



# DIY Master Plan (DIY Division)

## Year in Review 2020

Thank you for reading the DIY Master Plan (DIY Division) product summary which includes the product determination, a summary of our annual member outcomes assessment and comparison for the 2019-2020 financial year.

The Trustee's strategic objective is to deliver quality, value for money outcomes for members, achieving sustainability and success over the long term, and helping individuals meet their superannuation needs over a required time horizon.

DIY Division is a division of the DIY Master Plan and is an adviser driven platform providing accumulation and pension options with the following white labels:

- Affinity Wealth Superannuation Service
- Benwest Pension & Super (Inspired)
- Core Superannuation Service
- Keys 4 Wealth Superannuation Service
- Knight Superannuation Service
- MAP AM Superannuation Service
- Gemini Super & Pension
- Redgum Superannuation Service
- The Sterling Superannuation Service
- Stonewall Superannuation Service
- The Super Fund Co.
- Your Corner Superannuation Service

As at 30 June 2020, the DIY Division had 858 members and total assets of \$145,044,054. The DIY Division was established in 2007 as a means for members to partner with financial advisers to gain access to the benefits of a standalone SMSF, without the administration and compliance burden. Financial Planning dealer groups and firms can establish white labels within the DIY Division to provide a specific superannuation offering that suits their business and client's retirement goals.

The 2019-2020 financial year was an unprecedented year with challenges arising from prolonged drought conditions, the worst bushfire season on record, and the onset of COVID-19 in February 2020, which impacted business and communities on a global scale.

During the year, we implemented the following positive changes:

- We enhanced our online portal to allow members and advisers to apply for retail insurance cover reducing the time taken to apply for and receive this cover.



- We expanded our Approved Product List (APL) with additional managed funds, providing members and advisers with even greater choice in options to assist them in meeting their retirement objectives.

On balance, and based on the assessment of the outcomes achieved and evidence contained in this summary, we have determined that:

- members' interests are being promoted;
- the basis for the setting of fees is appropriate for members;
- members are not disadvantaged due to the scale of, and within, the Trustees' business operations;
- the operating costs of the Trustees' business operations are not inappropriately affecting the financial interests of members;
- the options, benefits and facilities offered under the product are appropriate to members;
- the investment strategy for the product, including the level of investment risk and the return target, is appropriate to members; and
- the insurance strategy for the product is appropriate to members.

## Fees, investment returns and risk

### Investment Strategy, Returns and Risks

The DIY Division's overarching investment philosophy is to provide members with choice and give them the flexibility to have greater control over the way their superannuation is invested. The DIY Division offers members a wide variety of choice in investments which, working with their Adviser, they can use to create a tailored investment strategy that matches a member's risk profile and retirement objectives. The Trustee focuses on the risk and return objectives of the DIY Division by monitoring the approved investments and holding limits. It does not monitor the tailored investment strategy that you have developed working with your adviser. Your investment risk and return objectives should be monitored by you in conjunction with your financial adviser. As at 30 June 2020, DIY Division members had access to 1,041 investment options. Given the range and nature of the investment choices available to you through the DIY Division, you can only invest in the DIY Division through your financial adviser.

The range of investments that are available from the DIY Division, from which you and your adviser can construct a Portfolio to suit your circumstances, can be categorised into the following broad investment options:

- Externally managed funds (including growth managed funds, cash managed funds and fixed interest managed fund options)
- ASX listed securities including Exchange Traded Funds (ETFs), Exchange Traded Commodities (ETCs), Hybrid Securities, Bonds and Listed Investment Companies (LICs)



- Term Deposits.

Where the Trustee offers an externally managed investment option the Trustee will, as part of its due diligence process, assess the reasonableness of the asset allocation targets and ranges, risk return objectives etc in achieving the stated investment objectives of the investment. Following a successful due diligence process, the Trustee will adopt the existing investment objectives and strategy of that investment option if they are acceptable.

The APL is regularly monitored to ensure the Managed Funds continue to meet the investment objective, and is stress tested on an annual basis in conjunction with a formal review conducted by the Asset Consultant. As 30 June 2020, 57% of our managed funds with a performance figure of 3 years exceeded their 3 years benchmark return.

