

## 2023 Annual Superannuation Performance Test Frequently asked questions

### What is the Annual Superannuation Performance Test (performance test)?

The Australian Prudential Regulation Authority (APRA) is required to conduct the performance test annually for registered super funds.

The performance test reviews assessable investment options where the Super Trustee decides the investment strategy (via its investment manager) against set benchmarks that reflect each investment option's Strategic Asset Allocation (SAA).

An investment option's SAA is designed by its investment manager. They set targets for how much they allocate to each asset class they invest in, and make sure the SAA continues to be met over time.

The performance test result indicates how well the Super Trustee's investment decisions for a particular investment option has performed against the benchmark tailored to that option's SAA. This helps members understand how their fund's investment options are performing.

### How long has APRA been testing superannuation products?

APRA has been testing MySuper options since 2021. This is the first year they have expanded the test to include other investment options, as well as MySuper options.

### How did other super funds perform in the performance test?

The full results of the 2023 performance test are available at [apra.gov.au/annual-superannuation-performance-test](https://apra.gov.au/annual-superannuation-performance-test).

### Which Bendigo Super investment options did not pass the performance test?

Two investment options did not pass this year's performance test. A full list of the investment options, and their 2023 APRA results are provided:

Investment Option	2023 APRA Results
<b>MySuper</b>	
Bendigo MySuper	Pass
<b>Index Funds</b>	
Bendigo Defensive Index Fund	Pass
Bendigo Conservative Index Fund	Pass
Bendigo Balanced Index Fund	Pass
Bendigo Growth Index Fund	Pass
Bendigo High Growth Index Fund	Pass
<b>Wholesale Funds</b>	
Bendigo Defensive Wholesale Fund	Pass
Bendigo Conservative Wholesale Fund	Pass
Bendigo Balanced Wholesale Fund	Pass
Bendigo Growth Wholesale Fund	Fail
Bendigo High Growth Wholesale Fund	Fail
<b>Cash &amp; Income Funds</b>	
Cash Account	Not Assessable
Sandhurst Strategic Income Fund (Class B Units)	Not Assessable
<b>Ethical Investment Funds</b>	
Bendigo Socially Responsible Growth Fund	Pass

### Why did some Bendigo Super investment options not pass the performance test?

There are several contributing factors as to why some of our investment options did not pass the performance test.

Global stress continues to drive challenging investment market conditions. Ongoing effects of COVID-19 and resultant lockdowns, along with the war in Ukraine have caused supply-chain disruptions, further contributing to rising inflation.

Given the challenging market conditions and risks to the economy, particularly since early 2022, we positioned investment options defensively and held less shares than the neutral SAA. Doing so meant choosing to invest in lower risk asset class exposures including cash, fixed income and alternatives rather than maintaining higher risk share exposure.

This came from both our tactical tilts; where we underweighted Australian and overseas equities through most of the past financial year and increased our exposure to alternative strategies. It resulted in underperformance as share markets returned more favourably than we anticipated.

Additionally, we note several of our active investment managers experienced underperformance against their benchmarks. The underperformance from our Australian and global equity managers over the test period have combined to reduce returns.

Our defensive positioning means that while we continue to be committed to meeting our long-term return objectives, we have underperformed against the performance test benchmarks.

### **What is Bendigo Super doing to improve?**

Changes have been made to some of our active managers in the overseas equities' asset class within all Wholesale funds. We will continue to review active manager performance, aiming to add new active managers and eliminate those who consistently underperform.

In addition, new alternatives strategies and a new credit strategy have been added within all Wholesale funds.

We will continue to monitor our investment mix adjustments as measured against the performance test benchmarks for each investment option that has failed the test. This includes reviewing adjustments to our SAAs, as well as more tactical asset allocation shifts.

We will continue to shift our tactical asset allocations, responding to current market conditions with the objective of adding to returns and reducing risk through time, for all investment options.

### **What is Bendigo MySuper?**

Bendigo MySuper is a lifecycle investment strategy for members who prefer not to make an investment choice. The strategy is focussed on 3 age-based life stages, each with their own investment option that changes automatically as you age. Moving you from higher risk with potentially higher return

investments while you are younger, through to more defensive investments and reducing your risk as you get closer to retirement.

The Bendigo MySuper option has consistently passed the performance test since the test began in 2021.

You may find it helpful to visit the Australian Government's YourSuper comparison tool at [ato.gov.au/Calculators-and-tools/YourSuper-comparison-tool](https://ato.gov.au/Calculators-and-tools/YourSuper-comparison-tool). You can use the tool to compare the fees and earnings of simple, low-fee *MySuper* investment options.

**Important note:** You should consider whether a *MySuper* investment option is right for you.

### **Is there anything I need to do?**

Your money will stay in your current investment option(s) unless you decide to request a change to your account.

### **Can I change (switch) my investments?**

You can switch investments in Bendigo Super at any time with no fees. While there are no switching fees, consideration should be given to other transaction costs such as buy/sell spread that may apply.

You can switch investments by logging on to your secure online account at [bendigobank.com.au/superlogon](https://bendigobank.com.au/superlogon). Alternatively, you can complete a [Switching Instruction Form](#) available at [bendigobank.com.au/super/forms](https://bendigobank.com.au/super/forms).

### **What things should I consider before making any changes?**

As we have not considered your personal circumstances, we encourage you to review your situation, along with the impact of your investment choice and the effect of any potential change on your retirement savings.

It is recommended you consult a licensed financial adviser before making any changes.

### **Where can I get advice if I need it?**

If you don't have a financial adviser, one of our wealth specialists can help.

To request a call back, complete an online enquiry at [bendigobank.com.au/financial-advice](https://bendigobank.com.au/financial-advice) or ask in person at your local Bendigo Bank branch.

# Glossary of Terms

<b>Asset Class</b>	A group of investments that have similar risks and returns and are subject to the same laws and regulations. In investing, there are four main asset classes: cash, fixed interest, property and equities (shares).
<b>Australian Prudential Regulation Authority (APRA)</b>	APRA are Australia's financial safety regulator. They are an independent statutory authority, accountable to Australian parliament.
<b>Benchmark</b>	A benchmark is a reference point used for comparison, and it will vary depending on its purpose. For example, an investment option's benchmark may differ to APRA's performance test benchmark.
<b>General Advice</b>	General financial advice is broad in nature and does not consider your personal circumstances, including your goals and objectives. Our wealth specialists can provide general advice.
<b>Index Funds</b>	Traditionally, an index fund is designed to match market returns. The aim is to invest in the same stocks or bonds as the benchmark (index) the fund wishes to align with. <b>Important note:</b> Bendigo Index Funds have active management overlay within the funds.
<b>Personal Advice</b>	Personal financial advice is specifically tailored to your needs and objectives. A financial adviser can provide personal financial advice.
<b>Strategic Asset Allocation (SAA)</b>	SAA is an investment strategy where a target allocation is set for each asset class to be invested in. Ongoing reviews are conducted to ensure the asset classes remain in line with their target allocation.
<b>Tactical Asset Allocation (TAA)</b>	TAA is an active investment strategy that moves assets to take advantage of opportunities in the market. Once short term benefit is maximised, balance is reset to SAA.
<b>Wholesale Funds</b>	A wholesale fund can be an actively managed or index fund. An actively managed fund tries to beat market returns using expertise and dedicated research to choose investments. <b>Important note:</b> Bendigo Wholesale Funds are actively managed funds.

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