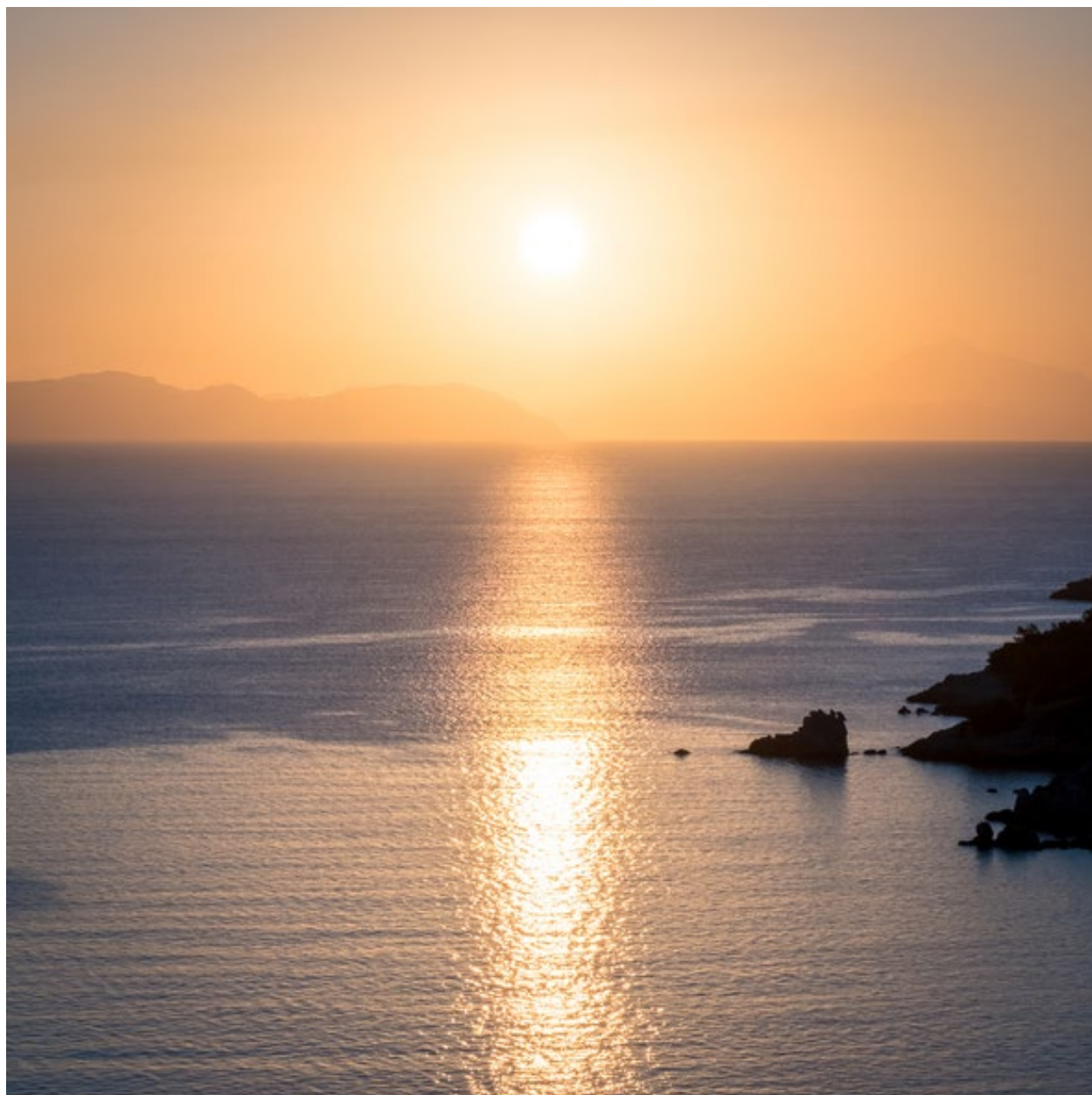


# MEMBER OUTCOMES ASSESSMENT



FOR THE RUSSELL INVESTMENTS MASTER TRUST  
FOR THE YEAR ENDING 30 JUNE 2022



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# Contents

Introduction	2
Product determination and summary	2
iQ super – For Life (MySuper)	3
iQ Super – For Life and iQ Retirement (Choice)	4
Other assessment criteria applying to both MySuper and Choice Products	6
Determination summary	7



## Introduction

At the Russell Investments Master Trust (the Fund or RIMT), our focus is to give you the best chance at a great life after work. We believe delivering high quality outcomes for members can be achieved by engaging our members in their superannuation journey through our award-winning GoalTracker™ program, comprehensive member services, and a competitive and efficient operating environment.

