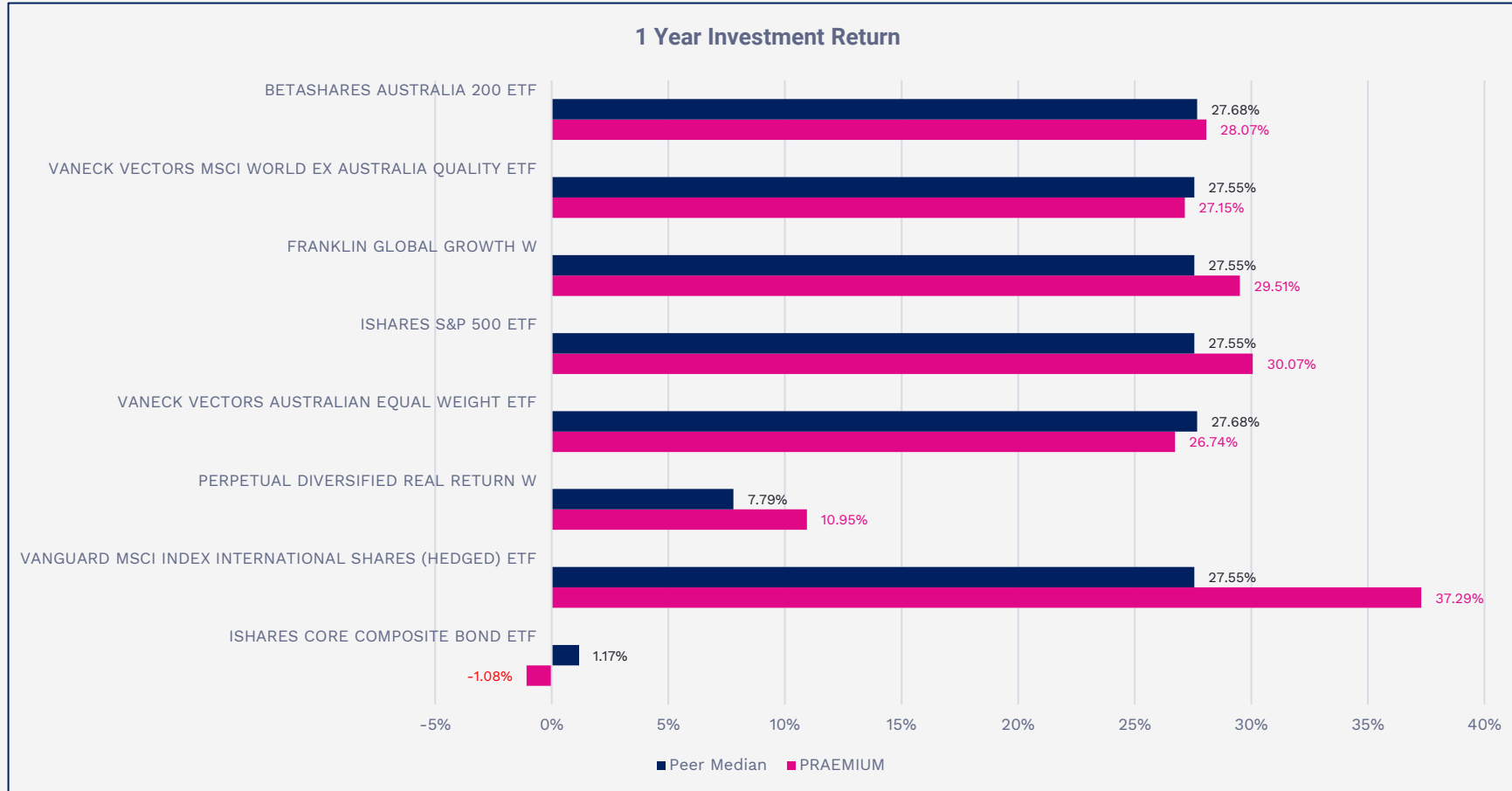
Praemium's net investment returns for the investment options that have been assessed in this report are illustrated in the graphs contained on pages 14, 15 and 16.

