CSCri

Legislated Outcomes Assessment

30 June 2024

Commonwealth Superannuation Corporation

Summary of findings

At the Commonwealth Superannuation Corporation (CSC) we've spent over 100 years growing the superannuation of current and former Australian Government employees and members of the Australian Defence Force. We use that experience to pursue a better retirement for our customers.

The Superannuation Industry (Supervision) Act 1993 requires us to assess our defined contribution products against criteria set out in the Act. This balanced scorecard approach uses multiple assessment categories to compare the performance of the CSCri Retirement Income Stream (CSCri RIS) and CSCri Transition to Retirement Income Stream (CSCri TRIS) against peers and the broader superannuation market.

The Board of CSC have concluded that all assessed products promoted the financial interests of their beneficiaries during the financial year ended 30 June 2024.

This report details how the Board has come to this assessment with summarised factors detailed below.

Summarised Product Comparison Factors

Table 1 details CSCri's performance against competitors.[1]

Table 1 - Product Comparison summary findings – financial year ended 30 June 2024

Comparison Item	Balanced Option	Aggressive	Choice options Income Focused	Cash[2]
CSCri RIS				
Returns after fees, costs and taxes[3]	Higher	Higher	Higher	Lower
Level of investment risk	Lower	Lower	Higher	Lower
Fees and costs ($50k balance, year to 30 June 2024)	In line	In line	Lower	Lower
CSCri TRIS				
Returns after fees, costs and taxes	Higher	Higher	Higher	Lower
Level of investment risk	Lower	Lower	Higher	Lower
Fees and costs ($50k balance, year to 30 June 2024)	Lower	Lower	Lower	Lower

Legend
Higher = 60th percentile or higher compared with competitors (green for returns, red for risk and fees)
In line = 40th to 60th percentile compared with competitors (grey for all comparison items)
Lower = 40th percentile or lower compared with competitors (red for returns, green for risk and fees)

[1] See Appendix A for sources.
[2] The cash option has low to no risk with a 0% allocation to growth assets.
[3] See 'Returns after fees, costs and taxes' section for comparison of 1, 3, 5, 10-year returns.

Key findings:

- **Returns:** The CSCri RIS and CSCri TRIS investment options delivered strong returns when compared to peer medians. The CSCri Cash options underperformed against peer products because they are pure cash options in accordance with APRA's guidelines for investment options labelled as 'cash', whereas the comparison group contains some 'cash-like' funds with higher risk. As such, the CSCri Cash options represent genuinely low-risk, cash-only investment options for customers.
- **Investment risk**: All investment options exhibited lower investment risk than peers, with the exception of the Income Focused investment options in both CSCri RIS and TRIS, which were slightly higher.
- **Fees and Costs:** Fees for all CSCri RIS and CSCri TRIS investment options were either lower or in line with peers.

Summarised Product Assessment Factors

With respect to the comparison of factors, the following key findings were found:

- **Options, benefits and facilities**: CSCri's products and services are constantly shifting to meet the changing needs of our customers. This is evidenced by their strong ratings across key elements of SuperRatings' broad-based, independent, benchmark assessment.
- **Investment Strategy**: The CSCri products are successfully continuing to deliver upon their investment performance targets consistent with the Board approved strategy.
- **Scale**: CSC ranks as the 14th largest fund among APRA regulated funds when considering its consolidated investment assets. This intermediate scale provides beneficiaries with the advantage of accessing a diverse investment universe, encompassing both listed and unlisted assets and spanning across various investment risk factors.
- **Operating Cost and Fee Setting:** Corporate costs and base investment fees per customer have remained relatively stable since 2017. There has been some variance in performance fees, however these fees are designed to align with interests of our investment managers and with our customers, and can vary over time – when net returns are strong and adding to customer balances, performance fees are higher (to a limit) and vice versa.

The above findings are summarised as a scorecard in Table 2 below.

