



PSSap

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 PSSap's performance 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 PSSap's performance against competitors.¹

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

Comparison Item	My Super Balanced Option	Choice options			
		Aggressive	Income Focused	Cash ²	Balanced Ancillary
Returns after fees, costs and taxes ³	In line	Higher	Higher	Lower	In line
Level of investment risk ⁴	Higher	Lower	Higher	Lower	Lower
Fees and costs (\$50k balance, year to 30 June 2024)	In line	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)

Key findings:

- **Returns:** All PSSap investment options except for PSSap Cash delivered broadly median or above returns with compared with peers. Across the 3, 5 and 10-year investment horizons, the Aggressive and Income Focused PSSap investment options delivered particularly strong returns when compared to peers.

The PSSap Cash option underperformed against peer products because it is a pure cash option in accordance with APRA's guidelines for investment options labelled as 'cash', whereas the

¹ See Appendix A for sources.

² The cash option has low to no risk with a 0% allocation to growth assets.

³ This is a simple average of PSSap's performance across 1,3, 5, and 10 year investment returns.

⁴ For MySuper Balanced the Standard Risk Measure is used as a comparison measure with data provided by APRA. For Choice products the growth assets ratio is used as a comparison measure with data provided by SuperRatings

comparison group contains some 'cash-like' funds with higher risk. As such, the PSSap Cash option represents a genuinely low-risk, cash-only investment option for customers.

- **Investment risk:** PSSap's Aggressive, Cash and Balanced Ancillary investment options' risk levels were all lower than competitors. The Income Focused option had a slightly higher risk level than peers. The MySuper Balanced investment option was higher than median risk when considered using APRA's Standard Risk Measure (SRM) basis⁵. This measure is calculated by each superannuation fund using their own assumptions and CSC's conservative assumptions about future prospective returns and risk may result in the SRM being relatively higher. Currently the PSSap MySuper Balanced investment option has a lower proportion of growth assets compared with competitors and as such generates returns at a lower level of volatility.
- **Fees and Costs:** Fees for PSSap investment products were all either in-line or lower than the peers. The PSSap 'Aggressive' and 'Income Focused' options were able to deliver higher returns at a lower cost than peers, demonstrating the strength of these investment products.

Summarised Product Assessment Factors

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

- **Options, benefits and facilities:** PSSap's offerings across its different investment profiles are consistently evolving to align with the changing needs of our customers. This is demonstrated by the robust ratings across key components of SuperRatings' extensive, independent benchmark assessment.
- **Investment Strategy:** The scheme continues to successfully deliver competitive returns compared to its peers and in relation to the weighted average funding ratios of PSSap members versus the ASFA Comfortable standard, consistent with the Board approved strategy. The higher than normal inflationary environment continues to challenge real investment returns.
- **Insurance strategy and fees:** PSSap offers several insurance products, including Death, Total and Permanent Disablement (TPD), and Income Protection cover. SuperRatings, an independent ratings agency, rated all PSSap's insurance offerings above benchmark.
- **Scale:** CSC ranks as the 14th largest fund among APRA regulated funds when considering its consolidated investment assets. This intermediate scale gives beneficiaries the advantage of accessing a diverse investment universe, encompassing both listed and unlisted assets and spanning various investment risk factors.
- **Operating Cost and Fee Setting:** According to the SuperRatings Benchmark report, '*CSC PSSap is positioned within the lowest operating cost quadrant, with the fund's level of operating expenses, relative to the size of its membership base and assets, positioned below industry medians*'. Total costs can fluctuate over time but, on average, fees for the PSSap's Balanced MySuper option have been reducing over the last seven years to 30 June 2024.⁶

Independent ratings house, SuperRatings has awarded CSC a Platinum rating for the 19th year in a row, which means it is one of the "best value for money" superannuation funds in Australia⁷. CSC

⁵ Estimated number of negative net investment returns over a 20 year period

⁶ 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).

