January 2024

State of super 2024

Industry insights based on APRA's annual fund-level data release for FY 2023

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1. Opening words

Jeremy Cooper

Advisory Board Chair, The Conexus Institute

As quite often happens, 2023 finished with a flurry of policy announcements, setting up 2024 as another hectic and important year for super. The breadth of the current policy agenda for super is sobering… especially given that this list is not comprehensive:

- The Objective of Superannuation Bill has been tabled in Parliament, and is awaiting a Senate vote;
- The design of financial advice provision is being addressed under the rubric of 'Delivering Better Financial Outcomes', with the role of super funds in providing guidance yet to be fleshed out;
- Treasury is undertaking a broad-based policy review of the retirement phase, with seemingly almost everything back on the table;
- Draft legislation is out on climate-related financial disclosure; and (not to forget);
- Further review of the Your Future, Your Super performance test!

The Conexus Institute believes that each review affords an opportunity to improve, incrementally, our leading retirement income system. We look forward to being a positive contributor on these issues, and undoubtedly on other issues that will arise through the year.

Given the big year ahead, it is good to start well-informed. We hope our State of Super publication helps you kick off 2024.

David Bell & Geoff Warren

When APRA releases its annual fund-level superannuation statistics we get excited about the chance to analyse the data! We've worked hard to bring this dataset to life, providing nuanced insights into areas like fund size, growth and retirement. We set out to paint a picture of the superannuation landscape, and how the sector is evolving. We hope our State of Super publication provides a range of useful insights and generates some reflection.

The Conexus Institute is celebrating its fourth anniversary. The Institute was created as an independent think tank focused on delivering better retirement outcomes for Australians. We are proud of the contribution our research-driven approach has made to a better and more accountable retirement system so far. We look forward to continuing to do so.

Thank you to all those individuals and groups who have collaborated with the Conexus Institute over the last four years. We provide a special thanks to our advisory board members, whose counsel is always sage and very much appreciated.

Photo: Geoff Warren (left), David Bell (right).

2. Details of the analysis undertaken

The data source for our analysis is the publication "*Annual fund-level superannuation statistics*" for fiscal year 2023 (FY2023) released by the Australian Prudential Regulation Authority (APRA). We are thus exploring APRA-regulated superannuation funds and not considering either government funds that are not regulated by APRA or the self-managed super fund (SMSF) sector. We take APRA's data and make a number of adjustments:

1. We aggregate multiple funds offered under the same parent entity. See Appendix 1 for details.
2. We account for mergers, both those completed subsequent to the data cut-off date and those announced but not yet completed. Appendix 1 also shows details of mergers accounted for.
3. For Commonwealth Superannuation Corporation (CSC) reported assets include unfunded defined benefit liabilities, with the APRA data reporting aggregate assets of $282 billion. We substituted in the sum of "Default, Balanced and MySuper Balanced" options of $56 billion as reported in Table 1 on page 11 in the CSC Annual Report where appropriate.
4. The full APRA sample lists funds associated with 69 entities. We removed the terminated funds managed by WTW, and funds where no data was reported (including staff super funds for three universities – Macquarie, New England and Wollongong – as well as the Linfox Staff Superannuation Fund, which merged into Russell Investments Master Trust). This resulted in a full sample of 65 'funds'.
5. We created an 'analysis sample' comprised of the top 50 funds by total assets. Fund number 50 (Mason Stevens Super) had assets of $870 million. The remaining 15 funds were not only of small size, but also many had some missing data fields. Total assets for the top 50 sample were $2.24 trillion, which was 99.9% of the total asset reported for the full sample APRA-regulated funds. Where appropriate we detail funds outside the top 50 sample. For example, Vanguard Super sits outside the top 50 sample but is an important part of our analysis on competitive flows.
6. Although we describe the sample as at FY2023, we take data for seven funds with a balance date of December 2022. Of these, only one fund (ANZ Staff Super) was in the top 50.
7. We use net assets rather than total assets. Our investigations suggest that liabilities are created on fund balance sheets through a range of activities including derivative positions, unsettled trades, tax liabilities and stock lending activities.
8. We estimate growth rates from net flows during FY2023 with reference to end-year net assets. This convenient simplification impacts on the growth rate for our total sample by about -0.1% relative to using average assets, which increased by 9% during FY2023. The impact will vary across funds, but should not alter the overall picture presented in any meaningful way.
9. Last year's booklet included a section on fund demographics (member age and gender). We are unable to update this analysis at the current time as APRA did not include demographic data in the FY2023 data release (they intend to release more granular data at a later date). We have left a placeholder in our booklet to update this section once the data becomes available. Last year's analysis is re-printed (Appendix 6) given the strong link between demographics and many other areas of our analysis. Our expectation is that the demographic profiles of funds move slowly (unless there is a merger).
10. We added two new sections this year. One examines the member account data (Section 4). The other examines differences in business models across sectors and links them to the data (Section 9).

Disclaimer

This analysis is undertaken for non-commercial purposes and was performed on a best endeavours basis. Care was applied, but there may be errors. If so, we apologise. The commentary is based on our understanding of the industry based on experience rather than research, and hence may be open to contention.

3. Assets under management

Our sample of APRA-regulated funds managed net assets of $2.18 trillion at June 2023, which amounts to 60.4% of the $3.61 trillion in superannuation assets reported by the Australian Bureau of Statistics. Self-managed super funds are estimated by the Australian Taxation Office to have been managing $876 billion or 24% of total system assets. This leaves around 14% of system assets to be explained by either funds not regulated by APRA or data inconsistencies, e.g. timing issues. Total net assets for funds within our APRA-regulated sample rose by 10.7% over FY2023.

Chart 3.1 and Table 3.1 report the breakdown of assets by fund size. We created seven groupings ranging from mega funds (>$200 billion) to very small funds (<$1 billion). These exhibits reveal that the bulk of assets in APRA-regulated funds is managed by a reasonably small number of 'big' funds. Within our sample of 65 APRA-regulated funds, 62.3% of the assets is managed by eight (two mega and six very large) funds, while 81.8% is managed by the 14 largest funds that manage in excess of $50 billion. There are 39 small and very-small funds (60% of the sample) collectively managing only 4.3% of the assets.

Analysing year-on-year change, there has been a small increase in the footprint of big funds, from 81.5% to 81.8%. There is a more nuanced growth story within the big fund segment: the eight big profit-for-member funds increased their share of industry assets by nearly 2% (from 52.9% to 54.8%).

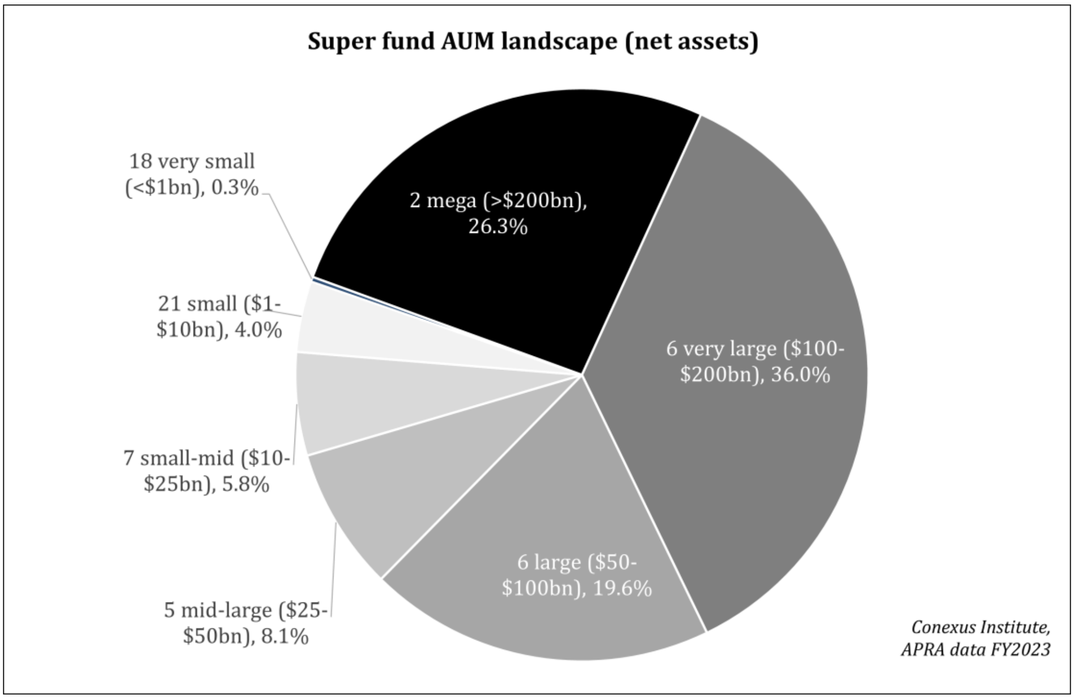

Chart 3.1: Summary of APRA-regulated super fund landscape by net assets

Fund group	Asset range	Number of funds	Total net assets (June 2023, $bn)	% of total assets	Cumulative % of total assets
Mega	>$200 bn	2	572	26.3%	26.3%
Very large	$100 - $200 bn	6	784	36.0%	62.3%
Large	$50 - $100 bn	6	426	19.6%	81.8%
Mid-large	$25 - $50 bn	5	176	8.1%	89.9%
Small – mid	$10 - $25 bn	7	127	5.8%	95.7%
Small	$1 - $10bn	21	87	4.0%	99.7%
Very small	<$1 bn	18	6	0.3%	100%
Total sample		**65**	**2,178**	**100%**	
Top 50		50	2,174	99.8%	

Table 3.1: Distribution of APRA-regulated super funds by net assets

Chart 3.2 shows the 14 funds managing more than $50 billion in assets. The completion of the proposed merger between Care Super and Spirit Super (forecast completion date of late 2024) would see the merged group likely join the 'big fund club' as member #15.

The 2023 financial year saw HOSTPLUS join the group of very large funds, on the back of strong net inflows and the completion of its merger with Maritime Super.

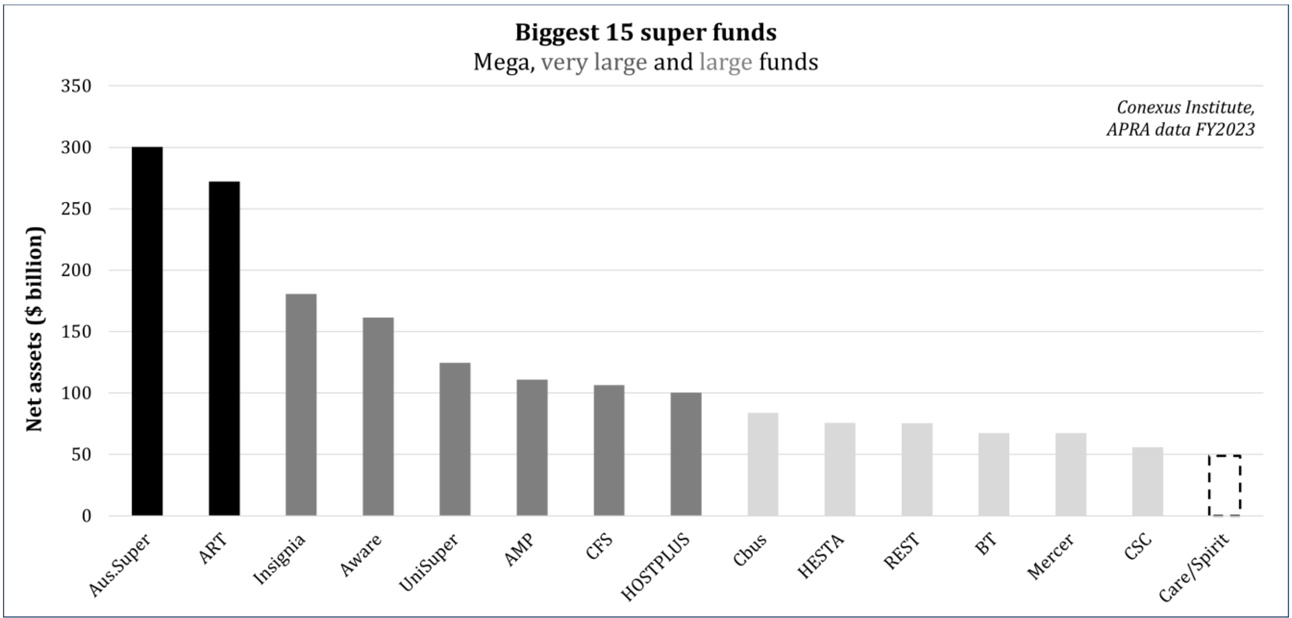

Chart 3.2: APRA-regulated super funds with total assets exceeding $50 billion

Chart 3.3 above plots assets managed by four (additional, beyond Care / Spirit) mid-large and seven small-mid sized super funds managing between $10 billion and $50 billion. Two new entrants to this group are Russell Investments which just stepped over the threshold level and Future Super via its mergers with Smart Future and Guild.

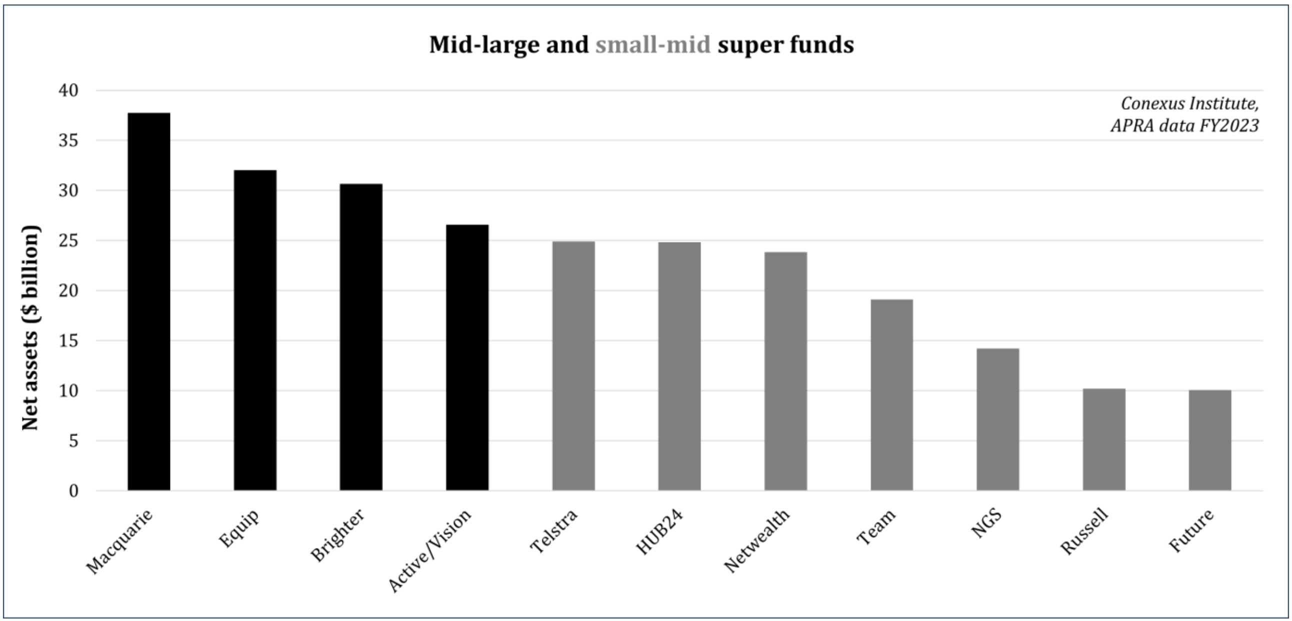

Chart 3.3: APRA-regulated super funds with net assets between $10 billion and $50 billion

In Chart 3.4 plots the assets of the 21 small funds (with net assets between $1 billion and $10 billion). New entrants include Centric (which took on the assets of Encircle), Dash and NESS.