Table 2 - Product Assessment summary findings – financial year ended 30 June 2024

CSCri assessment items	Score
Investment	Appropriate
Scale	Appropriate
Insurance strategy	Not applicable
Options, benefits and facilities	Appropriate
Operating costs	Appropriate
Fee setting basis	Appropriate

Legend
Appropriate – product is assessed to perform appropriately for our customers
Consider improvements – product can be improved to perform more appropriately for our customers

1. Introduction

This report reviews CSCri, CSC's retirement income stream product. It details the information the CSC Board considers when determining if CSCri continues to promote the financial interests of beneficiaries.

CSCri offers two types of retirement streams, being:

- CSCri Transition to Retirement Income Stream (CSCri TRIS) - a pre-retirement income stream.
- CSCri Retirement Income Stream (CSCri RIS) - a post-retirement income stream.

CSCri TRIS and CSCri RIS offer four different investment options: Balanced, Aggressive, Income Focused and Cash.

This report is structured in the following sections.

- **Part 2** provides a Product Comparison, which measures CSCri's performance against other products in the market against a prescribed set of factors (such as returns and fees).
- **Part 3** gives a Product Assessment. It reviews CSCri's performance against qualitative measures considered to impact member outcomes (such as scale, investment strategy and product options, among others).
- Several **Appendices** support this LOA assessment by outlining the methodologies and approaches taken to compare CSCri's performance.

The reported measures have been sourced from SuperRatings benchmarking reports and the Australian Prudential Regulatory Authority (APRA) website.

Background

In April 2019, the *Superannuation Industry (Supervision) Act 1993* was amended to replace the MySuper scale test with an annual outcomes assessment – the Member Outcomes Assessment. Under these new provisions, CSC is required to determine annually whether its products promote the financial interests of its members.

As such, this report provides this determination and details the information considered by CSC Board in making its determination.

2. Product Comparison

The product comparison is based on a set of factors prescribed by APRA and compares outcomes relative to other products in the market based on product data collected by APRA and SuperRatings.

The prescribed comparison factors are:

- Fees and costs - utilises 'Statement of fees and other costs' at item 4 of SRS 700.0[4]
- Returns after fees, costs and taxes – utilises 'Net Investment Return' from SRS 705.0 and SRS 705.1 Table 2 Column 8; and
- Level of investment risk – utilises 'Level of investment risk' at item 3 of SRS 700.0.

For CSCri Choice investment options SuperRatings data is used for these comparisons as APRA does not publish this information.

The approach and methodology for the product comparison is provided in Appendix A.

2.1 Returns after fees, costs and taxes

Both CSCri retirement products have four investment options – Balanced, Aggressive, Income Focused and Cash.

Table 3 below provides details on returns by investment option to 30 June 2024 for CSCri RIS (top section) and CSCri TRIS (bottom section). It includes comparative performance to benchmark and the median returns of similar products in the comparison group of other super funds detailed in Appendix A. [5]

Table 3 - Returns by investment option – to 30 June 2024

Investment option	1 year			3 year			5 year			10 year		
	Return	Median	Quartile	Return	Median	Quartile	Return	Median	Quartile	Return	Median	Quartile
CSCri RIS												
Balanced	8.50%	7.86%	1	4.18%	4.22%	3	5.40%	5.29%	2	7.03%	6.40%	1
Aggressive	10.25%	10.11%	2	5.69%	5.17%	1	8.45%	6.89%	1	9.55%	7.75%	1
Income Focused	6.55%	6.27%	2	3.51%	2.74%	1	4.73%	3.68%	1	5.78%	4.84%	1
Cash	4.49%	4.64%	3	2.49%	2.61%	3	1.66%	1.83%	3	1.84%	2.03%	4
CSC TRIS												
Balanced	9.08%	8.87%	2	4.72%	4.72%	2	6.05%	6.15%	3	N/A product less than 10 years old.		
Aggressive	10.55%	10.74%	3	5.92%	5.57%	2	8.42%	7.50%	1			
Income Focused	5.75%	5.67%	2	3.24%	2.35%	1	4.23%	3.26%	1			
Cash	3.85%	4.04%	3	2.13%	2.25%	4	1.42%	1.57%	4			

Legend

Top quartile (1st) | 2nd quartile | 3rd quartile | Bottom quartile (4th)

[4] SRS 705.0 and SRS 700.0 are APRA reporting standards applicable to Registerable Superannuation Entities (RSEs), available at apra.gov.au

[5] As a pre-retirement option, CSCri TRIS is benchmarked against accumulation superannuation funds. On the other hand, CSCri RIS options are benchmarked against the post-retirement universe. Details are found in Appendix A.

