



A year in review

Annual report
2020



Highlights 2019–2020

1.96%

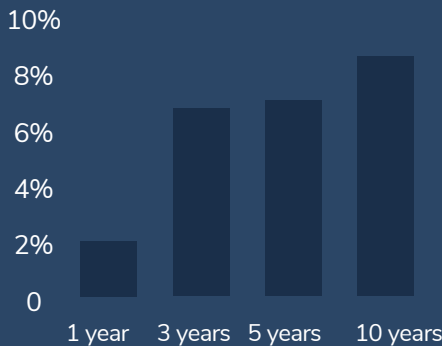
return for Balanced growth option for 1 year to 30 June 2020



8.13%

return for Balanced growth option for 10 years to 30 June 2020

Balanced growth performance



80,979

personal 1:1 member interactions



541
education seminars

2,379

advice meetings



\$119.1k

average account balance (up 21.3%)

\$10.3 billion

under management



87,652

total member accounts

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Chair's message

This has been a year like no other.

All of our members have been impacted by the global pandemic. Their families, businesses, schools, jobs and day-to-day lives have been uprooted in ways that would have been unimaginable just last year.

Unfortunately, it will be many months and probably years until life returns to how it once was.

The Vision Super Board is very proud of how our team has responded to the pandemic – never losing their focus on looking after our members and keeping their retirement savings safeguarded in difficult market conditions.

We have all learned new ways of doing things. Face to face member meetings have shifted to Zoom and Skype, as have our Board meetings. But that hasn't stopped us making new plans for the future. We're always looking at how we can grow your fund, trim costs and continue to put members' interests first.

It is very pleasing that investment results for our default Balanced growth option (and most other options) were positive for the year, which means our members' retirement savings continued to grow when so many other funds did not. The Board has been keeping a close eye on these matters and the Investment Committee met regularly throughout the market instability to ensure we made appropriate and informed decisions in this very volatile environment.

Despite the tough times we find ourselves in, the feedback we have received from members continues to be exceptional. We ask all members who interact with us to rate our service out of ten. From March to June our overall satisfaction scores were 8.92 and our consultant satisfaction scores hovered above 9. And 87% of members tell us they trust Vision Super will do the right thing by them when looking after their financial future.

On behalf of the Board, I want to pay tribute to the dedicated Vision Super team – very effectively led by our Chief Executive Officer, Stephen Rowe. They shifted seamlessly to working from home without missing a beat in terms of providing uninterrupted service to our members. I would also like to recognise and thank our former chair, Rob Spence, who finished on the Vision Super Board during the year following his recent retirement as Chief Executive of the Municipal Association of Victoria. Rob's contribution over many years to Vision Super has been significant and we will miss his wise counsel.

I hope you and your loved ones remain safe and well – and let's hope 2021 brings much relief from the unrelenting challenges of 2020. In the meantime though, please rest assured that Vision Super will be striving every day to maximise and protect your hard earned retirement savings during all this uncertainty.

Geoff Lake
Chair

“
87% of members tell us they trust Vision Super will do the right thing by them when looking after their financial future.
”



“

Our default Balanced growth option is top ten* over 1, 3, 5, 7, and 10 years. ”

CEO message

I hope you and your families are keeping safe and well during these difficult times. When I sat down to write the introduction to last year's annual report, none of us would have imagined that in a year's time we'd be dealing with a global pandemic, operating under stay at home orders and taking all possible precautions to avoid spreading a deadly and highly infectious disease – including moving our entire Vision Super workforce to working from home.

We've always had a focus on three key things at Vision Super – generating strong returns for our members, keeping our costs as low as possible so more ends up in your retirement savings, and providing exceptional member service, including face-to-face.

* SuperRatings Fund Crediting Rate Survey - SR50 MySuper Index June 2020

You may have seen media reports that superannuation returns were negative for the year – I'm pleased to be able to report that this isn't the case for Vision Super, and that our default Balanced growth option had a modest positive return of 1.96% for the year ending 30 June 2020.

While this wouldn't be a great achievement in other years – Balanced growth has returned a healthy 8.13% over ten years – with the current pandemic and resulting economic downturn, it's a relief to be able to tell most of our members that your super balance has still gone up this year in what's been very tough times for a lot of people. To give our result some context, SuperRatings (Australia's leading independent

superannuation ratings agency) looked at returns across all the top 50 MySuper options and found the median return was negative, with a -0.54%¹ for the year. SuperRatings has rated Vision Super's Balanced growth option in the top five for one and three years, and top ten over five, seven and ten years:

1 year rank	3 year rank	5 year rank	7 year rank	10 year rank
3 ¹	4 ¹	5 ¹	7 ¹	8 ¹
1 year return	3 year return	5 year return	7 year return	10 year return
1.96%	6.50%	6.75%	8.07%	8.13%

Our Balanced growth pension option outperformed as well – returning 2.22% compared with the median Balanced pension option return of -0.71%², making us the top performing pension product in the country last year. And we're top five over three and five years as well. Over ten years, our Balanced growth pension option has returned 9.11% for our pensioners.

We also had the top result of any option of any fund with our Innovation and disruption option returning 44.9% for the year ended 30 June – an outstanding result in any year, but particularly exceptional when returns are so low. Innovation and disruption allows members to invest in leading-edge innovating companies across industries like technology and health care – industries that have outperformed during the current crisis.

We have a continued focus on keeping our costs low to keep your fees low – our operating costs are considerably lower than those of the average industry fund, at 0.23% compared with the median of 0.35%*. And member investment fees – which are largely comprised of the fees we pay investment managers to generate your returns – are 0.66% compared with the fund average of 0.69%³. While many funds have put fees up over the last few years, ours have gone down – so you can be confident we're doing everything we can to ensure more ends up in your retirement savings.

While we pride ourselves on personal service, obviously at the moment we can't meet with you face-to-face. That doesn't mean we've lost our focus on providing our members with personal help and

education about your super though – although the Vision Super team are all working from home we're still here whenever you need us. The Contact Centre is still available during normal business hours, both on the phone and by email. If you need more in-depth help with your super or financial planning, our planners are still able to help via phone or video conferencing. In the last quarter, we've run 46 educational webinars on super that 534 members have attended online, and our planners have met with over 1,000 members and provided nearly 500 statements of advice.

In February, we started a rapid transition to working from home for the entire Vision Super workforce, including our Contact Centre. Since then, we've seen big spikes in the number of calls and emails but no decrease in member's satisfaction – our members score the consultant they talk to around a 9 out of 10 on average, and 92% of members tell us they found it either easy or very easy to interact with us. We've recently put in place call back technology for our hotlines, so when you call us you'll now know exactly how quickly we'll answer your call, and if you'd rather not wait you can request a call back (although the average wait time between March and June was only 44 seconds, so most people choose to wait!)

It's impossible to say what the next year will hold – as I write this, Melbourne is back in lockdown for at least six weeks – but I want to reassure you that our Investments team is closely monitoring developments on a daily basis and looking at both the short term and the long-term implications for our portfolio so we can continue to safeguard your retirement savings in the midst of uncertainty.

