

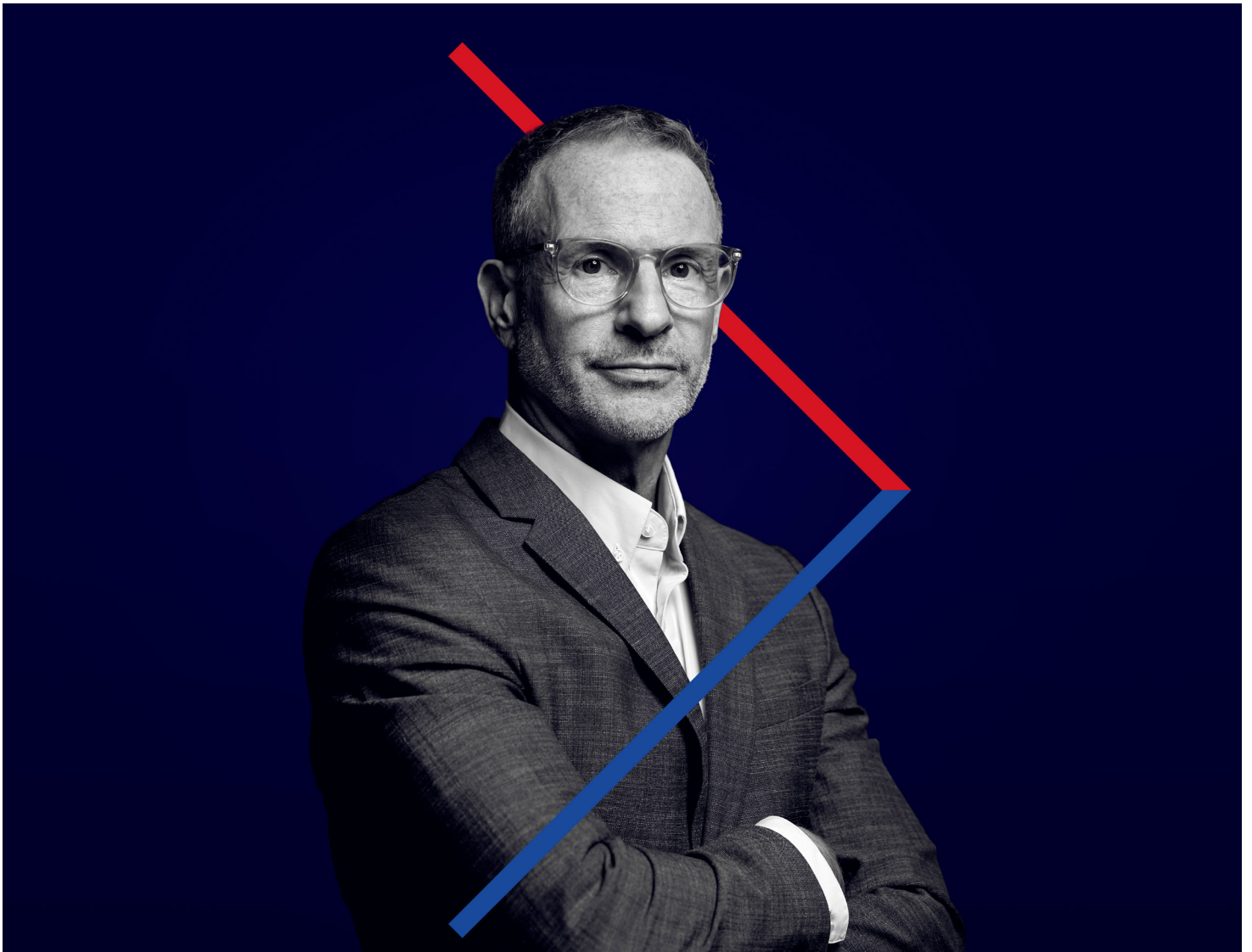
2023 Annual Outcomes Assessment

CFS Edge Pension

Colonial First State's (CFS) Edge Pension product is part of the Avanteos Superannuation Trust, and an investment wrap product that provides a wide range of investment options for members to choose from in conjunction with an adviser. Avanteos Investments Limited (AIL) is the trustee of the Avanteos Superannuation Trust.

The Annual Outcomes Assessment for the 2023 financial year (FY23) for CFS Edge Pension concluded that overall the financial interests of members are being promoted. This document provides a summary of the key findings of these Annual Outcomes Assessments conducted. The Outcome Assessment was performed using various forms of data and comparative benchmarking reports to

analyse the performance of CFS Edge Pension relative to defined performance criteria, such as, for example, performance rankings against other comparable peer products. The data is obtained from various sources such as APRA, respected industry research houses and in-house member records.



