



# Year in Review 2021

## Helping you make the most of your super

Looking back on the 2021 calendar year, 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:

- **secure our strategic partnership with Hostplus.** This strategic partnership has delivered outstanding investment performance which has met and exceeded investment objectives set for both our core investment options where members are predominantly invested as well as for our MySuper investment option
- **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.

Despite failing the Government's MySuper performance test, 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 out and meet with 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 regular 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 value services without disadvantaging members. Despite our size, our administration fees sit in the mid-range of MySuper fees.

We have membership categories, comprehensive insurance cover and generous benefits specific to the maritime industry, and that's why we are the fund of choice for maritime workers.

### Strategic alliances

While we continue to achieve excellent outcomes for our members, our strategy for growth and ongoing development has in 2021 focused on engagement with like-minded industry funds to explore strategic alliances in the best interests of members. These alliances may involve merger opportunities or seeking greater efficiencies through collaboration with other funds on investments. As part of this strategy, in April 2021 we partnered with Hostplus to pool assets to access scale and greater investment opportunities.

We are pleased to advise that Maritime Super plans to extend that successful alliance and has signed a Memorandum of Understanding with Hostplus in order to pursue a merger with Hostplus in the second quarter of 2023. It is expected that this merger will achieve improved financial outcomes for members through improved access to scale and lower administration fees.

## 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. 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 33,000 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 25% of members using the Member 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 2021, 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 2021 Member Survey that demonstrate the Fund's exceptional member service delivery:



#### Top Marks

'Provides the info I require'  
'Handles enquiries quickly and efficiently'  
'Is a fund I can trust'



#### Overall Satisfaction Score = 8.3 / 10

Higher than the All Funds average



#### Ease of Dealing Score = 8.8 / 10

Substantially higher than the All Funds average



#### Planning for Retirement

80% of members agree that Maritime Super empowers them to plan and prepare for retirement

Higher than the All Funds average

Source: CSBA FEAL Superannuation CX Benchmarking program, July-August 2021.

In the last 24 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 the Member Services team 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 such as our Info Hub and Your Super Sorted microsite – easily digestible and actionable tools to help members make the most of their super. We also issued a new release of our Member App in March 2021 and continue to see an increase in members registering, using and enjoying the App.

## 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. Our new investment partnership with Hostplus, effective 30 April 2021, has delivered improved investment outcomes through the 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.

In 2021, the Trustee has explored merger and alliance opportunities with like-minded funds. As a result, it has entered into Memorandum of Understanding with Hostplus to explore a possible merger in the second quarter of 2023.

Trustee's determinations for the year ending 2021 made on 25 February 2022 has been made taking into account the outcomes that have been delivered through the move to the Hostplus PST during the year and the Trustee's decision to explore a merger opportunity with Hostplus:

- The fund is promoting the financial interests of both MySuper and Choice members and expects to continue to do so in the future
- The Trustee will further promote the financial interests of all members through a potential merger with Hostplus in the second quarter of 2023 which will provide further benefits to member through access to increased scale
- 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 and indexed options – all with the view to provide members with the opportunity to invest their money as they choose.

Since 1 May 2021, the investment option return objectives and risk measures adopted by the Trustee are those of the corresponding Hostplus PST options. The current objectives are set out in the table below:

Option	Return objective over 20 years		Risk measure	
	CPI+	Probability	Standard Risk Measure <sup>^</sup>	Negative years expected over a 20-year period
<b>Diversified investment options</b>				
Shares Plus	4.5	98	6	4-6
Balanced*	4.0	98	5	3-4
SRI - Balanced	3.5	97	6	4-6
Indexed Balanced	2.5	99	6	4-6
Conservative Balanced	3.0	100	4	2-3
Capital Stable	2.5	98	3	1-2
<b>Sector investment options</b>				
Australian Shares	5.0	98	6	4-6
International Shares	4.0	97	6	4-6
Cash	0.0	100	1	< 0.5

<sup>^</sup> The Standard Risk Measure is a simplified risk measurement tool that helps members compare the risk of negative returns for investment options, both within the Fund and between funds. Investment options are graded across seven 'risk bands' from (1) Very Low Risk to (7) Very High Risk. Each band is an estimate of how many negative returns are expected for each option over any 20-year period.