Finally, I want to thank the whole Vision Super team for their exceptional efforts this year in keeping the business running and members looked after while adjusting rapidly to the new circumstances.

Please stay safe during these difficult times – we're in this together and we all have a part to play in beating this virus.

Best wishes,

Stephen Rowe
Chief Executive Officer

1. SuperRatings Fund Crediting Rate Survey - SR50 MySuper Index June 2020

2. SuperRatings Pension Fund Crediting Rate Survey - SRP50 Balanced (60-76) Index June 2020

3. ChantWest all fund median, June 2020

* SuperRatings SMART - MER median June 2020

Chief Investment Officer's report

“
The default MySuper (Balanced growth) investment option returned
1.96%
to members”



Vision Super generated positive returns for 2019/20.
Markets were in line for another strong year until the pandemic hit.

The default MySuper (Balanced growth) investment option generated a positive return of 1.96% to members in 2019/20, which is behind its objective of 3.5% above inflation.

Our pension members in the Balanced growth pension option received 2.22% due to more favourable tax treatment. All of Vision Super's other investment options also performed positively apart from the Sustainable Balanced Option. In contrast, cost of living increases as measured by the Consumer Price Index fell by 0.3% over the 12 month period.

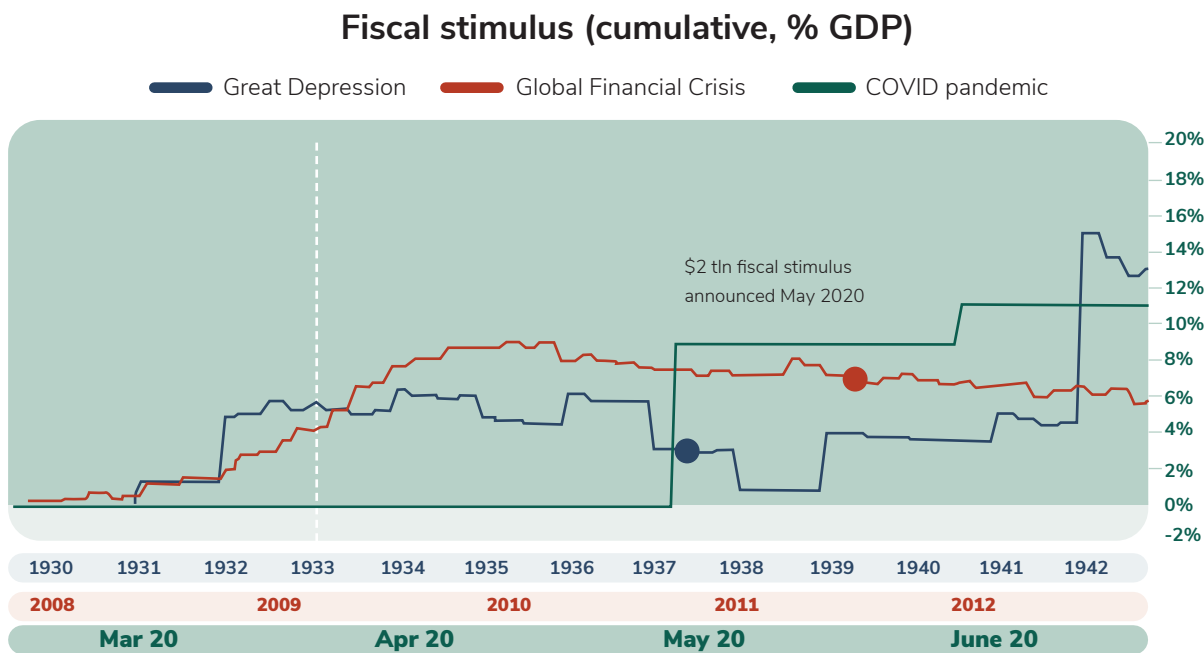
This marks an amazing eleven years in a row with positive returns for the Balanced growth option, an unusually long period. This is not true for the average default superannuation option which had a negative return in 2019/20. Investments in shares, which make up a significant part of this option, are expected to provide strong returns over the long-term, but they also suffer occasional periods of negative returns. On average shares suffer a 20% peak to trough fall in returns once every three years.

Indeed this occurred in the period from 20 February to 23 March 2020 with stocks falling more than 30% in one of the sharpest falls in history. But as in 2018/19 stocks rallied after the fall. Vision Super's international

shares finished up more than 6% for the full financial year. Australian shares in contrast declined by 7.6% over the full year.

One event dominated the full financial year, a tail risk event we did not foresee in last years' outlook, the global SARS-CoV-2 viral pandemic. The virus manifested itself in financial markets in two ways. Firstly, economies started to go into lockdown triggering a global recession. Markets had not previously paid attention to the virus but as events in Italy worsened it became clear the impact would be sizable and global. The result was the sharpest fall in markets in decades.

The second part of the reaction to the pandemic was the response by the authorities in the form of monetary (central bank interest rate cuts and liquidity injections) and fiscal policy (government spending and loans). Governments and central banks injected more stimulus into economies within 3 months than they did in all of 2008 and 2009 during the global financial crisis. This had an immediate and dramatic impact on markets with equity markets having their strongest quarter in decades to end the financial year.



Source: Vision Super

Chief Investment Officer's report continued

The first half of the financial year saw the pivot from rising interest rates to lower interest rates playing out with central banks cutting interest rates which gradually led to economic improvements.

China stimulus contributed to growth and the China-US tensions eased late in 2019 with a trade deal announced.

In Britain, the Conservatives won a landslide election late in the year and Britain irrevocably decided to leave the EU. Domestically, the Australian economy continued to grow but more slowly. Australian shares materially underperformed global shares over this period as iron ore prices fell and the Australian banks faced a number of regulatory issues. Still housing prices were beginning to rise and the outlook was one of improving economic conditions.

This all began to change in the new year. Australia was beset by bushfires which devastated the tourism and leisure sector. Towards the end of January, concerns about the Coronavirus began to mount and markets started to sell off. In late February, Italy locked down and concerns turned into panic with the sharpest fall in equity markets in decades. From their peak on February 20 until the trough on 23 March, major equity markets fell by more than 30%. The Australian dollar plunged and most advanced economies entered into lockdowns with a global economic recession becoming inevitable.

On 23 March, the US Federal Reserve announced a plan to buy corporate bonds and the exchange traded funds that hold them. Credit markets had begun freezing up in March under economic stress including some sovereign debt markets. This action and others taken by central banks turned markets around. Along with the government stimulus, this propelled equity markets to producing some of their strongest returns in decades in the June quarter.

How do we get from here to there?