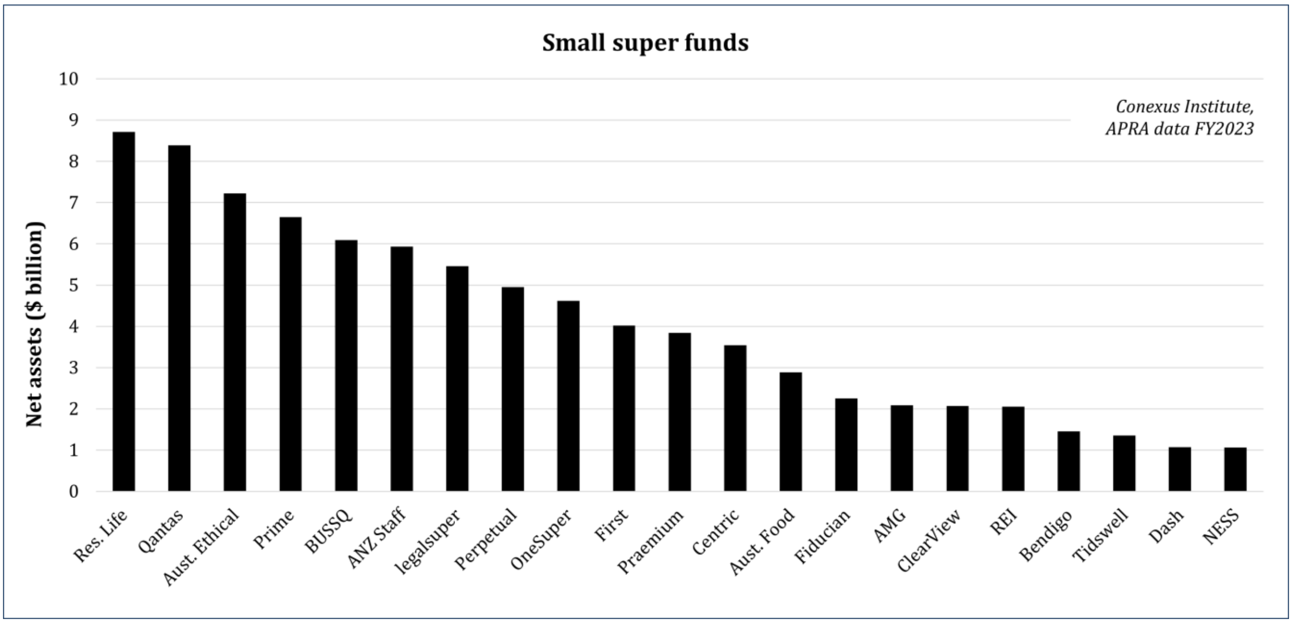

Chart 3.4: APRA-regulated super funds with net assets between $1 billion and $10 billion

For readers seeking further fund-level details, Appendix 2 ranks the top 50 fund sample by net assets and reports other key summary statistics alongside total assets including number of member accounts, average account balance, and percentage of assets in the pension phase.

There were some intriguing growth stories in FY2023 underpinned by a diverse range of underlying growth sources. Through the lens of growth measured in dollars, AustralianSuper reigned, as highlighted in Chart 3.5, but not by much from Australian Retirement Trust (ART) and Mercer.

The net assets of AustralianSuper grew by over $41 billion in FY2023. ART grew by nearly the same amount ($40 billion), while Mercer was a close third, growing by $38 billion. However, the composition of growth amongst these funds and others in Chart 3.5 reveals the dominant position held by AustralianSuper in terms of flows, especially competitive flows where members choose to switch from another fund. Of note, the next section shows that AustralianSuper's edge in competitive flows moderated sizably during FY2023. AustralianSuper grew the most in dollar terms without undertaking any merger activity, along with the associated operational implementation cost and effort (though some funds like ART may argue that they have established processes which minimise the operational impact). A merger transformed the size of Mercer and will do likewise for a merged Care Super / Spirit Super.

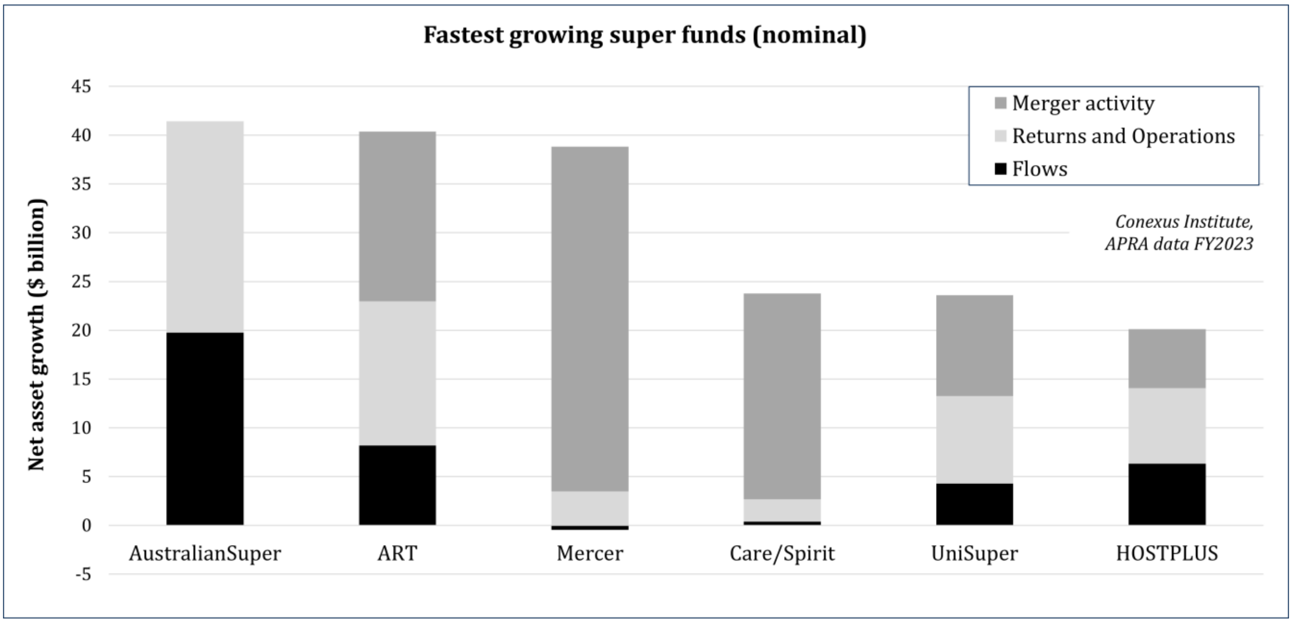

Chart 3.5: Fastest growing (in nominal terms) APRA-regulated super funds

The percentage growth lens, detailed in Chart 3.6, presents instances of significant, and in many cases transformational, growth stories.

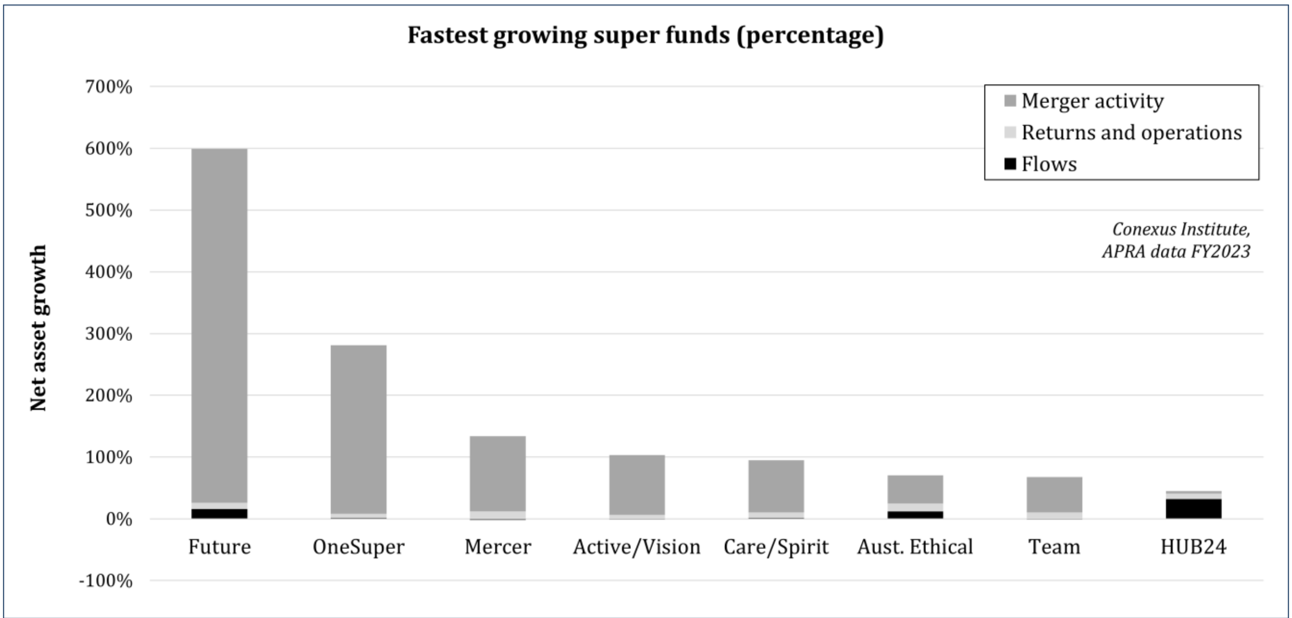

Chart 3.6: Fastest growing (in percentage terms) APRA-regulated super funds[1]

Future Super's mergers with Smart Future and Guild increased assets by nearly 600% and transforms them from being a small fund with strong net inflows to being part of the small-mid fund segment.

[1] Note that Centric is not included, despite the merger with Encircle as they did not report asset size in FY2022 (in effect they had no denominator).

OneSuper's integration of ING Super substantially enhanced their scale, although they remain a small fund at $4.6 billion net assets under management. The mergers of Mercer with BT Super (completed), Vision and Active (announced), Spirit Super with Care Super (announced), Australian Ethical with Christian Super (completed), and Team Super (Mine Super and TWU Super, announced) all demonstrate the power of mergers to significantly increase scale. HUB24 stands out on this chart as a high growth fund largely achieved through competitive growth. Chart 3.6 suggests that the next challenge for some of these merged entities is to establish a sustainable net inflow profile.

Overall, it could be said that not all that much changed in 2023 in terms of the broader super fund landscape. The big funds increased their market share at the margin, particularly the big profit-for-member funds, a completed merger between Spirit Super and Care Super would create a new member of the 'big fund club', while the small fund sector lost market share. However, we have seen that there are fascinating dynamics at play at the individual fund level, particularly in the mid-sized segment.

Changes in the large fund landscape tend to be slow as the denominator effect of large existing asset size is influential. The emergence of another mega fund requires a merger between two very large funds or possibly a very large fund and a large fund. A new large fund requires the merger between two medium funds. However, the realistic number of suitable merger candidates is small after accounting for fund types (e.g. it would be difficult for a profit-for-member fund with a relatively small option range of to merge with a platform-based retail fund), and the fact that many funds are digesting substantial merger activity and may be hesitant to take on further mergers.

Pressure remains on small funds, where factors such as APRA's data and regulatory activities, the requirements of the Retirement Income Covenant and cybersecurity are examples of factors which weigh heavily. This is where further consolidation activity remains most likely as the incentives are strongest.

4. Member accounts

We now turn to examining member accounts. The key message that emerges is the fund landscape looks different under analysis of accounts rather than assets, in particular with respect to average account sizes. In order to create a point of contrast against the asset-based analysis, we retain the fund ordering and colour shading of Section 3. Appendix 3 reports selected account data for the top 50 funds ranked by number of member accounts.

Our sample of APRA-regulated funds managed 22.145 million member accounts at June 2023. Number of accounts are plotted for the biggest 15 funds in Chart 4.1 and mid-large and small-mid funds in Chart 4.2. Refer to Appendix 3 to explore small funds.

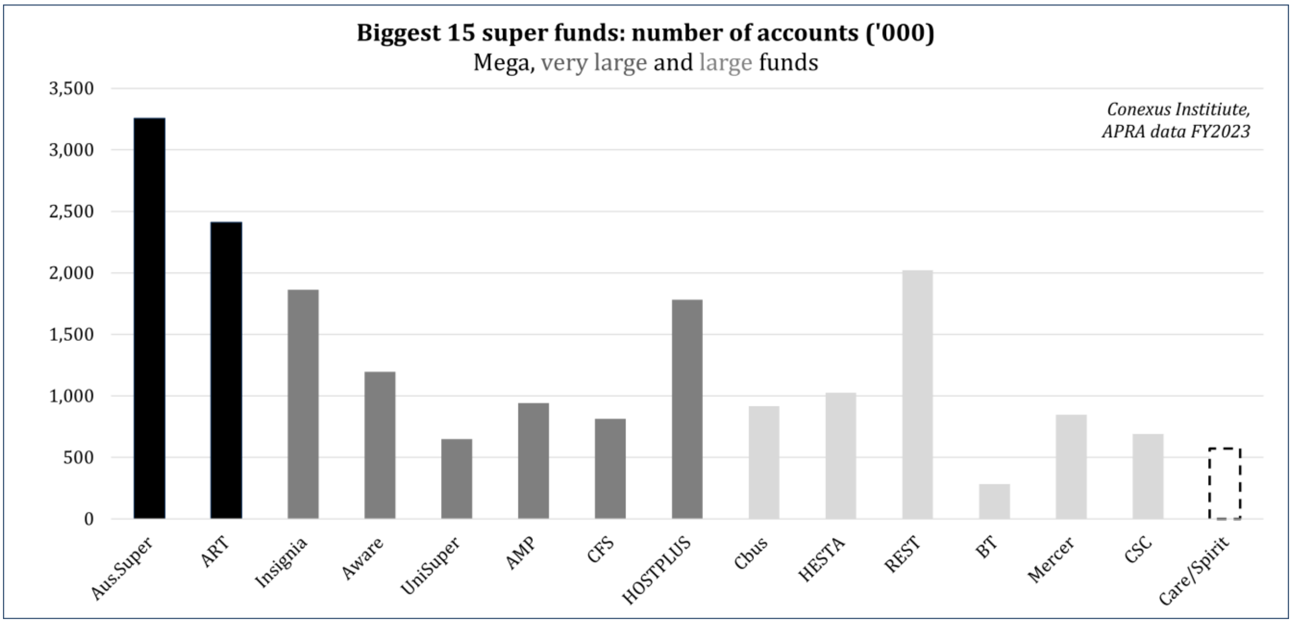

Chart 4.1: Number of member accounts for APRA-regulated funds with assets exceeding $50 billion

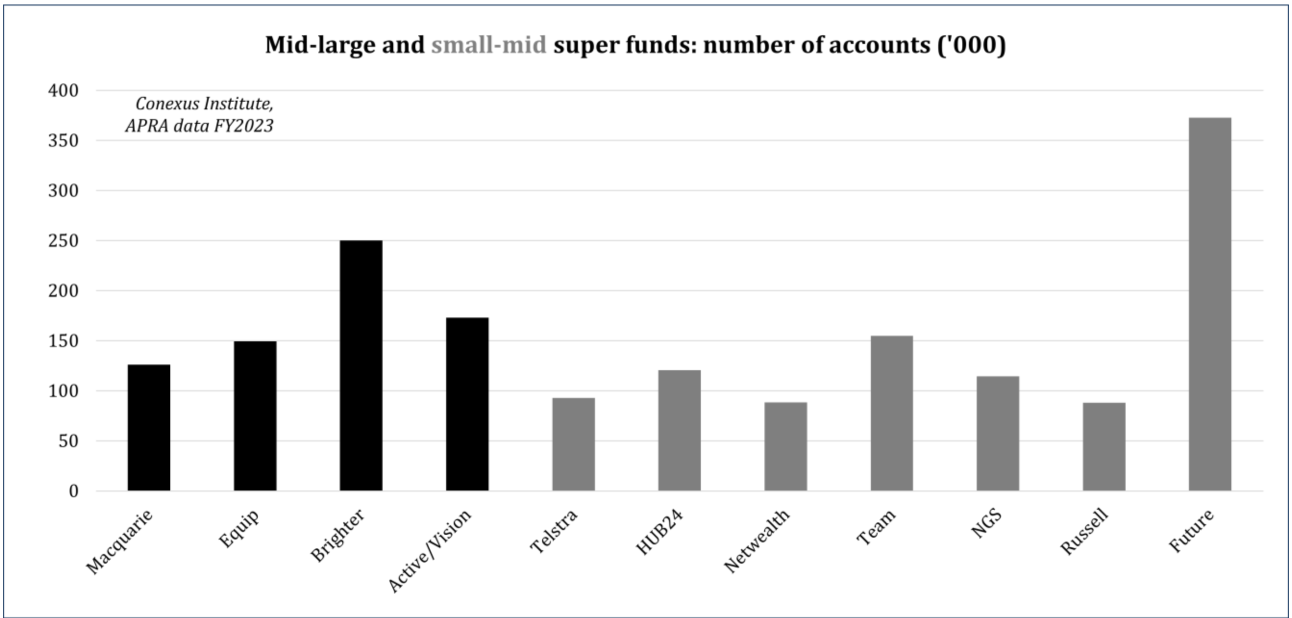

Chart 4.2: Number of member accounts for APRA-regulated funds with assets between $10 billion and $50 billion

While there is a clear tendency for larger funds to have more member accounts as might be expected, the bumpy progression of the bars in Chart 4.1 and Chart 4.2 indicates that relationship between assets and number of accounts is not tight. For instance, Chart 4.1 shows some notable spikes for HOSTPLUS and REST in accordance with their young demographic; as well as the low number of accounts managed by UniSuper given its asset size given its member demographic skewed to academics who are relatively well paid along with a default 17% contribution rate. In Chart 4.2, the spike for Future Super stands out, indicating that it has attracted many members with small balances, consistent with its marketing strategy.

