

2019-20

Annual Report



Nick Sunsuper member

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This is the annual report for the 2019-20 financial year.

With trust and transparency never more important when it comes to superannuation, we are proud of our singular purpose: to inspire and empower Australians to fulfil their retirement dreams. We're here for all Australians, no matter what industry they work in, where they're based, or what job they do.

This *Annual report* showcases for our members, their employers and their financial advisers what we have achieved in 2019-20 to help our members live their retirement dreams.



Message from the Chair



Andrew Fraser Chair

An extraordinary year

The 2019-20 bushfire season and the COVID-19 pandemic presented unprecedented challenges.

Across the organisation, we've focused on supporting our members wherever possible. At the start of 2020, we implemented measures to allow members experiencing severe financial hardship to access their super.

And as the COVID-19 pandemic unfolded, we worked to keep members updated on our response to the crisis, and then to release money as quickly as possible to those members who sought access under the government's COVID-19 early release of super scheme.

The enormous work our team put in to ensure that money got to our members in a timely and safe fashion was done with very little lead time, and was a material change to how we operate. It is a great credit to the people at Sunsuper that we led the industry in supporting our members at this time of need.



In the coming year, our strength, our scale and our end-to-end service model will allow us to continue to deliver ongoing value for our customers.

Economic and investment outlook

2020 has dealt many harsh realities on so many fronts. While most people saving for their retirement in Australia have experienced a long run of strong returns, this year put an end to the extended and continuous span of Australia's economic growth.

Members will see the consequence of the global downturn in their investment returns for the last financial year. Our task is to remain positioned for long-term, sustainable returns. Inevitably, that means periods of downside performance, a fact of investing that has not been a recent feature of most members' experience. As detailed elsewhere, we believe we are positioned to capture upside for our members but there is no doubt that the past year was a disappointing performance for us, and indeed the vast majority of people and organisations across Australia that are charged with growing Australians' retirement savings.

While there is no doubt that, in time, the global economy will bounce back to its pre-COVID position, we need to keep a longer-term perspective and continue to generate returns that help our members fulfil their retirement goals.

Recognised as the Fund of the Year

While the challenges have been large, there has also been continued success.

This year, we again cemented our position as one of the super industry's best performers. In October 2019, we won SuperRatings' 2020 Fund of the Year award. This was the second time in three years we were awarded SuperRatings' Fund of the Year award. The award is granted annually by SuperRatings to the fund that offers its members "the best value end-to-end product offering".

SuperRatings also awarded us their MyChoice Super of the Year 2020, which is presented to the fund with the best value-for-money offerings for members actively engaged in building their super. And we received the Lonsec Investment Option Award, which recognises the quality of Sunsuper's investment team, and the design of our investment options to meet members' investment goals.

Earlier this year, Chant West also named Sunsuper their Fund of the Year for the third time in the past four years. The award recognises the fund with outstanding performance in investments, member services, financial advice, insurance, fees, and overall organisational capability.

Chant West also awarded us their Best Fund: Member Services 2020. This is the sixth year out of the last eight that Sunsuper has won this award. And for the fifth year in a row, we were awarded the Chant West Corporate Solutions Fund of the Year.

These industry accolades are obviously important, but most importantly they recognise the work of our people and their dedication to serving our members at all times.

New appointments to the Board

I acknowledge and thank former Sunsuper Chair and Director Ben Swan for his dedicated service to the Board. Ben stepped down at the conclusion of his term on 31 December 2019, and we wish him every success in his new endeavours.

During the year, we welcomed new directors Mark Goodey, who replaced Mr Swan, and Cate Wood, who filled an existing vacancy. With Ms Wood's appointment, we once again have more than 40 per cent female directors on our Board. Indeed, Cate's longstanding service to the interests of women in the superannuation sector was recently recognised with the award of Member (AM) in the General Division of the Order of Australia in the Queen's Birthday 2020 Honours List, and I record my congratulations to her. We are fortunate to have her, and Mark's, experience and insight at our board table. I also record my congratulations to Jenni Mack for being recognised with the award of Member (AM) in the General Division of the Order of Australia in the Australia Day 2020 Honours List for her significant service to business through consumer advocacy roles.

Progress on QSuper merger

As has been publicly reported, we are in productive discussions with QSuper to progress a potential merger. The reality of the COVID-19 pandemic has made some of this work more challenging, but the need for funds across

the sector to be making decisions that truly strengthen them for the future is now more important than ever.

The primary and ultimate consideration for both Sunsuper and QSuper hasn't changed since we announced on 4 March 2020 our agreement to enter exclusive due diligence. That is, a merging of the two funds will only go ahead if it is in the best interests of both Funds' members to do so. If there is an ability to leverage economies of scale that will provide greater value to members in the form of enhanced products and services, and lower fees over time, then we will pursue a merger.

We are optimistic that a merged fund will give us the strength, capacity and scale to offer a compelling superannuation and retirement solution for Australians around the nation.

The year ahead

In the coming year, our strength, our scale and our end-to-end service model will allow us to continue to deliver ongoing value for our customers. We remain committed to continuing to lead in an industry that will undoubtedly further evolve to meet the expectations of regulators and the broader community to grow, and guard, Australians' retirement savings. We are in the privileged position at Sunsuper to have our members as our only beneficiary and singular focus. This clarity of purpose shapes both our future strategy, and the decisions and actions we make on a day-to-day basis to deliver to our members.

Thank you to the Sunsuper team

It was just a year ago that I welcomed Bernard Reilly as Sunsuper's new Chief Executive Officer. I congratulate Bern on his leadership over the past year through what has been an unprecedented and challenging period. On behalf of the Board, I also thank Bern, his Executive and the entire Sunsuper team for their hard work and unwavering commitment to our members throughout 2019-20.



Andrew Fraser
Chair

Message from the Chief Executive Officer



Bernard Reilly Chief Executive Officer

Despite the unique challenges of this year, Sunsuper retained its position as one of Australia's top-10 super funds by net assets and stayed true to our purpose: to inspire and empower Australians to fulfil their retirement dreams.

Helping members when they needed it most

In January 2020, we implemented the governance, system and process changes to allow members to access their super early on grounds of financial hardship. Our goal in accelerating these changes was to assist eligible members in need in a tangible and meaningful way, particularly those affected by Australia's devastating 2019-20 bushfire season.

With the bushfire recovery still in progress, no one could have imagined the impact the coronavirus outbreak would have on Australia and across the world. I am proud of the commitment of everyone at Sunsuper to supporting our members throughout the pandemic - in particular, keeping them up to date on market volatility and available government assistance; remaining focused on our goal to deliver strong, long-term investment returns; and implementing the processes to pay approved early release super claims under the government's COVID-19 early release measure.

Investing members' savings for the long term

The COVID-19 pandemic resulted in a sharp downturn in global economic activity in March 2020 with a commensurate impact on most investments. While our performance rebounded in the June quarter, Sunsuper's Balanced option for *Super-savings accounts* returned its first negative financial-year return since 2012. It's important to remember, though, that while we are disappointed to see a negative return in any 1-year period, short-term volatility is not unexpected within an economic cycle. Super is a long-term investment and we accept some years of lower, possibly negative returns in aiming to achieve strong, long-term returns.

Despite the economic downturn this year, our focus on building members' savings for the long term and our investment philosophy, which includes holding a significant allocation to alternative asset classes, successfully delivered strong investment performance over longer-term timeframes. Sunsuper's Balanced investment option posted returns of 6.5 per cent p.a. over the last five years, and 8.0 per cent p.a. over the ten years to the end of June 2020. And our diversified Balanced, Growth, Retirement and Conservative investment options all matched or outperformed the industry average over 3, 5, 7 and 10 years¹, and exceeded their return objectives over the stated minimum suggested timeframe.

1. For *Super-savings accounts*. Source: SuperRatings Fund Crediting Rate Surveys - SR50 Balanced (60-76) Index; SR50 Growth (77-90) Index; SR25 Conservative Balanced (41-59) Index; SR50 Capital Stable (20-40) Index; to 30 June 2020. Past performance is not a reliable indication of future performance.

Managing liquidity well within tested limits

Across the sector, the COVID-19 pandemic led to an increase in super fund members switching their investments to more conservative options, and the government's early release scheme resulted in significant numbers of members withdrawing their funds. In Sunsuper's case, however, our members' demand on liquidity has been well within the limits of our long-

standing stress-testing regime. This prudent management meant we were able to manage the calls for liquidity, while also taking advantage of the types of investment opportunities that inevitably arise during a crisis.

And despite the speed and depth of the downturn in economic activity, the fundamentals of our investment philosophy haven't changed, and our investment team remains focused on constructing portfolios with a view to meeting medium to long-term investment objectives.

Protecting members' savings from fraud

It was unfortunate to see attempts to take advantage of Australians experiencing financial stress due to the COVID-19 pandemic. In particular, those people withdrawing their super under the government's early release measure being targeted by attempted identify fraud.

Sunsuper has fraud controls and processes in place to guard against unauthorised access to members' accounts, supported by fraud monitoring. Along with dedicated internal resources, we were also fortunate to work collaboratively with others in the industry to jointly identify and manage risks to protect members' savings. We also made members aware of potential fraud risks and what they can do to protect their identity and account.

Reducing fees to benefit members' retirement

Sunsuper's size and scale mean we can pass on fee reductions consistent with our duty to act in our members' best interests. So we were pleased to be able to halve the weekly administration fee for our pension members.

Sunsuper's fees remain low in comparison to many of our competitors, and our members still benefit from industry-leading products, investment options, financial advice and other services that represent ongoing value for money and help members build their super savings and achieve their best outcome in retirement.

Looking to the year ahead

We have largely achieved our 2020 vision: we are one of Australia's top-10 funds by net assets, we have delivered solid investment returns for our members, and we are respected in the industry and celebrated as a great place to work. And more members than ever are likely to recommend Sunsuper to their friends and family.

With the retirement dreams of our members firmly in mind, we have now set ourselves an even bolder vision for 2025. And with the commitment of the Sunsuper Board and the high-performance team at Sunsuper alongside me, I am energised and confident that we can deliver.

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To say there have been immense challenges in 2019-20 is an understatement. However, this year has clearly demonstrated to me - and, I believe, also to our members, the industry and the broader community - that at the heart of it, Sunsuper's people truly come to work each day to safeguard our members' super and help them to live their retirement dreams.

Thanking the team

In October 2019 when I started as Chief Executive Officer, I could not have imagined what this first 12 months of my tenure would hold. To say there have been immense challenges in 2019-20 is an understatement. However, this year has clearly demonstrated to me - and, I believe, also to our members, the industry and the broader community - that at the heart of it, Sunsuper's people truly come to work each day to safeguard our members' super and help them to live their retirement dreams. For this I am both incredibly humbled and excited about what Sunsuper will be able to achieve for our members and their retirement savings in the year ahead.



Bernard Reilly

Chief Executive Officer

About Sunsuper

In 1987, Sunsuper started as a Queensland-based fund with a genuine desire to give members their most financially comfortable retirement possible.

While we have increased significantly in size and expanded our footprint across Australia, our profit-for-members philosophy remains.

Our purpose is to inspire and empower Australians to fulfil their retirement dreams. This powerful statement focuses all that we do at Sunsuper, from setting our strategy to delivering our products and servicing our customers.



Hayley and Andrew Sunsuper members

Our purpose is to inspire and empower Australians to fulfil their retirement dreams

3,124

registered advisers

Financial advisers work closely with us because we strongly believe that great financial advice can change people's lives.

157,787

participating employers

Employers rely on us to help them meet their super obligations and strengthen their employee value proposition.

978

employees

Our people live our values and share a passion for helping our members to live their retirement dreams.

1.4 million members

Our values



TRUST



ACCOUNTABILITY



CANDOUR



COLLABORATION



LEADERSHIP



CUSTOMER FIRST



\$69.4 billion

In 2019-20, Sunsuper was one of Australia's top-10 super funds by net assets.



Executive team

Sunsuper's Executive team manages the Fund's day-to-day operations and implements the policies and strategies set by the Board.



Bernard Reilly

Chief Executive Officer

Bernard joined Sunsuper in October 2019 and is responsible for leading Sunsuper's strategy and operations.

He has extensive global experience in the international banking and finance sector. Prior to joining Sunsuper, Bernard was a member of the Board Investment Committee at NSW Treasury Corporation, which is the asset management arm and financial markets partner of the NSW Government.

Bernard also has 25 years' experience with State Street Global Advisors, most recently based in Boston and Sydney in the role of Executive Vice President, Global Head of Strategy,

He holds a Bachelor of Economics and he is a CFA Charter Holder.



Stevhan Davidson

Executive General Manager,
Customer Engagement

Stevhan joined Sunsuper in 2010 and is responsible for Sunsuper's customer service and insurance services functions, including our member contact centre, and our customer contributions, customer payment and insurance claims processing teams.

He has nearly 25 years' financial services industry experience in Australia and overseas, including roles at BT, Adelaide Bank, Citi, Schroders and Commonwealth Bank. Prior to his current role, Stevhan led strategic change projects at Sunsuper.

Stevhan holds a Masters in Business Administration, a Graduate Diploma of Applied Finance and certifications in project management, process improvement and architecture.



Lachlan East

Executive General Manager,
Risk, Legal and Compliance

Lachlan joined Sunsuper in 2012 and is responsible for Sunsuper's risk, legal, compliance and assurance functions, including Sunsuper's adherence to all relevant legislation and compliance standards, and managing our relationships with key regulators.

He has more than 20 years' experience across the accounting and financial services industries, including more than 12 years working at international banking organisations predominantly in investment markets compliance roles based in Australia, Hong Kong and Japan.

Lachlan holds a Bachelor of Commerce, is a Fellow of the Financial Services Institute of Australasia and is an Associate of the Governance Institute of Australia.



Rod Greenaway

Acting Executive General Manager,
Technology¹

Rod joined Sunsuper in 2019 and is responsible for leading the design, implementation and operation of IT services, architecture, cyber security and applications development in order to meet the Fund's current and future technology requirements.

Rod is a technology and operations executive with more than 30 years' experience, mostly in the financial services sector, including banking, life insurance, funds management and superannuation, both domestically and abroad. This has included senior roles at Ord Minnett, ING, Macquarie Group, and Commonwealth Bank, as well as time as an Executive Director with the NSW Government.

Rod's career has spanned management consulting, strategy and planning, large scale outsourcing programs and offshoring, shared services and business process outsourcing, delivery and operations, as well as governance and risk management.

¹ Rod Greenaway was appointed to the role of Chief Technology Officer on 8 October 2020.



Terri Hamilton

Company Secretary

Terri joined Sunsuper in 2009 and is responsible for supporting the effectiveness and efficient operations of the Sunsuper Board and Committees, including ensuring that decisions of the Board are communicated and implemented.

She has had an extensive career in the financial services industry over the last 30 years, including experience as a company director. She was previously a Director of the Association of Superannuation Funds of Australia. Terri was appointed as Sunsuper's Company Secretary in November 2018. Prior to her current role, she held a number of Sunsuper leadership positions.

Terri holds a Law degree.



Danielle Mair

Executive General Manager,
Enterprise Change

Danielle joined Sunsuper in 2010 and is responsible for implementing Sunsuper's significant program of technology and change programs and projects.

Before joining Sunsuper, she held various senior leadership positions with Macquarie, MBF and Suncorp, where she successfully built and led large teams through business transformation programs and cultural change. Prior to her current role, Danielle held a number of Sunsuper leadership positions, including Executive General Manager, Customer Engagement.

Danielle holds a Diploma of Financial Planning and a Masters of Business Administration with a specialisation in Strategic Human Resource Management

Executive team (cont.)



Ian Patrick

Chief Investment Officer

Ian joined Sunsuper in November 2015. He is responsible for executing Sunsuper's strategy of investing in a broad range of asset classes, while maintaining a strong emphasis on governance and maximising members' returns.

He has more than 20 years' experience in the institutional investment industry, most recently holding the position of Chief Executive Officer at JANA Investment Advisers.

Ian is an actuary and holds a Bachelor of Science (Honours) and a Masters of Business Administration from the University of Witwatersrand, Johannesburg. He is also a CFA Charter Holder.



Jason Sommer

Chief Financial Officer

Jason joined Sunsuper in 2014. He is responsible for Sunsuper's financial management, investment operations, product and actuarial, and business performance analytics and insights. This includes ensuring Sunsuper's products are industry-leading and that our finance and investment operations are efficient and comply with all relevant legislation and regulations.

He has more than 20 years' experience in the financial services industry. Before joining Sunsuper, Jason was an executive within the Corporate and Institutional Wealth business of the NAB Group. Prior to his current role at Sunsuper, his responsibilities included people management, change and transformation, investment operations, and technical services.

Jason holds a Bachelor of Economics and is a Fellow of the Institute of Actuaries of Australia



Steven Travis

Chief Member Officer

Steve joined Sunsuper in 2005 and is responsible for retaining and attracting members to Sunsuper. He provides strategic direction for the design and delivery of customer experience, brand and marketing, and our advice capability.

