

KOGAN SUPER

Annual Outcomes Assessment

Financial year ending 30 June 2023

The information is published in accordance with the requirements of s52(9) of the Superannuation Industry (Supervision) Act 1993 ('legislation').

Product	Trustee	Super Fund	Category
Kogan Super (the Product)	Mercer Superannuation (Australia) Ltd (MSAL or Trustee)	Mercer Super Trust (MST)	Choice

Purpose

As required by legislation, this document contains:

- the Trustee's determination as to whether the financial interests of the beneficiaries holding the Product are being promoted by the Trustee having regard to the assessments and comparisons prescribed by legislation; and
- a summary of the assessments and comparisons upon which the Trustee's determination is based. The Trustee's determination is as of 22 February 2024 and is based on information for the year ended 30 June 2023, as well as changes to the Product made after that date.

Overall Determination

The Trustee has determined that the financial interests of the beneficiaries holding the Product are **being promoted**.

This is based on the assessments and comparisons summarised below. In doing so, the Trustee compared the Product against other Choice investment options offered by regulated superannuation funds.

Summary of the Trustee's assessment

When carrying out the assessment, the Trustee considered a number of factors including, fees and costs, investment performance and options, insurance fees and options, and the overall size and scale of the Mercer Super Trust.

The assessment consists of two Sections. The table below provides a summary of the factors considered for each Section.

Factor	Rating
Section One	
Fees and costs	Members' financial interests are promoted.
Investment returns	Members' financial interests are promoted.
Investment risk	Members' financial interests are promoted.
Section Two	
Options, benefits and facilities	Members' financial interests are mostly promoted.
Investment strategy	Members' financial interests are promoted.
Insurance strategy	Members' financial interests are promoted.
Insurance fees	Members' financial interests are mostly promoted.
Scale	Members' financial interests are mostly promoted.
Operating costs	Members' financial interests are promoted.
Basis for setting fees	Members' financial interests are mostly promoted.

Section One: Summary of our performance assessment

Guide to reading this section

Comparison Table Key

Quartile	Colour Rating
Bottom 25% of Products (Bottom Quartile) (Q4)	
Bottom 50% to 25% of Products (Below Median) (Q3)	
Top 50% to 75% of Products (Above Median) (Q2)	
Top 25% of Products (Top Quartile) (Q1)	

For Fees and costs, Above Median refers to the fees being less expensive than the median. Below Median refers to the fees being more expensive than the median.

For Investment returns, Above Median refers to the returns being higher than the median. Below Median refers to the returns being lower than the median.

This section provides the outcome of the Trustee's assessment of Fees and costs, Investment returns and Investment risk compared to peers and benchmarks.

1. Fees and costs

Determination	Assessment
Members' financial interests are promoted	The fees and costs are ranked Quartile 1 for all options compared at a \$25,000 balance and \$50,000 balance.

Effective 1 April 2023, the Trustee:

- Reduced the asset-based administration fees and removed the dollar-based administration fee for most members.
- Reduced the estimated costs associated with product and strategic services from 0.036% per annum of MST assets to 0.017% per annum.

As demonstrated by the transition of members through the BT Successor Fund Transfer (**SFT**), the Trustee has a continued strategic focus on building scale within the MST, with the aim of passing benefits to members by way of providing lower fees.

Table 1 – Choice fees and costs competitor rankings for \$25,000 balance

For \$25,000 balance					
Fee category	Investment option	Administration fees and costs	Total fee	Rank	Quartile
High Growth	Indexed Diversified Shares	0.33%	0.57%	2 / 76	Q1
Growth	Enhanced Indexed Growth	0.33%	0.62%	2 / 77	Q1
Balanced	N/A	N/A	N/A	N/A	N/A
Conservative	Enhanced Indexed Conservative Growth	0.33%	0.63%	3 / 74	Q1

Table 2 – Choice fees and costs competitor rankings for \$50,000 balance

For \$100,000 balance					
Fee category	Investment option	Administration fees and costs	Total fee	Rank	Quartile
High Growth	Indexed Diversified Shares	0.33%	0.57%	2 / 76	Q1
Growth	Enhanced Indexed Growth	0.33%	0.62%	2 / 77	Q1
Balanced	N/A	N/A	N/A	N/A	N/A
Conservative	Enhanced Indexed Conservative Growth	0.33%	0.63%	6 / 74	Q1

2. Investment returns

Determination	Assessment
Members' financial interests are promoted	Most options are rated mid-market or better (Quartile 1 or Quartile 2) over the different periods. For 1-year results, four of the five rated options are ranked Quartile 1 or Quartile 2. For 3-year results, two of the five rated options are ranked Quartile 1 or Quartile 2.

APRA has recently introduced the Annual Performance Assessment (**APA**) for Trustee-directed Products, from 1 July 2023 onwards. All Kogan Super options surveyed within the 2022-23 APA, **passed** the APA.

Investment returns will vary according to the asset class or level of risk taken for each Choice investment option.