⁷ CSC PSSap MySuper was re-rated to 'Gold' in December 2024, however the CSC PSSap Choice options continue to maintain 'Platinum' status

also won the SuperRatings Smooth Ride award in 2023 for calendar year 2024, presented to the fund that has best weathered the ups and downs of the market while delivering strong risk adjusted return outcomes (net of fees).

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

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

PSSap assessment items	Score
Investment Strategy	Appropriate
Scale	Appropriate
Insurance strategy	Appropriate
Options, benefits and facilities	Appropriate
Insurance fees	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

Annual performance testing by APRA

APRA’s performance test is designed to improve member outcomes by assessing the performance of superannuation investment options against tailored benchmarks. It is a legislated test which has two components, being:

- An investment component, which assesses each product's investment strategy against a tailored benchmark.
- An administration fees component, which compares fees to APRA’s benchmark.

At the conclusion of the test, APRA will assign a pass/fail mark. All PSSap Default and Choice investment options received a pass mark in 2024.⁸

⁸ 2024 APRA Annual superannuation performance test - <https://www.apra.gov.au/annual-superannuation-performance-test>

1. Introduction

This report reviews CSC's PSSap MySuper Balanced and PSSap Choice investment options⁹. It details the information the CSC Board considers when determining if PSSap continues to promote the financial interests of beneficiaries.

This report is structured in the following sections.

- **Part 2** provides a Product Comparison, which measures PSSap'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 PSSap'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 PSSap'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.

⁹ PSSap Choice refers to customers directed investment options, being 'Aggressive', 'Income Focused', 'Cash' and 'Balanced Ancillary.'

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;¹⁰
- 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 PSSap 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

PSSap has five investment options available for members – MySuper Balanced, Aggressive, Income Focused, Cash and Balanced Ancillary.

Table 3 below provides details on the 1, 3, 5, and 10-year investment returns for PSSap's five investment options to 30 June 2024. It includes comparative performance to the median returns of similar products in the comparison group of other super funds detailed in Appendix A.¹¹

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
MySuper Balanced	9.08%	8.96%	2	4.72%	4.99%	3	6.06%	6.42%	3	7.03%	7.33%	3
Aggressive	10.55%	10.74%	3	5.92%	5.57%	2	8.42%	7.50%	1	9.06%	8.12%	1
Income Focused	5.75%	5.67%	2	3.24%	2.35%	1	4.23%	3.26%	1	5.28%	4.31%	1
Cash	3.85%	4.04%	3	2.13%	2.25%	4	1.42%	1.57%	4	1.57%	1.71%	4
Balanced Ancillary	9.03%	8.87%	2	4.68%	4.72%	3	6.04%	6.15%	3	6.99%	6.98%	2

Legend

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

- **MySuper Balanced:** This investment option's performance outperformed the median for the 1-year return and is slightly below the median across the 3-year, 5-year and 10-year investment horizons. This option's performance exceeded inflation by 5.28% over the last twelve months,

¹⁰ SRS 700.0 and SRS 705.0 are APRA reporting standards applicable to Registerable Superannuation Entities (RSEs) available at apra.gov.au

¹¹ MySuper Balanced is compared against the broader APRA MySuper universe while the Choice options are compared against SuperRatings universes as detailed in the Appendix.

