



MIESF Member Outcomes Assessments for the Year Ended 30 June 2022

Section 52(9) of the Superannuation Industry (Supervision) Act 1993 ('**SIS Act**') requires the Meat Industry Employees' Superannuation Fund ('**MIESF**') Trustee to determine in writing, on an annual basis for:

- MIESF MySuper;
- MIESF choice products including:
 - Accumulation accounts invested in the High Growth Option; and
 - MIESF Pension Accounts,

whether the financial interests of the beneficiaries who hold these products are being promoted by the Trustee.

Sections 52(9), 52(10), 52(10A), 52(11) of the SIS Act describe the considerations that trustees must take into account in making this assessment and the processes they must follow. Pursuant to section 52(9) of the SIS Act, in respect of MIESF MySuper, this includes APRA's second determination pursuant to subsection 60C(2) of the SIS Act. Additional requirements are included in paragraphs 21 – 23 of Prudential Standard SPS 515 – Strategic Planning and Member Outcomes.

Each "product" has been considered separately taking into account (for Choice products) the applicable investment strategies.

MIESF MySuper

MIESF MySuper is a single investment strategy product with a strategic growth asset allocation of 58% according to the APRA Heatmap methodology. Sections 52(9) and (10) of the SIS Act requires the Trustee to compare various aspects of MIESF MySuper with other MySuper products.

On 11 November 2020, APRA published "Outcomes' assessment under S. 52(9) of the SIS Act – frequently asked questions" which indicated that the Trustee must compare MIESF MySuper against all MySuper products ie. both single strategy and lifecycle products. However, APRA expects the Trustee to select only the lifecycle stage that is most appropriate to the risk profile of its single strategy product. MIESF has selected the stage of each lifecycle product with a strategic growth asset allocation of between 58% to 60%.

MIESF has examined the APRA Heatmap information as at 30 June 2022 published on 15 December 2022 and re-issued on 24 February 2023 (**APRA Heatmap (2022)**) for MySuper products and the APRA Quarterly MySuper Statistics (September 2020 – December 2022), June 2022 (published 28 February 2023) ('**APRA Quarterly MySuper Statistics, June 2022**').



The comparison of the aspects of MySuper products specified in s. 52(10) are shown below.

- (a) The fees and costs that affect the return to members as shown in the relevant APRA Heatmap (2022) – MySuper - administration fees and total fees disclosed for a \$50,000 account balance:

| APRA Heatmap (2022) | Administration fees \$ | Total fees \$ |
|--|-----------------------------------|------------------------------------|
| Lowest quartile fee | 121 | 435 |
| Lowest fee | 40 | 235 |
| Median fee | 147 | 480 |
| Highest quartile fee | 195 | 538 |
| Highest fee | 375 | 765 |
| MIESF MySuper fee | 225 | 435 |
| MIESF MySuper ranking out of 48 single strategy products | 6 th highest out of 48 | 36 th highest out of 48 |

- (b) The level of investment risk, as shown in the APRA Quarterly MySuper Statistics, June 2022, MySuper products can be summarised as:

| MySuper - single investment strategy plus lifecycle with similar SAA | | |
|---|----------|---------------------------------|
| Number of Products | % | Level of Investment Risk |
| 5 | 10 | Medium |
| 23 | 48 | Medium to High |
| 18 | 38 | High |
| 2 | 4 | Very High |
| 48 | 100 | |

MIESF MySuper's disclosed investment risk is "Medium" and is the lowest of the 48 MySuper single investment strategy products. Under the Standard risk measure, the estimated number of negative annual returns for MIESF MySuper over any 20-year period has been calculated to be 2.9. There have been two negative annual returns in the 39 fiscal years ended 30 June 2022. The Trustee considers the occurrence of actual negative returns is consistent with (if not better than) the estimate under the Standard risk measure.