Your financial adviser is integral to the operation and maintenance of your superannuation account and investment portfolio, and can help you understand your financial position, identify your goals and financial issues and choose an investment strategy and underlying investments that best suit you. All investment instructions or instructions relating to your insurance must be directed through your financial adviser.

## Fees

Where we have used the median in our comparisons, benchmarks or measurements, the median is defined as the middle of a sorted list of values. For example, take this list of numbers: 2, 10, 12. The average is found adding all of the numbers together and dividing the total by the number of items in the set:  $(2 + 10 + 12) \div 3 = 8$ . The median is just the middle number: 10 in the range of values.

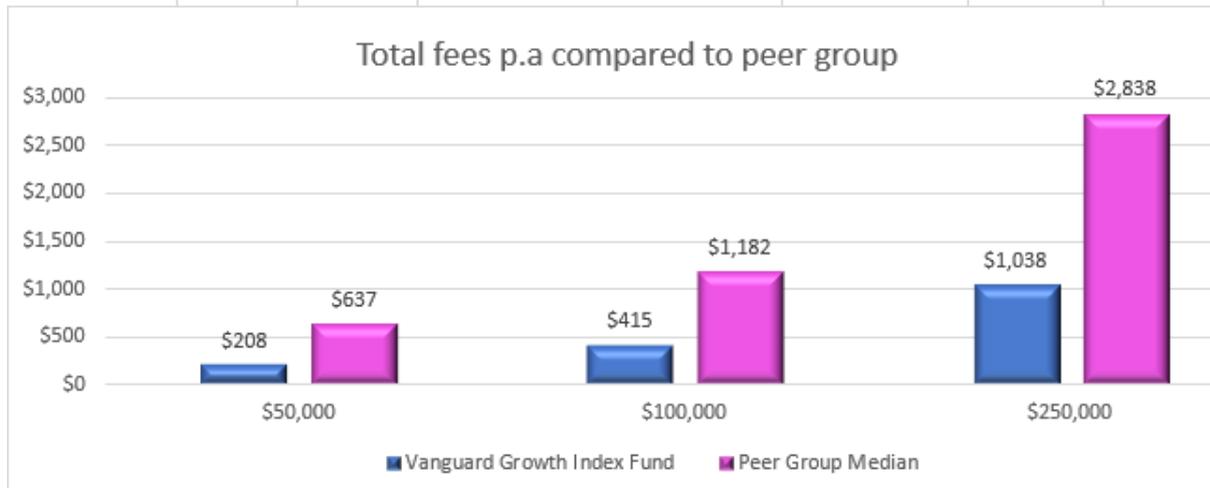
We have used the median either calculated using APRA statistical data, or provided by SuperRatings<sup>1</sup>, a company which specialises in ratings and research for the super industry and compares funds across a range of quantitative and qualitative factors. We benchmarked our fees, returns and level of investment risk against our peers<sup>2</sup>.

The DIY Division doesn't offer a direct balance option as your asset class allocation and security selection is determined by you and your financial adviser. However, as a balanced option with a target allocation of 70% growth assets and 30% defensive assets is required to be used as the model investment option in PDS to allow you to make a direct comparison of fees in the DIY Division and other superannuation funds, the Vanguard Growth Index Fund has been used. As the graph below shows, the fees for this option is less expensive than the peer median across the different account balances. The average account balance for the DIY Division is \$169,049.

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<sup>1</sup> Fee medians are sourced from SuperRatings and are as at 30 June 2020.

<sup>2</sup> Peer Group is defined as all Master Trusts – Personal, Master Trust – Corporate, Industry – Personal, and Industry Public Offer Corporate – Personal products with data sourced from



The DIY Division charges a percentage-based administration fee which is tiered based on a member's balance as follows.

Tier of account balance	Fee rate p.a.
First \$500,000	0.5449%
\$500,001 - \$2,500,000	0.3399%
More than \$2,500,000	0.1349%

Where a member holds both an accumulation and a pension account, their balances for both accounts are combined for the purposes of applying the tiers rate with the total calculated fee allocated to each account balance on their respective account balance. In addition to the above, an expense recovery estimated at 0.07% is also charged. Through working hard to keep our administration costs down, even where compliance obligations and complexity in administration have increased, we have been able to keep our administration fees at the same rate as they were since 2017.