\* The Balanced MySuper option has an additional return objective of CPI plus 3.0% per annum on average over 10 years.

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 16% of Fund assets are in the default MySuper option. The current MySuper option is invested 76% in growth assets and 24% in defensive assets. 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.

That sees 84% of members' money actively invested across our range of investment options that provide varying degrees of risk/return profiles to suit member's individual needs. Over half of membership assets are invested in the Shares Plus and Balanced options, 35% and 27% respectively, with the remaining portion invested mostly across Conservative Balanced, Capital Stable and Cash options.

Description	Maritime Super investment option	Funds under management at 31 December 2021 (\$000's)	% of FUM in option
<b>Diversified investment options aim to produce consistent returns over time through investing in a mix of growth and low risk investments</b>	Shares Plus	\$2,114,022	35.0%
	Balanced <sup>+</sup>	\$2,567,974	42.5%
	Socially Responsible Investment (SRI)	\$78,008	1.3%
	Indexed Balanced	\$44,949	0.7%
	Conservative Balanced	\$279,459	4.6%
	Capital Stable	\$440,762	7.3%
<b>Sector investment options allow members to select percentages of asset classes in their portfolios, depending on their investment objectives</b>	International Shares	\$57,617	1.0%
	Australian Shares	\$85,960	1.4%
	Cash	\$371,779	6.2%

<sup>+</sup> Includes Balanced MySuper members

## Choice investment products – investment returns and risk

84% of members' money is actively invested across our range of investment options that provide varying degrees of risk/return profiles to suit member's individual needs. Maritime Super currently invest through Hostplus investment options. As a result, the historical choice options no longer exist.

As at 31 December 2021, the performance of the Hostplus investment options over a rolling 3, 5, 7 and 10 year period was as follows:

Hostplus investment option	SuperRatings Index	Hostplus option net returns (pa)								SR index/option type median net returns (pa)			
		3 year (%)	3 year quartile	5 year (%)	5 year quartile	7 year (%)	7 year quartile	10 year (%)	10 year quartile	3 year (%)	5 year (%)	7 year (%)	10 year (%)
<b>Diversified investment options</b>													
Shares Plus	SR50 Growth (77-90) Index	14.09	1	11.65	1	10.73	1	11.70	1	12.37	9.82	9.03	10.51
Balanced	SR50 Balanced (60-76) Index	11.92	1	10.19	1	9.71	1	10.65	1	10.37	8.46	7.95	9.18
SRI Balanced	Sustainable Fund Crediting Rate Survey	13.78	1	N/A		N/A		N/A		11.49	8.63	7.65	9.10
Indexed Balanced	SR Balanced (60-76) Index	12.16	1	8.93	1	8.25	2	10.15	1	10.37	8.46	7.95	9.18
Conservative Balanced	SR25 Conservative Balanced (41-59) Index	7.99	2	7.13	2	7.04	1	7.99	1	7.94	6.64	6.28	7.45
Capital Stable	SR50 Capital Stable (20-40) Index	4.53	4	4.47	3	4.80	2	5.79	2	5.29	4.64	4.64	5.57
<b>Sector Investment options</b>													
Australian Shares	SR50 Australian Shares Index	14.50	1	10.63	1	10.31	1	11.53	1	13.54	9.81	9.16	10.65
International Shares	SR50 International Shares Index	16.91	3	14.33	1	11.66	2	13.36	3	16.99	12.89	11.36	13.71
Cash	SR50 Cash Index	0.64	3	1.01	3	1.22	4	1.65	4	0.71	1.10	1.36	1.83

Green - First or second quartile performance and exceeds median of other funds in SuperRatings Fund Crediting Rate survey

Red - Third or fourth quartile performance and below median of other funds in SuperRatings Fund Crediting Rate survey

N/A - time period not available

Source: SuperRatings Fund Crediting Rate Survey (FCRS) December 2021



## Insurance: tailored to industry

### Member outcomes

The Trustee's insurance strategy is a key component in delivering benefits and services tailored to the needs of the Fund's members. The majority of the Fund's members work in the maritime industry where there are varied job roles, many of which have occupational risks that create specific insurance needs.