Given the noisy relationship between fund size and number of accounts it should come as no surprise that there is significant variation in average account size across funds. Chart 4.3 plots average account balance for all funds with net assets greater than $10 billion (note that we do not include CSC as the manner in which net assets are reported makes comparisons difficult). It reveals a lack of any clear relation between average account balance and assets under management, i.e. both large and small funds have members with relatively small and relatively large average account balances. No clear relationship between account size and industry sector emerges either. For instance, funds with large average balances based on the APRA data include Macquarie, Qantas, Perpetual and Centric; while small average balances are evident for REST, Future Super, Resolution Life, Prime Super, Australian Food Super and Tidswell. However for each case there will be a fund-specific reason based on a combination of business model and demographic factors.

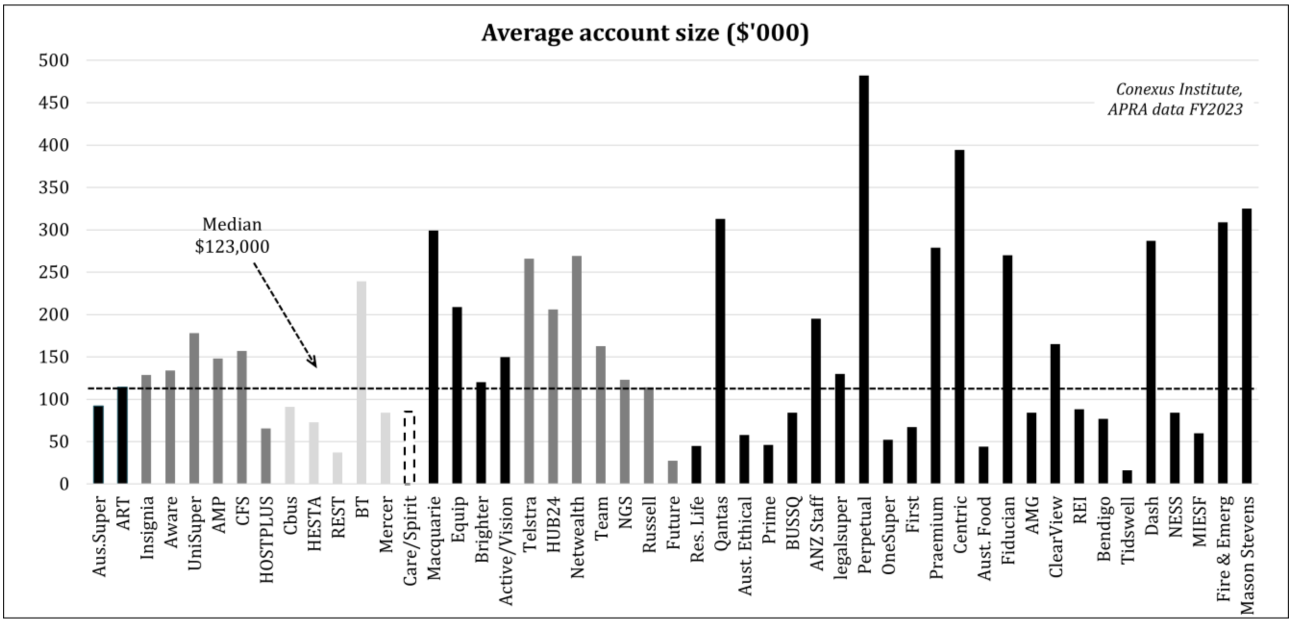

Chart 4.3: Average account value – top 50 APRA-regulated super funds. Colouring matches palette applied in previous charts based on fund size. Note average account size is APRA-calculated.

Chart 4.4 brings together the data for number of accounts (shown on the vertical scale) and average account value (horizontal scale) to create a unified picture of the member account landscape for the top 50 funds by assets. A first reaction might be to take the view that funds in the bottom left corner of the chart face sustainability challenges due to having a relatively small number of accounts of relatively small value. This observation is reasonable. However, the reason account size is small is important: if account sizes are small because members are young, then the fund may carry a favourable natural net flow profile providing a pathway to adequate scale. Fund flows are explored in Section 5, and reveals that some of the small funds in the bottom left corner of this chart are growing fast. Once again, this highlights the importance of fund membership demographics (which we consider in Section 8).

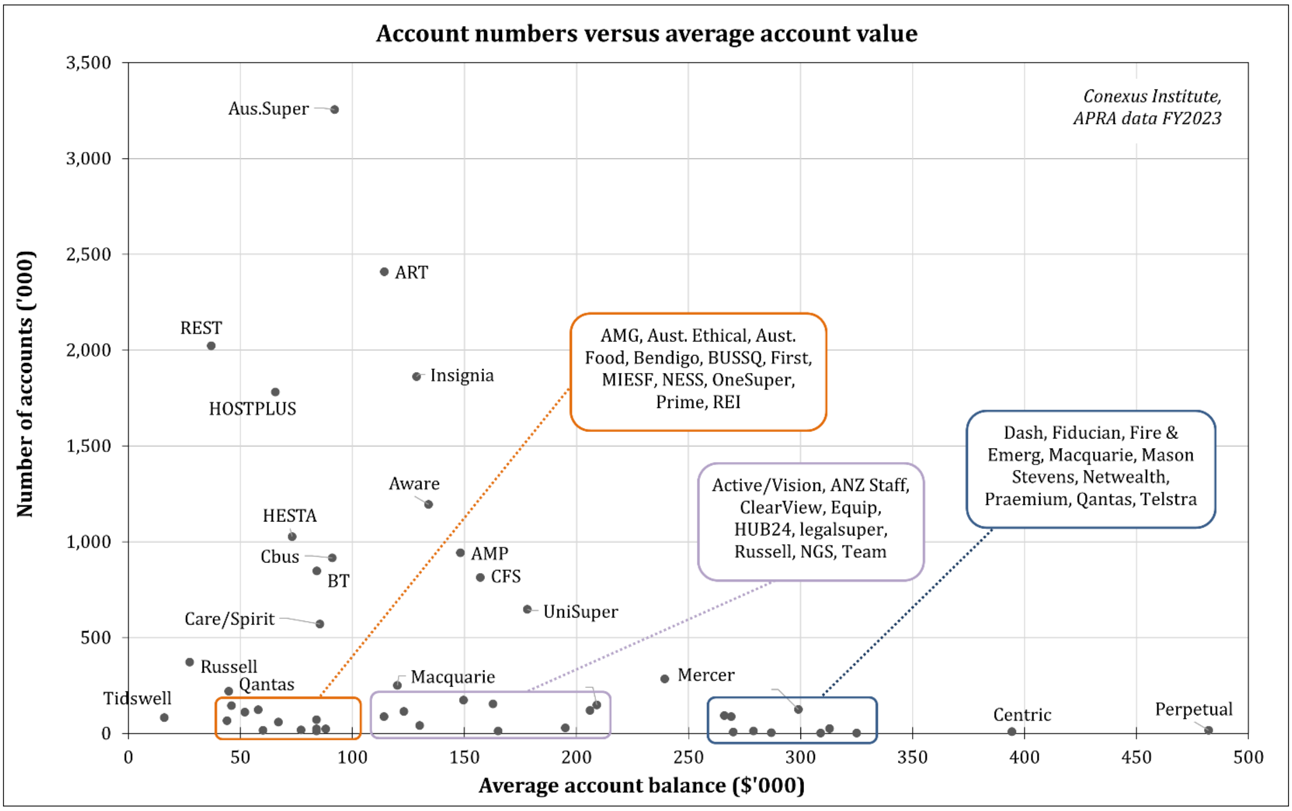

Chart 4.4: Number of accounts vs. average account size – top 50 APRA-regulated super funds

The takeaway message from this section is that funds may be dealing with quite different membership bases in terms of the number of members and the size of a typical account balance. Multiple factors are at play, and some offset each other. More accounts and higher balances provide more scale and funds that lack sufficient members with sufficient balance may face sustainability challenges.

The operational challenge of member servicing can become more difficult as account numbers increase (scale of the servicing challenge) and as account balances increase (due to the costs of servicing a potentially more engaged membership). These considerations add a further dimension to fund positioning and operating requirements that go beyond total assets under management.

A final comment relates to the design and implementation of retirement income strategies by super funds. While far from a perfect indicator of household wealth, account balance is an important source of retirement funding and a core consideration of a tailored retirement income solution. In the future we may see funds with different account balance dynamics develop quite different retirement income strategies.

5. Net flows

While much of the industry commentary focuses on scale as measured by assets under management, net inflow is just as important, if not more so. It informs future potential scale and business cases, and has implications for investment strategy including ability to invest in illiquid assets, the need to source additional assets to complete the portfolio, and portfolio rebalancing (which may be facilitated through directing cash flows). We focus in on flows that are driven by member activity by using APRA's flow data to estimate net flows after removing the one-off impact of 'successor fund transfers' (i.e. mergers, etc). We split net flows into 'natural flows' and 'competitive flows'. Natural flows reflect the net of contributions and benefit payments. Competitive flows capture the net of roll-in and roll-out activity, and hence reflect member switching between super funds. Appendix 4 reports flow data for the top 50 funds sorted by net flows.

Natural flows

Net natural flows for APRA-regulated funds were around $48 billion in FY2023. In aggregate, the superannuation guarantee (SG) rate of 10.5% during FY2023 (which has risen to 11% for FY2024) more than offsets the outflows resulting from pension accounts that built up during periods when lower SG rates were in place. This represents about 2.1% natural growth with reference to year-end total assets (or 2.2% based on average assets for the sample). The level of natural flows is about the same as last year. Investment performance was an additional source of industry growth: Chant West reports a median fund return for balanced funds of 9.2% in FY2023.

While 39 (78%) of our top 50 fund sample funds experienced positive natural flows, for many funds the natural flow was marginal. Only 11 funds (22% of the top 50 sample) exceeded the 2.1% average growth rate from natural flows. Chart 5.1 shows the top 10 funds by natural flows, which together constituted nearly 90% of total natural flows. The concentration of natural flows into big profit-for-member funds is evident. Indeed, the eight big profit-for-member funds took 80% of the natural flows, with the two mega-funds of AustralianSuper and ART leading the pack. The influence of fund size and demographics (ratio of workers to retirees, considered in Section 7) help to explain these trends. Demographics are generally favourable for the big profit-for-member funds and less supportive for retail funds which tend to have an older membership. Broadly, placing aside any demographic change created by mergers, we expect that these numbers will change little year-on-year as fund demographics tend to move slowly.

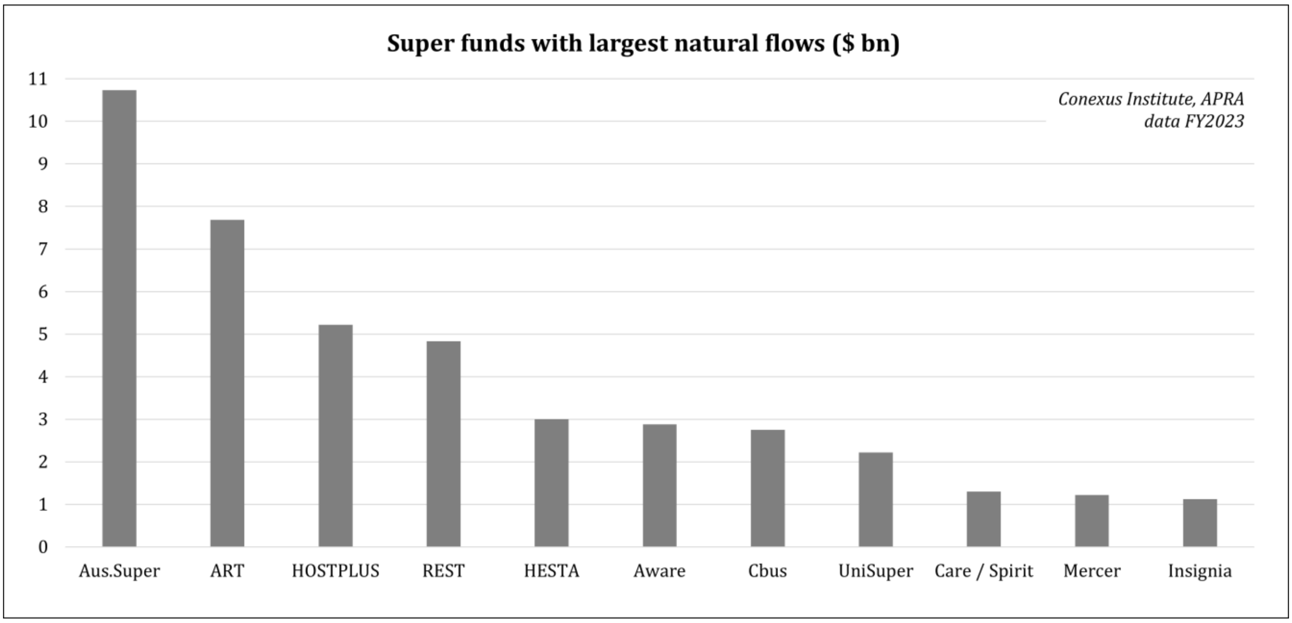

Chart 5.1: Largest natural inflow recipients – APRA-regulated super funds

Competitive flows

In FY2023, there was a total $69.3 billion in flows as a resulting of member fund-switching activity, around 3% of total assets. Broadly, member switching is a zero-sum game (one fund's roll-in is another's roll-out). Of our top 50 sample, only 15 funds (30% of funds) experienced positive net competitive flows, with the remainder experiencing outflows.

The competitive flow landscape is far more complex, with many factors at play across different market segments. Examples of these factors, which are difficult to quantify, include:

- Impact of investment performance and resulting publicity – good and bad – arising in particular from the Your Future, Your Super (YFYS) performance test;
- Marketing, branding and member acquisition activities of funds;
- Negative media coverage (e.g. greenwashing accusations and cybersecurity breaches) or impact of fund announcements such as funds merging or terminating;
- Fund switching that may occur as members change jobs, accounting for impact of fund stapling that was introduced as part of the YFYS reforms on 1 November 2021 and thus operated for a full year in FY2023. Tension between switching that may occur as members change jobs, and fund stapling that was introduced on 1 November 2021 and thus operated for a full year in FY2023;
- Flows between the APRA-regulated funds and the SMSF sectors. A net $3.5 billion rolled out of APRA-regulated fund into SMSFs during FY2023 – although this is only about -0.15% of total assets; and
- Decisions made by financial advisers with respect to choice of super offering, including giving consideration to use of profit-for-member funds especially with the reduction in 'tied' advisers and subsequent shift to independent adviser groups.

Our first observation when we started to analyse the data, illustrated in Chart 5.2, is that the amount of member switching activity has been on the decline, whether measured in dollars or percentage of industry size.