- (c) The investment returns as shown below are 8, 5 and 3 year figures from the relevant APRA Heatmap (2022) and the current 1 year figures from the APRA Quarterly MySuper Statistics, June 2022. They are gross returns net of all fees, costs and taxes for a \$50,000 account balance:

| | 8 Years % p.a. | 5 Years % p.a. | 3 Years % p.a. | 1 Year % p.a. |
|---|-----------------------------------|-----------------------------------|---------------------------|-----------------------------------|
| Highest quartile return | 6.73 | 6.11 | 4.80 | 1.24 |
| Median return | 6.18 | 5.52 | 4.13 | -3.58 |
| Lowest quartile return | 5.78 | 5.16 | 3.46 | -4.87 |
| MIESF MySuper return | 7.32 | 7.42 | 6.16 | 0.76 |
| MIESF MySuper ranking out of number of products | 4 th highest out of 47 | 2 nd highest out of 48 | 2 nd out of 48 | 4 th highest out of 48 |



Meat Industry Employees' Superannuation Fund

The second determination made by APRA under subsection 60C(2) of the SIS Act (otherwise known as the APRA Your Future Your Super ('YFYS') assessment) for the 8 years to 30 June 2022 confirmed MIESF is a "Performing" fund.

Furthermore, the APRA Heatmap (2022) revealed the actual YFYS performance test scores, with MIESF's MySuper product achieving the 2nd highest test score of 1.56% from the 40 single investment strategy MySuper products reviewed by APRA as at 30 June 2022 (reissued on 24 February 2023).

The APRA Heatmap (2022) for MySuper products also confirmed the following value add, i.e., higher returns compared to MIESF's Strategic Asset Allocation ('SAA') benchmark (as calculated by APRA) and APRA's Standard Representative Portfolio ('SRP') for MySuper products for the three, five year and eight-year periods ending 30 June 2022. These figures are shown below:

| Years ending 30 June 2022 | Trustee value add v SRP Benchmark p.a. | MIESF MySuper Ranking out of MySuper Products | Trustee value add v SAA Benchmark p.a. | MIESF MySuper Ranking out of MySuper Products |
|------------------------------|---|---|--|--|
| 8 | 2.33% | 1/47 equal | 1.71% | 2/47 |
| 5 | 3.03% | 1/48 | 2.58% | 1/48 |
| 3 | 4.02% | 1/48 | 3.51% | 1/48 |

The above results provide confirmation that MIESF's MySuper product is delivering very strong financial outcomes for its members.

The s. 52(11) assessments as to whether the financial interests of the beneficiaries who hold MIESF MySuper are being promoted by the Trustee are shown below.

- (a) The Trustee's objective is to offer meat workers in their accumulation phase (in a section of the Fund referred to as the 'Main Section') and their spouse, a low cost, simple and efficient superannuation fund.

MIESF MySuper provides benefits that are simple and easily understood by members and are considered appropriate (including for those few members that that hold a MIESF Spouse Account). Virtually no other large superannuation fund has only two investment options or the simple insurance offered by MIESF to eligible members.

The Trustee believes that the cost of providing more options, benefits and facilities would not be in the members' best financial interests because the expense of doing so would be (unfairly) met by the majority of members who would not use such features.

- (b) The Trustee's investment strategy has been developed and refined by the MIESF Board of Directors over many years. The Trustee has determined it to be appropriate for MIESF MySuper members (including the very low number of members holding a Spouse Account). The success and appropriateness of the strategy can be seen from the very competitive net



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investment returns achieved for the MIESF MySuper product. The level of investment risk and the return target are deliberately amongst the lowest of all relevant MySuper products.

(c) & (d)

The Trustee has determined that its insurance strategy is appropriate for MIESF MySuper members eligible for insurance cover. The Fund's default insurance cover is designed to give financial assistance to eligible members and their dependants in the event of a member's permanent disablement, terminal illness or death. Members can elect to reduce their level of cover and the cost if they believe that the cost of this cover inappropriately erodes their retirement benefits. Members can elect to reduce their cover and cost to 50% of the default amounts or opt out of insurance altogether.

The Trustee has examined the overall cost of its insurance arrangements and has found that it compares favourably with other MySuper product's default insurance for members with similar insurance risk profiles.

Members with a Spouse Account invested in MIESF MySuper are not eligible for insurance cover because the features and costs of this insurance are unsuitable for members other than those working in dangerous occupations. The Trustee believes that the cost of providing suitable opt in cover to spouses would not be in the members' best financial interests because the expense of doing so would be (unfairly) met by the majority of members.

