

2024 Outcomes Assessment

January 2025

Our number one priority is our members, protecting their interests and financial wellbeing, and achieving strong superannuation outcomes to help them build the future and retirement they want.

This year the Trustee of the ANZ Australian Staff Superannuation Scheme (“ANZ Staff Super”) reports on its assessment of the outcomes achieved for our members using information and results from 2024 and ANZ Staff Super’s performance relative to other funds.

2024 has produced strong investment returns despite inflation remaining higher than the RBA’s target range, and ongoing heightened geopolitical risk. Most superannuation funds, including ANZ Staff Super, achieved positive returns for the year ended 30 June 2024.

While there is some uncertainty about the investment environment in 2025, ANZ Staff Super remains well positioned to manage risks and volatility, while remaining focused on delivering strong long-term returns for members and being open to investment opportunities.

Members who don’t elect a specific investment option have their funds invested in our default investment option, which is Balanced Growth (our MySuper product). ANZ Staff Super also has three other investment options. In December 2024, we assessed the performance of all four options for our super members (Employee, Employee Section C, Personal and Partner Sections) and Retirement Section members against our objectives and relative to other funds using publicly available information including statistics from APRA and research houses.

MySuper

Performance against investment objective and expected investment risk profile

Our MySuper product is the Balanced Growth option. This is a diversified option that invests across a range of asset classes; 68% of investments are in shares, property, and infrastructure with the remaining 32% invested in defensive alternatives, fixed interest securities, credit and cash.

Prior to October 2024, its investment return objective was to achieve net returns that exceeded Consumer Price Index (CPI) increases, on average, by at least 2.5% p.a. over rolling 10 year periods. This objective was increased to 3.5% p.a. over rolling 10 year periods in October 2024. The standard approach for measuring investment risk for regulatory purposes is the estimated frequency of negative returns over a 20 year period. For our Balanced Growth option, the estimated frequency of negative returns over 20 years is 3.9.

Over the 10 years to 30 June 2024, the Balanced Growth option achieved its investment objective:

	Average net investment return*	Investment return objective	Excess
Employee, Personal & Partner Sections	6.7% p.a.	5.3% p.a.	1.4% p.a.

*After investment fees, costs and tax

Over the 20 years to 31 December 2024, the Balanced Growth option experienced 4 years where net investment returns were negative. This is consistent with its investment risk profile.

In August 2024, APRA confirmed that our MySuper product had passed its performance assessment for the 2023/24 financial year. Our MySuper product has passed APRA’s performance assessment every year since it was introduced in 2021.

Comparative target return, level of investment risk & net investment return

Our objective is to provide a MySuper investment option with a well-balanced risk/return profile achieving competitive returns.

APRA’s Comprehensive Product Performance Package – MySuper Products (30 June 2024) showed that ANZ Staff Super’s Balanced Growth option ranked under median over 3, 5 and 10 years for single strategy MySuper products. The target returns above inflation¹ for this comparison ranged from 1.5% to 8.5% – for ANZ Staff Super’s MySuper option, this target was 3.5%. The level of investment risk (i.e. estimated frequency of negative returns over 20 years) for this pool of products ranged from 2.9 to 6.0 – for ANZ Staff Super’s MySuper option, this level is around median at 3.9.

We are comfortable that the investment strategy (including the return target and level of investment risk) of our MySuper product is appropriate taking into account ANZ Staff Super’s membership profile (where the average age and account balances are generally higher than for MySuper products offered by other providers) and the anticipated risk tolerance of members invested in this option.

In the Rainmaker Monthly Investment Performance Report (June 2024), our Balanced Growth (MySuper) investment option ranked 2nd quartile for returns over 1 and 3 years, and 3rd quartile over 5 and 10 years. The Trustee will continue to monitor the performance of the investment options and continually review its strategy and investment management arrangements and build resilience to sustainably enhance returns while managing risk at appropriate levels.

¹ This return target is an estimate of the expected return above inflation (after fees, costs and tax) over a 10-year period.

Fees and costs

Our objective in relation to fees and costs is to provide quality, value for money products and services at a competitive cost.

APRA's Quarterly MySuper Statistics (September 2024) showed the annual administration and investment fees and costs for a representative member (balance of \$50,000) in a single strategy MySuper product ranged from \$327 to \$654. ANZ Staff Super's fees and costs reported in these statistics totalled \$327 for Personal and Partner Section members, which are the lowest total fees and costs reported in this category. Our fees and costs for Employee Section members are slightly lower at \$287.