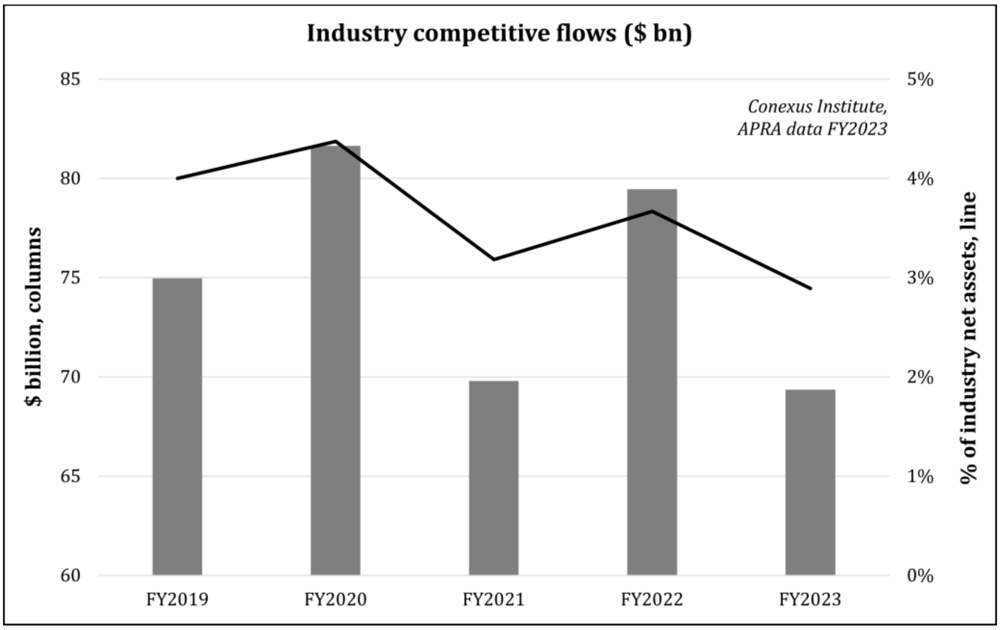

Chart 5.2: Aggregate industry competitive flows, measured by total roll-ins (excluding successor fund transfers) – APRA-regulated super funds

Chart 5.2 motivates an important question: does the value-based business case for spending on brand and marketing remain strong? If the size of the member switching pool continues to shrink, then spending more on brand and marketing (something we plan to investigate further) could yield less benefit for funds and incur a system-level cost for consumers.

Before investigating individual fund outcomes, let's explore some key thematics. Chart 5.3 dispels the simple anecdote that funds are flowing from retail funds to profit-for-member funds. The reality of the competitive flows landscape is more nuanced.

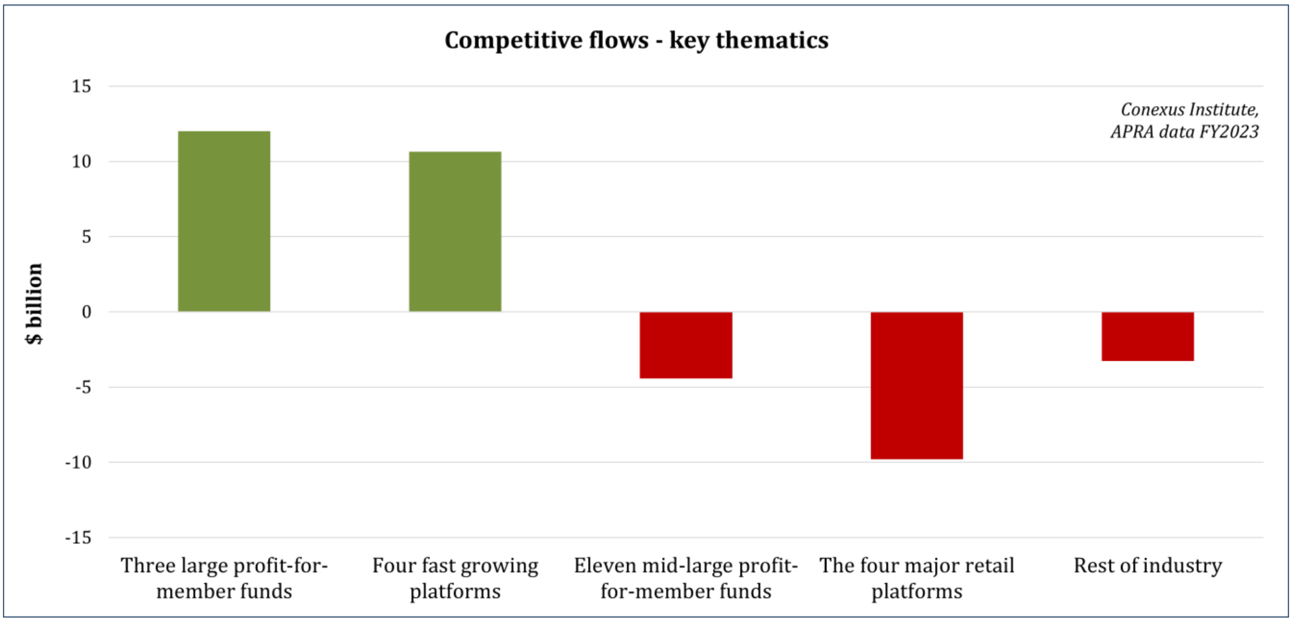

Chart 5.3: Thematic presentation of competitive flows amongst APRA-regulated super funds

The sub-groups in the chart are comprised of (ordered from best to worst):

- Three large profit-for-member funds: AustralianSuper, UniSuper, and HOSTPLUS;
- Four fast-growth platforms: HUB24, Macquarie Super, Netwealth, and Praemium;
- Eleven mid-large profit-for-member funds: Cbus, ART, Active / Vision, HESTA, NGS, Team Super, Brighter, Care / Spirit, Equip Super, Aware Super, and REST;
- Four major retail platforms: BT, CFS, AMP, and Insignia.

Chart 5.3 reveals that 'winners' comprise idiosyncratic winners amongst the profit-for-member funds sector and success stories amongst small-to-mid-sized retail platforms. Meanwhile, many profit-for-member funds are losing when it comes to competitive flows. The four major retail platforms experienced substantial competitive outflows.

Chart 5.4 plots individual winners and losers in competitive fund flows, based on a notional absolute value above $500 million. Most of the names on this chart are featured in the thematic sub-groups explored in Chart 5.3. The dominance of AustralianSuper in terms of competitive flows stands out, continuing a multi-year trend. One additional highlight is the performance of Vanguard. Despite it not yet being part of the top 50 funds by net assets, we include Vanguard on this chart where it comes in at number seven based on competitive flows.

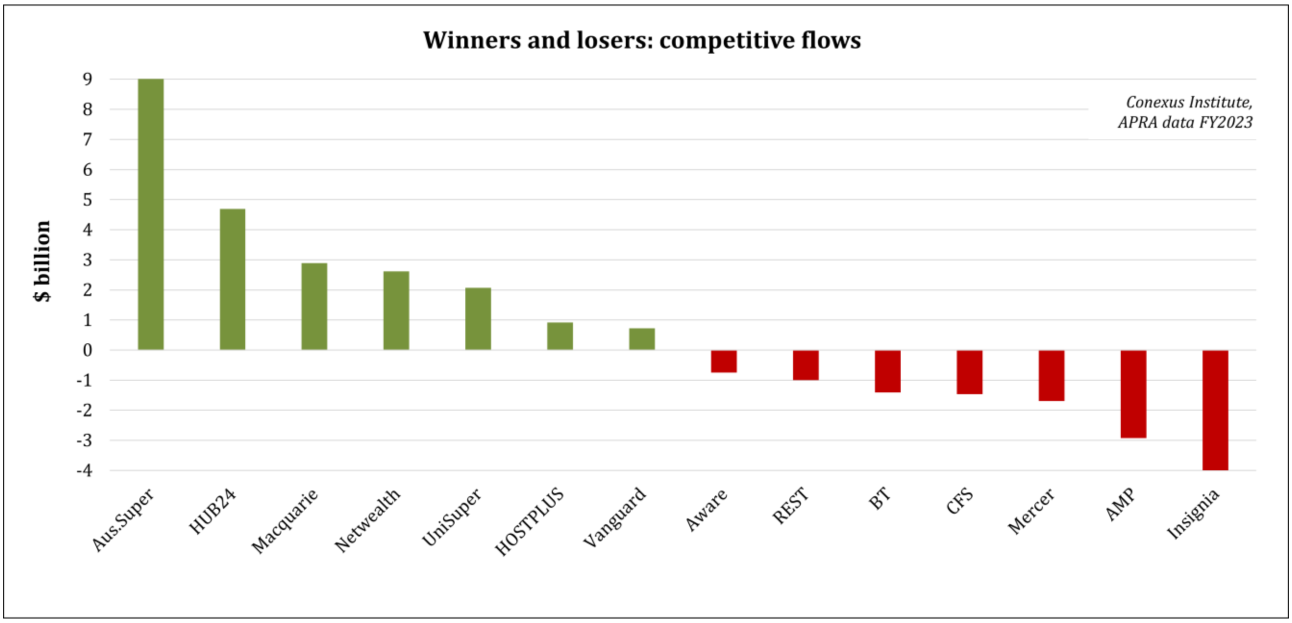

Chart 5.4: Largest natural inflows and outflows – APRA-regulated super funds

The competitive flows landscape is less stable than that for natural flows. Analysing the data we found some significant year-on-year changes in competitive flow positions:

- AustralianSuper's position in competitive flows, while still a strong leader, diminished significantly during FY2023, falling from $15.4 billion to $9 billion. When we look deeper, this is largely due to roll-ins. Simply put, a lot less people switched to AustralianSuper in FY2023;
- Large retail funds, while still losing in terms of competitive outflows, are seeing their losses abate. AMP (+$1.8 billion), BT (+$1.7 billion), and CFS (+$0.8 billion) all experienced significant year-on-year improvement.
- REST (+$0.6 billion) was another notable improver. Mercer's position deteriorated (-$0.7 billion) as did ART's (-$0.9 billion); although for both this may potentially relate to member activity during merger onboarding.

A final point of note on competitive flows is that we consider entity-level outcomes. Some groups, particularly large retail funds, offer multiple products, which may be internally acknowledged as "legacy" and "go-forward". Such offerings would naturally have different competitive flow expectations, but we do not have this insight.

There is a fair amount of churn relating to competitive flows. While net competitive flows for the full 65 fund sample summed to $5.7 billion in FY2023, this reflected the difference between $69.3 billion in inflows and $63.6 billion in outflows or around 3% of total assets. Of our top 50 sample, only 15 funds (30%) of funds experienced positive net competitive inflows, with the remainder experiencing outflows.

Net flows in FY2023

Net flows are an aggregate of natural flows and competitive flows. Total net flows for the top 50 fund sample in FY2023 summed to $54 billion. Chart 5.5 shows the funds that experienced absolute flows greater than $1 billion. Eleven funds received 115% of the industry flows, which means that, in aggregate, the rest of the industry is in net outflow. AustralianSuper alone received 37% of flows amounting to $19.8 billion (even though that is more than 20% less than the previous year). Again, the message emerges of concentration of flows into the hands of a modest number of funds. Meanwhile, outflows are focused in four large retail groups. As well as losses through competitive flows, their relatively high portion of pension accounts adversely impacts their natural flows.

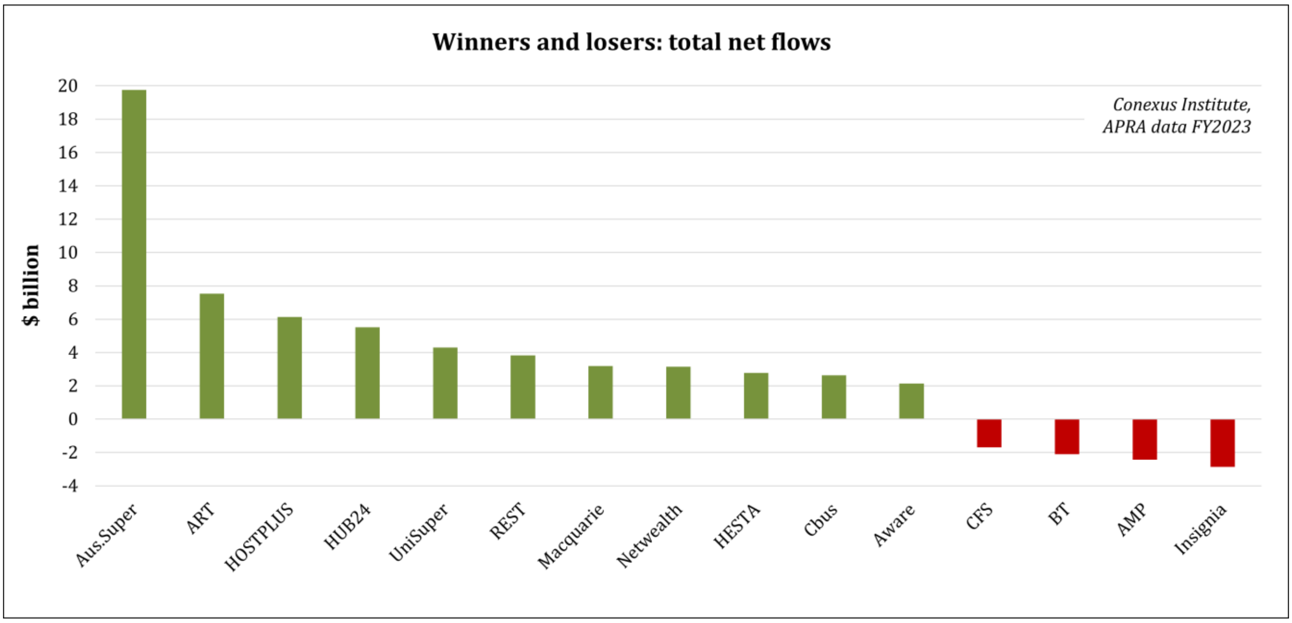

Chart 5.5: Largest net inflows and outflows – APRA-regulated super funds

We finish by considering overall flow-related growth rates through dividing net flows by net assets. Chart 5.6 plots funds with growth rates in excess of 5% measured by flows as a percentage of year-end assets. The fastest growers appear to be participating in a range of specific themes. The nine funds with the highest flow-related growth rates all focus their operational models on servicing the adviser community. Another theme relates to ESG and sustainability, with Australian Ethical and Future Super posting growth above 5%. Funds with the highest growth also tend to have low-mid sixed asset bases, which makes a higher percentage growth rate easier to achieve. In terms of large funds, AustralianSuper, HOSTPLUS and REST feature at the lower end of Chart 5.6. Each of these funds has a favourable demographic profile underpinning strong natural flows. AustralianSuper's dominant position in competitive flows has been discussed previously, while HOSTPLUS and REST benefit from attracting first member accounts as they enter the workforce via the hospitality and retail industries.

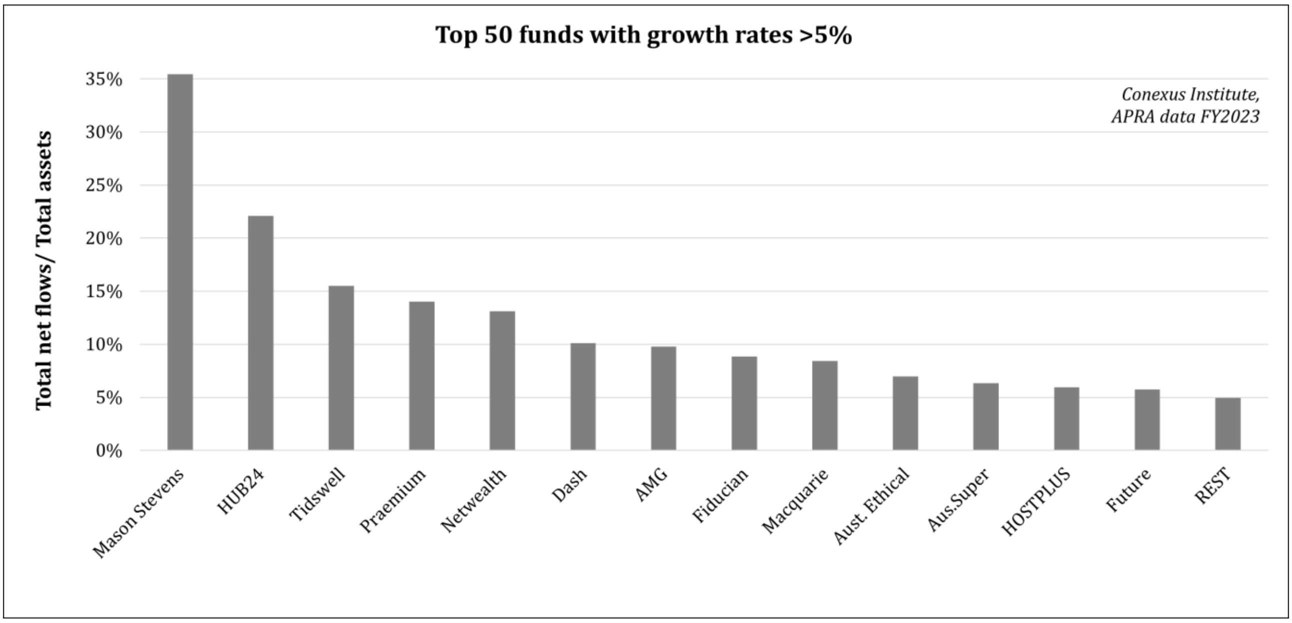

Chart 5.6: Fastest growing (by net inflow) APRA-regulated funds

6. The full landscape – assets and flows

Combining asset size and growth through net flows provides a much richer picture of the landscape. The cornerstone of our analysis is Chart 6.1, which maps growth through net flows over FY2023 against net assets, as calculated in the preceding two sections. You will notice two red lines. The vertical line represents the $30 billion scale figure initially espoused by APRA (although they later made mention of $50 billion as a marker). The horizontal line represents the 2.4% growth rate through net flows across the top 50 funds during FY2023 (noting that this number ignores investment returns). These two lines create a natural four-quadrant segmentation of the super fund industry that we explore in further detail.

