

Praemium SMA Superannuation Fund

Member Outcomes Assessment
For the year ended 30 June 2024

28 February 2025

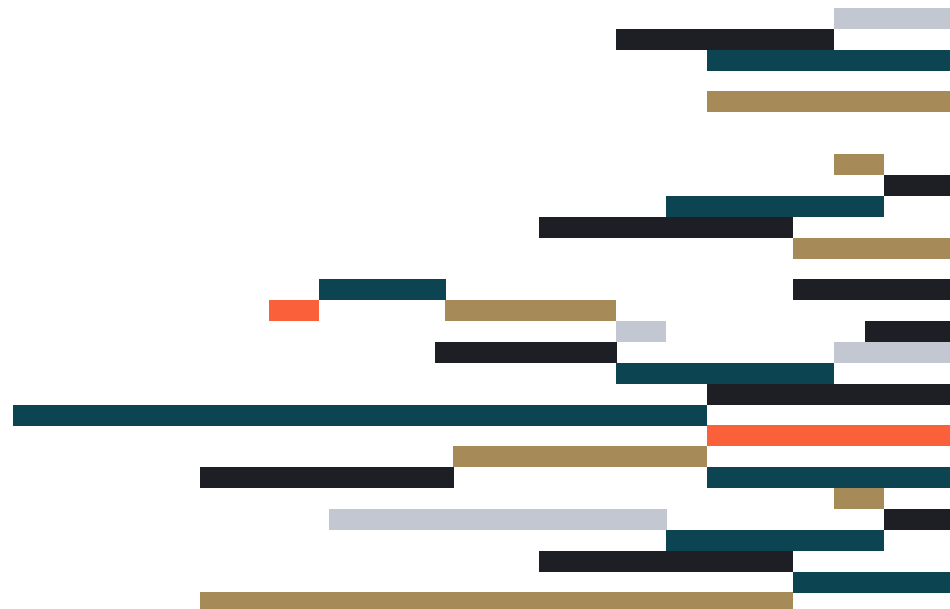


Table of contents

Item	
Introduction	3
Executive summary	5
Praemium overview	7
Comparative assessment	10
Product appropriateness assessment	16



Introduction

Introduction

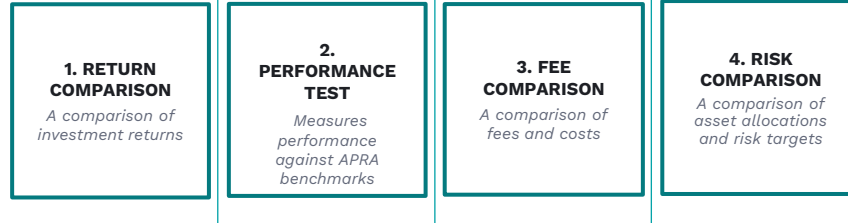
What is the Member Outcomes Assessment?

This document will focus on the key outcomes found within the assessment in relation to Praemium SMA Superannuation Fund ('Praemium'). It analyses how Praemium's products compare to similar products and whether these products are serving the financial interests of the members. The document will present the final conclusions and summary, before going into detail on steps 1 and 2 of the assessment.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2025, and is relevant for the financial year ended 30 June 2024.

Approach for this assessment

Step 1: Measure and compare products



Step 2: Assess product appropriateness

Assessment of product appropriateness against key factors that can affect superannuation

Section 52 (11)

1. Options, benefits and facilities
2. Investment strategy
3. Insurance strategy and fees

SPS 515

4. Scale
5. Operating costs
6. Basis for setting fees

Step 3: Publish determination

A publication with a determination for each product is required to assess whether the financial interests of the beneficiaries who hold the product are being promoted.



Executive Summary

Product Determinations

The Trustee has determined that it is promoting the financial interests of the beneficiaries of its **Accumulation product** and that of its **Pension product** on the basis that:

- For administration fees, Praemium is slightly higher than its relevant peer fund median across all balances. The Trustee believes that administration fees are reasonable in order to deliver members a high-quality product focusing on enhancing the customer experience whilst continuing to invest in technology to provide a high-class platform offering;
- For investment returns, Praemiums' investment options showed satisfactory performance for the majority of in scope investment options over the measured periods; and
- The objective assessment factors, being Praemium's options, benefits and facilities, investment strategy, operating costs, scale and the basis for setting fees, are considered appropriate for Praemium's members and do not inappropriately erode their retirement balances.