He has had an eclectic career, having worked in Vanguard's Retail Direct division based in Philadelphia, owned and operated a financial planning business, and held various leadership and management positions across Sunsuper.

Steve holds a Bachelor of Business (Accounting) and Masters degrees in both Applied Finance and Organisational Leadership, and is a Fellow of the Financial Services Institute of Australasia.



Petrina Weston

Executive General Manager,
People & Culture

Petrina joined Sunsuper in 2013 and is responsible for setting and leading the people and culture agenda that underpins and enables Sunsuper to embed and sustain high performance.

She has 25 years' experience in human resources, including leadership roles at Origin Energy, Aussie Home Loans, AAMI and Vodafone. Prior to her current role, Petrina held a number of Sunsuper senior people roles.

Petrina has a Professional Diploma of Human Resource Management, an Associate Diploma of Business Administration and a Cert IV in Coaching.



Teifi Whatley

Chief Strategy and Impact Officer

Teifi joined Sunsuper in 2000 and is responsible for Sunsuper's strategy and vision with particular oversight of the transformation of the Fund's strategic direction, corporate affairs, communications and corporate social responsibility functions.

She has had an extensive career in the financial services industry with more than 30 years' marketing, customer and product experience in large institutions both in Australia and the UK. She has also been a Director of Super Friend Mental Health Foundation since 2007.

Teifi holds a Bachelor of Business.



Dave Woodall

Executive General Manager,
Employer Growth

Dave joined Sunsuper in 2015 and is responsible for Sunsuper's corporate, institutional, regional and small-business customer segments, and our super-in-payroll solution, Beam.

He has more than 20 years' experience in the financial services industry across retail and institutional markets. Dave has led high-performing teams in sales, relationship management, financial advice, and marketing and communications. Prior to his current role, Dave was Sunsuper's Head of Corporate & Institutional.

Dave holds a Bachelor of Economics, post-graduate qualifications in finance and investments, and a Diploma of Financial Planning.

Allowing early access for members in financial hardship

The bushfires across eastern Australia from September 2019 to January 2020 were the largest in scale in the modern record according to the Australian Bureau of Meteorology, with 33 people dying and more than 3,000 homes destroyed.¹ While challenging to determine precisely how many Sunsuper members were directly affected by the bushfires, we know that 191,000 lived within communities identified by the government as being impacted at the height of the bushfire emergency.

¹ Parliament of Australia, 2019-20 Australian bushfires—frequently asked questions: a quick guide, 12 March 2020.

In January 2020, we introduced the ability for all Sunsuper members, including those impacted by the bushfires, to apply for early release of their super if they are suffering from severe financial hardship. This was in addition to members already being able to access their super on compassionate grounds, which requires a release authority from the Australian Taxation Office (ATO).

Under the financial hardship provision, members who are under preservation age and have been a Sunsuper member for at least six months can apply for access to up to \$10,000 of their super if they have been receiving eligible Centrelink payments for 26 weeks. Members who have reached preservation age must have been receiving Centrelink payments for 39 weeks and not be working for more than 10 hours per week.

In addition, we also supported our people to organise a number of events to raise funds to support those affected by the bushfires. And we offered additional paid leave for our people to take part in the bushfire response as members of a Country Fire Authority, Rural Fire Service, State Emergency Service, Australian Defence Force Reserves or other recognised emergency management organisation.

Year in review

Being there for members through COVID-19

On 25 January 2020, Australia confirmed its first four cases of coronavirus. As the crisis continued to escalate across the world, and COVID-19 was officially declared a pandemic on 11 March, world share markets fell quickly and dramatically as governments closed borders and restricted people's movement around their communities in an effort to stop the spread of the virus.

Preparing members for a market correction

Until the end of the 2019 calendar year, most Australian super fund members had benefited from strong investment returns over the past decade. Our communications and advice to members during the first half of the 2019-20 year, however, firmly focused on the expectation that Australian and world economies would likely grow at a slower rate over the next decade than the past decade or two. We know that with populations aging, the number of people working will grow at a slower rate, and in some countries, such as Japan and China, shrink. Given that ultimately investment returns flow from the performance of the economy, slower growth means lower investment returns.

Helping members understand the impact

The extreme market contraction that COVID-19 evoked saw economic output and employment fall sharply in March 2020, and Australia and many other economies around the world subsequently fall into recession.

With members understandably concerned by the impact of the share market downturn on their retirement savings, we temporarily recruited 20 new staff and cross-trained 75 of our current employees to support increased member enquiries. And we provided timely information to members across a range of channels, including our website, our contact centre representatives, targeted emails, social media posts, podcasts, webcasts, and media interviews with our Chief Investment Officer and Chief Economist.

Our messages throughout these communications consistently aimed to reassure members that our long-term investment approach hasn't changed. That is, at Sunsuper, we have no way of knowing with any certainty how the economy and financial markets will evolve over the short term. However, we don't invest money on short-term market forecasts. Rather, we carefully construct portfolios with a view to meeting and preferably exceeding the medium to long-term investment objectives set for our investment options.

While we saw an increase in member calls to our contact centre, and an increase in members initially switching

their investments to a more conservative option, our communications focused on letting members know that our answer for most as to what they should do with their super during this crisis is: do nothing. That is, market downturns, whatever their trigger, are temporary. And despite its severity, it is highly likely that this crisis will be no different.

Financially supporting members in need

In March 2020, the federal government announced that eligible individuals affected by COVID-19 could access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21 to help them financially through the crisis. It further announced that minimum drawdown requirements for superannuation account-based pensions and similar products would reduce by 50 per cent for 2019-20 and 2020-21 to benefit retirees by reducing the need to sell investment assets to fund minimum drawdown requirements.

Our singular focus in response to the government's early release measure was to put members' money in their hands quickly and seamlessly. To do this, we added 74 new team members to our contact centre, provided further information on our website, held a number of live, interactive member webcast events, and implemented the necessary business process and system changes to safely fast-track payments to members on approval from the ATO.

In the first tranche of the early release measure to the end of June 2020, we paid out \$1.9 billion to almost 272,000 members, with 90 per cent of payments made within three business days and 99.6 per cent within the ATO's recommended five business days. We also sent tailored communications to our pension members to prepare them for the changes to the minimum drawdown rates.

Encouraging members to feel the strength of Sunsuper

At the height of the restrictions and economic fallout from the COVID-19 pandemic, we knew that enough brands were acknowledging the tough times we were all facing. There was clear space for Sunsuper to be visible with a fresh approach, to communicate how we remain relevant in the current environment and into the future, to reinforce our 100-per-cent focus on our members, and to show how our members "Feel the Strength" of Sunsuper.

The Feel the Strength campaign launched in May 2020, anchored around a 30-second television commercial that continued the imagery from our previous campaigns - epic and beautiful visuals powered by an uplifting, anthemic soundtrack. In addition to television, the integrated campaign also comprised a range of activities, including outdoor, print and digital advertising, as well as direct-to-member emails, website content and educational webcasts.

From March to June 2020, we helped support members and their super savings through the COVID-19 crisis.

The numbers relate to COVID-19 content and interactions.



94

new contact centre team members



269,424

member calls and live chats answered



742,531

visits to dedicated website hub



5,499,793

member emails



2,535

engagements with social media posts



18,512

listens/views of podcasts and webcasts



20,667

new member direct joins

Protecting members' best interests

Reducing pension fees

The level of fees that members pay for the administration of their super account and the management of their investments can make a difference to their super balance at retirement and the savings they have to help them live in retirement. On 1 July 2019, in an effort to reduce the impact of fees eroding members' account balances, we were pleased to halve the weekly administration fee for our *Transition to retirement income accounts* and *Retirement income accounts* from \$3.00 per week to \$1.50 per week - a saving of \$78 per annum.



Weekly *Income account* administration fee

Implementing legislation to protect members' savings

Protecting Your Super package

Announced in the 2018-19 federal Budget, the government's Protecting Your Super package became law in March 2019 as the *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019*. With effect from 1 July 2019, the legislation required super funds to implement a range of changes designed to protect Australians' superannuation savings from undue erosion by fees and insurance premiums.

As a result, from 1 July 2019, members' insurance cover was cancelled where an Eligible Contribution hadn't been received for 12 months, unless the member had elected in writing to retain their cover. We also implemented new rules around transferring inactive, low-balance accounts to the ATO, so that the ATO can reunite those accounts with Australians' active super accounts.

Further, as required by the new laws, from 1 July 2019, we ceased charging an Exit fee for members leaving the Fund, and we applied a 3 per cent cap to the total of the administration fees, investment fees and indirect costs for members with a balance of less than \$6,000.

The cap is applied by refunding fees in excess of 3 per cent of members' Sunsuper balance, calculated at the end of each financial year or when a member leaves the Fund.

From 1 July 2019, Sunsuper also chose to impose a minimum balance requirement of \$6,000 for members who roll part of their balance to another fund. This requirement was waived between 22 April 2020 and 30 June 2020 to assist members in a time of extreme market volatility.

Putting Members' Interests First (PMIF) legislation

Building on the Protecting Your Super package, the government introduced further reforms for insurance cover through super in the *Treasury Laws Amendment (Putting Members' Interests First) Act 2019*, which became law in October 2019 with effect from 1 April 2020. The PMIF legislation was designed to further protect members' retirement savings from erosion by premiums for unnecessary or unwanted insurance cover when they are young (under age 25) or have an account balance less than \$6,000.

On 1 April 2020, to comply with the new requirements, the insurance cover of members who had a balance less than \$6,000 was cancelled, unless they made an active choice before then to keep their cover. Further, from 1 April 2020, to comply with the new requirements, Sunsuper only provides automatic Standard insurance cover to members once they turn age 25 and have an account balance of at least \$6,000, unless they actively choose to receive cover sooner.

It is important to note that these changes do not apply to all members, and we have written to anyone who was affected.

For a summary of the significant event and material change notifications issued to Sunsuper members over the last two years, visit sunsuper.com.au/significant-event-notifications

Offering members tiered, accessible financial advice

The downturn in markets in 2020 highlighted the importance of members accessing financial advice that suits their circumstances and retirement dreams. Whether a member has a question about their Sunsuper account or needs help with more complex financial planning strategies, we have a solution to help.

General advice about super

Our contact centre is consistently recognised for providing industry-leading customer service, and 2020 was no different with Sunsuper awarded Chant West's 2020 Best Fund: Member Services. In addition, 85 per cent of members in our customer satisfaction surveys told us they were satisfied with our contact centre service in 2019-20. Our surveys assess the perceived quality of our customer service, knowledge, ease of interaction, and response time delivery across our phone and live chat channels.

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Really happy with my choice to join you. Real people answer without waiting very long and good advice every time, with a unhurried, pleasant, easy to understand voice, to reply to my questions. I feel looked after and want to invest more money with you. Thankyou Sunsuper and employees.

Robert Sunsuper member

Representatives in our contact centres in Brisbane and Melbourne have completed both face-to-face and digital training across service excellence, superannuation legislation, and Sunsuper's products and services. At June 2020, more than half of our 120-seat contact centre team are qualified to provide general advice to members about their Sunsuper account. And in the first half of 2020, we undertook a transformation program to further enhance the career pathways for our people, with a focus on ongoing development and retention.

Personal advice about Sunsuper

The qualified financial advisers in Sunsuper's Member Growth and Advice team provide personal advice to members about their super with Sunsuper, including strategies for investment choice, contributions, insurance cover, and our *Transition to retirement income accounts* and *Retirement income accounts*.

Our unique *SunTracker* financial advice program can help members to "dream, plan and achieve" their best retirement. The program is delivered by our advisers over the phone at regular intervals as a member approaches, enters and enjoys their retirement. The *SunTracker* program starts by helping members picture the lifestyle they'd like to live in retirement and projects the annual income needed to achieve their retirement dream (based on the Association of Superannuation Funds of Australia Retirement Standard). This powerful tool brings clarity to the member's retirement vision, and allows Sunsuper to deliver tailored advice strategies around investment choice, contributions and transitioning to retirement. We then present a statement of advice that is easy to understand and monitor and provide regular check-ins and opportunities for adjustment as the member's employment and other financial circumstances change, and as they approach and reach retirement.

Comprehensive advice referrals

Sunsuper recognises that every member's needs are different. Some members need more complex advice about more than their super with Sunsuper, including investments outside of super, business or estate planning, or a comprehensive financial plan for their future. In that case, we will refer them to an accredited financial adviser we have included on our National Advice Panel.

Our National Advice Panel comprises carefully selected and appointed adviser practices, located across the country, based on our trust in their expertise, experience, approach and ability to provide our members with valuable financial advice. At June 2020, we had 25 practices on the panel with 30 offices across the country.

To find out more about your advice options, or our *SunTracker* financial advice program, visit sunsuper.com.au/advice-options

Sunsuper employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 ASFL No. 227867) (SFS) wholly owned (via its custodian) by Sunsuper Pty Ltd as Trustee for the Sunsuper Superannuation Fund. Sunsuper has established a panel of accredited external financial advisers who are not employees of Sunsuper. Sunsuper is not responsible for the advice provided by those advisers and does not receive or pay any referral fees. These advisers will explain to you how their advice fees are determined.

Supporting the community

Connecting, supporting and engaging with the broader community to make a positive difference is at the heart of Sunsuper's culture. As a profit-for-members fund, we care about our members and the communities where they live. Community giving is also a part of the culture at Sunsuper. Over the year, our people's commitment to making a difference in the lives of others saw many volunteer for RUOK Day, Movember, The World's Big Sleepout and the Channel Nine Telethon. And, many staff used their Growth Day, an important part of our Employee Promise, taking a day to step away from their Sunsuper role to volunteer for a charity close to their heart.

Dreams for a Better World

Our commitment to supporting the community extends to our Dreams for a Better World community grants program, where we partner with grassroots charities and social enterprises to help improve the lives of thousands of Australians.

In 2019-20, Australian charities responded to unparalleled calls for help from those affected by the summer bushfires and the impacts of COVID-19. Dreams for a Better World supported 13 Australian charities with a share of \$150,000 in grants this year, which allowed many grassroots causes to continue their vital community programs during these difficult times.

The grants recipients included causes that supported the homeless, children in hospital, and the hearing impaired. The grants also contributed to improving health and education outcomes for Indigenous children, and removing barriers to employment for people with disabilities in Queensland's Wide Bay region.

Valuing the vital role we all play in building a sustainable future, in January 2020, we introduced new criteria for the program whereby community initiatives applying to win their share of our grants must align to the UN Sustainable Development Goals.

Earbus Foundation: 2019 Grand Final Winner

At the 2019 Dreams for a Better World Grand Final event in March, we awarded Western Australia's Earbus Foundation \$40,000 to contribute to the build of a customised audiology bus. The grant will help enable the bus to operate for up to ten years in the Pilbara region providing ear-health services for Indigenous and at-risk children.

The Earbus team diagnose, treat and manage chronic ear disease in regional and remote communities, providing life-changing care to children from newborn to young adult.

After first receiving our grants in the first quarter of 2019-20, Earbus has accessed 425 children in the Pilbara region alone, and expects to reach around 6,500 children in regional and remote WA in 2020.

“

Children who can't hear, can't learn. Hearing early, when it counts most, lets children learn and hopefully navigate a path towards a successful life. Thanks, in part, to the support of Sunsuper, we are excited and grateful to have a purpose-built mobile ear health clinic on the road in the South Pilbara to provide services for Aboriginal and educationally at-risk children.

Earbus Foundation 2019 Grand Final Winner

Partnering with Thread Together

Our 2019 Dreams for a Better World People's Choice Winner Thread Together received \$35,000 to expand their service into Queensland. The grants also helped provide new clothes to hundreds of Australians impacted by the bushfires and COVID-19.

In March, a number of our people in Sydney volunteered at Thread Together HQ in Banksmeadow. Over two days, the teams sorted around 15,000 items of new clothing that were then distributed to charities in Sydney and Adelaide, including a bushfire evacuation centre on the south coast of NSW that provided clothing to around 30 people per day during the height of the crisis.

A few months later during the COVID-19 lockdown, we again joined forces with Thread Together to help Queensland-based homeless charity Beddown provide new clothing for a popup outreach service in the suburb of Goodna, outside of Brisbane. The service delivered new clothes, food vouchers and support to around 200 people impacted by COVID-19.

Find out more at dreamsforabetterworld.com.au

“

It was a wonderful experience to spend a Growth Day volunteering at Thread Together with my work colleagues, collating and putting together boxes of clothes for those in need, as well as bushfire victims who have lost everything. It was great to know that we were playing a small part in reducing landfill as well as putting together wardrobes of clothes.

Danielle Watt Sunsuper team member



Earbus Foundation 2019 Grand Final Winner

Supporting the community *(cont.)*

Channel Nine Telethon

For the fifth consecutive year, in November 2019, Sunsuper was a presenting partner of the Channel Nine Telethon to raise funds for Queensland's Children's Hospital Foundation.