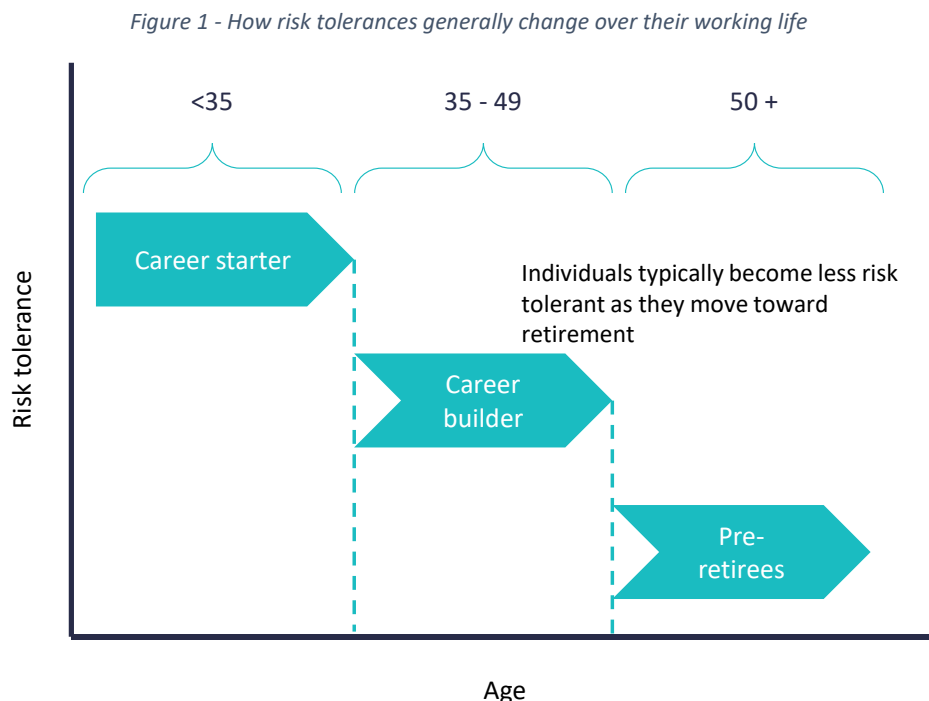
growing the purchasing power of customers' savings, despite ongoing elevated Australian inflation rates¹².

- **Aggressive:** This investment option has consistently outperformed its peers over the long run (i.e. 5 to 10 years). It has a higher asset allocation to growth assets (such as equities), which can drive higher returns and volatility.
- **Income Focused:** This investment option has consistently outperformed the median peer option across all the periods presented.
- **Cash:** This investment option has underperformed peer products 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.
- **Balanced Ancillary:** This investment option's performance was broadly in line with median returns across all investment horizons.

2.2 Level of investment risk

Each PSSap option has a different level of underlying investment risk. The higher the level of investment risk, the higher the return variability. Individuals at various stages of their working careers will likely have a different level of risk tolerance as they continue to move toward retirement. Understanding this, CSC tailors its investment options to align with the different stages of an individual's life cycle.

Figure 1 provides a visual representation of how an individual's risk tolerance typically changes over their working life.



¹² 1-year Australian Inflation was 3.8% for the year ended 30 June 2024.

Assessing PSSap’s investment products

This analysis uses two measures to assess the level of investment risk across PSSap’s products:

- For the PSSap MySuper Balanced option, the analysis uses the **Standard Risk Measure (SRM)**. The SRM estimates the number of expected negative net investment returns over a 20-year period. This measure is calculated by each superannuation fund using their own assumptions, models and methodologies. The lower the SRM, the lower the modelled level of investment risk. SRM data is published by APRA.
- For the PSSap Choice options, the analysis uses the **Growth Assets Ratio (GAR)**, as APRA does not publish the SRM for these investment options. The GAR indicates how much each investment option’s portfolio comprises higher risk assets. The lower the GAR, the lower the level of risk.

Table 4 provides the SRM for PSSap’s balanced investment option.

Table 4 - SRM for PSSap MySuper Balanced – to 30 June 2024

Investment option	Standard Risk Measure	Median	Quartile
PSSap MySuper Balanced	4.6	4.0	4

Legend

Top quartile (1 st)	2 nd quartile	3 rd quartile	Bottom quartile (4 th)
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The PSSap MySuper Balanced investment option has a higher than median SRM. The PSSap MySuper Balanced SRM may be higher due to CSC’s more conservative assumptions about prospective returns and risk. On the other hand, the risk measure based on the proportion of growth assets is more standardised with fewer assumptions. On this basis, the PSSap MySuper Balanced investment option has a lower proportion of growth assets compared with competitors and as such, is expected to generate returns at a lower level of volatility.