Praemium Overview

Praemium Overview

Praemium SMA Superannuation Fund ('Praemium') offers 'wrap-style' accounts through its platform for advisers and their client members. Praemium offers the following products:

- Accumulation Account
- Pension Account, being either an:
 - Account Based Pension (Allocated Pension) or
 - Transition to Retirement Pension Account

Praemium also offers the following white label products which are considered in this MOA:

- Advisory Partners SuperSMA
- Agentia SuperSMA
- Burrell SuperSMA
- Collins House SuperSMA
- Bruining Partners SMA
- Kofkin SMA
- DP Wealth Advisory SuperSMA
- Praemium Managed Accounts for Infocus Superannuation
- Providence Managed Accounts SuperSMA
- Seneca SuperSMA
- Shaw Managed Accounts Superannuation
- True Investing SuperSMA
- Ventura Managed Account Portfolios Superannuation (VMAPS)

Praemium Overview

Members have access to a very large range of investments via Praemium's investment menu, including:

- Managed Funds (Domestic and international)
- ASX securities
- International shares
- Cash
- Term Deposits
- Exchange Traded Funds ('ETFs') / Listed Investment Companies ('LICs')
- Fixed Interest securities

For platform funds like Praemium, members select investments in consultation with their financial adviser. The Trustee's investment strategy for these funds includes offering members a range of different investment options by return potential, risk profile and style to suit their individual circumstances and promote diversification of member strategies.

Praemium members have access to a comprehensive investment menu consisting of listed shares and interest-bearing securities, managed funds and cash, via Model Portfolios. The risk profile of an investment will depend on the Model Portfolio chosen. This enables members to be hands on and to tailor their super to suit their needs, however, results in varying fees and investment returns and risk being experienced by members.

For the purposes of this assessment, the analysis is focused on the nine Praemium investment options with the highest concentration of assets invested in them at 30 June 2024. These investment options are available as part of Praemium's Model Portfolios but do not necessarily comprise the entirety of the selected Model Portfolio. If you would like to know the performance of your Praemium account for the year ended 30 June 2024, please refer to your Financial Year 23/24 annual member statement.



Comparative Assessment

Fees & Costs Comparison

For the purpose of this assessment, only Praemium's administration fees are compared to peer fund median administration fees. As investment management fees are charged by the individual investment managers and deducted from the returns, these vary by the individual managed fund or ETF investment option selected and are not comparable to benchmarks based on pooled investment structures.

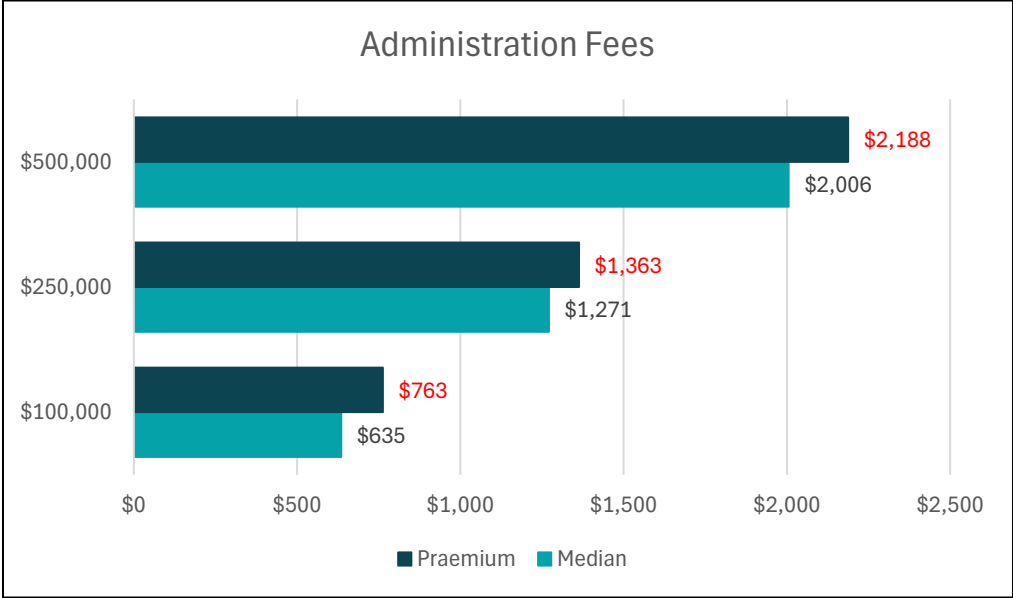
It is noted that this administration fee comparison is at the product level and being assessed against a peer group of similar platform superannuation products. On the following page, the Praemium administration fees for Accumulation and Pension members is compared to the peer fund median administration fee which includes Praemium and 19 other peer Platform funds.