CSCri RIS highlighted results:

- **Balanced:** The RIS Balanced investment option outperformed the median across all time horizons except for the 3-year investment horizon, where it was in line with peers.
- **Aggressive:** The RIS Aggressive investment option continued to outperform against peers across all measured time periods. It has a higher asset allocation to equity markets, which can drive higher returns (and volatility).
- **Income Focused**: The RIS Income Focused investment option has consistently outperformed the median across all presented time periods.
- **Cash:** The RIS Cash option underperformed against peers across all measured time periods because it is a pure cash option, in accordance with APRA's guidelines for investment options labelled as 'cash'. This means it did not take on additional credit risk, concentration risk or duration risk, as some peer cash options choose to do.

CSCri TRIS highlighted results:

- **Balanced:** This TRIS Balanced investment option performance outperformed the median for the 1-year return and was slightly below the median across the 5-year investment horizon.
- **Aggressive**: The TRIS Aggressive investment option continued to outperform against peers across all measured time periods except the one-year time horizon, where it was slightly below median.
- **Income Focused**: The TRIS Income Focused investment option consistently outperformed the median across all presented time periods.
- **Cash**: The TRIS Cash option underperformed against peers across all measured time periods because it is a pure cash option, in accordance with APRA's guidelines for investment options labelled as 'cash'. This means it did not take on additional credit risk, concentration risk or duration risk as some peer cash options choose to do.

2.2 Level of investment risk

Each CSCri option has a different level of underlying investment risk. The higher the level of investment risk, the higher the return variability.

Assessing CSCri's investment products

This analysis uses the Growth Assets Ratio (GAR) to measure the level of investment risk. The GAR indicates how much each investment option's portfolio comprises higher growth options, and thus potentially risk assets. The lower the GAR, the lower the level of risk.

Table 4 provides the GAR for each of CSCri's investment options.

Table 4 - Growth Assets Ratio CSCri investment options – to 30 June 2024

Investment option	Growth Asset Ratio	Median	Quartile
CSCri RIS			
Balanced	51%	53%	1
Aggressive	66%	70%	1
Income Focused	35%	34%	3
CSCri TRIS			
Balanced	66%	70%	1
Aggressive	80%	86%	1
Income Focused	35%	34%	3

Legend

Top quartile (1st)	2nd quartile	3rd quartile	Bottom quartile (4th)

Level of Investment CSCri RIS

- As shown in Table 4 above, the Balanced and Aggressive investment options had lower allocations to growth assets, and thus lower potential risk per unit of return, compared with peers.
- The Income Focused investment option had a slightly higher proportion of growth assets, and thus slightly higher potential risk per unit of return, when compared with peers.
- CSCri RIS Cash was not measured against peers as it contained no growth assets.

Level of Investment CSCri TRIS

- The Balanced and Aggressive investment options had lower allocations to growth assets, and thus lower potential risk per unit of return, compared with peers.
- The Income Focused investment option had a slightly higher proportion of growth assets, and thus slightly higher potential risk per unit of return, when compared with peers.
- As per CSCri RIS, the CSCri TRIS cash option had no allocation to growth assets.

2.3 Fees and costs

Total fees and costs include administration fees (the cost of administering member accounts) and investment costs (expenses related to managing member investments and paying investment managers).

Table 5 provides the fees charged across all CSCri investment products for a $50,000 account balance.