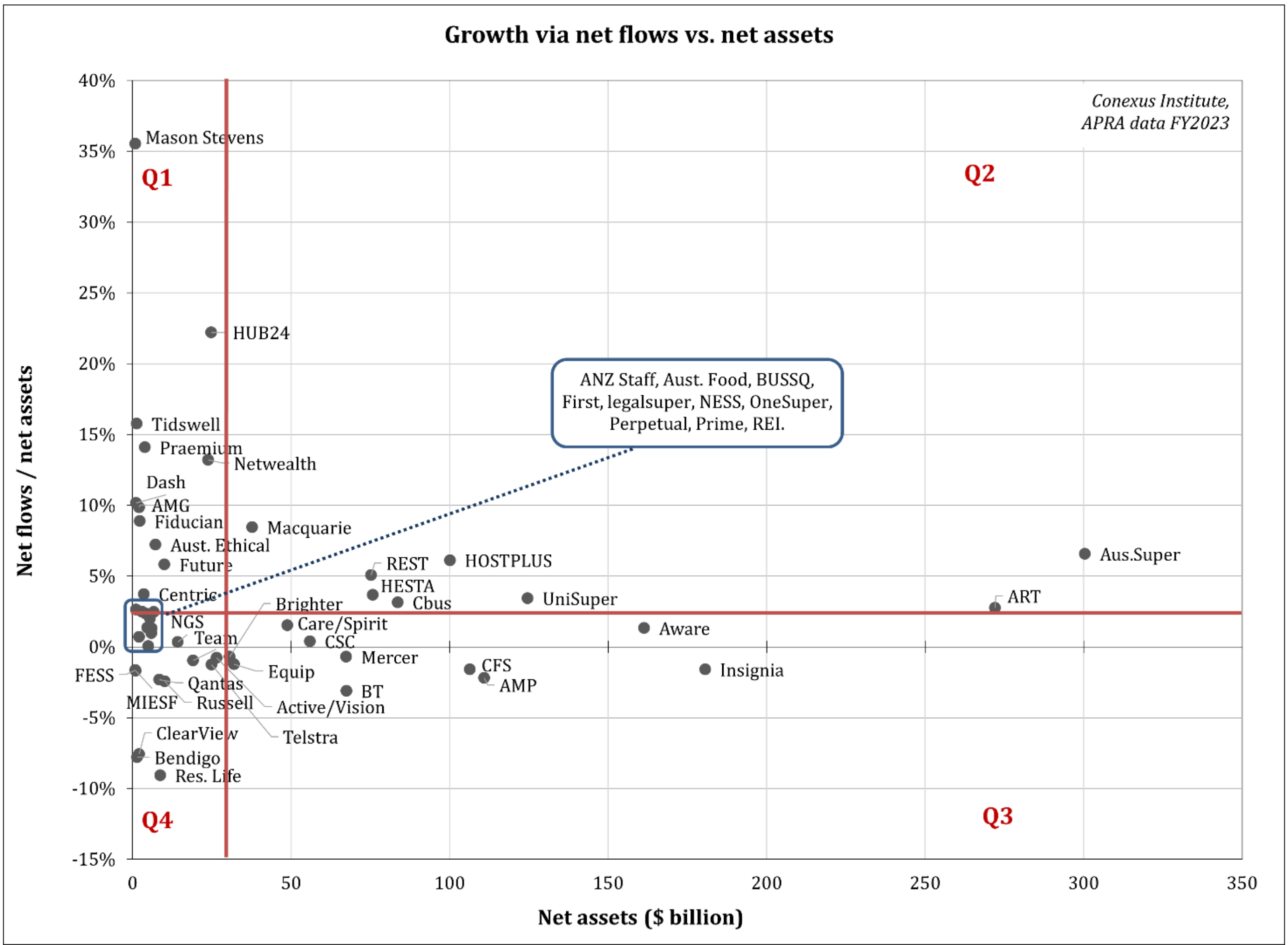

Chart 6.1: Growth via flows (one year, vertical axis) vs. net assets (horizontal axis) for APRA-regulated funds

Before we explore each quadrant, it is important to acknowledge that scale is a complex issue and the $30 billion marker is only notional. Indeed, research by the Conexus Institute (Do superannuation fund members benefit from large fund size?) argues that assets under management is not as important as implementing successfully given a fund's size. In that research, we intentionally avoided placing explicit numbers on the assets required for a fund to be efficient, or on how small was too small. For the purpose of discussion here, we will work from the presumption that scale is adequate above $30 billion in assets, but that funds with below $10 billion in assets may need to look more closely at their operations to ensure their position is justified. In doing so, we emphasise strongly that these are notional cut-offs.

Table 6.1 lists the Quadrant 1 funds with low scale but above-system flows. While below APRA's scale figure, HUB24 and Netwealth could reach the $30 billion mark quickly if they maintain their high growth rates. Apart from three more traditional industry funds with flows just above the system rates (Prime, AMIST and NESS), Quadrant 1 largely comprises funds that are successfully targeting the financial adviser market often supported by technologically advanced platform service offerings, or the sustainable investing thematic (specifically Australian Ethical and Future Super). Many funds within the former group also undertake other activities such as non-super product offerings that may assist with attaining scale for the overall business, within which superannuation is just one product in a broader line-up.

Quadrant 1 – Low scale and above-system flows

Fund	Net assets ($bn, June 2023)	FY2023 net flows / net assets June 2023
HUB24	24.8	22.2%
Netwealth	23.8	13.2%
Future Super	10.1	5.8%
Australian Ethical	7.2	7.2%
Prime Super	6.6	2.5%
Praemium	3.8	14.1%
Centric	3.5	3.7%
Australian Food Super	2.9	2.5%
Fiducian	2.3	8.9%
AMG Super	2.1	9.9%
Tidswell	1.4	15.8%
Dash	1.1	10.2%
NESS Super	1.1	2.7%
Mason Stevens	0.9	35.5%

Table 6.1: APRA-regulated funds defined as 'below scale' but fast growing

Table 6.2 lists funds in Quadrant 2 that have a strong competitive position, benefitting from the combination of good scale and above-system growth through flows. AustralianSuper, Macquarie and to a lesser extent HOSTPLUS and REST are standouts for having strong flows along with sizeable assets under management. It is a fascinating situation when the largest fund is also one of the fastest growers, benefitting from a strong natural flow position and a leading position in the marketplace for competitive flows. As discussed in Section 5, HOSTPLUS and REST appear to be benefiting from member demographics. Macquarie is similar to many of the funds in Quadrant 1 in that it appears to be performing strongly in the platform sector.

Quadrant 2 – Good scale and above-system flows

Fund	Net assets ($bn, June 2023)	FY2023 net flows / net assets June 2023
AustralianSuper	300.4	6.6%
Australian Retirement Trust	272.1	2.8%
UniSuper	124.7	3.4%
HOSTPLUS	100.1	6.1%
Cbus	83.7	3.1%
HESTA	75.8	3.7%
REST	75.3	5.1%
Macquarie	37.7	8.5%

Table 6.2: APRA-regulated funds defined as 'above scale' and fast growing

Table 6.3 lists Quadrant 3 funds with good scale but sub-system flows. Different stories emerge for large retail funds and large profit-for-member funds.

The five large retail funds (AMP, BT, CFS, Insignia and Mercer) headlined the competitive outflows discussed in Section 5 as they face multiple sources of competition from both smaller fast growing for-profit platform groups and profit-for-member funds. This translates into negative although not catastrophic growth rates, thus leaving their scale largely intact. For these funds, the challenge is how to stem the outflows and perhaps develop a growth strategy.

In the profit-for-member segment, there is a cohort of above-scale funds that are experiencing below system growth, including Active/Vision Super, Aware Super, Brighter Super, Care/Spirit Super and CSC. In all these cases, growth through flows is quite close to zero (-1.3% to +1.5% range) and hence is suggestive of a broadly stable competitive position rather than a major cause for concern.

Quadrant 3 – Good scale but sub-system flows

Fund	Net assets ($bn, June 2023)	FY2023 net flows / net assets June 2023
Insignia Financial	180.6	-1.6%
Aware Super	161.4	1.3%
AMP	111.0	-2.2%
Colonial First State	106.4	-1.6%
BT Super	67.4	-3.1%
Mercer	67.4	-0.7%
Commonwealth Super Corp.	56.0	0.4%
Care Super / Spirit Super	48.9	1.5%
Equip Super	32.0	-1.2%
Brighter Super	30.7	-0.7%

Table 6.3: APRA-regulated funds defined as 'above scale' but slow / negative growth

Table 6.4 lists the Quadrant 4 funds that are facing a combination of low scale and below-system growth from flows. Of the Quadrant 4 funds, the biggest challenge in terms of sustainability might be faced by small funds (below $10 billion in assets on our definition) that are also suffering outflows, which includes Bendigo Super (in the process of being acquired by Betashares), Clearview, Qantas Super, MIESF and Resolution Life. This group tends to be incurring the combination of both natural and competitive outflows, with the exception of MIESF that received modestly positive natural flows but competitive outflows. Within this group, Qantas Super has announced its intention to seek merger partners.

For some funds in Quadrant 4, the scale issue needs further reflection. While Telstra Super is receiving both natural and competitive outflows, but at $26 billion it arguably has reasonable scale. The ability to draw on scale benefits through being part of a broader business also needs to be considered. Funds where superannuation is one component with a larger product or service offering include Bendigo (and Betashares), OneSuper, Resolution Life and Russell Investments. Nevertheless, these groups might review what is required to ensure that they can build a sustainable superannuation offering.

Other funds in Quadrant 4 may be facing the question of whether they can succeed notwithstanding low scale, given that any scale issues are unlikely to be addressed in the presence of minimal growth through flows. Success under these circumstances may require the ability to offer members some unique service that they value. Funds listed in quartile 4 that have assets of less than $10 billion and growth through flows of 2% or less, yet are not providing other related services that my boost effective scale, include ANZ Staff Super, BUSSQ, legalsuper and REI Super.

Quadrant 4 – Low scale and sub-system flows

Fund	Net assets ($bn, June 2023)	FY2023 net flows / net assets June 2023
Active Super / Vision Super	26.6	-0.8%
Telstra Super	24.9	-1.2%
Team Super	19.1	-1.0%
NGS Super	14.2	0.3%
Russell	10.2	-2.4%
Resolution Life	8.7	-9.1%
Qantas Super	8.4	-2.3%
BUSSQ	6.1	1.3%
ANZ Staff Super	5.9	1.0%
legalsuper	5.5	2.0%
Perpetual Super	5.0	0.0%
OneSuper	4.6	1.4%
First Super	4.0	2.4%
ClearView Retirement Plan	2.1	-7.6%
REI Super	2.1	0.7%
Bendigo Super	1.5	-7.8%
MIESF	1.0	-1.7%
Fire & Emergency Services	0.9	-1.6%

Table 6.4: APRA-regulated funds defined as 'below scale' and slow / negative growth

Shifting across quadrants

Of the 50 funds featured in Chart 6.1, only a handful were in different quadrants a year ago: Brighter, Equip, Mercer, NESS Super, OneSuper and a merged Care / Spirit Super. Chart 6.2 plots these "quadrant shifters" along with a selection of funds that saw substantial moves over FY2023, or will do upon completion of mergers.

Of the funds shifting quadrants:

- The drop in OneSuper's growth rate took it from Quadrant 1 to Quadrant 4. Perhaps this was related to its integration of ING Super, which nearly quadrupled the size of the fund;
- NESS Super shifted in the opposite direction from Quadrant 4 to Quadrant 1 by managing to improve its growth rate enough to meet our threshold;
- Equip Super's asset growth just shifted them across the asset threshold of Quadrant 4 into Quadrant 3;
- Mercer's merger with parts of BT's super businesses were transformational, shifting from just inside Quadrant 4 to well into Quadrant 3;
- Brighter moved to Quadrant 3 after completing its acquisition of Suncorp's super operations; and
- Completion of the Care Super and Spirit Super merger would also be transformational (as would Mine Super and TWU Super to form Team Super, although to a lesser extent).

Two broad themes emerge from these case studies. First is how mergers can deliver an instant shift in scale and transform the business.

Second is that high growth rates generally subside over time, partly due to the denominator effect of a higher asset base, and potentially because competitors take notice and/or new innovations arrive.

Future Super is an interesting case study that combines both effects where multiple mergers (with Guild and Smart Future) added significant scale, but appear to have diluted its growth rate. It will be interesting to see whether HUB24 and Netwealth can maintain their high growth rates going forward.

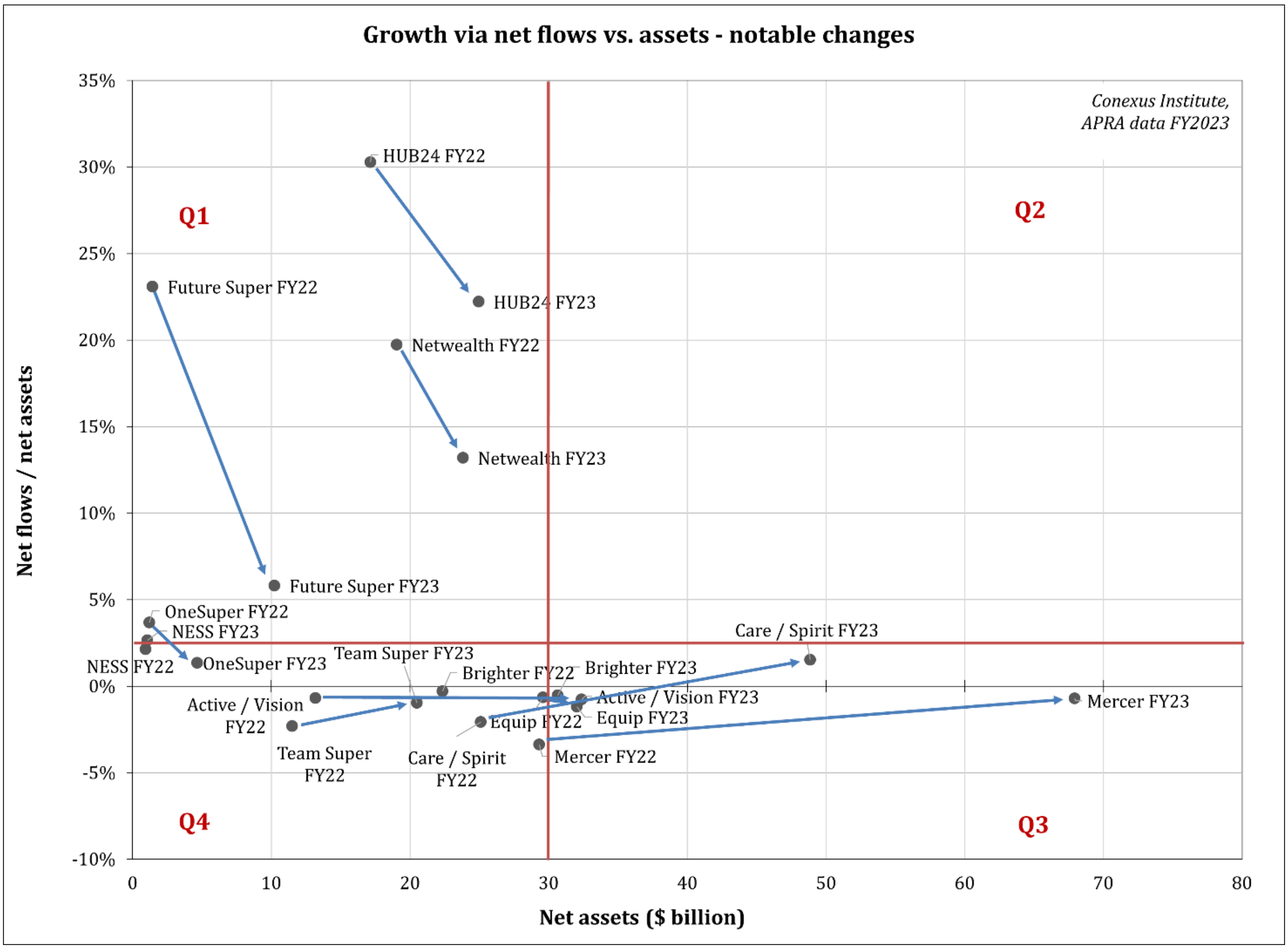

Chart 6.2: Growth via flows (one year, vertical axis) vs. net assets (horizontal axis) for APRA-regulated funds

The broad conclusion from the above analysis is that funds vary considerably in their competitive positions. Some funds are strongly placed to drive further success, while for others their combined scale and flows situation gives rise to uncertainty and may require some work.