Table 5 provides the GAR for each of the PSSap Choice investment options.

Table 5 - Growth Assets Ratio PSSap Choice Investment options – to 30 June 2024

Investment option	Growth Asset Ratio	Median	Quartile
Aggressive	80%	86%	1
Income Focused	35%	34%	3
Balanced Ancillary	66%	70%	1

Legend

Top quartile (1 st)	2 nd quartile	3 rd quartile	Bottom quartile (4 th)
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The Aggressive and Balanced Ancillary investment options had lower allocations to growth assets than peers, therefore having less potential risk per unit of return.

The Income Focused investment option had a growth asset allocation slightly above peers.

This analysis does not include the PSSap Cash investment option as no part of its investment portfolio is attributed 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 6 provides the fees charged across all PSSap investment products for a \$50,000 account balance.

Table 6 - Total fees and costs for an account with a \$50,000 balance – financial year ending 30 June 2024

Investment option	Total fees and costs (dollars)	Total fees and costs (percentage)	Median	Quartile
MySuper Balanced ¹³	\$514	1.03%	0.94%	3
Aggressive	\$383	0.77%	0.98%	1
Income Focused	\$358	0.72%	0.82%	2
Cash	\$133	0.27%	0.36%	1
Balanced Ancillary	\$448	0.90%	0.98%	2

Legend

Top quartile (1 st)	2 nd quartile	3 rd quartile	Bottom quartile (4 th)
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Total fees and costs across all investment options except MySuper Balanced were lower than the median. 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.

¹³ APRA's methodology can include additional cost assumptions, which may impact the MySuper cost comparisons. For more detail see Appendix A.

3. Product Assessment

The CSC Board has assessed PSSap’s investment products against a qualitative set of measures which can impact outcomes for its customers. The *Superannuation Industry (Supervision) Act 1993* sets out the qualitative measures, being¹⁴:

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

CSC performance against each 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 PSSap SuperRatings Benchmark Report issued in March 2024 is 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 PSSap’s performance against peers.

Table 7 provides SuperRating’s assessment of PSSap’s performance.

Table 7 - SuperRatings findings 2024

SuperRatings Element	SuperRatings Rating
Overall fund rating	Platinum ¹⁵
Investment	Above Benchmark
Fees and Charges	Benchmark
Insurance	Above Benchmark
Member servicing	Above Benchmark
Administration	Benchmark
Governance	Above Benchmark

SuperRatings noted that PSSap has

‘delivered high quality outcomes to members, as evidenced by a strong strategic planning process and execution of strategy, though net benefit outcomes lag industry peers. The fund is positioned well to deliver value for money, as well as cost effective and efficient services to members, while undertaking further investment in its products and services.’¹⁶

¹⁴See Appendix C – Regulatory References to the *Superannuation Industry (Supervision) Act 1993*

¹⁵ CSC PSSap MySuper was re-rated to ‘Gold’ in December 2024, however the CSC PSSap Choice options continue to maintain ‘Platinum’ status

¹⁶ SuperRatings Benchmark Report 2024 CSC PSSap (p.7)

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.

