

WHERE FUTURES GROW

ANNUAL REPORT 2019



HIGHLIGHTS

2018-19

7.36%

return for Balanced growth (MySuper)
option for 1 year to 30 June 2019

9.80%

return for Balanced growth (MySuper)
option for 3 years to 30 June 2019

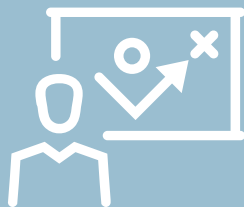
12,000+

FACE TO FACE
MEMBER MEETINGS



480

EDUCATION
SEMINARS



1000+

ADVICE MEETINGS

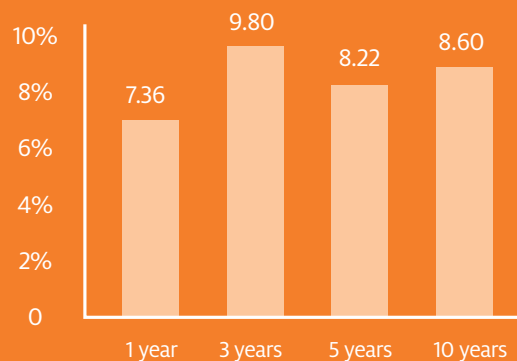


98.2K

AVERAGE ACCOUNT
BALANCE (UP 9.2%)



BALANCED GROWTH PERFORMANCE



RANKED A+

BY THE PRI TRANSPARENCY REPORT

\$10.24 BILLION

AT 30 JUNE 2019 (UP 9%)

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CHIEF EXECUTIVE OFFICER'S REPORT



Our default option, where most members (including me) are invested returned 7.36% for the year. Over three years, it has returned 9.8%.”

Strong results for members

I often tell people that although the details of superannuation can be complex, at its core it's really quite simple: it's about delivering strong risk-adjusted returns for members, while keeping fees low.

That's what we're focused on at Vision Super, and we continued to deliver strong results last year. Balanced growth – our default option, where most members (including me) are invested – returned 7.36% for the year. Over three years, it has returned 9.8%.

Sustainable balanced – our low cost, low carbon option – returned an outstanding 8.8%, in the top quartile of results. Sustainable balanced continues to be rated by SuperRatings as the lowest-cost sustainable option available in the market – it's available to all our members with investment choice and it's a reflection of our strong commitment to values-based investing.

Continued drive to reduce expenses

We're very conscious that every dollar saved means lower costs, and in the end that means more for members' retirements. We've continued to reduce our expense ratios over the last year – largely through trapping costs as funds have grown, and through renegotiating investment fees – and have reduced fees for Super Saver members again – our asset-based administration fee is now 0.14%, down from 0.18% five years ago and our investment fee down from 0.80% to 0.68%. Our fees are capped, and our fee on a \$50,000 account (the standard used for comparison across super funds) is considerably lower than the industry average at \$498 compared with the industry average of \$683¹.

\$10 billion: a significant milestone

During the year we met our strategic target of achieving \$10 billion in funds under management, partly through investment performance, and partly through the trust you put in us as members by joining the Fund, adding voluntary contributions to your super and rolling money in from other funds.

Membership growth

The superannuation industry as a whole is shrinking – people are getting older and leaving the system, and people are more engaged with their super so less likely to have multiple accounts. Despite the system shrinking by 1.8% a year, and membership of our closed defined benefit scheme declining as those members reach retirement age, Vision Super is still growing. Our Vision Personal members grew by 156%, and Allocated Pension members by 48.8% over the last three year planning cycle.

Environmental, social and governance (ESG)

Vision Super continues to be one of the top-performing funds in Australia when it comes to ESG. We were rated number two in the country by the Australasian Centre for Corporate Responsibility (ACCR) and received an A+ rating for transparency in the PRI report. The Fund is playing a leading role in developing 'S' indicators for the social aspects of ESG performance.

Our focus is always on engaging with the companies we invest in for members, to improve their performance over the long-term. But there are some products where we don't believe engagement can reduce the harm that they do. Vision Super doesn't invest your money in companies whose major source of revenue is thermal coal, tar sands, tobacco or controversial weapons.

Focus on service

Giving our members exceptional service, whether it's in person, on the phone or online, is always a focus for Vision Super. When you call us, you'll never have to navigate menus by pressing buttons – your call is just answered by one of our friendly Contact Centre consultants, right here in our Melbourne office. Like all of us, they're Vision Super members – so when you call us, you're getting help from a fellow member. Our member education and financial planning staff meet with thousands of you in your workplaces and ours over the year – we're all here to make sure your super works hard for you, and that you can get any help you need with your retirement savings.

It's reflected in our strategic goal of service excellence – and we exceed our targets. I'm very proud that we exceeded our member and employer satisfaction goals, and that our members trust us to do the right thing with your retirement savings.

Putting members' interests first is at the centre of all we do

As always, I would welcome hearing from you with any thoughts or ideas you have about our products or service.

I'd also like to thank all of our outstanding Vision Super staff for their hard work in achieving these outcomes for our members this year – your efforts are crucial to the results and I look forward to another successful year ahead.



Stephen Rowe
Chief Executive Officer

\$10B
IN FUNDS



8.8%
RETURN FOR OUR
LOW CARBON OPTION



156%
VISION PERSONAL
MEMBERSHIP GROWTH*

*over the last three year planning cycle.

1. SuperRatings Fundamentals, 31 July 2019.

CHAIR'S REPORT

Today, Vision Super is one of the most efficiently run, lowest-cost industry funds in the country. The Board this year spent time developing and refining our strategy for the next three years, and I'm confident that the new strategy, our plans for growth and our great people will all continue to build the fund and achieve top results for our members.

Unprecedented change

This last year has been a time of unprecedented change. We started the year still in the midst of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which led to a number of concerning revelations about the banks and their retail super funds failing to act in the best interests of members. It really highlighted the essential differences between industry funds, like Vision Super, which are run only to benefit members, and the retail funds, which aim to make a profit for shareholders.

One of the outcomes of the Royal Commission has been an unprecedented amount of legislative and regulatory change – Vision Super and our staff have risen to the challenges this presents, and successfully implemented the government's Protecting Your Super changes, as well as new ATO reporting – MAAS (member account attribution service), Pension data exchange and MATS (member account transaction service). We expect the challenges of regulatory change to continue, but we face the changes with confidence in the Fund and our people.

ESG

Our robust approach to ESG – taking into account environmental, social and governance factors in investing – has seen Vision Super ranked A+ across most measures by the Principles for Responsible Investment (PRI) transparency report. We pride ourselves on being a fund that operates responsibly for the environment and for our community, and it is good to see our efforts once again being recognised. The Board takes our Investment beliefs into account as we set the strategic agenda for the Fund, and ESG is central to these beliefs, as we believe this leads to better long-term results for our members as well as for the community as a whole.

Annual General Meeting

After a number of years of holding annual member forums, last year we formalised this into an Annual General Meeting. Our first AGM was a great success – it was a pleasure to meet so many members on the night, and several hundred more were able to stream the event live on the web or watch the video over the following days. We have our next AGM scheduled for 11 December at the State Library of Victoria, and I hope to see many of you there to hear about what's happening at Vision Super and so we can hear your ideas about how we can improve your fund.

Vision Super team

On behalf of the Board, I would like to thank our dedicated Vision Super team for another great year of working hard for our members. I firmly believe that our Vision Super team, led by CEO Stephen Rowe, is one of the best in the industry – and once again they have achieved great results for our members.



Geoff Lake
Chair

PS If you want to contact me directly to discuss a matter about how your fund is run, feel free to call me on 0411 645 281 or email me at glake@visionsuper.com.au



RANKED A+
BY THE PRI TRANSPARENCY REPORT

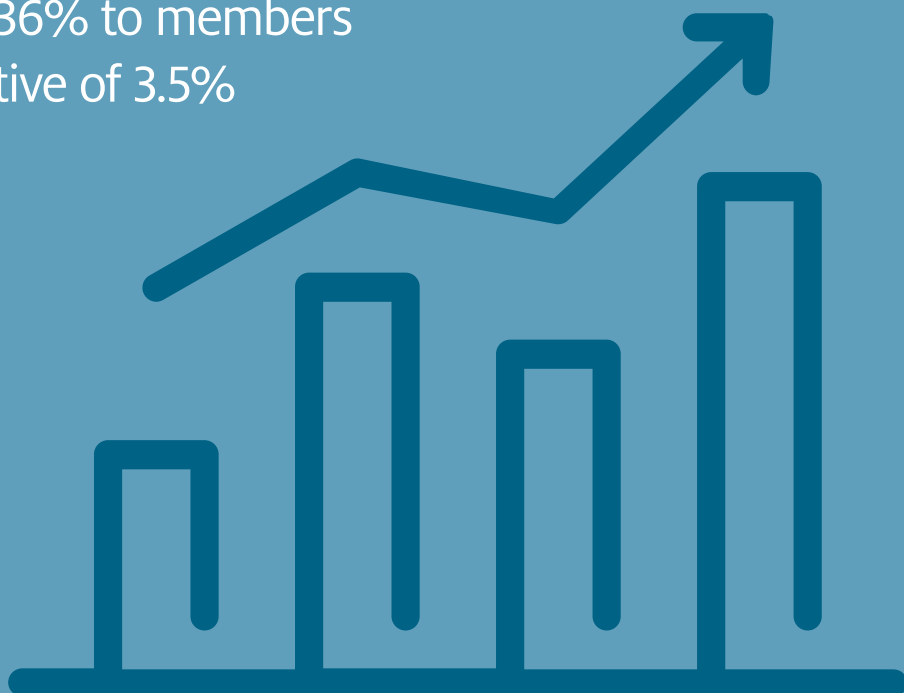


I have been on the Board of Vision Super since 2009 and the Chair since April 2018. It is a great privilege to be the Chair of a financial services organisation that has been a respected and trusted institution in the local government and water sectors and beyond, for more than 70 years. ”

CHIEF INVESTMENT OFFICER'S REPORT

Vision Super saw good returns for 2018/19, but it was a year of ups and downs. The default MySuper (Balanced growth) option returned 7.36% to members ahead of its objective of 3.5% above inflation.

10 YRS
POSITIVE RETURNS
FOR BALANCED
GROWTH OPTION



Vision Super's default MySuper investment option generated a positive return in 2018/19 of 7.36%. Our pension members in the Balanced growth pension option received 8.4% due to more favourable tax treatment. All of Vision Super's other investment options also performed positively. In contrast cost of living increases as measured by the Consumer Price Index were low, only rising 1.6%.

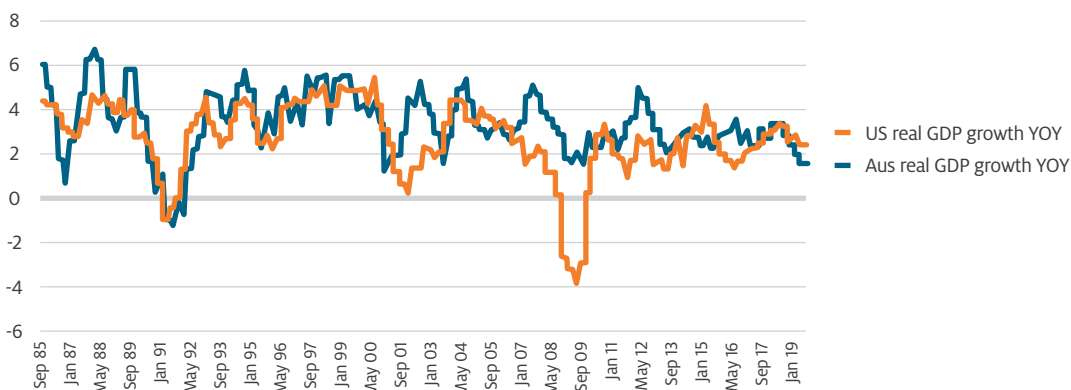
This marks an amazing ten years in a row with positive returns for the Balanced growth option, an unusually long period. Investments in shares, which make up a significant part of this option, are expected to provide strong returns over the long-term, but they also suffer occasional periods of negative returns. On average shares suffer 20% peak to trough fall in returns once every three years. Indeed this occurred in the September to December period of 2018 - yet shares contributed a decent return over the full financial year!

The global economy had two key themes that affected markets over the financial year – a slowing global economy and an abrupt turn in central bank policy. The slowing global economy contributed to the initial weakness, particularly centred on China. This was exacerbated during the year by the ongoing trade war between China and the United States. As tit-for-tat tariffs (a tax on imports) were imposed and rhetoric escalated share markets faltered as hope of a quick resolution faded. It also became clear that more is at stake than simply trade. Both countries have stated goals to grow their economies internally and put controls on technology. The financial year also started with most central banks generally raising interest rates.