7. The retirement landscape

We now put accumulation aside and focus on members in retirement, addressing the question of which are Australia's largest retirement funds. We use information about assets and accounts in the tax-free phase to identify members in retirement. This potentially understates the true number of retirees, some of whom may have yet to transition their assets across from accumulation to drawdown. The APRA data also contains a category of "accumulation and pension accounts" that we do not attempt to assign to the pension phase in any way. We also analyse data on benefit payments to members, which helps to corroborate our findings based on tax-free phase account data. Select pension-related data for individual funds appears in Appendix 5.

Our research requires some unique treatment of CSC, the long-standing provider of pensions for employees of the Commonwealth Government including through its defined benefit funds. There is a regulatory requirement to report defined benefit liabilities as assets, rendering the asset data incomparable. We thus exclude CSC from any retirement asset-based analysis.

Retirement accounts, assets and benefit payments

The top 50 funds by assets collectively had 1.45 million pension accounts summing to $386 billion (excluding CSC) at June 2023. These pension accounts constitute just 6.6% of total accounts by number but 17.7% by value. Pension accounts are thus relatively large in value, averaging around $308,000 versus $88,000 for accumulation accounts across the top 50 funds.

Chart 7.1 shows the top 10 funds by number of retirement accounts. This group collectively amounts to 80% of the pension accounts of the top 50 funds. The most notable change compared with last year is the rise of Insignia to the position of largest provider of retirement accounts.

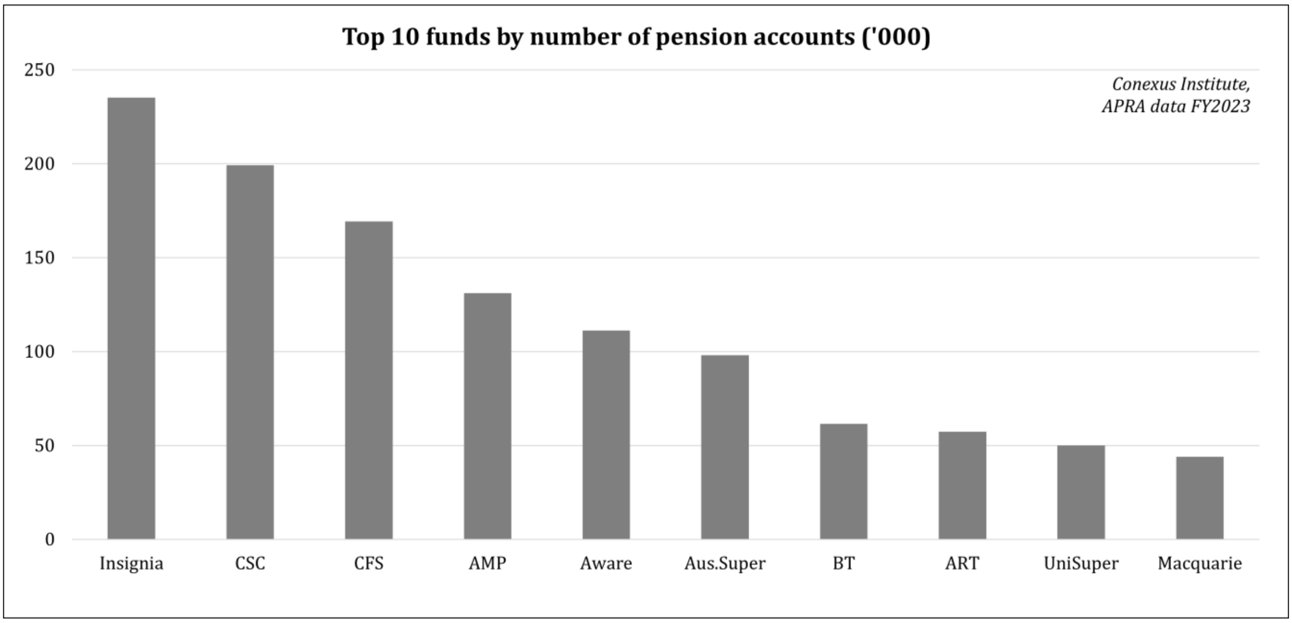

Chart 7.1: APRA-regulated funds with largest number of accounts in tax-free phase

Chart 7.2 lists the top 10 funds by value of pension accounts excluding CSC. While the ordering moves around relative to number of pension accounts, the names are the same except for the addition of Netwealth. Six funds have retirement assets between $25 billion and $50 billion (seven including CSC). If these retirement assets were treated as separate funds, each would be in the ballpark of APRA's indicated $30 billion to $50 billion scale figures.

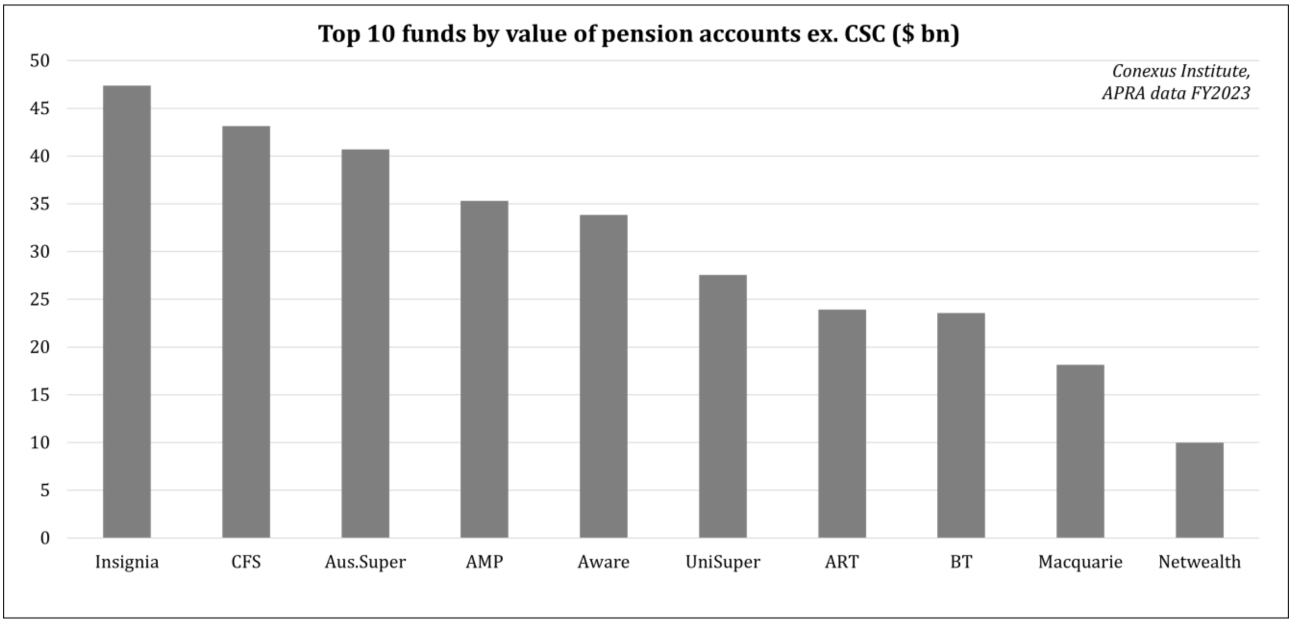

Chart 7.2: APRA-regulated funds with most assets in tax-free phase (excluding CSC)

Over $34.2 billion in pension payments were made by the top 50 APRA-regulated funds during FY2023. The top 10 funds accounted for 81% of these payments, and are plotted in Chart 7.3. The position of CSC as Australia's largest pension fund is clearly evident, with this fund alone accounting for 27% of the benefit payments made by the top 50 funds by assets.

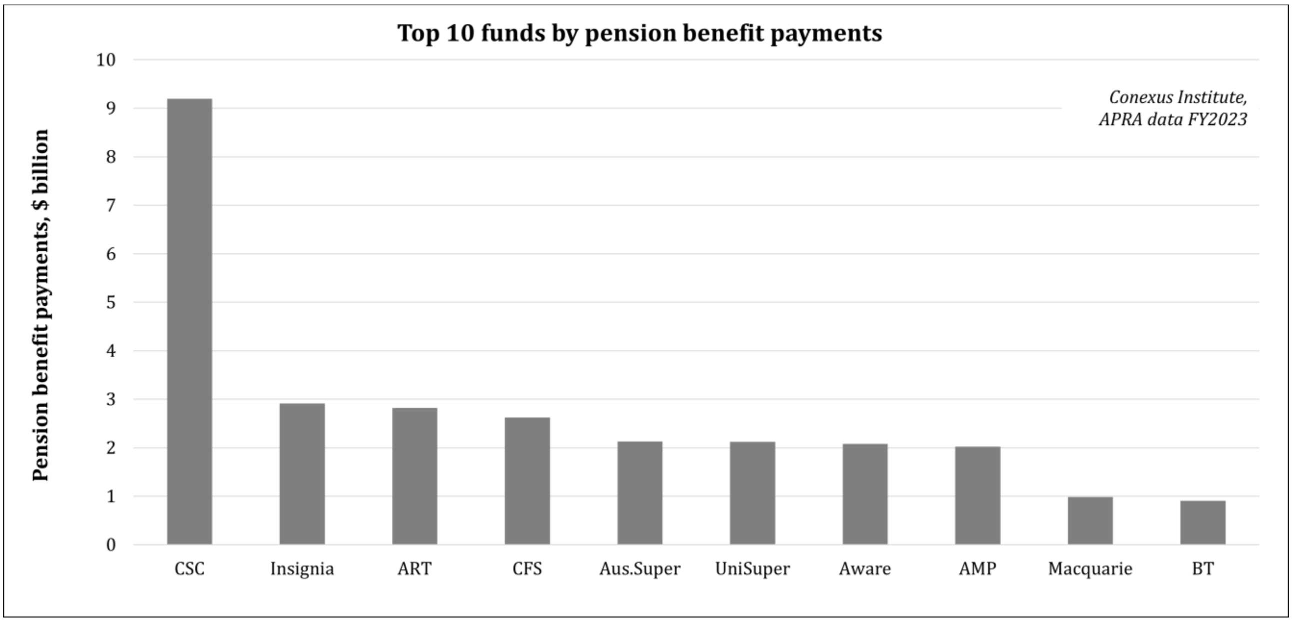

Chart 7.3: APRA-regulated funds with largest amount of retirement benefit payments

Variation in exposure to retirement and fund operating models

Chart 7.4 depicts the dispersion across funds in exposure to retirement based on percentage of assets in pension accounts. The range is stark, spanning from 1.4% for Tidswell to 68.6% for Centric (once again we have had to exclude CSC). However, the median is only 11.5% (and 3.6% by account numbers). This indicates that there are many funds which have quite low exposure to retirement in their membership mix.

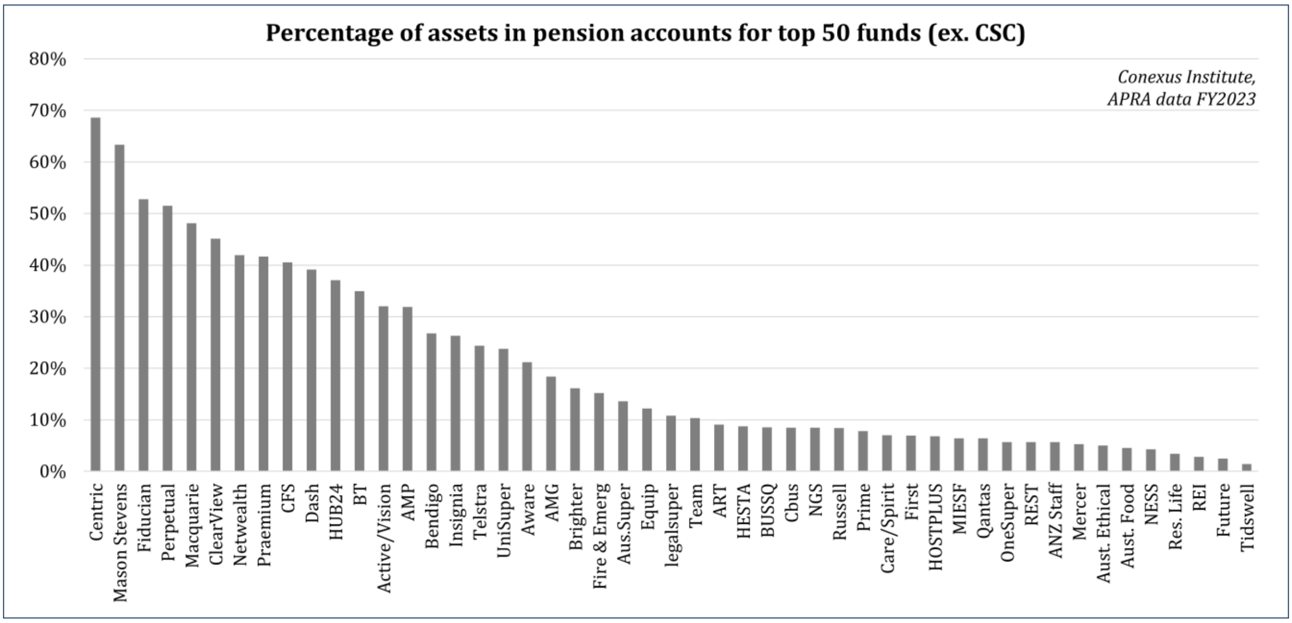

Chart 7.4: APRA-regulated funds with largest proportion of pension assets

The observation that over 50% of funds have less than 11.5% of assets and 3.6% of accounts in the retirement phase has consequences for meeting obligations under the Retirement Income Covenant, which requires fund trustees to develop retirement income strategies. The business case for developing retirement income strategies may be challenging for many APRA-regulated funds – at least until the superannuation system matures further. The business case aspect is critical, and invariably involves a degree of cross-subsidisation where fees charged to accumulation members support development of retirement offerings. Funds with a smaller proportion of pension assets will have weaker business incentives to direct substantial resources towards developing retirement income strategies, and may find the cross-subsidisation challenge more confronting. Following this logic, funds with a high proportion of pension assets may be better placed to establish a leadership position in the retirement market, in particular larger funds that can bring substantial resources to bear in developing retirement income strategies.

8. Membership demographics

This section is reserved for an analysis of membership demographics, particularly age and gender. Throughout this booklet we make multiple references to membership demographics. Membership demographics are relevant to fund size, flows, account balance dynamics, engagement model, and retirement income strategy.

APRA didn't include demographic data in this year's annual data release. APRA plans to provide more detailed demographic information later this year.

Our expectation is that, in the absence of mergers, fund demographics move slowly. Given this we include last year's analysis of membership demographics in Appendix 6.