Table 5 - Total fees and costs for an account with $50,000 balance – financial year ending 30 June 2024

Investment option	Total fees and costs (dollars)	Total fees and costs (percentage)	Median	Quartile
CSCri RIS				
Balanced	$413	0.83%	0.87%	2
Aggressive	$448	0.90%	0.92%	2
Income Focused	$358	0.72%	0.84%	1
Cash	$133	0.27%	0.38%	1
CSCri TRIS				
Balanced	$448	0.90%	0.98%	2
Aggressive	$383	0.77%	0.98%	1
Income Focused	$358	0.72%	0.82%	2
Cash	$133	0.27%	0.36%	1

Legend

Top quartile (1st)	2nd quartile	3rd quartile	Bottom quartile (4th)

Total fees and costs were lower than the peers in each CSCri RIS and CSCri TRIS investment option. These results reflect CSC's continued goal to drive down costs while delivering solid customer returns. While total costs can fluctuate based on investment manager performance, on average we aim to reduce and limit costs over time. On 1 March 2024 the administration fee was reduced from a flat fee of $20 per month ($240 per year) to $4 per month ($48 per year) plus an asset-based administration fee of 0.05% (subject to a cap on the total combined administration fee of $300 per year).

3. Product Assessment

The CSC Board has assessed CSCri's investment products against a qualitative set of measures that can impact customer outcomes. The *Superannuation Industry (Supervision) Act 1993* sets out these qualitative measures, being:

- Options, Benefits and Facilities
- Investment Strategy
- Insurance Strategy and Fees
- Scale
- Operating Cost Assessment
- Setting of Fees

Insurance Strategy and Fees are not applicable to retirement income stream products, as they do not offer insurance cover. CSC performance against each other measure is detailed below. For further information regarding the assessment methodology, refer to Appendix B – Product Assessment Methodology.

3.1 Options, benefits and facilities

The 2024 CSCri SuperRatings Benchmark Report issued in March 2024 has been used to provide the Options, Benefits and Facilities assessment in this analysis. This Benchmark Report measures Options, Benefits and Facilities across a range of individual metrics, and assesses CSCri's performance against peers.

Table 6 below details SuperRating's assessment of CSCri's performance.

Table 6 - SuperRatings findings 2024

SuperRatings Element	SuperRatings Rating
Overall fund rating	Platinum
Investment	Well Above Benchmark
Fees and Charges	Above Benchmark
Product flexibility	Above Benchmark
Member servicing	Above Benchmark
Administration	Benchmark
Governance	Above Benchmark

3.2 Investment Strategy

The investment strategy is designed (via the mechanisms of portfolio return and risk objectives) to increase the probability of achieving a comfortable level of retirement income for customers, as defined by ASFA's comfortable standard. The investment strategy implementation is executed, managed and controlled in continuous time by a number of risk limits, risk triggers, and absolute and relative performance metrics at the asset, segment, sector, option and total fund levels. CSC prosecutes as an active owner and an early mover into innovation, all facilitated by the investments we have made and continue to make in our own governance and integrated risk management systems and capabilities.

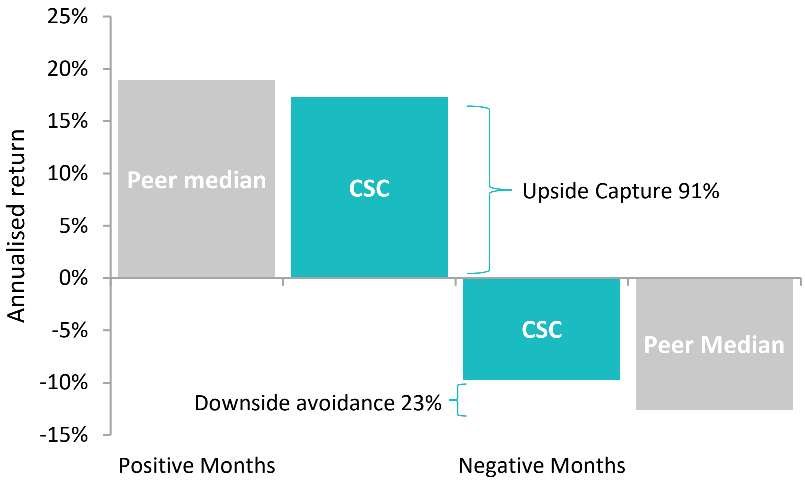
Our purpose is to improve our customer's retirement outcomes. This purpose means that we focus on acquiring high-quality assets at fair to better prices and actively own those assets to underwrite and grow their value over the long-term.