Concerns about the slowing global economy and the lack of any inflationary pressures led central banks to change their stance from the end of 2018 from tightening monetary policy, where they signal increases in interest rates, to an easing bias, where they signal cuts in interest rates. The US central bank, known as the Federal Reserve, or the Fed, made four rate hikes over the course of 2018, the last in December. In 2019 the Fed began to shift to a more accommodative policy stance along with other central banks, including the Reserve Bank of Australia, as discussed below. This change led to a sharp reversal in share markets' fortunes.

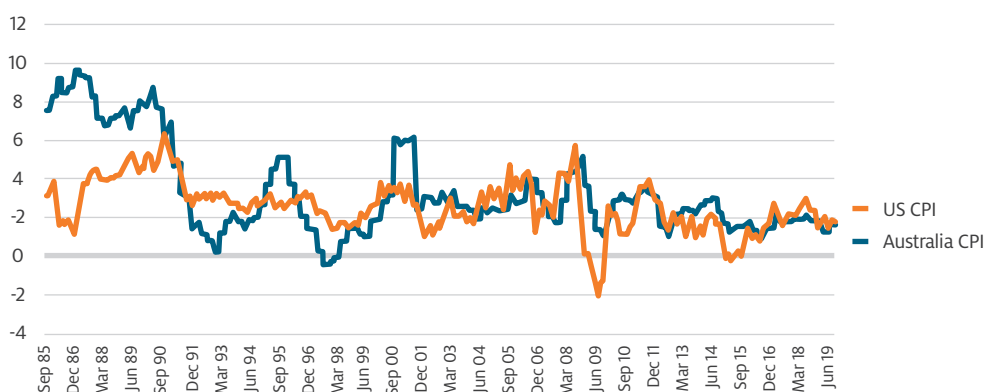
Domestically the Australian economy continued to grow but more slowly. Over the second half of 2018 there were concerns about the very high level of debt held by Australian households, particularly given recent house price falls. Australian shares were also affected by the global change in sentiment in the December quarter. This turned around and the first half of 2019 was exceptionally strong for Australian shares. As noted above, our central bank, the Reserve Bank of Australia (RBA), signalled it may cut interest rates. The pricing of Australian iron ore producers leapt when global supply fell sharply. This was partly due to major competing mining giant Vale cutting production following a series of fatal accidents at Brazilian iron ore mines. There was also a surprise win by the Coalition in the federal election, which led to a short-term boost to markets from the effect of tax cuts, as well as many investors in the share market believing this result reduces the risk of a domestic recession due to a housing market bust. The RBA, concerned about the slowing economy, cut rates in June, the only rate move of the financial year.

Developed markets real GDP (US and Australia)



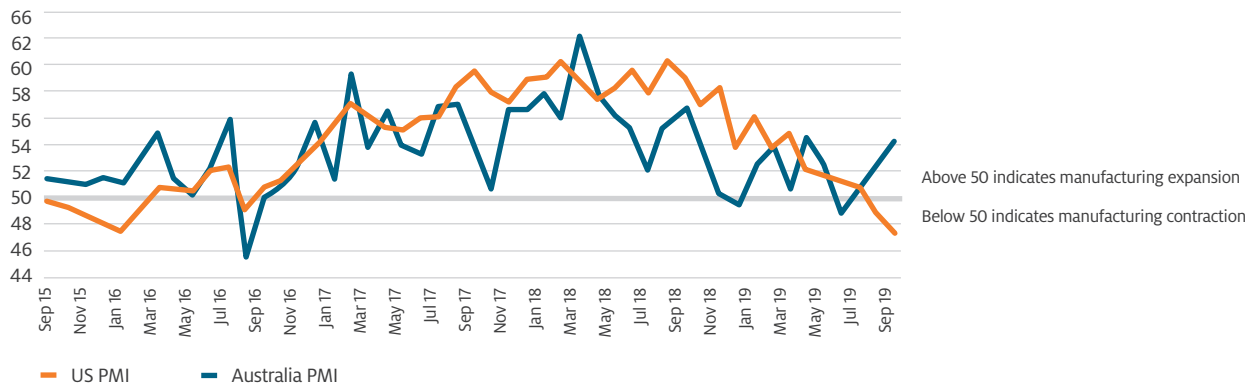
Source: Bloomberg

Consumer Price Index (YOY) (US and Australia)



Source: Bloomberg

ISM Purchasing Manufacturing Index (US and Australia)



Source: Bloomberg

The current balance of risks

Downside risks from the global slowdown and business uncertainty over the trade war and political events such as Brexit are weighing off against lower interest rates and some government stimulus. The lack of inflation continues to give central banks a free hand in reducing interest rates and to pump liquidity into economies. In addition, central banks are trying to signal their appetite for higher inflation. However, to date, manufacturing activity in particular continues to be hit hard. It is difficult to know which of these forces will be more dominant in driving markets.

The US 'America first' policy has led to additional uncertainty for business. Apart from China, Mexico, Iran and India were hit with adverse trade decisions by the US and auto tariffs were threatened for Europe. Global supply chains have had to adjust to these changes rapidly. The impending exit of Britain from the European Union was delayed again and again, weighing on both the British and European economies. If no agreement occurs then Britain could endure a chaotic exit, which will have some impact on markets. The British exit is likely to be negative for both the British and the Europeans in any case from an economic and market perspective and may have broader ramifications at a time of slowing growth.

All in all the events of the last 12 months resulted in Australian equities and bonds both having a relatively strong year. Infrastructure assets such as airports, electricity grids and water utilities contributed strongly to returns as prices appreciated on the back of declining interest rates. Listed property trusts also benefitted with property yields attractively priced compared with the low returns offered from cash.

On the other hand, our absolute return managers struggled with rising interest rates in the first half of the year. Our active equity managers generally struggled with the changing macro-economic conditions and from one-off events during the year.

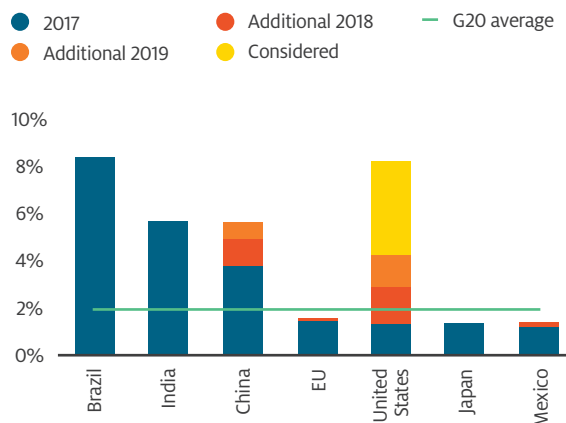
Markets are forecasting company profits growth to slow. US and Chinese fiscal policy may remain stimulative but there is a higher risk of political gridlock on this front in the US now. Softer property prices and other factors led to the lowest GDP growth rate in Australia since 2001. The lower Australian dollar should help Australian exporters.

Central bank easing and ongoing fiscal measures may be enough to keep investment markets running.

Political risk is particularly difficult to forecast. Protectionist measures to date have worried markets and this now appears to have flowed through to business conditions. There is no doubt the US trade measures have affected global markets and Britain's attempts to exit the European Union have also hit business confidence. In terms of the US and China dispute, it is in both countries interest to come to a manageable arrangement in the short-term, but this is not guaranteed and longer term tensions are unlikely to be resolved any time soon.

Over the longer term, recent strong performance and higher asset prices do mean that future returns will be lower on average. In particular, fixed interest assets will provide low returns over the next ten years and may not match inflation. While the decline in interest rates has helped support short-term pricing across all asset classes some of this decline has brought forward some of tomorrow's return to today. For example, in shares, investors have already priced in lower interest rates for high income companies. We still expect decent returns on average over the next ten years, but not as strong as returns have been over the last ten.

Average import tariffs in G20 countries



Source: World Bank

TOP STOCK HOLDINGS

Top 20 – International equities

RANK	SECURITY	% OF ASSET CLASS	% OF MSCI INDEX	% OVER/UNDER WEIGHTS
1	Amazon.com	2.24	1.73	0.52
2	Alphabet	1.94	1.45	0.49
3	Alibaba Group Holding	1.70	0.53	1.17
4	Tencent Holdings	1.64	0.56	1.08
5	Illumina	1.36	0.12	1.25
6	Facebook	1.29	1.00	0.28
7	Microsoft Corporation	1.19	2.13	-0.94
8	Apple	1.11	2.04	-0.93
9	Bayer	0.89	0.14	0.75
10	BNP Paribas	0.87	0.12	0.75
11	Daimler	0.86	0.11	0.75
12	Credit Suisse	0.83	0.07	0.76
13	Glencore	0.83	0.08	0.74
14	Naspers	0.82	0.23	0.59
15	Netflix	0.82	0.35	0.47
16	Kering	0.80	0.10	0.70
17	Bank Of America Corporation	0.73	0.58	0.15
18	Citigroup	0.73	0.36	0.37
19	CNH Industrial	0.73	0.02	0.70
20	Allianz	0.71	0.22	0.48
TOTAL		22.08	11.94	10.14

Top 20 – Australian equities

RANK	SECURITY	% OF ASSET CLASS	% OF ASX300 INDEX	% OVER/UNDER WEIGHTS
1	Commonwealth Bank of Australia	7.95	8.09	-0.13
2	CSL	5.90	5.40	0.50
3	Westpac Banking Corporation	5.88	5.41	0.47
4	BHP Group	5.55	6.73	-1.18
5	National Australia Bank	3.33	4.05	-0.72
6	ANZ Banking Group	3.26	4.53	-1.27
7	Macquarie Group	2.94	2.20	0.73
8	Wesfarmers	2.53	2.28	0.25
9	Aristocrat Leisure	2.17	1.09	1.08
10	Transurban Group	2.02	2.13	-0.12
11	Woolworths Group	2.00	2.42	-0.43
12	Suncorp Group	1.74	0.97	0.77
13	Woodside Petroleum	1.56	1.89	-0.33
14	Rio Tinto	1.50	2.14	-0.63
15	Telstra Corporation	1.47	2.54	-1.07
16	Reece Limited	1.42	0.00	1.42
17	Caltex Australia	1.10	0.36	0.74
18	Brambles	1.07	1.14	-0.07
19	Sydney Airport	1.06	1.00	0.06
20	Insurance Australia Group	0.94	1.06	-0.12
TOTAL		55.37	55.42	-0.04





“ They’ve been on my super journey all the way with me, exceptional organisation, extremely trustworthy ”

INVESTMENT STRATEGY

OUR AIM:

to continue delivering strong
long-term investment returns
for our members

7.36%

**RETURN FOR BALANCED
GROWTH OPTION**

for 1 year to 30 June 2019





INVESTMENT STRATEGY

Vision Super has a long and successful history of managing members' assets and an active approach to setting investment strategies. The Trustee determines the long-term strategic asset allocation (SAA), formally reviewing the strategy annually. These SAAs are set considering long-term equilibrium attributes for asset classes and any changes to the Fund's liabilities, changing member demographics and any other relevant long-term factors.

The Trustee also undertakes regular reviews of asset allocation throughout the year using a dynamic approach. This review considers factors such as current market pricing, economic and market trends, and an assessment of the potential risks embedded in markets and economies. The aim of the dynamic asset allocation process is to achieve better risk-adjusted returns than are generated by our long-term SAA for each option.

The volatility of the Fund's portfolio is closely monitored by the Trustee so that the long-term nature of the liabilities can be managed appropriately. In particular, the defined benefit component of the Fund is very sensitive to market movements; therefore it is particularly important to monitor defined benefit assets and liabilities regularly.

It is important to remember that over the longer-term, investments in our premixed options are designed to outperform inflation and deliver real returns to members. That is what our investment strategy is designed to achieve.

REBALANCING POLICY

Our rebalancing process ensures that the Fund does not take unintended market risk.

Asset allocation will rarely, if ever, be aligned exactly with dynamic or strategic asset allocation targets.

Vision Super aims to limit the fluctuation range to within +/- 1% of the dynamic asset allocation (+/- 2% for illiquid asset classes). However, during times of significant market movements, asset allocations may be allowed to vary within the indicative ranges to manage investments through adverse or abnormal market conditions.

The activity of rebalancing to the dynamic asset allocation is to be kept to a minimum, avoiding any unnecessary portfolio changes in order to reduce the impact of transaction costs and taxation on the portfolio. Rebalancing is undertaken by the custodian on instruction from the internal investment team.

INVESTMENT MANAGEMENT

Vision Super appoints investment managers and manages the asset allocation of each option to its target allocation.

Investment management

Vision Super offers members a range of premixed and single sector investment choice options. The investment objectives and risks for each option vary according to the asset class mix that makes up the option. The objectives are reviewed annually. This involves careful consideration of expected long-term future risks and returns.