Therefore, the Fund's insurance strategy is to provide appropriate default and voluntary insured benefits to our members and beneficiaries which for each member:

- makes a significant contribution to their particular death and disablement cover needs
- seeks to balance the cost of premiums with the level of cover provided
- limits cross subsidies between members
- is monitored and reviewed to ensure the ongoing insured benefits are appropriate; and
- is delivered in a manner which is focused on the members' best interests.

### Assessment of member outcomes

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 (TPD)
- Income Protection (IP)

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.

In recent years, there has been a focus on balance erosion and insurance premiums in the super industry, as reflected in the APRA prudential standards. 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 benchmark of 1% of salary. Member balances are also considered in making this assessment.

Each membership category has different cover and premium circumstances, so that premiums are not proportional to salary or account balance, but indicative levels of acceptability for both default Death & TPD cover and default IP (where applicable) cover are:

- up to 1% of salary (typically around 7% to 10% of contributions), generally relevant for younger members (age less than 45); and
- around 1% of account balance (typically 10% to 20% of average annual investment earnings), generally relevant for older members (age 55).

## Conclusions on materiality of premiums

For the categories where members pay their insurance premiums, the key decisions by the Trustee in relation to affordability are:

- appropriate measures of materiality are:
  - % of salary at younger ages (proxy to proportion of contributions)
  - % of account balance at older ages
- all member-paid IP cover is opt-in;
- opt-out and compulsory IP cover defaults to the longer waiting period option of 90 days as it costs less than half the cost of 30 day cover.

For the main member-paid categories:

- Accumulation Advantage (the general default category):
  - Death and TPD cover is not excessive; cost is only \$104 pa and is opt-out
  - IP cover is also opt-in (where not part of an employer-paid group)
  - typical total premium range is consistent with preferred materiality levels
- Contributory Accumulation (the permanent seafarer category):
  - Death & TPD cover is compulsory, but the cost is not excessive as it is well under 0.5% of salary
  - IP cover is opt-in (where not part of an employer-paid group)
  - the minimum employer contribution rate is 13% which is well above the SG rate;
  - typical total premium range is consistent with preferred materiality levels.

The materiality of the insurance premiums is considered as part of each review of the Fund's insurances and will be considered as part of the review of insurances at 1 July 2022.



## MySuper - fees

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 \$65 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.

Changes to how fees are to be reported in Product Disclosure Statements (PDSs) have not yet been adopted by all superannuation funds. While both Maritime Super and Hostplus adopted the new fees reporting standards in October 2021, all funds are not required to amend their reporting until September 2022. As a result, at this time it is difficult to assess members' outcomes in relation to fees as compared to other superannuation funds.

The Statement of fees and other costs reported by APRA considers the total fees for a representative member with an account balance of \$50,000. While this total measure is important, investment fees are reflected in the investment returns and it is the administration fees which will have a direct impact on members' accounts.

With regard to administration fees only for a representative member with a balance of \$50,000, Maritime Super ranked equal 83rd out of 108 single option MySuper products and similar lifestages MySuper products in the APRA Quarterly MySuper reporting for December 2021 (based on table 2a and 2b in the APRA Quarterly Statistics) based on administration fees disclosed. In respect of single option MySuper products, Maritime Super's administration fees ranked 31st out of 47 single option MySuper products. As result, Maritime Super has achieved its member outcome target of an administration fee basis of total fees better than at least 25% of single option MySuper products.