Table 3 – Choice investment return rankings against comparable investment options¹

Investment option	Peer group	1 Year		3 Years		5 Years	
		Rank	Quartile	Rank	Quartile	Rank	Quartile
Cash	Cash	37 / 66	Q3	45 / 66	Q3	N/A	N/A
Enhanced Indexed Conservative Growth	Capital Stable	15 / 89	Q1	53 / 85	Q3	N/A	N/A
Enhanced Indexed Growth	Balanced	23 / 178	Q1	104 / 168	Q3	N/A	N/A
Indexed Australian Listed Property	Property	7 / 37	Q1	16 / 33	Q2	N/A	N/A
Indexed Diversified Shares	High Growth	7 / 58	Q1	8 / 56	Q1	N/A	N/A

3. Investment risk

Determination	Assessment
Members' financial interests are promoted	The Trustee ensures that it has a range of options available for members to choose from, with different risk characteristics and investment objectives. During the last review in 2023 the Trustee confirmed that it was comfortable with the level of investment risk in each Choice investment option.

There is no publicly available information which provides a breakdown of the level of investment risk for each Choice investment option and therefore it is difficult to make reasonable comparisons against the industry. However, the net returns assessment above implicitly takes into account a comparison of investment risk.

The Trustee performs an annual review of each Choice investment option to understand the level of investment risk inherent in each option and whether that would be in line with the expectations of the members who are invested in that option. During the last review in 2023 the Trustee confirmed that it was comfortable with the level of investment risk in each Choice investment option.

¹ The options surveyed include all available investment options. The rankings are sourced from the SuperRatings FCRS Survey as at 30 June 2023.

Section Two: Summary of the assessment factors

The Trustee's assessment of the Product as at 30 June 2023 is based on the following criteria specified by the legislation.

Factor	Determination
Options, benefits and facilities	<p>Members' financial interests are mostly promoted</p> <p>The options, benefits and facilities are mostly appropriate for Kogan Super members having regard to the financial interests of beneficiaries in this product.</p> <p>The scale attained by the Product is not sufficient for further investment in product options, benefits and facilities. Kogan Super was closed to new members on 22 September 2023 and is scheduled to be fully closed in 2024, with members moving to an MST product.</p>
Investment strategy	<p>Members' financial interests are promoted</p> <p>The last annual investment strategy review was completed for Kogan Super options in November 2023.</p> <p>The review identified that the investment strategy for the Kogan Super options remains appropriate.</p>
Insurance strategy	<p>Members' financial interests are promoted</p> <p>A comprehensive independent review of the Insurance Management Framework (IMF), including insurance strategy, occurred in September 2023. The outcomes of the review concluded that the IMF and insurance strategy are operating effectively in members' best financial interests.</p> <p>The Trustee's insurance strategy underpins a strong insurance offer, making a range of insurance benefits available to members (i.e. Death, Total and Permanent Disablement, and Income Protection). The nature of the insurance offer reflects the differing needs of members. Where default cover is provided on an automatic basis members can adjust or cancel their cover at any time to ensure the types and amounts of cover they hold is appropriate and affordable for their circumstances.</p> <p>For insured members, there is a continuing focus to reduce frictions in the member servicing model and improving claims admittance rates and claims durations.</p>
Insurance fees	<p>Members' financial interests are mostly promoted</p> <p>Ensuring that insurance fees charged in relation to a product are affordable and do not inappropriately erode the retirement income of beneficiaries is a key objective of the Trustee's insurance strategy.</p> <p>The approach applied by the Trustee to meet this objective is that the cost of default cover provided to members on an automatic basis should not generally exceed 1% of a member's estimated salary. For Kogan Super the cost of insurance provided to members on an automatic basis does not generally exceed 1% of an estimated salary.</p> <p>On balance, insurance fees for Kogan Super members are broadly aligned with the financial interests and needs of beneficiaries. However, for some members, an opportunity exists to improve the competitiveness of insurance fees. The Trustee continues to focus on ensuring affordability of insurance premiums and that these do not unduly erode member retirement balances.</p>

Factor	Determination
Scale	<p>Members' financial interests are mostly promoted</p> <p>At a product level, the scale for Kogan Super is not sufficient to be sustainable. The Trustee has planned activity for Kogan Super to be closed in 2024.</p> <p>Kogan Super was closed to new members on 22 September 2023.</p>
Operating costs	<p>Members' financial interests are promoted</p> <p>The Trustee incurs operating costs in ensuring the efficient and effective operation of the MST, including Kogan Super. Both current and projected operating costs per member are reasonable with the net operating income per account remaining stable and sustainable.</p>
Basis for setting fees	<p>Members' financial interests are mostly promoted</p> <p>One of the Trustee's strategic objectives is to deliver competitive products and services. The Trustee recognises that the manner in which fees are charged to MST members is a material consideration in assessing the promotion of members' financial interests.</p> <p>The Trustee annually assesses the appropriateness of the fees charged to Kogan Super beneficiaries and continues to enhance policies.</p>

Issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence 235906, the trustee of the Mercer Super Trust ABN 19 905 422 981 ('Mercer Super').

Any advice provided is of a general nature and does not take into account your objectives, financial situation or needs. Before acting on any advice we recommend you obtain your own financial advice and consider the Product Disclosure Statement available by calling the Helpline on 1800 517 212. The product Target Market Determination can be found at kogansuper.com.au/documents.

Past performance is not a reliable indicator of future performance. The value of an investment in Mercer Super may rise and fall from time to time. The investment performance, earnings or return of capital invested are not guaranteed.

Ratings are likely to change and are only one factor to be taken into account when deciding to invest in a product.

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