A dynamic asset allocation framework is also applied to premixed investment options. This framework is applied throughout the year and considers market valuations, economic and market trends as well as an assessment of potential risks embedded in economies and markets. The target asset allocations may change during the year as a result of this review process with the aim of approving risk-adjusted returns.

A key strategic objective is to ensure that each investment option is invested in line with its target asset allocation and within SAA ranges. Portfolios are rebalanced periodically by redirecting contributions or by reallocating cash between different asset class portfolios.

Use of derivatives

Derivative instruments are used for gaining exposure to equities and bonds to assist with efficient implementation of asset allocation. Derivatives are also utilised in a tail risk program to provide protection from steep falls in equity markets for the defined benefit plans and by the PST's currency overlay manager to manage foreign currency exposures.

These positions are fully backed by cash at the asset class level, using an implementation manager for this purpose. External fund managers of discrete mandates are only authorised to use

derivative instruments under agreed guidelines. These guidelines allow fund managers to use derivatives to control risk and reduce or increase exposure to investment markets. Fund managers are not authorised to use derivative instruments for the purposes of leveraging the portfolio or for speculation.

Vision Super invests in a number of pooled investment funds. As part of their active investment strategies, these pooled investment funds may use derivative instruments from time to time to leverage their portfolios. Vision Super does not have additional liability associated with these pooled funds beyond the amounts invested. We do not use derivative instruments in managing the internal cash portfolio.

The derivative charge ratio (the percentage of the fund's assets being held as security for derivative investments) did not exceed 5% of all fund assets at any time during the year.

Pooled Superannuation Trust

Before 28 February 2019, Vision Super's investment options were invested in the Vision Pooled Superannuation Trust (VPST). VPST appointed investment managers for each asset class and managed the asset allocation for each option to its target allocation. VPST was wound-up on 28 February 2019 and all the assets held by VPST at that date were transferred to the Fund.

The Board of Vision Super is now responsible for all aspects of the Fund's investment management including those responsibilities previously undertaken by the Board of VPST.

ALLOCATION OF FUND EARNINGS

When you invest in Vision Super, you are allocated units that reflect the value of your investment at any time.

These units are valued daily and the unit prices are usually published on our website two days later. Unit prices are a similar concept to share prices in that their value can go up or down each reflecting the changes in the value of the investment option you are invested in.

Unit prices are calculated as at the end of each business day and are based on the most recently available information for the day, including market close prices for domestic markets and all applicable international markets.



“ ...Excellent telephone service as I am in Mildura and don't get to Melbourne very often. I always receive excellent support and advice when I call. ”

INVESTMENT OBJECTIVES AND STRATEGY

Tables on these pages show the investment objectives and strategic asset allocations of Vision Super's premixed and single sector investment options as at 30 June 2019.*

Understanding the tables

Probability of a negative return allows members to select an option with a level of risk (as measured by volatility) they are comfortable with. The risk level is a standard risk measure, which is based on the estimated number of negative annual returns over any 20-year period. Figures in the tables are indications of long-term expectations. Investment markets go up and down and it is possible for negative returns to occur more frequently than shown. Performance objectives are higher for pension than super products because they pay no tax on investment earnings.

The performance objectives are not forecasts or predictions. They simply represent a benchmark against which the Trustee monitors performance.

*Investment options and strategic allocations have changed since 30 June 2019.

PREMIXED OPTIONS

Conservative

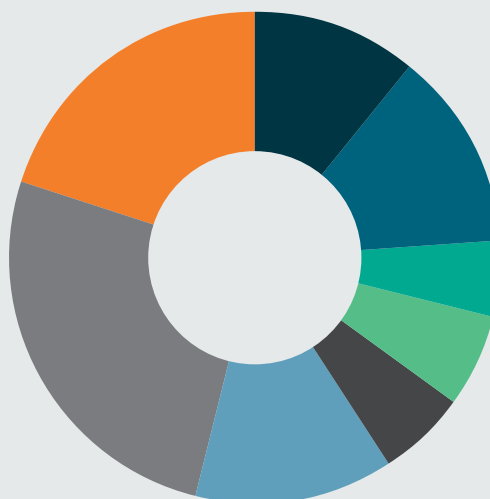
Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 2.5% pa for super (3.5% pa for pensions) over at least two-thirds of all rolling 10-year periods.

Probability of a negative return

The risk level of this option is low to medium. The expected frequency of a negative return is, on average, 1.5 in 20 years.

Strategic asset allocation



Asset class Benchmark allocation

● Australian equities	11%
● International equities	13%
● Opportunistic growth	0%
● Absolute return multi-strategy	5%
● Infrastructure	6%
● Property	6%
● Alternative debt	13%
● Diversified bonds	26%
● Cash	20%

1. The earnings of super products and NCAPs are taxed.
2. The earnings of other pension products are untaxed.

PREMIXED OPTIONS CONTINUED

Balanced

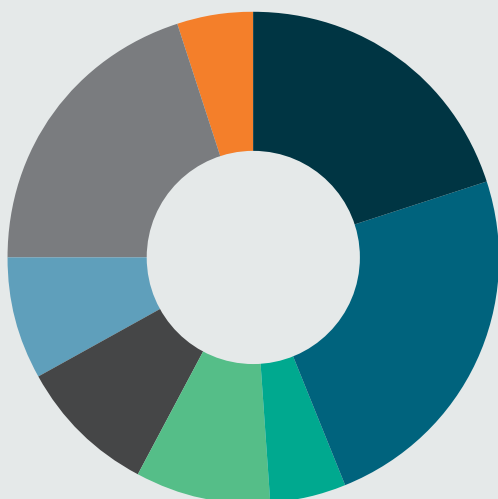
Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 3.0% pa for super (4.0% pa for pensions) over at least two-thirds of all rolling 10-year periods.

Probability of a negative return

The risk level of this option is medium to high. The expected frequency of a negative return is, on average 3 in 20 years.

Strategic asset allocation



Asset class	Benchmark allocation
Australian equities	20%
International equities	24%
Opportunistic growth	0%
Absolute return multi-strategy	5%
Infrastructure	9%
Property	9%
Alternative debt	8%
Diversified bonds	20%
Cash	5%

1. The earnings of super products and NCAPs are taxed.
2. The earnings of other pension products are untaxed.

Balanced growth (default)

Return objectives – super¹, pensions²

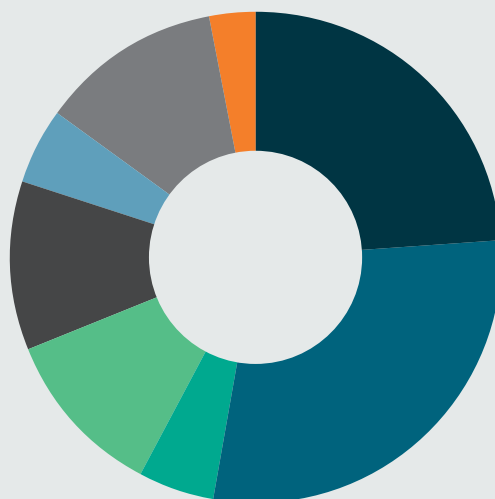
To outperform (after fees and taxes) the rate of CPI increases by 3.5% pa for super (4.5% pa for pensions) over at least two-thirds of all rolling 10-year periods.

To outperform (after fees and taxes) the median default superannuation fund over rolling three year periods.

Probability of a negative return

The risk level of this option is medium to high. The expected frequency of a negative annual return is, on average, 3.5 in 20 years.

Strategic asset allocation



Asset class	Benchmark allocation
Australian equities	24%
International equities	29%
Opportunistic growth	0%
Absolute return multi-strategy	5%
Infrastructure	11%
Property	11%
Alternative debt	5%
Diversified bonds	12%
Cash	3%

1. The earnings of super products and NCAPs are taxed.
2. The earnings of other pension products are untaxed.

PREMIXED OPTIONS CONTINUED

Growth

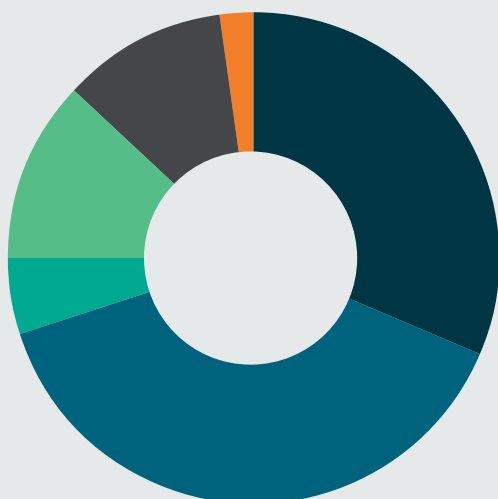
Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 4.0% pa for super (4.75% pa for pensions) over at least two-thirds of all rolling 10-year periods.

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative annual return is, on average, 4 in 20 years.

Strategic asset allocation



Asset class	Benchmark allocation
● Australian equities	31.5%
● International equities	38.5%
● Opportunistic growth	0%
● Absolute return multi-strategy	5%
● Infrastructure	12%
● Property	11%
● Alternative debt	0%
● Diversified bonds	0%
● Cash	2%

1. The earnings of super products and NCAPs are taxed.
2. The earnings of other pension products are untaxed.

Sustainable balanced

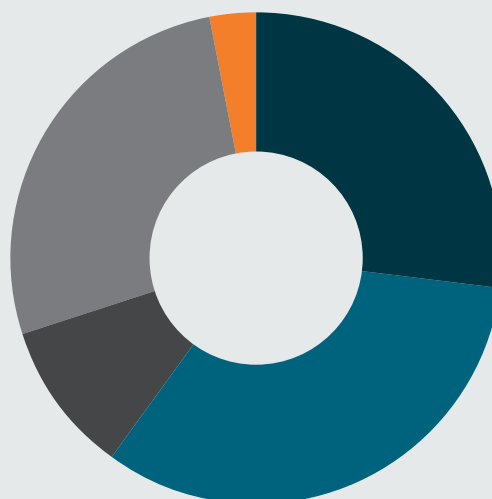
Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 3% pa for super (4% pa for pension) over at least two thirds of all rolling 10-year periods.

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative return is, on average, 4.5 in 20 years.

Strategic asset allocation



Asset class	Benchmark allocation
● Australian equities	27%
● International equities	33%
● Opportunistic growth	0%
● Absolute return multi-strategy	0%
● Infrastructure	0%
● Property	10%
● Alternative debt	0%
● Diversified bonds	27%
● Cash	3%

1. The earnings of super products and NCAPs are taxed.
2. The earnings of other pension products are untaxed.

SINGLE SECTOR OPTIONS

INVESTMENTS	
CASH	
Return objectives – super ¹ , pensions ²	To outperform (after fees and before taxes) the Bloomberg Ausbond Bank Bill Index.
Probability of a negative return	The risk level of this option is very low. The expected frequency of a negative return is, on average, less than 0.5 in 20 years.
Strategic asset allocation	Cash 100%
DIVERSIFIED BONDS	
Return objectives – super ¹ , pensions ²	To outperform (after fees and before taxes) <ul style="list-style-type: none"> • 50% Bloomberg Ausbond Composite All Maturities Bond Index • 50% FTSE World Government Bond Index (Hedged in AUD)
Probability of a negative return	The risk level of this option is low to medium. The expected frequency of a negative return is, on average, 1.5 in 20 years.
Strategic asset allocation	Diversified bonds 100%
AUSTRALIAN EQUITIES	
Return objectives – super ¹ , pensions ²	To outperform (after fees and before taxes) the S&P/ASX 300 Accumulation Index.
Probability of a negative return	The risk level of this option is very high. The expected frequency of a negative return is, on average, 6.5 in 20 years.
Strategic asset allocation	Australian equities 100%
INTERNATIONAL EQUITIES	
Return objectives – super ¹ , pensions ²	To outperform (after fees and before taxes) the MSCI All Counties World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.
Probability of a negative return	The risk level of this option is very high. The expected frequency of a negative return is, on average, 6 in 20 years.
Strategic asset allocation	International equities 100%
INNOVATION AND DISRUPTION	
Return objectives – super ¹ , pensions ²	To outperform (after fees and before taxes) the MSCI All Counties World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.
Probability of a negative return	The risk level of this option is very high. The expected frequency of a negative return is, on average, 7 in 20 years.
Strategic asset allocation	International equities 100%
JUST SHARES	
Return objectives – super ¹ , pensions ²	To outperform (after fees and before taxes) <ul style="list-style-type: none"> • 45% S&P/ASX 300 Accumulation Index • 55% MSCI All Countries World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.
Probability of a negative return	The risk level of this option is very high. The expected frequency of a negative return is, on average, 6.0 in 20 years.
Strategic asset allocation	Australian equities 45%, international equities 55%