In June, easing lockdowns resulted in a flare up in infections in different parts of the world. All parts of the world had become infected with poor testing in some geographies meaning the extent of the outbreak is increasingly uncertain. At the same time there was significant progress with a number of vaccine candidates. The odds of an effective vaccine appear to be rising,

However, many businesses domestically and internationally continue to function only because of governmental support. As this support begins to be wound back, at some future date many businesses will declare bankruptcy adding to unemployment and causing additional stress on financial markets. The process of winding back fiscal policy without significantly damaging the economy will be difficult, if not impossible. The resulting economic damage including high unemployment, lower wage growth and bad debts needing to be written off are likely to persist for many years. The travel and tourism sectors are likely to be amongst the hardest hit whilst bad debts at banks will rise materially.

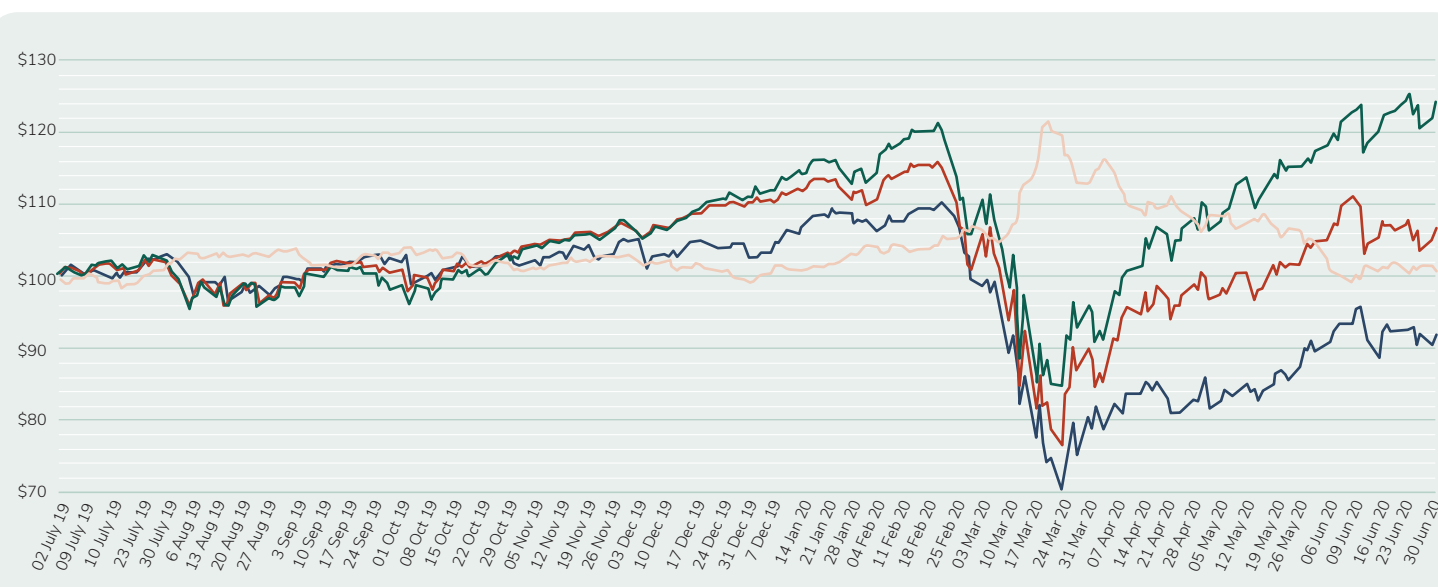
The impact on populations has already led to rising unrest and put additional pressure on governments. The crisis has sharply impacted President Donald Trump's popularity in the US where he is perceived to have done a poor job. The US administration has cranked up tensions with China again and sought to play up law and order issues in the USA. To a lesser extent, these risks are also likely to be elevated in other countries as the fallout from the pandemic continues and voters apply an increasingly critical eye to their government's response.

All asset classes have responded to the pandemic. Some sectors such as technology have benefited from the acceleration to online business transactions. Defensive assets such as government bonds also performed relatively well but with yields already low, they did not produce the sort of returns experienced during the global financial crisis. In the one year to 30 June 2009, Bonds returned around 11%. For the year to 30 June 2020, bond returns averaged around 5%. What might we expect in the next downturn? So while bonds are defensive, expected returns are low given current high prices. Equities should return better over the long-term but with more volatility, especially if we experience another credit crisis.

Over the longer term, higher asset prices and the fallout from the pandemic 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. We still expect higher returns for equities over the next ten years than for bonds. However, returns are likely to be lower than the period since the GFC. Paradoxically, the build up in debt as a result of the pandemic means that inflation is more likely in a few years time as governments seek to inflate away big debt burdens. In the meantime, interest rates are likely to stay very low which should be supportive of asset prices.

Equity & currency (USD) returns

Australian equities US equities US technology stocks US FX appreciation



Source: Bloomberg

Top stock holdings

Top 20: Australian equity portfolio – combined managers

Rank	Security	% of asset class	% of ASX 300 Index	% over/under weights
1	CSL	7.78	7.82	-0.04
2	Commonwealth Bank of Australia	7.48	7.38	0.11
3	BHP Group	7.06	6.34	0.73
4	Wesfarmers	3.67	3.05	0.62
5	Westpac Banking Corporation	3.59	3.89	-0.30
6	Macquarie Group	3.12	2.35	0.77
7	ANZ Banking Group	2.98	3.17	-0.19
8	National Australia Bank	2.87	3.50	-0.62
9	Woolworths Group	2.73	2.83	-0.09
10	Transurban Group	2.24	2.32	-0.08
11	Rio Tinto	2.18	2.18	-0.01
12	Telstra Corporation	2.08	2.24	-0.16
13	Aristocrat Leisure	1.95	0.98	0.97
14	Coles Group	1.59	1.24	0.35
15	Ampol	1.27	0.00	1.27
16	Brambles	1.09	0.99	0.10
17	James Hardie Industries	1.06	0.73	0.33
18	Medibank Private	1.02	0.49	0.52
19	Goodman Group	1.02	1.45	-0.43
20	Newcrest Mining	26.34	1.53	-0.53
TOTAL		57.79	54.48	3.31

Top 20: International equity portfolio – combined managers

Rank	Security	% of asset class	% of MSCI Index	% over/under weights
1	Amazon.com	2.78	2.50	0.29
2	Alphabet	2.47	1.84	0.63
3	Tencent Holdings	2.11	0.79	1.32
4	Apple	2.00	3.42	-1.42
5	Alibaba Group Holding	1.87	0.87	1.00
6	Microsoft Corporation	1.85	3.15	-1.30
7	Tesla	1.70	0.34	1.36
8	Facebook	1.37	1.17	0.20
9	BNP Paribas	1.04	0.10	0.95
10	Illumina	1.02	0.12	0.90
11	Daimler	0.91	0.07	0.83
12	Credit Suisse	0.90	0.05	0.84
13	Glencore	0.89	0.05	0.84
14	Nvidia	0.85	0.50	0.35
15	Allianz	0.84	0.18	0.66
16	Netflix	0.79	0.43	0.36
17	Meituan Dianpig	0.75	0.00	0.75
18	Berskhire Hathaway	0.74	0.53	0.21
19	Sea Ltd	0.73	0.00	0.73
20	Kering	0.72	0.09	0.63
TOTAL		26.34	16.18	10.16



Investment strategy

Our aim is to continue delivering strong long-term investment returns for our members.