(e) Paragraph 23 of SPS 515 requires the Trustee to assess further matters. These assessments are shown below:

- (i) The Trustee has determined that despite MIESF being one of the smaller funds offering a MySuper product; MIESF's scale does not disadvantage its members because of its competitive fees, strong investment returns and reasonable insurance arrangements for eligible members (as shown above).
- (ii) The MIESF Trustee controls its operating costs and ensures that its expenditure decisions are for the purposes of sound and prudent management of the Fund and consistent with the best financial interests of members. The Fund's operating costs do not inappropriately affect the financial interests of the MIESF MySuper members as evidenced by the assessment that MIESF's total fees for a \$50,000 account balance are the 10th lowest out of 40 relevant MySuper products.
- (iii) The Trustee has determined that the basis for setting administration fees and costs at \$2.35 per week plus 0.18% of assets p.a. is appropriate for all members of the Fund (except those with an account balance less than \$6,000 at any 30 June or on exit from the Fund) because this is a fair allocation of costs attributable to the administration and operation of the Fund.
- (iv) The Trustee has determined that the investment fees and costs associated with the Fund's investments appropriately reflect the investment related expenditures incurred by the Fund in relation to the MIESF MySuper and compare favourably with



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the costs associated with similar investment strategies (given MIESF's ranking, from a fees perspective, in statistical information referred to above).

High Growth Option

The Trustee offers all MIESF members in accumulation phase (other than members with a Pension or Spouse Account) an investment choice referred to as the "High Growth Option".

Other members of the Fund with a MIESF Pension Account or a MIESF Spouse Account do not have any investment choice and are invested in accordance with the investment strategy applicable to MIESF MySuper product (in the case of Pension Accounts) or in MIESF MySuper (in the case of Spouse Accounts).

The High Growth Option has a strategic growth asset allocation of 90%.

The Trustee has compared the High Growth Option with all 111 Lifecycle products shown in the APRA Heatmap (2022) with SAA ranging from 80% to 90% of growth exposure. The Trustee considers these 111 Lifecycle products are comparable to MIESF's High Growth option.

In the absence of a more up to date APRA Choice heatmap (for the year ending 30 June 2022), the Trustee considers that a comparison against comparable investment strategies from the MySuper product universe is preferable, given the generally low cost and simple nature of MySuper products.

The comparison of the aspects of a Choice product specified in s. 52(10A) relevant to MIESF's High Growth option are shown below:

- (a) The fees and costs that affect the return to members invested in the High Growth Option have been reviewed by the Trustee.

The High Growth Option has the same administration fees and costs as shown above for MIESF MySuper. The investment fees and costs for the High Growth Option are lower than for MIESF MySuper ie. 0.35% versus 0.38% per annum (estimated, based on the experience of the Fund for the year ending 30 June 2022).

The fees and costs that affect the returns of the lifecycle products with an SAA to growth assets of 80% to 90% based on the administration fees and total fees disclosed for a \$50,000 account balance are shown below:

| | Administration fees % | Total fees % |
|---|--------------------------|-----------------|
| Lowest quartile fee | 0.19 | 0.90 |
| Median fee | 0.35 | 0.98 |
| Highest quartile fee | 0.48 | 1.08 |
| MIESF High Growth fee | 0.35 | 0.77 |
| MIESF High Growth ranking out of 111 products | At median | Lowest quartile |



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On this basis, the Trustee has determined that the fees and costs for the High Growth Option product are competitive with comparable products (from the MySuper product universe) with a similar SAA.

- (b) The investment returns shown below are from the APRA Heatmap (2022) based on the 111 Lifecycle products as specified in (a) above for the 8, 5 and 3 years to 30 June 2022.

