What are the Canstar *Account Based Pensions Star Ratings*?

Canstar *Account Based Pensions Star Ratings* involve a sophisticated and unique Star Ratings methodology that compares annual investment returns and features of Account Based Pension Investment Options. Canstar Star Ratings represent a shortlist of Account Based Pension Investment Options, enabling consumers to narrow their search to investment options that have been assessed and ranked.

Ratings range from five to one star. Five-star rated Investment Options have been assessed as offering outstanding value to consumers.

Eligibility Requirements

To be eligible for evaluation in *Canstar's Account Based Pension Star Ratings*, an Account Based Pension Investment Option must:

- Be open to the public; not restricted exclusively to members of a specific organisation (i.e. corporate funds and funds closed to new members are ineligible).
- Be directly available to consumers without the need for an intermediary (such as a financial planner).
- Not be a wrap only investment option.
- Not be an annuity or TAP (Term Allocated Pension Fund).
- Have been available for a minimum of five years. Investment options available for less than five years may be provided with an indicative rating provided the investment option has been available for a minimum of three years. In these instances, these investment options are compared against their peers for the period over which they have been available.
- Belong to a product with funds under management (FUM) of at least $100m (superannuation and pension assets combined).

Profile Description

Account based pension investment options included in the *Canstar Account Based Pensions Star Ratings* are assessed across four investment profiles. Investment options are allocated into a profile based on actual growth asset allocation, rather than their target growth asset allocation. The table below provides a description of each investment option:

Profile	Growth Asset Allocation
Cash	0%
Moderate	20.00%-59.99%
Balanced	60.00%-79.99%
Growth	80.00%-100%

Star Ratings Methodology

Each eligible Account Based Pensions investment option reviewed for the *Canstar Account Based Pension Star Ratings* is awarded points for its annual investment performance after fees and the array of features attached to the investment option. Points are aggregated to achieve a Net Benefit Score and a Feature Score.

To arrive at the total score, Canstar applies a weight against the Net Benefit Score and the Feature Score. The weights reflect the relative importance of the Net Benefit and Features in determining which Investment Options offer outstanding value to consumers. This method can be summarised as:

Total Score = Net Benefit Score + Feature Score
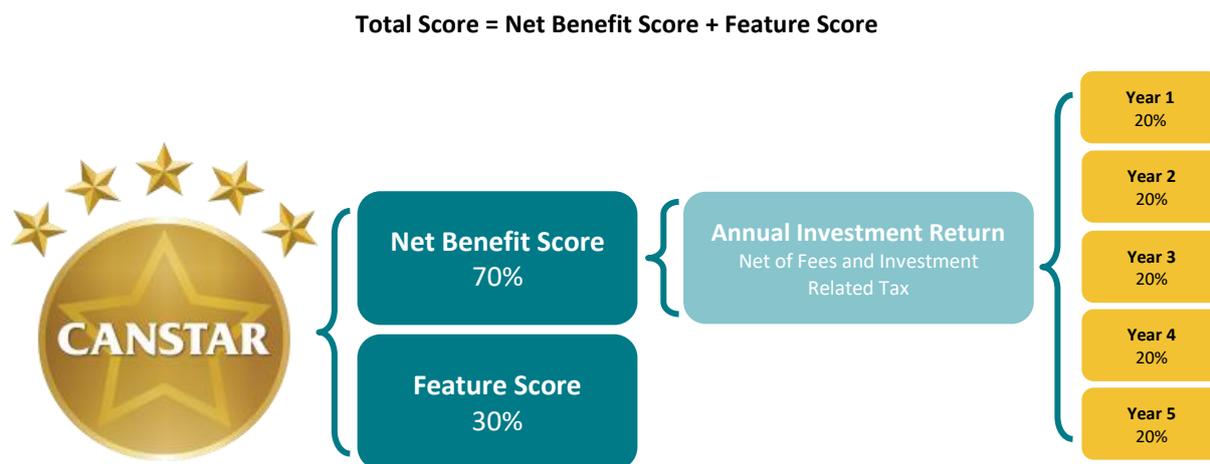
Net Benefit Score

The Net Benefit score considers each investment option's annual investment returns net of fees and investment related tax. Fees are inclusive of administration fees, investment management fees, performance fees and other indirect costs where applicable.

Net Benefit can be summarised as follows:
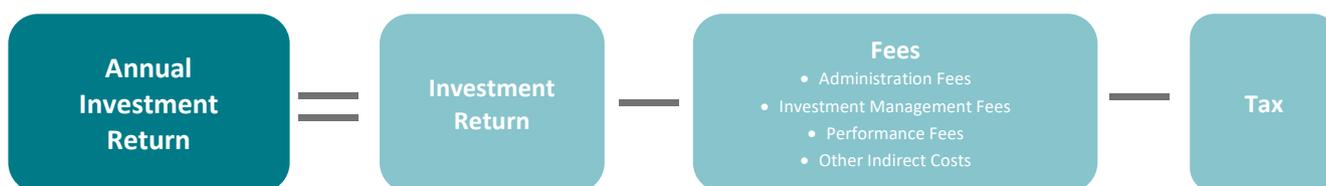
The annual investment return score is calculated using the annual investment returns of an investment option over the most recent five-year period, with equal weight placed on each year. The investment option with the highest annual investment return per year is allocated the maximum score, with remaining investment options indexed against it across a normal distribution.