1. The earnings of super products and NCAPs are taxed.

2. The earnings of other pension products are untaxed.

INVESTMENT PERFORMANCE TO 30 JUNE 2019 (SUPER)

OPTION NAME	1 YEAR % PA	1 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	5.9%	6.4%	✗	4.1%	✓
Balanced	7.0%	7.2%	✗	4.6%	✓
Sustainable balanced	8.8%	7.2%	✓	4.6%	✓
Balanced growth	7.4%	7.1%	✓	5.1%	✓
Growth	7.8%	7.7%	✓	5.6%	✓
Cash	2.1%	1.7%	✓	1.7%	✓
Diversified bonds	7.1%	5.8%	✓	7.4%	✗
Australian equities	9.4%	8.1%	✓	9.6%	✗
International equities	5.2%	8.3%	✗	6.4%	✗
Innovation and disruption	5.7%	8.3%	✗	6.4%	✗
Just shares	7.2%	7.3%	✗	7.8%	✗

OPTION NAME	3 YEAR % PA	3 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	6.1%	6.6%	✗	4.4%	✓
Balanced	8.7%	8.5%	✓	4.9%	✓
Sustainable balanced	8.5%	8.5%	✗	4.9%	✓
Balanced growth	9.8%	8.6%	✓	5.4%	✓
Growth	11.3%	9.7%	✓	5.9%	✓
Cash	1.9%	1.7%	✓	1.9%	✓
Diversified bonds	3.7%	3.2%	✓	5.2%	✗
Australian equities	11.7%	11.5%	✓	6.9%	✓
International equities	14.2%	12.2%	✓	5.8%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	13.1%	10.3%	✓	6.3%	✓

OPTION NAME	5 YEAR % PA	5 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	5.6%	6.0%	✗	4.1%	✓
Balanced	7.4%	7.6%	✗	4.6%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	8.2%	7.5%	✓	5.1%	✓
Growth	9.2%	8.0%	✓	5.6%	✓
Cash	2.1%	1.8%	✓	1.6%	✓
Diversified bonds	4.0%	3.6%	✓	4.4%	✗
Australian equities	7.9%	8.4%	✗	6.1%	✓
International equities	11.7%	10.6%	✓	5.4%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	9.9%	9.0%	✓	5.7%	✓

INVESTMENT PERFORMANCE TO 30 JUNE 2019 (SUPER)

CONTINUED

OPTION NAME	7 YEAR % PA	7 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	6.3%	7.5%	X	4.4%	✓
Balanced	8.6%	9.4%	X	4.9%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.6%	9.4%	✓	5.4%	✓
Growth	11.0%	10.5%	✓	5.9%	✓
Cash	2.4%	2.1%	✓	1.9%	✓
Diversified bonds	4.0%	4.1%	X	4.5%	X
Australian equities	10.4%	11.2%	X	6.1%	✓
International equities	14.6%	13.9%	✓	5.7%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	12.4%	11.8%	✓	5.9%	✓

OPTION NAME	10 YEAR % PA	10 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	6.6%	7.2%	X	4.6%	✓
Balanced	8.3%	8.5%	X	5.1%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	8.6%	8.5%	✓	5.6%	✓
Growth	9.6%	9.2%	✓	6.1%	✓
Cash	3.1%	2.6%	✓	2.1%	✓
Diversified bonds	5.2%	5.3%	X	4.1%	✓
Australian equities	9.4%	9.6%	X	5.6%	✓
International equities	11.7%	10.8%	✓	5.6%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	10.4%	10.0%	✓	5.6%	✓

N/A = Not Applicable

Please note:

These tables compare Vision Super returns (super options) to median returns from the SuperRatings Fund Crediting Rate Survey. For the Balanced growth option, we use the median return from the default options survey. For all other options, we use the median return for the group with a comparable investment strategy (all funds). Past performance is not an indicator of future performance.

INVESTMENT PERFORMANCE TO 30 JUNE 2019 (PENSION)

OPTION NAME	1 YEAR % PA	1 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	6.7%	7.2%	✗	5.1%	✓
Balanced	8.1%	8.1%	✗	5.6%	✓
Sustainable balanced	11.8%	8.1%	✓	5.6%	✓
Balanced growth	8.5%	8.1%	✓	6.1%	✓
Growth	9.4%	8.1%	✓	6.4%	✓
Cash	2.3%	2.1%	✓	1.9%	✓
Diversified bonds	8.1%	6.9%	✓	8.7%	✗
Australian equities	11.8%	9.2%	✓	10.5%	✓
International equities	6.3%	8.3%	✗	6.9%	✗
Innovation and disruption	5.9%	8.3%	✗	6.9%	✗
Just shares	8.6%	8.3%	✓	8.5%	✓

OPTION NAME	3 YEAR % PA	3 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	6.9%	7.7%	✗	5.4%	✓
Balanced	9.7%	9.5%	✓	5.9%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	10.9%	9.5%	✓	6.4%	✓
Growth	12.6%	10.8%	✓	6.6%	✓
Cash	2.2%	2.0%	✓	2.0%	✓
Diversified bonds	4.3%	3.7%	✓	5.9%	✗
Australian equities	13.2%	12.8%	✓	7.5%	✓
International equities	15.4%	12.9%	✓	6.4%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	14.6%	11.9%	✓	6.9%	✓

OPTION NAME	5 YEAR % PA	5 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	6.3%	7.0%	✗	5.1%	✓
Balanced	8.3%	8.3%	✗	5.6%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.1%	8.3%	✓	6.1%	✓
Growth	10.2%	9.4%	✓	6.4%	✓
Cash	2.4%	2.2%	✓	1.7%	✓
Diversified bonds	4.6%	4.3%	✓	5.1%	✗
Australian equities	9.2%	9.6%	✗	6.6%	✓
International equities	12.6%	11.2%	✓	5.9%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	10.9%	9.8%	✓	6.2%	✓

INVESTMENT PERFORMANCE TO 30 JUNE 2019 (PENSION)

CONTINUED

OPTION NAME	7 YEAR % PA	7 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	7.0%	8.4%	X	5.4%	✓
Balanced	9.5%	10.5%	X	5.9%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	10.8%	10.5%	✓	6.4%	✓
Growth	12.3%	11.9%	✓	6.7%	✓
Cash	2.8%	2.5%	✓	2.0%	✓
Diversified bonds	4.6%	4.8%	X	5.1%	X
Australian equities	12.1%	12.7%	X	6.7%	✓
International equities	16.0%	14.9%	✓	6.2%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	14.0%	12.9%	✓	6.4%	✓

OPTION NAME	10 YEAR % PA	10 YEAR MEDIAN % PA	ABOVE MEDIAN?	RETURN OBJECTIVE % PA	ACHIEVED OBJECTIVE?
Conservative	7.5%	8.1%	X	5.6%	✓
Balanced	9.2%	9.4%	X	6.1%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.9%	9.4%	✓	6.6%	✓
Growth	10.9%	10.1%	✓	6.9%	✓
Cash	3.6%	3.1%	✓	2.1%	✓
Diversified bonds	6.0%	6.2%	X	4.6%	✓
Australian equities	10.9%	10.7%	✓	6.1%	✓
International equities	12.8%	11.8%	✓	6.1%	✓
Innovation and disruption	N/A	N/A	N/A	N/A	N/A
Just shares	12.0%	11.1%	✓	6.1%	✓

N/A = Not Applicable

Please note:

These tables compare Vision Super returns (super options) to median returns from the SuperRatings Fund Crediting Rate Survey. For the Balanced growth option, we use the median return from the default options survey. For all other options, we use the median return for the group with a comparable investment strategy (all funds). Past performance is not an indicator of future performance.

DEFINED BENEFIT UPDATE

Managing defined benefit obligations

The Vision Super group includes three defined benefit (DB) sub-plans:

- Local Authorities Superannuation Fund Defined Benefit (LASF DB) plan
- City of Melbourne plan, and
- Parks Victoria plan.

The financial position of these sub-plans is a key focus for Vision Super. Membership is slowly decreasing as the members age. As a result, investment returns are increasingly the most important source of asset growth as member and employer contributions dwindle. This makes the financial position of these sub-plans increasingly susceptible to volatility in investment markets.

Vision Super monitors the financial position of each sub-plan closely. On a quarterly basis, the vested benefit index (VBI) of each sub-plan is calculated and made available to the relevant employers. When there is significant market volatility, the VBI position of each plan is monitored more frequently. A full actuarial review is undertaken every three years, and actuarial valuations are undertaken annually between the triennial reviews for LASF DB as it provides lifetime pensions to eligible members.

The annual valuation for LASF DB plan as at 30 June 2019 was completed in September 2019 and presented at the following Board meeting. The next triennial review for the three sub-plans is at 30 June 2020.

Vision Super's VBI position

The VBI positions for each of the defined benefit sub-plans are:

SUB-PLAN	30 JUNE 2018	30 JUNE 2019
LASF DB	106.0%	107.1%
City of Melbourne	124.0%	134.8%
Parks Victoria	107.3%	111.9%

This means that Vision Super's DB sub-plans all satisfied the Superannuation Prudential Standard (SPS) 160 funding requirements on 30 June 2019.

Prudential Standard – SPS 160

Under the defined benefit Prudential Standard SPS 160, Vision Super is generally required to develop a restoration plan for a sub-plan if the VBI is under 100% for that particular sub-plan.

The purpose of the restoration plan is to restore the VBI to 100% within three years. The defined benefit prudential standard also allows funds to set a shortfall limit that is less than 100%.

A restoration plan will be required for a sub-plan if its VBI falls below 100% at the time the Vision Super annual actuarial valuation/reviews occur (typically 30 June). At any other time, a shortfall limit will apply, which is 97% for the LASF DB, 100% for the City of Melbourne Plan and 98% for Parks Victoria.

Defined benefit investment strategies

To mitigate the impact of market volatility on the DB sub-plan assets and to protect the VBI positions, Vision Super has a custom investment strategy for each DB sub-plan. Where possible, Vision Super has begun to de-risk each sub-plan's portfolio. Where the funding position does not allow the DB sub-plan to de-risk sufficiently, tail risk protection strategies are employed, where appropriate, to minimise losses in a market downturn.

Ongoing monitoring

Vision Super continues to monitor the VBIs for all DB sub-plans at least quarterly. Taking into account the funding position, Vision Super continues to consider if and when it is appropriate to further de-risk each DB sub-plan's assets.

At times, when the investment outlook merits, additional risk will be taken in order to achieve better returns and lower funding costs.

Vision Super continues to work with employers to identify appropriate strategies to help them manage their defined benefit funding obligations. Employer updates on the defined benefit plans are provided across Victoria every six months.

Investment objectives and strategy for the DB sub-plans at 30 June 2019

The investment objectives for each DB sub-plan are:

- To achieve a return that aims to meet plan liabilities and is consistent with the actuarial rate of return for the plan
- To have a high likelihood that the plan will have adequate liquidity to pay benefits and costs at all times as they become due, and
- To have a probability of the VBI falling below 100% of less than 25% over the life of the plan.

DEFINED BENEFIT UPDATE CONTINUED

Investment returns – as at 30 June 2019

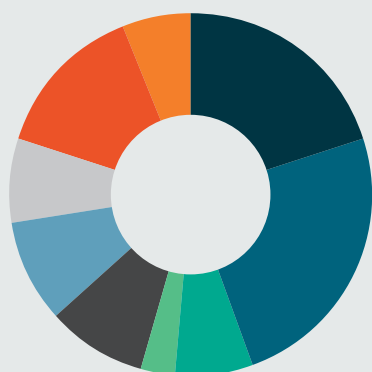
OPTION NAME	1 YEAR %	3 YEAR % PA	OBJECTIVE* % PA	ACHIEVED OBJECTIVE 1 YEAR	ACHIEVED OBJECTIVE 3 YEARS
LASF DB	7.1	8.3	6.2*	✓	✓
City of Melbourne	8.3	7.1	2.0	✓	✓
Parks Victoria	7.8	7.8	4.5	✓	✓

* Actuarial rate of return for the period to 30 June 2019.

This rate is based on an objective of 6.0% for active members and 6.75% for pension members.

