

Rhythm

Rhythm **Super**

Member Outcomes Assessment

Year ended 30 June 2024

The information in this document relates to Rhythm Super

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This document has been prepared on behalf of IOOF Investment Management Limited, ABN 53 006 695 021, AFSL 230524 (IIML) as the Trustee of AvWrap Retirement Service, ABN 82 004 832 237. IIML is part of the group of companies comprising Insignia Financial Ltd, ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group).

The information in this document is general in nature and does not consider your objectives, financial situation or individual needs. Before acting on any of this information, you should consider whether it is appropriate for you. It is important that you read the relevant Product Disclosure Statement and other disclosure documents or consider obtaining financial advice before making any decisions based on this information. Past performance is not a reliable indicator of future performance. Awards and ratings are only factors to consider when deciding to invest your super.

References to 'we', 'us' or 'our' are references to the Trustee, unless otherwise stated.

Subject to super law, the final authority on any issue relating to your account is the Fund's Trust Deed, and the relevant insurance policy, which governs your rights and obligations as a member.

At a glance

Rhythm Super and Pension

30 June 2024

\$1.7b

Funds under
administration

983

Number of
investment options

2,417

Member accounts
in accumulation

3,171

Member accounts
in pension

\$252k

Members' average
balance in accumulation

\$302k

Members' average
balance in pension

Financial wellbeing for every Australian

IOOF Investment Management Limited (**IIML**) is the Trustee of **AvWrap Retirement Service** (the **Fund**). As part of the Insignia Financial Limited (**IFL**) group, we aspire to create financial wellbeing for every Australian. We seek to provide high quality products and outstanding service offering throughout a member's life stages.

Rhythm is a wrap product comprised of Super, a flexible accumulation superannuation solution, and Pension that offers both a transition to retirement product and a standard account based pension. Members have access to a broad range of investment options allowing them to combine investments in managed funds, Separately Managed Accounts (SMAs), ASX listed securities, and term deposits with all transactions processed through a central Cash Account. The wrap platform simplifies the reporting requirements for both members and their financial advisers and effectively manages tax outcomes.

Rhythm's diverse investment menu includes some of our own managed funds which have been consistently recognised in the industry. In June 2024, the MLC MultiActive Growth won the Financial Standard Investment Leadership Award in its category for the fourth year in the row while MLC MultiActive Balanced won in its class for the third year in a row. The MLC MultiActive Moderate won the award in the Multi-Asset Capital Stable category.

We appointed HUB24 Custodial Services Ltd (**HUB24**) as administrator for Rhythm Super and Pension products. Their digital capabilities are comprehensive allowing members to easily access their accounts online or through an app on any device. HUB24's contact centre services are highly rated in the industry.

About this document

Each year IIML is required to assess whether we have promoted the best financial interests of members. The Member Outcomes Assessment (**MOA**) is a measure of our products' performance against key factors prescribed by legislation which include:

- Investment strategy and performance,
- Investment risk,
- Fees & costs and the supporting fee structure,
- Insurance offer,
- Options, benefits and facilities,
- Scale, and
- Operating costs.

All information contained in this document and the determinations made cover the 12 months ending 30 June 2024.

Our outcomes assessment uses publications from the Australian Prudential Regulation Authority (**APRA**), industry benchmarking, comparative data, in-house data and reviews conducted by independent research houses.

As we measure our success by what we delivered for our members, we further consider the results of the MOA in our annual Business Performance Review and factor key recommendations to improve members' outcomes into our Business Plans.



Overall Determination

We have determined that Rhythm Super and Rhythm Pension are promoting members' financial interests.

Strong investment governance ensures the wrap product provides a carefully selected and diversified choice of investment menu options which deliver adequate returns over the long term without exposing members' investment to inappropriate risk.

Our administration fees and costs are competitive in the market and lower than the peer median for members as they accumulate higher retirement savings. Member facilities and services are provided by a highly rated platform administrator.

