



Year in Review 2020



Helping you make the most of your super

Looking back on 2020, it was a challenging year for all super funds; however as always we remained focused on the fundamentals that have delivered positive outcomes for generations of members for over 50 years.

The year in review sees Maritime Super:

- continue to deliver sound long-term investment performance, meeting and exceeding investment objectives set for our core investment options where members are predominantly invested,
- support members when it counts most, with a 98% payout rate on eligible insurance claims with comprehensive insurance cover arrangements,
- develop and evolve digital solutions to help members understand, manage and make the most of their super, and
- provide exceptional member service as evidenced by top benchmark rankings in member satisfaction and NPS research conducted by independent researchers across the super industry.

These outcomes, along with our ongoing focus on net returns and benefits to members, attest to promoting the financial interests of members over the year. Our members' best interests are at the forefront of all we do; our culture supports this and our teams are empowered to act accordingly – our members know this and value our agile approach.

As an industry super fund with \$6 billion in assets under management and over 24,000 members, our strategy and value proposition are built around having a customised offer – delivering personalised products and services to members.

Given our structure, we have the capacity and intent to get close to our members and make a difference to them personally – our members are not just a number. To be distinctive and meaningful to members, we have a strong member engagement program that includes worksite visits by financial planners, welcome calls to new members, loyalty calls at membership milestones and a seminar program to meet with members across the country.

Our administration fee is on a cost recovery basis and allows us to offer these additional valued services without disadvantaging members. Despite our size, we sit in the mid-range of MySuper fees and are competitive when compared to other super funds.

Our strategy for growth and ongoing development focuses on engagement with like-minded industry funds to explore strategic alliances in the best interests of members; which may involve merger opportunities or seeking greater efficiencies through collaboration with other funds on investments, like our recently announced partnership with Hostplus to pool assets to access scale and greater investment opportunities.

MySuper - investment returns, fees and risk

The MySuper product is the Fund's default investment option for members who don't make an investment choice when they join. It represents around 15% of member balances in the Fund – most members of the Fund make an active investment choice and are invested in one or more of our core investment options. For members in the MySuper product, the fees, returns and level of investment risk as benchmarked against all other MySuper products is shown below.

Item	Metrics	Comments	
Investment returns for the period ending 31 December 2020	Return	Rank vs MySuper universe	
	1 year	3.09%	28 out of 53
	3 years	NA	NA
	5 years	NA	NA
	10 years	NA	NA
		The current MySuper investment strategy commenced 1 December 2019 and therefore does not have 3, 5 or 10 year returns. While the 1 year return ranking is strong, it is too short a period to measure against the Trustee's primary objective of CPI+2.75% pa. To provide indicative past history, the Fund's Balanced option is the most similar existing option, past returns are shown in the table in the Investment Strategy section	
Investment Risk	Medium to High (expect 3 to 4 negative years in 20 years). Of all single strategy MySuper products, 2% have Very High, 34% have High, 58% have Medium to High and 6% have Medium. Of all comparable lifecycle stages, 1% have Very High, 69% have High, 20% have Medium to High, 9% have Medium, 1% have Low to Medium.	The MySuper risk measure is consistent with the majority of strategies in the MySuper universe (Lifecycle MySuper stages with return targets within 0.5% of our MySuper return target (CPI +4.25%) have been considered as comparable lifecycle stages). We note that risk measure comparisons should be made in conjunction with CPI+ target return comparisons.	
Fees	\$533 for \$50,000 member balance (\$218 administration, \$315 investment). Ranks 28 out of 53 single strategy MySuper products and 34 out of 118 comparable lifecycle stages.	The MySuper ranking on total fees is broadly mid-range of the MySuper universe. We note that net investment return after all fees and taxes is the most important measure for members' balances.	

From 30 September 2020, we changed the investment strategy of our MySuper product to address the changing membership profile in this option and lower the cost structure. The prior investment strategy was age-based and had a more defensive, lower-risk strategy for members aged 55 and over to safeguard larger balances. The MySuper option now has a single investment strategy for all ages. The change recognised that the membership profile of the MySuper option is shifting over time, and older members are more inclined to make an active investment choice across the Fund's range of options.

The MySuper option is invested 75% in growth assets and 25% in defensive assets with greater exposure to growth assets and some passive investments. This investment strategy provides a higher likelihood of greater returns, with lower fees – as investments in growth assets is through a mix of active and passive investment approaches with reduced investment management fees. These changes were made to better align investment outcomes to member needs.