2019 was the event's biggest year to date, raising \$13.5 million for sick kids and attracting a TV audience of more than 45,000 viewers. A new format featured performances from Sheppard and Icehouse for the inaugural Telethon Concert at Brisbane's Fortitude Music Hall.

Sunsuper's contact centre was once again a hive of activity, with 60 volunteer Sunsuper employees assisting to take more than 1,700 over-the-phone donations during the event.

Sunsuper's support of the Telethon assisted Queensland's Connected Care program, which provides tailored health care to the sickest one per cent of Queensland children, no matter where they live. Many of these children have complex health needs and live in regional or remote Queensland, requiring specialist transport and hospital care. The program reduces emergency hospital admissions and in-patient care by half.

Find out more at
sunsuper.com.au/community/telethon

Support for Indigenous communities

Sunsuper was a silver sponsor for the First Nations Foundation Big Super Day Out in July and August 2019. Two Sunsuper team members joined the Foundation, the Australian Institute of Superannuation Trustees and other super funds to provide much-needed assistance, information and general advice to more than 500 Indigenous Australians in Darwin and East Arnhem Land. The community events ran for two weeks and helped connect more than \$9.5 million in retirement savings with Aboriginal and Torres Strait Islander super fund members.

In 2019-20, we began a journey with DiverseWerks to lay the foundations for implementing reconciliation initiatives in our workplace and further supporting our Aboriginal and Torres Strait Islander members. We look forward to sharing our Reflect Reconciliation Plan in 2020-21.

“

Everything I thought I knew about the impact superannuation has on the lives of all Australians completely changed when I represented Sunsuper at the Big Super Day Out and helped hundreds of Indigenous Australians reconnect with their super. I lived our values in helping all Australians fulfil their retirement dreams, and it helped me realise what we do for our members, particularly in regional Australia is so important.

Nathan Goldsmith Sunsuper team member and Big Super Day Out volunteer



Nathan Goldsmith Sunsuper team member

Investing in volatile times



Prescote Townsville Sunsuper investment since 2017

Message from the Chief Investment Officer



Ian Patrick Chief Investment Officer

The speed and depth of the downturn in economic activity in Australia and across the world due to the outbreak of the COVID-19 pandemic and subsequent aggressive efforts to contain the spread were without modern historical precedent.

A year of two halves: pre and post COVID-19

In the latter stages of the 2019 calendar year, world share markets performed strongly and global bond yields rose, reflecting a significant easing in several concerns that had weighed heavily on market sentiment for some time. US and Chinese trade negotiators reported progress towards a preliminary trade deal. In the UK, a decisive election victory by Prime Minister Boris Johnson's Conservative party ensured the passage through parliament of a Brexit agreement with the European Union. And after slowing significantly over the previous year or more, signs emerged that the world economy was starting to stabilise. In particular, the worst of the downturn in global manufacturing seemed to be well behind us.

As 2020 began, Australia's bushfire crisis caused significant disruption to the economy and severe economic hardship in the worst affected areas but had little impact on financial markets. However, the COVID-19 outbreak and the authorities' responses caused massive disruption to financial markets and the global economy. World share markets fell sharply over the March quarter,

with the bulk of the falls occurring in the month of March. The Australian dollar declined in value against a range of currencies, which significantly reduced losses on unhedged international share investments. Listed real estate securities were among the worst-performing markets as their underlying assets bore the brunt of widespread shutdowns in business activity.

A flight to the safety of government bonds ensured that bond markets produced strong returns over the March quarter, despite government bonds coming under selling pressure in response to a need to raise cash holdings and a deteriorating economic outlook undermining the performance of non-government bonds.

After falling dramatically during March, world share markets staged a similarly dramatic recovery during the June quarter, although major share market indices generally remained below their pre-COVID-19 levels. After falling against a range of currencies in the March quarter, the Australian dollar rose in value in the June quarter, detracting from the returns of unhedged international shares. Emerging market shares, while also enjoying positive returns for the quarter, generally underperformed returns in the major developed markets. The Australian share market also regained a good deal of lost ground.

After their very strong performance in the March quarter, fixed income returns moderated over recent months. Non-government bonds performed well after a sharp sell-off during the worst of the initial COVID-19 crisis, and the "safe haven" demand for sovereign bonds eased considerably as share markets rebounded.

Strong long-term returns in volatile times

Sunsuper's flagship Balanced option for *Super-savings accounts* produced a loss of 1.7 per cent for the year to June 2020, the first negative financial-year return since 2012. However, despite the severe economic downturn in the March quarter, Sunsuper's longer-term returns remained solid, with the Balanced option posting returns of 6.5 per cent p.a. over the last five years, and 8.0 per cent p.a. over the ten years to the end of June 2020.

We understand members' concern about the economic impact of the coronavirus on their super investment, particularly for those close to or already in retirement. Throughout this challenging time, we consistently encouraged members to remember:

- Super is the longest-term investment many of us may ever have.
- The negative returns in the first half of 2020 follow many years of strong returns.
- Moving to a more conservative strategy after markets have declined will lock in a loss of capital and deliver lower long-term future returns.
- Market downturns, whatever their trigger, are temporary. Every crisis, every downturn, every recession comes to an end, bar none. And it is highly likely that this crisis will be no different.

In fact, for members with 15, 20, 25 years or more until they retire, this downturn is likely one of many they will experience during their working life. For investments in growth assets such as shares, which make up a significant portion of most peoples' super balances, the trade-off for accepting this kind of short-term market turmoil is the expectation of higher long-term returns.

Even for those close to retirement or already retired, super is still a long-term investment. So to ensure their super lasts as long as possible, members will likely need to keep some money invested in growth assets - including shares. However, it's important to ensure your exposure to growth assets is consistent with your retirement plans, as a sharp downturn just before or just after you retire can do significant damage to your savings.

As the market downturn evolved, some members felt they were over exposed to shares or were very worried about the impact of this downturn on their retirement. Our strongest recommendation as the crisis unfolded - and as we look to recovery - remains for them to seek financial advice before making any change to their investment strategy.

When considering investment options and super funds, it's also important to remember that past performance is not a reliable indication of future performance.

Finding new opportunities

There is no way of knowing with any certainty how the COVID-19 outbreak will evolve over the remainder of this year and into the next, or how financial markets will respond. We don't invest members' savings based on our own, or anyone else's, short-term economic or market forecasts. What we do know is that crises tend to provide investment opportunities.

During March and April, we took steps to increase our exposure to Australian and international shares as falling share prices and sharply lower interest rates greatly

improved the value of shares relative to bonds and cash. As share markets recovered we reduced that exposure somewhat, realising profits for members.

We were able to provide liquidity to our investment managers to enable them to participate on Sunsuper's behalf in a series of capital raisings by Australian listed companies. These have resulted in significant gains for Sunsuper members.

And the severe dislocation in private credit and corporate bond markets in the US and elsewhere has allowed us to selectively acquire assets in our alternative strategies and fixed income portfolios.

The economic outlook

Central banks around the world continue to adopt extraordinary monetary policy measures to support the post-COVID-19 recovery, with official interest rates at, close to or even below zero, and massive injections of liquidity into financial markets. Here in Australia, the Reserve Bank has signalled its intention to keep the official cash rate at the historic low of 0.25 per cent for several years and to continue targeting the three-year government bond yield at a level of 0.25 per cent to put downward pressure on lending rates for businesses and households.

Just as the response of health authorities has varied across countries, so too has the size and nature of the economic policy responses. The Australian response has aimed to provide enough financial support to households and businesses to allow sufficient time to contain the virus and create a platform for a robust economic recovery. Containment efforts in a range of economies have proven successful and allowed a degree of "re-opening" to occur. Recent economic data, including some key global business surveys, are consistent with an emerging global recovery. Here in Australia, while labour market conditions remain very challenging, policy efforts - most notably, the government's JobKeeper program - have meant that the falls in employment and the rise in unemployment have been smaller than initially feared.

However, renewed COVID-19 outbreaks in several US states, in parts of Europe and here in Australia are a timely reminder that durability of the economic recovery remains highly dependent on COVID-19 containment efforts.



Ian Patrick
Chief Investment Officer

Making responsible investments

Incorporating sustainability considerations in our investment process is an essential part of our duty to protect members' financial interests over the long term. We believe integrating environmental, social and governance (ESG) factors in the investment process is consistent with better investment outcomes and has the ancillary benefit of contributing to a better future for our members.

Climate change

Australia's devastating 2019-20 summer bushfires highlighted the impending challenges global warming presents and the need for coordinated, global climate action. We believe climate change is one of the most significant sustainability risks facing long-term investors over the coming decades. From an investment perspective, the transition to a low-carbon global economy presents both risks and opportunities; it is best achieved through careful planning and consideration of the impact on workers and communities.

We support the goals of the Paris Agreement and are actively encouraging our investee entities to improve their climate transition and physical resilience.

In 2019-20, Sunsuper:

- progressed work on our comprehensive Climate Action Plan to manage the risks and opportunities of investing,
- joined Climate Action 100+,
- allocated €75 million to an energy transition fund primarily focused on investing in zero carbon renewable energy projects,
- assessed our property and infrastructure investments against the GRESB Assessment, the leading global standard in sustainability reporting for real assets, maintaining our 4-star GRESB rating for the aggregate property portfolio,
- measured the carbon footprint of our listed shares portfolio, and
- supported 44 per cent of climate-change-related shareholder resolutions.

What is Climate Action 100+?

CA100+ is a global investor initiative to ensure the world's most significant greenhouse gas (GHG) emitters take strong action to align their business models with the goal of the Paris Agreement to keep global warming well below 2°C above pre-industrial levels.

The collaborative engagement focuses on dialogue with 161 companies who collectively represent over 80 per cent of global industrial GHG emissions. The initiative has garnered support from more than 450 investors who represent more than US\$40 trillion in assets under management. As a signatory, Sunsuper will be participating in direct dialogue with portfolio companies to strengthen their climate disclosures, take action to reduce GHG emissions across the value chain, and model their business plans against a range of possible policy and warming scenarios.



COVID-19 and responsible investing

The COVID-19 global health pandemic has brought the broad spectrum of ESG considerations sharply into focus. From supply chain management and employee health and safety to capital-allocation discipline, reputation management, and logistical matters such as holding annual general meetings (AGMs) virtually, every aspect of business' commitments to sustainability have been tested.

In 2019-20, Sunsuper:

- engaged directly with several of Australia's largest corporate employers on their approach to managing COVID-19 disruptions and supporting the health and safety and financial and emotional wellbeing of their workforces,
- participated in 58 emergency capital raisings, providing \$303 million in funding, and
- despite physical distancing obstacles, successfully maintained our ESG engagement program with listed portfolio companies.

Inclusion and diversity

Sunsuper is committed to building a team that is representative of the diverse community we live in and fostering a workplace culture that thrives on mutual respect, teamwork and inclusion. In 2019-20, Sunsuper's investment team continued its work on the Diversity Dimensions Project, which aims to measure, monitor and action several elements of inclusion and diversity.

We began this project recognising that, historically, the financial services industry has had low levels of diversity across several dimensions, despite the robust evidence supporting the value of inclusive and diverse workplaces. To champion inclusive and diverse teams and their added value, the Sunsuper investment team has surveyed our external managers, who comprise over 3,000 investment professionals worldwide. Among those surveyed, we found that:

- Since 2018, the gender profile has improved, with women making up 26 per cent of investment professionals surveyed, compared to 18 per cent two years ago.
- Over the last two years, the level of experience within teams has become more distributed, meaning that firms have hired more entrants to the industry who bring knowledge and skill in new technologies and theories, while retaining tenured professionals who bring experience and mentorship.
- Geographically, in 2020 we found a greater home bias among our external managers with 27 per cent of investment professionals surveyed working in Australia or New Zealand, compared to 20 per cent in 2018. The remaining 73 per cent of our managers work across the globe.
- In terms of cultural background, two thirds of professionals identified as being from a Caucasian background, and one third identified as being from other backgrounds.

This project is conducted through the lens of the investment profession but aligns with Sunsuper's various other initiatives that support inclusion and diversity. We have been encouraged by the progress made in gender diversity and experience within investment professionals. We will continue to champion inclusive and diverse workforces both internally at Sunsuper and externally in the investment management profession, on company boards and leadership teams, and with other stakeholders.

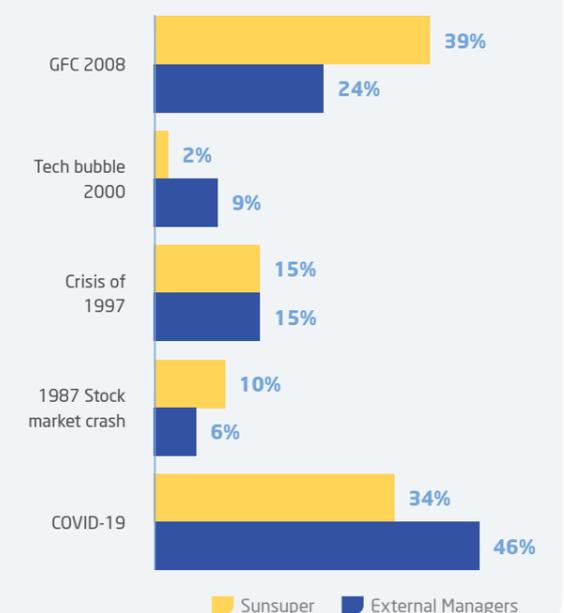
Active ownership

As stewards of our members' retirement savings, we recognise our responsibility to actively engage with investee companies and assets. We believe that engaging directly with company directors and voting on resolutions at AGMs is not only our fiduciary duty but will have a greater impact in protecting and enhancing shareholder value. We aim to use our influence to ensure the companies we invest in are managed sustainably for the long term.

In 2019-20 Sunsuper:

- engaged directly with companies representing 41 per cent of the ASX300 by market capitalisation to discuss business impacts from COVID-19, climate change, diversity, labour practices, safety, heritage protection, remuneration and corporate governance among a range of other topics,
- supported 44 per cent of climate-change-related shareholder resolutions,
- voted against 43 remuneration reports and executive grants at Australian companies, and
- voted on 47,065 resolutions at 4,076 meetings for Australian and international companies.

The graph shows the percentage of investment professionals experiencing each financial crisis as their first financial crisis while working in the investment industry.

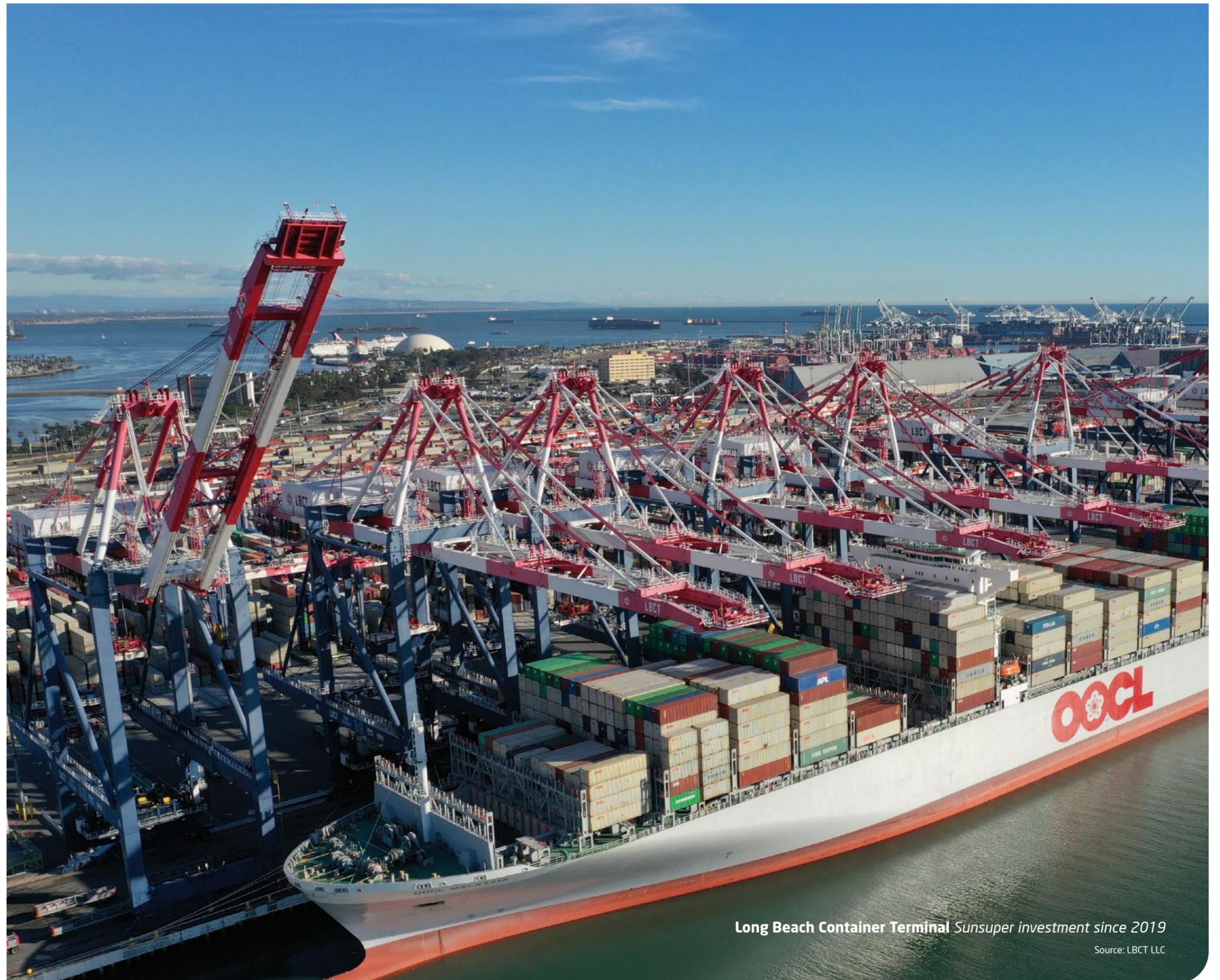


Investment case study:
**Investing in one
of the world's
greenest shipping
container terminals**

In late 2019, Sunsuper invested \$155 million in Long Beach Container Terminal (LBCT) in Los Angeles, California. LBCT is part of the Los Angeles/Long Beach port complex, which is the largest cargo port in North America, handling approximately 35 per cent of all US and Canadian container volumes.

