

Member outcomes assessment 2022-23



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Each year, we assess our members' outcomes to make sure our products continue to promote their best financial interests.

We have assessed our accumulation (including MySuper) and pension products for the financial year ending 30 June 2023 and are pleased to conclude each one promotes the best financial interests of our members.

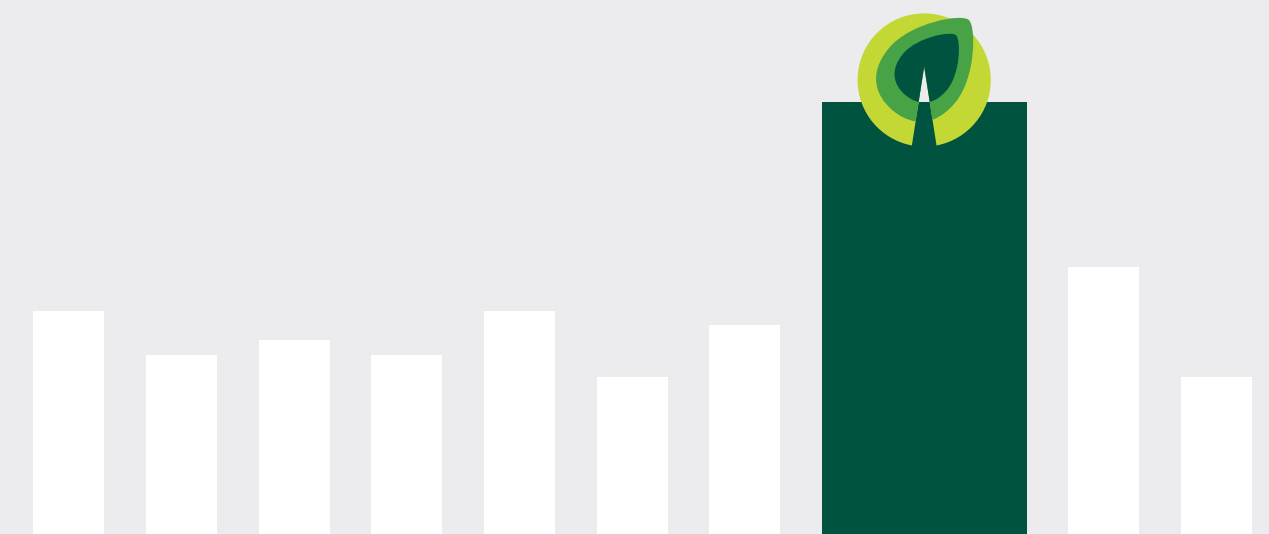
Our accumulation product includes our MySuper (Balanced) option, which is the default product for members, and four additional choice products that have varying levels of risk and return targets. These are: Shares Plus, Growth, Conservative Balanced and Cash. Our Pension product includes a transition 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). For the 2022/23 financial year First Super's MySuper product performed strongly, passing the test by a margin of 0.36%, which puts us in the top 28 of 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.

Cost per member is down, and we're pleased to note that for eight of our 10 options, First Super's fees were cheaper than the median.

Further, all administration fees for our accumulation options were below the median.

Importantly, our November 2021 reduction of our administration fee by 17% has had and continues to have a material, positive impact on member accounts.

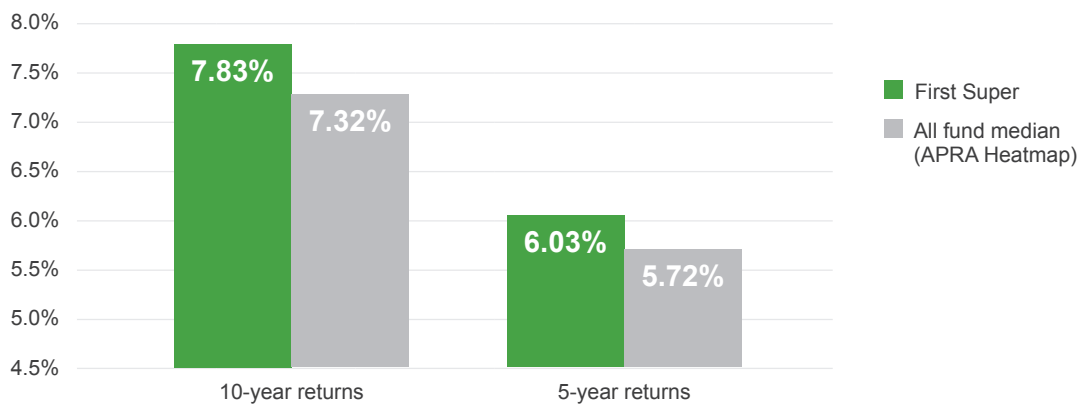


Investment returns



First Super continues to generate higher than average net returns over the longer term. We are pleased to report that our investment returns were above the median for eight of the last ten years.*

First Super MySuper net returns vs. median



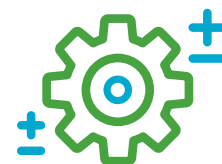
Past investment returns are not a reliable indication of future returns.

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 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.

After adjusting for risk, First Super's returns are some of the highest in the industry. Except for cash, all of our assessed investment options ranked either first or second in their SuperRatings category. This tells us that First Super is employing a suitable level of risk relative to the returns the fund is achieving.

The Sharpe ratio is the measure of risk-adjusted return of a financial portfolio. It is calculated by SuperRatings based on data submitted by funds in the monthly Fund Crediting Rate Survey (FCRS.)

Account Type	Product Description	1 Yr Sharpe Ratio (%)	Median
Accumulation	Balanced	1.43	0.87
Accumulation	Shares Plus	1.51	0.96
Accumulation	Cash	-0.03	0.87
Accumulation	Growth	1.44	0.99
Accumulation	Conservative Balanced	1.36	0.68
Pension	Balanced	1.45	0.85
Pension	Shares Plus	1.46	0.98
Pension	Cash	0.82	0.66
Pension	Growth	1.41	1.01
Pension	Conservative Balanced	1.52	0.74

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.

Options, benefits and facilities

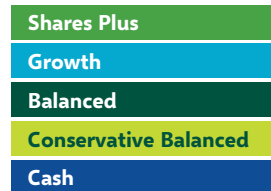


Investment options

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, Balanced.

How our members' funds are invested

89%
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. First Super has also launched its app to make it even easier for members to manage their super.

Our local Member and Employer Services Coordinators¹ and Member Services teams can help with general advice, and our Financial Planners² 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.

1. Member and Employer Services Coordinators can provide factual information and general advice only.

2. First Super financial planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514).

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 Disablement (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



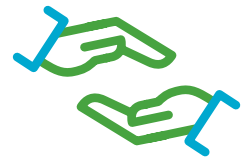
\$4 billion in retirement funds
for about **50,000 members**
(as at 30 June 2023)



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 First Super is promoting members' financial best interests.

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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