

Commonwealth Essential Super - MySuper.



Each year, along with other superannuation fund Trustees, we're required to publish the results of an annual member outcomes assessment for each of our products. This assessment shows how we've promoted the financial interests of our members over the prior financial year.

Member outcomes assessment – Approach

Each year we set, and then assess ourselves against, a number of key focus areas we believe are important in providing a high quality superannuation fund. We've completed a three-step evaluation process to assess our performance against the key focus areas:

- **Product comparison**
We've compared Commonwealth Essential Super against similar superannuation funds to show whether the product is competitive with similar products. We completed this comparison in the areas of fees, investment return performance and investment risk.
- **Product assessment**
We've assessed key areas of Commonwealth Essential Super that are related to member outcomes to determine whether we're promoting the financial interests of our members. A summary of the results is completed at the product level.
- **Overall determination**
Finally, we've made an overall determination on whether we are promoting the financial interests of our members in Commonwealth Essential Super. This assessment is based on the matters assessed and also factors in anything relevant within the business or externally.

Overall product determination for the year ended 30 June 2020 – MySuper

The assessment of the key outcomes of this product demonstrate that we are actively promoting the financial interests of our members in Commonwealth Essential Super - MySuper.

Product comparison – MySuper

Fees and costs

We aim to provide competitive fees for members and regularly review our fees to improve the financial outcomes for our members. As at 30 June 2020, the fees and costs for Commonwealth Essential Super MySuper were lower than about two-thirds (68%) of similar funds. We have also reduced the administration fee from October 2020 to further improve the outcomes for our members.

Net investment return

We support members achieving their retirement goals by offering life stage investment options. These options use a diversified asset-allocation in which the share of each asset class automatically adjusts to lower risk as the member ages and their expected retirement date approaches. All investment options have exceeded their investment objectives (which are set to include a percentage return above inflation). On average, the return for each investment option within Commonwealth Essential Super MySuper was lower than most (87%) comparable investments during the 2020 financial year. Colonial First State's MySuper investment options have a higher weighting (relative to the market indices) to 'value' equities, which have lagged the returns of markets. The underperformance was substantial in the first half of calendar year 2020 with equity markets falling heavily in March and rebounding from April to June but with wide variation in the performance of individual securities and sectors. In the current financial year to date, there has been a strong recovery in investment returns driven by value strategies and recovering global markets.

Investment risk

All investments are subject to risk and different strategies carry different levels of risk depending on the assets that make up the strategy. To measure risk for our products, we assess the 'risk-adjusted return'. This measures an investment's performance after taking into account the amount of risk that was taken to achieve it. On average, the risk-adjusted return for the investment options within Commonwealth Essential Super MySuper performed below most (68%) of comparable investments. The risk-adjusted return experienced by a member depends on the portfolio of investment options chosen by the member.

Product assessment – MySuper

This assessment evaluates the performance of Commonwealth Essential Super – MySuper in delivering outcomes for our members. Each of these areas are assessed by comparing a range of metrics against relevant benchmarks.

Key area	
Fees and costs	Total fees were lower than benchmarks but as at 30 June 2020 administration fees were high relative to the heatmaps published by APRA. Administration fees have subsequently been reduced in October 2020 to further benefit our members.
Options, benefits and facilities	Our members are regular users of key options, benefits and facilities including digital services and our contact centre. Member communications provide an important role in supporting and educating members. We continue to explore opportunities to engage with our members via digital channels, this includes continual investment in our member app which was launched in April 2020. We regularly add new features in response to your feedback. We also continue to make it easier for you to manage your super by simplifying processes, including the digitisation of forms – over 75% of our forms are now digitised.
Investment strategy	All investment options have exceeded their investment objectives. It may be helpful to understand that while investment performance is currently below that of peers across 1, 3 and 5-year timeframes, these results reflect a short period of time – focused on the early part of 2020 when conditions were volatile and particularly impacted our investment strategies. Pleasingly, financial markets experienced a strong recovery in the latter half of 2020 which benefited those strategies. And as that recovery continues, we anticipate that returns for these investment options, will benefit our strategies.
Insurance strategy	Insurance terms and conditions rated favourably to peers (83% exceeded their benchmarks) and more than one-third (39%) of insurance premium scenarios were lower than the median of peers.
Insurance fees	On average, our members' insurance premiums were considered affordable for most members using industry benchmarking.
Scale and sustainability	This product benefits from Colonial First State's broader size and leverages the technology and investment scale used to provide benefits to the overall business.
Operating costs	We take managing member's money seriously and are disciplined in our management of the fund's operating expenses. This fund leverages and has the benefit of the broader administration scale of CFS which manages approximately \$145bn. The appropriate management of our costs supported our ability to reduce the administration fees charged to members from October 2020. Our assessment of costs considers what we planned to spend and what we did spend. For the year ending 30 June 2020, the Trustee spent more than planned across the business, which supported our ongoing investment in our product and services and other measures to maintain our operations. This additional investment was not passed onto members.