The port complex is a key gateway for trade between North America and Asia. It has a reputation as one of the most environmentally friendly container terminals in the world through automation, electric fleet, shore power and rail capacity. In line with the California Assembly Bill 398 2017, LBCT is investing in terminal decarbonisation initiatives, including zero-emission equipment, electric-stacking cranes and solar panels on carports to meet its Clean Air Action Plan of targeting net zero carbon emissions by 2030.

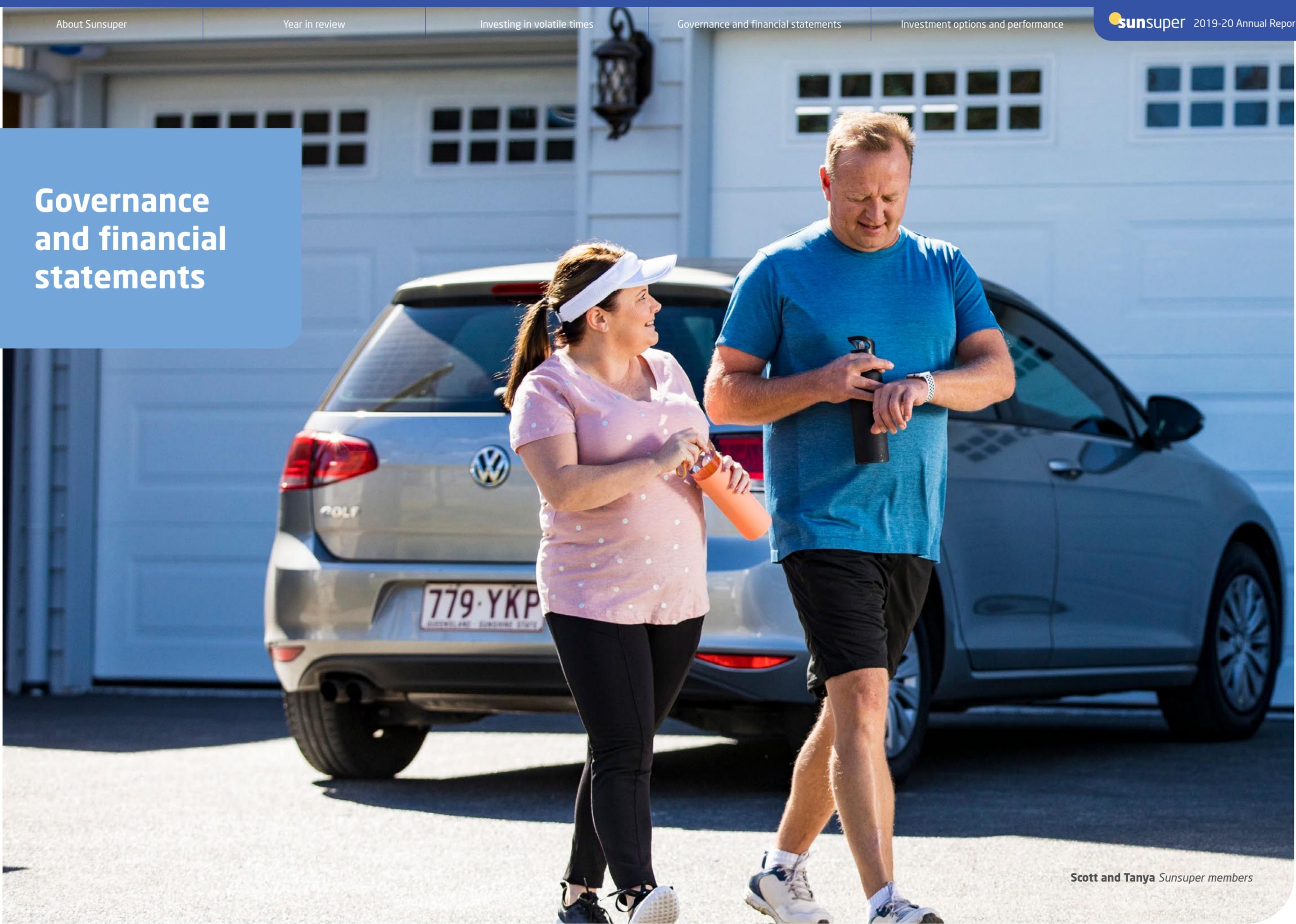
The investment in LBCT provides Sunsuper members with exposure to one of the best-in-class terminal infrastructure assets in North America, underpinned by a 20-year minimum volume commitment with one of the largest shipping lines in the world.



Long Beach Container Terminal Sunsuper investment since 2019

Source: LBCT LLC

Governance and financial statements



Scott and Tanya Sunsuper members

Board of Directors



Andrew Fraser

Chair
Independent Director since
September 2015.

Andrew is a professional director and has been Chair of Sunsuper since 2018.

He is also President and Chair of Motorsport Australia, and an independent Director of Watpac Ltd and New Zealand Rugby League. Andrew is also Chair of Orange Sky Australia and serves in other not-for-profit roles as a Director of 3rd Space and the Hear and Say Centre. He is also a Council Member of Griffith University, where he is the Chair of Finance and Risk.

Previously he was the Head of Strategy & Investment at the National Rugby League (NRL) and has served as Director of the Rugby League World Cup 2017 Ltd, and on the Australian Sports Commission.

Andrew served as a Minister in two governments, including as Treasurer of Queensland from 2007 to 2012. He was appointed as Queensland's youngest Deputy Premier in 2011.

A graduate of Griffith University, Andrew has a First Class Honours Degree in Law and a Bachelor of Commerce, and won the University Medal.



Michael Clifford

Deputy Chair
Director since February 2016.

Michael is the General Secretary of the Queensland Council of Unions and has served on superannuation boards since 2013.

He was a Director of Intrust Super from February 2013 to December 2015 and Chair of the Marketing Committee.

Michael has been a passionate advocate for improved superannuation for more than two decades in his roles as Coordinator with United Voice from 2012 to 2015, Queensland Secretary of the Finance Sector Union of Australia (FSU) from 2001 to 2012, and National Industrial Officer for the FSU from 1997 to 2001.

Michael was also the inaugural Chair of the Australian Labor Party's Queensland Policy Coordination Council and prior to that was the Deputy Chair of the Economic and Infrastructure Policy Committee.

Michael worked in the community sector for six years advocating for working people in his role as community worker and during his time in the union movement.

Michael has a Bachelor of Arts from the University of New South Wales with Majors in Industrial Relations and History.



Mark Goodey

Director since January 2020.

Mark is the Chief Finance Officer of the Australian Workers Union Queensland. Previously he was the Compliance and Finance Officer for Australian Services Union (SA/NT).

For over 30 years as a chartered accountant, Mark has worked with regulatory authorities in connection with audit compliance, tax compliance and investigation work for individuals and corporates, and worked for listed companies.

As well as his accountancy qualification he holds a Bachelor Degree in Environmental Sciences and a Masters in Human Resource Management, has completed the AIST Trustee Directors' Course, and has lectured in professional and management courses for various UK universities over his career. He has been involved in many not-for-profit organisations, including the management of a Railway Heritage Centre.



Elizabeth Hallett

Director since March 2014.

Elizabeth is an experienced non-executive director and chair of audit and risk committees in the financial services and infrastructure sectors. She is a non-executive Director on the Boards of NPP Australia Limited (which is responsible for the New Payments Platform), the Civil Aviation Safety Authority and NSW Land Registry Services. Elizabeth is a reappointed member of the Takeovers Panel and sits on the Advisory Committee of the John Sample Group.

Elizabeth was formerly a corporate partner with an international law firm for 22 years, where she held global and national leadership roles. Elizabeth brings legal and regulatory, corporate governance, risk management and strategy development skills and experience to the Board.

Elizabeth holds a Bachelor of Commerce and a Bachelor of Laws from the University of Melbourne, is a Graduate of the AICD Company Directors' Course and a graduate of the AIST Trustee Directors' Course.



Mark Harvey

Director since July 2016.

Mark has played a key role in the formation and growth of over 20 organisations, which has included managing research and development, operations, finances, fund raising and intellectual property commercialisation.

Mark has been on the Board of Directors of ASX- and NASDAQ-listed public companies, CEO and Partner of two venture capital companies, a member of the Investment Committee of several venture funds, and on the Board of Directors of Toowoomba and Surat Basin Enterprise and the Queensland Cyber Infrastructure Foundation.

Mark is currently the Vice-President (Business Development) at Queensland University of Technology and Vice President of the Chamber of Commerce & Industry Queensland.

Originally trained as a biomedical scientist, Mark has a PhD and an MBA.



Jenni Mack AM

Independent Director since July 2015.

Jenni is an experienced consumer advocate and company director. She is a former Chair of Australia's leading consumer group CHOICE and currently chairs of one of Australia's largest community services providers, CoAct.

Jenni has particular expertise with member-based, not-for-profit organisations operating in commercial environments. She also has deep expertise in consumer policy, including an understanding of drivers of consumer behaviour, consumer information needs, standards setting, complaints and compensation schemes. She has worked on consumer issues in superannuation, retirement incomes and financial advice for more than 25 years.

Jenni is a member of the Red Cross Lifeblood Board and Superannuation Consumers' Australia. She is a former member of ASIC's External Advisory Panel and chaired ASIC's Consumer Advisory Panel for nearly ten years. She was also a member of ASIC's inaugural Fintech Advisory Committee.

Jenni has a BA, a Masters of Administrative Law and Policy, and a Graduate Diploma in Applied Finance. She is an AICD graduate and has completed the AIST Trustee Directors' course. Jenni was made a Member of the Order of Australia in 2020 in recognition of her significant service to business through consumer advocacy roles.

Go to [sunsuper.com.au/about-us/our-board](https://www.sunsuper.com.au/about-us/our-board) for full biographies of the Board of Directors.

Board of Directors (cont.)



Michael Traill AM

Independent Director since September 2015.

Michael joined Social Ventures Australia (SVA) as founding CEO in 2002 after 15 years as a co-founder and Executive Director of Macquarie Group's private equity arm, Macquarie Direct Investment. He was also closely involved in the creation of the unique GoodStart non-profit syndicate.

He maintains a balance of primarily social-purpose, non-executive involvements, including as Executive Director of For Purpose Investment Partners, Chair of the Federal Government Social Impact Investing Taskforce, Chair of the Paul Ramsay Foundation, and Director of MH Carnegie & Co, Hearts & Minds Investments and Australian Philanthropic Services. He is an Adjunct Professor at the Centre for Social Impact at UNSW and author of *Jumping Ship*, winner of the 2017 Ashurst Business Literature Prize.

He holds a BA (Hons) from the University of Melbourne and an MBA from Harvard University. Michael was recognised as a *Financial Review* *BOSS Magazine* 'True Leader' in 2007. He was made a Member of the Order of Australia in 2010 in recognition of his service to the Australian non-profit sector through the work of SVA.



Georgina Williams

Director since July 2018.

Georgie is a professional director, currently serving on the Boards of ASX-listed Reece Ltd and Lifestyle Communities Ltd. On both Reece and Lifestyle, Georgie also serves as a member of the Audit Committees. In addition, she is currently on the Board for UN Women Australia.

Georgie has over 25 years' experience in banking and superannuation, including roles as Chief Executive Officer, Food and Wine Victoria; Group Executive Engagement, Advocacy and Brand at Australian Super; and Head of Brand and Marketing at the Bank of Melbourne. She also held a number of executive positions at NAB over many years in both Australia and the United Kingdom.

She was recognised as one of Australia's Top 50 CMOs in 2016 by *CMO Magazine*. She currently serves as a judge on the Top 50 CMO panel 2020 determining Australia's top marketers.

Georgie has a Bachelor of Commerce and a Bachelor of Arts from the University of Melbourne. She is also a member of AICD and a graduate of the AICD Company Directors' Course.



Catherine Wood AM

Director since December 2019.

Catherine has worked in the profit-for-member superannuation sector for over 20 years starting as an Executive and Director of AGEST Super then serving as a Fund Director and Chair of CareSuper. She has also served as a Director of the Industry Super Property Trust (ISPT Pty Ltd) and Industry bodies AIST (President) and Industry Super Australia.

Catherine was a Director of the Victorian Legal Services Board and is currently a member of the Professional Standards Councils. She is Chair of Women in Super and a Director of the Mother's Day Classic Foundation.

Catherine has served on fund committees dealing with investment, audit compliance & risk, insurance, member services, people and culture, governance and merger. She has participated in the development and advocacy of industry policy, including measures to improve retirement outcomes for women, governance codes and professional development through her involvement on industry bodies.

Catherine has a Bachelor of Arts, is a graduate of the AIST Directors' Course and is a Fellow of AIST. Catherine was made a Member of the Order of Australia in 2020 in recognition of her significant service to the superannuation sector, to women and to trade unions.

Trustee information

The Trustee of the Sunsuper Superannuation Fund is Sunsuper Pty Ltd (ABN 88 010 720 840), which is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence and holds an Australian Financial Services Licence (AFSL) (AFSL No. 228975) from the Australian Securities and Investments Commission (ASIC).

The Trustee is responsible for managing the Fund and ensuring it operates in the best interests of all members and continues to comply with all legal requirements.

Sunsuper Pty Ltd has a Board of Directors comprised of an equal number of member and employer nominated and independent directors.

The Board of Directors is independent of the management of Sunsuper Pty Ltd and free of any business relationship or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board annually reviews the positions and associations of each of the directors in order to ensure this independence is maintained.

As at 30 June 2020, there are five standing Board committees that assist the Board in the discharge of its responsibilities. These committees are the Investment Committee, the Audit, Compliance and Risk Management Committee, the Nominations and Remuneration Committee, the Member Outcomes and Claims Committee and the Successor Fund Transfer Committee. All are governed by their own charters as approved by the Board, and their membership is approved by the Board. These committees review matters for consideration by the Board, or make decisions as a delegate of the Board. A number of these Board committees have appointed external experts as advisers, as outlined below.

The Investment Committee is responsible for reviewing, monitoring and making recommendations and decisions on

the investment activities of the Sunsuper Superannuation Fund. In addition to the director members, the Committee has appointed a non-director member as an external Investment Expert, Rodney Green. The Committee is also advised by an external adviser, Gus Sauter.

The Audit, Compliance and Risk Management Committee is responsible for reporting to and advising the Board on audit, compliance and risk management issues. All members of the Audit, Compliance and Risk Management Committee are directors of the Trustee. The Committee is advised by an external adviser, Jeff Pollock.

The Member Outcomes and Claims Committee is responsible for assisting the Board with ensuring Sunsuper's products, services and corporate strategy deliver member outcomes consistent with acting in members' best interests and the requirements of Prudential Standard SPS 515. The Committee also provides oversight of the Fund's Death, Disability and Terminal Illness claims and advises on the effectiveness of claims management. All members of the Member, Outcomes and Claims Committee are directors of the Trustee. The Committee was advised by an external adviser, Jane Dorter. Jane resigned from Sunsuper effective as at 24 August 2020 and is no longer an adviser to the Member Outcomes and Claims Committee.

Sunsuper has developed and implemented a comprehensive risk management framework, which focuses on the identification, analysis, evaluation, treatment, monitoring and communication of risks. The risk management framework is subject to limited annual assurance from Sunsuper's external auditor in accordance with prescribed auditing standards as well as further comprehensive review from Sunsuper's internal audit function in accordance with the requirements of APRA's SPS 220 - Risk Management.