Members with accounts in Rhythm Super have access to insurance that can be customised to their personal needs through their financial adviser.

We have sufficient scale and are in a position to support long term outcomes for our members.

Investment performance

Rhythm's platform performance is promoting the financial interests of the members.

We assessed the platform performance of Rhythm based on the quarterly reporting to the Investment Committee which includes the performance testing of investment options and the actions taken on approved recommendations with evidence provided. We took into account the requirements of Prudential Standard SPS 530 – Investment Governance in Superannuation. The Trustee's Investment Governance Framework, with its supporting investment policies, have demonstrated full compliance with the regulations.

We also considered APRA's publication¹ on the performance results of all super products for the financial year 2024.

All investment options passed the annual APRA performance test and heatmap results.



Fees and costs

We have determined that the fees and costs and basis for setting fees for Rhythm Super and Rhythm Pension are promoting members' financial interests.

We assessed the fees and costs of Rhythm Super and Pension products against peers based solely on administration fees as the investment fees are relatively standardised across all platforms in the market. We further considered fees and costs across various member's balance thresholds (\$10K, \$25K, \$50K, \$100K and \$250K) and the distribution of the member accounts across cohorts.

Peer relative performance of the administration fees was extracted from an external industry survey report and supplemented by the analysis of published disclosure statements.

60% of the members both in Super and Pension products pay fees and costs below the peer median (first quartile rank) especially for the larger balance thresholds. Members who are in the balance thresholds of \$100K and below are paying fees slightly above the median when compared to peers.

We have also examined our basis for setting fees and have determined that they are appropriate. The fees charged to members cover the costs of the Fund to ensure long term sustainability.

Options, benefits and facilities

The options, benefits and facilities we provide to the members are promoting their financial interests.

Members can access a range of member services and facilities through the HUB24 platform that has been well regarded by independent research groups. The platform provides a portal for both members and financial advisers with a library of resources on various financial topics and technology insights to enable the effective management of investment portfolios.

The administrator's overall performance for the year achieved 100% of the requirements on our Service Level Agreement. HUB24 has increased its recruitment and training initiatives resulting to improved capacity in managing our members' requirements and transactions.

Insurance

We concluded that the insurance strategy and fees for Rhythm Super are promoting members' financial interests.

We offer both Group Insurance and Retail Insurance products to our members through a third-party insurer. The products offer Death, Total Permanent Disability and Income Protection covers. Members can apply through their adviser for a flexible insurance solution designed to meet their personal needs.

We evaluated the terms and conditions of both the Group and Retail insurance products and found them to be aligned to, or of greater benefit to, the members when compared to other similar products in the market. With the re-pricing exercise we completed in early FY2024, we have assessed that our premium rates are in line with or lower than our competitors' median rates based on various benchmarking scenarios which include the members' age group, gender and occupational cohort. We found the insurance average claim assessment duration to be comparable to the market average².

Scale and operating costs

The factors Scale and Operating Costs have been assessed at the Trustee level.

We have determined that our operating costs are not promoting the members' financial interests.

Our operating expenses for the year have been impacted by our transformation programs leading to increased average cost per member. While these programs led to an increase in operating costs in the short term, once completed they are expected to deliver a reduction to our operating costs in the medium term through the rationalisation and simplification of our products and service provider arrangements.

As the Trustee for the Fund, we have determined that our scale is promoting the members' financial interests.

We demonstrate scale benefits to promote better outcomes for our members. As part of the IFL group, we are able to optimise our bargaining power with service providers to deliver more benefits to the members and pool risk. Our financial sustainability metrics are within APRA's thresholds demonstrating our position to sustain member outcomes into the future.

²APRA Comprehensive Product Performance Package, results as of June 2024 (issued September 2024)



We're here to help

If you have any questions or would like further information about your account, please contact us or your financial adviser.

Telephone **1300 319 363**

Email **rhythm@hub24.com.au**

Website **ioof.com.au/forms**