The prices of those types of assets may grow less strongly than speculative strategies through market booms, but unlike speculative assets, while their prices may sometimes be volatile, we would expect their underlying value to be robust to market weakness or economic recessions.

In this way, the risk of permanent loss of our customer's capital is materially reduced. This is demonstrated by our relative outperformance versus peers when equity markets are falling. Over the long working-life timeframes relevant to our customers, our Balanced portfolios generally need to take less risk to generate their investment objectives.

As per Figure 1 below this is measured by the fact that we consistently preserve 23% more capital than peer funds when equity markets fall, but still capture 91% of the gains in equity markets when they are rising.

Figure 1 - CSC default balanced option – performance versus peers – 10 years to 30 June 2024[6]



[6] Source: SuperRatings SR50 Balanced Index peer universe.

Table 7 below provides the CSCri ratio of returns to risk (Sharpe Ratios) over a 3 and 5-year time horizon.[7]

Table 7 - Sharpe ratios for CSCri investment options

Investment option	3 year			5 year		
	Sharpe Ratio	Median	Quartile	Sharpe Ratio	Median	Quartile
CSCri RIS						
Balanced	0.33	0.33	2	0.62	0.56	2
Aggressive	0.51	0.38	1	0.93	0.64	1
Income Focused	0.30	0.11	1	0.86	0.48	1
CSCri TRIS						
Balanced	0.47	0.42	2	0.69	0.66	2
Aggressive	0.58	0.46	1	0.97	0.70	1
Income Focused	0.38	0.12	1	0.85	0.47	1

Legend

Top quartile (1st)	2nd quartile	3rd quartile	Bottom quartile (4th)

All CSCri investment options delivered higher or similar levels of return per unit of risk than peer medians over three and five years. The Cash investment options are not presented as they do not have measurable risk profiles, being low to no risk options.

The CSC Board continues to monitor and engage in formal reviews of CSC's investment strategy. For example, CSC measures its entire portfolio's net financial returns, capital-loss risks, and non-traditional or environmental, social and governance (ESG) risks, with the objective of continuous improvement across all these measures over time.

CSC's Investment Governance Framework is mapped to APRA's SPS 530 governance requirements and is subject to a three-year independent review. The results of the last review were favourable.

3.3 Scale

CSC's total FUM across all its products at 30 June 2024 was $71.4 billion. CSC is the 14th largest superannuation fund amongst APRA regulated funds. Being a middle-sized fund provides significant advantages to CSC's business operations and access to investment opportunities. CSC competes in a market for investment opportunities, customers and employees.

CSC's workforce

CSC provides competitive compensation, opportunities, and working conditions for all staff, benchmarked against our counterparts in the superannuation and financial services sectors. CSC acknowledges the importance of non-financial rewards, emphasising career experience, work quality, peer capabilities, and workplace culture. These elements are crucial in attracting and retaining talent and ensuring the effective delivery of services and investment outcomes for all CSC customers.

[7] The Sharpe ratios measure returns with respect to the level of risk and volatility. The higher the ratio, the better the portfolio has performed from a 'return per unit of risk' perspective.

CSC’s financial position

CSC possesses the optimal size to manage and invest in both larger-scale and illiquid opportunities effectively while maintaining access to smaller-scale ventures and actively managing all relevant market segments. This advantageous position enables beneficiaries to tap into a diverse range of investment opportunities, benefit from competitive investment costs across different types, and achieve competitive long-term net returns.