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.

Over a one year period to 30 June 2021, all in scope Praemium investment options outperformed their peer median, except for the VanEck MSCI International Quality ETF and VanEck Australian Equal Weight ETF. Over both the three year and five year period to 30 June 2021, all in scope Praemium investment options outperformed their peer fund median, except the VanEck Australian Equal Weight ETF for three years.

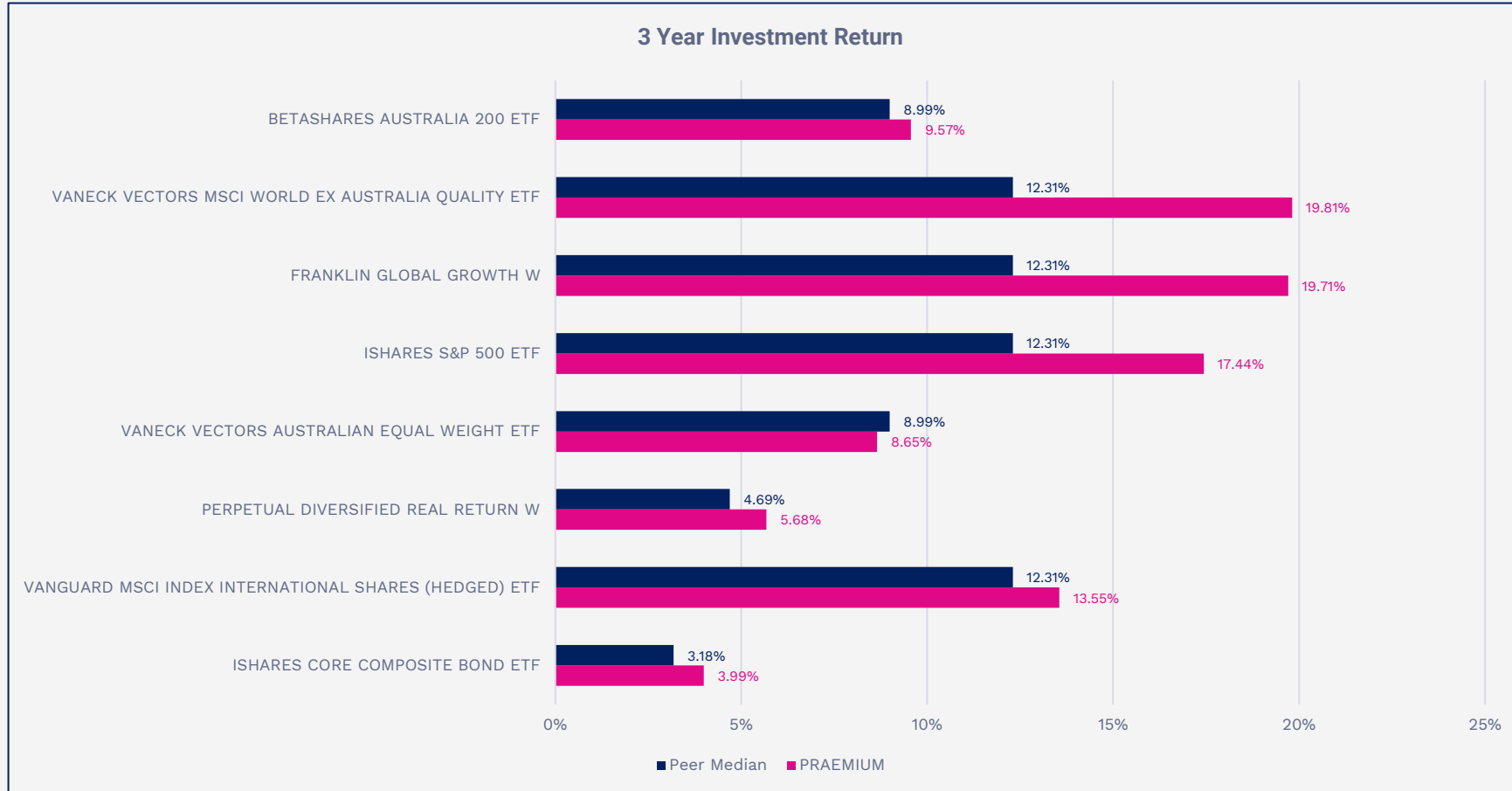
On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries as the investment returns show strong performance for the majority of in scope investment options over both the short term and the longer five year period.