Each year, superannuation trustees must assess whether they have promoted the financial interests of the members who hold its MySuper and Choice Products, when compared to other MySuper and Choice Products in the industry.

This Member Outcomes Assessment demonstrates how members who hold MySuper and/or Choice Products in the Fund, including the Nationwide Super and Resource Super Divisions, have had their financial interests promoted through the delivery of services, and the range of products and features available to them.

To assist the Trustee, Total Risk Management Pty Ltd (TRM), in making its determination, an assessment of performance across 11 criteria in the following four key areas has been undertaken:





- Fees and costs
- Investments
- Member services and operating environment
- Insurance

To complete the assessment,

- iQ Super – For Life (MySuper) was compared with other MySuper products, and
- iQ Super – For Life and iQ Retirement (Choice) were compared against Corporate and Retail Master Trusts, Industry Superannuation Funds and Corporate Superannuation Funds (referred to as the Comparable Peer Group).

Data for the comparisons was sourced from the Australian Prudential Regulation Authority (APRA), Chant West (an independent research, data insights and superannuation consulting company) and internal benchmarks. *The Comparable Peer Group was the superannuation fund data available via Chant West and excluded Public Sector (i.e., government) super funds.*

## Product determination and summary

PRODUCT	IQ SUPER – FOR LIFE(MYSUPER)	IQ SUPER – FOR LIFE AND IQ RETIREMENT (CHOICE)
<b>DETERMINATION</b>	The Trustee has determined, for the 12-month period to 30 June 2022, it has promoted the financial interests of members in the iQ Super – MySuper Product.	The Trustee has determined, for the 12-month period to 30 June 2022, it has promoted the financial interests of members in iQ Super – For Life and iQ Retirement Products.
<b>PRODUCT SUMMARY</b>	The outcomes assessment of the iQ Super – For Life (MySuper) and iQ Super – For Life and iQ Retirement (Choice) determined we have delivered overall positive outcomes across the assessment areas for both MySuper and Choice Products. Where the Trustee identified areas for improvements, we continue to work with our service providers to find solutions to improve member outcomes.	
	<p><b>Fees and costs</b></p> <p>The Trustee does not seek to compete with low cost ‘one-size-fits-all’ superannuation funds. Its heritage is in providing high-touch member services and developing customised solutions for members. The Trustee intends to continue with this more sophisticated offering, as it believes that ultimately this will provide members with the best chance to achieve a great life after work.</p> <p>Using APRA’s superannuation data, the Comparable Peer Group and internal benchmarks to review Member Fees and Costs, and after reviewing our Operating Costs, the trustee determined that we offer competitive MySuper and Choice products that operate efficiently.</p>	
	<p><b>Investments</b></p> <p>Based on the Trustee’s assessment, the net returns of the MySuper product achieved its investment objectives. The net returns of some investment Choice options fell short of achieving their investment objectives in this assessment period due to a number of factors including record levels of inflation in 2022. The Trustee recognises the importance of achieving investment return outcomes for members and is continuing to take action in this area.</p>	
	<p><b>Member services and operating environment</b></p> <p>Based on the independent benchmarking and internal metrics reviewed, the Trustee is satisfied that we provide a comprehensive and often market-leading range of services and benefits to our members.</p>	
	<p><b>Insurance</b></p> <p>When we look at APRA’s data and the Chant West surveys, our insurance offering, costs and claims acceptance rates compare well with other MySuper and Choice Products.</p>	

## iQ super – For Life (MySuper)

### Fees and costs

Fees and Costs are subject to a regular review that considers benchmarking (independent and internal), benefits and facilities offered, as well as the factors most relevant for delivering our member value proposition. We aim to offer competitive and appropriate fees commensurate with our product and service offering.