Praemium's administration fees are slightly higher at a product level when administration fees are calculated on all modelled balance points.

The average Praemium member has a balance of \$310,870, so the modelled account balances are appropriate for assessing the relative competitiveness of Praemium's administration fees for its membership.

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries of its Accumulation product and its Pension product as the administration fees for Praemium at a product level are only slightly higher than the peer fund median. The Trustee believes the fees applicable are reasonable in order to deliver members a high-quality product focusing on enhancing the customer experience whilst continuing to invest in technology to provide a high-class platform offering.

Fees & Costs Comparison



Choice Investment Return Comparison

Praemium's net investment returns for the investment options that have been assessed in this report are illustrated in the graphs contained on page 14.

For platform funds like Praemium, members select investments in consultation with their financial adviser. The Trustee's investment strategy for these funds includes offering members a range of different investment options by return potential, risk profile and style to suit their individual circumstances and promote diversification of member strategies.

For the purposes of this assessment, the analysis is focused on the Praemium investment options with the highest concentration of assets invested in them at 30 June 2024.

It is noted that the medians depicted in the following graphs are based on pooled investment options, with the relevant peer fund median selected based on the closest corresponding asset class to the relevant Praemium's investment option. Although not a perfect comparison, these medians represent a suitable proxy for assessing the performance of Praemium's underlying investment options.

