

Member Outcome Assessment

For financial year ended 30 June 2022

The document was issued 16 March 2023 by NESS Super Pty Ltd (the Trustee) ABN 28 003 156 812, AFSL 238945 as Trustee of NESS Super (the Fund) ABN 72 229 227 691. It may contain general financial advice that does not consider your personal objectives, situation or needs. Before deciding about NESS Super, consider if the information is right for you, your financial requirements and read the Product Disclosure Statement (PDS) and Target Market Determination (TMD) available at nesssuper.com.au or call **1800 022 067**.

Registered office: 122 Hume Highway, Chullora NSW 2190

We're here to help



Telephone

1800 022 067 or +61 2 9199 7191 (outside Australia),
8:30am – 6:00pm (AEST/AEDT) Monday to Friday



Write to us

contact@nesssuper.com.au
Locked Bag 20, Parramatta NSW 2124



Live chat

nesssuper.com.au
8:30am – 5:30pm (AEST/AEDT) Monday to Friday



Website

nesssuper.com.au

Contents

1. Summary	3
2. The Fund's Products	3
3. Assessments and Comparisons	4
4. Fees and costs	4
5. Investment strategy and level of investment risk and return	10
6. Insurance strategy and fees	13
7. Options, benefits, and facilities offered to members	13
8. Overall size and scale	13
9. Determinations for the period ended 30 June 2022	14

1. Summary

NESS Super Pty Ltd (the **Trustee**) is the Trustee of NESS Super (the **Fund**). The Fund was established in 1987 by electrical industry representatives to specifically service electrical contractors and their employees. The Fund has evolved to represent workers in all electro-technology industries, including cablers, electrical, communications and electronic technicians. From 2014, the Fund became a public offer fund, which allows all Australian residents to join the Fund.

Each year the Trustee assesses the Fund's performance in promoting the financial interest of members in each product.

The Trustee has determined that it has met and promoted the best financial interests of its members across all key areas throughout the 2021-22 financial year.

The Trustee's NESS MySuper product has passed 2022 Your Future, Your Super Performance Test conducted by the Australian Prudential Regulation Authority (**APRA**) conducted by APRA and released on 31 August 2022.

The determinations included in this Member Outcomes Assessment have been reviewed and approved by the NESS Super Pty Ltd Board on **15 March 2023**.

2. The Fund's Products

The Fund offers the following products to members.

Table 1

Product	Attributes
NESS Super	<ul style="list-style-type: none"> • Accumulation phase • MySuper option call NESS MySuper is offered. • Six (6) choice investment options (High Growth, Stable, Australian Shares, Overseas Shares, Property and Cash) are offered.
NESS Pension	<ul style="list-style-type: none"> • Retirement Phase • Account-based pension (ABP) available to eligible members. • Transition to retirement (TTR) pension available to eligible members. • Seven (7) choice investment options (NESS MyPension, High Growth, Stable, Australian Shares, Overseas Shares, Property and Cash) is offered to the ABP members. • Seven (7) choice investment options (NESS MySuper, High Growth, Stable, Australian Shares, Overseas Shares, Property and Cash) is offered to the TTR members.

3. Assessments and Comparisons

In comparing the products mentioned in section 2 with other comparable products, the Trustee has compared each of the following:

- (a) the fees and costs that affect the return to the beneficiaries holding the MySuper or Choice products;
- (b) the return for the MySuper or Choice products (after the deduction of fees, costs and taxes);
- (c) the level of investment risk for the MySuper or Choice products.

In determining whether the best financial interests of the beneficiaries of the entity who hold a MySuper product or Choice product are being promoted by the trustee, the trustee has assessed each of the following:

- (a) whether the options, benefits and facilities offered under the product are appropriate to those beneficiaries;
- (b) whether the investment strategy for the product, including the level of investment risk and the return target, is appropriate to those beneficiaries;
- (c) whether the insurance strategy for the product is appropriate to those beneficiaries;
- (d) whether any fees or operating costs charged to members are appropriate; and
- (e) overall size and scale

We have assessed our performance against these criteria for the year ending 30 June 2022. A summary of the assessment of these areas is set out below.

4. Fees and costs

Balancing fees and costs charged to members whilst ensuring the quality of product and services offered and returns delivered continues to be a primary focus for the Trustee.