Based on current administration fees, a merger with Hostplus in the second quarter of 2023 will enable Trustee to significantly improve this outcome for members in relation to administration only fees and other disclosed costs charged to members' accounts are set out below:

Account balance	Administration fees – Maritime Super	Administration fees - Hostplus	Improvement* in member outcomes (Administration fees)
\$25,000	\$145	\$109	\$36
\$50,000	\$225	\$109	\$116
\$100,000	\$385	\$109	\$276
\$150,000	\$545	\$109	\$436
\$200,000	\$705	\$109	\$596
\$300,000	\$1,025	\$109	\$916
\$500,000	\$1,665	\$109	\$1,556

\* Based on Maritime Super's Accumulation Advantage PDS dated 5 October 2021 and Hostplus PDS dated October 2021.

With regard to the Statement of fees and other costs for a representative member with a balance of \$50,000, ranked 45th out of 47 single option MySuper products in the APRA Quarterly MySuper reporting for December 2021 (based on table 1a in the APRA Quarterly Statistics).

While investment fees are important, these are deducted from investment returns before being applied to members' accounts. As a result, it is the net investment return which is important to members. The net investment returns are outlined in the table on page 8.

## Investments - MySuper performance test, risk & returns

### Annual MySuper performance test

With effect from 1 July 2021, the Australian government initiated annual performance assessments of MySuper products across the superannuation industry, with a view to identify products that underperformed based on a specific methodology. The performance test is undertaken by the Australian Prudential Regulation Authority (APRA) and is designed to assess products against benchmarks and give greater transparency to members.

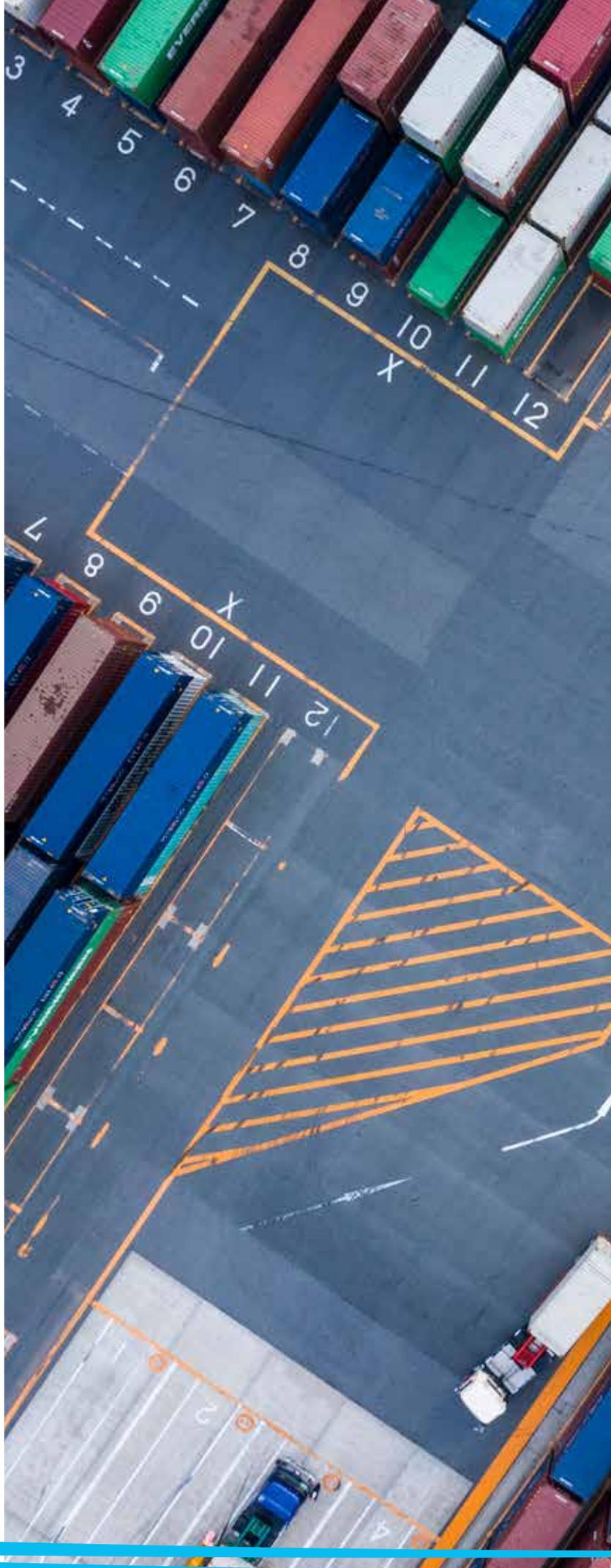
For the 2020/21 financial year, Maritime Super's MySuper investment option failed the annual performance assessment, as its performance measure did not equal or exceed the specified benchmark set by APRA (despite exceeding the MySuper option's return objective for the year).