These are net of investment and administration fees, costs and taxes for a \$50,000 representative member.

| | 8 Years % p.a. | 5 Years % p.a. | 3 Years % p.a. |
|---|---------------------------|---------------------------|---------------------------|
| Highest quartile return | 6.70 | 6.17 | 4.61 |
| Median return | 6.36 | 5.95 | 4.0 |
| Lowest quartile return | 6.04 | 5.53 | 3.61 |
| MIESF High Growth return | 7.57 | 6.83 | 4.55 |
| MIESF High Growth ranking out of number of 111 products | 1 st quartile | 1 st quartile | Above median |

It can be seen that the High Growth Option investment returns are above the median returns for comparable investment options (from the MySuper product universe) for the 3, 5 and 8 years ended 30 June 2022. Additional return comparisons for the High Growth option, based on MIESF's crediting rates and other data sources, are shown in Appendix A.

- (c) The level of investment risk for the High Growth Option is "High" and the estimated number of negative annual returns over any 20-year period has been calculated to be 5.2. There have been three negative annual returns in the 13 fiscal years ended 30 June 2022 since the High Growth Option commenced from 31 January 2009. The Trustee considers this to be consistent with the estimated occurrence of negative returns under the Standard risk measure.

The s. 52(11) assessments as to whether the financial interests of the members who invest in the High Growth Option are being promoted by the Trustee are shown below.

- (a) The Trustee's assessment regarding the options, benefits and facilities is the same as described above for MIESF MySuper. The High Growth Option may be suitable for those members who want greater exposure to growth assets, can tolerate a higher degree of risk and are prepared to have an investment horizon of at least five to seven years.
- (b) The Trustee's investment strategy, including the level of investment risk, is considered appropriate for members who choose to invest in the High Growth Option because, by its nature, members must make their own financial decision about whether this option is right for them based on the Fund's product disclosures (and by seeking out personal advice, if they wish). The investment choice form that a member must complete includes declarations that are designed to ensure that the member has adequate financial literacy or understanding to make the relevant choice.



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(c) and (d)

The insurance arrangements are the same for eligible members regardless of whether they invest in MIESF MySuper or the High Growth Option hence the comments above regarding the insurance arrangements in the MIESF MySuper section also apply.

(d)

(e) The assessments required for paragraph 23 of SPS 515 made above for MIESF MySuper also apply for members who invest in the High Growth Option.

MIESF Pension Account

The Trustee also offers members of the Fund a MIESF Pension Account including 'transition to retirement' and 'retirement' pensions. Pension Accounts are invested in accordance with the investment strategy applicable to the MIESF MySuper product, there is no investment choice or insurance offered and the administration and Investment fees and costs are the same as for the MIESF MySuper product.

The comparison of the aspects of a Choice product specified in s. 52(10A) relevant to MIESF's single strategy Pension Account are shown below:

- (a) Whilst the Trustee has not explicitly reviewed the Administration and Investment fees and costs for Pension products offered by other superannuation funds with a similar investment strategy to MIESF's Pension product, it is considered likely that the total fees will be the same or higher than the total fees and costs for each fund's MySuper product.

The Trustee has determined that the fees and costs for the MIESF Pension Account product is likely to be very competitive with other comparable Pension Account products.

- (b) The investment returns for MIESF Pension Accounts (in retirement phase)¹ have been compared with survey results for comparable Pension Account products and they are shown in Appendix A. It can be seen that the MIESF Pension Account investment returns are significantly above the median returns for comparable products for the 1, 3, 5, 7 and 10 years ended 30 June 2022.
- (c) The level of investment risk for the MIESF Pension Account is the same as for MIESF MySuper. The Trustee believes that this medium level of investment risk is appropriate given the draw-down risk for pensioners, as it seeks to achieve a reasonable balance between capital reductions (due to regular pension withdrawals and market movements) and the investment horizon of pensioners.

Whilst the Trustee has not explicitly compared the level of investment risk with other Pension Accounts, the Trustee believes that the financial interests of the members who

¹ Retirement pensions are not subject to tax on investment earnings. This means that while MIESF Pension Accounts are invested in accordance with the investment strategy applicable to MIESF MySuper and have the same fees and costs as MIESF MySuper, the returns for retirement pensions will be different due to tax-free investment earnings.



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invest in the MIESF Pension Account are not affected by differences in calculated levels of investment risk for other comparable choice products, given the simple nature of MIESF's single strategy Pension Account.

The S. 52(11) assessments as to whether the financial interests of the members who hold a MIESF Pension Account are being promoted by the Trustee are shown below.