We enable employers to provide highly tailored superannuation benefits for their employees. As a result, the Fees and Costs paid by our members vary depending on their current circumstances. In assessing the Fees and Costs the Trustee considered the arrangements in place for all members and concluded that our fees and costs reflect

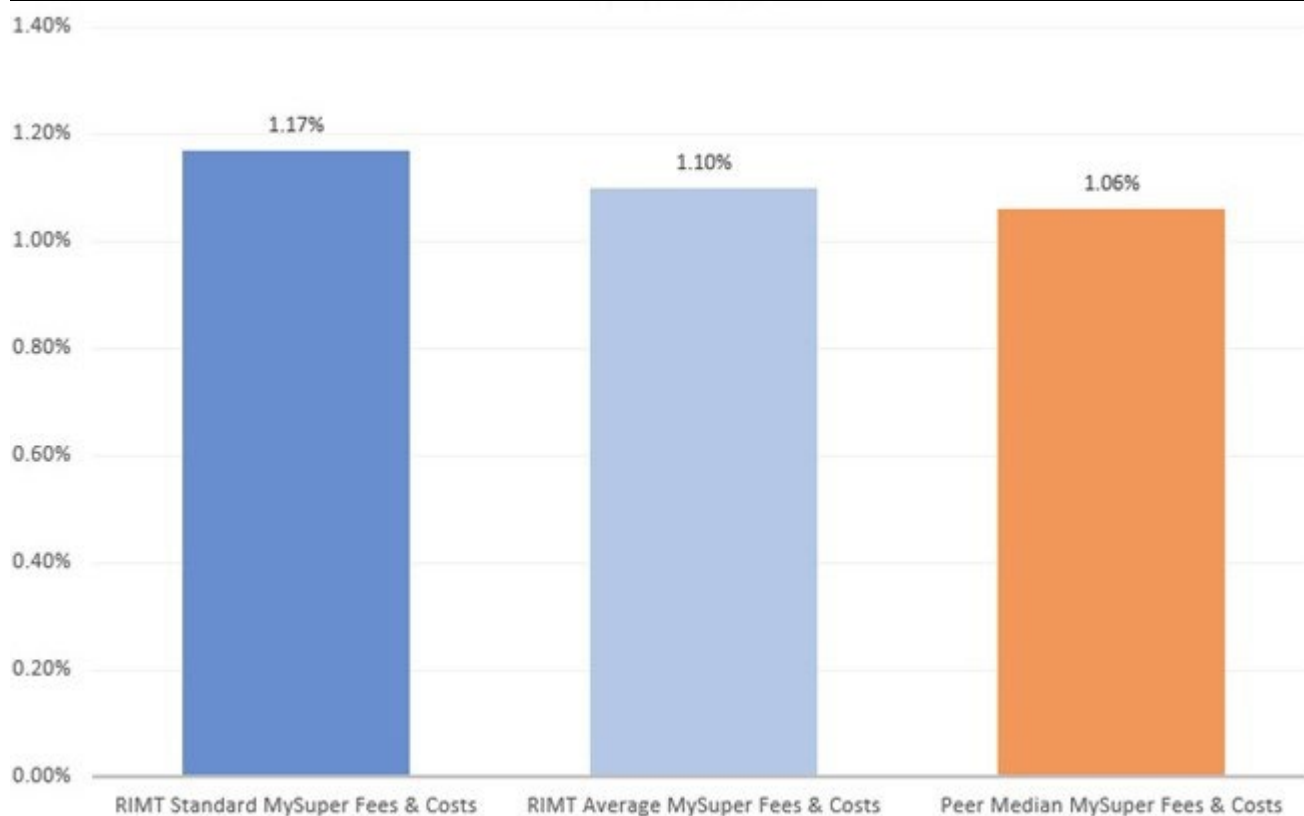
our comprehensive and often market-leading range of services and benefits made available to our members. Unique services such as personalised online investment strategy advice and the opportunity to meet with a Retirement Consultant are offered at no additional cost to our members.