Investment Return Comparison



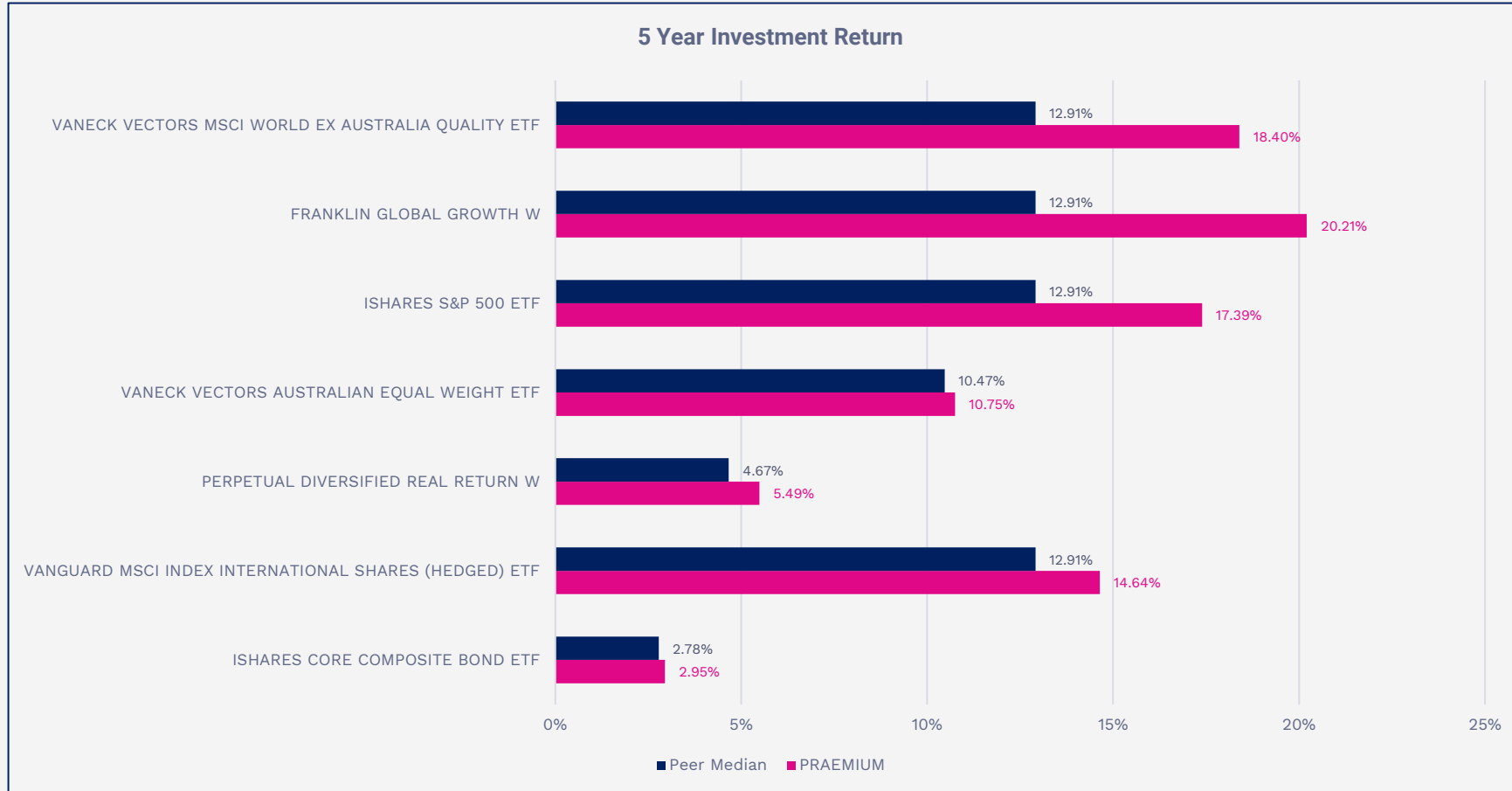
Source: Peer median is derived from SuperRatings median data for the relevant asset class Australian Shares for the SECURITIES LISTED IN ASX Option, Cash for the MAIN CASH ACCOUNT Option, Diversified Fixed Interest for the ISHARES CORE COMPOSITE BOND ETF Option, International Shares for the VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF Option, Capital Stable (20-40) for the PERPETUAL DIVERSIFIED REAL RETURN W Option, Australian Shares for the VANECK VECTORS AUSTRALIAN EQUAL WEIGHT ETF Option, International Shares for the ISHARES S&P 500 ETF Option, International Shares for the FRANKLIN GLOBAL GROWTH W Option, International Shares for the VANECK VECTORS MSCI WORLD EX AUSTRALIA QUALITY ETF Option, Australian Shares for the BETASHARES AUSTRALIA 200 ETF Option

