



# Spaceship Super

**Member Outcomes Assessment**  
For the year ended 30 June 2023

**28 February 2024**





# Table of contents

Item	
Introduction	3
Executive summary	5
Choice overview	7
Choice assessment	9

# Introduction





# Introduction

## What is the Member Outcomes Assessment?

This document will focus on the key outcomes found within the assessment in relation to Spaceship Super. It analyses how Spaceship Super's products compare to similar products and whether these products are serving the financial interests of the members. The document will present the final conclusions and summary, before going into detail on steps 1 and 2 of the assessment.

All data is reported in accordance with APRA requirements. This assessment was undertaken in February 2024, and is relevant for the financial year ended 30 June 2023.

## Approach for this assessment

### Step 1: Measure and compare products

#### 1. RETURN COMPARISON

*A comparison of investment returns*

#### 2. PERFORMANCE TEST

*Measures performance against APRA benchmarks*

#### 3. FEE COMPARISON

*A comparison of fees and costs*

#### 4. RISK COMPARISON

*A comparison of asset allocations and risk targets*

### Step 2: Assess product appropriateness

Assessment of product appropriateness against key factors that can affect superannuation

#### Section 52 (11)

1. Options, benefits and facilities
2. Investment strategy
3. Insurance strategy and fees

#### SPS 515

4. Scale
5. Operating costs
6. Basis for setting fees

### Step 3: Publish determination

A publication with a determination for each product is required to assess whether the financial interests of the beneficiaries who hold the product are being promoted.

# Executive Summary



# Product Determination

The Trustee has determined that it is promoting the financial interests of the beneficiaries invested in its products on the basis that:

- Spaceship Super's Global Index option net investment return has outperformed peer fund median over one year, three-year and five-year periods. The GrowthX option has outperformed peer fund median returns for one-year and five-year periods but underperformed over three-years. As superannuation is a long-term investment, the Trustee considers the five-year investment performance to be most significant of which both Spaceship Super investment options have outperformed the peer fund median;
- Total fees (which includes both administration and investment fees) at a product level are less expensive than the peer fund median for FY23 across all modelled balance points for both investment options;
- Investment risk on a longer-term time horizon has outperformed the peer fund median for both investment options;
- Spaceship GrowthX, the only investment option assessed as part of the FY23 APRA performance test, comfortably passed the performance test; and
- The objective assessment factors, being Spaceship Super's options, benefits and facilities, investment strategy, scale, and the basis for setting fees, are considered appropriate for Spaceship Super's members and do not inappropriately erode their retirement balances.

The Trustee and the Promoter are working to move Spaceship Super to a larger master fund to decrease costs (including operating expense ratio) and improve long-term sustainability. Members will be contacted about this during 2024.

# Choice Overview



# Spaceship Super Overview

Spaceship Super was launched in 2017 and is designed to meet the needs of younger superannuation members, a demographic largely overlooked in the superannuation market due to their lower account balances.

Spaceship differentiates itself with its focus on intuitive member portals and an investment tilt towards technology. Members can join and manage their account via a mobile app, giving members a single view of their non-retirement and retirement investments in one place.

Spaceship Super offers two investment options:



## Spaceship GrowthX Option

The Spaceship GrowthX option has a significant bias towards growth assets, such as Australian and international shares with a focus on global technology companies.

There is a small offsetting allocation towards defensive assets such as fixed interest securities and cash



## Spaceship Global Index Option

The Spaceship Global Index option is passively invested and has a significant allocation of growth assets, particularly international shares. There is a small offsetting allocation towards defensive assets such as fixed interest securities and cash