The ARIA Investment Trust (AIT) is the consolidation point for investments in CSC’s five regulated schemes. Through the AIT, beneficiaries gain access to a broad investment universe, encompassing listed and unlisted assets and various investment risk factors. Any absence of specific risk factor exposures in the investment portfolio arises from intentional investment decisions rather than scale limitations. CSC’s investment strategy leverages organisational strengths to maximise risk-adjusted returns within the risk budget limits approved by the Board.

CSCri demographics

CSCri is a relatively recent retirement focused product and as such, the number of accounts is about 2,700. As would be expected for a retirement income stream product, the demographic cohort is almost entirely aged 50 or higher.

Table 8 - CSCri customer demographics

Item	CSCri	
Accounts	2,728	
Membership (Average Years)	4	
Male	1,421	52%
Female	1,307	48%
Total		
Under 35 (Career Starters)	1	<1%
35 - 49 (Career Builders)	4	<1%
50 + (Pre and Post Retirees)	2723	~99%

Both member and FUM growth have been significantly higher than the industry median, with SuperRatings reporting these growth metrics as ‘Well Above Benchmark.’

3.4 Operating Cost Assessment

The 2024 SuperRatings Benchmark Report notes that CSCri continues to deliver good quality outcomes to members, evidenced by strategic planning and process and competitive net benefit outcomes. SuperRatings has also awarded CSCri a Platinum rating, recognising it as a ‘best value for money’ super fund.

CSCri’s fees are partly tied to how well the investments do. CSC invests in high-quality assets, even though it might cost more. This is beneficial for customers in the long run because they gain from better-quality investments, including cash flows that keep up with inflation and protecting against different situations by spreading their money out across a range of investment types. The aim is to ensure customers can have the retirement income they planned for, regardless of the market conditions at the time.

Figure 2 - Costs per customer – based on a $150,000 customer account size over the period

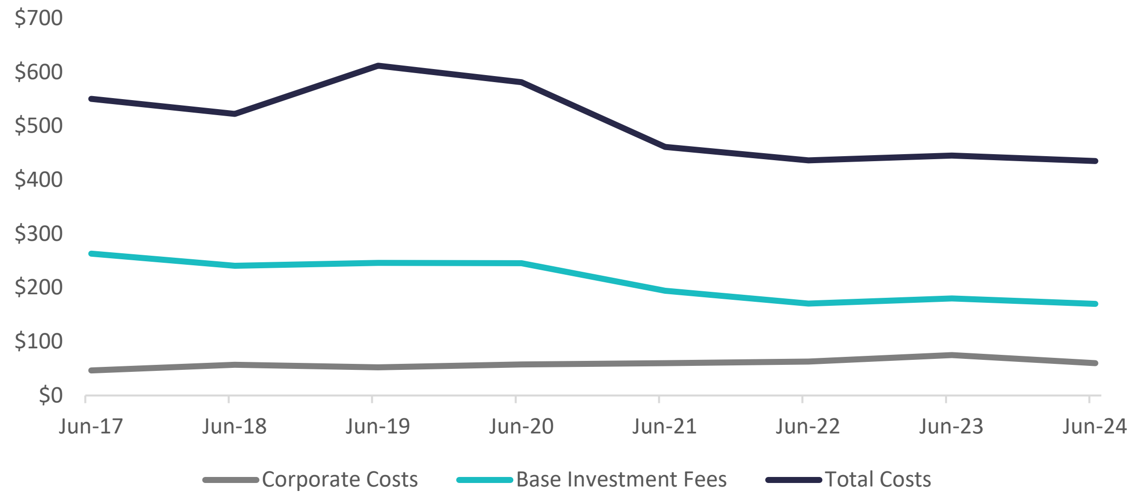


Figure 2 above presents costs per customer in CSCri over time based on a $150,000 customer account size. Base investment fees and corporate charges per customer have remained relatively stable since 2017.