Investment Return Comparison



Source: Peer median is derived from SuperRatings median data for the relevant asset class Australian Shares for the SECURITIES LISTED IN ASX Option, Cash for the MAIN CASH ACCOUNT Option, Diversified Fixed Interest for the ISHARES CORE COMPOSITE BOND ETF Option, International Shares for the VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF Option, Capital Stable (20-40) for the PERPETUAL DIVERSIFIED REAL RETURN W Option, Australian Shares for the VANECK VECTORS AUSTRALIAN EQUAL WEIGHT ETF Option, International Shares for the ISHARES S&P 500 ETF Option, International Shares for the FRANKLIN GLOBAL GROWTH W Option, International Shares for the VANECK VECTORS MSCI WORLD EX AUSTRALIA QUALITY ETF Option, Australian Shares for the BETASHARES AUSTRALIA 200 ETF Option

Investment Return Comparison



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Choice Investment Risk Comparison

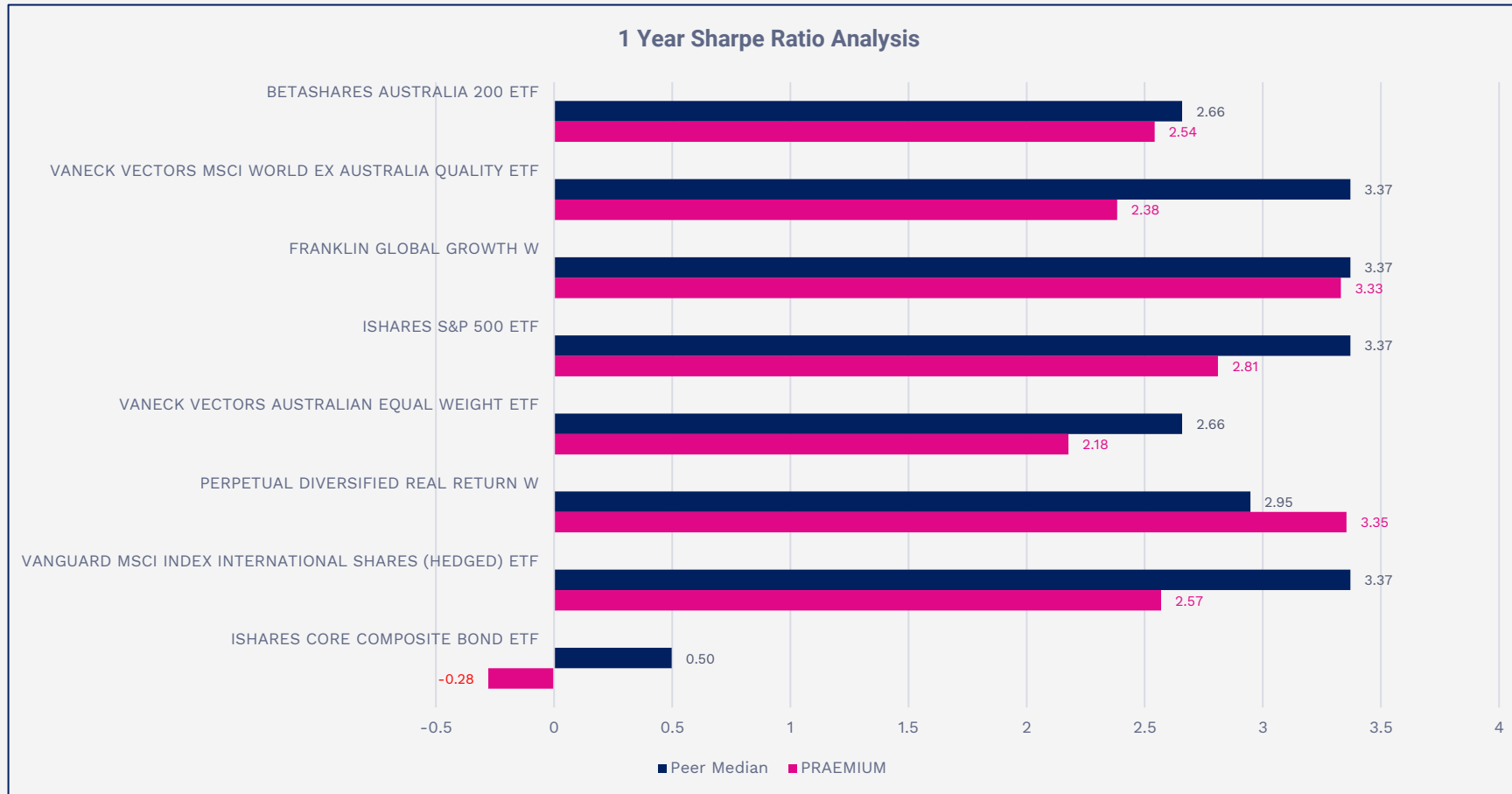
In the graphs on the following pages, we measure the performance of Praemium's top holdings after adjusting for risk comparing to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the greater the investment 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 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 Sharpe ratios are lower than the peer median for most of the in scope investment options for the one year period to June 30 2021. However, for the longer dated periods, the Sharpe ratios are smoothed out and are generally in line with the peer fund medians for all investment options.