'Average fees' and costs refer to MySuper members across all divisions, including those where employer tailored solutions apply. The standard fee is as per the published Product Disclosure Statements (PDSs).

Graph 1 below compares the Average MySuper Fees and Costs in the RIMT and the Standard MySuper Fee and Costs in the RIMT against other MySuper Options, using Growth Investment Strategies in the APRA universe. The Fees and Costs in Graph 1 exclude insurance fees and costs.

### Graph 1: RIMT fees and costs (\$50,000 balance) v Peer Median

30 June 2022



The comparison peer group does not include Public Sector and Retail Passive Funds.

### Other criteria reviewed: Basis for setting fees

Fees and Costs comprise various components, including administration and investment fees, insurance costs, maximum fee caps and fixed dollar fees.

The administration fees reflect the cost of services and benefits provided to members over their whole RIMT membership period (that is, while employed and after they have left service). The investment fees reflect the costs associated with holding the underlying assets. The

insurance costs are based on claims history and insurance market conditions.

Our basis for setting fees is appropriate and the fees are subject to regular independent review, at least every three years. An independent review was conducted in late 2021, subsequently the Trustee reduced the administration fees paid by most members for the year ending 30 June 2022.

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## Investments

The introduction of the GoalTracker investment strategy in March 2020 changed the MySuper product investment strategy from a single diversified investment strategy (Balanced Opportunities) to a personalised lifecycle strategy. GoalTracker represents the best of our market leading ideas and has been recognised globally for its innovation.

### Net investment returns

The default investment option for iQ Super – For Life (MySuper) changed on 28 March 2020 with GoalTracker replacing the Balanced Opportunities Investment Option. Investment performance comparisons have therefore been undertaken using a combination of Balanced Opportunities and GoalTracker.

GoalTracker investment returns have met the Trustee's expectations. Going forward, as performance history builds, only GoalTracker returns will be used for comparisons.

You can review investment returns at [russellinvestments.com/au/super-and-retirement/investments/performance](https://russellinvestments.com/au/super-and-retirement/investments/performance)

### Investment risk

All investing involves risk—it's the trade-off for the return that investors seek. Assets with higher expected long-term returns generally carry a higher level of risk of a negative return in the short term. On the other hand, low risk investments over the long term may mean a member's superannuation savings will not outperform inflation.

Russell Investments' global investments expertise means our members get the benefit of Russell Investments' scale and experience when it comes to managing investment risk. In fact, with GoalTracker Plus, members can reap further benefits of this global expertise by letting us build a personalised investment strategy, at no additional cost.

The investment risks of the MySuper Product are appropriate and have been compared against the Standard Risk Measure (SRM) of all MySuper Products. The SRM provides guidance on the estimated number of negative annual returns of an investment option over a 20-year period. The GoalTracker Investment Option and the Balanced Opportunities Investment Option (MySuper option prior to GoalTracker) have ratings consistent with the range used by all other MySuper Products.

### Other criteria reviewed: Investment strategy

When determining whether the MySuper Product promotes the financial interests of members, an assessment of the appropriateness of the investment strategy for the MySuper

Product is considered, including the level of investment risk and the return target.

We have a robust investment governance framework, including rigorous processes, to set and regularly review the investment strategy for the MySuper Product. A review of the investment objectives (including return targets) and investment strategy was completed in March 2022. These reviews concluded that the investment strategy for the RIMT MySuper Product is appropriate for our members.

## iQ Super – For Life and iQ Retirement (Choice)

### Fees and costs

Fees and Costs are subject to regular review that considers benchmarking (independent and internal), benefits and facilities offered, as well as the factors most relevant for delivering our member value proposition. We aim to offer competitive and appropriate fees commensurate with our product and service offering.

We enable employers to provide highly tailored superannuation benefits for their employees. As a result, the Fees and Costs paid by our members vary depending on their current circumstances. In assessing the Fees and Costs the Trustee considered the arrangements in place for all members and concluded that our fees and costs reflect our comprehensive and often market-leading range of services and benefits made available to our members. Unique services such as personalised online investment strategy advice and the opportunity to meet with a Retirement Consultant are offered at no additional cost to our members.

