

Member outcomes assessment 2021-22



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Each year we must complete an annual member outcomes assessment to determine if our products are promoting the best financial interests of members.

We have assessed our accumulation (including MySuper) and pension products for the financial year ending 30 June 2022 and can conclude each of these products promotes the best financial interests of our members.

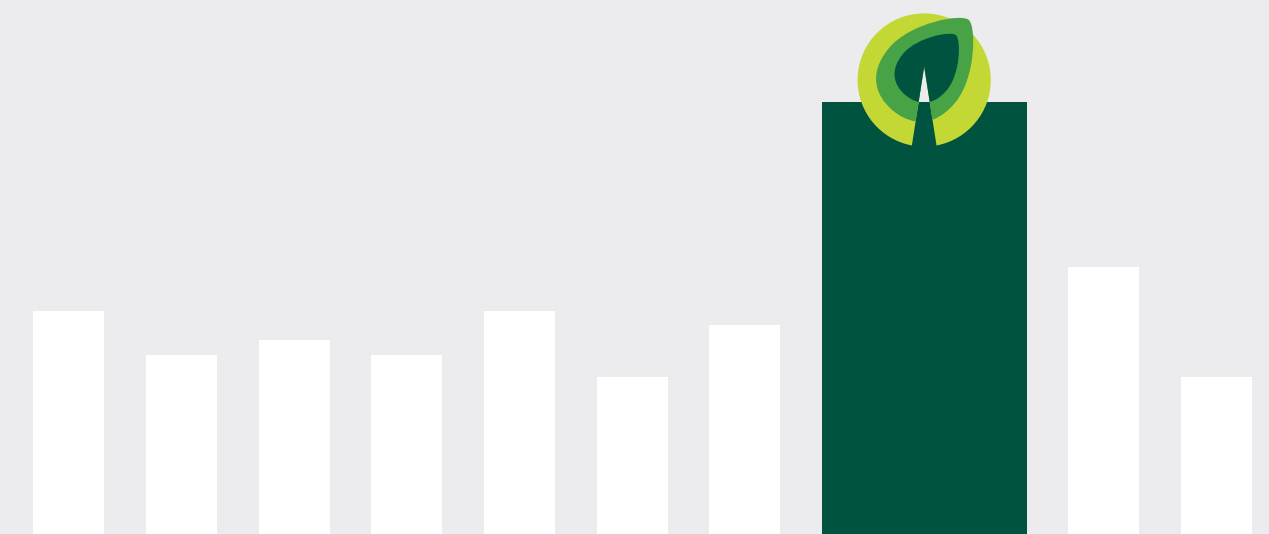
Our accumulation product includes our MySuper (Balanced) option, which is the default product for members, and four additional choice products that have varying levels of risk and return targets. These are: Shares Plus, Growth, Conservative Balanced and Cash. Our Pension product includes a transition to retirement (TTR) and allocated pension (AP). The investment options are: Shares Plus, Growth, Conservative Balanced and Cash.

We assessed our products by focusing on two key areas:

- Fees and returns compared to other funds
- Analysis of our other member benefits.

Annual performance test

In 2021 the Australian Prudential Regulation Authority (APRA) introduced an annual performance test for MySuper products (this will be expanded to include choice products in future years). First Super's MySuper product performed strongly, passing the test by a margin of 1.23%, which puts us in the top 6 performing funds.



Fees and costs



We compared First Super's MySuper product to all other MySuper products, while choice products were compared to products with a similar growth allocation, except for Cash. This was compared to publicly available investment data from other funds.

Total product fees remain competitive for accumulation and pension products. Our analysis shows that the difference between fees for First Super members and other fund members decreases as membership balances grow. Importantly, our November 2021 reduction of our administration fee by 17% has had and continues to have a material, positive impact on member accounts.

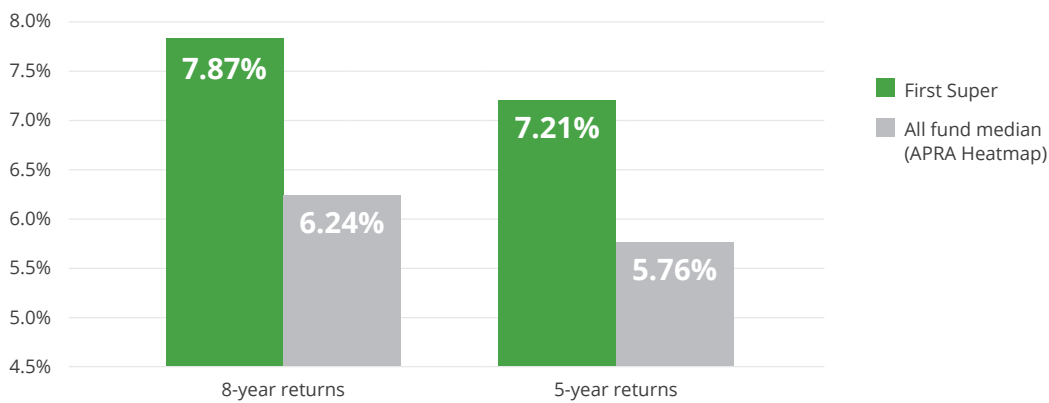


Investment returns



First Super continues to generate higher than average net returns over the longer term, with returns above the peer group median for 5 and 8 years for the MySuper product. We're pleased to add that in 2022, we were the best fund in the country for eight-year, risk-adjusted returns.*