There has been some variance in performance fees (which sum up to total costs). These fees are designed to align the interests of our investment managers with our customers and can vary over time – when net returns are strong and adding to customer balances, performance fees are higher (to a limit) and vice versa.

This design resulted in higher total investment costs per customer in the 2019 and 2020 financial years, due to strong net performance in some assets, adding to member adequacy and funding ratios. Both base investment fees and performance fees were lower after 2020 as our investment fee savings measures materialised.

3.5 Setting of fees

CSC divides costs fairly among all fund members, including MySuper members, following CSC's Cost Recovery and Allocation of Costs Policy rules. We keep a close eye on cost allocations to make sure they are fair. Costs are factored in through the daily unit price so that they only affect members who make transactions at the time they make them and based on the type and size of their transactions. This avoids cross-subsidisation across classes of beneficiaries.

Appendix A Product Comparison Methodology

Reporting on MySuper products is based on the methodology set out in APRA Prudential Practice Guide SPS 516 Business Performance Review.

Prior to financial year 2023-24, this methodology used data published in APRA's MySuper Quarterly Statistics provided under APRA Reporting Standard SRS 702.0 Investment Performance (SRS 702.0) and Reporting Standard SRS 700.0 Product Dashboard (SRS 700.0).

However, APRA revoked Reporting Standard SRS 702.0 Investment Performance (SRS 702.0) on 1 December 2023. As such, reporting on MySuper products for this Legislated Outcomes Assessment is based on updated APRA data as follows:

a) 'the return' – utilises 'Net Investment Return' from SRS 705.0 and SRS 705.1 in Table 4a of '*Quarterly Superannuation Product Statistics – Performance*'[8]
b) 'the level of investment risk' – utilises 'Level of investment risk' at item 3 of SRS 700.0 in Table 1a of '*Quarterly MySuper statistics from September 2020 to September 2024*'[9]
c) 'fees and costs' - utilises 'Statement of fees and other costs' at item 4 of SRS 700.0 in Table 1a of '*Quarterly MySuper statistics from September 2020 to September 2024*'[10]

Reporting on products is based on the relevant SuperRatings data for each investment option for the June 2024 reporting month as accessed on 4 December 2024.

Comparisons are made based on the universe of comparable products i.e. all of the products in the relevant SuperRatings pre or post-retirement universes for CSC's Choice products.

RIS (post-retirement)	Peer Universe
Balanced	SuperRatings SRP25 Conservative Balanced
Aggressive	SuperRatings SRP50 Balanced[11]
Income Focused	SuperRatings SRP50 Capital Stable
Cash	SuperRatings SRP50 Cash

TRIS (pre-retirement)	Peer Universe
Balanced	SuperRatings SR50 Balanced
Aggressive	SuperRatings SR50 Growth
Income Focused	SuperRatings SR50 Capital Stable
Cash	SuperRatings SR50 Cash

Comparison of investment returns (representative member investment performance) is conducted for 1, 3, 5 and 10 year periods, subject to the start date of the investment option.

Data used is for the year (or years) ended 30 June 2024 where available. Fees and costs data for all products are based on the October 2024 SuperRatings report data as accessed on 4 December 2024, which included CSC's fees and costs for the year ended 30 June 2024. Fees and costs data for peer

[8] Accessed on 10 December 2024 from https://www.apra.gov.au/quarterly-superannuation-product-statistics
[9] Accessed on 11 October 2024 from https://www.apra.gov.au/quarterly-superannuation-statistics
[10] As above
[11] In 2024 SuperRatings moved CSCri RIS Aggressive into the SRP50 Balanced peer universe

products other than MySuper products may not be directly comparable as a result, but were based on the best data available at the time of making the assessment.

Final results in the summary scorecard are based on the simple average of percentiles for all presented time periods.

Appendix B Product Assessment Methodology

1. Comparative information shall be limited to publicly available data.
2. The assessment of whether options, benefits and facilities are appropriate shall be determined with reference to the following elements of the most recent SuperRatings benchmark report available for the products:
    a) Overall fund rating;
    b) Investments;
    c) Product Flexibility;
    d) Fees and Charges;
    e) Member Servicing;
    f) Administration;
    g) Governance.

