

KOGAN SUPER

Annual Outcomes Assessment

February 2022

Annual Outcomes Assessments February 2022

Each year Kogan Super is required to assess our performance against other super products and determine whether our products promote the financial interests of our members¹.

When carrying out our assessment, we consider a number of factors including:

- investment options
- investment performance
- costs and fees
- insurance options and fees
- overall size and scale of our fund

We've assessed our performance for the year ending 30 June 2021 and are pleased to confirm we believe Kogan Super promotes the financial interests of our members.

Kogan Super Product Annual Outcomes Assessment

The annual assessment is split into three stages – two comparative assessment stages as applied for the 2020 assessments, and a further stage which considers the results of the annual APRA Performance Test. For the two comparative assessment stages, the Trustee is required to:

- decide on the weighting of the comparative assessment stages when making its determination – *The Trustee has decided to place equal weighting on both comparative assessment stages; and*
- identify the other super products used to undertake the comparison – *the Trustee has decided to perform comparative assessments against all Choice Products in the market.*

We've assessed the performance of the Kogan Super product and determined that it's promoting the financial interests of our members as at 30 June 2021 based on the below factors:

Both comparative assessment stages examine results based on different factors. We summarise the assessment of each factor in the table below. Green indicates it is clear financial interests are promoted, amber indicates financial interests are mostly promoted, and red indicates that further improvement is required to ensure financial interests are promoted.

¹ SIS Act section 52 (9)

Factor	Rating
Stage 1	

Net Investment returns

Members' financial interests are promoted.

Investment returns, after deduction of all fees, costs and taxes, are at or above median over 1 year for the majority of members compared to other super funds.

The below table shows Kogan Super net returns over one year, along with how those returns compared to other similar product medians².

Choice Product	1 year net return	Proportion of Kogan assets
Cash	0.2% (0.2%)	19.3%
Indexed Australian Listed Property	27.3% (25.3%)	5.0%
Indexed Diversified Shares	25.8% (25.6%)	15.6%
Enhanced Indexed Conservative Growth	7.7% (7.6%)	33.7%
Enhanced Indexed Growth	17.9% (17.6%)	26.5%

As this product has only been offered since 2019, we were only able to compare the one year returns during this assessment.

The above 1 year returns are a strong indicator that member financial interests' are being promoted.

Investment risk

There is no publicly available information which provides a breakdown of the level of investment risk for each choice product and therefore it is difficult to make reasonable comparisons against the industry. However, the net investment returns assessment above implicitly take into account a comparison of investment risk as each investment option has been compared to the appropriate SuperRatings survey cohort by growth allocation band.

Fees

Members' financial interests are promoted.

The Kogan Super product is a low cost passive option. The top quartile fees and costs result confirms that the product is doing as promised and not disadvantaging member outcomes from a fees perspective.

The below table shows Kogan Super fees, along with how those fees compared to all other Choice products³.

Choice Product ⁴	Fees (% p.a.)	Rank amongst all Choice	Quartile
Kogan Super - Enhanced Indexed Conservative Growth	0.68%	661	Top quartile
Kogan Super - Enhanced Indexed Growth	0.67%	666	Top quartile
Kogan Super - Indexed Diversified Shares	0.60%	682	Top quartile

² SuperRatings July 2021

³ APRA Choice Heatmap December 2021

⁴ Please note that results for Kogan Super – Indexed Australian Listed Property was not available in the APRA Choice Heatmap December 2021 and therefore excluded from this table

Factor	Rating
Stage 2	
Options, benefits and facilities	<p>Members' financial interests are promoted.</p> <p>The trustee assessed the appropriateness of the options, benefits and facilities in the Mercer Super Trust (MST) in February 2021, considering member outcomes, member services, and any subsequent actions to improve the MST service offering. The assessment was that the options, benefits and facilities provided in the MST provide significant value for members.</p> <p>Further to this, the Chant West member outcomes dashboard rated MST 5 out of 5⁵ for quality of Member Services and Member Engagement.</p> <p>Member Services rated top 3 in 2020 by Chant West compared to all other retail and industry funds.</p> <p>MST also achieved an overall Net Promoter Score of +13 compared with the industry average of -10⁶.</p>
Investment strategy	<p>Members' financial interests are promoted.</p> <p>An annual review of investments is completed and small adjustments made to the investment strategy to improve member outcomes.</p> <p>Overall, the Trustee is comfortable that the annual review process ensures each investment strategy:</p> <ul style="list-style-type: none"> • has appropriate objectives to deliver to strategy; • is appropriately diversified, • has sufficient liquidity, and <p>thereby ensuring each investment strategy continues to promote members' financial interests.</p>
Insurance strategy	<p>Members' financial interests are promoted.</p> <p>In accordance with the SIS Act⁷, we have used the Insurance Management Framework to assess the appropriateness of the Insurance Strategy.</p> <p>An insurance benchmarking report was commissioned to compare our insurance design to our competitors. The key findings of the report were that the Death and TPD and IP offerings compared favourably with competitors. Furthermore our products were rated 5 out of 5 by Chant West⁸.</p> <p>Subsequently we determined that our Insurance strategy supports member needs.</p>
Insurance fees	<p>Members' financial interests are promoted.</p> <p>Again, using the Insurance Management Framework to assess the appropriateness of Insurance Fees, we determined that the insurance fees charged in relation to Kogan Super do not inappropriately erode the retirement income of members.</p>

⁵ Chant West Member Outcomes Dashboard 30 June 2021

⁶ The Evolved Group 2020

⁷ APRA Prudential Standard SPS 250 Insurance in Superannuation

⁸ Chant West Member Outcomes Dashboard 30 June 2021

Factor	Rating
Scale	<p>Members' financial interests are promoted.</p> <p>In determining scale, and whether the scale of MSAL's operations disadvantages the financial interests of beneficiaries in a particular product, we separately analysed Kogan Super against five scale assessment perspectives:</p> <ul style="list-style-type: none"> a) Operational scale b) Impact on investment strategy c) Bargaining power with service providers d) Staffing e) Risk pooling. <p>Three categories determined the scale was optimised and the remaining two determined that scale was obtained, however could be improved on in the future.</p> <p>Additionally, based on analysis of the APRA annual fund-level superannuation statistics as at 30 June 2021, MSAL ranked 18th (of all APRA regulated funds with more than four members respectively) for number of member accounts and total assets. Both results are top quartile and thus providing strong scale opportunities for members.</p> <p>Although this annual outcomes assessment is for Kogan Super specifically, the product benefits from the full scale of MSAL's operations and therefore the comparison has been completed at RSE level.</p>
Operating cost	<p>Members' financial interests are promoted.</p> <p>MSAL outsources all of the functions required to operate the MST in an efficient and effective manner. Therefore, how the operating costs of the MST affect members' financial interests depends largely on the costs MSAL pays to its service providers.</p> <p>The service providers have contracts that are negotiated regularly and benchmarked to other potential providers.</p>
Fees structure	<p>Members' financial interests are promoted.</p> <p>MSAL annually assesses the appropriateness of the fees charged to Kogan Super beneficiaries. The assessment considers; Attribution of costs, Fee discounts or rebates, the structure of the fees charged, fee comparison to comparable products. The most recent assessment determined that Administration Fees, Investment Fees and Shared Costs were appropriate for Kogan Super members.</p>