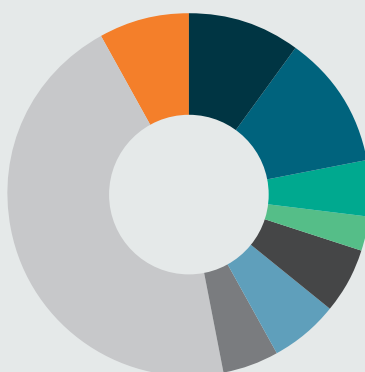
Benchmark allocations as at 30 June 2019

Local Authority Superannuation Fund



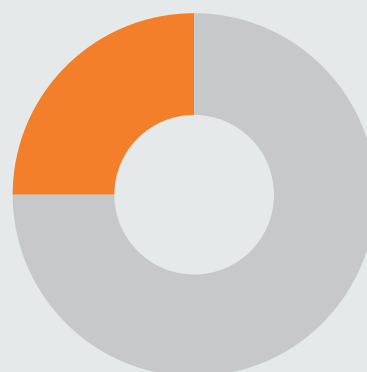
Asset class	Benchmark allocation
● Australian equities	20%
● International equities	24.5%
● Opportunistic growth	0%
● Absolute return multi-strategy	7%
● Alternative growth	3%
● Infrastructure	9%
● Property	9%
● Alternative debt	7.5%
● Diversified bonds	14%
● Cash	6%

Parks Victoria



Asset class	Benchmark allocation
● Australian equities	10%
● International equities	12%
● Opportunistic growth	0%
● Absolute return multi-strategy	5%
● Alternative growth	3%
● Infrastructure	6%
● Property	6%
● Alternative debt	5%
● Diversified bonds	45%
● Cash	8%

City of Melbourne



Asset class	Benchmark allocation
● Australian equities	0%
● International equities	0%
● Opportunistic growth	0%
● Absolute return multi-strategy	0%
● Alternative growth	0%
● Infrastructure	0%
● Property	0%
● Alternative debt	0%
● Diversified bonds	75%
● Cash	25%

A tail risk program to protect against steep equity market falls applies to the LASF DB portfolio.

This program affects the effective exposure of the portfolio to equities, which consequently can vary materially over time.

INVESTMENT MANAGERS

Traditional investments

GROWTH INVESTMENTS	30 JUNE 2019		30 JUNE 2018	
	\$ MILLION	%	\$ MILLION	%
AUSTRALIAN SHARES				
Airlie Industrial Shares	374.2	3.6	359.9	3.7
Australian shares securities lending revenue account	0.0	0.0	0.3	0.0
Industry Funds Management – Enhanced Index Strategy (Low carbon emission mandate)	973.1	9.5	967.5	10.0
Kinetic Investment Partners Limited – Australian Small Companies (terminated)	0.1	0.0	234.0	2.4
Perpetual Investment Management Ltd – Small Companies (terminated)	0.0	0.0	171.2	1.8
Realindex Investments Pty Ltd – Small Companies	178.6	1.7	0.0	0.0
Wavestone Australian Equities	353.9	3.5	323.3	3.4
Total Australian shares	1,879.9	18.3	2,056.2	21.3
INTERNATIONAL SHARES				
Baillie Gifford Overseas Ltd – Long-Term Global Growth Equities	416.7	4.1	385.7	4.0
Harris Associates Global Equity Strategy	447.1	4.4	434.1	4.5
International shares securities lending revenue account	0.0	0.0	0.3	0.0
Sands Capital Emerging Markets Growth Strategy	223.8	2.2	187.8	1.9
SSgA Enhanced Passive (Low carbon emission mandate)	1,182.5	11.5	1,215.2	12.6
Stewart Investors – Global Emerging Markets Leaders Fund	249.8	2.4	210.0	2.2
Total international shares	2,519.9	24.6	2,433.1	25.2
CURRENCY				
Millenium	-8.4	-0.1	-22.6	-0.2
Total currency	-8.4	-0.1	-22.6	-0.2
PROPERTY				
AMP Capital Diversified Property Fund	246.1	2.4	234.6	2.4
Industry Super Property Trust – Core Fund	356.0	3.5	332.8	3.5
Resolution Capital Global Real Estate Investment Trust Strategy	191.6	1.9	277.5	2.9
SSgA Australian Real Estate Investment Trust	8.7	0.1	4.3	0.0
Total property	802.4	7.9	849.2	8.8
DEFENSIVE INVESTMENTS				
CASH				
Internal management (Vision Super)	1,365.7	13.3	1,243.0	12.9
Total cash	1,365.7	13.3	1,243.0	12.9
DIVERSIFIED BONDS				
Amundi – Australian & International Inflation Linked Bonds	398.0	3.9	0.0	0.0
Amundi – Australian & International Passive Fixed Interest	818.7	8.0	654.8	6.8
Brandywine Global Investment Management, LLC – Global Opportunistic Fixed Income (re-classified during 2018/19)	0.0	0.0	112.9	1.2
Members Equity Portfolio Management Limited – Super Loans Trust	0.8	0.0	0.9	0.0
Total diversified bonds	1,217.5	11.9	768.6	8.0
TOTAL TRADITIONAL INVESTMENTS	7,777.0	75.9	7,327.5	76.0

INVESTMENT MANAGERS CONTINUED

Alternative investments

INVESTMENTS	30 JUNE 2019		30 JUNE 2018	
	\$ MILLION	%	\$ MILLION	%
PRIVATE EQUITY				
Allegro Private Equity – Fund I	0.0	0.0	0.7	0.0
Eureka Funds Management – Property Funds No. 2 & Loan Note Facility (previously No. 1, 2 & Loan Note Facility) (merged with Property Opportunistic in January 2019)	0.5	0.0	0.0	0.0
Generation Investment Management – Climate Solutions Fund	2.4	0.0	2.1	0.0
Greenspring Global Partners III & IV, L.P.	46.4	0.5	46.8	0.5
Gresham Partners Limited – Property Mezzanine Funds No. 3 (merged with Property Opportunistic in January 2019)	0.1	0.0	0.0	0.0
Hawkesbridge Private Equity Fund 3 (Trust C)	8.8	0.1	10.5	0.1
IFM Australian Private Equity Funds III (previously II and III)	3.7	0.0	3.2	0.0
IFM International Private Equity Funds I, II & III	25.9	0.3	27.2	0.3
Industry Super Holdings Pty Ltd	28.8	0.3	18.6	0.2
LGT Capital Partners AG – Crown European Private Equity PLC	5.5	0.1	5.5	0.1
Members Equity Bank	24.1	0.2	22.9	0.2
Private Equity Trust – Property Opportunistic ^{##} (merged with Property Opportunistic in January 2019)	1.1	0.0	0.0	0.0
Private Equity Trust [#]	34.6	0.3	41.7	0.4
ROC Equity Partners Alternative Investment Funds IV & V	14.9	0.1	15.0	0.2
Stafford Capital Partners – Private Equity 2, 3 & 4 Funds (previously Quay Australia Partners)	11.9	0.1	12.9	0.1
Vencap 12 Limited	76.4	0.7	72.0	0.8
Total private equity	285.1	2.7	279.1	2.9
PROPERTY OPPORTUNISTIC				
Eureka Funds Management – Property Funds No. 2 & Loan Note Facility (previously No. 1, 2 & Loan Note Facility) (merged with Private equity in January 2019)	0.0	0.0	0.7	0.0
Gresham Partners Limited – Property Mezzanine Funds No. 3 (merged with Private equity in January 2019)	0.0	0.0	0.2	0.0
Private Equity Trust – Property Opportunistic ^{##} (merged with Private equity in January 2019)	0.0	0.0	2.4	0.0
Warakirri Asset Management Pty Ltd – Dairy Farm & Land Trust (sold)	0.0	0.0	40.3	0.5
Total property opportunistic	0.0	0.0	43.6	0.5
INFRASTRUCTURE				
Hastings Funds Management Limited – Utility Trust of Australia (fully redeemed in August 2018)	0.0	0.0	33.1	0.3
IFM Australian & International Infrastructure	968.9	9.5	807.5	8.4
Regional Infrastructure Fund	0.0	0.0	0.2	0.0
Total infrastructure	968.9	9.5	840.8	8.7
ALTERNATIVE GROWTH				
Bridgewater Associates Inc. – Pure Alpha Fund	70.8	0.7	71.8	0.7
Total alternative growth	70.8	0.7	71.8	0.7

[#] Adveq Management AG Europe III LP, Lexington Capital Partners VI-B and Mesirow Financial Private Equity Partnership.

^{##} BlackRock Asia and Europe Property Funds II and III (previously Macquarie Global Property Advisors).

INVESTMENT MANAGERS CONTINUED

INVESTMENTS	30 JUNE 2019		30 JUNE 2018	
	\$ MILLION	%	\$ MILLION	%
ABSOLUTE RETURN STRATEGIES				
Invesco Global Target Return	279.8	2.7	316.7	3.3
Southpeak RDS 4 to 8 PCT Vol	283.7	2.8	302.0	3.1
Total absolute return strategies	563.5	5.5	618.7	6.4
ALTERNATIVE DEBT				
Barings Bank Loan and High Yield	103.4	1.0	236.7	2.5
Brandywine Global Investment Management, LLC – Global Opportunistic Fixed Income (re-classified during 2018/19)	297.0	2.9	0.0	0.0
IFM Specialised Credit Floating	173.6	1.7	223.2	2.3
Total alternative debt	574.0	5.6	459.9	4.8
TAIL RISK PROTECTION				
Pimco Tail Risk Protection	7.6	0.1	4.6	0.0
Total tail risk protection	7.6	0.1	4.6	0.0
TOTAL ALTERNATIVE INVESTMENTS	2,469.9	24.1	2,318.5	24.0
TOTAL INVESTMENTS	10,246.9	100.0	9,646.0	100.0

INVESTMENT MANAGER CHANGES

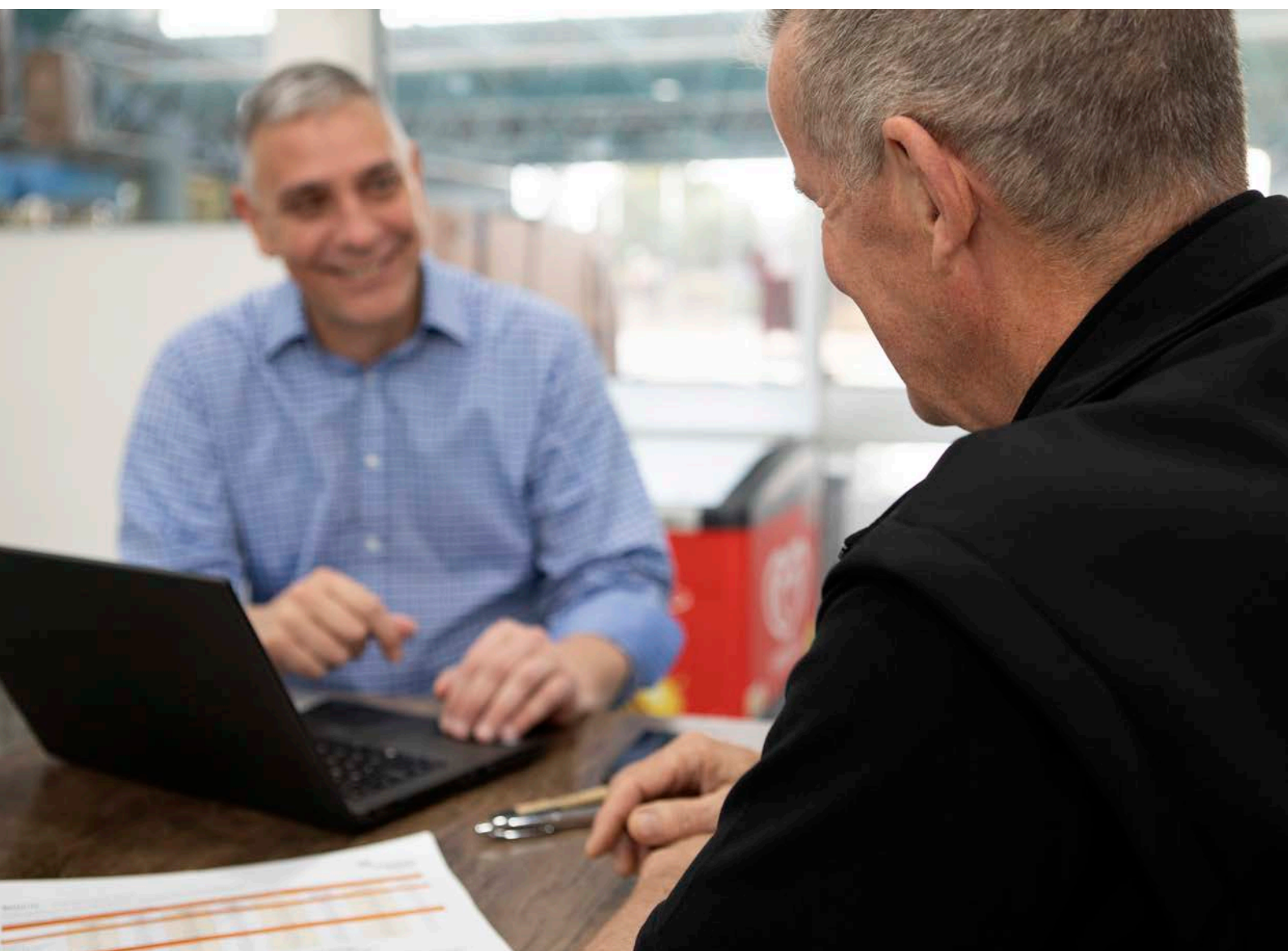
During the year, the Board reviewed manager configuration strategies for each asset class.