Members of the Board

As at 30 June 2020

| Member nominated directors | | Nominated by |
|------------------------------|--|--|
| Michael Clifford | | Qld Council of Unions |
| Catherine Wood | | Qld Council of Unions |
| Mark Goodey | | Australian Workers Union of Employees Qld |
| Employer nominated directors | | Nominated by |
| Elizabeth Hallett | | Chamber of Commerce and Industry Queensland (CCIQ) |
| Mark Harvey | | Chamber of Commerce and Industry Queensland (CCIQ) |
| Georgina Williams | | Chamber of Commerce and Industry Queensland (CCIQ) |
| Independent directors | | Nominated by |
| Jennifer Mack | | Sunsuper Board |
| Andrew Fraser (Chair) | | Sunsuper Board |
| Michael Traill | | Sunsuper Board |

- Mark Goodey was appointed as a director effective 1 January 2020.
- Roslyn McLennan resigned as a director effective 8 July 2019.
- Benjamin Swan resigned as a director effective 31 December 2019.
- Catherine Wood was appointed as a director effective 6 December 2019.

Evaluation of Board and executives

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual directors and executives.

This year EgonZehnder conducted a review of Board performance.

Sunsuper's Chief Executive Officer (CEO), in conjunction with the Nominations and Remuneration Committee, is responsible for approving the performance objectives and measures for executives, and providing input into the evaluation of performance against these objectives.

Performance evaluations for the 2019-20 financial year have been conducted in accordance with the approved process for the executives and the Board.

Remuneration of directors and executives

Director remuneration consists of Board and committee fees and superannuation guarantee contributions.

The fees reflect the demands on and responsibilities of those directors. Director remuneration was paid by Sunsuper Pty Ltd.

For the 2020-21 financial year, the Board decided to take a 10 per cent reduction in directors' fees between 1 July 2020 and 31 December 2020, in acknowledgement of the effect COVID-19 had on the Fund.

Executive remuneration comprises salaries, superannuation contributions, and short-term incentive bonuses. The Board, in conjunction with the Nominations and Remuneration Committee and the CEO, is responsible for determining the remuneration of key management personnel. The Nominations and Remuneration Committee reviews the CEO's remuneration. The Committee makes recommendations to the Board for approval of the CEO's remuneration.

Director and executive remuneration, including the CEO's, is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and executives are paid in accordance with the Remuneration Policy. In the case of directors, fees may be paid to the Director, paid to the employer of the Director or salary sacrificed as superannuation contributions.

Remuneration paid and payable

The following tables set out the detailed remuneration paid and payable to key management personnel.

| Year ended 30 June 2020 | Base director fees and salary including short-term leave ⁽²⁾ \$ | Chair fees, Board and Committee ⁽³⁾ \$ | Incentive and other bonus \$ | Non-monetary benefits - reportable fringe benefits \$ | Superannuation contributions, (including salary sacrifice superannuation payments) \$ | Long service leave \$ | Termination benefits \$ | Total \$ |
|---------------------------------|--|---|------------------------------|---|---|-----------------------|-------------------------|----------|
| Andrew Fraser | 158,243 | - | - | - | 20,557 | - | - | 178,800 |
| Michael Clifford ⁽¹⁾ | 66,989 | 52,515 | - | - | 15,746 | - | - | 135,250 |
| Mark Goodey ⁽⁴⁾ | 33,494 | - | - | - | 4,278 | - | - | 37,772 |
| Mary Elizabeth Hallett | 66,989 | 39,628 | - | - | 14,393 | - | - | 121,010 |
| Mark Harvey | 66,989 | 13,209 | - | - | 10,827 | - | - | 91,025 |
| Jennifer Mack | 66,989 | 39,628 | - | - | 14,393 | - | - | 121,010 |
| Roslyn McLennan ⁽¹⁾ | 5,446 | 3,222 | - | - | 305 | - | - | 8,973 |
| Benjamin Swan | 33,494 | 6,605 | - | - | 5,413 | - | - | 45,512 |
| Michael Traill | 66,989 | 26,419 | - | - | 12,610 | - | - | 106,018 |
| Georgina Williams | 66,989 | 29,564 | - | - | 13,035 | - | - | 109,588 |
| Catherine Wood | 38,062 | - | - | - | 5,138 | - | - | 43,200 |
| Bernard Reilly | 513,202 | - | - | - | 64,323 | - | - | 577,525 |
| Ian Patrick | 459,841 | - | - | - | 59,602 | - | - | 519,443 |
| Stevhan Davidson | 261,898 | - | - | - | 35,230 | 4,258 | - | 301,386 |
| Lachlan East | 300,952 | - | - | - | 40,764 | - | - | 341,716 |
| Rodney Greenaway ⁽⁵⁾ | 76,636 | - | - | - | 10,106 | - | - | 86,742 |
| Teresa Hamilton | 293,068 | - | - | - | 36,643 | 4,712 | - | 334,423 |
| Danielle Mair | 265,012 | - | - | - | 35,775 | 4,425 | - | 305,212 |
| Jason Sommer | 421,491 | - | - | - | 56,440 | - | - | 477,931 |
| Steven Travis | 383,224 | - | - | - | 46,659 | - | - | 429,883 |
| Petrina Weston | 248,718 | - | - | - | 33,750 | - | - | 282,468 |
| Teifi Whatley | 321,938 | - | - | - | 42,936 | 7,168 | - | 372,042 |
| David Woodall | 377,754 | - | - | 11,356 | 49,778 | - | - | 438,888 |
| Scott Hartley | 283,145 | - | - | - | 33,639 | - | - | 316,784 |

(1) Director fees were paid to the employer of the Director, Queensland Council of Unions.

(2) The figures exclude amounts that have been salary sacrificed as superannuation payments.

(3) Additional Board and Committee allowances are paid for the following positions: Investment Committee Chair, Audit, Compliance and Risk Management Committee Chair, Nominations and Remuneration Committee Chair, and Member Outcomes and Claims Committee Chair. Director chairs who sit as a chair on one or more Committees are only entitled to one chair allowance. Directors who sit on two or more committees are also provided an additional committee allowance (and only one committee allowance is paid).

(4) Director fees were paid to the employer of the Director, The Australian Workers' Union of Employees.

(5) Rodney Greenaway is employed and remunerated by Precision Administration Services Pty Ltd.

| Year ended 30 June 2019 | Base director fees and salary including short-term leave ⁽²⁾ \$ | Chair Fees, Board and Committee ⁽³⁾ \$ | Incentive and other bonus \$ | Non-monetary benefits - reportable fringe benefits \$ | Superannuation contributions, (including salary sacrifice superannuation payments) \$ | Long service leave \$ | Termination benefits \$ | Total \$ |
|---------------------------------|--|---|------------------------------|---|---|-----------------------|-------------------------|-----------|
| Andrew Fraser | 116,904 | 25,775 | - | - | 19,262 | - | - | 161,941 |
| Michael Clifford ⁽¹⁾ | 65,355 | 25,775 | - | - | 12,303 | - | - | 103,433 |
| Mary Elizabeth Hallett | 65,355 | 38,662 | - | - | 14,042 | - | - | 118,059 |
| Mark Harvey | 65,355 | 12,887 | - | - | 10,563 | - | - | 88,805 |
| Jennifer Mack | 65,355 | 38,662 | - | - | 14,042 | - | - | 118,059 |
| Roslyn McLennan ⁽¹⁾ | 65,355 | 38,662 | - | - | 14,042 | - | - | 118,059 |
| Benjamin Swan | 65,355 | 12,887 | - | - | 10,563 | - | - | 88,805 |
| Michael Traill | 65,355 | 25,775 | - | - | 12,303 | - | - | 103,433 |
| Georgina Williams | 61,889 | - | - | - | 8,355 | - | - | 70,244 |
| Scott Hartley | 611,274 | - | 159,650 | - | 102,287 | - | - | 873,211 |
| Ian Patrick | 496,971 | - | 392,007 | - | 111,083 | - | - | 1,000,061 |
| Stevhan Davidson | 95,620 | - | 33,643 | - | 15,967 | - | - | 145,230 |
| Lachlan East | 268,261 | - | 99,653 | - | 49,808 | - | - | 417,722 |
| Teresa Hamilton | 229,232 | - | 92,736 | - | 40,001 | 4,931 | - | 366,900 |
| Katherine Kaspar | 298,370 | - | 115,678 | - | 54,083 | - | - | 468,131 |
| Danielle Mair | 266,854 | - | 101,178 | - | 50,943 | - | - | 418,975 |
| Michael Mulholland | 491,008 | - | 109,250 | - | 108,444 | - | 317,947 | 1,026,649 |
| Jason Sommer | 416,432 | - | 190,464 | - | 80,776 | - | - | 687,672 |
| Steven Travis | 195,817 | - | 136,929 | - | 71,809 | - | - | 404,555 |
| Petrina Weston | 95,613 | - | 31,098 | - | 15,016 | - | - | 141,727 |
| Teifi Whatley | 343,955 | - | 126,735 | - | 60,072 | 8,391 | - | 539,153 |
| David Woodall | 103,616 | - | 42,878 | - | 20,414 | - | - | 166,908 |

(1) Director fees were paid to the employer of the Director, Queensland Council of Unions.

(2) The figures exclude amounts that have been salary sacrificed as superannuation payments.

(3) Additional Board and Committee allowances are paid for the following positions: Chair of the Board, Deputy Chair, Investment Committee Chair, Audit Compliance and Risk Management Committee Chair, Nominations and Remuneration Committee Chair, and Member Outcomes and Claims Committee Chair. Director chairs who sit as a chair on one or more Committees are only entitled to one chair allowance. Directors who sit on two or more committees are also provided an additional committee allowance (and only one committee allowance is paid).

Short-term incentive bonus plan

The short-term incentive bonus plan rewards individual executives for achievement of goals and attributes. Performance goals are set at the beginning of the financial year to which they relate and are measured over the course of each financial year (July to June).

Performance goal results are assessed through the remuneration review process that occurs annually.

Executives decided to forfeit their incentive payments relating to the 2019-20 financial year in acknowledgement of the effect COVID-19 had on the Fund. They will receive existing deferred payments payable for the 2018-19 financial year. Note that the forfeiture of incentives relating to previous financial years was because the Executive did not meet the service and/or performance criteria for that incentive, and was unrelated to the impact of COVID-19. A comprehensive explanation of remuneration for key management personnel is disclosed on the Fund's public website and can be accessed via [sunsuper.com.au/prescribedinformation](https://www.sunsuper.com.au/prescribedinformation) under Executive Officer Remuneration.

The following table sets out information about the short-term incentive bonuses that were paid or payable to each key management personnel in the years ended 30 June 2020 and 30 June 2019.

| Name | Incentive bonus inclusive of superannuation payment \$ | Financial year the bonus was paid/will be payable | Financial year the performance relates to | % of incentive bonus that was paid/will be payable | % of incentive bonus that was forfeited |
|--------------------|--|---|---|--|---|
| Scott Hartley | 297,556 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 85% | 15% |
| Ian Patrick | 450,822 | 2018-19 & 2019-20 ⁽²⁾ | 2017-18 | 89% | 11% |
| Lachlan East | 91,350 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 80% | 20% |
| Teresa Hamilton | 123,930 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 75% | 25% |
| Katherine Kaspar | 13,577 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 67% | 33% |
| Danielle Mair | 15,073 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 44% | 56% |
| Michael Mulholland | 193,560 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 80% | 20% |
| Jason Sommer | 189,108 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 85% | 15% |
| Teifi Whatley | 134,640 | 2018-19 & 2019-20 ⁽¹⁾ | 2017-18 | 73% | 27% |
| Scott Hartley | 181,203 | 2019-20 | 2018-19 | 50% | 50% |
| Ian Patrick | 444,928 | 2019-20 & 2020-21 ⁽⁴⁾ | 2018-19 | 95% | 5% |
| Stevhan Davidson | 38,185 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 75% | 25% |
| Lachlan East | 113,106 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 93% | 7% |
| Teresa Hamilton | 105,255 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 75% | 25% |
| Katherine Kaspar | 131,294 | 2018-19 | 2018-19 | 75% | 25% |
| Danielle Mair | 114,837 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 75% | 25% |
| Michael Mulholland | 123,999 | 2019-20 | 2018-19 | 67% | 33% |
| Jason Sommer | 216,177 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 88% | 12% |
| Steven Travis | 155,414 | 2019-20 & 2020-21 ^(3,5) | 2018-19 | 54% | 46% |
| Petrina Weston | 35,296 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 70% | 30% |
| Teifi Whatley | 143,844 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 75% | 25% |
| David Woodall | 48,667 | 2019-20 & 2020-21 ⁽³⁾ | 2018-19 | 75% | 25% |
| Bernard Reilly | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Ian Patrick | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Stevhan Davidson | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Lachlan East | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Rodney Greenaway | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Teresa Hamilton | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Danielle Mair | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Jason Sommer | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Steven Travis | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Petrina Weston | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| Teifi Whatley | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |
| David Woodall | 0 | 2020-21 & 2021-22 | 2019-20 | - | 100% |

(1) 3/4 of the total incentive payment was paid in FY 2018-19 and remaining 1/4 will be paid in FY 2019-20

(2) 2/3 of the total incentive payment will be paid in FY 2018-19 and remaining 1/3 will be paid in FY2019-20

(3) 3/4 of the total incentive payment will be paid in FY 2019-20 and remaining 1/4 will be paid in FY 2020-21

(4) 2/3 of the total incentive payment will be paid in FY 2019-20 and remaining 1/3 will be paid in FY 2020-21

(5) Includes a sign-on bonus paid in 2018-19

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

| | Board | Audit, Compliance and Risk Management Committee ⁽¹⁾ | Investment Committee ⁽²⁾ | Nominations and Remuneration Committee ⁽³⁾ | Member Outcomes and Claims Committee ⁽⁴⁾ | Successor Fund Transfer Committee ⁽⁵⁾ |
|---|--|--|-------------------------------------|---|---|--|
| Numbers of meetings held in the year | 14 | 10 | 5 | 6 | 13 | 6 |
| Directors | Number of meetings attended ⁽⁶⁾ | | | | | |
| Andrew Fraser | 14 | 10 | 5 | 6 | N/A | 2 (2) |
| Michael Clifford | 12 | 5 (6) | 3 (3) | 6 | N/A | N/A |
| Mark Goodey | 10 (10) | 4 (4) | N/A | N/A | N/A | N/A |
| Mary Elizabeth Hallett | 14 | 10 | 5 | 6 | N/A | 6 |
| Mark Harvey | 13 | 10 | N/A | N/A | 11 (11) | N/A |
| Jennifer Mack | 14 | N/A | N/A | 6 | 13 | 6 |
| Roslyn McLennan | N/A | N/A | N/A | N/A | N/A | N/A |
| Benjamin Swan | 4 (4) | 6 (6) | 1 (2) | N/A | N/A | N/A |
| Michael Traill | 14 | N/A | 5 | N/A | N/A | N/A |
| Georgina Williams | 14 | N/A | 5 | N/A | 12 (12) | 4 (4) |
| Catherine Wood | 9 (10) | N/A | 3 (3) | N/A | N/A | N/A |

- (1) Members of the Audit, Compliance and Risk Management Committee at 30 June 2020 were Elizabeth Hallett, Andrew Fraser, Mark Goodey and Mark Harvey.
- (2) Members of the Investment Committee at 30 June 2020 were Michael Traill, Andrew Fraser, Catherine Wood, Elizabeth Hallett, Georgina Williams and Michael Clifford.
- (3) Members of the Nominations and Remuneration Committee at 30 June 2020 were Michael Clifford, Andrew Fraser, Elizabeth Hallett and Jennifer Mack.
- (4) Members of the Member Outcomes and Claims Committee at 30 June 2020 were Jennifer Mack, Georgina Williams and Mark Harvey. Note: Effective 29 September 2020 Catherine Wood became a member of the Member Outcomes and Claims Committee.
- (5) Members of the Successor Fund Transfer Committee at 30 June 2020 were Georgina Williams, Elizabeth Hallett and Jennifer Mack.
- (6) Numbers shown in brackets represent the number of meetings each Director was eligible to attend and are based on 1 July 2019 to 30 June 2020. The Board approves a charter for each committee.

Reserves

The Trustee maintains a number of reserves in the Fund. The Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee set an ORFR target amount at 0.25 per cent of Fund net assets plus 0.10 per cent of Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is 100 per cent owned by Sunsuper Superannuation Fund and has the same Trustee as the Fund.

The Trustee may call upon the resources held to meet the ORFR target amount to make a payment to address an operational risk that has materialised and caused one or more beneficiaries in the Fund or in the PST to sustain a loss, or to be deprived of a gain, to which they otherwise would have been entitled, in relation to their benefits in the Fund or in the PST. Initial funding of the ORFR and future top-up or replenishment is from the general reserve. The ORFR is invested in the Balanced option.