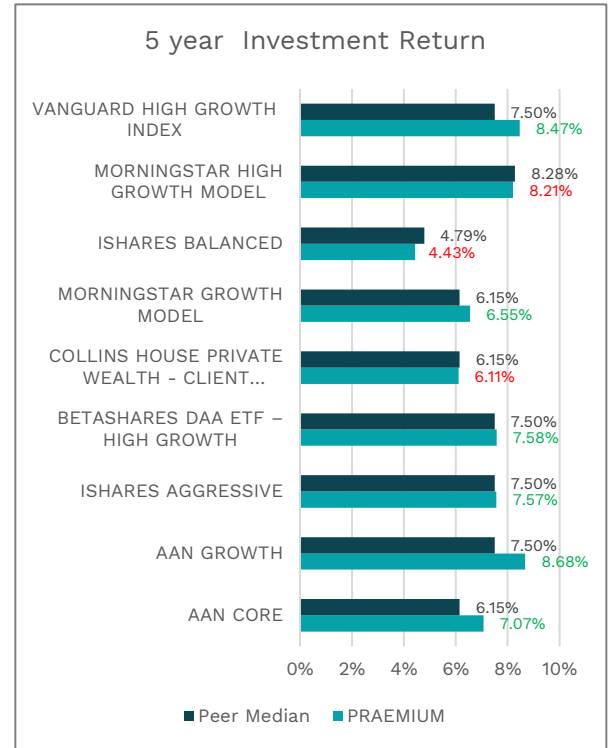
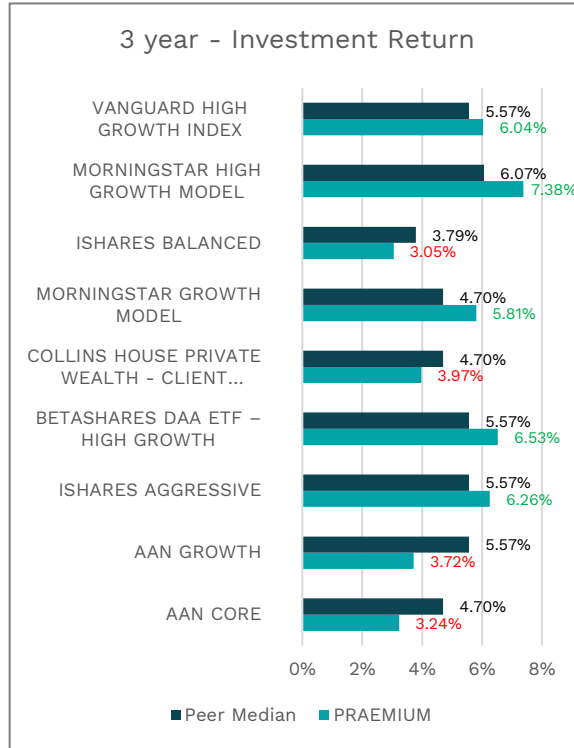
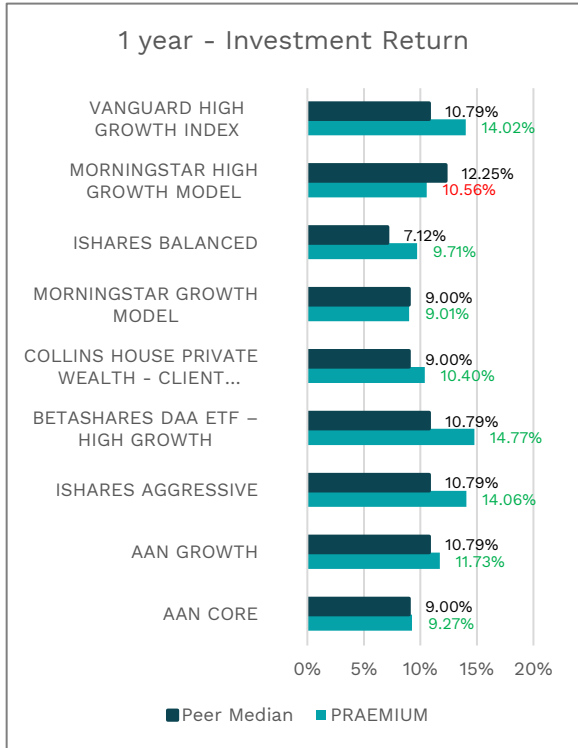
Over the one-year period to 30 June 2024, eight of the nine in scope Praemium investment options outperformed against their peer median.

Over the three-year and five-year period to 30 June 2024, the majority of the in scope Praemium investment options outperformed against their peer median, with most of the underperformance only marginal.

On balance, the Trustee has determined it is promoting the financial interests of the beneficiaries as the investment returns show strong performance for the majority of in-scope investment options over both the short term and the longer periods.

Noting that the investments a member chooses to invest in, is selected to suit the members' individual circumstances with the assistance of their adviser. The Trustee's role is to offer a wide range of investment options to choose from.

Investment Return Comparison



Choice Investment Risk Comparison

The level of risk and exposure to the various asset classes and investments are determined by the individual needs of each member in joint responsibility with their financial adviser. In addition, the trustee has governance processes that include the setting of investment limits for funds and conducts market risk stress testing for all investments on an annual basis.

Given the broad list of investment options available across the fund with different risk characteristics and investment objectives and the annual stress testing that is conducted for Prudential Standard SPS 530, the Trustee has determined it is promoting the financial interests of its beneficiaries in respect of investment risk.



Product Appropriateness Assessment

OPTIONS, FACILITIES & BENEFITS

Praemium offers a range of services and products to all members in order to assist them with engaging with their superannuation to optimise their retirement outcomes.

Praemium have a number of digital resources around superannuation education and financial literacy available on their website. These include articles, blog posts, videos and tutorials. The resources are both useful for members and their financial advisers.