In the Australian equities asset class, we decided to terminate our mandates with Kinetic Investment Partners Limited and Perpetual Investment Management Ltd, and appointed Realindex Investments Pty Limited to manage a small companies mandate. This change was implemented in June 2019.

Following reviews of the diversified bonds and alternative debt asset classes, we decided to move the Brandywine Global Investment Management LLC Global Opportunistic Fixed Income portfolio from the diversified bonds asset class to the alternative debt asset class. This change was implemented in September 2018.

In addition to the above, the Amundi Australian Inflation Linked Bonds portfolio commenced in September 2018 and the Amundi International Inflation Linked Bonds portfolio commenced in October 2018.

Finally, our private equity and opportunistic investments continue to mature and be sold. The property opportunistic asset class was merged with the private equity asset class in January 2019.



MEMBERSHIPS AND ASSOCIATIONS

We remain engaged with our industry and gain support from other organisations that share our focus on responsible and sustainable investment



VISION SUPER SUPPORTS

In alphabetical order

Association of Superannuation Funds of Australia

The main industry body for the super sector

Australian Council of Superannuation Investors (ACSI)

Seeks improvements in the ESG performance of companies and super funds

Australian Institute of Superannuation Trustees (AIST)

Represents the not-for-profit superannuation sector

Paris Pledge for Action

A major initiative from many organisations around the world, demonstrating our commitment to lowering greenhouse gas emissions sufficiently to keep a global temperature rise to below two degrees Celsius above pre-industrial levels

Principles of Responsible Investment (PRI)

The world's leading advocate for responsible investment, we are committed to following the six principles

Responsible Investment Association Australasia (RIAA)

Aims to influence public policy and regulation and is a strong proponent of responsible investment approaches and sustainable investable markets

The Melbourne Chamber of Commerce

Independent professional body providing training and technical support

WE BELONG TO ORGANISATIONS THAT SEEK TO:

1. Influence the outcomes of public policy debates and legislative and regulatory changes
2. Improve the standards of fund governance, and corporate ESG issues in investments specifically
3. Maintain the skills and professional development obligations of Vision Super Directors and employees.

VISION SUPER INSURANCE

Our members continue to benefit from the MLCL LifeView portal that allows them to quickly and easily apply for or change their insurance online



Protecting Your Super (PYS)

The 'Protecting Your Superannuation' legislative changes prompted many of our members to act to protect the valuable insurance held in their superannuation. Many others took the opportunity to reinstate their cancelled cover during a limited reinstatement window that MLC Life Insurance (MLCL) provided.

In contrast to many other funds, through all the legislated insurance changes, our members' insurance premiums did not increase. This was an incredible result for our members.

Online solutions

Our members continue to benefit from the MLCL LifeView portal that allows them to quickly and easily apply for or change their insurance online. To date, the straight through processing in the portal has been 48% - which is an excellent result. In more good news, underwriting applications are now processed three times faster with a 93% acceptance rate (2019 calendar year).

Innovation

We are working with MLCL on product enhancements including a youth insurance product tailored to the under-25s.

We are also looking forward to introducing a tele-claims and tele-underwriting service through MLCL that will benefit vulnerable members who may be limited in their ability to fill in claim forms.

Our employer education offering is in development with further scoping, and we are finalising an employer fact sheet to assist our employer group.

Towards an insured future

We are looking forward to continuing our partnership with MLCL and continuing to provide a best in class insurance experience for our members.

BEST DOCTORS

The Best Doctors offering provided to members as part of their MLCL insurance membership has proven very popular with our members. They value Best Doctors for the second opinion service and it is a tangible benefit we can offer our members, even if they are not making an insurance claim.

Among some recent Best Doctors success stories was a member that received a corrected diagnosis of her painful back condition, clear recommendations and highly effective options for pain relief through the second opinion service. Her treating doctor was impressed with the detailed direction from the Best Doctors expert.

Members report that they are gaining clarity on their condition and are grateful to receive meaningful guidance from the service. The only challenge is convincing members that this service is not too good to be true!



GETTING HELP

We see enquiries and complaints as valuable feedback and as an opportunity to improve our service to members and employers



480
EDUCATION
SEMINARS



12,000+
FACE TO FACE
MEMBER MEETINGS



1000+
ADVICE
MEETINGS



Our enquiries and complaints process

Vision Super has established procedures to deal fairly with enquiries and complaints from members, employers and beneficiaries.

Our process for managing enquiries and complaints is candid and transparent. Complaints can be made by telephone, email or letter (addressed to the Resolutions Officer).

If an enquiry or complaint is made by telephone, we will endeavour to answer it immediately. In some cases, we may ask that a complaint be submitted in writing so it can be investigated further and we will provide a written response.

Our aim is to provide a timely and satisfactory response to any complaint. You may take your complaint to the Australian Financial Complaints Authority (AFCA). Usually, AFCA will not consider your complaint until it has been through our internal complaints process.

AFCA is a fair and independent dispute resolution body established by the Government to help resolve financial complaints. AFCA provides a free service.

Our complaints procedure can be found on our website at: www.visionsuper.com.au/about-us/contact-us/complaints-procedure

IMPORTANT CONTACTS

Vision Super – Resolutions Officer

POST: PO Box 18041, Collins Street East, VIC 8003
 EMAIL: resolutions@visionsuper.com.au
 PHONE: 1300 300 820 (and ask to speak with the Resolutions Officer)

The Office of the Australian Information Commissioner

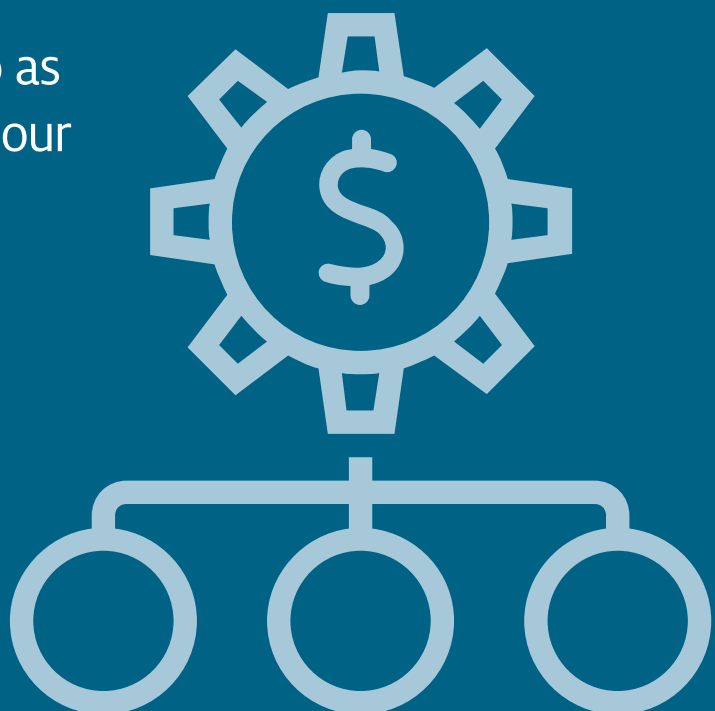
POST: GPO Box 5218, Sydney, NSW 2001
 WEB: www.oaic.gov.au
 PHONE: 1300 363 992

Australian Financial Complaints Authority

POST: GPO Box 3, Melbourne, VIC 3001
 WEB: www.afca.org.au
 PHONE: 1800 931 678

GOVERNANCE FRAMEWORK

Our governance framework underpins everything we do as a fund and helps us protect our members' interests



GOVERNANCE FRAMEWORK

Vision Super Pty Ltd is the Trustee of the Local Authorities Superannuation Fund (the Fund)

The Fund is governed by a trust deed

This is available at visionsuper.com.au/about-us/fund-information under the heading 'Governance (assets, members, Trust Deed)' and the sub-heading 'Trust Deed'.

The governance framework for the Vision Super group includes various frameworks, charters and policies that drive best practice governance. These include:

- Overarching governance framework
- Code of conduct
- Conflicts management framework
- Board charter
- Committee charters
- Fit and proper policy
- Board appointments, renewal and appointments policy
- Risk management framework
- Investment governance framework, and
- Insurance management framework.

Collectively, these frameworks/charters/policies drive the behaviours of the Board, senior management and staff in maintaining the integrity of the Vision Super group and our operations.

They also prescribe how, as an organisation, Vision Super can best protect the interests of our members and other key stakeholders through adherence to policies, procedures, legislation and regulatory guidance.

Vision Super seeks to attain best practice governance through other measures, including the maintenance of:

- A register of interests and duties for each Director and responsible officer
- A gifts/entertainment register for all Directors, responsible officers and staff
- A training register, and
- A conflicts register for staff.

Vision Super also applies further voluntary best practice standards. For example, Vision Super is a signatory to the Principles of Responsible Investment, and subscribes to the responsible investment philosophy underpinning the PRI. As part of this, Vision Super is a signatory of the Paris Pledge for Action.

Vision Super holds indemnity insurance to protect the Fund and our Directors and Officers from legal action.

WE BELIEVE IN TRANSPARENCY

A copy of our 2019 remuneration report and an extract of our register of interests and duties are available on our website at www.visionsuper.com.au/images/2018-2019-Remuneration-Report.pdf and www.visionsuper.com.au/images/policies/Register-of-interests-2019-June.pdf respectively.



OVERVIEW OF THE BOARD

Vision Super has nine Directors, four nominated by the Australian Services Union (ASU), four nominated by employer associations MAV, VWIA and VECCI, and one independent Director nominated by the Board.



Geoff Lake - Chair

BA (Hons) and LL B (Hons)

Geoff Lake was appointed as Chair of Vision Super in April 2018. Geoff was first appointed to the Vision Super Board in August 2009, on the nomination of the MAV, and served as Deputy Chair from July 2014 to April 2018.

He has been a Councillor with the City of Monash since March 2000, and was Mayor from 2002 to 2004 and again in 2014. He was President of the MAV from 2004 to 2006, and continued to serve on the MAV Board until 2018.



Lisa Darmanin - Deputy Chair

Bachelor of Business (Industrial Relations and HR Management), Diploma of Community Development

Lisa Darmanin started as a Director in March 2018 as a member representative having been nominated by the ASU. Lisa is Branch Secretary of the ASU. Prior to this role, Lisa worked as the ASU Branch Executive President and an ASU Organiser and has previously been a Trustee Director of HESTA and an alternative Director of Vision Super.



Rob Spence

Grad Dip (Accounting and Finance)

Rob Spence was appointed as a Director of Vision Super in 2003, on the nomination of the MAV. He served as Chair of the Vision Super Board from July 2011 to February 2013.

Rob was previously the Chief Executive Officer of the MAV and a former CEO of the City of Brimbank.



Wendy Phillips - Retired

Wendy Phillips was nominated to the Vision Super Board in 1998 on the nomination of the ASU. Wendy was appointed Deputy Chair on 13 April 2018. She resigned from the board on 31 July 2018.



Casey Nunn ASM

*Bachelor of Business,
Bachelor of Health Science*

Casey Nunn was appointed as a Director of Vision Super in July 2017 on the nomination of the ASU. Casey has been a Councillor with the Hume City Council and was Mayor from 2013 to 2014. Casey is heavily involved with her local community and is a member of the Country Fire Authority (CFA), Ambulance Victoria and the Salvation Army Advisory Board (Northern Region).



Joanne Dawson

*BComm, MBA, Diploma of Financial
Planning, CA*

Joanne Dawson was appointed as an Independent Director of the Vision Super Board in August 2014. She is an experienced financial adviser and Director.



Diane Smith

*National Diploma in Business and Finance
(UK)*

Diane was appointed to the Vision Super Board in August 2018 as a member representative. Diane was nominated by the ASU. Diane has previously worked in the banking industry in the UK and is currently working within the Home and Community Care department of the City of Whittlesea.



Graham Sherry

*LL B (Hons), BComm Melbourne, OAM for
service to the country through Employer
Organisations and the AFL*

Graham Sherry was appointed as a Director of Vision Super in September 2012, on the nomination of VECCI. Graham served as President of VECCI from 1999 to 2001, and has a long and continued involvement with employer organisations including the Melbourne Chamber of Commerce, the Australian Chamber of Commerce and Industry, and the Australian Thai Business Council. For over 40 years he has practised in many aspects of general commercial law.