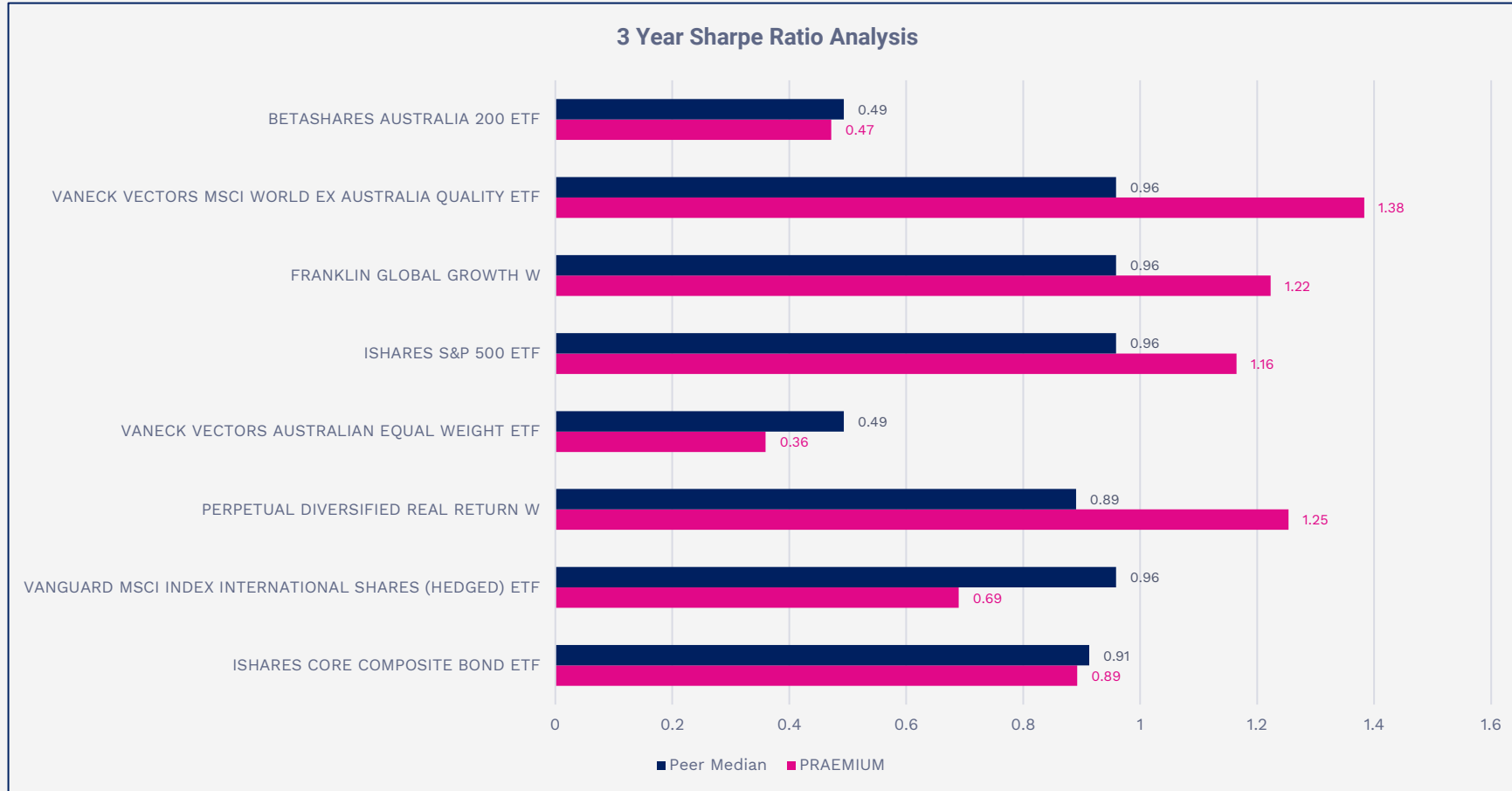
On balance, the Trustee has determined Praemium is promoting the financial interests of its beneficiaries as the investment risk return for the options over three and five years are in line with peer medians.