Over the last few years, Praemium has released a number of new features to enhance the customer experience, whilst investing heavily in compliance, cybersecurity and technology to provide a best-in-class platform.

The Trustee has determined that the options, benefits and facilities offered under the product are appropriate to members.

INSURANCE STRATEGY & FEES

Praemium does not offer default cover or any group policies. However, members have access to retail insurance cover for death, total and permanent disability and income protection through a number of insurance providers to suit individual needs with consultation of their financial advisers. Given insurance cover decisions are member and adviser driven, the Trustee does not look to determine impacts of insurance on member balances. However, the Trustee has determined there is appropriate accessibility for members to insurance cover.

The Trustee maintains an insurance strategy that governs Praemium's retail insurance offer to members.

The Trustee has determined that that the insurance strategy for the product is appropriate for Praemium's members.

INVESTMENT STRATEGY

Members may choose to access managed portfolios with professional model portfolio managers. Member's may also tailor their investment with access to the investment menu which includes international shares, Australian shares, international fixed income, Australian fixed income, property, infrastructure, Alternatives, cash and diversified options with varying growth asset allocations.

All new investments added to the investment menu (including Model Portfolios) are subject to approval by the Trustee's Investment Committee. All managed funds are required to meet a certain rating from recognised third party research houses such as Lonsec, Morningstar and/or Zenith, or receive an approved rating from the Fund's asset consultant.

The appropriateness of the investment offering is monitored and reviewed on a quarterly basis with annual additional testing via asset consultants who check all managed funds against their determined benchmarks which provide a recommendation if any changes are required.

A majority of Praemium's members' investment portfolios have been prepared with guidance from a financial adviser who developed a diverse portfolio of investments tailored to suit each members':

- personal circumstances;
- personal investment objectives and long-term goals;
- risk tolerance; and
- expected investment timeframe

Based on the above, the Trustee has determined that the investment strategy for the product is appropriate for members.

SCALE

Praemium SMA had 14,671 members with approximately \$4.561 billion in funds under management as at 30 June 2024. While these figures are indicative of Praemium SMA's relatively small size in the industry, it is anticipated that Praemium SMA will continue to steadily grow and achieve greater scale benefits based on its growth during FY24.

- Funds Under Management ('FUM') grew by 18.64%, compared to the industry median of 9.63%
- Number of member accounts grew by 7.06%, compared to the industry average of 1.10%
- Total net members' benefits flows were positive of \$361.9M, compared to the industry median of \$3.7M
- Net Contribution flows increased from prior year by 4.10%, compared to the industry of 14.31%
- Net Rollover flows changed by -20.97% from prior year, compared to the industry change of -64.67%
- Net members' benefit outflow ratio of 56.76% is more favourable, compared to the industry median of 89.20%

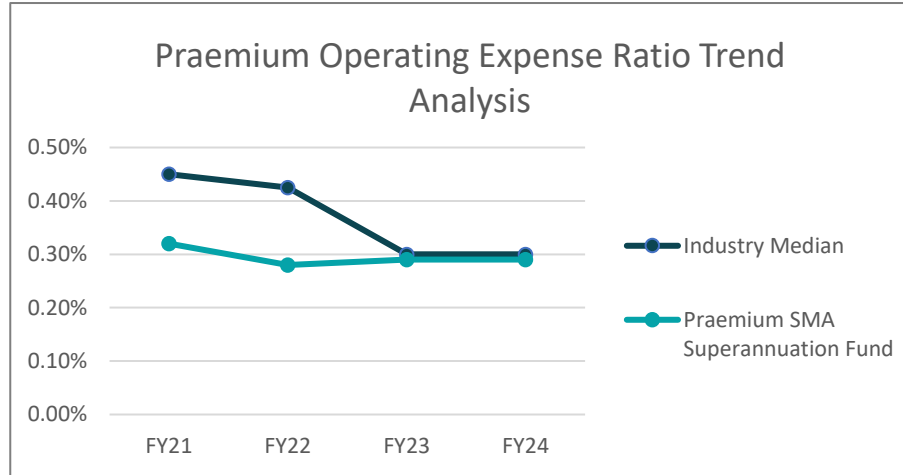
From the above, it is clear that Praemium's growth rate is positive and significantly greater than the industry median for most measures.