Ratings (as per SuperRatings) are as follows:

SuperRatings Benchmark Assessment	SuperRatings Score	SuperRatings 'Road sign'	CSC Rating
Well Above Benchmark	75%–100%	110/ Excellent	Appropriate
Above Benchmark	51%–74%	80/Good	Appropriate
Benchmark	26%–50%	60/ Average	Appropriate
Below Benchmark	below 25%	40/Below Average	Consider Improvements

3. The insurance assessments shall be made based on the outcomes of the Board's review of the Insurance Strategy and Insurance Management Framework, which reference Section 52 (7) of SIS and APRA Prudential Standard SPS 250 *Insurance in Superannuation*.
4. Assessment of the appropriateness of investment strategy for beneficiaries, including the level of risk and the return target, shall be based on:
    a) the Board's ongoing assessment of investment strategy execution at each Board meeting;
    b) the Board's regular reviews of investment strategy;
    c) the Board's (at least) triennial review of the Investment Governance Framework referenced to APRA Prudential Standard SPS 530 *Investment Governance*;
    d) independent annual asset allocation reviews;
    e) independent, comprehensive triennial reviews of the Investment Governance Framework.
5. In undertaking scale and operating cost product assessments the CSC Board will have regard to:
    a) the total pool of assets in CSC's pooled superannuation trust - the ARIA Investments Trust ("AIT");
    b) the number of members in PSSap, ADF Super and CSCri subject to collective investment and administration arrangements.
6. Item 5 is considered appropriate as:
    a) the funded components of all the superannuation funds that CSC is trustee for are pooled into the AIT for the benefit of all CSC scheme members;
    b) collective administration arrangements apply across PSSap, ADF Super and CSCri.
7. Disadvantage due to scale shall be assessed by reference to:
    a) Investment scale:
        i. Access to investment opportunities;
        ii. Level and change in investment costs and negotiating power with regard to different investments held;
        iii. Total net return expected to accrue to members.

b) Administrative scale
   i. Member demographics and trends;
   ii. Cost per member measures;
   iii. Ability to attract and retain key staff.

8. Inappropriate effects on financial interests due to operating costs shall be assessed by reference to trends in operating cost base
9. Appropriateness of fee structures shall be assessed through review of the Cost Recovery and Allocation of Costs Policy
10. Assessments shall be made using the latest available, finalised information or reports at the time of preparing the assessments in January 2025.

Appendix C Regulatory references to the Superannuation Industry (Supervision) Act 1993

s52(11) - In determining whether the financial interests of the beneficiaries of the entity who hold a MySuper product or choice product are being promoted by the trustee, the trustee must assess each of the following:

1. s52(11)(a) - whether the **options, benefits and facilities offered** under the product are appropriate to those beneficiaries
2. s52(11)(b) - whether **the investment strategy** for the product, including the level of investment risk and the return target, is appropriate to those beneficiaries
3. s52(11)(c) - whether the **insurance strategy** for the product is appropriate to those beneficiaries
4. s52(11)(d) - whether **any insurance fees charged** in relation to the product **inappropriately erode** the retirement income of those beneficiaries
5. s52(11)(e) - any other relevant matters, including any matters set out in the prudential standards:
    - SPS 515 Paragraph 23: Pursuant to section 52(11)(e) of the SIS Act, in determining whether the financial interests of the beneficiaries of the RSE who hold a MySuper product or choice product are being promoted, an RSE licensee must also assess the following matters:
        i. 23(a) - whether because of the scale of, and within, the RSE licensee's business operations, those beneficiaries are disadvantaged
        ii. 23(b) - whether the operating costs of the RSE licensee's business operations are inappropriately affecting the financial interests of those beneficiaries.
        iii. 23(c) – whether the basis for the setting of fees is appropriate for those beneficiaries.