8.13%

RETURN FOR BALANCED GROWTH OPTION

for 10 years to 30 June 2020



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.

“



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

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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 all of our premixed investment options, except for the Sustainable Balanced option. 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 may be used for gaining exposure to equities and bonds to assist with efficient implementation of asset allocation. Derivatives may also be utilised in a tail risk program to provide protection from steep falls in equity markets for the defined benefit plans and by the Fund'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.

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 listed share prices in that their value can go up or down, and each unit price reflects the changes in the value of the investment option you are invested in.

Unit prices are calculated as at the end of each Victorian 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. No unit prices are struck on weekends and Victorian public holidays.



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 2020.*

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 2020.

“ I wish I could have switched to Vision earlier... I needed all the help I could get to keep my super safe and still offer a good return ”

- Rosemary

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%
● Infrastructure	8%
● Property	8%
● Alternative debt	14%
● Diversified bonds	26%
● Cash	20%

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

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%
● Infrastructure	9%
● Property	9%
● Alternative debt	13%
● Diversified bonds	20%
● Cash	5%

1. The earnings of super products and NCAP 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 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	24%
● International equities	29%
● Opportunistic growth	0%
● Infrastructure	11%
● Property	11%
● Alternative debt	10%
● Diversified bonds	12%
● Cash	3%

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

Premixed options

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, 4.5 in 20 years.

Strategic asset allocation



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

1. The earnings of super products and NCAP 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 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, 4.5 in 20 years.

Strategic asset allocation



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

1. The earnings of super products and NCAP 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) > 50% Bloomberg Ausbond Composite All Maturities Bond Index > 50% FTSE World Government Bond Index ex Australia (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 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 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 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, 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) > 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 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 2020 (Super and NCAP)

OPTION NAME	1 YEAR (%)	1 YEAR MEDIAN (%)	ABOVE MEDIAN?	RETURN OBJECTIVE (%)	ACHIEVED OBJECTIVE?
Conservative	2.0%	0.1%	✓	2.2%	✗
Balanced	2.3%	-0.8%	✓	2.7%	✗
Sustainable balanced	-1.3%	-0.8%	✗	2.7%	✗
Balanced growth	2.0%	-0.5%	✓	3.2%	✗
Growth	1.6%	-1.2%	✓	3.7%	✗
Cash	1.0%	1.0%	✗	0.7%	✓
Diversified bonds	5.0%	3.1%	✓	4.9%	✓
Australian equities	-4.1%	-6.0%	✓	-6.7%	✓
International equities	7.0%	3.3%	✓	2.8%	✓
Innovation & disruption	44.9%	3.3%	✓	2.8%	✓
Just shares	2.1%	-2.2%	✓	-1.5%	✓

OPTION NAME	3 YEARS (% PA)	3 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	4.6%	4.7%	✗	3.6%	✓
Balanced	6.0%	5.2%	✓	4.1%	✓
Sustainable balanced	5.3%	5.2%	✓	4.1%	✓
Balanced growth	6.5%	5.3%	✓	4.6%	✓
Growth	7.1%	5.6%	✓	5.1%	✓
Cash	1.6%	1.5%	✓	1.5%	✓
Diversified bonds	4.8%	3.6%	✓	5.5%	✗
Australian equities	6.0%	5.1%	✓	2.6%	✓
International equities	9.1%	8.1%	✓	4.9%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	7.8%	6.0%	✓	3.9%	✓

OPTION NAME	5 YEARS (% PA)	5 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	4.8%	4.7%	✓	3.8%	✓
Balanced	6.3%	5.8%	✓	4.3%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	6.8%	5.9%	✓	4.8%	✓
Growth	7.4%	6.4%	✓	5.3%	✓
Cash	1.8%	1.6%	✓	1.5%	✓
Diversified bonds	4.3%	3.4%	✓	4.7%	✗
Australian equities	6.1%	6.1%	✗	3.6%	✓
International equities	9.3%	7.8%	✓	5.0%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	8.0%	6.6%	✓	4.3%	✓

OPTION NAME	7 YEARS (% PA)	7 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	5.5%	5.8%	✗	4.0%	✓
Balanced	7.3%	7.3%	✗	4.5%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	8.1%	7.4%	✓	5.0%	✓
Growth	9.0%	8.2%	✓	5.5%	✓
Cash	2.1%	1.9%	✓	1.7%	✓
Diversified bonds	4.3%	3.8%	✓	4.6%	✗
Australian equities	7.4%	7.6%	✗	4.2%	✓
International equities	12.2%	10.7%	✓	5.2%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	9.9%	8.9%	✓	4.8%	✓

OPTION NAME	10 YEARS (% PA)	10 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	5.9%	6.3%	✗	4.3%	✓
Balanced	7.5%	7.4%	✓	4.8%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	8.1%	7.7%	✓	5.3%	✓
Growth	8.9%	8.0%	✓	5.8%	✓
Cash	2.8%	2.5%	✓	1.9%	✓
Diversified bonds	4.7%	4.6%	✓	4.5%	✓
Australian equities	7.4%	7.9%	✗	4.7%	✓
International equities	11.5%	10.2%	✓	5.4%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	9.5%	8.7%	✓	5.1%	✓

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 SR50 MySuper index. For all other options, we use the median return from the SuperRatings SR50/25 index with a comparable investment strategy. Past performance is not an indicator of future performance.

Since 1 July 2017, NCAP is a taxed product. Prior to that, it was treated as a pension product (untaxed). This was due to a change in legislation.

Investment performance to 30 June 2020 (Pension excluding NCAP)

OPTION NAME	1 YEAR (%)	1 YEAR MEDIAN (%)	ABOVE MEDIAN?	RETURN OBJECTIVE (%)	ACHIEVED OBJECTIVE?
Conservative	2.6%	0.0%	✓	3.2%	✗
Balanced	2.7%	-0.7%	✓	3.7%	✗
Sustainable balanced	-1.3%	-0.7%	✗	3.7%	✗
Balanced growth	2.2%	-0.7%	✓	4.2%	✗
Growth	1.6%	-1.4%	✓	4.5%	✗
Cash	1.1%	1.1%	✓	0.8%	✓
Diversified bonds	6.0%	3.7%	✓	5.7%	✓
Australian equities	-4.3%	-6.4%	✓	-7.6%	✓
International equities	6.4%	3.2%	✓	3.0%	✓
Innovation & disruption	64.2%	3.2%	✓	3.0%	✓
Just shares	1.5%	-2.0%	✓	-1.8%	✓