Product comparisons

Fees and costs	<p>We assessed whether the fees and costs paid by CFS Edge Pension members (administration fees and investment fees and costs) are competitively priced. In doing so, we used member cohort data to evaluate the fee and cost outcomes for the full membership.</p> <p>Outcome</p> <p>An analysis using research house data showed that 59% of CFS Edge Pension members are paying administration fees that are cheaper than or at median relative to other choice products. The total fees and costs that members pay vary, depending on the investment options chosen. When combined with administration fees, we found that the majority of members are paying total fees and costs that are cheaper than or at median in comparison to industry/peer group.</p>
Level of investment risk	<p>We assessed whether the investment volatility (frequency and severity of market downturn) of each CFS Edge Pension option was appropriate for the risk profile of the investment.</p> <p>Outcome</p> <p>We compared the investment performance (net of investment fees) of each choice option with investments with comparable risk/asset attributes. This comparison showed 65%+ of investment options and funds under administration (FUA) received risk outcomes that were at median or above in comparison to industry/peer group 1, 3, 5 and 7 years. Using industry research house data, it was identified 86% of investment options and 87% of FUA received risk outcomes that were at median or above in comparison to industry/peer group over 1, 3, 5 and 7 years.</p>
Net return	<p>We assessed the level of investment returns delivered to members after the deduction of fees, costs and taxes.</p> <p>Outcome</p> <p>After comparing investment performance (net of investment fees) of each choice investment option with investments with comparable risk/asset attributes, we found that 86% of investment options received investment performance outcomes that were at median or above in comparison to industry/peer group over 1, 3, 5 and 7 years.</p>

Product assessments

Options, benefits and facilities	<p>We procured the services of a research house to benchmark the quality of our member services against comparative prominent superannuation funds.</p> <p>Outcome</p> <p>The research house concluded the member services offered to members, supports a view that overall, the options, benefits and facilities are promoting the financial interests of members. The retirement calculator was highly rated, the call centre exceeded all its set service levels, administration service levels for key tasks were assessed as reasonable and statements were reviewed as adequate for a Wrap product. Various opportunities for improving the online member experience, education and advice services were highlighted. CFS has a strategy in place which over time will deliver upon many of the enhancements suggested in the review.</p>
Investment strategy	<p>We assessed the probability that the investments offered to members will deliver upon their stated investment objectives over the stated investment time frame. We also analysed the composition of the product's investment menu and assessed whether the range of investment options is sufficient for members to meet their individual needs and are appropriate for the product's target market.</p> <p>Outcome</p> <p>This assessment showed 94% of investment options are reasonably expected to deliver their stated investment objectives over their stated investment time frame and that the investment menu, at a minimum, accommodates conservative, moderate and aggressive risk profiles and offers a variety of asset classes that are considered appropriate for the membership. In addition, 90% of 'on-menu' investment options meets or exceeds 'Investment Grade' (or equivalent) research rating requirement.</p>
Sustainability of business	<p>Sustainability is important as it allows AIL to meet its commitments to members and negotiate competitive arrangements with service providers. This assessment looked at both the Trust scale and the Product scale.</p> <p>Outcome</p> <p>In the APRA Annual fund-level superannuation statistics 2023 report, we ranked 7th largest with funds under management in Australia and 11th largest by membership. As the product makes up part of a Trust, at the Trust level financial data indicates that cost to income ratio has reduced in comparison to the previous year. Internal business data indicates that the Trust generates sufficient revenue to cover the cost of operating the product.</p>

<p>Operating costs</p>	<p>We assessed whether the Trustee’s operating costs are reasonable and sustainable.</p> <p>Outcome</p> <p>AIL’s Trustee operating cost base has seen an upward trend, this is largely driven by the increase in spend on strategic projects including a Transformation project underway to further automate and streamline our processes and improve our technology platforms, which are expected to stabilise operating costs in future years.</p>
<p>Basis of setting fees</p>	<p>We assessed the appropriateness of each category of fee and cost charged to members and determined the following.</p> <p>Outcome</p> <p>CFS Edge Pension uses a percentage of FUA to calculate administration fees with a tiered structure and a maximum fee cap. Given the high average balances, utilising a percentage fee based on FUA for a Wrap product is fair and reasonable. There are no additional transaction costs, insurance fees or direct investment fees and any indirect investments fees are absorbed in the unit price.</p>
<p>Product evaluation</p>	<p>Having regard to all the factors we assessed in performing the Annual Outcomes Assessment we concluded that on balance the CFS Edge Pension product is promoting the financial interests of members. We believe that the various strengths of the product identified by the assessment, including the delivery of performance outcomes and our progress in setting ourselves up for success for 2024 supports our outcome determination.</p>

More info

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