Fee Reduction

In May 2022, the Trustee reduced the investment management fees for MySuper and most of the Choice products (investment options). The fee reductions ranged from a reduction of 7.4% for the Stable Option to 39% for our Australian Shares investment option, and the MySuper option reduced by 27.5%.

Our administration fees also reduced in May 2022, as shown in Table 2. The fee reduction / change aligns both NESS Super and NESS Pension, plus the application of a cap will help member's grow their retirement benefits.

Table 2

Product	Fee Type	Old Fee Amount	New Fee Amount	Change
NESS Super	Fixed dollar fee	\$1.40 per week (\$72.80 per annum)	\$1.40 per week (\$72.80 per annum)	↔ No change
NESS Super	Asset based (% of account balance)	0.1275%	0.1275%	↔ No change
NESS Super	Fee cap (the annual administration fee is capped at this amount)	Nil cap	\$650 per financial year	Cap now applicable
NESS Pension	Fixed dollar fee	\$1.50 per week (\$78.00 per annum)	\$1.40 per week (\$72.80 per annum)	↓ Fee reduced
NESS Pension	Asset based (% of account balance)	0.25%	0.1275%	↓ Fee reduced
NESS Pension	Fee cap (the annual administration fee is capped at this amount)	\$650 per financial year	\$650 per financial year	↔ No change

Administration Fees

The administration fee for our super and pension products are shown in Table 3.

Table 3 - Administration Fees

Product	Flat \$	Asset based	Total fee per year based on a \$50,000 balance
NESS Super (accumulation)	\$1.40 per week (\$72.80 p.a.)	0.1275% (\$63.75)	\$72.80 + \$63.75 = \$136.55
NESS Pension (retirement)	\$1.40 per week (\$72.80 p.a.)	0.1275% (\$63.75)	\$72.80 + \$63.75 = \$136.55

Investment Management Fees

The investment management fees for our investment options applicable to NESS Super accounts and the NESS Pension accounts are shown in Table 4. The fees are calculated on a balance of \$50,000. The assessment of the fees on our choice investment options show that they are competitive with industry medians.

Table 4 - Investment Management Fees

Investment Options	%	Estimated Annual Investment Management Fee based on \$50K balance
MySuper / MyPension	0.58%	\$290.00
High Growth	0.51%	\$255.00
Stable	0.50%	\$250.00
Australian Shares	0.42%	\$210.00
Overseas Shares	0.45%	\$225.00
Property	0.51%	\$255.00
Cash	0.08%	\$40.00

Comparing Our Fees

When comparing the NESS MySuper fees to other MySuper products, the NESS fees are lower than average on the basis that the NESS MySuper Product was ranked 16th out of 71 MySuper Products¹.

We also compared the NESS MySuper fees to other MySuper products with a single investment strategy, the NESS MySuper fees and costs for a representative member (assumes the member had a balance of \$50,000 for the whole year) was \$426.55 for a financial year, ranking the 7th lowest out of 40 single investment strategy MySuper products².

We note that many of our competitors and much larger super funds had considerably higher MySuper fees.

A comparison of fees of NESS Super and NESS Pension for one year assuming the member has a balance of \$50,000 for the whole year compared to the SuperRatings median³ for 30 June 2022 is reflected in Figures 1 and 2 on the following page.

As can be seen in Figures 1 and 2, the estimated annual fees for each investment option are below the industry median.