OPTION NAME	3 YEARS (% PA)	3 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	5.2%	4.9%	✓	4.6%	✓
Balanced	6.8%	5.7%	✓	5.1%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	7.3%	5.7%	✓	5.6%	✓
Growth	8.0%	6.2%	✓	5.9%	✓
Cash	1.8%	1.7%	✓	1.6%	✓
Diversified bonds	5.5%	4.4%	✓	6.3%	✗
Australian equities	6.9%	5.7%	✓	2.7%	✓
International equities	9.5%	8.2%	✓	5.3%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	8.5%	6.4%	✓	4.2%	✓

OPTION NAME	5 YEARS (% PA)	5 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	5.5%	5.4%	✓	4.8%	✓
Balanced	7.0%	6.4%	✓	5.3%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	7.5%	6.4%	✓	5.8%	✓
Growth	8.2%	7.0%	✓	6.0%	✓
Cash	2.0%	1.9%	✓	1.6%	✓
Diversified bonds	4.9%	4.2%	✓	5.4%	✗
Australian equities	7.1%	7.1%	✓	3.8%	✓
International equities	9.7%	8.0%	✓	5.4%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	8.7%	7.2%	✓	4.7%	✓

OPTION NAME	7 YEARS (% PA)	7 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	6.2%	6.7%	✗	5.0%	✓
Balanced	8.1%	8.0%	✓	5.5%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.0%	8.0%	✓	6.0%	✓
Growth	10.0%	9.0%	✓	6.3%	✓
Cash	2.4%	2.1%	✓	1.8%	✓
Diversified bonds	5.0%	4.5%	✓	5.2%	✗
Australian equities	8.6%	8.7%	✗	4.5%	✓
International equities	13.0%	11.5%	✓	5.7%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	10.9%	9.5%	✓	5.2%	✓

OPTION NAME	10 YEARS (% PA)	10 YEAR MEDIAN (% PA)	ABOVE MEDIAN?	CPI + OBJECTIVE (% PA)	ACHIEVED OBJECTIVE?
Conservative	6.7%	7.2%	✗	5.3%	✓
Balanced	8.4%	8.4%	✓	5.8%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.1%	8.4%	✓	6.3%	✓
Growth	10.0%	9.0%	✓	6.5%	✓
Cash	3.2%	2.8%	✓	1.9%	✓
Diversified bonds	5.5%	5.4%	✓	5.1%	✓
Australian equities	8.8%	8.8%	✓	5.1%	✓
International equities	12.5%	11.1%	✓	5.9%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	10.7%	9.7%	✓	5.6%	✓

Please note: These tables compare Vision Super returns (pension options) to median returns from the SuperRatings Pension Crediting Rate Survey. For the Balanced growth option, we use the median return from the SRP50 Balanced (60-76) index. For all other options, we use the median return from the SuperRatings SR50/25 index with a comparable investment strategy. Past performance is not an indicator of future performance.

Defined benefit plan 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 2020 was completed in September 2020 and presented at the September 2020 Board meeting. The 30 June 2020 triennial actuarial investigations for the other two sub-plans are currently in progress and are expected to be completed by December 2020.

Vision Super’s VBI position

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

SUB-PLAN	30 JUNE 2019	30 JUNE 2020
LASF DB	107.1%	104.6%
City of Melbourne	134.8%	136.9%
Parks Victoria	111.9%	108.7%

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. Vision Super looks to de-risk each sub-plan’s portfolio to the extent possible, noting some of the plans continue to require investment earnings assumptions which require material investment risk to be taken. From time to time tail risk protection strategies may be employed to seek to reduce the extent of losses incurred in a market downturn.

Some of the sub plans require a material exposure to share markets to deliver on the long term funding requirements. Full protection from share market downturns is not economically feasible. Rather, when protection strategies are employed these are seeking to somewhat reduce the extent of losses incurred in a market downturn, not avoid any market losses.

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.

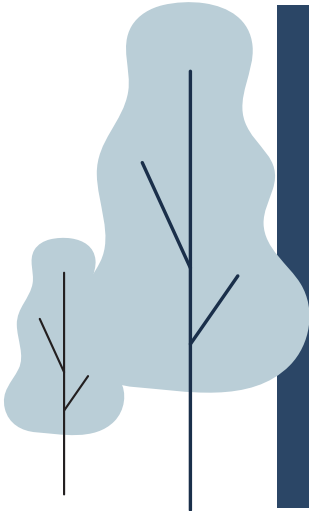
At times, when the investment outlook merits, additional risk will be taken in order to achieve better returns and lower funding costs.

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 2020

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.



Vision Super has a custom investment strategy for each DB sub-plan.

Investment returns to 30 June 2020

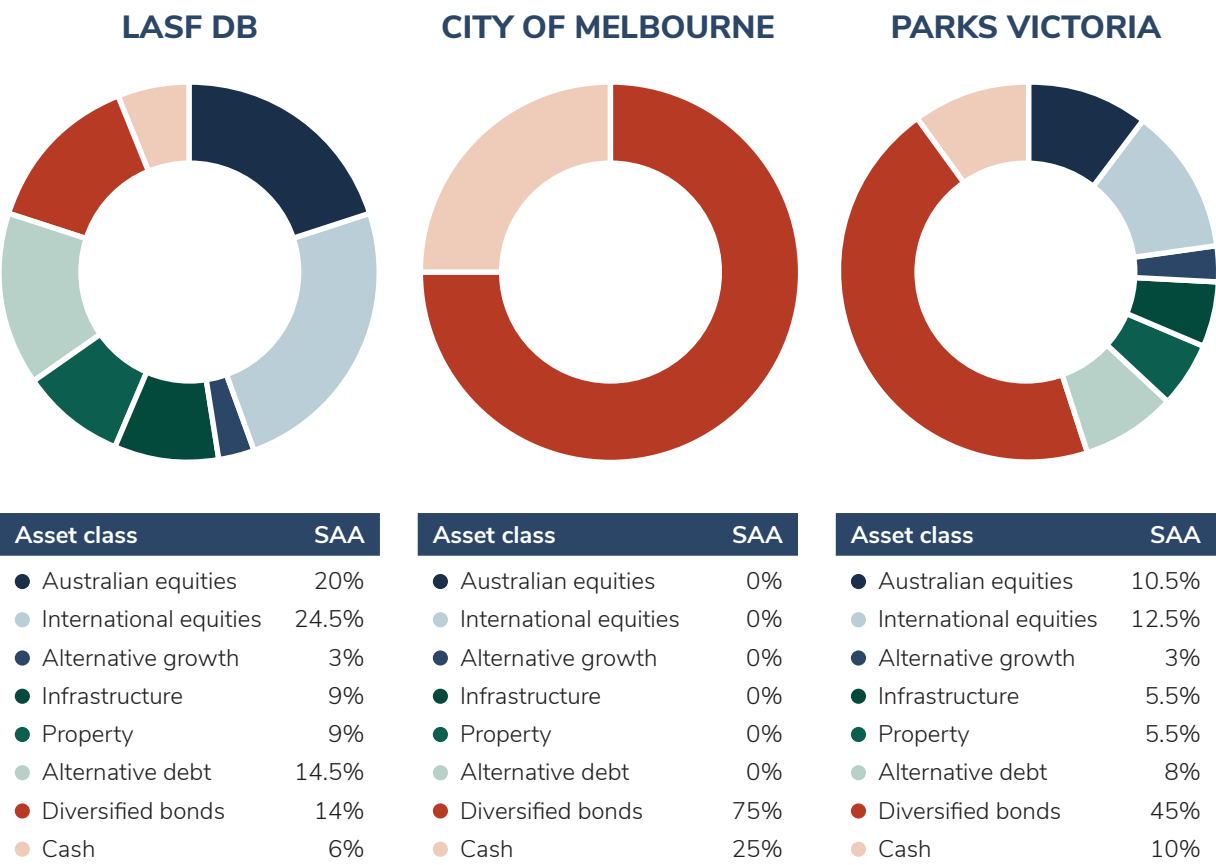
OPTION NAME	1 YEAR %	1 YEAR OBJECTIVE* %	ACHIEVED OBJECTIVE 1 YEAR	3 YEAR % PA	3 YEAR OBJECTIVE* % PA	ACHIEVED OBJECTIVE 3 YEARS
LASF DB	4.7%	6.2%	X	6.7%	6.4%	✓
City of Melbourne	3.9%	2.0%	✓	6.0%	3.2%	✓
Parks Victoria	3.0%	4.5%	X	6.1%	5.0%	✓

