



Account Based Pensions

September 2021

What are the Canstar Account Based Pensions Star Ratings?

Canstar Account Based Pensions Star Ratings involve a sophisticated and unique Star Ratings methodology that compares annual investment returns and features of Account Based Pension Investment Options. Canstar Star Ratings represent a shortlist of Account Based Pension Investment Options, enabling consumers to narrow their search to Investment Options that have been assessed and ranked.

The results are reflected in a consumer-friendly five star concept. 5-Star Rated products have been assessed as being in the top 10% of the products considered within the group of products being assessed.

What types of products are evaluated for Canstar's Account Based Pensions Star Ratings?

To be eligible for evaluation in Canstar's Account Based Pension Star Ratings, an Account Based Pension Investment Option must:

- Be open to the public; not restricted exclusively to members of a specific organisation (i.e. corporate funds and funds closed to new members are ineligible).
- Be directly available to consumers without the need for an intermediary (such as a financial planner).
- Not be a wrap only investment option.
- Not be an annuity or TAP (Term Allocated Pension Fund).
- Have been available for a minimum of seven years. Investment options available for less than seven years may be provided with an indicative rating provided the investment option has been available for a minimum of three years. In these instances, these investment options are compared against their peers for the period over which they have been available.
- Belong to a product with funds under management (FUM) of at least \$100m (superannuation and pension assets combined).

Profiles

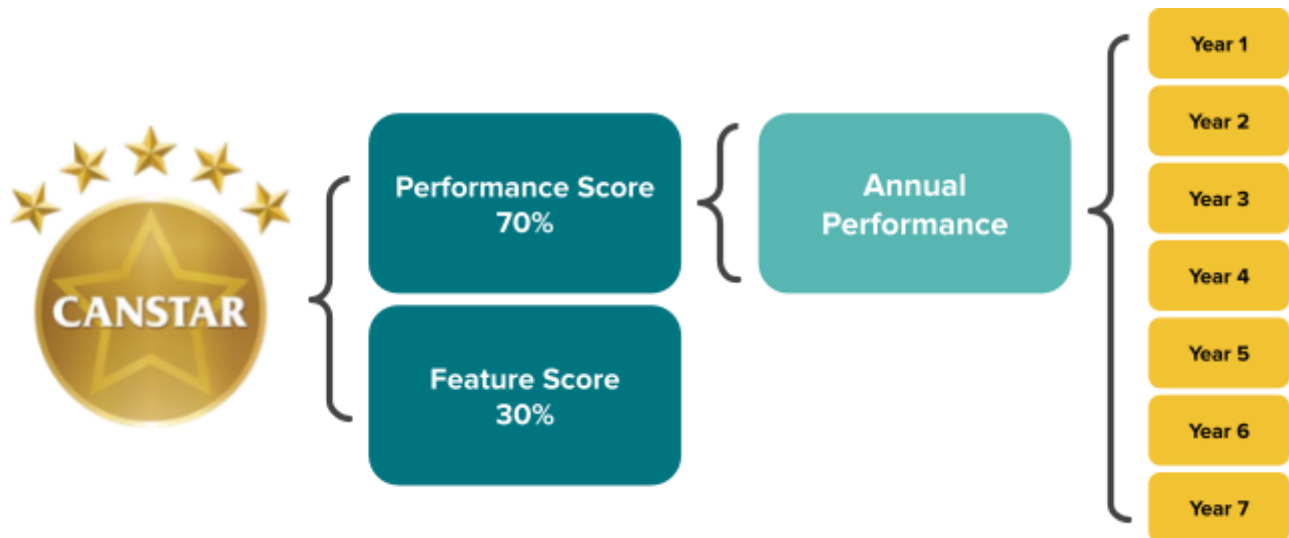
Account based pension investment options included in the Canstar Account Based Pensions Star Ratings are assessed across five investment profiles. Investment options are allocated into a profile based on target growth asset allocation, rather than their actual growth asset allocation. The table below provides a description of each investment option:

Profile	Growth Asset Allocation
Cash	0%
Conservative	20% - 39.99%
Moderate	40% - 59.99%
Balanced	60% - 79.99%
Growth	80% - 100%

Methodology

Each eligible Account Based Pensions investment option reviewed for the Canstar Account Based Pension Star Ratings is awarded points for its annual investment performance after fees and the array of features attached to the investment option. Points are aggregated to achieve a Performance Score and a Feature Score.