- (a) The design of the MIESF Pension Account is considered appropriate for members who hold that product. The product is simple, low cost and has no insurance. The Pension Account also caters for members seeking a Transition to Retirement Pension.
- (b) The Trustee's investment strategy including the level of investment risk is the same as MIESF MySuper and it is considered appropriate for members who hold the MIESF Pension Account.
- (c) and (d)

There is no insurance available which is appropriate for a Pension Account.

- (d)
- (e) The assessments required for paragraph 23 of SPS 515 made above for MIESF MySuper also apply for members who hold a MIESF Pension Account.



APPENDIX A – Investment Performance of MIESF MySuper, the High Growth Option and Pension Accounts

This table shows the annual effective rate of net earnings credited by MIESF's Trustee to members' accounts over the past ten years ended 30 June 2022 (depending on the nature of the account). The crediting rates are net of taxes on investment earnings (where applicable), investment fees and costs and the percentage-based administration fee that has been deducted from investment returns since 1 July 2019.

| Year Ended 30 June | Main and Spouse Section Accounts (MIESF MySuper) % | Retirement Pension Accounts % | High Growth Option (Main Section only) % |
|---------------------------|---|--|---|
| 2013 | 14.2% | 15.6% | 21.7% |
| 2014 | 11.5% | 12.6% | 16.0% |
| 2015 | 6.3% | 7.2% | 12.9% |
| 2016 | 5.8% | 6.3% | 3.0% |
| 2017 | 9.4% | 10.3% | 10.8% |
| 2018 | 10.4% | 11.5% | 11.5% |
| 2019 | 8.3% | 9.5% | 9.2% |
| 2020 | 3.5% | 4.0% | -0.4% |
| 2021 | 15.2% | 16.8% | 24.7% |
| 2022 | 0.70% | 0.80 | -8.0% |
| 3-year average p.a. | 6.3% | 7.0% | 4.6% |
| 5-year average p.a. | 7.5% | 8.4% | 6.8% |
| 7-year average p.a. | 7.5% | 8.3% | 6.8% |
| 8-year average p.a. | 7.4% | 8.2% | 7.6% |
| 10-year average p.a. | 8.4% | 9.4% | 9.7% |

These investment returns can be seen to be very competitive with other superannuation funds with similar asset allocations by examining various survey results shown below.



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MIESF MySuper has had around 58% of its assets invested in shares and property in the last five years. The MIESF MySuper investment returns can be compared with:

1. the average of the median returns of the SuperRatings SR50 Balanced Index and the median returns of the SR25 Conservative Balanced Index; and
2. the average of the Chant West Growth and Balanced categories; and
3. the SelectingSuper Balanced category.

The High Growth Option has 90% “growth” assets hence the returns can be compared with:

1. the average of the SuperRatings SR25 High Growth and SR50 Growth returns; and
2. the average of the Chant West All Growth and High Growth returns; and
3. the SelectingSuper Growth returns.

The MIESF Pension Accounts investment returns can be compared with the SelectingSuper Balanced category for Retirement Products.



SUPERRATINGS – RETURNS TO 30 JUNE 2022

| Superatings Median Returns to 30 June 2022 | | | | | |
|--|---------------|----------------|----------------|----------------|-----------------|
| Index Name | 1 Year % p.a. | 3 Years % p.a. | 5 Years % p.a. | 7 Years % p.a. | 10 Years % p.a. |
| SR25 High Growth (91-100) Index | -6.6% | 5.2% | 7.0% | 7.0% | 9.9% |
| MIESF HIGH GROWTH OPTION | -8.0% | 4.6% | 6.8% | 6.8% | 9.7% |
| SR50 Growth (77-90) Index | -4.1% | 5.2% | 6.7% | 7.0% | 9.3% |
| SR50 MYSUPER INDEX | -3.7% | 4.1% | 5.8% | 6.1% | 8.1% |
| SR50 Balanced (60-76) Index | -3.4% | 4.3% | 5.9% | 6.1% | 8.0% |
| MIESF MYSUPER | 0.7% | 6.3% | 7.5% | 7.5% | 8.4% |

The SR50 Index and SR25 Index are the median returns of the largest 50 or 25 funds, with growth assets as shown, that are reviewed by SuperRatings. The MySuper returns are also shown. They are another helpful guide to the return of the “average” fund with the percentage in growth assets shown over the same time frames. SuperRatings does not review all superannuation funds, products or investment options.