¹ Source: SuperRatings June 2022 MySuper Fee survey

² Source: APRA Quarterly MySuper Statistics

³ Source: SuperRatings Pty Ltd

Figure 1

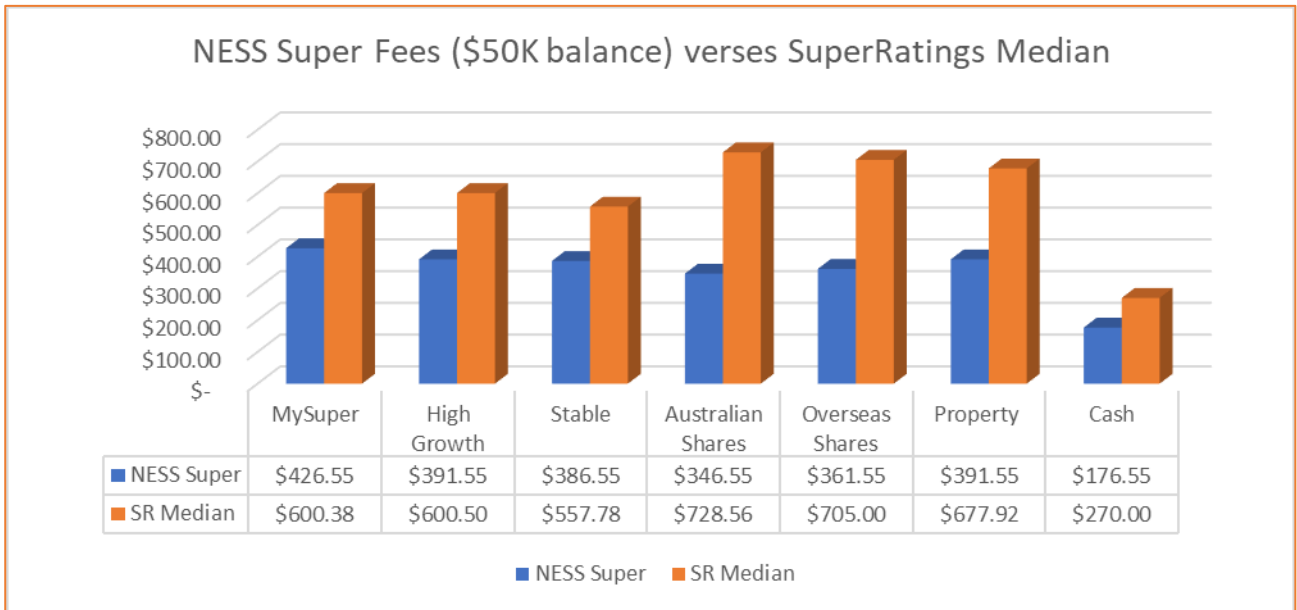
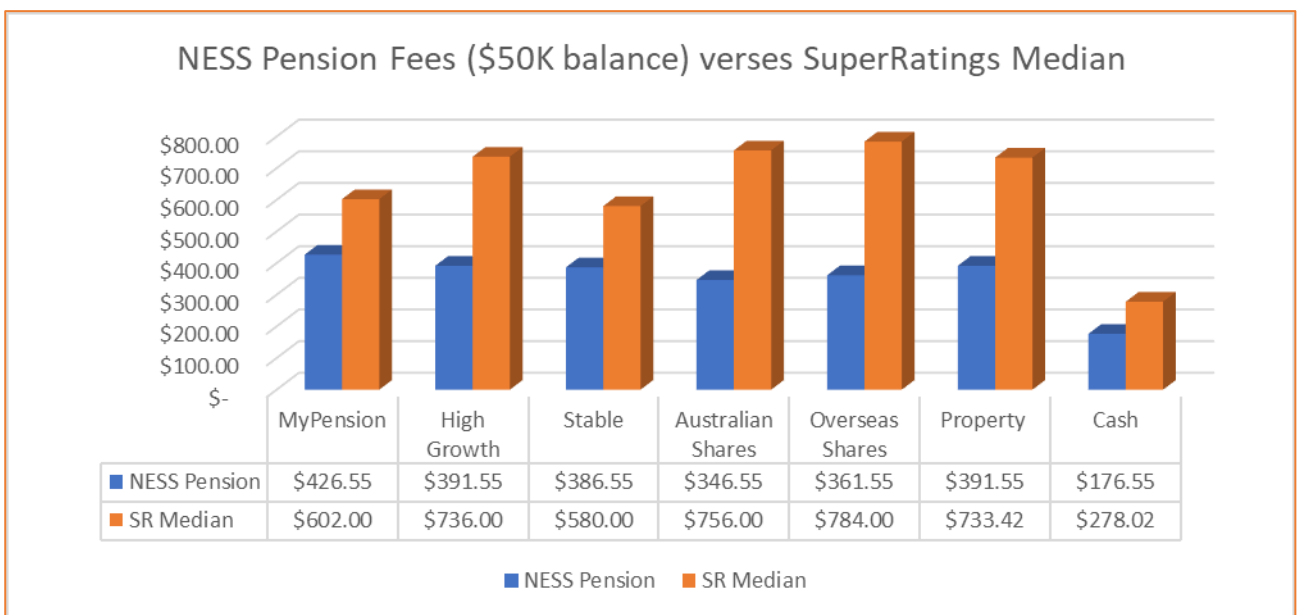


Figure 2



5. Returns

MySuper

The return for the NESS MySuper product for the year ended 30 June 2022 was -3.77% pa net of fees and tax. This was a disappointing result due to the negative return, but the returns have improved since June 2022.