To arrive at the total score, Canstar applies a weight against the Performance Score and the Feature Score. The weights reflect the relative importance of the Performance Score and Features in determining which Investment Options offer outstanding value to consumers. This method can be summarised as:



Performance Score

The Performance score considers each investment option’s annual investment returns net of fees and investment related tax. Fees are inclusive of administration fees, investment management fees, performance fees and other indirect costs where applicable.

Performance can be summarised as follows:



The annual investment return score is calculated using the annual investment returns of an investment option over the most recent seven-year period, with equal weight placed on each year. The investment option with the highest annual investment return per year is allocated the maximum score, with remaining investment options indexed against it across a normal distribution.

The fees for each account based pension Investment option are calculated based on an average balance of \$250,000, using 100 scenarios built around a normal distribution.

Profile	Minimum Balance	Average Balance	Maximum Balance
Account Based Pension	\$0	\$250,000	\$500,000

Feature Score

The Feature Score considers a number of features within four different categories, with individual features allocated points and each category and subcategory assigned a weight. The investment option with the highest Feature Score is allocated the maximum score, with all remaining investment options within the profile scored against it.

The feature categories and subcategories with assigned weights are:

Subcategory	Weighting
Opening	5%
Investment Flexibility	30%
Switching	10%
Income Payment Option	20%
Managed Funds	45%
Listed Securities	15%
Term Deposits	10%
Support	60%
Tools & Education	30%
Advice	50%
Online Access	10%
Phone Access	10%
Closing	5%

What are the Canstar Outstanding Value - Account Based Pension Awards?

The Canstar Outstanding Value - Account Based Pension Awards recognise the providers that provide outstanding value to customers across each profile considered in Canstar's Account Based Pension Star Ratings. Providers who have cumulatively performed to an exceedingly high standard across the Star Rating profiles will be recognised with the Canstar Outstanding Value - Account Based Pension Award.



How are the Canstar Outstanding Value - Account Based Pension Awards calculated?

The Canstar Outstanding Value - Account Based Pension Awards are based on the weighted score of a provider's top performing options across the individual Star Rating profiles. The weight applied to each profile is based on a combination of the allocation of FUM within the market and the distribution of growth assets across investment options offered.



There are instances where a fund may be disadvantaged if they do not offer a product across all investment profiles considered. To overcome these disadvantages and award funds that consistently offer an outstanding value product to consumers, Canstar applies an overlay to the Outstanding Value - Account Based Pension calculations.

An overlay will be applied to funds that:

1. Offer a product in four out of the five profiles, and;
2. The weighted performance of the fund relative to the market, where only eligible profiles are considered, places them in the top 10%

Funds receiving the overlay will be recognised as offering Outstanding Value - Account Based Pensions

How often are products reviewed for Star Ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These Star Ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the Star Ratings as a guide to product excellence. The use of similar Star Ratings logos also builds consumer recognition of quality products across all categories.

Please access the Canstar website at www.canstar.com.au if you would like to view the latest Star Ratings reports of interest.

- Account based pensions
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Package banking
- Reward programs
- Travel insurance
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Travel money cards
- Business banking
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits



COMPLIANCE DISCLOSURE and LIABILITY DISCLAIMER

To the extent that the information in this report constitutes general advice, this advice has been prepared by Canstar Research Pty Ltd A.C.N. 114 422 909 Australian Financial Services Licence ("AFSL") and Australian Credit Licence number ("ACL") 437917 ("Canstar"). The information has been prepared without taking into account your individual investment objectives, financial circumstances or needs. Before you decide whether or not to acquire a particular financial product you should assess whether it is appropriate for you in the light of your own personal circumstances, having regard to your own objectives, financial situation and needs. You may wish to obtain financial advice from a suitably qualified adviser before making any decision to acquire a financial product. Canstar provides information about credit products. It is not a credit provider and in giving you information it is not making any suggestion or recommendation to you about a particular credit product. Please refer to Canstar's FSG for more information.

The information in this report must not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without Canstar's prior written consent. All information obtained by Canstar from external sources is believed to be accurate and reliable. Under no circumstances shall Canstar have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of Canstar or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information.

The ratings and awards results do not include all providers and may not compare all features relevant to you. The rating or award is only one factor to take into account when considering these products. Canstar acknowledges that past performance is not a reliable indicator of future performance.

The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), "Be Canstar Sure", the word "WEALTHBRICKS" and versions of the foregoing are trademarks or registered trademarks of Canstar Pty Ltd A.C.N. 053 646 165. Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of Canstar by the respective trademark owner.

Copyright 2021 Canstar Research Pty Ltd A.C.N. 114 422 909.