

insight

Member newsletter

Autumn 2019/20



Message from the CEO

Investment Update

CEO update

The events of the past few weeks have been unprecedented, and I'm sure very difficult for many of our members. The COVID-19 pandemic has changed our world, and will continue to change it over the coming months.

To protect our staff and ensure we can continue to provide our members with the exceptional service you've come to expect from Vision Super, we have put business continuity measures in place. Almost all of our staff are now working from home so that we can do our bit to slow the spread of the pandemic while still managing members' retirement savings. We've increased security on all of our systems to account for the increased remote access and keep your data safe.

Our office unfortunately is shut to members and other visitors. We're still here if you need support and help over the phone and via email, and we're still available through our social media channels. One thing at Vision Super, even during this time of uncertainty, remains the same: we're committed to providing support to our members and employers. You can also still log in to your member account securely through our website, or download the Vision Super App from the App store or Google Play.

We are experiencing increased call volumes – many members have been concerned about movements in the market, and understandably want to talk to us. Please be patient – we're here to help. And please don't forget that super is a long-term investment. Even if you're coming up to retirement age or retired, your money may still need to be invested for another 20 or more years. We understand that one of the main reasons people switch to a more conservative option is in response to market volatility, thinking they will avoid further losses. But by doing this, they may be locking in losses and could potentially miss out on higher returns when markets do recover – please do think about your own personal objectives, situation and needs before you make a change, particularly in response to market conditions.

We know it's a complex issue – one of our highly-qualified Vision Super financial planners can help you understand your personal risk profile and make the right choice for you. Advice on a single issue like your investment option can generally be provided at no cost to you, and we can help on the phone or via video conference. To book an appointment with a Vision Super financial planner, call us on 1300 300 820 Monday to Friday, 8:30am to 5pm..

We're also providing regular updates via the Vision Super website. Here you will be able to find out more about investments, market performance and the Federal government's superannuation initiatives. Although this is an unusual situation, we've been managing superannuation for

more than 70 years, through many market ups and downs caused by global events, and we have a lot of confidence in our Investments team. The current conditions won't last forever, and as always they're thinking about the long term as well as ways to cushion the impact of volatility in the shorter term.

As mentioned earlier in this message the Federal Government recently made changes to some superannuation rules. The first change will allow eligible members who have been significantly financially affected by COVID-19, to access a limited amount of their retirement savings. Details of this change can be found on our website at www.visionsuper.com.au/coronavirus-and-your-super

The second change affects the drawdown rate by retirees, and the third is a change to deeming rates for pensioners. Deeming rates are the amount the government calculates income from your financial assets to be.

We also understand that your super isn't your only concern right now – your health and your family's health will be top of mind. Just a reminder that as a Vision Super member, you have access to Best Doctors, which connects you with a network of 50,000 leading medical specialists from around the world. It offers a second opinion when you need it most, to make sure you received the right diagnosis and are on the best treatment plan. You can use Best Doctors at anytime, anywhere, as often as you need for no extra cost, and it's completely confidential. Best Doctors includes mental health support via their Mental Health Navigator service if you or your family need it. Visit <https://www.visionsuper.com.au/best-doctors> for more information.

Finally, I would like to thank you for your continued support and understanding as we all manage these challenging times together. I wish you and your families all the best - follow the official advice, stay home as much as possible, and protect yourselves and the community.