* Actuarial rate of return for the period to 30 June 2020.

Defined benefit plan update continued

Investment managers¹

Benchmark allocations as at 30 June 2020



A tail risk program to protect against steep equity market falls may apply to the LASF DB portfolio. This program may affect the effective exposure of the portfolio to equities, which consequently can vary materially over time.

Traditional investments

INVESTMENTS	30 JUNE 2020		30 JUNE 2019	
	MILLION (\$)	(%)	MILLION (\$)	(%)
Growth				
Australian shares				
Airlie Australian Equities	379.9	3.7	374.2	3.6
Industry Funds Management – Enhanced Index Strategy (Low carbon emission mandate)	1,234.2	11.9	973.1	9.5
Kinetic Investment Partners Limited - Australian small Companies	-	-	0.1	0.0
Realindex Investments Pty Ltd – Small Companies	167.6	1.6	178.6	1.7
Wavestone Australian Equities	328.8	3.2	353.9	3.5
Total Australian shares	2,110.5	20.4	1,879.9	18.3
International shares				
Baillie Gifford Overseas Ltd – Long-Term Global Growth Equities	491.5	4.7	416.7	4.1
Harris Associates Global Equity Strategy	426.6	4.1	447.1	4.4
Sands Capital Emerging Markets Growth Strategy	242.5	2.3	223.8	2.2
SSgA Enhanced Passive (Low carbon emission mandate)	1,244.1	12.0	1,182.5	11.5
Stewart Investors – Global Emerging Markets Leaders Fund	110.7	1.1	249.8	2.4
Total international shares	2,515.4	24.2	2,519.9	24.6
Currency				
Millennium	63.6	0.6	-8.4	-0.1
Total currency	63.6	0.6	-8.4	-0.1
Property				
AMP Capital Diversified Property Fund	239.7	2.3	246.1	2.4
Industry Super Property Trust – Core Fund	388.9	3.8	356.0	3.5
Resolution Capital Global Real Estate Investment Trust Strategy	178.9	1.7	191.6	1.9
SSgA Australian Real Estate Investment Trust	14.6	0.1	8.7	0.1
Total Property	822.1	7.9	802.4	7.9

1. Includes outstanding settlements receivable/payable and financial liabilities at fair value through profit and loss disclosed in the Statement of Financial Position

Investment managers¹ continued

Traditional investments (continued)

INVESTMENTS	30 JUNE 2020		30 JUNE 2019	
	MILLION (\$)	(%)	MILLION (\$)	(%)
Defensive				
Cash				
Internal management (Vision Super)	1,495.9	14.4	1,365.7	13.3
Total cash	1,495.9	14.4	1,365.7	13.3
Diversified bonds				
Amundi – Australian & International Inflation Linked Bonds	712.8	6.9	398.0	3.9
Amundi – Australian & International Passive Fixed Interest	438.2	4.2	818.7	8.0
Members Equity Portfolio Management Limited – Super Loans Trust	0.3	0.0	0.8	0.0
Total diversified bonds	1,151.3	11.1	1,217.5	11.9
Total traditional investments	8,158.8	78.6	7,777.0	75.9

Alternative investments

INVESTMENTS	30 JUNE 2020		30 JUNE 2019	
	MILLION (\$)	(%)	MILLION (\$)	(%)
Opportunistic growth (previously private equity)				
Allegro Private Equity – Fund I	0.0	0.0	0.0	0.0
Eureka Funds Management – Property Funds No. 2 & Loan Note Facility	0.5	0.0	0.5	0.0
Generation Investment Management – Climate Solutions Fund	1.7	0.0	2.4	0.0
Greenspring Global Partners III & IV, L.P.	20.7	0.2	46.4	0.5
Gresham Partners Limited – Property Mezzanine Funds No. 3	0.0	0.0	0.1	0.0
Hawkesbridge Private Equity Fund 3 (Trust C)	1.8	0.0	8.8	0.1
IFM Australian Private Equity Funds III	2.2	0.0	3.7	0.0
IFM International Private Equity Funds I, II & III	13.6	0.2	25.9	0.3
Industry Super Holdings Pty Ltd	28.8	0.3	28.8	0.3
LGT Capital Partners AG – Crown European Private Equity PLC	0.1	0.0	5.5	0.1
Members Equity Bank	22.1	0.3	24.1	0.2
Private Equity Trust – Property Opportunistic ²	1.6	0.0	1.1	0.0
Private Equity Trust ³	25.6	0.2	34.6	0.3
ROC Equity Partners Alternative Investment Funds IV & V	5.2	0.0	14.9	0.1
Stafford Capital Partners – Private Equity 2, 3 & 4 Funds	9.0	0.1	11.9	0.1
Vencap 12 Limited	64.8	0.6	76.4	0.7
Total opportunistic growth	197.7	1.9	285.1	2.7

Alternative investments (continued)

INVESTMENTS	30 JUNE 2020		30 JUNE 2019	
	MILLION (\$)	(%)	MILLION (\$)	(%)
Infrastructure				
IFM Australian & International Infrastructure	983.3	9.5	968.9	9.5
Total infrastructure	983.3	9.5	968.9	9.5
Alternative growth				
Bridgewater Associates Inc. – Pure Alpha Fund	57.9	0.6	70.8	0.7
Total alternative growth	57.9	0.6	70.8	0.7
Absolute return strategies				
Invesco Global Target Return	0.0	0.0	279.8	2.7
Southpeak RDS 4 to 8 PCT Vol	0.0	0.0	283.7	2.8
Total absolute return strategies	0.0	0.0	563.5	5.5
Alternative debt				
Barings Bank Loan and High Yield	146.8	1.4	103.4	1.0
Brandywine Global Investment Management, LLC – Global Opportunistic Fixed Income (re-classified during 2018/19)	399.6	3.8	297.0	2.9
IFM Specialised Credit Floating	438.9	4.2	173.6	1.7
Total alternative debt	985.3	9.4	574.0	5.6
Tail risk protection				
Pimco Tail Risk Protection	1.1	0.0	7.6	0.1
Total tail risk protection	1.1	0.0	7.6	0.1
Total alternative investments	2,225.3	21.4	2,469.9	24.1
Total investments	10,384.1	100.0	10,246.9	100

1. Includes Outstanding settlements receivable/payable and Financial liabilities at fair value through profit and loss disclosed in the Statement of Financial Position.