There is also an ongoing ability to access resources at scale as a result of Praemium's operating model leveraging an outsourced administrator and an outsourced trustee.

It is concluded that members have not been disadvantaged due to the scale of, and within, the Trustee's business operations but that Praemium would benefit from a continued focus on growth.

OPERATING COSTS

Praemium's operating expense to asset ratio trend is shown in the graph below compared to the industry's fund median (derived from APRA data). It is noted that Praemium's operating expense ratio is now equal to that of the median fund in FY24 following a significant decrease in FY23.



The Trustee notes that the operating costs are steady. The Trustee has determined that the operating costs are considered appropriate for Praemium's members and do not inappropriately erode their retirement balances.

BASIS FOR SETTING FEES

Praemium's fee structure ensures coverage for operational costs and reserves with limited cross subsidisation. It charges an asset-based fee that is regressive as account balances get larger. International asset fees are separated ensuring they are only charged to members who choose to invest in those assets.

Praemium's administration fee is deducted from member accounts at month end based on the account balance and is based on the full account balance which includes both cash and investments. This ensures that the cost of maintaining a superannuation account is smoothed over the course of a year rather than members incurring a large impact to their balance at once. Hence, retirement balances are not eroded.

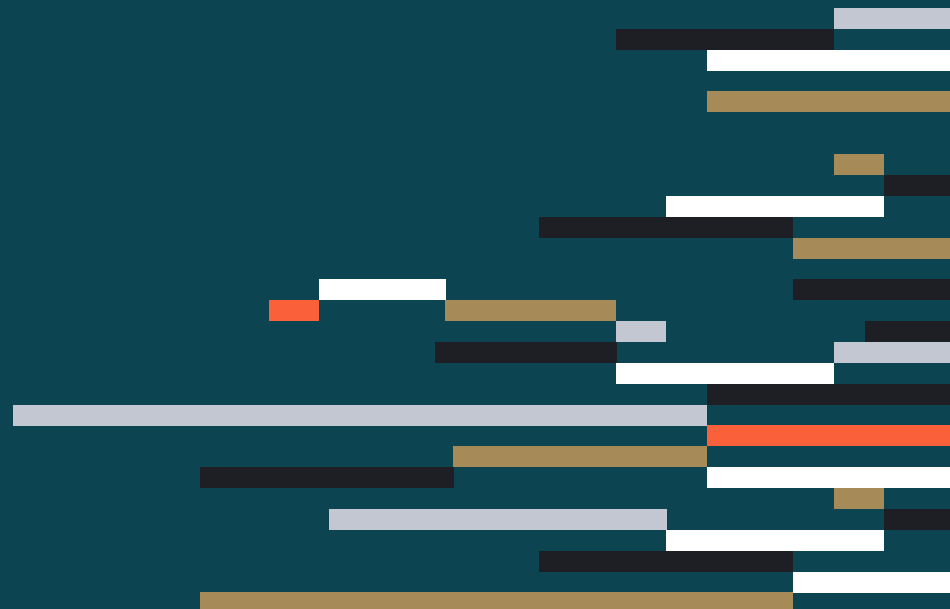
The basis for setting fees is considered appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

Asset-based Admin Fees		
From	To	Rate
\$0	\$250,000	0.37% p.a.
\$250,001	\$500,000	0.30% p.a.
\$500,001	\$1m	0.20% p.a.
\$1m	\$2.5m	0.05% p.a.
More than \$2.5m		0.00% p.a.

Other Account fees		
Operational Risk reserve levy	0.03% p.a. of account balance up to \$1m, zero for the balance over \$1m	Charged Monthly
Expense Recovery fee	Up to \$150 p.a.	Charged Annually
Account keeping fee	\$192 p.a.	Charged Monthly
International administration fee	0.15% p.a.	Charged Monthly

The logo icon consists of three horizontal bars of varying lengths, stacked vertically, in a gold color. The top bar is the longest, the middle bar is shorter, and the bottom bar is the shortest.

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