Investment Risk Comparison



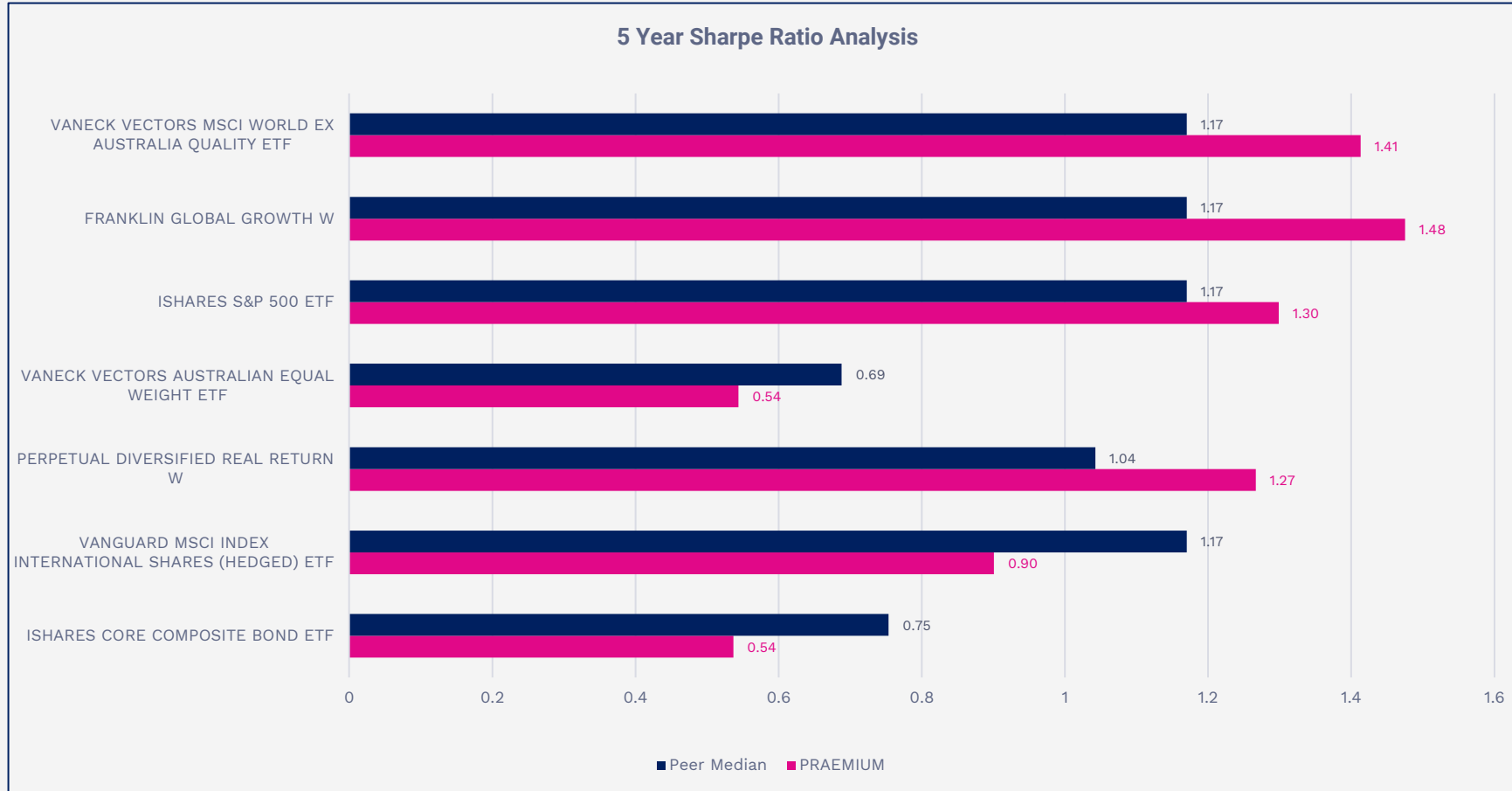
Source: Peer median is derived from SuperRatings median data for the relevant asset class Australian Shares for the SECURITIES LISTED IN ASX Option, Cash for the MAIN CASH ACCOUNT Option, Diversified Fixed Interest for the ISHARES CORE COMPOSITE BOND ETF Option, International Shares for the VANGUARD MSCI INDEX INTERNATIONAL SHARES (HEDGED) ETF Option, Capital Stable (20-40) for the PERPETUAL DIVERSIFIED REAL RETURN W