CHANT WEST – RETURNS TO 30 JUNE 2022

| CHANT WEST – MEDIAN RETURNS TO 30 JUNE 2022 | | | | | |
|---|---------------|----------------|----------------|----------------|-----------------|
| Fund Category | 1 Year % p.a. | 3 Years % p.a. | 5 Years % p.a. | 7 Years % p.a. | 10 Years % p.a. |
| All Growth (96-100) Index | -6.3% | 5.4% | 7.4% | 7.5% | 10.2% |
| MIESF HIGH GROWTH OPTION | -8.0% | 4.6% | 6.8% | 6.8% | 9.7% |
| High Growth (81 – 95) | -4.0% | 5.4% | 6.9% | 7.2% | 9.6% |
| Growth (61 – 80) | -3.3% | 4.6% | 6.0% | 6.2% | 8.1% |
| MIESF MYSUPER | 0.7% | 6.3% | 7.5% | 7.5% | 8.4% |
| Balanced (41 - 60) | -2.6% | 3.3% | 4.6% | 4.9% | 6.5% |

Information in the above table is based on funds reviewed by Chant West. They do not review all superannuation funds, products or investment options.

SELECTINGSUPER – RETURNS TO 30 JUNE 2022

| SelectingSuper -Median Returns to 30 June 2022 | | | | | |
|--|---------------|----------------|----------------|----------------|-----------------|
| Index Name | 1 Year % p.a. | 3 Years % p.a. | 5 Years % p.a. | 7 Years % p.a. | 10 Years % p.a. |
| Growth (more than 75) | -5.0% | 4.7% | 6.5% | 6.6% | 9.2% |
| Balanced (55-75) | -3.8% | 3.9% | 5.5% | 5.7% | 7.7% |
| Capital Stable (less than 55) | -3.4% | 2.1% | 3.5% | 3.8% | 5.0% |
| Workplace Super – MySuper/Default Options | -3.6% | 4.6% | 6.2% | 6.3% | 8.3% |
| MIESF MYSUPER | 0.7% | 6.3% | 7.5% | 7.5% | 8.4% |
| MIESF HIGH GROWTH OPTION | -8.0% | 4.6% | 6.8% | 6.8% | 9.7% |

Information in the above table is based on funds reviewed by SelectingSuper. They do not review all superannuation funds, products or investment options.

The returns shown are the median returns of funds monitored and grouped according to the percentage of their investments in “growth” assets. The returns from the SelectingSuper “Top 50 Workplace Super – MySuper/default investment options” are also shown.

It should be noted that the SelectingSuper returns shown in their surveys are net of administrative fees for a \$50,000 account balance. The above figures have added 0.3% p.a. to the disclosed SelectingSuper returns to allow for comparison with SuperRatings and Chant West methodology.



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The Pension Accounts are invested in the same assets as MIESF MySuper and the investment returns could be compared with the median returns of the SelectingSuper Balanced category for Retirement Products and the Retirement Default option index.

SELECTINGSUPER RETIREMENT PRODUCTS - RETURNS TO 30 JUNE 2022

| Index Name | 1 Year % p.a. | 3 Years % p.a. | 5 Years % p.a. | 7 Years % p.a. | 10 Years % p.a. |
|-------------------------------|------------------|-------------------|-------------------|-------------------|--------------------|
| Balanced (55-75), 117 options | -4.8 | 3.9 | 5.7 | 5.9 | 8.0 |
| Default Option 37 options | -3.7 | 3.4 | 5.1 | 5.4 | 7.3 |
| MIESF PENSION | +0.8 | 7.0 | 8.4 | 8.4 | 9.4 |

The returns shown are the median returns for balanced investment options with 55% to 75% of their investments in "growth" assets for Retirement Products.

It should be noted that the SelectingSuper returns shown in their surveys are net of administrative fees for a \$50,000 account balance. The above figures have added 0.3% p.a. to the disclosed SelectingSuper returns.