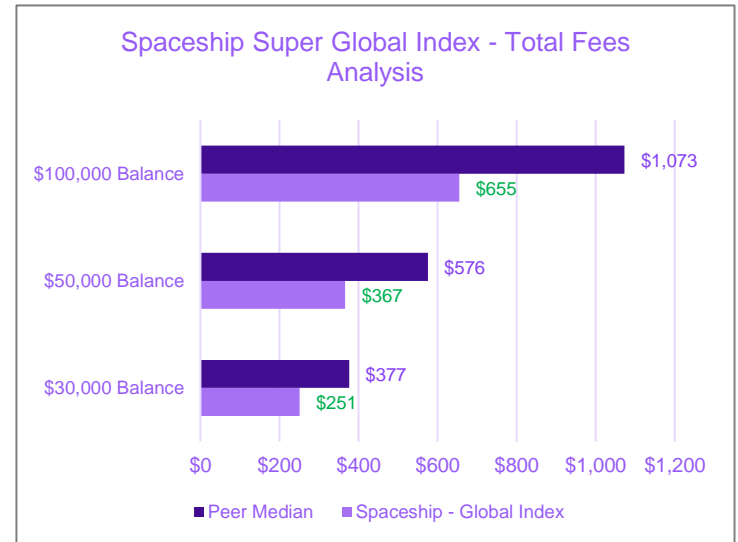
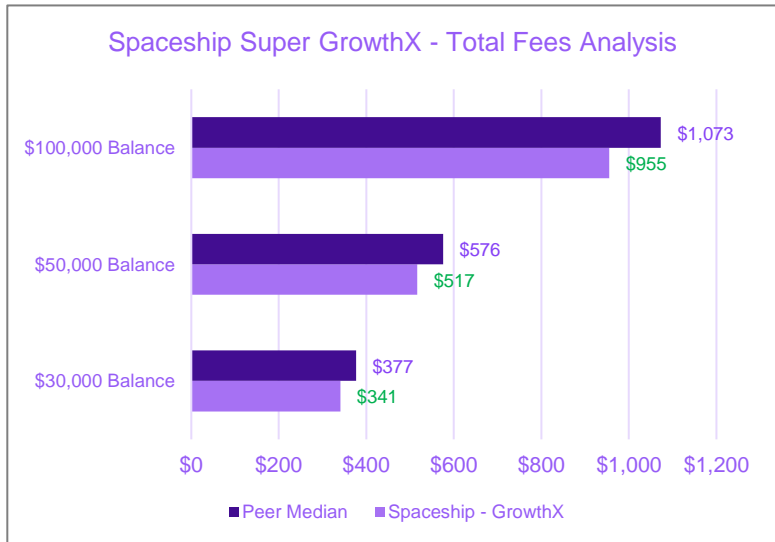
# Choice Assessment



# Fees & Costs Comparison – Total Fees

SpaceShip Super's total fees (administration plus investment fees) are compared to peer fund median fees in the charts below. For both the GrowthX and Global Index options, SpaceShip Super is lower cost than the peer fund median when total fees are calculated on \$30,000, \$50,000 and \$100,000 balances.

On 3 May 2023, the investment fee for the GrowthX option was reduced from 0.196% pa of a member's account balance to 0.157% pa of a member's account balance.