9. Sector business models

In this final section, we use the APRA fund-level data to explore some of the key differences across fund sectors, paying particular attention to the differing business models of the profit-for-member and for-profit retail sectors. The key point of distinction is not the profit motive per se. Rather, it relates to pedigree. Profit-for-member funds evolved out of servicing particular groups of members arranged around employment relationships, and are defined by APRA to include industry, public sector and corporate funds. Retail funds largely operate as platforms designed to support the financial adviser community, although were also traditionally involved in facilitating superannuation fund outsourcing, most notably for corporates. We are not certain that 'retail fund' best describes the scope of their activities, but this is the categorisation used by APRA.

Varying pedigrees have led to substantial differences in how the sectors operate, which we outline below. Table 9.1 uses the APRA fund-level data to illustrate the implications. We acknowledge that with many funds now being public offer that the categorisation of some funds is blurred, especially as funds evolve away from their origins over time. Further distinction could be achieved by separating retail funds based on whether they are licenced to provide MySuper products.

Sector	Industry funds	Public sector funds	Corporate funds	Profit-for-member total	Retail funds	Variation vs. profit-for-member	Total sample
Number	19	5	3	27	23		50
Total assets ($bn)	1,214	294	41	1,549	686		2,235
- % of total assets	54%	13%	2%	69%	31%		100%
Total accounts ('000)	13.5	2.3	0.1	15.9	6.2		22.1
- % of total accounts	61%	10%	1%	72%	28%		100%
Asset-weighted averages:							
Member type:							
Avg. account balance ($'000)	103	202	266	126	161	28%	166
% assets in MySuper default	59%	39%	30%	54%	20%	-34%	37%
% assets in pension accounts	11%	27%	18%	14%	30%	15%	21%
Pension benefits / assets	0.7%	4.0%	0.5%	1.3%	1.6%	0.3%	2.2%
Expenses as % assets:							
Advertising & marketing	0.014%	0.009%	0.003%	0.013%	0.000%	-0.013%	0.007%
Advice	0.01%	0.02%	0.03%	0.01%	0.25%	0.24%	0.09%
Investment options:							
Median no. of options (FY22)*	19	15	9	14	313	-299	100
Asset weights:							
Cash and fixed income	28.0%	26.5%	31.7%	27.8%	30.0%	2.1%	28.5%
Equities	51.4%	55.3%	48.7%	52.1%	57.4%	5.3%	53.0%
Alternatives	20.5%	18.2%	19.6%	20.1%	12.6%	-7.4%	18.5%
comprising:							
Property	7.8%	8.1%	10.4%	7.9%	6.2%	-1.7%	7.9%
Infrastructure	11.3%	8.1%	5.5%	10.5%	3.7%	-6.8%	8.3%
Other	1.5%	2.0%	3.8%	1.6%	2.8%	1.2%	2.3%

* Reflects the median for all funds reporting the number of investment options in FY2022

Table 9.1: Selected statistics comparing fund sectors within top 50 APRA-regulated funds

- **Member type** – Table 9.1 shows that, in comparison to retail funds, profit-for-member funds have lower average balances ($126,000 versus $161,000), and their members are more likely to be invested in the MySuper default (54% versus 20%), and are less likely to be in the pension phase (14% versus 30%). Closer examination reveals that these differences are driven by the industry fund sector, which managed 78% of the assets in the profit-for-member sector (i.e. 54% out of 69%) in FY2023. Public sector and corporate funds members have higher average balances than the retail funds, while there is less difference on the other statistics. The distinctions between industry funds and retail funds make perfect sense from the perspective of differing distribution models, which we discuss next.

- **Distribution models** – The main distribution channels for super funds are direct-to-consumer (self-choice), financial adviser-directed, and via employment relationship which includes industry awards and corporate superannuation arrangements. While both profit-for-member and retails funds participate in all these channels, there are some tendencies that make channels more important in certain sectors. Profit-for-member funds tend to distribute direct to their members often through an employment relationship; although some are involved in corporate super tenders and engage with advisers. Nearly all retail funds distribute through advisers, most (but not all) have a direct-to-consumer offering, and. Some compete in the corporate super sector.

  The higher average balances and greater portion in retirement accounts for retail funds thus aligns with the fact that their members are more likely to have a financial adviser, and be later in their lifecycle when they have higher balances and are thinking about retirement. The lower percentage of retail funds in MySuper defaults is largely explained by higher exposure to the adviser and self-directed channels where tailored investment strategies are often being created[2].

  The differing weightings to various distribution models are reflected in the two expense items listed in Table 9.1. Advertising and marketing expenses for FY2023 as a percentage of year-end assets are reported for profit-for-member funds at 0.013%, while retail funds record no such expense largely because these costs are generally incurred by the shareholder sponsor. Meanwhile, expenditure on advice as a percentage of assets is 0.25% for retail funds but only 0.01% for profit-for-member funds. The advice expense recorded in APRA accounts reflects a decision by the member to pay advice fees out of their account. We note that more detailed advertising and marketing expense data will be released in the future by APRA.

- **Investment options** – While an over-simplification, profit-for-member funds tend to manage their assets more in the vein of a single portfolio delivered to members in varying combinations, e.g. as pre-mixed options at different growth versus defensive weights, or as individual asset class options sitting alongside the central portfolio that provides the 'banker' option. This structure is accommodated by higher portions invested in the default fund and lower member switching activity.

  Meanwhile, retail funds are structured to offer a large range of products on a platform to facilitate members and their financial advisers in building their own portfolios, meanwhile constructing their superannuation funds by combining these products. These two different models are reflected in the number of investment options being offered. As APRA did not report the number of investment options for FY2023, we examined the data for FY2022. Table 9.1 reports the median number of investment options, which sits at 14 across the profit-for-member sector versus 313 across the retail sector. The difference is stark!

- **Investment strategy** – Another notable distinction is the greater use of alternative assets (i.e. non-equity and fixed income) within the profit-for-member sector. Underpinning this difference is a greater propensity for profit-for-member funds to use unlisted assets. Table 9.1 reports weights in alternatives of 20.1% for profit-for-member funds and 12.6% for retail funds, amounting to a difference of over 7%. However, this likely understates the difference in weights to unlisted alternatives, with retail funds tending to use listed versions for their exposure to 'alternative' assets, e.g. REITs in property.

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[2] Exposure to corporate super would be working to dilute these effects as corporate super arrangements generally results in significant uptake of MySuper options.

Again, pedigree and differing business models are the root cause. Profit-for-member funds historically provided less frequent unit prices and managed assets almost like a unified pool. Meanwhile, retail funds, due to operating a model that facilitates tailoring and switching need to place a greater focus on liquidity and unit pricing equity, in part because funding is less secure. Another consideration is closing an option that amounts to a standalone investment in an illiquid asset type can become quite problematic if that falls out of favour.

- **Ability to use collective charging** – We finish with an important observation that does not relate to the APRA data, but directly connects to differences in the profit-for-member and retail sector business models. The fact that the retail sector is servicing many members who pay for financial advice challenges their ability to incur the collective expense of intra-fund advice services. Arguably, collective charging for intra-fund advice gives rise to less issues around cross-subsidisation and member equity in the profit-for-member sector where far fewer members are paying for advice. This issue has heightened relevance as the Government considers how superannuation funds can expand their retirement advice services under the Delivering Better Financial Outcomes package.

10. Appendices

Appendix 1: Consolidation of funds within APRA data

Our Name	Fund name	Fund's RSE licensee	Mergers
Active Super / Vision Super	Local Government Super	LGSS Pty Limited	Merger
	Local Authorities Superannuation Fund	Vision Super Pty Ltd	
AMP Super	AMP Super Fund	N. M. Superannuation Proprietary Limited	
	Wealth Personal Superannuation and Pension Fund	N. M. Superannuation Proprietary Limited	
Australian Retirement Trust	Australian Retirement Trust	Australian Retirement Trust Pty Ltd	
	Alcoa of Australia Retirement Plan	Alcoa of Australia Retirement Plan Pty Ltd	Merger
	Commonwealth Bank Group Super	Commonwealth Bank Officers Superannuation Corporation	Merger
	AvSuper Fund	AvSuper Pty Ltd	Merger
BT Super	ASGARD Independence Plan Division Two	BT Funds Management Limited	
	Lifefocus Superannuation Fund	CCSL Limited	
	Personal Choice Private Fund	CCSL Limited	
Centric Super	Centric Super Fund	Equity Trustees Superannuation Limited	
	Encircle Superannuation Fund	Avanteos Investments Limited	Merger
Colonial First State	Avanteos Superannuation Trust	Avanteos Investments Limited	
	Colonial First State FirstChoice Superannuation Trust	Avanteos Investments Limited	
	Essential Super	Avanteos Investments Limited	
	Star Portfolio Superannuation Fund	Avanteos Investments Limited	
	Symetry Personal Retirement Fund	Avanteos Investments Limited	
	Ultimate Superannuation Fund	Avanteos Investments Limited	
Commonwealth Super Corporation	Australian Defence Force Superannuation Scheme	Commonwealth Superannuation Corporation	
	CSS Fund	Commonwealth Superannuation Corporation	
	Military Superannuation & Benefits Fund No 1	Commonwealth Superannuation Corporation	
	Public Sector Superannuation Accumulation Plan	Commonwealth Superannuation Corporation	
	Public Sector Superannuation Scheme	Commonwealth Superannuation Corporation	
Future Super	Future Super Fund	Diversa Trustees Limited	
	Guild Retirement Fund	Guild Trustee Services Pty. Limited	Merger
	Smart Future Trust	Equity Trustees Superannuation Limited	Merger
HUB24 Super	HUB24 Super Fund	HTFS Nominees Pty Ltd	
	DIY Master Plan	Diversa Trustees Limited	Merger

Insignia Financial	DPM Retirement Service	Nulis Nominees (Australia) Limited	
	IOOF Portfolio Service Superannuation Fund	I.O.O.F. Investment Management Limited	
	MLC Super Fund	Nulis Nominees (Australia) Limited	
	MLC Superannuation Fund	Nulis Nominees (Australia) Limited	
	Retirement Portfolio Service	OnePath Custodians Pty Limited	
	Premiumchoice Retirement Service	Nulis Nominees (Australia) Limited	
	Oasis Superannuation Master Trust	Oasis Fund Management Limited	
	AvWrap Retirement Service	I.O.O.F. Investment Management Limited	Merger
HOSTPLUS	HOSTPLUS Superannuation Fund	Host-Plus Pty. Limited	
	Maritime Super	Maritime Super Pty Limited	Merger
Mercer Super	Mercer Portfolio Service Superannuation Plan	Mercer Superannuation (Australia) Limited	
	Mercer Super Trust	Mercer Superannuation (Australia) Limited	
OneSuper	OneSuper	Diversa Trustees Limited	
	ING Superannuation Fund	Diversa Trustees Limited	Merger
Perpetual Super	Perpetual Super Wrap	Perpetual Superannuation Limited	
	Perpetual WealthFocus Superannuation Fund	Perpetual Superannuation Limited	
	Perpetual's Select Superannuation Fund	Perpetual Superannuation Limited	
Resolution Life	National Mutual Retirement Fund	Equity Trustees Superannuation Limited	
	Super Retirement Fund	Equity Trustees Superannuation Limited	
	SuperTrace Superannuation Fund	Equity Trustees Superannuation Limited	
Russell Investments Master Trust	Russell Investments Master Trust	Total Risk Management Pty Limited	
	Linfox Staff Superannuation Fund	Towers Watson Superannuation Pty Ltd	Merger
Care Super / Spirit Super	Care Super	CARE Super Pty Ltd	Merger
	Spirit Super	Motor Trades Association of Australia Superannuation Fund	
Team Super	Mine Superannuation Fund	AUSCOAL Superannuation Pty Ltd	Merger
	TWU Superannuation Fund	T W U Nominees Pty Ltd	
TERMINATED			
WTW	The Towers Watson Superannuation Fund	Wycomp Pty. Limited	
	Heidelberg Australia Superannuation Fund	Towers Watson Superannuation Pty Ltd	

Appendix 2: Statistics - top 50 APRA funds ranked by assets

Group	Rank	Fund	Net assets ($bn)	Member accounts ('000)	Average account balance ($'000)	Total net flows ($bn)	% pension accounts by value
Mega	1	AustralianSuper	300.4	3,255	92	19.75	14%
	2	Australian Retirement Trust	272.1	2,410	114	7.52	9%
Very large	3	Insignia Financial	180.6	1,863	129	-2.87	26%
	4	Aware Super	161.4	1,195	134	2.14	21%
	5	UniSuper	124.7	649	178	4.29	24%
	6	AMP Super	111.0	942	148	-2.44	32%
	7	Colonial First State	106.4	813	157	-1.69	41%
	8	HOSTPLUS	100.1	1,781	66	6.13	7%
Large	9	Cbus Super	83.7	917	91	2.63	9%
	10	HESTA	75.8	1,027	73	2.78	9%
	11	REST	75.3	2,023	37	3.83	6%
	12	BT Super	67.4	284	239	-2.10	35%
	13	Mercer Super	67.4	848	84	-0.47	5%
	14	Commonwealth Super Corp	56.0	690	487	0.22	50%
Mid-large	15	Care Super / Spirit Super	48.9	571	86	0.75	7%
	16	Macquarie Super Plan	37.7	126	299	3.19	48%
	17	Equip Super	32.0	149	209	-0.39	12%
	18	Brighter Super	30.7	250	120	-0.22	16%
	19	Active Super / Vision Super	26.6	173	150	-0.20	32%
	20	Telstra Super	24.9	93	266	-0.31	24%
Small-mid	21	HUB24 Super	24.8	121	206	5.52	37%
	22	Netwealth	23.8	89	269	3.14	42%
	23	Team Super	19.1	155	163	-0.18	10%
	24	NGS Super	14.2	114	123	0.05	8%
	25	Russell Investments (ex. Linfox)	10.2	88	114	-0.25	8%
	26	Future Super	10.1	373	27	0.59	2%
Small	27	Resolution Life	8.7	220	45	-0.79	3%
	28	Qantas Super	8.4	26	313	-0.19	6%
	29	Australian Ethical Super	7.2	123	58	0.52	5%
	30	Prime Super	6.6	145	46	0.16	8%
	31	BUSSQ	6.1	72	84	0.08	9%
	32	ANZ Staff Super	5.9	30	195	0.06	6%
	33	legalsuper	5.5	42	130	0.11	11%
	34	Perpetual Super	5.0	17	482	0.00	52%
	35	OneSuper	4.6	111	52	0.06	6%
	36	First Super	4.0	59	67	0.10	7%
	37	Praemium Super	3.8	14	279	0.54	42%
	38	Centric Super	3.5	9	394	0.13	69%
	39	Australian Food Super	2.9	66	44	0.07	5%
	40	Fiducian Super	2.3	8	270	0.20	53%
	41	AMG Super	2.1	25	84	0.21	18%
	42	ClearView Retirement Plan	2.1	13	165	-0.16	45%
	43	REI Super	2.1	23	88	0.01	3%
	44	Bendigo	1.5	19	77	-0.11	27%
	45	Tidswell Super	1.4	84	16	0.21	1%
	46	Dash	1.1	3.7	287	0.11	39%
	47	NESS Super	1.1	13	84	0.03	4%
	48	MIESF	1.0	17	60	-0.02	6%
Very small	49	Fire & Emergency Services Super	0.9	2.5	309	-0.01	15%
	50	Mason Stevens Super	0.9	2.7	325	0.31	63%
	50	**TOTAL SAMPLE**	**2,174**	**22,145**	**117**	**53.1**	**22.2%**
		Average of top 50 funds	43.5	442.9	160	1.06	20.7%
		Median for top 50 funds	10.1	117.6	126	0.09	11.5%