The performance assessment takes into account the performance of Maritime Super's MySuper investment option over the past seven years.

However as reported by APRA, only 14% of Maritime Super's total assets were invested in the former MySuper option at 30 June 2021.

The performance test is backward looking and looks only at the past performance of our MySuper option, primarily prior to our investment in the Hostplus PST. The performance test methodology also does not allow for downside protection strategies like the MVP that were used for a number of years in our MySuper option to provide a buffer for members, many who have very high account balances.

Maritime Super has already moved all assets into the Hostplus Pooled Superannuation Trust (PST) – recognised as one of the country's most consistently top performing super funds over longer-term periods up to 20 years, as rated by Australia's leading superannuation researchers.



## Level of investment risk

Similar to most MySuper products, Hostplus' MySuper (Balanced) option has a 'Medium to High' risk level, with negative returns expected in between 3 and 4 out of every 20 years. Based on APRA quarterly MySuper statistics for December 2021 - Table 1a (set out in the table directly below), this risk level is in line with 55% of single option MySuper products risk profiles as reported in their product dashboards to APRA:

Risk level	All single option MySuper products
High	41%
Medium	2%
Medium to High	55%
Very High	2%

## Investment performance

Based on APRA quarterly MySuper statistics for December 2021 - Table 2a and 2b, the investment performance of the Maritime Super MySuper option as compared to other MySuper investment options for periods ending 31 December 2021 was as follows:

MySuper product name	Return target (annualised target net return above CPI over ten years)	One year net return (rep member) - Annualised	Three year net return (rep member) - Annualised	Five year net return (rep member) - Annualised
Maritime Super – MySuper option*	3.00%	17.06%	10.21%	8.02%
Ranking of Maritime Super MySuper option		2nd out of 47 single option MySuper products and 2nd out of 108 single MySuper options and similar lifestages MySuper options	21st out of 47 single option MySuper products and 27th out of 108 single MySuper options and similar lifestages MySuper options	34th out of 47 single option MySuper products and 44th out of 108 single MySuper options and similar lifestages MySuper options

\* Maritime Super MySuper return is based on the returns for all historical MySuper investment options.

Since 1 May 2021, Maritime Super has outsourced its investments to the Hostplus PST. The table below outlines the performance of the Hostplus Balanced MySuper option as compared to other MySuper investment options for periods ending 31 December 2021.

MySuper product name	Return target (annualised target net return above CPI over ten years)	One year net return (rep member) - Annualised	Three year net return (rep member) - Annualised	Five year net return (rep member) - Annualised
Hostplus – Balanced option	3.00%	18.91%	11.76%	10.02%
Ranking of Hostplus Balanced option		1st out of 47 single option MySuper products and 1st out of 108 single MySuper options and similar lifestages MySuper options	5th out of 47 single option MySuper products and 6th out of 108 single MySuper options and similar lifestages MySuper options	3rd out of 47 single option MySuper products and 3rd out of 108 single MySuper options and similar lifestages MySuper options





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OUR FUTURE



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