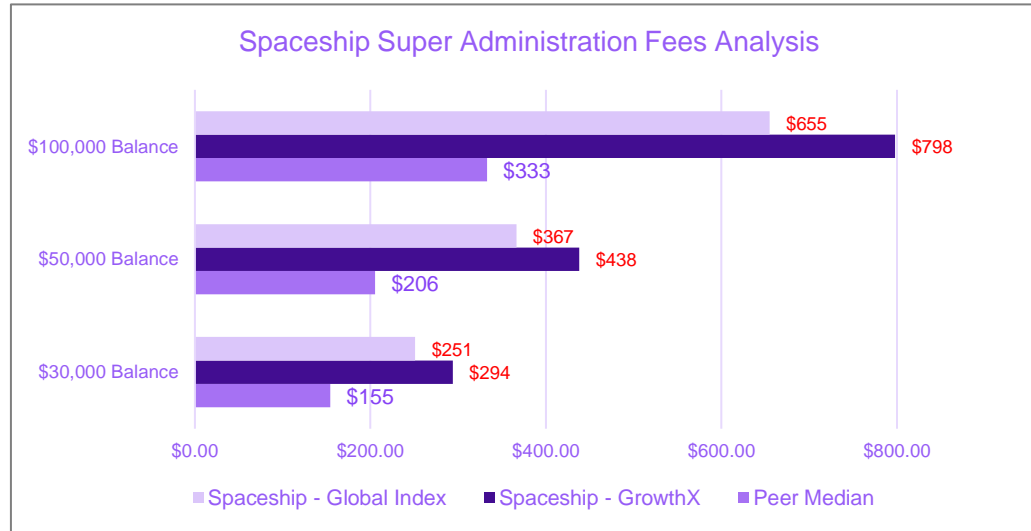




# Fees & Costs Comparison – Administration Fees

SpaceShip Super’s administration fees for its GrowthX and Global Index options are compared to the peer fund median administration fees in the charts below. Across all balance points (\$30,000, \$50,000 and \$100,000), SpaceShip Super is more expensive than the peer fund median, indicating that there is an opportunity for improvement on administration fees in order to be more competitive with peers.

For fees and costs, the Trustee has determined that, on balance, it is promoting the financial interests of the beneficiaries as the total fees for SpaceShip Super at a product level are less expensive than the peer fund median.

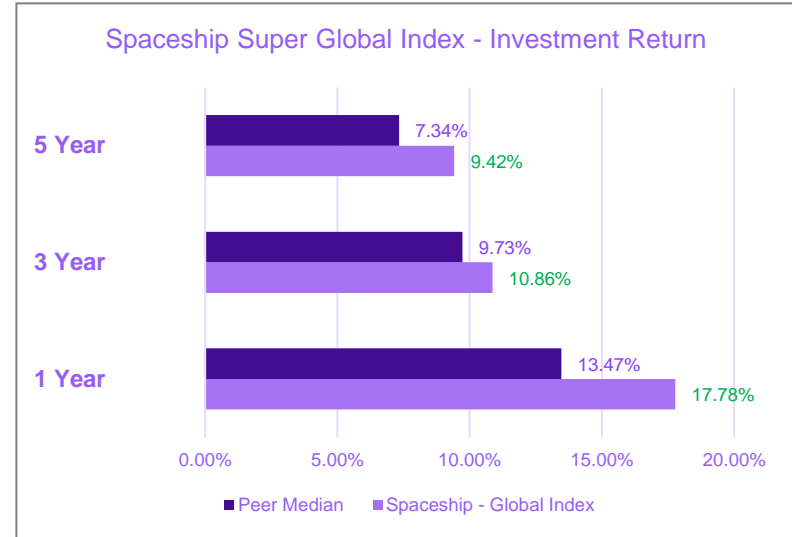
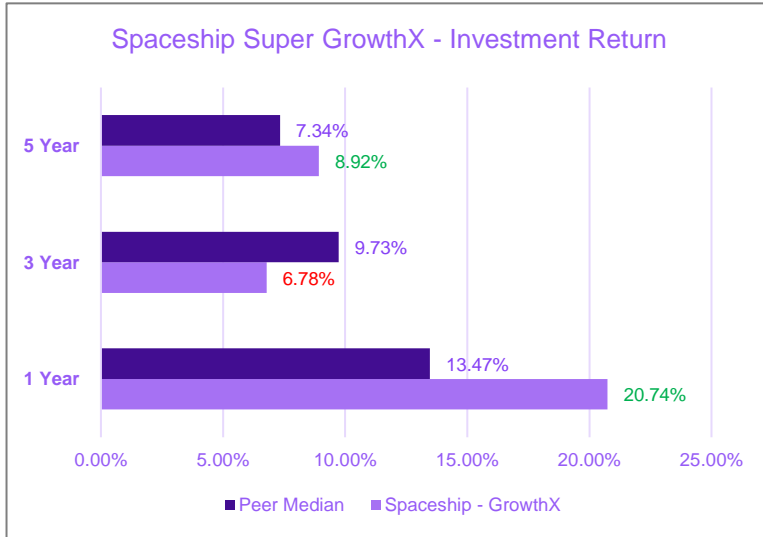




# Investment Return Comparison

SpaceShip Super's Global Index option net investment return\* has outperformed peer fund median over one year, three-year and five-year periods. The GrowthX investment option has outperformed peer fund median returns for one-year and 5-year periods but underperformed over three-years.