No investment fee is charged, however other fees and costs may apply depending on how you invest, including the costs of any underlying investments (indirect costs) that are included in the Investment Option in which you invest, buy-sell spreads for underlying managed funds, activity fees, advice fees relating to adviser services provided to you and insurance fees.

As at 30 June 2020, the operating expense ratio for the DIY Division is 0.62% p.a. which is just slightly higher than the median of 0.60%<sup>3</sup> p.a. for retail funds. The DIY Division leverage the scale of being part of the DIY Master Plan for which the operating expense ratio at a fund level is that of the median for retail funds. Therefore, the Trustee has determined that our members are not disadvantaged due to the scale of, and within, the Trustees' business operations, and the operating costs of the Trustees' business operations are not inappropriately affecting the financial interests of members.

Each member's tailored investment portfolio has been prepared with guidance from their

<sup>3</sup> As stated in APRA's Annual superannuation bulletin – June 2015 to June 2020 issued on 29 January 2021.



financial advisor taking into consideration the members':

- personal circumstances;
- fees associated with the investments;
- personal investment objectives and long-term goals;
- risk tolerance; and
- expected investment timeframe

We have conducted a comprehensive analysis of the investments available via the DIY Division. It is not appropriate to provide a comparison to peer groups in the summary, as each member's investments and fees are personally tailored using the 1,041 investment options available.

Our focus has been to provide members with a wide range of investment options, without the need to increase administration costs. Based on the above, the Trustee has determined that the basis for the setting of fees, the investment strategy for the product, including the level of investment risk and the return target, is appropriate to its members.

## Member services and product options

The DIY Division works with Financial Planning Groups to develop a superannuation offer that provides the maximum flexibility for our members. The investment options provide an extensive range that covers all risk profiles. Members can choose a diversified option with varying percentage allocations between growth and defensive asset classes. We also have asset specific options including Australian Equities, International Equities, Property and Fixed Interest. This flexibility extends to the selection of insurance products that best suits your needs. Members also have 24/7 online access to your investment account with daily portfolio valuations.

The DIY Division recently provided members and advisers with access to an online insurance portal with AIA Australia Limited (AIA), which allows them to apply for retail insurance with AIA more easily. We are exploring further enhancements to our website to provide members with a better digital experience.

The Trustee has determined that the options, benefits and facilities offered under the product are appropriate to members.

## Insurance

The DIY Division provides members with the ability to obtain insurance cover through an individual policy issued by insurance companies on the Approved List, that is transferred to, or issued in, the Trustee's name. This is referred to as retail cover.

The types of insurance cover permitted are:

- Death only cover (including terminal illness cover).
- Death and Total & Permanent Disablement (TPD) cover (including terminal illness cover).



- Income Protection cover.

No default insurance cover is provided. Members must apply for cover, and through this process, with their adviser, will consider the type and amount of cover, and the cost of the cover, that is appropriate to them. As such, the Trustee does not look to measure the impact of insurance eroding your retirement income.

The Trustee has determined that the insurance strategy for the product is appropriate to our members, and that there is no inappropriate erosion of members' retirements income due to the impact of insurance premiums.

This Update is issued by Diversa Trustees Limited (ABN 49 006 421 638, AFSL 235 153, RSE License No. L0000635) as Trustee of the DIY Master Plan (ABN 46 074 821 314, RSE R1070743) and should be read together with the DIY Master Plan Product Disclosure Statement (PDS), which can be found at the Xplore Wealth client portal.

The information contained in this update is general information only and doesn't take into account your personal objectives, financial situation, needs or circumstances. Before acting on this information, you should consider its appropriateness, having regard to your personal objectives, financial situation, needs and circumstances.

Before you make any decision about whether to acquire or continue to hold the product or an investment available in the Fund, you should consider the PDS and other associated documents referred to in the PDS. The PDS and any associated documents incorporated by reference can be found at the Xplore Wealth portal or by calling (07) 5555 5656.