Overall product determination for the year ended 30 June 2020 – Choice

The assessment of the key outcomes of this product demonstrate that we are actively promoting the financial interests of our members in Commonwealth Essential Super – Choice.

Product comparison – Choice

Fees and costs

The fees and costs for Commonwealth Essential Super Choice are ranked at the 8th percentile when compared with peers. The fees for the product depend on the portfolio of choice investment options chosen by the member. The Essential Super Balanced option has been used for ranking purposes. The fee is ranked in the 1st quartile in the Chant West Fee Survey, reflecting that pricing is competitive relative to peers.

Net investment return

On average, the return for each investment option within Commonwealth Essential Super Choice is ranked at the 48th percentile with comparable investments. The investment returns for the product depend on the portfolio of investment options chosen by the member. The performance for each option indicate that overall the options have performed above the investment return median result of peers.

Investment risk

All investments are subject to risk and different strategies carry different levels of risk depending on the assets that make up the strategy. To measure risk for our products, we assess the 'risk-adjusted return'. This measures an investment's performance after taking into account the amount of risk that was taken to achieve it. On average, the risk-adjusted return for the investment options within Commonwealth Essential Super Choice performed better than most (87%) comparable investments. The risk-adjusted return experienced by a member depends on the portfolio of investment options chosen by the member.

Product assessment – Choice

This assessment evaluates the performance of Commonwealth Essential Super – Choice in delivering outcomes for our members. Each of these areas are assessed by comparing a range of metrics against relevant benchmarks.

Key area

Fees and costs	Total fees were lower than benchmarks but administration fees were high relative to the selected benchmarks. Administration fees have subsequently been reduced in October 2020 to further benefit our members.
Options, benefits and facilities	Our members are regular users of key options, benefits and facilities including digital services and our contact centre. Member communications provide an important role in supporting and educating members.
Investment strategy	The investment strategy has performed well (72% of investment options exceeded their benchmarks). The investment menu is rated highly (80% exceeded their benchmarks) but note the limited investment choice as this is a simple super product.
Insurance strategy	Insurance terms and conditions rated favourably to peers (83% exceeded their benchmarks) and more than one-third (39%) of insurance premium scenarios were lower than the median of peers.
Insurance fees	On average, our members' insurance premiums were considered affordable for most members using industry benchmarking.
Scale and sustainability	This product benefits from Colonial First State's broader size and leverages the technology and investment scale used to provide benefits to the overall business.
Operating costs	We take managing member's money seriously and are disciplined in our management of the fund's operating expenses. This fund leverages and has the benefit of the broader administration scale of CFS which manages approximately \$145bn. The appropriate management of our costs supported our ability to reduce the administration fees charged to members from October 2020. Our assessment of costs considers what we planned to spend and what we did spend. For the year ending 30 June 2020, the Trustee spent more than planned across the business, which supported our ongoing investment in our product and services and other measures to maintain our operations. This additional investment was not passed onto members.

We will continue to improve member outcomes by understanding members' needs, enhancing the product offering and remaining focused on delivering for members' financial interests.



Things you should know: Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFS) is the issuer of interests in Commonwealth Essential Super ABN 56 601 925 435 (Essential Super) and is a wholly owned subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 (Bank). This document may include general financial product advice but does not consider your individual objectives, financial circumstances or needs. You should read the Product Disclosure Statement (PDS) and the Reference Guide for Essential Super carefully and consider whether the information is appropriate for you before making any decision regarding this product. You can download the PDS and Reference Guide, or call us on 13 4074 for a copy. The Bank and its subsidiaries do not guarantee the performance of Essential Super and an investment in this product is subject to risk, loss of income and capital invested. An investment in Essential Super is via a superannuation trust and is therefore not an investment in, deposit with or other liability of the Bank or its subsidiaries. Where we mention 'we', 'us' or 'our', we mean CFS.