Peter Wilson

BComm (Hons), MA (Hons)

Peter Wilson was appointed as a Director of Vision Super in July 2012, on the nomination VWIA. Peter has previously served as Chairman of Yarra Valley Water, and has been involved with the water industry for several years. He is National President of the Australian Human Resources Institute and holds a range of public and private directorship and advisory roles.



Peter Gebert

RG 146

Peter was appointed to the Vision Super Board in August 2018 as a member representative. Peter was nominated by the ASU. Peter has over 30 years' experience in the superannuation industry, which includes working at one of Australia's largest superannuation funds and fund administrators. Peter is currently a Local Laws Officer with Nillumbik Shire Council.

COMMITTEES OF THE BOARD

Vision Super has a number of Committees that are responsible for assisting the Board to review and make decisions on specific areas in respect of the Fund.

As at 30 June 2019, the committees were:

Audit Committee

Chair Casey Nunn

Members Joanne Dawson, Diane Smith, Robert Spence, Peter Wilson

The Audit Committee assists the Trustee in fulfilling their audit responsibilities and provided an open avenue of communication between auditors, management and Trustees.

The Committee assists the Board by providing an objective non-executive review of the effectiveness of Vision Super's financial reporting.

The Committee met four times during the financial year.

Benefits Committee

Chair Robert Spence

Members Peter Gebert, Diane Smith, Graham Sherry

The Benefits Committee assesses death and disability claims and made recommendations to the Vision Super Board on policies affecting benefits.

The Committee reviews and recommends appropriate policy settings, as well as monitored the payment of discretionary benefits and any trends in these payments. Where appropriate, the Committee recommends the use of external expertise.

The Committee met seven times during the financial year.

Investment Committee

Chair Joanne Dawson

Members Lisa Darmanin, Geoff Lake, Robert Spence, Graham Sherry

The Investment Committee analyses, reviews and makes decisions within its delegated powers and/or recommendations to the Board on investment strategy, performance and manager selection.

The Committee provides a communication forum for investment-related issues between directors, management, investment advisers, investment managers, and other related investment service providers.

The Committee met five times during the financial year.

Remuneration Committee

Chair Graham Sherry

Members Lisa Darmanin, Geoff Lake, Casey Nunn

The Remuneration Committee reviews and makes recommendations to the Board on the remuneration of directors and executives.

The Committee monitors the Vision Super Group's Remuneration policy to ensure the group complies with its regulatory and legislative obligations. Where necessary, the Committee recommended the use of independent experts.

The Committee met four times during the financial year.

Governance, Risk and Appointments Committee

Chair Graham Sherry

Members Lisa Darmanin, Geoff Lake, Casey Nunn

The Governance, Risk and Appointments Committee was established during the financial year and assists the Board by providing an objective non-executive review of the effectiveness of the governance and risk management frameworks.

The Committee also makes recommendations to the Board on the appointment of Directors.

The Committee was established during the 2019 financial year and met once during the financial year.

BOARD AND COMMITTEE ATTENDANCE

Vision Super Pty Ltd - Board and Committee meeting attendance - 1 July 2018 to 30 June 2019

DIRECTORS	BOARD	AUDIT [^]	BENEFITS	GOVERNANCE, RISK AND APPOINTMENTS	INVESTMENTS	REMUNERATION
ATTENDED/ELIGIBLE TO ATTEND						
Geoff Lake	9/9	-	-	1/1	-	4/4
Peter Wilson	9/9	4/4	-	-	-	-
Robert Spence	9/9	4/4	7/7	-	5/5	-
Casey Nunn	8/9	4/4	1/1	0/1	-	4/4
Graham Sherry	8/9	-	4/5	1/1	5/5	4/4
Joanne Dawson	9/9	4/4	-	-	5/5	-
Lisa Darmanin	9/9	-	-	0/1	5/5	3/4
Peter Gebert*	8/8	-	5/5	-	4/4	-
Diane Smith**	8/8	2/2	5/5	-	-	-
Wendy Phillips***	1/1	1/1	1/1	-	-	-

Notes

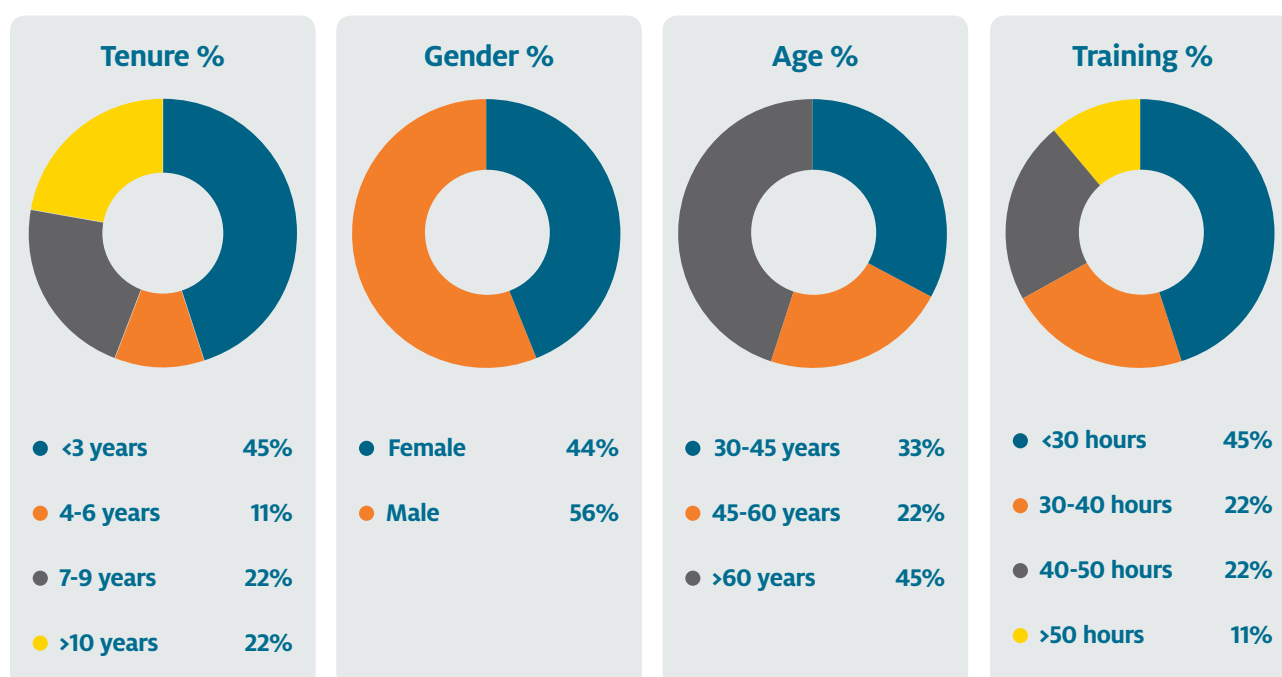
* Appointed to the board on 1 August 2018

** Appointed to the board on 31 August 2018

*** Resigned as director on 31 July 2018

[^] Previously known as the Audit, Risk & Compliance Committee (ARCC). The ARCC was split into the Audit Committee and the Governance, Risk and Appointments Committee after its third meeting.

ABOUT OUR BOARD



EXECUTIVE PROFILES



Stephen Rowe

Chief Executive Officer

BA (Hons) (Public Administration), MA Industrial Relations, Grad. Dip. Applied Finance and Investment, Grad. Cert. Financial Planning & Graduate AICD

Stephen manages the entire Vision Super team. He has extensive experience in senior management of both industry and public sector superannuation funds.



Noelle Kelleher

Chief Financial Officer

B.Com, CA, CPA, FASFA

Noelle is responsible for financial matters of the Vision Super group. She has over 30 years' experience in the financial services industry, with a particular focus on superannuation. Noelle is also company secretary for the Vision Super group.



Michael Wyrsh

Chief Investment Officer

BSc (Hons) (Mathematics)

Michael is accountable for the investment performance of the Fund. He provides strategic investment advice to the Trustees, as well as being responsible for operational investment matters. He has over 20 years' experience in financial services.



Nikki Schimmel

Chief Risk Officer

Masters of Tax, Bachelor of Law (Hons)/ Bachelor of Science, Advanced Certificate in Public Administration (Taxation)

Nikki leads Vision Super's Quality and Risk team. She manages the risk and compliance functions of the Fund, ensuring Vision Super complies with relevant legislative and regulatory requirements, maintaining strong corporate governance.

Nikki has a wealth of experience in financial services, across industry funds, government and consulting.



Sean Ellis

General Manager Strategy and Growth

MBA, PS 146 (now known as RG 146)

Sean is responsible for fund growth, and leads the teams that provide service to our members and employers. He has substantial management experience at large industry funds and one of the industry's leading administrators.



Emma Brennan

Head of Human Resources

Masters of Human Resources/Industrial Relations, Bachelor of Business (Human Resource Management), Bachelor of Arts (Psychology)

Emma is responsible for the management of the HR function and providing strategic advice to the CEO and managers on all human resources matters. She has extensive HR experience at a senior level, spanning roles with ASX listed companies, funds management, banking and superannuation.

EXECUTIVE PROFILES



James Milne

Head of Technology

MBA

James Milne is responsible for Vision Super's technology platform and systems. He provides strategic advice to ensure that Vision Super adopts new technology when appropriate and cost-effective. He ensures that the business systems needed to run the Fund are maintained and extended as well as providing secure and reliable network infrastructure for the organisation.



Mark Newman

Head of Fund Administration Business Operations

BBus (Business Administration), Dip Superannuation Management, Grad Cert Management, Adv Dip Fin Serv (Superannuation), Dip Fin Serv (Financial Planning), FASFA

Mark Newman has overall responsibility for the superannuation administration, insurance and business support functions. He has substantial experience in the management of defined benefits, pensions, accumulation accounts and claims management.



Rebekka Power

Head of Communications

Masters of History, BA, Diploma of Superannuation

Rebekka is responsible for corporate communications, public policy and PR.

She has over 15 years' experience as a communications professional in the financial services industry and in government.

ADVISERS AND SERVICE PROVIDERS

Our advisers and service providers are helping us achieve the best outcomes for our members, and reach our goal of being the best super fund in Australia.

FUND ADMINISTRATION

Chief Executive Officer	Stephen Rowe
Company Secretary	Noelle Kelleher
External auditor	Ernst & Young
Internal auditor	PwC Australia

PRINCIPAL ADVISERS

Fund actuary	Willis Towers Watson
Investments	Frontier Advisors
Lawyers	Greenfields, Mills Oakley
Tax	PwC Australia

SERVICE PROVIDERS

Custodian	NAB Asset Servicing (NAS)
Insurer	MLC Life Insurance
Insurance consulting services	IFS Insurance Solutions
Professional indemnity insurer and other corporate insurers	QBE Lloyd's Syndicate 1886, Pioneer Underwriters, Dual Australia and Aqueduct Portfolio Management London Australia Underwriting, Liberty International Underwriters, Newline Australia and QBE Insurance (Australia) Ltd Berkshire Hathaway Specialty
Hosting of Vision Super website	GoHosting
Ongoing technical support for website	Salsa Digital
Clearing house	Westpac Banking Corporation

FINANCIAL MANAGEMENT

Prudent financial management underpins our efforts to achieve Vision Super's strategic objectives, in particular reducing cost for members and ensuring we maximise the net benefit delivered to members.

Net benefit

Our aim is to maximise the net benefit we deliver to our members. Continuous review of financial controls and procedures forms part of Vision Super's commitment to risk management and keeping costs low and within budget.

Annual budget process

The annual budgeting process integrates with the annual business planning cycle. Together they establish expenditure and financial frameworks that commit Vision Super's financial resources to business-as-usual activities and strategic initiatives. The annual budget is reviewed, endorsed and monitored by the Board.

Annual financial reports

The Vision Super annual financial reports are prepared by the Vision Super Finance team. The reports are based on Vision Super's general ledger balances and Vision Super's custodian investment and taxation reports, together with members' fund information sourced from Vision Super's administration system.

The Fund reports include a statement of financial position, an income statement, a statement of changes in member benefits, a statement of changes in reserves/equity, a statement of cash flows and notes to the financial statements.

The reports also include a Trustee declaration and auditor's report. The reports are prepared in accordance with Australian Accounting Standards, legislative requirements and the requirements of the Fund's trust deed.

Financial statement inputs

Independent and internal reviews are conducted to support the financial statements. Six key inputs support the completeness and accuracy of the financial statements:

Existence and valuations of investments

Vision Super's assets are invested through our appointed investment managers. An independent audit of the Fund's investments held in the name of the custodian and reflected in the Fund's Statement of financial position and Notes to the financial statements is completed.