As superannuation is a long-term investment, the Trustee considers the five-year investment performance to be most significant of which both SpaceShip Super investment options have outperformed the peer fund median. Therefore, the Trustee has determined it is promoting the financial interests of the beneficiaries of SpaceShip Super.



Source: Peer median is derived from SuperRatings median data for the relevant asset class High Growth (91-100) for the SpaceShip - Global Index option and High Growth (91-100) for the SpaceShip - GrowthX option.

\* SpaceShip net investment returns are calculated before factoring in asset-based percentages and flat dollar amount administration fees.

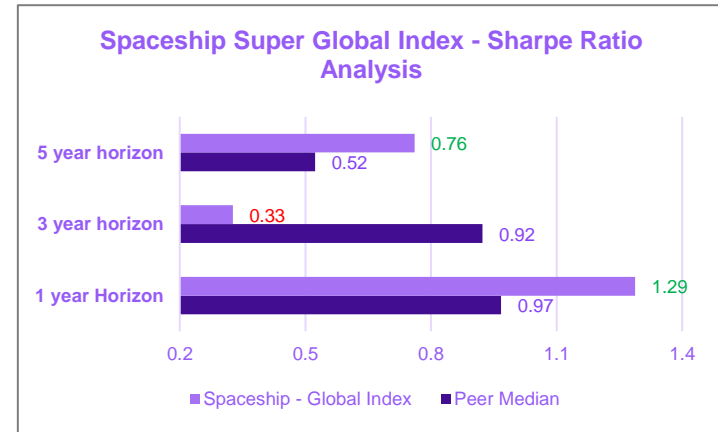
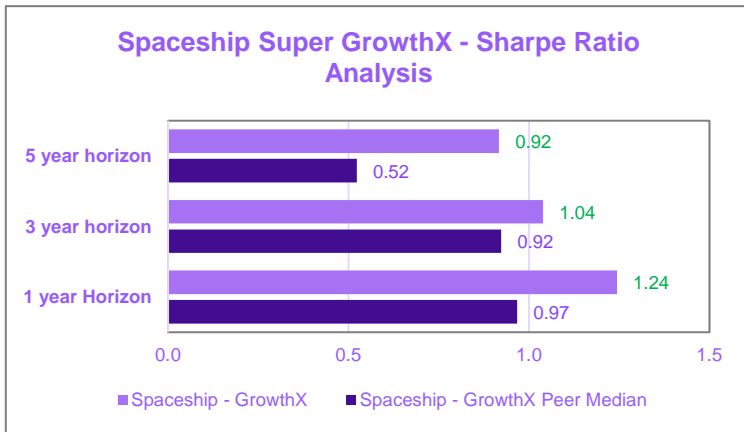


# Investment Risk Comparison

In the following graphs, we measure the performance of Spaceship Super's investment option after adjusting for risk comparing to the peer fund median. To do this, we apply a Sharpe ratio calculation which is a standardised measure of risk-adjusted returns. The higher the ratio, the greater the investment return relative to the amount of risk taken, representing the additional amount of return that an investor receives per unit of increase in risk.

Spaceship Super's Sharpe ratios for the Global Index option has outperformed peer fund median for the one year and five-year periods. The GrowthX option has outperformed peer fund median for one-year and five-year periods. Given the long-term nature of superannuation, the Trustee considers the five-year investment performance to be more significant when reviewing risk adjusted returns and risk reward.

The Trustee has determined it is promoting the financial interests of the beneficiaries as the Sharpe ratios over 5-years for both the Global Index option and the GrowthX option are higher than the peer fund median.



Source: Peer median is derived from SuperRatings median data for the relevant asset class High Growth (91-100) for the Spaceship - Global Index option and High Growth (91-100) for the Spaceship - GrowthX option.



# APRA's annual performance test: Accumulation

From 1 July 2023, certain accumulation diversified investment options are subject to APRA's annual performance test. The test measures the performance of these investment options against a benchmark determined by APRA. It compares the investment option's earnings, less costs, with those of similar investment options over the same period. It does not consider a member's personal situation, fees, or tax. Only investment options with performance history of at least 6 years were included in the 2022/23 performance test.