This result was above the industry median⁴.

The long-term returns for NESS MySuper at 30 June 2022 remain positive, as shown in Table 5 below.

Table 5

Period (year)	1 year	3 years	5 years	7 years	10 years
Return	-3.77%	4.32%	5.70%	5.91%	7.85%
Objective (CPI + 3%)	9.71%	6.39%	5.79%	5.42%	5.41%
Super Ratings industry median (Super Ratings Crediting rate Survey Default options June 2022)	-5.00%	3.99%	5.69%	5.91%	8.03%

Choice (NESS Super and NESS Pension)

The returns for the Choice investment options for the year ended 30 June 2022 and the long-term returns are shown in Tables 6 and 7 on the following page.

⁴ Source: SuperRatings

Table 6 - Super and Transition to Retirement (TTR) returns as at 30 June 2022

Investment Option	1 year			3 years			5 years			10 years		
	Return	SR median	Relative to Median	Return	SR median	Relative to Median	Return	SR median	Relative to Median	Return	SR median	Relative to Median
MySuper	-3.77%	-5.00%	Above	4.32%	3.99%	Above	5.70%	5.69%	Above	7.85%	8.03%	Below
High Growth	-5.32%	-6.87%	Above	5.36%	4.61%	Above	6.93%	6.59%	Above	9.91%	10.03%	Below
Stable	-4.36%	-3.44%	Below	2.09%	1.57%	Above	3.44%	3.01%	Above	4.92%	4.59%	Above
Australian Shares	-4.80%	-4.69%	Below	4.25%	4.39%	Below	6.50%	6.92%	Below	9.22%	9.21%	Above
Overseas Shares	-9.48%	-9.12%	Below	5.95%	5.97%	Below	7.32%	7.45%	Below	11.60%	11.16%	Above
Property	-9.45%	-8.55%	Below	-0.94%	-1.03%	Above	4.05%	4.35%	Below	7.19%	8.15%	Below
Cash	0.13%	0.14%	Below	0.40%	0.43%	Below	1.02%	0.94%	Above	1.75%	1.61%	Above

Table 7 –Account-Based Pension (ABP) returns as at 30 June 2022

Investment Option	1 year			3 years			5 years			10 years		
	Return	SR median	Relative to Median	Return	SR median	Relative to Median	Return	SR median	Relative to Median	Return	SR median	Relative to Median
MyPension	-4.24%	-4.86%	Above	4.33%	3.17%	Above	5.30%	5.08%	Above	8.28%	7.64%	Above
High Growth	-6.13%	-7.62%	Above	5.40%	5.42%	Below	6.63%	7.37%	Below	10.44%	10.58%	Below
Stable	-4.85%	-3.95%	Below	2.10%	1.64%	Above	3.21%	3.30%	Below	4.95%	5.05%	Below
Australian Shares	-4.59%	-4.89%	Above	Returns are not available as the investment option only commenced 1/2/2021								
Overseas Shares	-9.98%	-9.53%	Below	Returns are not available as the investment option only commenced 1/2/2021								
Property	-12.55%	-8.84%	Below	Returns are not available as the investment option only commenced 1/2/2021								
Cash	0.11%	0.19%	Below	0.45%	0.51%	Below	1.18%	1.11%	Above	2.00%	1.90%	Above

Note: The SuperRatings (SR) median shown in tables 6 and 7 are from the June 2022 SR Fund Crediting Rate Survey.

6. Investment strategy, level of investment risk and return target

Investment strategy and objectives

The Board reviews the Investment Strategy of the Fund at least annually. The Board has determined that the investment strategy for each product, including the level of investment risk and the return target, is appropriate for those beneficiaries. The investment strategy was reviewed and updated in November 2021.

The choice investment options invest in growth assets (such as Australian equities, international equities, growth alternatives and property) with the balance being invested in defensive assets (such as fixed interest, defensive alternatives, and cash).

Table 8 below shows the target strategic asset allocation that applied from 1 November 2021 for all investment options. The target asset allocations may be adjusted for each accumulation and pension investment option within the ranges that are shown in the brackets.