The fees for each account based pension Investment option are calculated based on an average balance of $250,000, using 100 scenarios built around a normal distribution.

| Profile	Minimum Balance	Average Balance	Maximum Balance
Account Based Pension	$0	$250,000	$500,000

Feature Score

The Feature Score considers a number of features within six different categories, with individual features allocated points and each category and subcategory assigned a weight. The investment option with the highest Feature Score is allocated the maximum score, with all remaining investment options within the profile scored against it.

The feature categories and subcategories with assigned weights are:

Category	Weight
Financial Advice and Education	**55%**
General Advice/Tools & Education	35%
Scaled/Limited Advice	35%
Comprehensive Advice	30%
Investment Options	**20%**
Managed Funds	70%
Listed Securities	20%
Term Deposits	10%
Member Access	**10%**
Online Access	40%
Phone Access	40%
Account Set-Up	20%
Beneficiary Options and Death Benefit	**5%**
Income Payment Options	**5%**
Other Fees/Charges	**5%**

How are the Overall Star Ratings for Account Based Pensions calculated?

Canstar awards an overall Star Rating to eligible Account Based Pension Products; recognizing the cumulative score for a products top performing investment option across each profile considered. The weight applied to each profile is based on a combination of the allocation of FUM within the market and the distribution of growth assets across investment options offered.

| Cash 10% | Balanced 40% | Moderate 40% | Growth 10% |
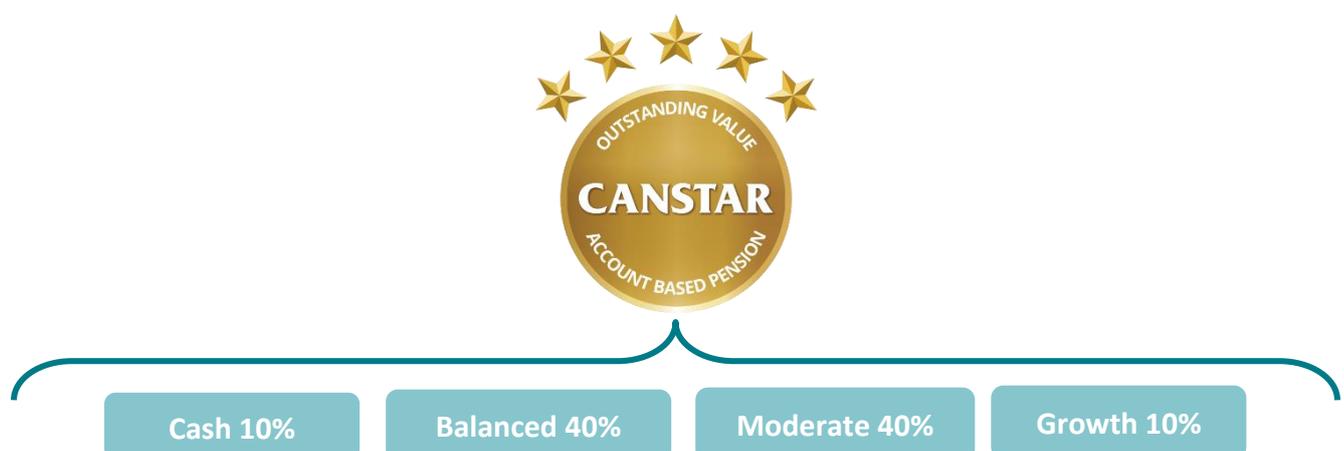
Overlay on the Overall Profile Star Ratings for Account Based Pensions

There are instances where an Account Based Pension product may be disadvantaged if they do not offer an investment option across all investment profiles considered. To overcome these disadvantages Canstar awards Account Based Pension products that consistently offer an outstanding value investment option to consumers and applies an overlay to the Overall Profile Star Ratings.

An overlay will be applied to products that:

1. Offer an investment option in three out of the four profiles, and;
2. The weighted performance of the product relative to the market, where only eligible profiles are considered, places them in the top 10%

Account Based Pensions products receiving the overlay will be recognised as offering Outstanding Value - Account Based Pensions.

How often are products reviewed for star ratings and award purposes?

Ratings and awards are recalculated annually based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These Star Ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the Star Ratings as a guide to product excellence. The use of similar Star Ratings logos also builds consumer recognition of quality products across all categories.

Please access the Canstar website at www.canstar.com.au if you would like to view the latest Star Ratings reports of interest.

• Account based pensions	• Agribusiness	• Business banking
• Business life insurance	• Car insurance	• Credit cards
• Deposit accounts	• Direct life insurance	• First home buyer
• Health insurance	• Home & contents	• Home loans
• Landlord insurance	• Life insurance	• Managed investments
• Margin lending	• Online banking	• Online share trading
• Package banking	• Personal loans	• Pet insurance
• Reward programs	• Superannuation	• Term deposits
• Travel insurance	• Travel money cards	• Youth banking