Best wishes



Stephen Rowe
Chief Executive Officer

Investment update

March 2020

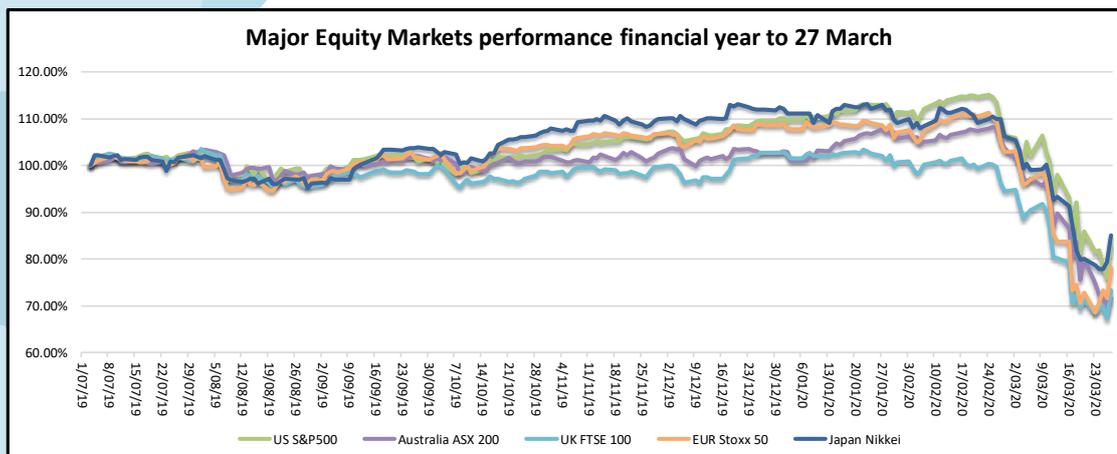
The COVID-19 pandemic began in China late last year in Hubei province. The power of compound growth was on display with very low numbers rapidly compounding until the new virus, COVID-19 became a major issue for the Chinese in early 2020. This led first to a supply shock as China began to lockdown, and then to a demand shock with countries all around the world progressively locking down to ward off the disease and slow its progression.

We at Vision Super are not experts on the virus - but if you want to learn more, there are many excellent sources including the ABC's Coronacast podcast: www.abc.net.au/radio/programs/coronacast.

It is worth noting that our more aggressive options such as Australian equities and Just Shares are always fully exposed to equity markets, but more conservative options like the Cash option and the Conservative option had no or little exposure to the share market. Performance of the major share markets since 1 July 2019 is shown below.

began to be priced into markets and governments responded with huge fiscal measures to offset the impact of lock downs on their residents and the economy. During this period we have had some of the sharpest falls in markets in a day in history but also some of the biggest gains.

Today, 31 March, we are still defensively positioned but less so than was the case in the middle of March. We believe that this crisis will continue for some time - perhaps longer than the market is currently pricing in. This view is based on the latest thinking from health experts and epidemiologists. While a vaccine may be forthcoming, it will take many months to properly test, mass distribute and vaccinate the population. Restrictions on associations and movements are likely to continue in some form for months if not longer. While governments have, after a delay, done a good job of cushioning the blow from the lockdown, it may not prove to be sufficient in offsetting bankruptcies and economic hardship. We are expecting more economic pain to occur alongside the health crisis.



While this current crisis is the biggest pandemic since the Spanish flu 100 years ago, we have seen many market crises over the last few decades. Markets have always bounced back in these circumstances and rewarded those who have stay invested over the long term. This crisis is unlikely to be any different.

For our 'pre-mixed' options including the default Balanced Growth option, Vision Super was defensively positioned in February 2020 following what had been a strong run in equities markets. In early March we increased our defensive positioning recognising that the spread of the virus had become inevitable. Equity markets fell by around 35% from their peak in February until their trough on 23 March, an incredibly sharp correction. As markets fell, Vision Super bought back some equities as the cost of the pandemic

The disruption in markets has made equities more attractive on a longer-term basis in comparison with other asset classes. While protecting capital in the short term is a consideration, our focus is on growing our members' balances for income in their retirement. As such, we continue to invest in the share market where the best long-term return prospects lie and will look to add to our exposure selectively. Like for the virus itself, compounding has a powerful impact on superannuation account balances. Where they are able to, members should focus on the long term and the compound effects on account balances.

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Your **quarterly** newsletter

Log in to **Vision Online** to keep up to date with your account and what's happening at Vision Super

Stay informed on the latest COVID-19 and Vision Super news



To keep up-to-date on what's happening with your super and COVID-19 you can visit our pandemic page at www.visionsuper.com.au/coronavirus-and-your-super

You can also download the Vision super app on Apple or Android and sign up to receive notifications on when updates to the page are made.