2. BlackRock Asia and Europe Property Funds II and III (previously Macquarie Global Property Advisors).

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

Investment manager changes

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

In November 2019, we decided to terminate the Absolute return multi strategy (ARMS) asset class with a full redemption made from the Invesco

Wholesale Global Targeted Returns Fund and the Southpeak Real Diversification Fund.

In addition, our opportunistic growth/private equity investments continue to mature as assets are realised and exited via trade sales.



Responsible investment report

Vision Super was recognised as one of only six Australian super funds to join the PRI Leaders' Group for responsible investment work in the field of selecting, appointing and monitoring external managers in listed and or private equity.



Divestments

Vision Super **DOESN'T** invest in companies with material revenue from:



The Vision Super Board uses a divestment framework to decide if we should divest from particular products, which includes consideration of whether the harm they cause can be mitigated through engagement and community attitudes, among other factors.

Voting and engagement

Active ownership: engagement and voting

Vision Super actively votes our shares at the annual general meetings of the companies we invest in.

Active ownership helps encourage strong governance protocols, environmental and social responsibility, and long-term shareholder value.

We supported various proposals during the year on climate change, as well as reports on political contributions/expenditure and advertising. For example, at Facebook's and Amazon's annual general meetings in May we voted for proposals on human rights, online child exploitation, gender and racial pay equity and community impacts reporting.

We also supported shareholder proposals on disclosure of direct and indirect climate and energy lobbying at the annual general meetings of Caterpillar, Duke Energy, Exxon Mobil, Ford Motor Company and General Motors – to name a few.

Vision Super's engagement on environmental, social and governance issues covers a broad approach including collaborating with other investors, writing to company management and supporting regulatory change where warranted.

Voted on
11,177
resolutions

(2,003 Australian votes and 9,174 international) across annual, special and ordinary company meetings

Participated in
897
proxy meetings (296 Australian and 601 international) across 35 markets globally

an increase of
43 meetings
from the previous financial year

12%
of votes were against company management recommendations

We voted on
246 shareholder proposals
(compared with 200 the previous year)

16 votes
against remuneration reports where the report had greater than
25% vote against



OUR VOTING

We consider each resolution on its merits. Our votes can help push companies to vote for:

- ✓ Gender diversity on Boards
- ✓ Better human rights and other labour disclosures
- ✓ Proposals asking companies to develop greenhouse gas reduction goals, recycling programs, and other proactive means to mitigate their environmental footprint
- ✓ Better climate change disclosures
- ✓ Proposals requesting that a company consider energy efficiency and renewable energy sources
- ✓ Increased disclosure on public health and safety issues
- ✓ Proposals asking companies to stop political spending

BHP co-filing shareholder resolution

We engaged with BHP to express our concerns about their support for industry trade associations that are lobbying against effective government policy to address and limit the effects of climate change. For example, some of the organisations funded by BHP, including the Minerals Council of Australia (MCA) and Coal21, have been lobbying for government support for new thermal coal mines.

BHP continues to be a major funder of organisations like the MCA that are lobbying against effective policy. The cumulative effect of lobbying by the industry associations BHP funds is a political environment where effective action is impossible. In effect, they're saying we want government to act, while paying other organisations who aim to stop government from acting.

Our engagement was unsuccessful, so Vision Super co-filed a shareholder resolution and alongside Atlassian's Mike Cannon-Brooke's private investment company, Grok Ventures; the Church of England Pensions Board (UK); MP Investments (Denmark); and ACTIAM (Netherlands), asked BHP to stop funding industry associations like the MCA while they continue to lobby against effective action on climate change. ACCR sponsored the resolution and Vision Super was the only Australian superannuation fund to co-file the resolution.

The final votes disclosed to the market for both the UK and Australia BHP AGM's were 27.07% in support with 4.3% abstaining on the shareholder resolution. Vision Super did not hold shares in BHP Plc.

The shareholder resolution we co-filed placed pressure on BHP and the result was very strong considering that other major proxy advisers did not recommend in favour. The Australian Council of Superannuation Investors (ACSI) supported our resolution.

“ We strongly believe that it's counter to BHP's long-term interests, it's counter to the science and its counter to our members' interests as shareholders in BHP through their super. ”

Engagement

Engagement is predominantly undertaken by our research proxy advisers ACSI and Glass Lewis, where we can diligently comply with and satisfy our fiduciary obligations when engaging in the voting of proxies. While engagement is predominantly undertaken by ACSI, we rely on Glass Lewis' proxy research and vote recommendations, as well as their automated vote management and execution tools.

During the year, ACSI engaged with 191 listed companies across 272 meetings on environmental, social and governance issues. Each year, ACSI has continued to see an uplift in the amount for company engagement on issues material to super funds like climate change, labour and human rights, governance issues, diversity and remuneration as examples. Despite the impact of COVID-19, ACSI continued to see a large amount of inbound company

191 listed companies across 272 meetings on environmental, social and governance issues

engagements with 76 ASX200 meetings in the year to 30 2020.

For detailed reporting on how Vision Super voted see www.visionsuper.com.au/investments/active-ownership

More information on ACSI's engagement can be found here: acsi.org.au/our-issues/corporate-governance/annual-reports/engagement-reports/



A lower carbon footprint

We changed providers for our carbon reporting during the year, to MSCI, who can provide us with more detailed breakdowns of the carbon intensity of our portfolio. More detailed information can help us to assess where climate change risks lie in our investments accurately, and will assist as we move forward with our plan to become carbon neutral.



The benchmark MSCI ACWI Index, MSCI's flagship global equity index, is designed to represent performance of global markets. It includes the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations in conditions across regions, marketcap sizes, sectors, style segments and combinations.