Table 8

Investment Options	Aust. Equities	Int. Equities	Property	Alternatives	Fixed Interest	Cash
MySuper & MyPension	30 (15-55)	30 (10-50)	15 (0-30)	5 (0-30)	15 (5-30)	5 (0-20)
High Growth	42 (30-60)	42 (30-60)	10 (0-20)	6 (0-20)	0 (0-10)	0 (0-10)
Stable	12.5 (5-25)	12.5 (5-25)	8 (0-20)	7 (0-20)	50 (20-60)	10 (0-20)
Australian Shares	100 (90-100)	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-10)
Overseas Shares	0 (0-0)	100 (90-100)	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-10)
Property	0 (0-0)	0 (0-0)	100 (90-100)	0 (0-0)	0 (0-0)	0 (0-10)
Cash	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-0)	0 (0-10)	100 (90-100)

Table 9 on the following page shows the return and risk objectives for each investment option.

Table 9

Investment Option	Target Return Objectives	Target Risk Objectives
NESS MySuper or MyPension Balanced (for the account-based pension members)	<ol style="list-style-type: none"> 1. CPI + 3% pa net of fees and tax (where applicable) over rolling 10-year periods. 2. Outperform the Your Future Your Super benchmark over rolling 8-year period⁵ 	To have no more than 3-4 negative annual returns over any 20-year period.
High Growth	<ol style="list-style-type: none"> 1. CPI + 4.0% p.a. net of fees and tax (where applicable) over rolling 10 years. 2. Outperform the median SuperRatings Fund Crediting Rate Survey - High Growth over rolling 5-year periods. 	To have no more than 4-5 negative annual returns over any 20-year period.
Stable	<ol style="list-style-type: none"> 1. CPI + 2.0% p.a. net of fees and tax (where applicable) over rolling 5 years. 2. Outperform the median SuperRatings Fund Crediting Rate Survey - Capital Stable over rolling 5-year periods. 	To have no more than 2-3 negative annual returns over any 20-year period.
Australian Shares	<ol style="list-style-type: none"> 1. CPI + 4.0% p.a. net of fees and tax (where applicable) over rolling 10 years. 2. Outperform the median SuperRatings Fund Crediting Rate Survey - Australian Shares over rolling 5-year periods 	To have no more than 6 negative annual returns over any 20-year period.
Overseas Shares	<ol style="list-style-type: none"> 1. CPI + 4.0% p.a. net of fees and tax (where applicable) over rolling 10 years. 2. Outperform the median SuperRatings Fund Crediting Rate Survey - International Shares over rolling 5-year periods 	To have no more than 6 negative annual returns over any 20-year period.
Property	<ol style="list-style-type: none"> 1. CPI + 3.0% p.a. net of fees and tax (where applicable) over rolling 10 years. 2. Outperform the median SuperRatings Fund Crediting Rate Survey - Property over rolling 5-year periods. 	To have no more than 6 negative annual returns over any 20-year period.
Cash	To achieve a return net of fees and tax (where applicable) that is similar to the Bloomberg AusBond Bank Bill Index.	To minimise negative annual returns over any 20-year period ⁶ .

⁵ This benchmark return is described in SIS Regulations 9AB.13

⁶ In view of the current low interest rate environment, it is acknowledged that cash may generate negative returns on both a gross and net of fees and tax basis.

Investment risk

The level of investment risk ranges from **very low** to **very high**, with the estimated number of negative annual returns over a 20-year period ranging from **less than 0.5** to **greater than 6**. The risk level for each investment option as of 30 June 2022 are shown in Table 9 above.

We have compared / benchmarked the risk level of each investment option against comparable investment options. All our investment risk levels are generally consistent with comparable investment options, see Table 10 below.

Table 10

Option	Benchmark	SRM	Range of comparable risk labels ⁷
High Growth	SuperRatings: High Growth (91-100)	High	High to Very High
NESS MySuper	SuperRatings: Balanced (60-76)	Medium to High	Low to Very High
Stable	SuperRatings: Capital Stable (20-40)	Medium	Low to Very High
Australian Shares	SuperRatings: Australian Shares	High	High and Very High
Overseas Shares	SuperRatings: International Shares	High	High and Very High
Property	SuperRatings: Property	High	Medium to High and High
Cash	SuperRatings: Cash	Very Low	Very Low

⁷ Source: SuperRatings Standard Risk Measure Survey

7. Insurance strategy and fees

The Fund offers Life Cover (death and terminal illness), Total and Permanent Disability (TPD) and Income Protection (IP) to eligible members⁸ as default cover.