Over the past three years, Sunsuper's ORFR has been:

| As at 30 June | 2020 | 2019 | 2018 |
|-------------------------------------|------|------|------|
| Reserve (\$M) | 183 | 180 | 150 |
| Reserve attributed to the PST (\$M) | 9.5 | 9.3 | 7.4 |

The ORFR balance is disclosed in the statement of financial position on page 49 of this report.

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- assist meeting the operating expenses of the Fund,
- assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies and not met from the ORFR,
- assist the ORFR,
- assist the timing differences between the level of investment tax and the investment costs incurred and the level of investment tax and investment fees charged to members, and
- assist expenses and capital investments in assets designed to enhance the efficiency of the Fund's operations.

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings for any investment option. Members' accounts are credited or debited with the actual earnings of their investment option or options via daily unit prices (member balances are calculated by multiplying the number of units they have in each investment option by the unit price for each option).

The general reserve may only be invested in:

- the Balanced option,
- low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes),
- new investment options up to a combined total of \$5 million to provide seed funding on a temporary basis, and
- any other investments approved by the Trustee.

Over the past five years, Sunsuper's general reserve has been:

| As at 30 June | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------|------|------|------|------|------|
| Reserve (\$M) | 224 | 319 | 304 | 195 | 180 |

The general reserve balance is disclosed in the statement of financial position on page 49 of this report.

As part of our arrangements with insurer AIA Australia, we may receive a refund of premiums depending on the level of claims members make against their insurance policies. We pass on any refunded premiums through adjustments to future premiums members pay, or use them to improve our insurance administration. Any refunded premiums that we have received but not yet passed on or used are allocated to an insurance reserve.

Over the past five years, Sunsuper's insurance reserve has been:

| As at 30 June | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------|------|------|------|------|------|
| Reserve (\$M) | 1.0 | 4.0 | Nil | 0.0 | Nil |

¹ The insurance reserve for 2017 was \$16,643.

Compliance

Sunsuper complies

Sunsuper is a regulated fund under the *Superannuation Industry (Supervision) Act 1993 (SIS)*, and has been a complying fund since its inception in 1987. Sunsuper was granted an RSE licence by the Australian Prudential Regulation Authority (APRA) on 21 October 2005.

It is the Trustee's responsibility to ensure that Sunsuper meets its licensing obligations, including compliance with the RSE licensee laws and the maintenance of a risk management strategy and plan. As a result of its complying fund status, Sunsuper members benefit from the lower tax rates that apply to complying funds. The Trustee lodges a return each year with APRA indicating the Fund's compliance with relevant legislation, including the SIS Act.

As an Australian Financial Services licensee, Sunsuper must also have arrangements in place to ensure that it complies with its licensee obligations as determined by the Australian Securities and Investment Commission (ASIC).

These obligations relate to conduct and disclosure; the provision of financial services; the competence, knowledge and skills of its responsible officers, as well as their fitness and propriety; the training and competence of its staff and representatives; and dispute resolution and compensation arrangements.

Sunsuper has planned and implemented compliance measures, processes and procedures designed to ensure it meets these obligations.

Further information

Further information to help you understand your benefits or entitlements, the main features of the Fund, the management and financial condition of the Fund, and the Fund's investment performance or investment strategies is available by calling us on **13 11 84** or visiting [sunsuper.com.au](https://www.sunsuper.com.au)

Insurance

The Trustee has implemented a comprehensive insurance program, which includes liability and professional indemnity insurance policies. This program is designed to transfer some of the financial risks faced by the Trustee and the Fund to other parties. The nature and extent of the insurance policies in place have been determined through risk analysis and consultation with external risk advisers.

Sunsuper's professional indemnity insurance policies cover claims in relation to the conduct of both past and present representatives of Sunsuper.

Superannuation surcharge

This surcharge was abolished from 1 July 2005; however, surcharge amounts may have been advised by the Australian Taxation Office (ATO) and been deducted from members' accounts during the previous financial year.

Sunsuper as the Trustee is responsible for the collection and the remittance of these amounts to the ATO and will deduct any surcharge payable from your account.

Dispute resolution

If you are unhappy with our service or super fund, we offer a complaint resolution process at no additional cost to you.

Customer Service Team: 13 11 84

Sunsuper Customer Relations Team
GPO Box 2924 Brisbane Qld 4001
[sunsuper.com.au/contact-us](https://www.sunsuper.com.au/contact-us)

We will do everything we can to resolve the issue as quickly as possible. If you are not happy with our response you can contact the Australian Financial Complaints Authority (AFCA). This is an independent dispute resolution body established by the federal government to help resolve complaints in relation to superannuation and other financial services.

You can also choose to take your complaint directly to AFCA.

In some circumstances, AFCA may refer your complaint back to Sunsuper.

AFCA's contact details are as follows:

Australian Financial Complaints Authority
GPO Box 3 Melbourne VIC 3001
Call: 1800 931 678
Email: info@afca.org.au
Web: www.afca.org.au

Access to AFCA is free of charge.

Important information you should know about making a complaint to AFCA

The scope of matters that AFCA can deal with is limited by legislation, and it is possible that AFCA cannot deal with the matter. AFCA will advise you if they can deal with a complaint and, if so, what information is required.

AFCA replaced the Superannuation Complaints Tribunal and other financial services complaints handling bodies for all new complaints from 1 November 2018.

Visit [afca.org.au](https://www.afca.org.au) for more information.

For more information on the complaints resolution process refer to [sunsuper.com.au/complaints](https://www.sunsuper.com.au/complaints)

Unit pricing error compensation

Sunsuper has put in place comprehensive controls in order to minimise the chance of unit pricing errors. Should an error occur and Sunsuper determines that compensation is payable to members that have been adversely affected, we aim to ensure existing Sunsuper members are in the same financial position as if the error did not occur. For exited members only amounts \$20 or greater will be compensated. Sunsuper's policy is in line with industry standards and regulatory guidelines.

Professional advisers

| | |
|-------------------------------|---|
| Administrator | Precision Administration Services Pty Ltd ¹ |
| Custodian | State Street Australia Limited |
| Auditor | Deloitte Touche Tohmatsu |
| Investment consultants | JANA Investment Advisers Pty Ltd Aksia LLC Mercer Investments (Australia) Limited Stepstone Group LP |
| Insurers | AIA Australia Limited MetLife Insurance Limited AMP Life Limited Hannover Life Re of Australasia Ltd OnePath Life Limited Colonial Mutual Assurance Society Limited MLC Limited |
| Actuaries | Sunsuper Financial Services Pty Ltd ¹ Towers Watson Australia Pty Ltd |

¹ Wholly owned (via its custodian) by Sunsuper Pty Ltd as Trustee of the Sunsuper Superannuation Fund.

Financial statements

The financial statements identify:

- all contributions to the Fund,
- where the Fund's money was invested and how much income it earned,
- expenses the Fund incurred and other revenue the Fund earned,
- the net assets in the Fund available to pay future benefits, and
- the amount the Fund paid out in benefits.

The Trustee is satisfied that the following abridged financial information derived from the audited Financial Statements of the Fund represents a true and fair record of the Fund's financial position as at 30 June 2020 and the results of its operations, cashflows, changes in reserves and changes in members' benefits for the year ended 30 June 2020. Audited Financial Statements and the Independent Report by the Fund's auditors are available on our website at sunsuper.com.au/annual-reports

You can also contact us on **13 11 84** to request a copy to be sent to you.

Income statement for the year ended 30 June 2020

| | 2020 \$M | 2019 \$M |
|---|----------------|--------------|
| Superannuation activities | | |
| Revenue | | |
| Interest revenue | 330 | 343 |
| Dividend revenue | 1,069 | 1,498 |
| Distribution income | 538 | 328 |
| Rental and other income | 55 | 80 |
| Changes in fair value of investments | (3,501) | 3,051 |
| Total revenue | (1,509) | 5,300 |
| Expenses | | |
| Direct investment expenses | (173) | (149) |
| Administration services expense | (122) | (117) |
| Other operating expenses | (85) | (74) |
| Total expenses | (380) | (340) |
| Results from superannuation activities before income tax expense | (1,889) | 4,960 |
| Income tax (expense)/benefit attributable to net result | 417 | (68) |
| Results from superannuation activities after income tax expense | (1,472) | 4,892 |
| Net benefits allocated to defined contribution members | 1,378 | (4,702) |
| Net change in defined benefit member benefits | (72) | (79) |
| Operating result after income tax | (166) | 111 |

Statement of financial position as at 30 June 2020

| | 2020 \$M | 2019 \$M |
|---|---------------|---------------|
| Assets | | |
| Investments | | |
| Australian shares | 18,033 | 17,957 |
| International shares | 14,198 | 16,173 |
| Private capital | 4,665 | 4,296 |
| Property | 6,342 | 6,600 |
| Infrastructure | 5,348 | 4,845 |
| Fixed interest | 8,879 | 8,542 |
| Hedge funds and alternative strategies | 3,289 | 3,300 |
| Cash | 4,193 | 5,096 |
| Diversified strategies | 1,374 | 2,149 |
| Total investments | 66,321 | 68,958 |
| Other assets | | |
| Cash and cash equivalents | 4,414 | 856 |
| Receivables and other assets | 147 | 190 |
| Total other assets | 4,561 | 1,046 |
| Total assets | 70,882 | 70,004 |
| Liabilities | | |
| Benefits payable and other liabilities | 264 | 361 |
| Current tax liabilities | 484 | 364 |
| Deferred tax liabilities | 727 | 970 |
| Total liabilities | 1,475 | 1,695 |
| Net assets available for member benefits | 69,407 | 68,309 |
| Member liabilities | | |
| Defined contribution member liabilities | 67,371 | 66,101 |
| Defined benefit member liabilities | 1,353 | 1,330 |
| Total member liabilities | 68,724 | 67,431 |
| Total net assets | 683 | 878 |
| Equity | | |
| General reserve | 224 | 319 |
| Insurance reserve | 1 | 4 |
| Operational risk financial requirement (ORFR) | 183 | 180 |
| Defined benefits surplus | 275 | 375 |
| Total equity | 683 | 878 |

Statement of changes in reserves for the year ended 30 June 2020

| | General reserve \$M | Insurance reserve \$M | Operational risk financial requirement (ORFR) \$M | Defined benefits surplus \$M | Total \$M |
|--|------------------------|--------------------------|--|---------------------------------|------------|
| Opening balance as at 1 July 2019 | 319 | 4 | 180 | 375 | 878 |
| Successor fund transfers | - | - | 1 | - | 1 |
| Successor fund transfers - prior year distributed | (30) | - | - | - | (30) |
| Operating result | (60) | (3) | (3) | (100) | (166) |
| Transfer to ORFR | (5) | - | 5 | - | - |
| Closing balance as at 30 June 2020 | 224 | 1 | 183 | 275 | 683 |
| Opening balance as at 1 July 2018 | 304 | - | 150 | 309 | 763 |
| Successor fund transfers | 13 | - | 7 | (13) | 7 |
| Successor fund transfers - prior year distributed | (33) | - | - | - | (33) |
| Successor fund transfers - pending distribution | 30 | - | - | - | 30 |
| Operating result | 6 | 13 | 13 | 79 | 111 |
| Transfer from insurance reserve | 9 | (9) | - | - | - |
| Transfer to ORFR | (10) | - | 10 | - | - |
| Closing balance as at 30 June 2019 | 319 | 4 | 180 | 375 | 878 |

Statement of changes in member benefits for the year ended 30 June 2020

| | Defined contribution member benefits \$M | Defined benefit member benefits \$M | Total \$M |
|--|---|--|---------------|
| Opening balance as at 1 July 2019 | 66,101 | 1,330 | 67,431 |
| Employer contributions | 4,518 | 29 | 4,547 |
| Member contributions | 862 | - | 862 |
| Transfers from other funds | 3,525 | - | 3,525 |
| Successor fund transfers | 465 | - | 465 |
| Income tax on contributions | (701) | (4) | (705) |
| Net after tax contributions and rollovers | 8,669 | 25 | 8,694 |
| Benefits to members | (4,245) | (50) | (4,295) |
| Benefits to members - early release COVID19 | (1,823) | - | (1,823) |
| Insurance proceeds credited to members' accounts | 288 | - | 288 |
| Insurance premiums charged to members' accounts (net of tax) | (264) | (1) | (265) |
| Transfers from defined benefit account to defined contribution account | 23 | (23) | - |
| <i>Net benefits allocated, comprising:</i> | | | |
| Net investment income | (1,230) | - | (1,230) |
| Net administration fees | (148) | - | (148) |
| Net change in defined benefit member benefits | - | 72 | 72 |
| Closing balance as at 30 June 2020 | 67,371 | 1,353 | 68,724 |
| Opening balance as at 1 July 2018 | 54,535 | 1,143 | 55,678 |
| Employer contributions | 4,021 | 27 | 4,048 |
| Member contributions | 743 | - | 743 |
| Transfers from other funds | 3,123 | - | 3,123 |
| Successor fund transfers | 3,095 | 163 | 3,258 |
| Income tax on contributions | (627) | (4) | (631) |
| Net after tax contributions and rollovers | 10,355 | 186 | 10,541 |
| Benefits to members | (3,484) | (47) | (3,531) |
| Benefits to members - early release COVID19 | - | - | - |
| Insurance proceeds credited to members' accounts | 271 | - | 271 |
| Insurance premiums charged to members' accounts (net of tax) | (308) | (1) | (309) |
| Transfers from defined benefit account to defined contribution account | 30 | (30) | - |
| <i>Net benefits allocated, comprising:</i> | | | |
| Net investment income | 4,856 | - | 4,856 |
| Net administration fees | (154) | - | (154) |
| Net change in defined benefit member benefits | - | 79 | 79 |
| Closing balance as at 30 June 2019 | 66,101 | 1,330 | 67,431 |

Statement of cash flows for the year ended 30 June 2020

| | 2020 \$M | 2019 \$M |
|---|--------------|----------------|
| Cash flows from operating activities | | |
| Interest received | 301 | 330 |
| Dividends and distributions received | 1,598 | 1,678 |
| Rental and other income received | 53 | 73 |
| Insurance proceeds received | 324 | 332 |
| Administration service expense paid | (132) | (119) |
| Direct investment expense paid | (181) | (151) |
| Other operating expenses paid | (128) | (74) |
| Group life insurance premiums paid | (317) | (372) |
| Income tax paid | (365) | (477) |
| Net inflows of cash from operating activities | 1,153 | 1,220 |
| Cash flows from investing activities | | |
| Purchase of investments | (38,497) | (28,522) |
| Proceeds from sale of investment | 37,699 | 21,860 |
| Net outflows of cash from investing activities | (798) | (6,662) |
| Cash flows from financing activities | | |
| Employer contributions received | 4,548 | 4,044 |
| Member contributions received | 862 | 743 |
| Transfers from other funds | 3,525 | 3,123 |
| Successor fund transfers | 431 | 1,338 |
| Benefits paid | (6,163) | (3,670) |
| Net inflows of cash from financing activities | 3,203 | 5,578 |
| Net increase/(decrease) in cash held | 3,558 | 136 |
| Cash and cash equivalents at the beginning of the financial year | 856 | 720 |
| Cash and cash equivalents at the end of the financial year | 4,414 | 856 |

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Investment options and performance



Investment options and performance

For more information about our investment options, refer to the *Sunsuper for life Investment guide*. For more information on investment fees and costs, refer to the *Sunsuper for life guide*. For our current *Product Disclosure Statements* and *guides* and any updates refer to sunsuper.com.au/pds. *Sunsuper for life Business* and *Sunsuper for life Corporate* members should refer to their relevant employee microsite.

Investment objectives and strategies

Sunsuper's overall investment objectives are to:

- maximise the real, long-term investment returns (after investment tax and investment fees) subject to the expected risk profiles for each investment option,
- implement an investment manager configuration for each investment option that will in the long term outperform the benchmark return and peer groups,
- avoid exposing each investment option to inappropriate risk through diversification of investments and of managers, and
- maintain sufficient liquid assets so as to pay all benefit and expense obligations in full when due.

Investment options

| | |
|--------------------|--|
| Diversified | Lifecycle Investment Strategy (<i>Super-savings account</i>) |
| | Growth |
| | Balanced |
| | Balanced - Index |
| | Socially Conscious Balanced |
| | Diversified Alternatives |
| | Retirement |
| Single Asset Class | Conservative |
| | Shares |
| | Australian Shares |
| | Australian Shares - Index |
| | International Shares - Index (hedged) |
| | International Shares - Index (unhedged) |
| | Emerging Markets Shares |
| | Property |
| | Australian Property - Index |
| | Diversified Bonds |
| | Diversified Bonds - Index |
| | Cash |
| | Capital Guaranteed |

The investment objectives, benchmarks, returns, fees and asset allocations for each of the investment options are set out in the panels on pages 57-64.

The panels on pages 57-64 show the objectives and performance benchmarks effective 30 June 2020.

Changes to investment options

Note that there were investment changes that occurred on 1 July 2019, which were included in the 2018-19 *Annual report*. Further changes to investment options took effect from 1 October 2020, including objective changes for the Balanced-Index, Australian Shares and Shares options, and a change to both the objective and performance benchmark for the Diversified Bonds option.