In the Chant West Fee Survey (September 2024), which includes the rankings for a range of sample account balances, ANZ Staff Super rated no. 1 for the lowest MySuper fees for a balance of \$50,000 (ranked no. 1 from 2019 to 2021, and no. 2 for 2022 and 2023). For a balance of \$100,000, ANZ Staff Super rated no. 1 (ranked no. 4 in 2022 and 2023), for balances of \$250,000 and \$750,000, no. 2 and no. 3 respectively (both ranked no. 5 in 2022 and 2023), and for a balance of \$500,000, no. 3 (ranked no. 5 in 2022 and no. 7 in 2023).

This survey included 47 MySuper funds and ANZ Staff Super was comfortably within the top quartile for low fees and costs for all balances.

Insurance strategy

Our objective is to provide cover that balances members' likely insurance needs and the cost of cover and to allow flexibility for members to tailor their insurance arrangements to suit their needs.

ANZ Staff Super's default death and Total and Permanent Disablement (TPD) cover for Employee Section members is generally 3 times Total Employment Cost (TEC) or salary. Employee Section members can apply to have a higher or lower level of death and TPD cover – increases are subject to acceptance by the Insurer. We are comfortable that this strategy is appropriate for these members.

Erosion of account balances by insurance premiums

Our objective is to maintain premiums at competitive levels for the cover, terms and conditions offered. We seek to offer default cover of types and at levels appropriate to the relevant membership profile which doesn't inappropriately erode members' retirement savings. To achieve this objective, we seek to keep the premiums for default cover less than 1% of salary.

ANZ Staff Super's premiums for Employee Section members' default cover is less than 1% of salary across all ages.

Options, benefits and facilities

ANZ Staff Super provides appropriate options, benefits and facilities for our members that are consistent with the ranges offered by other superannuation funds. In making this assessment, we've reviewed the offerings of a number of public offer funds (such as Australian Super, CBUS, Hesta, Aware Super, HostPlus, Equip Super, UniSuper and Australian Retirement Trust).

Choice

Performance against investment objectives and expected investment risk profile

Our objective is to provide a range of investment options with well-balanced risk/return profiles achieving competitive returns.

Return objectives were increased on 1 October 2024 to reflect a higher expected real return for investments. Our four options have the following investment return objectives and levels of investment risk:

Super and Transition to Retirement member options

Investment option	Investment return objective	Level of investment risk (estimated frequency of negative returns over 20 years)
Aggressive Growth	Achieve net returns that exceed CPI increases, on average, by at least 4.0% p.a. over rolling 10 year periods	4.9
Balanced Growth	Achieve net returns that exceed CPI increases, on average, by at least 3.5% p.a. over rolling 10 year periods	3.9
Cautious	Achieve net returns that exceed CPI increases, on average, by at least 2.0% p.a. over rolling 10 year periods	1.6
Cash	An investment return before fees and taxes that is equal to or higher than the RBA cash rate over rolling 1 year periods	0

Account Based Pension member options

Investment option	Investment return objective	Level of investment risk (estimated frequency of negative returns over 20 years)
Aggressive Growth	Achieve net returns that exceed CPI increases, on average, by at least 4.5% p.a. over rolling 10 year periods	4.8
Balanced Growth	Achieve net returns that exceed CPI increases, on average, by at least 4.0% p.a. over rolling 10 year periods	3.7
Cautious	Achieve net returns that exceed CPI increases, on average, by at least 2.5% p.a. over rolling 10 year periods	1.6
Cash	An investment return before fees and taxes that is equal to or higher than the RBA cash rate over rolling 1 year periods	0

Over the 10 years to 30 September 2024, all investment options exceeded their investment objectives:

	Average net investment return*	Investment return objective	Excess
Aggressive Growth			
- Employee, Personal, Partner Section members and Transition to Retirement pensions	8.8% p.a.	5.8% p.a.	3.0% p.a.
- Other Retirement Section members	9.5% p.a.	5.8% p.a.	3.7% p.a.
Balanced Growth			
- Employee, Personal, Partner Section members and Transition to Retirement pensions	6.9% p.a.	5.3% p.a.	1.6% p.a.
- Other Retirement Section members	7.5% p.a.	5.3% p.a.	2.2% p.a.
Cautious			
- Employee, Personal, Partner Section members and Transition to Retirement pensions	4.4% p.a.	4.2% p.a.	0.2% p.a.
- Other Retirement Section members	4.9% p.a.	4.2% p.a.	0.7% p.a.
Cash			
- Employee, Personal, Partner Section members and Transition to Retirement pensions	4.2% p.a.	3.7% p.a.	0.6% p.a.
- Other Retirement Section members	5.0% p.a.	4.3% p.a.	0.7% p.a.