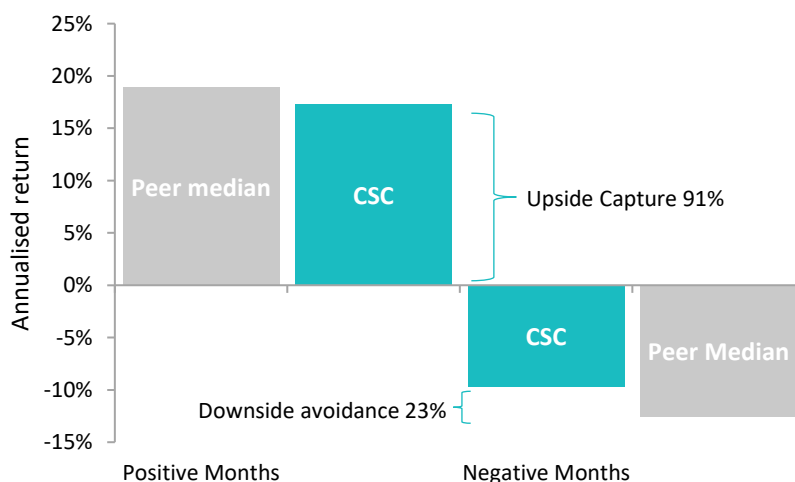
Our purpose is to improve our customer’s retirement outcomes. This purpose means that we focus on acquiring high-quality assets at fair to better prices, and actively own those assets to underwrite and grow their value over the long-term.

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 2 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 2 - CSC default balanced option – performance versus peers – 10 years to 30 June 2024¹⁷



¹⁷ Source - SuperRatings SR50 Balanced Index peer universe

Table 8 provides the PSSap ratio of returns to risk (Sharpe Ratios) over a 3 and 5-year time horizon.¹⁸

Table 8 - Sharpe ratios for PSSap investment options as at 30 June 2024

Investment option	3 year			5 year		
	Sharpe Ratio	Median	Quartile	Sharpe Ratio	Median	Quartile
MySuper 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
Balanced Ancillary	0.46	0.42	2	0.69	0.66	2

Legend

Top quartile (1 st)	2 nd quartile	3 rd quartile	Bottom quartile (4 th)
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All PSSap investment options delivered higher levels of return per unit of risk than peer medians over three and five years. The table does not present the PSSap Cash option as it does not have a measurable risk profile, being a low to no-risk option.

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.

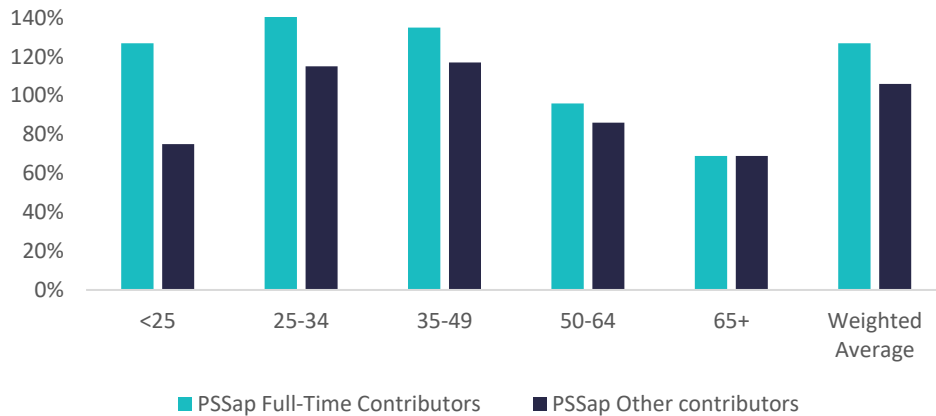
¹⁸ The Sharpe ratios measure returns with respect to the level of risk and volatility. The higher the ratio, the better the portfolio has performed from a ‘return per unit of risk’ perspective.

CSC has high member funding adequacy ratios

The relative size of CSC’s business operations, access to investment opportunities and net real returns per unit of risk over the long term is strong. This is a contributory factor to the strong funding ratios for member adequacy in retirement as defined by the ASFA standard.