The Fund's focus is always on the net return to members; that's the bottom line and it is what hits members' accounts. Investment fees and costs are those incurred by the investment managers who create these returns. The Fund's administration fee structure is such that all members are charged a fixed dollar fee of \$78 per year to cover the costs of the Fund, plus an asset-based fee that is charged in proportion with assets invested, but with a fee cap for balances over \$500,000. Our approach to setting fees ensures members are treated fairly and reasonably, and the Fund remains competitive in the industry.



Member services and products that deliver real benefits

At Maritime Super, what makes us different is our unique understanding of, and involvement in, the maritime industry and our ability to get close to members to make a real difference. Because we're an industry-specific fund, we can get to know our members and key stakeholders to truly connect and understand their requirements to design products and services that address and anticipate member needs.

As a member, you receive distinct benefits that are not necessarily accessible to you with any other super fund. We are proud of the products and services we deliver to help members achieve, not just a comfortable retirement, but financial freedom and security for life after work.

Here are some of the ways we deliver improved outcomes for members:

- membership categories and sub-fund categories with above-standard employer contribution arrangements and benefits associated with the maritime industry that see our members retiring with at least twice the industry average super balance
- dedicated, cost-effective access to our financial planners, with 15% of members under advice
- range of diversified and sector investment options that provide choice by way of risk/return profiles and flexibility to choose one or a combination for your account balance and/or future contributions
- comprehensive insurance cover tailored specifically to address the risks of maritime occupations, cover not necessarily available outside a group policy or privately
- inhouse Member Services team, with specific knowledge of the industry and Fund, taking over 42,000 calls annually in addition to outbound calls to assist members with specific changes – our calls are not timed and the main aim is to help members
- pension options to help members transition to an effective income stream tailored to their requirements, with over 20% of members' money in pension products
- digital solutions with personalised experiences to help members make the most of their super, with over 20% of members on the App

We know our members value our personalised, agile approach and service delivery through consistent positive feedback to our teams and in member satisfaction surveys. In July 2020, we participated in an independent syndicated program by CSBA who collected feedback from members of 33 super funds (comprising corporate, industry and retail funds).

Here are some of the findings from the 2020 Member Survey that demonstrate we're BIG on service:



Overall Satisfaction Score

Remained strong at 8.3
(substantially higher than
the all funds average)



Ease of Dealing Score

Highest score 8.9
'Extremely Easy'
(substantially higher than
the all funds average)



COVID-19 response

Satisfaction score of 7.8



Planning for Retirement

78% of members agree
that Maritime Super
empowers them to plan and
prepare for retirement



Top marks when it comes to:

'Handles enquiries quickly
and efficiently'

'Provides information
I require'

In the last 12 months, particularly with the impact of the pandemic, our focus has been on supporting members over the phone and online.

With call volumes doubling during the pandemic, our relationship and financial planning teams assisted member services with inbound and outbound calls to address member enquiries.

During this time, with experienced increased traffic to the website, we also developed new content and online resources for members like our Info Hub and Your Super Sorted microsite – easily digestible and actionable tools to help members make the most of their super.

Making an impact, being relevant to members

Maritime Super's focus is net return and benefits to members through a highly customised approach. With that in mind, our fees are comparatively higher than other funds that provide a more standardised offer on a larger scale, and this is to be expected.

Our members have access to staff – from the Member Services team through to senior management, including our CEO who likes to take calls from members from time to time. Our approach is to engage one-on-one with our members to build a rapport and offer a meaningful, relevant service to members.

Our focus is on the delivery of solid net investment outcomes for long term investment growth and quality member services to ensure our members make informed decisions and achieve financial freedom and security in retirement.

While we are confident our size and operations deliver a highly customised, competitive and appropriate offer to our members when it comes to insurance arrangements, pension products and member services, we're conscious that investing under a larger pool of assets would bring forth greater investment opportunities and other scale benefits. The Trustee continues to explore merger and alliance opportunities with like-minded funds. Hence our new investment partnership with Hostplus, effective 30 April 2021. Maritime Super will invest in the Hostplus' Pooled Superannuation Trust (PST) to create a combined asset pool of over \$61 billion. This pooled arrangement is expected to deliver improved investment outcomes through immediate as well as long-term investment opportunities typically not available to smaller funds of our size, including in unlisted, 'Tier 1' assets, such as infrastructure, property, private equity and venture capital.