*After investment fees, costs and, where applicable, tax

Over the 20 years to 31 December 2024:

Aggressive Growth - experienced 4 years where net investment returns were negative;

Balanced Growth - 4 years where net investment returns were negative; and

Cautious - 2 years where net investment returns were negative;

Cash - did not experience negative returns in any year during this period. The experience of all our options is consistent with their investment risk profiles.

Comparative net investment returns

The Rainmaker Monthly Investment Performance Report for October 2024 provided the following rankings for our investment options:

October 2024 results				
	Aggressive Growth	Balanced Growth	Cautious	Cash
1 year return (%)	22.2	16.9	9.3	4.0
Quartile	1st	2nd	3rd	2nd
3 year return (%)	6.7	4.6	2.6	2.8
Quartile	1st	3rd	3rd	1st
5 year return (%)	8.4	6.1	3.2	2.0
Quartile	1st	2nd	3rd	1st
10 year return (%)	8.9	6.9	4.2	1.8
Quartile	1st	2nd	3rd	1st

Fees and costs

Administration and investment fees and costs

The Chant West Fee Survey (September 2024) includes the rankings for a range of sample account balances (\$25,000, \$50,000, \$100,000, \$250,000, \$500,000 and \$750,000).

For the Aggressive Growth option, our Employee Section ranked 1st for the lowest administration fees and investment costs for balances of \$25,000, \$50,000 and \$100,000, 3rd lowest for balances of \$250,000 and \$500,000, and 2nd lowest for a balance of \$750,000. Our fees and costs rank from 3rd to 9th lowest across the range of balances for the Personal and Partner Sections and 2nd to 4th lowest across the range of balances for the Retirement Section.

For the Balanced Growth option, our Employee Section ranked lowest for balances of \$25,000 and 2nd lowest for the other balances. Depending on the balance, our fees and costs ranked 3rd to 7th lowest across the range of balances for the Personal and Partner Sections and 2nd to 6th lowest for the Retirement Section.

For the Cautious option, our Employee Section ranked 1st to 4th lowest across the balances. Our fees and costs ranked from 3rd to 12th lowest across the range of balances for the Personal and Partner Sections and 2nd to 8th lowest for the Retirement Section.

The Chant West Fee Survey included around 70 products in each of the investment risk categories.

Insurance premiums

In the Chant West Insurance Premium Survey (October 2024), ANZ Staff Super's Employee Section again rated no. 1 overall for the lowest death and TPD insurance premiums based on the indices developed by Chant West to assess market competitiveness. For male and female members aged 25, 40 and 55, it was ranked no. 1 for the lowest premiums.

Other

Scale, operating costs & relative level of fees and costs

We regularly analyse changes in our membership profile, number of accounts, and holdings together with a financial analysis of the coverage of operating costs.

At 30 June 2024, ANZ Staff Super had around 28,817 members and assets around \$6.9 billion. At this scale, ANZ Staff Super achieves competitive returns across its investment options and ranks highly for competitive fees, costs and insurance premiums. There is no evidence that our members are disadvantaged by ANZ Staff Super's scale.

Our competitive fees and costs show that our operating costs are not inappropriately affecting the financial interests of our members.

Basis for setting fees

Both administration fees and investment costs are applied on a cost recovery basis only. We believe that this is an appropriate basis for setting these fees.

Overall

Having considered the outcomes achieved for ANZ Staff Super in absolute terms and relative to other funds, the Trustee determined that it is promoting the financial interests of our members who hold ANZ Staff Super's MySuper and Choice products. ANZ Staff Super has adequate scale to deliver a range of benefits to members with competitively low fees and costs which indicate that its operating costs do not inappropriately affect its members' interests. Overall the Trustee is comfortable that ANZ Staff Super is operating in members' best financial interests.