Investment administration controls

An independent audit of the internal controls and procedures the custodian has over the Fund's custody, investment administration, unit registry and related information technology services is completed. The internal controls and procedures audited support investment-related information reflected in the Fund's financial statements and notes to the financial statements.

Member administration controls

An independent audit of the internal controls and procedures over the member administration system is completed. The internal controls and procedures audit supports information reflected in the financial statements and notes to the financial statements relating to member benefits.

Tax review

A review of the key tax numbers in the financial statements is completed by Vision Super's internal team in conjunction with our tax advisers and external auditor. In-house tax expertise assists in maintaining a comprehensive tax management framework and accuracy of the tax expense within the Fund.

External audit clearance

Vision Super's external auditor conducts an independent audit of the financial statements and notes to the financial statements to provide an opinion as to whether the financial statements are presented fairly.

Internal audit

Vision Super's internal auditor completes reviews of the internal controls and procedures over key fund and member administration transactions represented in the financial statements and notes to the financial statements.

STATEMENT OF FINANCIALS

Statement of financial position as at 30 June 2019

FINANCIAL POSITION	2019 \$000	2018 \$000
ASSETS		
Cash and cash equivalents	66,558	39,766
Contributions receivable	1,941	8,340
Other receivables and prepayments	366	398
Units in Vision Pooled Superannuation Trust	-	9,456,545
Financial assets held at fair value through profit or loss	10,307,080	-
Deferred tax assets	817	11
Total assets	10,376,762	9,505,060
RESERVES/EQUITY		
Operational risk financial requirement reserves	16,991	950
Administration reserve	18,514	15,941
Insurance reserves	12,571	19,701
Other reserves	22,499	10,786
Defined benefits that are over/(under) funded	270,726	258,968
Unallocated surplus/(deficit)	56,471	-
Total reserves/equity	397,772	306,346
LIABILITIES		
Benefits payable	34,838	25,843
Other payables	20,205	2,573
Income tax payable	45,205	45,774
Deferred tax liabilities	42,193	1,251
Financial liabilities at fair value through profit and loss	60,170	-
Total liabilities excluding member benefits	202,611	75,441
MEMBER BENEFIT LIABILITIES		
Defined contribution member liabilities	7,630,917	6,911,276
Amounts not yet allocated	429	795
Defined benefit member liabilities	2,145,033	2,211,202
Total member benefit liabilities	9,776,379	9,123,273
TOTAL EQUITY AND LIABILITIES	10,376,762	9,505,060

STATEMENT OF FINANCIALS CONTINUED

Income statement for the year ended 30 June 2019

INCOME STATEMENT	2019 \$'000	2018 \$'000
SUPERANNUATION ACTIVITIES		
Net changes in value of financial assets and liabilities held at fair value	645,006	776,844
Interest income	21,841	531
Distribution income	18,649	-
Dividend income	68,934	-
Other income	911	-
Total net income	755,341	777,375
EXPENSES		
General administration expenses	(22,990)	(23,060)
Investment expenses	(11,247)	-
Total expenses	(34,237)	(23,060)
Result from superannuation activities before income tax expense	721,104	754,315
Income tax (expense)/benefit	(45,087)	123
Results from superannuation activities after income tax expense	676,017	754,438
Net benefits allocated to defined contribution members	(488,659)	(579,928)
Net change in defined benefit member liabilities	(131,144)	(164,800)
OPERATING RESULT AFTER INCOME TAX	56,214	9,710

STATEMENT OF FINANCIALS CONTINUED

Statement of changes in member benefits for the year ended 30 June 2019

MEMBER BENEFIT CHANGES	DC MEMBERS \$000	DB MEMBERS \$000	TOTAL \$000
Opening balance as at 1 July 2017	6,099,641	2,213,518	8,313,159
Contributions			
Employer	319,594	36,793	356,387
Member	129,168	4,047	133,215
Transfers from other superannuation plans	164,426	(22)	164,404
Income tax on contributions	(43,102)	(5,162)	(48,264)
Net after tax contributions	570,086	35,656	605,742
Net benefits allocated comprising:			
Net investment income	597,358		597,358
Net administration fees	(17,430)		(17,430)
	579,928		579,928
Benefits paid to members/beneficiaries	(249,288)	(95,680)	(344,968)
Transfers to other superannuation plans	(173,168)	(16,515)	(189,683)
Transfer to the ATO	(232)	-	(232)
Internal transfers from membership categories	91,356	(91,356)	-
Insurance premiums charged (including amounts transferred to the insurance reserves)	(20,942)	(214)	(21,156)
Other fees charged to members/DB sub-plans	(168)	(2,345)	(2,513)
Death and disability benefits credited to members	14,800	-	14,800
Transfers from reserves to members	58	3,338	3,396
Net change in defined benefit member liabilities		164,800	164,800
Closing balance as at 30 June 2018	6,912,071	2,211,202	9,123,273
Opening balance as at 1 July 2018	6,912,071	2,211,202	9,123,273
Contributions			
Employer	328,795	33,345	362,140
Member	140,284	3,338	143,622
Transfers from other superannuation plans	187,611	14	187,625
Income tax on contributions	(45,272)	(4,860)	(50,132)
Net after tax contributions	611,418	31,837	643,255
Net benefits allocated comprising:			
Net investment income	506,156		506,156
Net administration fees	(17,497)		(17,497)
	488,659		488,659
Benefits paid to members/beneficiaries	(278,260)	(107,520)	(385,780)
Transfers to other superannuation plans	(195,188)	(15,760)	(210,948)
Transfer to the ATO	(1,126)	(4)	(1,130)
Internal transfers from membership categories	104,003	(104,003)	-
Insurance premiums charged (including amounts transferred to the insurance reserves)	(21,813)	(238)	(22,051)
Other fees charged to members/DB sub-plans	(273)	(1,625)	(1,898)
Death and disability benefits credited to members	11,813	280	12,093
Transfers from reserves to members	42	(280)	(238)
Net change in defined benefit member liabilities		131,144	131,144
Closing balance as at 30 June 2019	7,631,346	2,145,033	9,776,379

STATEMENT OF FINANCIALS CONTINUED

Statement of changes in reserves/equity for the year ended 30 June 2019

	\$000							
	OPERATIONAL RISK FINANCIAL REQUIREMENT RESERVES	INSURANCE RESERVES	ADMINISTRATION RESERVES	OTHER RESERVES	TOTAL RESERVES	DB THAT ARE OVER/ (UNDER) FUNDED	UNALLOCATED SURPLUS/ DEFICIT	TOTAL RESERVES/ EQUITY
Opening balance as at 1 July 2017	950	21,623	12,635	955	36,163	248,113	-	284,276
Net transfers from/(to) DC member accounts	-	-	(58)	-	(58)	-	-	(58)
Net transfers from/(to) DB plans	-	(3,088)	-	(250)	(3,338)	15,756	-	12,418
Operating result	-	1,166	3,364	10,081	14,611	(4,901)	-	9,710
Closing balance as at 30 June 2018	950	19,701	15,941	10,786	47,378	258,968	-	306,346
Opening balance as at 1 July 2018	950	19,701	15,941	10,786	47,378	258,968	-	306,346
Net transfers from/(to) DC member accounts	-	(1,424)	(42)	-	(1,466)	-	-	(1,466)
Net transfers from/(to) DB plans	-	-	-	-	-	36,678	-	36,678
Operating result	16,041	(5,706)	2,615	11,713	24,663	(24,920)	56,471	56,214
Closing balance as at 30 June 2019	16,991	12,571	18,514	22,499	70,575	270,726	56,471	397,772

A full copy of the audited financial statements (including the audit report) is available to download at:
www.visionsuper.com.au/super/publications under the heading 'Financial statements'.

RESERVES

A number of reserves are held by the Vision Super group including the following reserves held in LASF.

Insurance reserves

Insurance reserves consist of all insurance contributions deducted from insured members plus any rebates received from the insurer. From this, Vision Super:

- Pays the insurer (MLC Life Insurance) its premiums
- Funds our insurance claims reduction strategies aimed at generating a long-term improvement in the claims ratio, and
- Funds development and implementation costs associated with the delivery of improved insurance offerings.

Insurance premiums reserves

These reserves consist of the insurance premiums deducted from member accounts, which are used to pay the insurer (MLC Life Insurance) its premiums. These reserves are currently invested in the Balanced growth investment option.

FINANCIAL YEAR ENDED	\$M
30 June 2019	(0.58)
30 June 2018	4.61
30 June 2017	5.12

Internal insurance reserves

i) Vision Super account-based members

Effective from 1 July 2010, all death and disability cover for Vision Super Saver members was outsourced to CommInsure (the previous insurer).

This insurance reserve is used to meet the cost of claims that existed or arose from illnesses or injuries prior to 1 July 2010 and for other expenses required to provide this insurance cover.

In addition, this reserve is used to meet any additional payments that the Trustee approves and other expenses required to manage the member insurance arrangements of the Fund. This reserve is currently invested in the Balanced growth investment option.

ii) LASF DB

The LASF DB provides death and disablement benefits that are significantly higher than the resignation/retirement benefits. The Fund self-insures this risk. This continues to be appropriate in light of the LASF DB size, experience, present membership and benefit levels.

This reserve was established on 1 July 2013 and is currently invested with the LASF DB assets. Prior to that date, the self-insurance arrangement was included in the DB asset pool.

The Fund Actuary determines the adequacy of the insurance reserves and reviews the self-insurance arrangements annually. These insurance reserves are managed under a policy approved by the Vision Super Board.

FINANCIAL YEAR ENDED (OR PRE 1 JULY 2010 COVER)	ACCOUNT BASED \$M	LASF DB SCHEME \$M
30 June 2019	7.82	5.00
30 June 2018	9.20	5.00
30 June 2017	8.41	6.00

Insurance proceeds reserve

Insurance proceeds received from the insurer in relation to insurance claims are included in this reserve. These proceeds are used to pay insured benefits to the relevant member/beneficiaries once the Trustee approves payment of the insurance claim. This reserve is invested in the Cash taxed investment option. This reserve was established during the 2015/16 financial year.

FINANCIAL YEAR ENDED	\$M
30 June 2019	0.33
30 June 2018	0.89
30 June 2017	2.09

RESERVES CONTINUED

Administration fee reserve

This reserve consists of all the administration fees deducted from member accounts and is used to pay the administration costs of the Fund. This reserve is currently invested in the Balanced growth investment option. This reserve was established during the 2015/16 financial year.

FINANCIAL YEAR ENDED	\$M
30 June 2019	18.51
30 June 2018	15.94
30 June 2017	12.63

Operational risk financial requirement reserves

The operational risk financial requirement (ORFR) reserves were established to meet APRA Prudential Standards effective from 1 July 2013.

The purpose of the ORFR reserves is to ensure that the Vision Super group has adequate financial resources to cover operational risks where one or more beneficiaries have sustained a loss or have been deprived of a gain to which they otherwise would have been entitled. It includes legal risk but excludes strategic and reputational risk.

The ORFR reserves operate under a policy approved by the Board, which details the annual reviews, transitional and replenishment arrangements along with the investment strategy of the ORFR reserves.

The APRA guidelines impose an ORFR target level, which has been attained. Top-ups occur as required to maintain ORFR funding at this level.

Following the wind-up of VPST on 28 February 2019, the ORFR held by VPST was transferred to LASF. The amount of the ORFR maintained in LASF is currently invested in cash. In addition, a portion of the ORFR is maintained in the Trustee.

FINANCIAL YEAR ENDED	\$M
30 June 2019	16.99
30 June 2018	0.95
30 June 2017	0.95

Other reserves

Vision Super maintains a number of other reserves, which are funded by the fees deducted from member accounts and other amounts. These reserves may also include deductions made from certain payments to the Fund such as employer contributions.

These reserves are used specifically for the purposes for which the fees/tax are deducted and include:

Contribution tax reserve

This reserve consists of the contributions tax deducted from all taxable contributions received by the Fund and any other relevant receipts that are subject to contributions tax. This reserve is used to pay the contributions tax of the Fund.

Any tax rebates provided to members are funded from this reserve together with any anti-detriment made by the Fund on death benefits. This reserve is currently invested in the Balanced growth investment option and was established during the 2015/16 financial year.

FINANCIAL YEAR ENDED	\$M
30 June 2019	2.41
30 June 2018	5.44
30 June 2017	0.22

General reserve

This reserve was established during the 2017/18 financial year and will be used for general purposes within the Fund. A reserving margin is accrued in the unit prices and this has been included in this reserve for the 2018/19 financial year.

FINANCIAL YEAR ENDED	\$M
30 June 2019	19.60
30 June 2018	4.86
30 June 2017	n/a

**WE'RE HERE
TO HELP**

Member hotline 1300 300 820

8:30am – 5:00pm Monday to Friday AEST



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