First Super mysuper net returns vs. median

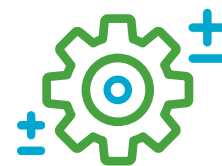


To compare our choice products for accumulation and pension, we looked at First Super's performance against peer group funds. This peer group was based on several factors including funds with a similar membership base and funds that are key competitors. Choice products were compared to peer group funds over time periods of up to 10 years.

Focusing on this longer-term performance, First Super's accumulation choice products outperformed the peer group in every product over one, three and five years.

*As measured by the 8 Year Net investment return against both the Simple Reference Portfolio and Strategic Asset Allocation Benchmark in the APRA Heatmap (February 2023).

Investment strategy and risk



We invest for the long term, aiming to grow members' super over their working life, while protecting their savings. We do this by setting performance objectives for each of our investment options that seek to balance risk versus reward, and by constantly monitoring economic and investment conditions.

First Super's return targets are based on an assessment of risk versus return which takes into account the investments goals for the investment option and the probability of negative returns occurring for that option. First Super's return targets (or risk versus return ratio) for all of its investment options are in line with other Funds, which indicates that First Super is taking an appropriate level of risk when investing your funds.

We also take steps to protect members' retirement savings against environmental, social and governance (ESG) risks by engaging with our fund managers about how the companies within their portfolios apply ESG factors.

10 year return targets for accumulation options

Over 10 years, First Super has outperformed against our own targets and also against the top goals of other funds with more aggressive targets.

| Fund option | First Super target | Other funds* | First Super return |
|------------------------------------|--------------------|--------------|--------------------|
| Balanced (CPI + 3.0%) | 5.31% | 7.11% | 8.23% |
| Growth (CPI + 3.75%) | 6.06% | 7.89% | 9.40% |
| Shares Plus (CPI + 4.0%) | 6.31% | 6.92% | 10.67% |
| Conservative Balanced (CPI + 1.5%) | 3.81% | 5.91% | 6.40% |

*This is the hardest (or most optimistic) return target set by the other funds analysed.

Options, benefits and facilities

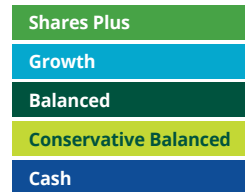


Investment options

First Super offers a range of investment options, giving members the opportunity to manage their investment risk and achieve their goals. The majority of members are invested in the Fund's default product: My Super default (Balanced).

How our members' funds are invested

88%
Balanced



Member benefits

First Super members can manage their super in the secure firstonline portal, where they can access a wide range of education tools. They can also get hands-on support from our dedicated contact centre, Member and Employer Services Coordinators, and Financial Advisors.

Our local Member and Employer Services Coordinators and Member Services Teams can help with general advice, and our Financial Planners can provide personal advice. This gives more members easy access to advice that can help them make informed decisions about their retirement savings. In a recent SuperRatings assessment, the Fund's advice services were assessed as "good".

(SuperRatings provides ratings, research and consulting for the superannuation industry.)

Insurance strategy and fees



We review our insurance strategy annually to ensure it remains appropriate for members, focusing on quality of cover as a key driver.

We offer three types of insurance cover: Death, Total and Permanent Disability (TPD), and Income Protection. Eligible members, and those who opt in, receive default levels of Death and TPD insurance. Income protection cover is available on a voluntary basis.

Depending on a member's occupation, lower cost premiums may be available.

First Super offers comprehensive TPD insurance, which allows members a wider range of circumstances under which their claims may be paid out.



Scale and efficiency



First Super manages



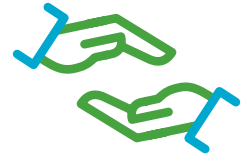
\$3.6 billion in retirement funds
for about **47,000 members**
(as at 30 June 2022)



We closely monitor the costs incurred as part of our ongoing operations and management to ensure we deliver a competitive net benefit to members.

Based on our analysis, our net investment returns remain competitive compared to peer group funds, including those with a larger scale (size), and our business model is judged to be sustainable according to APRA's Heatmap results. APRA's Heatmaps give insights into investment performance, fees and sustainability.

Determination




Based on the comparisons and analysis undertaken as part of the member outcomes assessment, we are pleased to conclude that members' financial interests are being promoted by First Super.

Want to learn more about being a First Super member?



Here's how to reach us.

 **1300 360 988** (8am to 6pm weekdays AEDT)

 **mail@firstsuper.com.au**

 **firstsuper.com.au**

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