Where an investment option fails the performance test for the first time, the trustee must inform members of this fact in writing. Where an investment option fails the performance test for two consecutive years, the trustee will be prohibited from accepting new members into that option.

The performance test assessment metric is based on two components:

1. an investment return component that measures the net investment return of a product relative to an APRA determined benchmark that is created using a product's strategic asset allocation (SAA) (the 'Actual return minus benchmark return' in the table below). The investment return, charged relative to the benchmark, measures how a trustee is delivering value to members when implementing the SAA for the product; and
2. an administration fees component, which compares the latest year of administration fees and costs charged to an industry benchmark. For each option, a representative administration fees and expenses ('RAFE' in the table below) measure is determined based on fees over the latest year for a representative member with an account balance of \$50,000 and this is compared to a benchmark ('Relevant BRAFE' in the table below), which is the median RAFE of all options within each product group.

An investment option fails the performance test if the 'performance test metric' is below a threshold of minus 0.50% points per annum.

Below are the results for the only Spaceship Super investment option that was covered in the 2022/23 performance test: GrowthX. Spaceship GrowthX comfortably passed the performance test in 2022/23, largely due to strong investment returns against benchmark.

Product name	Actual return minus benchmark return	RAFE	Relevant BRAFE	Performance test metric	Performance test pass/fail
Spaceship GrowthX	2.27667%	0.87696%	0.27160%	1.67141%	Pass



## OPTIONS, FACILITIES & BENEFITS

Spaceship Super offers a range of services and products to all members in order to assist them with engaging with their superannuation so that they can maximise their balance and optimise their retirement outcomes.

Members are able to interact with Spaceship via a digital member portal, mobile app or through a contact centre. In mid-2022, Spaceship Super launched its in-app First Home Super Saver feature which is designed to help members save for their first home deposit through Spaceship Super.

Spaceship Super also provides members with educational and informative content, including blog posts, a quarterly Spaceship Super newsletter sent to members and updates on social media platforms such as Instagram, Twitter and Facebook. In addition, a curated news feed provides educational articles on the Spaceship mobile app for members to read.

## INVESTMENT STRATEGY

As a choice product, Spaceship Super offers two investment options, both with a higher allocation to growth assets. Spaceship Super generally attracts younger members (under the age of 40) who are seeking growth options.

The investment strategy was last reviewed in December 2022. As a result of this review, there were minor changes made to the strategic asset allocation for GrowthX and the SRM for Global Index.

- GrowthX: The breakdown of the international equity allocation between global equities unhedged, US equities and Asia ex Japan equities was changed. The overall allocation to international equities was unchanged.
- Global Index: The SRM was changed from Very High to High.

The Trustee believes that the investment strategy, level of risk, and return target is appropriate for the member cohort.



### **INSURANCE STRATEGY & FEES**

Spaceship Super does not currently offer insurance. However, as the Fund grows, Spaceship Super will consider an insurance offering for our members.

As Spaceship Super's members have no insurance, the assessment of whether there is inappropriate erosion of members' retirement income due to the impact of insurance premiums is not applicable.





## SCALE

SpaceShip Super had 22,455 members with approximately \$714 million in funds under management as at 30 June 2023.

While these figures are indicative of SpaceShip Super's relatively small size in the industry, it is anticipated that SpaceShip Super will steadily grow and achieve greater scale benefits based on its growth over the next years:

- Funds Under Management ('FUM') grew by 28.89%, compared to the industry median of 10.10%
- Net members' benefits flows of \$51.5M, compared to the industry median of \$9.07M
- Number of member accounts grew by 77.61%, compared to the industry median of 1.157%
- Net rollovers into SpaceShip Super of \$20.7M, compared to the industry median of -\$29.9M
- Net members' benefit outflow ratio of 57.20%, compared to the industry median of 90.65%

From the above, it is clear that SpaceShip Super's growth rate is positive and higher than the industry median. This puts SpaceShip Super in an increasingly competitive position and will help drive down various costs as more members join SpaceShip Super.