Trustee's determinations for the year ending 2020 made on 25 February 2021

- The fund is promoting the financial interests of both MySuper and Choice members and expects to continue to do so in the future
- The options, benefits and facilities offered are appropriate for members
- The investment strategy, including the level of investment risk is appropriate for members
- The basis for the setting of fees is appropriate for members
- The insurance strategy is appropriate for members
- The insurance fees charged do not inappropriately erode the retirement incomes of members
- The operating costs are not inappropriately affecting the financial interests of members



Investment strategy: focused on long-term investment growth

At Maritime Super, we believe investment success comes from setting a long-term investment strategy and staying on course with it. Our aim is to help members make informed decisions and achieve financial freedom in retirement. To do so, we take the investment of member assets very seriously.

With higher-than-average account balances and an older age profile, historically the Fund has leaned toward a defensive positioning in some aspects of investment strategy and, in turn, developed risk management strategies to support investment in growth assets during market volatility with a view to sustaining long-term investment growth for members.

The Fund offers a range of investment options for members, acknowledging the fact that members have varying investment objectives, risk tolerances and return expectations. We offer diversified, sector, indexed and fixed-term options – all with the view to provide members with the opportunity to invest their money as they choose.

Our members take an active interest in the investment of their super and the Fund supports this through education and advice to help members along the way – such as free phone advice on investment strategy and welcome calls to new members to assist with getting set up – as a result, only 15% of Fund assets are in the default MySuper option. That sees 85% of members' money actively invested across our range of investment options. Over half of membership assets are invested in the Growth and Balanced options, 31% and 21% respectively, with the remaining portion invested mostly across Conservative, Moderate and Cash options.

The long-term investment performance for our core investment options has been strong and all have comfortably exceeded their primary return objectives over the past ten years.

Another relevant measure is the 10 year performance against the median return in the SuperRatings performance survey.

10-year period to 31 December 2020	Actual return pa	Investment objective	SuperRatings Categories	SuperRatings Median
Growth	8.1%	5.0% CPI + 3.5%	Growth (77-90)	8.2%
Balanced	7.1%	4.3% CPI + 2.75%	Balanced (60-76)	7.5%
Moderate*	4.8%	4.0% CPI + 2.5%	Conservative Balanced (41-59)	5.7%
Conservative	4.7%	2.5% CPI + 1.0%	Capital Stable (20-40)	5.1%

* The Moderate option does not have 10 years of past performance. Returns shown are for the five years to 31 December 2020.

Overall, our investment strategy is focused on long-term fundamentals and diversification across a range of asset classes, sectors, regions and managers.

We look for investments that will benefit members and ensure their retirement income needs are met in the long run. While we keep a close watch on short-term market movements, we don't make short-term decisions that attempt to time the market. Short-term reactions during periods of volatility do not play a part in our investment approach

Insurance: tailored to industry

Maritime Super's key strength for members lies in the industry we represent, with a strong connection to the heritage and knowledge of the challenges and issues faced by the maritime industry. As a result, we offer tailored and comprehensive insurance cover that addresses key roles and risks of maritime occupations, which is available to members under a group policy and offers generous definitions and limited exclusions.

Because we're buying insurance on behalf of all our members, we've also negotiated competitive prices with our insurer not necessarily available privately.

Members can choose from three types of cover:

- Death
- Total and Permanent Disablement
- Income Protection

The type and level of insurance cover available will depend on membership category, with cover and premiums that cater to blue collar, light blue collar and white collar occupations. Most members automatically receive a given level of insurance cover based on their membership category when they join. Voluntary cover is available to most members and is subject to acceptance by the Insurer.

Maritime Super has a dedicated internal claims management team that works closely with the insurer, MLC Australia, to support members through difficult periods. We're pleased to report that 98% of eligible claims are paid out to members and provide sizeable benefit payments when members and their families need it most.

Maritime Super has adopted the Insurance in Superannuation Voluntary Code of Practice (the Code). The Code is a set of standards developed by the superannuation industry with the aim of streamlining the insurance process for super fund members and to improve the overall claims experience.

In recent years, there has been a focus on balance erosion and insurance premiums in the super industry as reflected in the Code. For many of the Fund's membership categories, the employer pays the premiums or pays contributions above the Superannuation Guarantee level, so balance erosion is not an issue. For other groups of members, the Trustee balances the need for, and cost of, insurance cover for the mainly 'high risk' occupations against the Code benchmark of 1% of salary. Member balances are also considered in making this assessment.





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OUR FUTURE



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