Visit sunsuper.com.au/significant-event-notifications to see details of all changes made to investment options over the last two years.

Closure of the Capital Guaranteed investment option

Sunsuper has decided to close the Capital Guaranteed option from 1 January 2021.

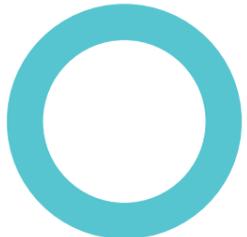
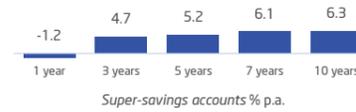
If you're currently invested in the Capital Guaranteed option, you may wish to make a different investment choice for your balance and/or future contributions before the closure. **IMPORTANT:** If you've not made a choice by 31 December 2020, your balance and any future contribution allocation will automatically be transferred to the Cash option.

How does Sunsuper use derivatives?

Sunsuper's policy is to allow or instruct our investment managers to use derivatives such as forwards, futures, options and swaps, to achieve their investment objectives. However, the managers must operate within specific investment guidelines. Derivatives are used particularly for the purpose of managing risk and rebalancing investment options to their target asset allocations using a combination of derivatives to reflect the risk characteristics of each asset class.

Investment options

Lifecycle Investment Strategy

| Balanced Pool | Retirement Pool | Cash Pool | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|----------------------|------|-----------------|-----|----------|------|------------------------|-----|----------------|-----|----------------|------|--------------------------------------|-----|------|-----|---|-------------------|------|----------------------|------|-----------------|-----|----------|-----|------------------------|-----|----------------|-----|----------------|------|--------------------------------------|-----|------|------|---|------|-----|
| <p>Objectives Beat inflation by 3.5% p.a. over 10-year periods (after investment fees and costs and investment taxes).</p> | <p>Objectives Beat inflation by 2.75% p.a. over 10-year periods (after investment fees and costs and investment taxes).</p> | <p>Objectives Match or exceed the Bloomberg AusBond Bank Bill Index (before investment tax but after investment fees and costs).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum suggested timeframe: 5 years. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Actual % asset allocation at 30 June 2020</p>  <table border="1"> <tr><td>Australian shares</td><td>26.5</td></tr> <tr><td>International shares</td><td>25.8</td></tr> <tr><td>Private capital</td><td>7.0</td></tr> <tr><td>Property</td><td>10.5</td></tr> <tr><td>Diversified strategies</td><td>2.5</td></tr> <tr><td>Infrastructure</td><td>7.5</td></tr> <tr><td>Fixed interest</td><td>10.8</td></tr> <tr><td>Hedge funds & alternative strategies</td><td>5.5</td></tr> <tr><td>Cash</td><td>4.0</td></tr> </table> | Australian shares | 26.5 | International shares | 25.8 | Private capital | 7.0 | Property | 10.5 | Diversified strategies | 2.5 | Infrastructure | 7.5 | Fixed interest | 10.8 | Hedge funds & alternative strategies | 5.5 | Cash | 4.0 | <p>Actual % asset allocation at 30 June 2020</p>  <table border="1"> <tr><td>Australian shares</td><td>19.3</td></tr> <tr><td>International shares</td><td>15.3</td></tr> <tr><td>Private capital</td><td>6.0</td></tr> <tr><td>Property</td><td>9.5</td></tr> <tr><td>Diversified strategies</td><td>2.5</td></tr> <tr><td>Infrastructure</td><td>6.5</td></tr> <tr><td>Fixed interest</td><td>21.5</td></tr> <tr><td>Hedge funds & alternative strategies</td><td>8.0</td></tr> <tr><td>Cash</td><td>11.5</td></tr> </table> | Australian shares | 19.3 | International shares | 15.3 | Private capital | 6.0 | Property | 9.5 | Diversified strategies | 2.5 | Infrastructure | 6.5 | Fixed interest | 21.5 | Hedge funds & alternative strategies | 8.0 | Cash | 11.5 | <p>Actual % asset allocation at 30 June 2020</p>  <table border="1"> <tr><td>Cash</td><td>100</td></tr> </table> | Cash | 100 |
| Australian shares | 26.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 25.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 7.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 10.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversified strategies | 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | 7.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest | 10.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hedge funds & alternative strategies | 5.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 4.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares | 19.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 15.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 6.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 9.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversified strategies | 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | 6.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest | 21.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hedge funds & alternative strategies | 8.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 11.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Investment returns to 30 June 2020^{1,2}</p>  <p style="text-align: center;"><i>Super-savings accounts % p.a.</i></p> | <p>Investment returns to 30 June 2020^{1,2}</p>  <p style="text-align: center;"><i>Super-savings accounts % p.a.</i></p> | <p>Investment returns to 30 June 2020^{1,2}</p>  <p style="text-align: center;"><i>Super-savings accounts % p.a.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Fees³</p> <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.24% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.40% p.a. Total: 0.65% p.a.</p> | <p>Fees³</p> <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.24% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.41% p.a. Total: 0.66% p.a.</p> | <p>Fees³</p> <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.24% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.00% p.a. Total: 0.25% p.a.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1 The Balanced, Retirement and Cash Pools commenced on 4 October 2013. The three Pools have identical investments to the respective investment options being the Balanced, Retirement and Cash options. To show our performance for each Pool we have shown the returns of the respective investment options (adjusted to reflect fee differences where applicable) up to 4 October 2013 with returns of each Pool from 4 October 2013.

2 **Past performance is not a reliable indication of future performance.** Returns are after investment fees and costs and investment taxes but before all other fees and costs.

3 It is important to read the information on page 65. For more information on investment fees refer to the *Sunsuper for life guide*. The Investment Base and Performance-related fees apply to the Lifecycle Investment Strategy as a whole. The Indirect cost ratio reflects costs incurred by each individual Pool.

Investment options

Diversified - Multi-asset

| Growth | Balanced | Balanced - Index | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------|------------------|----------------------|------|-----------------|------|----------|-----|------------------------|-----|----------------|-----|--------------------------------------|-----|---|-------------------|------|----------------------|------|-----------------|-----|----------|------|------------------------|-----|----------------|-----|----------------|------|--------------------------------------|-----|------|-----|--|-------------------|------|----------------------|------|----------------|------|
| <p>Objectives Beat inflation over 10 years: <i>Super-savings account</i> and <i>Transition to retirement income account</i> by 4% p.a. and <i>Retirement income account</i> by 4.5% p.a. (after investment fees and costs and where applicable investment taxes).¹</p> <p>Minimum suggested timeframe 7 years</p> <p>Actual % asset allocation at 30 June 2020</p> <table border="1"> <tr><td>Australian shares</td><td>34.0</td></tr> <tr><td>International shares</td><td>31.0</td></tr> <tr><td>Private capital</td><td>10.5</td></tr> <tr><td>Property</td><td>8.5</td></tr> <tr><td>Diversified strategies</td><td>2.5</td></tr> <tr><td>Infrastructure</td><td>8.5</td></tr> <tr><td>Hedge funds & alternative strategies</td><td>5.0</td></tr> </table> | Australian shares | 34.0 | International shares | 31.0 | Private capital | 10.5 | Property | 8.5 | Diversified strategies | 2.5 | Infrastructure | 8.5 | Hedge funds & alternative strategies | 5.0 | <p>Objectives Beat inflation over 10 years: <i>Super-savings account</i> and <i>Transition to retirement income account</i> by 3.5% p.a. and <i>Retirement income account</i> by 4% p.a. (after investment fees and costs and where applicable investment taxes).¹</p> <p>Minimum suggested timeframe 5 years</p> <p>Actual % asset allocation at 30 June 2020</p> <table border="1"> <tr><td>Australian shares</td><td>26.5</td></tr> <tr><td>International shares</td><td>25.8</td></tr> <tr><td>Private capital</td><td>7.0</td></tr> <tr><td>Property</td><td>10.5</td></tr> <tr><td>Diversified strategies</td><td>2.5</td></tr> <tr><td>Infrastructure</td><td>7.5</td></tr> <tr><td>Fixed interest</td><td>10.8</td></tr> <tr><td>Hedge funds & alternative strategies</td><td>5.5</td></tr> <tr><td>Cash</td><td>4.0</td></tr> </table> | Australian shares | 26.5 | International shares | 25.8 | Private capital | 7.0 | Property | 10.5 | Diversified strategies | 2.5 | Infrastructure | 7.5 | Fixed interest | 10.8 | Hedge funds & alternative strategies | 5.5 | Cash | 4.0 | <p>Objectives Closely match the return of the performance benchmark, before investment tax¹ and investment fees and costs.</p> <p>Performance benchmark: The strategic weighted return of the market indices for each asset class⁴.</p> <p>Minimum suggested timeframe 5 years</p> <p>Actual % asset allocation at 30 June 2020</p> <table border="1"> <tr><td>Australian shares</td><td>27.7</td></tr> <tr><td>International shares</td><td>42.3</td></tr> <tr><td>Fixed interest</td><td>30.0</td></tr> </table> | Australian shares | 27.7 | International shares | 42.3 | Fixed interest | 30.0 |
| Australian shares | 34.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 31.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 10.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 8.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversified strategies | 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | 8.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hedge funds & alternative strategies | 5.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares | 26.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 25.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 7.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 10.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversified strategies | 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | 7.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest | 10.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hedge funds & alternative strategies | 5.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 4.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares | 27.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 42.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest | 30.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Investment returns to 30 June 2020 ² | Investment returns to 30 June 2020 ² | Investment returns to 30 June 2020 ² |
|---|---|---|
| <p>Super-savings accounts % p.a.</p> <p>Retirement income accounts % p.a.</p> | <p>Super-savings accounts % p.a.</p> <p>Retirement income accounts % p.a.</p> | <p>Super-savings accounts % p.a.</p> <p>Retirement income accounts % p.a.</p> |

| Fees ³ | Fees ³ | Fees ³ |
|--|--|--|
| <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.24% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.43% p.a. Total: 0.68% p.a.</p> | <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.24% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.40% p.a. Total: 0.65% p.a.</p> | <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.07% p.a. Inv. Performance-related fee: 0.00% p.a. Indirect cost ratio: 0.16% p.a. Total: 0.23% p.a.</p> |

Investment options

Diversified - Multi-asset (cont.)

| Socially Conscious Balanced | Diversified Alternatives | Retirement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------------------------|------------|----------------------|------|-----------------|-----|----------|------|----------------|------|------|-----|--|-----------------|------|----------------|------|--------------------------------------|------|------|-----|---|-------------------|------|----------------------|------|-----------------|-----|----------|-----|------------------------|-----|----------------|-----|----------------|------|--------------------------------------|-----|------|------|
| <p>Objectives Beat inflation over 10 years: <i>Super-savings account</i> and <i>Transition to retirement income account</i> by 3.5% p.a. and <i>Retirement income account</i> by 4% p.a. (after investment fees and costs and where applicable investment taxes).¹</p> <p>Minimum suggested timeframe 5 years</p> <p>Actual % asset allocation at 30 June 2020</p> <table border="1"> <tr><td>Australian shares</td><td>28.8</td></tr> <tr><td>International shares</td><td>30.2</td></tr> <tr><td>Private capital</td><td>1.5</td></tr> <tr><td>Property</td><td>18.7</td></tr> <tr><td>Fixed interest</td><td>16.3</td></tr> <tr><td>Cash</td><td>4.5</td></tr> </table> | Australian shares | 28.8 | International shares | 30.2 | Private capital | 1.5 | Property | 18.7 | Fixed interest | 16.3 | Cash | 4.5 | <p>Objectives Beat inflation over 10 years: <i>Super-savings account</i> and <i>Transition to retirement income account</i> by 4.5% p.a. and <i>Retirement income account</i> by 5% p.a. (after investment fees and costs and where applicable investment taxes).¹</p> <p>Minimum suggested timeframe 7 years</p> <p>Actual % asset allocation at 30 June 2020</p> <table border="1"> <tr><td>Private capital</td><td>34.6</td></tr> <tr><td>Infrastructure</td><td>35.6</td></tr> <tr><td>Hedge funds & alternative strategies</td><td>24.8</td></tr> <tr><td>Cash</td><td>5.0</td></tr> </table> | Private capital | 34.6 | Infrastructure | 35.6 | Hedge funds & alternative strategies | 24.8 | Cash | 5.0 | <p>Objectives Beat inflation over 10 years: <i>Super-savings account</i> and <i>Transition to retirement income account</i> by 2.75% p.a. and <i>Retirement income account</i> by 3.25% p.a. (after investment fees and costs and where applicable investment taxes).¹</p> <p>Minimum suggested timeframe 5 years</p> <p>Actual % asset allocation at 30 June 2020</p> <table border="1"> <tr><td>Australian shares</td><td>19.3</td></tr> <tr><td>International shares</td><td>15.3</td></tr> <tr><td>Private capital</td><td>6.0</td></tr> <tr><td>Property</td><td>9.5</td></tr> <tr><td>Diversified strategies</td><td>2.5</td></tr> <tr><td>Infrastructure</td><td>6.5</td></tr> <tr><td>Fixed interest</td><td>21.5</td></tr> <tr><td>Hedge funds & alternative strategies</td><td>8.0</td></tr> <tr><td>Cash</td><td>11.5</td></tr> </table> | Australian shares | 19.3 | International shares | 15.3 | Private capital | 6.0 | Property | 9.5 | Diversified strategies | 2.5 | Infrastructure | 6.5 | Fixed interest | 21.5 | Hedge funds & alternative strategies | 8.0 | Cash | 11.5 |
| Australian shares | 28.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 30.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 18.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest | 16.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 4.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 34.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | 35.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hedge funds & alternative strategies | 24.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 5.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares | 19.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| International shares | 15.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private capital | 6.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property | 9.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diversified strategies | 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | 6.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest | 21.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hedge funds & alternative strategies | 8.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 11.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Investment returns to 30 June 2020 ² | Investment returns to 30 June 2020 ² | Investment returns to 30 June 2020 ² |
|---|---|---|
| <p>Super-savings accounts % p.a.</p> <p>Retirement income accounts % p.a.</p> | <p>Super-savings accounts % p.a.</p> <p>Retirement income accounts % p.a.</p> | <p>Super-savings accounts % p.a.</p> <p>Retirement income accounts % p.a.</p> |

| Fees ³ | Fees ³ | Fees ³ |
|--|---|--|
| <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.21% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.55% p.a. Total: 0.77% p.a.</p> | <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.23% p.a. Inv. Performance-related fee: -0.03% p.a. Indirect cost ratio: 1.21% p.a. Total: 1.41% p.a.</p> | <p>Actual investment fees and costs for 2019-20 Inv. Base fee: 0.23% p.a. Inv. Performance-related fee: 0.01% p.a. Indirect cost ratio: 0.41% p.a. Total: 0.65% p.a.</p> |

Investment options

Diversified - Multi-asset

Conservative

Objectives

Returns (after investment fees and costs and where applicable investment taxes)¹ of 1% p.a. above the Bloomberg AusBond Bank Bill Index after investment tax (where applicable) over a 3-year period.

Minimum suggested timeframe

3 years

Actual % asset allocation at 30 June 2020



| | |
|--------------------------------------|------|
| Australian shares | 9.5 |
| International shares | 7.0 |
| Private capital | 5.0 |
| Property | 8.5 |
| Diversified strategies | 2.5 |
| Infrastructure | 5.5 |
| Fixed interest | 30.5 |
| Hedge funds & alternative strategies | 8.0 |
| Cash | 23.5 |

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.23% p.a.
 Inv. Performance-related fee: 0.00% p.a.
 Indirect cost ratio: 0.39% p.a.
 Total: 0.62% p.a.

Note: These footnotes apply to the investment options on pages 58-64.

- No investment tax generally applies for Retirement income accounts. Refer to the *Sunsuper for life guide* for information on investment tax.
- Past performance is not a reliable indication of future performance. Returns are after investment fees, costs and taxes (where applicable) but before administration fees and costs. *Transition to retirement income account* returns from 1 July 2017 are the same as for *Super-savings accounts*. Prior to 1 July 2017, *Transition to retirement income account* returns were the same as *Retirement income account* returns. Visit [sunsuper.com.au/performance](https://www.sunsuper.com.au/performance) for historical return information.
- It is important to read the information on page 65. For more information on fees and costs, refer to the *Sunsuper for life guide*.
- The weighted benchmark is essentially applying the asset allocation weighting to the benchmark index or indices relevant to the underlying asset class or fund. The Balanced-Index investment option used weighted benchmarks as listed below.

- S&P/ASX 300 Accumulation Index (Australian shares)
- MSCI World ex-Australia Index Net in \$A (International shares)
- MSCI World ex-Australia Small Cap Index Net in \$A (International shares)
- MSCI World ex-Australia Index Net Hedged to \$A (International shares)
- MSCI Emerging Markets Index Net in \$A (International shares)
- Bloomberg AusBond Composite 0+Yr index (Cash & Fixed interest)
- Bloomberg Barclays Global Aggregate Index, hedged to \$A (Fixed interest)

Note that from 1 October 2020, the objectives of the Balanced-Index option changed and the weighted benchmark no longer applies.