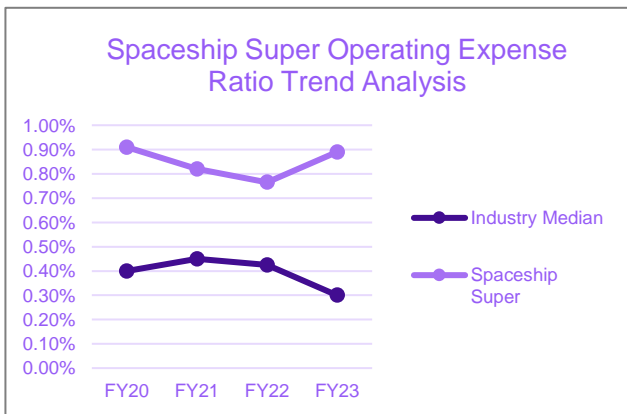
In addition, SpaceShip Super's operating model leverages third party service providers (e.g. administrator) so that SpaceShip Super can be cost competitive with larger funds and access resources at scale, as opposed to running such services in-house.

It is concluded that members are not currently disadvantaged due to the scale of, and within, the Trustee's business operations. However, given SpaceShip Super's relatively small size in the industry, the Trustee is currently working with the Promoter to potentially merge with a larger fund to decrease costs and improve long-term sustainability.



## OPERATING COSTS

Spaceflight Super's operating expense to asset ratio trend is shown in the graph below compared to the industry fund median (derived from APRA data). It is noted that Spaceflight Super's operating expense ratio is significantly higher than that of the median fund and increased by 0.12% between FY22 and FY23, largely as a result of a one-off tech build to introduce the in-app First Home Super Saver feature and ongoing technology costs.



The operating expense ratio trend in FY23 may indicate member retirement balances being inappropriately eroded. The Trustee is currently working with the Promoter to potentially merge with a larger fund which would likely decrease this ratio in the future.

## BASIS FOR SETTING FEES

The basis for setting fees is considered appropriate for members and promotes their financial interests, while not inappropriately eroding retirement balances.

The administration fee is comprised of the combination of a flat dollar-based fee (\$78 per annum) and a basis points fee. For balances under \$6,000 the flat dollar fee is waived and total fees are capped at 3%, which means it will not erode the retirement balances of lower account balance members and ensures services available to all members are appropriately shared across the fund membership base.

Fees are charged to members on a monthly basis, therefore ensuring that the cost of maintaining a superannuation account is smoothed over the course of a year rather than members incurring a large impact to their balance at once.

On 3 May 2023, the investment fee for the GrowthX option was reduced from 0.196% pa of a member's account balance to 0.157% pa of a member's account balance.

The basis for setting fees is considered appropriate for Spaceflight Super's members and does not inappropriately erode their retirement balances.



[spaceship.com.au](https://spaceship.com.au)

# Disclaimer

- The material included in this presentation (Material) is produced by Diversa. It is designed and intended to provide general information in summary form on legal topics, current at the time of publication, for general informational purposes only. The Material may not apply to all jurisdictions.
- The Material does not constitute legal advice, are not intended to be a substitute for legal advice and should not be relied upon as such.
- You should seek legal advice or other professional advice in relation to any particular matters you or your organisation may have.
- No claim or representation is made or warranty given, express or implied, in relation to any of the Material. You use the Material are entirely at your own risk.
- The Material remains the intellectual property of Diversa and its related bodies corporate and must not be copied, shared, or reproduced without express prior authorisation.

## **Limitation of Liability**

- Where conditions and warranties implied by law cannot be excluded, Diversa limits its liability where it is entitled to do so. Otherwise, Diversa is not liable for any loss or damage (including consequential loss or damage) to any person, however caused, which may arise directly or indirectly from the Material or the use of such Material.
- Diversa is not responsible for ensuring that any of the Material is accurate, current, suitable or complete although Diversa uses every reasonable endeavour to maintain the accuracy information available, however, some or all of the information may, from time to time, be amended, or become superseded or otherwise inaccurate.

## **No client-solicitor relationship created**

- The transmission or receipt of any Material is not intended to create, nor should such transmission or receipt be taken as creating, a client-solicitor relationship between Diversa and the recipient.