Figure 3 below displays PSSap weighted average adequacy ratios for full-time and other contributors.¹⁹

Figure 3 - PSSap funding ratios by age cohorts as at 30 June 2024

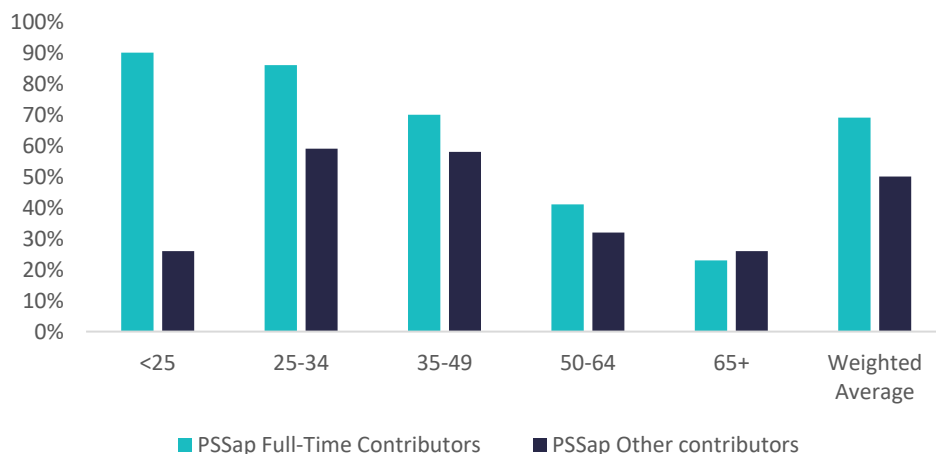


PSSap members up to the age of 49 have above 100% adequacy ratios. For those aged 50 and above, the results are lower, however as PSSap only opened in 2005, these members likely have accounts in other superfunds, and that data is not always disclosed to CSC.

Ensuring CSC members are on track to meet ASFA's comfortable standard of living in retirement is a crucial goal of CSC and the superannuation system.

Figure 4 shows, by age cohort, how PSSap customers are tracking to meet ASFA’s comfortable retirement standard by the time they retire at age 65.²⁰

Figure 4 - PSSap Customers on track to achieve the ASFA comfortable standard by cohort as at 30 June 2024



¹⁹ A full-time member is defined as working approximately 37 hours per week.

²⁰ The budget for a comfortable lifestyle is updated regularly at Retirement Standard – ASFA (superanniation.asn.au)

A high proportion of early and mid-career customers are on track to retire with a comfortable retirement. Late-career customers have lower ratios, and again, we expect this is because many of these customers have superannuation savings, unknown to us, outside of PSSap.

3.3 Insurance Strategy and fees

CSC provides Death and Total and Permanent Disablement (TPD) and Income Protection (IP) cover to eligible PSSap (lifePLUS Cover) customers.

The 2024 PSSap SuperRatings Benchmark Report rated the PSSap insurance offering as 'Above Benchmark'.

The Board conducted their annual review of CSC's Insurance Management Framework (IMF) and Insurance Strategy in December 2024. The Board determined the insurance offering for PSSap is appropriate for beneficiaries and maintains appropriate fees, which do not inappropriately erode the retirement income of those beneficiaries, having regard to fees as a percentage of the average customer's salary.

A comprehensive external review of the IMF in compliance with APRA Prudential Standard SPS250 was completed by KPMG in September 2024 with an overall 'Strong Controls' rating.

3.4 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.

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 a Pooled Superannuation Trust (PST) through which the monies of CSC's five regulated schemes are invested. 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.

PSSap demographics

As Table 9 shows, PSSap customer demographics closely align with those of the Australian Public Service (APS), with a higher contingent of females than males. Only Australian government employees can enter the PSSap. Customers are well spread across age cohorts.

Table 9 - PSSap customer demographics – 30 June 2024

Item	PSSap	
Accounts (incl PSSap Ancillary)	165,621	
FUM (\$m)	\$26,102.56	
Membership (Average Years)	9	
Contributors		
Contributors - Male	63,202	42%
Contributors - Female	88,494	58%
<i>Age demographics</i>		
Contributors - Under 35 (Career Starters)	45,166	30%
Contributors - 35 - 49 (Career Builders)	70,955	47%
Contributors - 50 + (Pre-Retirees)	36,274	23%
Preserved/Deferred		
Preserved - Male	2,620	42%
Preserved - Female	3,679	58%
<i>Age demographics</i>		
Preserved - Under 35 (Career Starters)	1,954	30%
Preserved - 35 - 49 (Career Builders)	2,454	39%
Preserved - 50 + (Pre-Retirees)	2,014	31%
Ancillary	6,804	4%