Not all Choice Product investment options assessed as at 30 June 2022 were within the trustees targeted range for fees and costs.

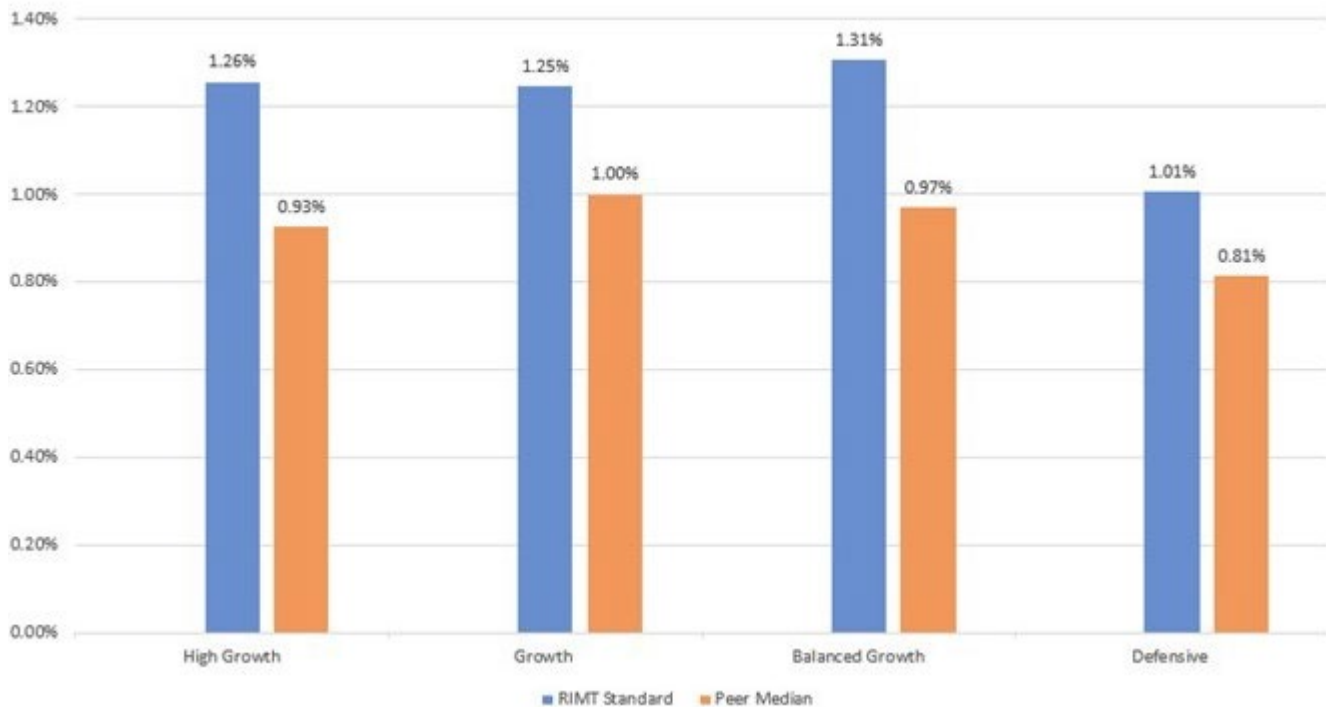
The trustee will continue to focus on this area to ensure fees and costs remain competitive.

Graph 2 (on page 5) shows the standard Fees and Costs across the four largest investment options for a member with a balance of \$250,000 compared with the Comparable Peer Group median for similar investment options. This comparison of administration and investment fees and costs uses \$250,000 as this is closest to the average balance for a Choice member in the RIMT. The Fees and Costs in Graph 2 exclude insurance fees and costs.



## Graph 2: RIMT fees and costs (\$250,000 balance) v Peer Median

30 June 2022



For further details on the current Fees and Costs applicable to your account, please visit [russellinvestments.com.au/login](https://russellinvestments.com.au/login) to access your PDS or call us on 1800 555 667.

### Other criteria reviewed: Basis for setting fees

Fees and Costs comprise various components, including administration and investment fees, insurance costs (excluding iQ Retirement), maximum fee caps and fixed dollar fees.