Investment options

Single asset class

Shares

Objectives

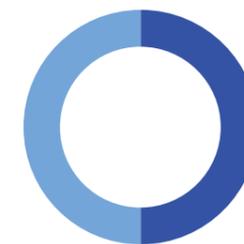
Beat the performance benchmark by 0.25% p.a. before investment taxes¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark: 50% S&P/ASX 300 Accumulation Index and 25% MSCI ACWI ex Australia Investable Market Index (IMI) in \$A and 25% MSCI ACWI ex Australia IMI hedged to \$A.

Minimum suggested timeframe

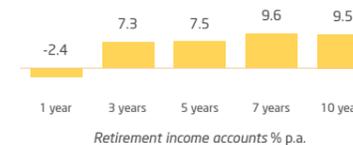
7 years

Actual % asset allocation at 30 June 2020



| | |
|----------------------|----|
| Australian shares | 50 |
| International shares | 50 |

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.22% p.a.
 Inv. Performance-related fee: 0.01% p.a.
 Indirect cost ratio: 0.06% p.a.
 Total: 0.29% p.a.

Australian Shares

Objectives

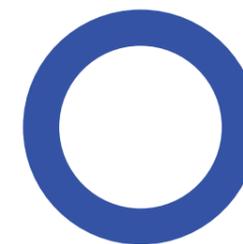
Beat the performance benchmark by 0.25% p.a. before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark: S&P/ASX 300 Accumulation Index.

Minimum suggested timeframe

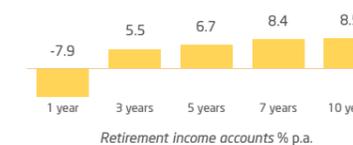
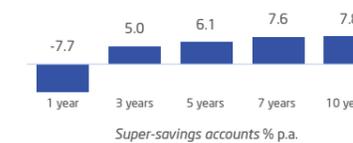
7 years

Actual % asset allocation at 30 June 2020



| | |
|-------------------|-----|
| Australian shares | 100 |
|-------------------|-----|

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.27% p.a.
 Inv. Performance-related fee: 0.03% p.a.
 Indirect cost ratio: 0.12% p.a.
 Total: 0.42% p.a.

Australian Shares - Index

Objectives

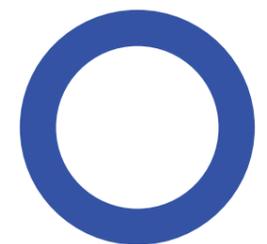
Closely match the return of the performance benchmark, before investment tax¹ and investment fees and costs.

Performance benchmark: S&P/ASX 300 Accumulation Index.

Minimum suggested timeframe

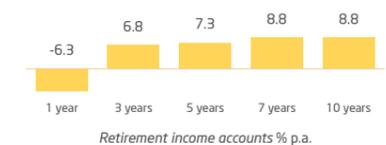
7 years

Actual % asset allocation at 30 June 2020



| | |
|-------------------|-----|
| Australian shares | 100 |
|-------------------|-----|

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.09% p.a.
 Inv. Performance-related fee: 0.00% p.a.
 Indirect cost ratio: 0.00% p.a.
 Total: 0.09% p.a.

Investment options

Single asset class (cont.)

International Shares - Index (hedged)

Objectives

Closely match the performance benchmark, before investment tax¹ and investment fees and costs.

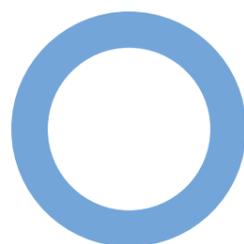
Performance benchmark:

MSCI World ex-Australia Investable Market Index (IMI) in \$A (hedged).

Minimum suggested timeframe

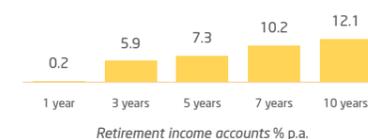
7 years

Actual % asset allocation at 30 June 2020



International shares 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.10% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.02% p.a.
Total: 0.12% p.a.

International Shares - Index (unhedged)

Objectives

Closely match the performance benchmark, before investment tax¹ and investment fees and costs.

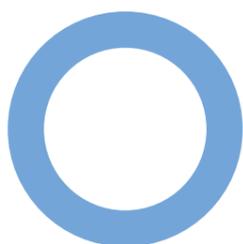
Performance benchmark:

MSCI World ex-Australia Investable Market Index (IMI) in \$A (unhedged).

Minimum suggested timeframe

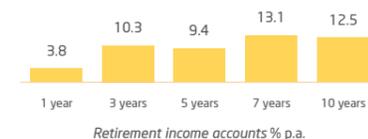
7 years

Actual % asset allocation at 30 June 2020



International shares 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.10% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.01% p.a.
Total: 0.11% p.a.

Emerging Markets Shares

Objectives

Closely match the return of the performance benchmark before investment tax¹ and investment fees and costs.

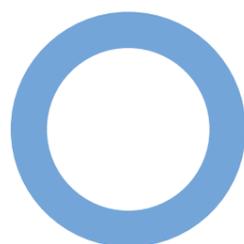
Performance benchmark:

MSCI Emerging Markets Investable Market Index (IMI) in \$A (unhedged).

Minimum suggested timeframe

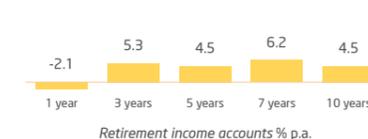
7 years

Actual % asset allocation at 30 June 2020



International shares emerging 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.12% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.11% p.a.
Total: 0.23% p.a.

Investment options

Single asset class (cont.)

Property

Objectives

Beat the performance benchmark before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark:

25% FTSE EPRA/NAREIT Global REIT A\$ (A\$ hedged), 45% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, 18.75% NCREIF Open End Diversified Core Equity Index (A\$ hedged) and 11.25% MSCI Pan-European Quarterly Property Fund Index (A\$ hedged).

Minimum suggested timeframe

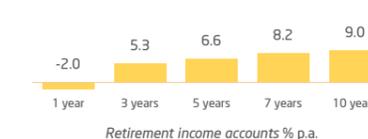
7 years

Actual % asset allocation at 30 June 2020



Property 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.20% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.58% p.a.
Total: 0.78% p.a.

Australian Property - Index

Objectives

Closely match the return of the performance benchmark, before investment tax¹ and investment fees and costs.

Performance benchmark:

S&P/ASX 300 A-REIT Accumulation Index.

Minimum suggested timeframe

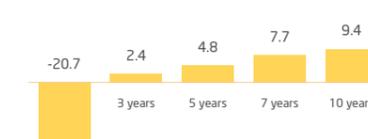
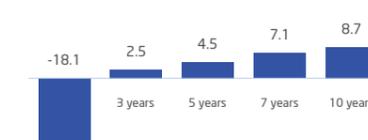
7 years

Actual % asset allocation at 30 June 2020



Property 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.07% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.07% p.a.
Total: 0.14% p.a.

Diversified Bonds

Objectives

Beat the performance benchmark by 0.5% p.a. before investment tax¹ but after investment fees and costs over rolling 3-year periods.

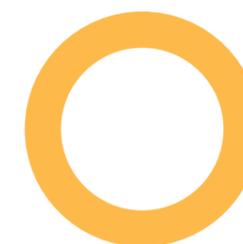
Performance benchmark:

50% FTSE World Broad Investment Grade Index hedged in \$A and 50% Bloomberg AusBond Composite 0+Yr Index.

Minimum suggested timeframe

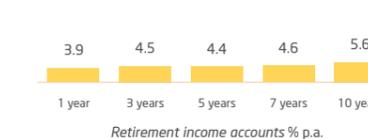
3 years

Actual % asset allocation at 30 June 2020



Fixed Interest 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.28% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.08% p.a.
Total: 0.36% p.a.

Investment options

Single asset class (cont.)

Diversified Bonds - Index

Objectives

Closely match the return of the performance benchmark, before investment tax¹ and investment fees and costs.

Performance benchmark:

50% Bloomberg AusBond Composite 0 + Yr Index and 50% Bloomberg Barclays Global Aggregate Index, hedged to \$A.

Minimum suggested timeframe

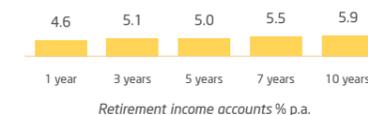
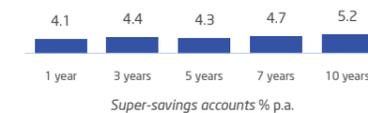
3 years

Actual % asset allocation at 30 June 2020



Fixed Interest 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.07% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.09% p.a.
Total: 0.16% p.a.

Cash

Objectives

Match or exceed the returns of the performance benchmark, before investment tax¹ but after investment fees and costs.

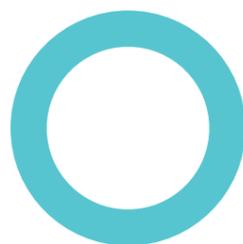
Performance benchmark:

Bloomberg AusBond Bank Bill Index.

Minimum suggested timeframe

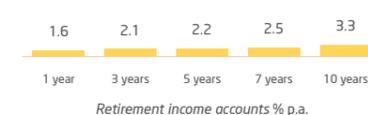
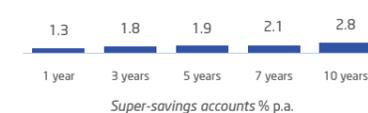
1 year

Actual % asset allocation at 30 June 2020



Cash 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.07% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.00% p.a.
Total: 0.07% p.a.

Capital Guaranteed

Objectives

Beat the performance benchmark after investment tax (where applicable)¹ and investment fees and costs over rolling 3-year periods.

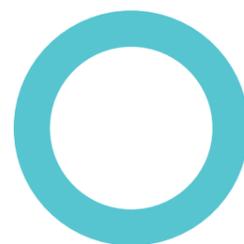
Performance benchmark:

Bloomberg AusBond Bank Bill Index after investment tax (where applicable).¹

Minimum suggested timeframe

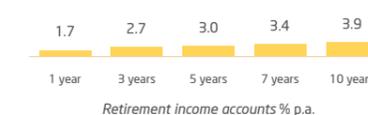
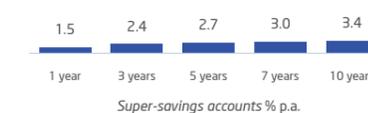
3 years

Actual % asset allocation at 30 June 2020



Deposits with ADIs and Capital Guaranteed Investments 100

Investment returns to 30 June 2020²



Fees³

Actual investment fees and costs for 2019-20

Inv. Base fee: 0.11% p.a.
Inv. Performance-related fee: 0.00% p.a.
Indirect cost ratio: 0.21% p.a.
Total: 0.32% p.a.

Actual investment fees and costs for 2019-20

Investment fees

At Sunsuper we report the investment fees in two components: the base fee and the performance-related fee.

Investment fees cover the costs of investing and managing investments for members. Sunsuper sets investment fees to match expected costs.

The actual investment base and performance-related fees for each investment option for 2019-20 are shown in the investment panels on pages 57-64. Actual investment fees may differ from our estimates in some instances as a result of outperformance resulting in higher than expected performance-related fees. Sunsuper believes paying fees for performance to its investment managers encourages sustained investment performance and avoids rewarding investment managers for underperformance.

If an investment manager who has the potential to earn a fee for performance underperforms their performance target, the investment manager needs to overcome their underperformance in future periods before another fee for performance can be earned.

Indirect cost ratio

Indirect costs are expenses incurred in managing members' investments in addition to investment fees. They are not paid by Sunsuper, but rather are incurred indirectly by our investment managers and as such are included in members' net investment returns. The indirect cost ratios are the sum of indirect costs expressed as a percentage of the funds in each investment option.

The indirect cost ratios shown in the investment panels on pages 57-64 were calculated after the end of the financial year, using actual costs incurred in 2019-20 where possible. Where actual costs were not available, reasonable estimates of actual costs were used.

For the most up-to-date investment fees and costs and investment option details refer to the current *Product Disclosure Statements* and guides at sunsuper.com.au/pds

Investment managers

Customised Investment Management Agreements

As at 30 June 2020

| Manager | Asset classes | \$M |
|--|---------------------------------|---------|
| Acadian Asset Management (Australia) Ltd | Australian Shares | 1,880.7 |
| Affirmative Investment Management Partners Ltd | Fixed Interest | 155.7 |
| Allegro Funds Pty Ltd | Private Capital, Property | 670.9 |
| AMP Capital Investors Limited | Infrastructure, Property | 1,134.0 |
| AQR Capital Management, LLC | International Shares (Emerging) | 335.1 |
| Ardea Investment Management Pty Ltd | Cash | 391.6 |
| Arrowstreet Capital, Limited Partnership | International Shares | 1,147.3 |
| Baillie Gifford Overseas Limited | International Shares | 653.9 |
| Bain Capital Credit, LP | Fixed Interest | 190.8 |
| Barwon Investment Partners Pty Ltd | Private Capital | 168.8 |
| Colchester Global Investors Ltd | Fixed Interest | 360.9 |
| Core and Value Advisors, LLC | Property | 146.9 |
| First Sentier Investors (Australia) RE Ltd | Infrastructure | 685.0 |
| Firetrail Investments Pty Ltd | Australian Shares | 523.0 |
| GMO Australia Ltd | International Shares (Emerging) | 188.2 |
| Hermes Investment Management Ltd | Socially Conscious | 110.7 |
| Hosking Partners LLP | International Shares | 1,234.0 |
| H.R.L. Morrison & Co. Private Markets Pty Ltd | Infrastructure | 381.8 |
| JP Morgan Asset Management (Australia) Limited | Diversified Strategies | 481.0 |
| Lazard Asset Management Pacific Co | Fixed Interest | 206.1 |
| Loomis, Sayles & Company, LP | Fixed Interest | 442.8 |
| Macquarie Investment Management Global Limited | Fixed Income | 1,795.3 |
| Macquarie Specialised Asset Management Limited | Infrastructure | 1,252.7 |
| Maple-Brown Abbott Limited | Australian Shares | 1,102.9 |
| Morgan Stanley Investment Management (Australia) Pty Limited | Fixed Interest | 1,685.7 |
| Origin Asset Management LLP | International Shares (Emerging) | 184.6 |
| Payden & Rygel Global Ltd | Cash | 441.0 |

| Manager | Asset classes | \$M |
|---|--|----------|
| PIMCO Australia Pty Ltd | Fixed Interest | 665.2 |
| PineBridge Investments LLC | Diversified Strategies | 468.2 |
| Pzena Investment Management, LLC | International Shares, International Shares (Emerging) | 1,397.6 |
| QIC Limited | Cash, Asset Overlay, DAA | 1,177.4 |
| Schroder Investment Management Australia Limited | Fixed Interest | 935.4 |
| State Street Global Advisors, Australia, Limited | Cash, International Shares | 2,259.3 |
| StepStone Group Real Asset, LP | Alternative Strategies, Infrastructure | 555.8 |
| TCW Asset Management Company | Fixed Interest | 436.3 |
| Tanarra Capital Australia Pty Ltd | Australian Shares | 233.4 |
| Tribeca Investment Partners Pty Ltd | Australian Shares | 529.3 |
| TT International (Hong Kong) Ltd | International Shares (Emerging) | 270.4 |
| Vanguard Investments Australia Ltd | Australian Shares, International Shares, and International Shares (Emerging) | 13,690.9 |
| Vinva Investment Management Limited | Australian Shares | 5,449.6 |
| WaveStone Capital Pty Ltd | Australian Shares | 1,197.8 |
| WCM Investment Management | International Shares | 1,229.6 |
| Wellington International Management Company Pty Ltd | Cash | 467.2 |

New investment managers since 30 June 2020

Since 30 June 2020, Sunsuper has appointed the following additional investment manager:

- Platypus Asset Management Pty Ltd for the Australian Shares asset class.

The following manage portfolios for the purpose of active currency overlay:

- AQR Capital Management, LLC
- P/E Global LLC
- Record Currency Management Ltd
- State Street Global Advisors, Australia, Ltd

Sunsuper Pooled Superannuation Trust

The Trustee of Sunsuper is also the Trustee of the Sunsuper Pooled Superannuation Trust (PST). Some investments of Sunsuper are made via the PST. No other entities invest money in the PST. As at 30 June 2020, the PST's net investments were \$9.5 billion.



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Sunsuper Pty Ltd
ABN 88 010 720 840
AFSL No. 228975

Sunsuper Superannuation Fund
ABN 98 503 137 921
Unique Super Identifier (USI) 98 503 137 921 001

MySuper Authorisation 98 503 137 921 996



Sunsuper is a member of The Association of
Superannuation Funds of Australia Limited (ASFA).

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