3.5 Operating Cost Assessment

The 2024 SuperRatings Benchmark Report notes that PSSap continues to deliver competitive net outcomes while remaining in the lowest cost quadrant. SuperRatings has also awarded PSSap a Platinum rating recognising it as a ‘best value for money’ super fund for the 19th year in a row (2005-2024)²¹.

PSSap's fees are partly tied to how well the investments do and 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 retire when they plan to, regardless of the market conditions at that time.

Figure 5 - Costs per customer – based on a \$50,000 customer account size over the period

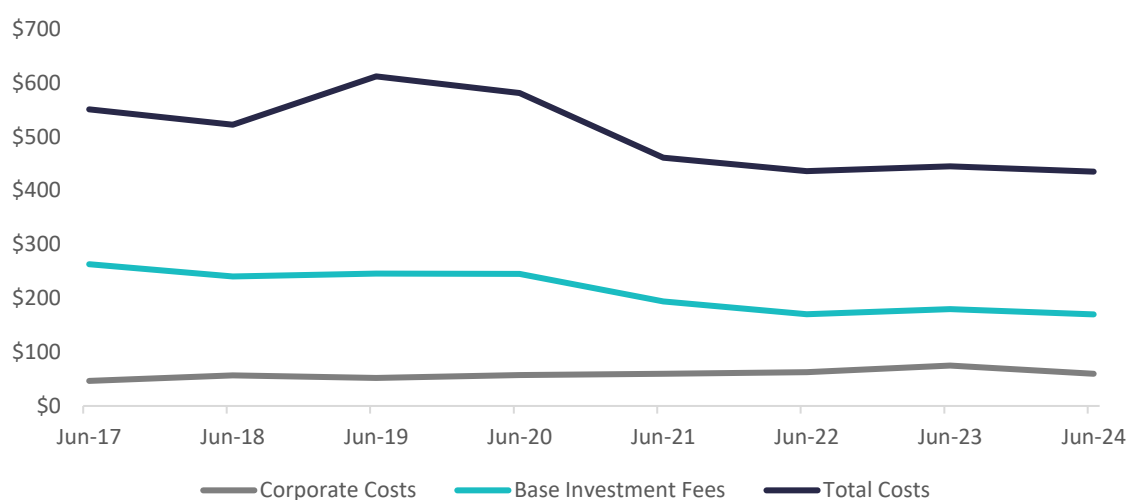


Figure 5 above presents costs per customer in PSSap over time (based on a \$50,000 average account balance). Base investment fees and corporate costs per customer have remained relatively stable.

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.

3.6 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

²¹ CSC PSSap MySuper was re-rated to ‘Gold’ in December 2024, however the CSC PSSap Choice options continue to maintain 'Platinum' status

make transactions at the time they make them 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'*²²
- 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'*²³
- 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'*²⁴

Reporting on products other than MySuper 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 products in APRA's MySuper Quarterly Statistics for CSC's MySuper products, and all of the products in the relevant SuperRatings pre or post-retirement universes for CSC's Choice products.

Option	Peer Universe
MySuper Balanced	APRA MySuper Quarterly Statistics
Aggressive	SuperRatings SR50 Growth
Income Focused	SuperRatings SR50 Capital Stable
Balanced Ancillary	SuperRatings SR50 Balanced
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 (except MySuper) 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 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.

²² Accessed on 10 December 2024 from <https://www.apra.gov.au/quarterly-superannuation-product-statistics>

²³ Accessed on 11 October 2024 from <https://www.apra.gov.au/quarterly-superannuation-statistics>

²⁴ As above

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) Insurance;
 - 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, PSSap and PSSap 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, PSSap and PSSap.
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.