The cover offered is also specific to the electro technology industry and provides cover which may attract loadings in other funds or in the case of IP not always offered.

The principle of the insurance cover offered is that it is affordable for all members and covers them for their industry related activities.

The insurance premiums have not risen November 2019 as the Trustee has been able to guarantee the cost of cover for a three-year period.

Where other super funds increased the cost of cover during the COVID-19 pandemic, the Trustee was able to keep the cost to members the same during the last two financial years.

NESS has approximately 62% of members with some form of insurance cover.

NESS has paid around \$2.47 million in insurance benefits to 58 members over the year, with over 95% of claims paid to beneficiaries which is well above the industry average. (Past 12 months)

The Board last reviewed the insurance strategy in June 2022 and has determined that it is appropriate for the members of the Fund. The Fund continues to engage with members to ensure that their insurance cover remains appropriate for the individuals and to ensure that member accounts are not inappropriately eroded.

8. Options, benefits, and facilities offered to members

Our members benefit from a range of good quality products and services which are regularly assessed to ensure they are fit for purpose and meet the member's needs.

The internally staffed and operated Contact Centre provides personal service to all members and had over 25,000 interactions with members over the past year. Our member satisfaction survey (NPS results) shows a score that is trending upwards in overall member satisfaction.

The appointment of an internal financial planner has proven popular with our members. We provided financial planning services to over 1,000 members which included issuing over 130 statements of advice.

Insourcing of insurance claims processing was implemented from December 2021, this has allowed the Fund to better support members and beneficiaries during members times of need.

The Trustee has continued to enhance member services based on member feedback via the Contact Centre and external survey results.

The Trustee has determined that the options, benefits, and facilities offered by the Fund remain appropriate for members and their beneficiaries.

9. Overall size and scale

At 30 June 2022, the fund has over \$945 million in Funds under management and over 12,300 members. Our fees (administration fees, investment management fees, and insurance fees) remain low, especially when compared to other competitors and much larger funds. Most of our long-term returns remain above the medium. The Trustee is satisfied that scale of the Fund has not disadvantaged members.

⁸ Refer to the NESS Super Insurance Guide for eligibility conditions.

10. Determinations for the period ended 30 June 2022

NESS MySuper

In respect of the NESS MySuper product, the Trustee make the following determinations:

Determination
1. The best financial interests of members of the NESS MySuper product are being promoted by the Trustee.
2. Members have not been disadvantaged by the scale of the Trustee's operations.
3. The MySuper product's operating costs are not inappropriately affecting the financial interests of members.
4. The setting of fees is appropriate and fair to NESS MySuper members
5. The options, benefits and facilities offered are appropriate and meet the needs of the members.
6. The investment strategy, including the level of investment risk and return target, is appropriate for members.
7. The insurance strategy is appropriate for members.
8. The insurance fees charged do not inappropriately erode the retirement benefits of members

Choice

In respect of the NESS Super Choice products and the NESS Pension products, which includes:

- NESS Super Choice (High Growth, Stable, Australian Shares, Overseas Shares, Property and Cash)
- NESS Pension (NESS MyPension Balanced, NESS MySuper, High Growth, Stable, Australian Shares, Overseas Shares, Property and Cash)

The Trustee make the following determinations:

Determination
1. The financial interests of the members who are invested in a Choice investment option or the NESS Pension are being promoted by the Trustee.
2. Members have not been disadvantaged by the scale of the Trustee's operations.
3. The NESS Choice and Pension product's operating costs are not inappropriately affecting the financial interests of members.
4. The setting of fees is appropriate and fair for members.
5. The options, benefits and facilities offered are appropriate and meet the needs of the members.
6. The investment strategy, including the level of investment risk and return target, is appropriate for members.
7. The insurance strategy is appropriate for members. Note: insurance is not offered to NESS Pension.
8. The insurance fees charged do not inappropriately erode the retirement benefits of members. Note: insurance is not offered to NESS Pension.



[nessuper.com.au](https://nesssuper.com.au)