Appendix 3: Statistics - top 50 APRA funds ranked by accounts

Rank	Fund	Member accounts ('000)	Average account balance ($'000)	Accumulation accounts ('000)	Pension accounts ('000)	% Pension accounts	Net assets ($bn)
1	AustralianSuper	3,255	92	3,157	98	3.0%	300.4
2	Australian Retirement Trust	2,410	114	2,318	57	2.4%	272.1
3	REST	2,023	37	2,006	17	0.8%	75.3
4	Insignia Financial	1,863	129	1,542	235	12.6%	180.6
5	HOSTPLUS	1,781	66	1,759	20	1.1%	100.1
6	Aware Super	1,195	134	1,083	111	9.3%	161.4
7	HESTA	1,027	73	1,002	25	2.4%	75.8
8	AMP Super	942	148	811	131	13.9%	111.0
9	Cbus Super	917	91	896	21	2.2%	83.7
10	Mercer Super	848	84	823	21	2.5%	67.4
11	Colonial First State	813	157	644	169	20.8%	106.4
12	Commonwealth Super Corp	690	487	491	199	28.9%	56.0
13	UniSuper	649	178	599	50	7.7%	124.7
14	Care Super / Spirit Super	571	86	554	12	2.1%	48.9
15	Future Super	373	27	372	1	0.2%	10.2
16	BT Super	284	239	223	62	21.7%	67.4
17	Brighter Super	250	120	232	19	7.4%	37.7
18	Resolution Life	220	45	214	6	2.8%	8.4
19	Active Super / Vision Super	173	150	140	33	19.1%	26.6
20	Team Super	155	163	144	7	4.3%	19.1
21	Equip Super	149	209	132	8	5.6%	30.7
22	Prime Super	145	46	143	2	1.2%	6.6
23	Macquarie Super Plan	126	299	82	44	34.9%	32.0
24	Australian Ethical Super	123	58	121	1	1.1%	7.2
25	HUB24 Super	121	206	91	23	18.8%	24.8
26	NGS Super	114	123	106	3	2.8%	14.2
27	OneSuper	111	52	110	1	0.9%	4.6
28	Telstra Super	93	266	79	13	14.3%	24.9
29	Netwealth	89	269	65	24	26.8%	23.8
30	Russell Investments (ex. Linfox)	88	114	86	2	2.2%	10.1
31	Tidswell Super	84	16	83	0	0.1%	1.4
32	BUSSQ	72	84	70	2	2.8%	6.1
33	Australian Food Super	66	44	65	1	1.0%	2.9
34	First Super	59	67	58	1	2.3%	4.0
35	legalsuper	42	130	40	1	3.4%	5.5
36	ANZ Staff Super	30	195	29	1	2.5%	5.9
37	Qantas Super	26	313	24	1	3.7%	8.7
38	AMG Super	25	84	23	1	3.6%	2.1
39	REI Super	23	88	22	0	1.1%	2.1
40	Bendigo	19	77	17	2	11.1%	1.5
41	Perpetual Super	17	482	12	5	29.6%	5.0
42	MIESF	17	60	16	0	1.9%	1.0
43	Praemium Super	14	279	10	4	28.3%	3.8
44	NESS Super	13	84	12	0	1.3%	1.1
45	ClearView Retirement Plan	13	165	7	5	38.8%	2.1
46	Centric Super	9.0	394	3	6	64.6%	3.5
47	Fiducian Super	8.3	270	4	4	48.3%	2.3
48	Dash	3.7	287	3	1	27.9%	1.1
49	Mason Stevens Super	2.7	325	1	1	52.3%	0.9
50	Fire & Emergency Services Super	2.5	309	2	0	12.0%	0.9
	TOTAL SAMPLE	**22,145**	**117**	**20,530**	**1,452**	**6.6%**	**2,174**
	Average of top 50 funds	442.9	160	411	29	12.2%	43.5
	Median for top 50 funds	117.6	126	98	5	3.6%	10.1

Appendix 4: Statistics – top 50 APRA funds ranked by net flows

Rank	Fund	Total net flows ($m)	Natural flows ($m)	Competitive flows ($m)	Net assets ($bn)	Total flows / closing net assets
1	AustralianSuper	19,750	10,731	9,020	300.4	6.6%
2	Australian Retirement Trust	7,520	7,685	-166	272.1	2.8%
3	HOSTPLUS	6,130	5,216	914	100.1	6.1%
4	HUB24 Super	5,518	823	4,695	24.8	22.2%
5	UniSuper	4,290	2,222	2,068	124.7	3.4%
6	REST	3,830	4,833	-1,003	75.3	5.1%
7	Macquarie Super Plan	3,190	306	2,884	37.7	8.5%
8	Netwealth	3,145	524	2,620	23.8	13.2%
9	HESTA	2,783	2,999	-216	75.8	3.7%
10	Cbus Super	2,635	2,751	-117	83.7	3.1%
11	Aware Super	2,139	2,881	-742	161.4	1.3%
12	Care Super / Spirit Super	745	1,300	-555	48.9	1.5%
13	Future Super	586	568	19	10.1	5.8%
14	Praemium Super	542	89	452	3.8	14.1%
15	Australian Ethical Super	522	413	109	7.2	7.2%
16	Mason Stevens Super	309	37	272	0.9	35.5%
17	Commonwealth Super Corp	224	519	-295	56.0	0.4%
18	Tidswell Super	214	233	-20	1.4	15.8%
19	AMG Super	206	78	128	2.1	9.9%
20	Fiducian Super	200	3	198	2.3	8.9%
21	Prime Super	165	248	-83	6.6	2.5%
22	Centric Super	132	-49	181	3.5	3.7%
23	legalsuper	110	167	-57	5.5	2.0%
24	Dash	109	14	95	1.1	10.2%
25	First Super	95	100	-5	4.0	2.4%
26	BUSSQ	80	158	-78	6.1	1.3%
27	AMIST (Australian Food Super)	72	116	-45	2.9	2.5%
28	OneSuper	62	200	-138	4.6	1.4%
29	ANZ Staff Super	57	162	-105	5.9	1.0%
30	NGS Super	48	272	-224	14.2	0.3%
31	NESS Super	28	49	-20	1.1	2.7%
32	REI Super	15	67	-52	2.1	0.7%
33	Perpetual Super	2	-70	73	5.0	0.0%
34	Fire & Emergency Services Super	-15	-4	-11	0.9	-1.6%
35	MIESF	-17	9	-25	1.0	-1.7%
36	Bendigo	-114	-35	-79	1.5	-7.8%
37	ClearView Retirement Plan	-157	-80	-77	2.1	-7.6%
38	Team Super	-182	183	-365	19.1	-1.0%
39	Qantas Super	-194	-1	-193	8.4	-2.3%
40	Active Super / Vision Super	-204	-9	-195	26.6	-0.8%
41	Brighter Super	-215	253	-468	30.7	-0.7%
42	Russell Investments (ex. Linfox)	-247	180	-427	10.2	-2.4%
43	Telstra Super	-311	-115	-196	24.9	-1.2%
44	Equip Super	-389	174	-563	32.0	-1.2%
45	Mercer Super	-471	1,220	-1,691	67.4	-0.7%
46	Resolution Life	-790	-241	-549	8.7	-9.1%
47	Colonial First State	-1,690	-219	-1,471	106.4	-1.6%
48	BT Super	-2,095	-681	-1,414	67.4	-3.1%
49	AMP Super	-2,437	491	-2,928	111.0	-2.2%
50	Insignia Financial	-2,871	1,122	-3,992	180.6	-1.6%
	TOTAL SAMPLE	**53,053**	**47,892**	**5,161**	**2,174**	**2.4%**
	Average of top 50 funds	1061	958	103	43.5	3.2%
	Median for top 50 funds	88	177	-78	10.1	1.4%

Appendix 5: Statistics - top 50 APRA funds by pension accounts

Rank	Fund	Pension accounts ('000)	Pension accounts ($m)	% pension accounts by number	% pension accounts by value	Pension benefit payments ($m)
1	Insignia Financial	235	47,360	12.6%	26.3%	2,917
2	Commonwealth Super Corp	199	140,405	28.9%	50.4%	9,197
3	Colonial First State	169	43,122	20.8%	40.5%	2,622
4	AMP Super	131	35,314	13.9%	31.9%	2,022
5	Aware Super	111	33,834	9.3%	21.2%	2,076
6	AustralianSuper	98	40,694	3.0%	13.6%	2,128
7	BT Super	62	23,576	21.7%	35.0%	905
8	Australian Retirement Trust	57	23,908	2.4%	9.1%	2,820
9	Unisuper	50	27,562	7.7%	23.8%	2,122
10	Macquarie Super Plan	44	18,132	34.9%	48.1%	982
11	Active Super / Vision Super	33	8,348	19.1%	32.0%	451
12	HESTA	25	6,573	2.4%	8.7%	467
13	Netwealth	24	9,986	26.8%	41.9%	564
14	HUB24 Super	23	9,190	18.8%	37.0%	594
15	Mercer Super	21	3,509	2.5%	5.2%	297
16	Cbus Super	21	7,076	2.2%	8.5%	386
17	HOSTPLUS	20	6,783	1.1%	6.8%	449
18	Brighter Super	19	4,832	7.4%	16.1%	409
19	REST	17	4,255	0.8%	5.7%	282
20	Telstra Super	13	6,015	14.3%	24.3%	334
21	Care Super / Spirit Super	12	3,393	2.1%	7.0%	271
22	equipsuper	8.4	3,816	5.6%	12.2%	490
23	Team Super	6.7	1,957	4.3%	10.3%	199
24	Resolution Life	6.2	296	2.8%	3.4%	38
25	Centric Super	5.8	2,430	64.6%	68.6%	132
26	Perpetual Super	5.1	2,549	29.6%	51.5%	96
27	ClearView Retirement Plan	4.9	934	38.8%	45.1%	79
28	Fiducian Super	4.0	1,185	48.3%	52.8%	66
29	Praemium Super	3.9	1,594	28.3%	41.7%	104
30	NGS Super	3.2	1,196	2.8%	8.5%	139
31	Bendigo	2.1	391	11.1%	26.8%	30
32	BUSSQ	2.0	517	2.8%	8.5%	39
33	Russell Investments (ex. Linfox)	2.0	848	2.2%	8.4%	72
34	Prime Super	1.7	515	1.2%	7.8%	34
35	legalsuper	1.4	589	3.4%	10.8%	34
36	Mason Stevens Super	1.4	549	52.3%	63.4%	21
37	Australian Ethical Super	1.4	362	1.1%	5.0%	21
38	First Super	1.4	277	2.3%	6.9%	35
39	Dash	1.0	417	27.9%	39.1%	18
40	OneSuper	1.0	262	0.9%	5.7%	31
41	Qantas Super	1.0	527	3.7%	6.4%	53
42	Future Super	0.9	248	0.2%	2.5%	21
43	AMG Super	0.9	382	3.6%	18.4%	29
44	ANZ Staff Super	0.7	330	2.5%	5.7%	30
45	AMIST (Australian Food Super)	0.6	130	1.0%	4.5%	13
46	MIESF	0.3	64	1.9%	6.4%	8
47	Fire & Emergency Services Super	0.3	119	12.0%	15.2%	18
48	REI Super	0.2	57	1.1%	2.8%	8
49	NESS Super	0.2	46	1.3%	4.3%	3
50	Tidswell Super	0.1	19	0.1%	1.4%	4
	TOTAL SAMPLE	**1,452**	**526,471**	**6.6%**	**100.0%**	**34,160**
	Average of top 50 funds	29	10,529	12.2%	20.7%	683
	Median for top 50 funds	5	1,775	3.6%	11.5%	118

Appendix 6: A snapshot of age and gender dynamics, FY2022

Note: this is reproduced from State of Super 2023 (awaiting updated APRA data)

Chart A6.1 details the age and gender spectrum for the industry. The red lines represent industry averages: we estimate the average age of a super fund member to be 44.5 and the mean non-male representation to be around 47%. Note that APRA collects data for gender categories ‘male’, ‘female’ and ‘intersex or indeterminate’, with 0.01% in the last category.

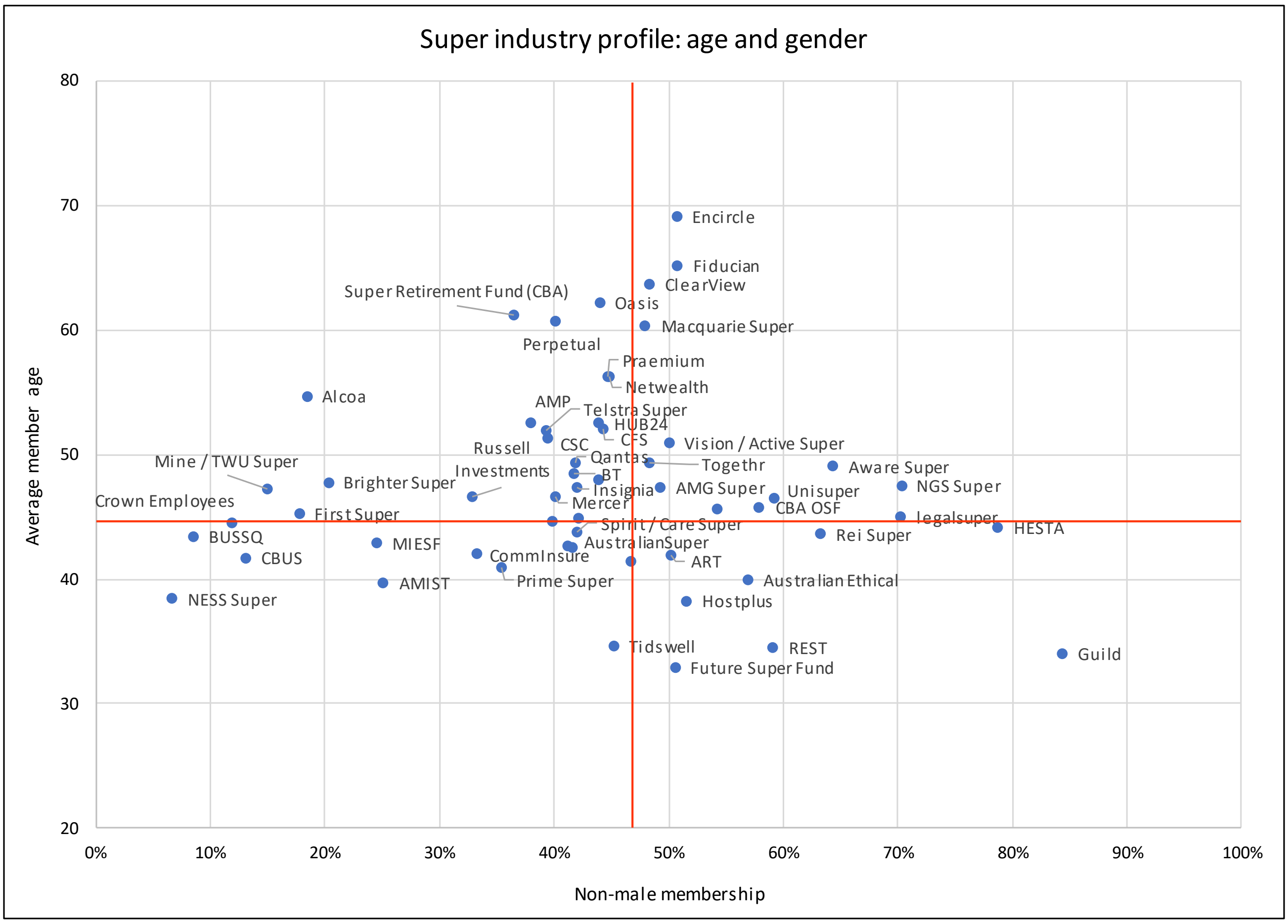

Chart A6.1: Estimated average age of fund membership (vertical axis) versus percentage of non-male fund membership (horizontal axis), APRA-regulated funds – 30 June 2023.

The impact of underlying industry employment dynamics for some traditional industry funds is obvious in Chart A6.1, especially with regards to age (REST and Hostplus) and gender where NESS Super, Cbus, BUSSQ and Mine / TWU have a male dominated membership while HESTA stands out as a fund with large female representation in its membership. At the top of the chart are some platform-based super funds which likely have a high ratio of advised members in retirement (research shows that older consumers are more likely to have a relationship with a financial adviser). Newer entrants like Tidswell (with Spaceship as one of its underlying products), Future Super and Guild have targeted a younger membership with Guild also having the largest proportion of female members.

The dispersion in demographics across funds creates some interesting challenges. One is the choice of engagement mechanisms and communication approaches, where funds need to consider whether they tailor their approaches to match specific characteristics of their membership. There is also an interesting brand strategy challenge: can a fund with a specific membership profile develop a brand suitable for a public offer marketplace? This all feeds into a fund sustainability and strategy question: should a fund with specific membership characteristics focus on servicing that membership exceptionally well with a tailored brand and services or should a fund aim to step into the competitive public offer marketplace. It is a difficult question and part of the answer depends on the employment prospects of underlying industry sectors. There is a similar question around targeting a specific demographic: the opportunity may be sufficient to create a high growth rate for a smaller start-up, but whether it is of sufficient size for large funds to target is a different question.