The administration fees reflect the cost of services and benefits provided to members over their whole RIMT membership period (that is, while employed and after they have left service). The investment fees reflect the costs to structure, build and run each investment option, as well as the costs associated with holding the underlying assets. The insurance costs are based on claims history and insurance market conditions.

Our basis for setting fees is appropriate and the fees are subject to regular independent review, at least every three years. An independent review was conducted in late 2021, subsequently the Trustee reduced the administration fees paid by most members for the year ending 30 June 2022.

### Investments

In assessing the Investments for the iQ Super – For Life and iQ Retirement (Choice), our largest investment options were compared to the Comparable Peer Group, using investment return data from the Comparable Peer Group as at 30 June 2022 over a 10-year period. Four of the most popular investment options are given in Graph 3 below.

*Important! Past performance is not a reliable indicator of future performance, and caution should also be applied when comparing historical performance with peer groups that are not necessarily managed on a like by like basis.*

### Net investments returns

Superannuation is a long-term investment and Graph 3 below shows the net returns for our four most popular investment options— High Growth, Growth, Balanced Opportunities and Defensive— over a 10-year period, as compared to the median net return in the Comparable Peer Group.

Net return means the return achieved after administration and investment fees and costs have been taken into account.

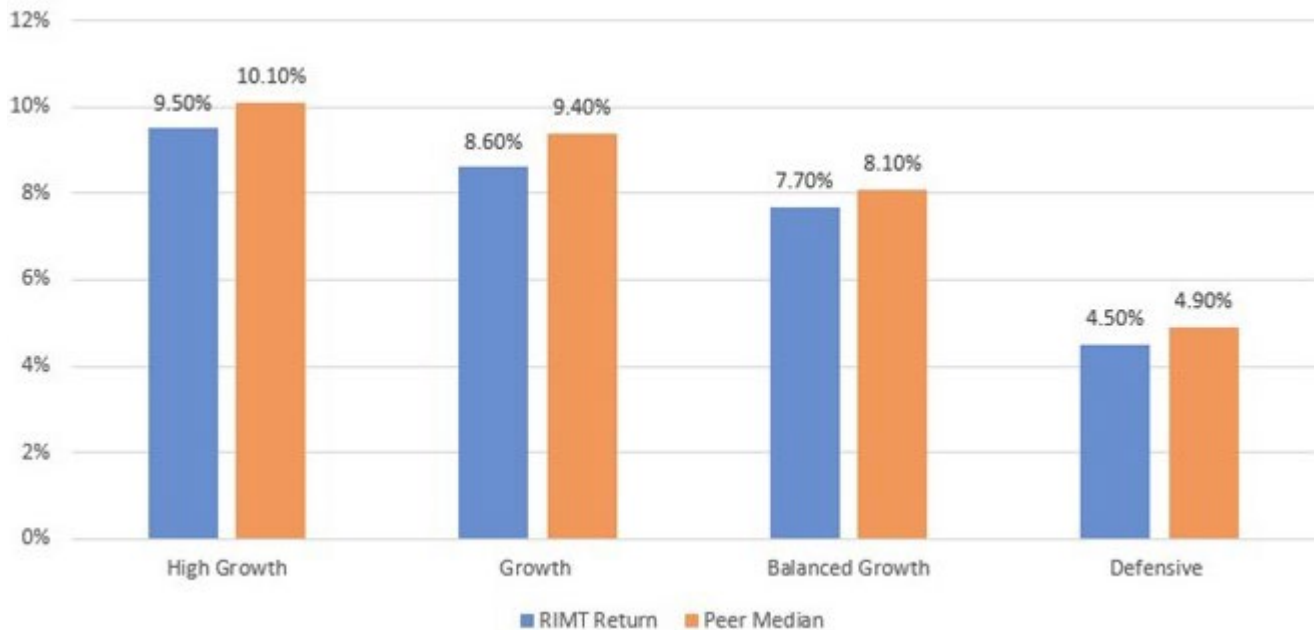
Over a number of periods, the performance of these options were also below median, due to a combination of factors, including:

- strategy positioning and differences in asset allocation exposures relative to other superannuation funds in the peer group, and
- sector underperformance in some asset classes.