Option, Australian Shares for the VANECK VECTORS AUSTRALIAN EQUAL WEIGHT ETF Option, International Shares for the ISHARES S&P 500 ETF Option, International Shares for the FRANKLIN GLOBAL GROWTH W Option, International Shares for the VANECK VECTORS MSCI WORLD EX AUSTRALIA QUALITY ETF Option, Australian Shares for the BETASHARES AUSTRALIA 200 ETF Option

Investment Risk Comparison



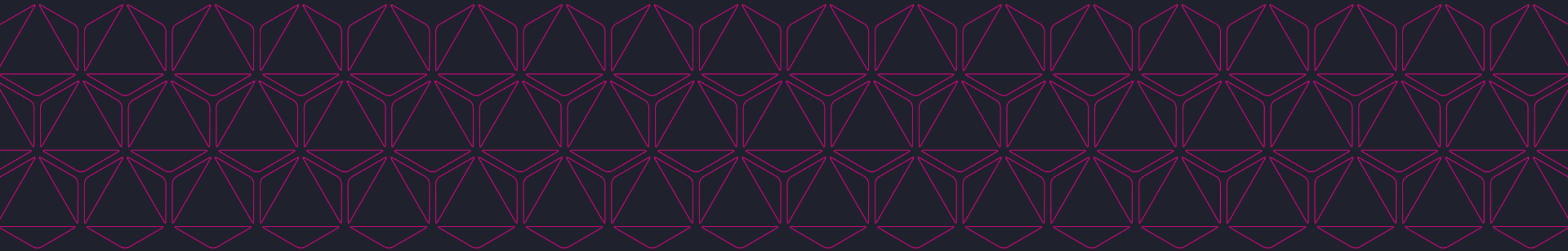
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Investment Risk Comparison