The trustee recognises the importance of investment performance to member outcomes and will continue to focus on this area.

### Graph 3: RIMT 10-year returns v Peer Median

30 June 2022



You can review investment returns at [russellinvestments.com/au/super-and-retirement/investments/performance](https://russellinvestments.com/au/super-and-retirement/investments/performance)

#### Investment risk

All investing involves risk—it’s the trade-off for the return that investors seek. Assets with higher expected long-term returns generally carry a higher level of risk of a negative return in the short term. On the other hand, low risk investments over the long term may mean a member’s superannuation savings will not outperform inflation.

Russell Investments’ global investments expertise means our members get the benefit of Russell Investments’ scale and experience when it comes to managing investment risk.

The level of investment risk set for each Choice product option is appropriate and adherence to these defined risk levels is regularly monitored.

#### Other criteria reviewed: Investment strategy

When determining whether our Choice Product promotes the financial interests of members, an assessment of the appropriateness of the investment strategy for our investment options was considered, including the level of investment risk and the return target.

We have a robust investment governance framework including rigorous processes to set and regularly review the investment strategy of the investment options. A review of the investment objectives (including return targets) and investment strategies was completed in March 2022. These reviews concluded that the investment strategy for each of the investment options of our Choice Product is appropriate for our members.

#### Other assessment criteria applying to both MySuper and Choice Products

##### Member services and operating environment

##### Options, benefits and facilities

Our focus is on giving you the best chance at a great life after work by providing personalised support through a combination of innovative, engaging and pro-active member services, with the aim of encouraging better active financial decisions.

This approach has helped many of our members take one or more positive actions with their super and move one step closer to achieving the lifestyle they seek in retirement.

We realise that there are times when members need the opportunity to connect with fund staff in person or over the phone. We are equally as focused on providing these high-touch services to members, as the chance to talk to a trusted guide can give confidence to make important decisions.

Whether it is a one-on-one meeting with a Retirement Consultant, a seminar or webinar, or a conversation with a friendly phone consultant, all these services are offered at no additional cost to members.

The Trustee is committed to understanding our members’ needs, and to building innovative and valuable member

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services that enable us to be a trusted partner along your superannuation journey.

## Scale

Russell Investments' global scale of AUD 407.7 bn under management (as at 31 Dec 2022) provides the Trustee with global access to investment expertise and the buying power of a multinational organisation.

## Insurance

### Insurance fees

Chant West analyses Insurance data from superannuation funds and collates this information into 'Insurance Premium Indices'. Based on Chant West data, our insurance offer was competitive with the Comparable Peer Group.

The annual erosion assessment has been completed and the outcome is that insurance fees do not inappropriately erode member balances for both MySuper and Choice members.

### Insurance strategy

Our insurance management framework sets out the insurance strategy and how insurance benefits are sought/offered, monitored, reviewed, renewed and how claims are managed.

In the RIMT, Death and Permanent Incapacity Insurance is provided to certain members in accordance with

legislation. The preference is for members under age 65, including casuals, part time employees and fixed term contractors, to have access to insurance (Death, Permanent Incapacity and Income Protection). However, it is recognised that depending on the policy terms and conditions some insurers will exclude coverage for certain members. The RIMT seeks to offer appropriate insurance coverage to members when they have ceased employment.

We also reviewed our insurance management framework and the insurance strategy, and confirmed it was appropriate for members. Each of our insurers' performance was reviewed for the year ended 30 June 2022 and were found to be satisfactory, and the claims acceptance rates as compared to the APRA data were consistent with other super funds.

## Determination summary

TRM, as the Trustee of the RIMT, approved the Member Outcomes Assessment on 28 February 2023 and determined:

- the RIMT MySuper Product promoted the financial interests of members holding the product during the 12-month period to 30 June 2022.
- the RIMT Choice Product, consisting of iQ Super – General and iQ Retirement, promoted the financial interests of members holding the product during the 12-month period to 30 June 2022.



## QUESTIONS?

Call us on **1800 555 667**

or email us at [iq@russellinvestments.com.au](mailto:iq@russellinvestments.com.au)



## ABOUT RUSSELL INVESTMENTS

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