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Product Appropriateness Assessment



OPTIONS, FACILITIES & BENEFITS

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

Praemium has many 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 advisers.

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 several insurance providers to suit individual needs with consultation the 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 and 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.

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 member's:

- » 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 10,593 members with approximately \$2.49 billion in funds under management as of 30 June 2021.

While these figures are indicative of Praemium's relatively small size in the industry, it is anticipated that Praemium will steadily grow and achieve greater scale benefits based on its growth during FY21:

- » Funds Under Management ('FUM') grew by 64%, compared to the industry median of 15%
- » Net members' benefits flows of \$711M, compared to the industry median of -\$4M
- » Number of member accounts grew by 35%, compared to the industry median of -3%
- » Net rollovers into Praemium of \$519M, compared to the industry median of -\$28M
- » Net members' benefit outflow ratio of 24%, compared to the industry median of 107%

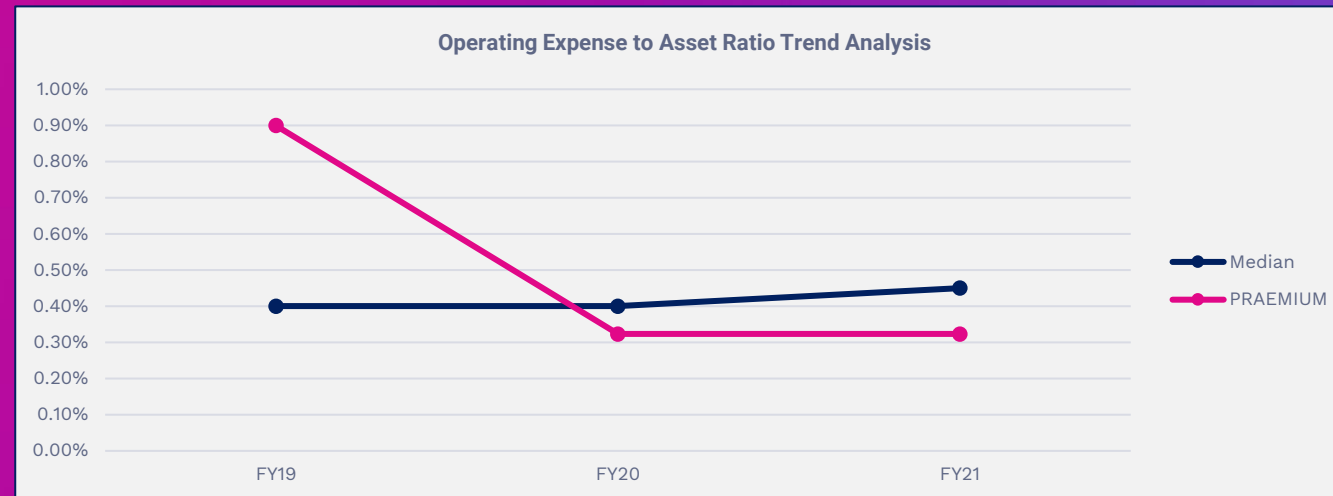
From the above, Praemium's growth rate is positive and greater than the industry median.

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 was significantly higher than that of the median fund in FY19, however decreased 0.58% between FY19 and FY21 whereas the median fund operating expense ratio increased by 0.05%. Significantly, the operating costs for Praemium are now below that of the median fund.



The Trustee notes that the operating costs are decreasing significantly 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% pa
\$500,001	\$1M	0.20% pa
More than \$1M		0.00% p.a.

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



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