Highlights

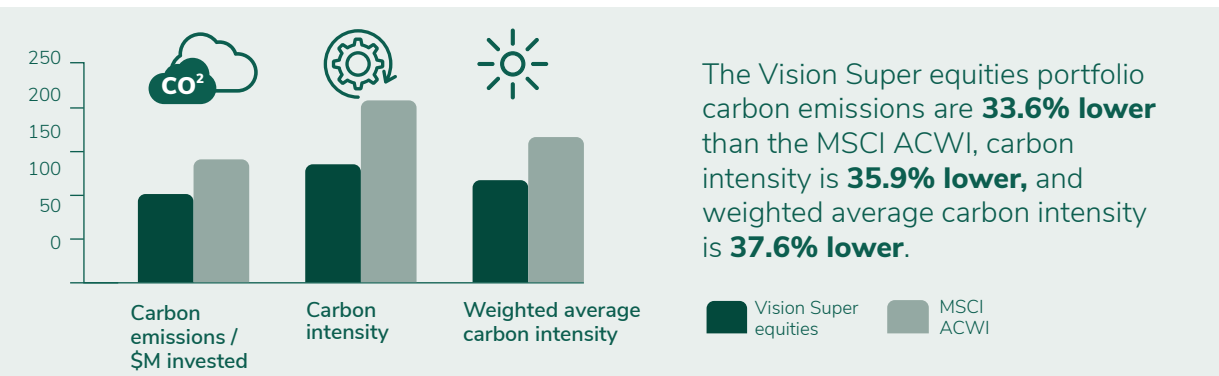
Vision Super's total emissions are less than half the benchmark.

This table and the chart below show how Vision Super's portfolio compares to the MSCI benchmark based on carbon footprint (total and normalised carbon emissions), efficiency (portfolio carbon intensity) and exposure (weighted average intensity).

Carbon footprint

*Based on Portfolio investment of \$3,110,304,711.
Benchmark 1 investment of \$1,000,000,000.

	Carbon emissions	Total carbon emissions*	Carbon intensity	Weighted average carbon intensity	Carbon emissions data
Vision Super equities	82.9	257,759	134.9	102.4	95.0%
MSCI ACWI	124.8	124,798	210.3	164.1	99.8%
	t CO2e / \$M Invested	t CO2e	tCO2e / \$M Sales		Market Value



Breaking down emissions by industry

Compared with the benchmark, Vision Super's carbon emissions by sector outperform across most industries. We are performing particularly well on utilities, energy and materials – traditionally very carbon intensive sectors.

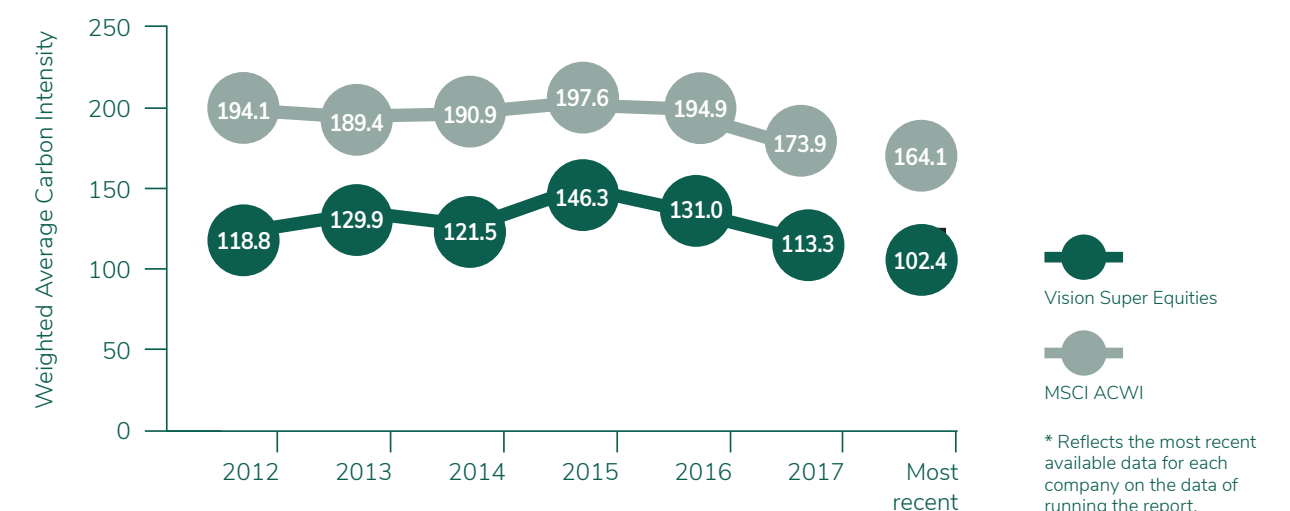
Vision Super Carbon Emission outperforms across the industry by 41.9% less

Carbon emissions by sector	Vision Super equities	MSCI ACWI
t CO2e / \$M Invested		
Energy	631.3	690.8
Utilities	378.2	1,387.1
Materials	375.2	751.1
Industrials	108.3	87.7
Consumer staples	48.0	39.9
Consumer discretionary	18.0	25.0
Real estate	16.6	21.8
Communication services	15.8	12.1
Health care	8.7	6.2
Financials	5.0	11.8
Information technology	4.9	10.8
Overall	82.9	124.8

Reducing emissions over time

The trendline below shows a simulation of Vision Super's portfolio carbon intensity over time, compared with the benchmark. This is a simulation based on our current holdings – due to changing carbon reporting providers, past years' performance cannot be directly compared with this year's.

Weighted average carbon intensity trend of current holdings



Key focus areas

Social – the ‘S’ in ESG

Vision Super is leading the efforts to develop ‘S’ indicators that will let us grade and track companies on their social performance, with a number of other funds participating in the project.



The ‘S’ indicators will cover issues like:

- > Workplace health and safety
- > Fair pay and conditions
- > Freedom to unionise
- > Gender equality and diversity

We are also a signatory to the Workforce Disclosure Initiative (WDI). Its main objective is to bring investors together to secure comparable workforce reporting from listed companies on an annual basis.

Political donations

As a matter of principle, we don’t believe companies should be making partisan political donations, or doing partisan political advertising.



Vision Super votes:

- > Against any resolution that would allow companies to make political contributions/donations
- > For resolutions to limit political donations or advertising
- > For resolutions to increase disclosures on political spending or lobbying.

Tax avoidance

Vision Super believes that corporations should pay their fair share of tax in each country they operate in, and we support tougher measures to reduce tax avoidance.



We are a co-lead on the PRI collaborative engagement on corporate tax responsibility on two Australian healthcare companies (Sonic and Ramsay), both of which operate in multiple jurisdictions but do not undertake country by country reporting. Country by country reporting:

- > Enables better analysis of companies’ tax strategies
- > Creates awareness within companies of investor concerns around aggressive corporate tax practices
- > Improves disclosures along with increased governance and financial reporting

Few companies will agree to report this way – so we are part of keeping the pressure on them to do so.



Case study

Amazon

Vision Super supported and signed a letter to Amazon (managed by Ohman, based in Stockholm), requesting a call to discuss the situation of labour rights in Amazon’s operations and supply chains.

Amazon has avoided constructive and substantive dialogue with its shareholders in the past, so as a shareholder we needed to collaborate with other investors on this issue. 70 investors with assets worth \$4.53 trillion USD signed the letter.

We didn’t get the meeting we were pushing for – but Amazon did strengthen their supply chain standards (although have yet to make improvements within their own operations See: sustainability.aboutamazon.com/social-responsibility#section-nav-id-0).

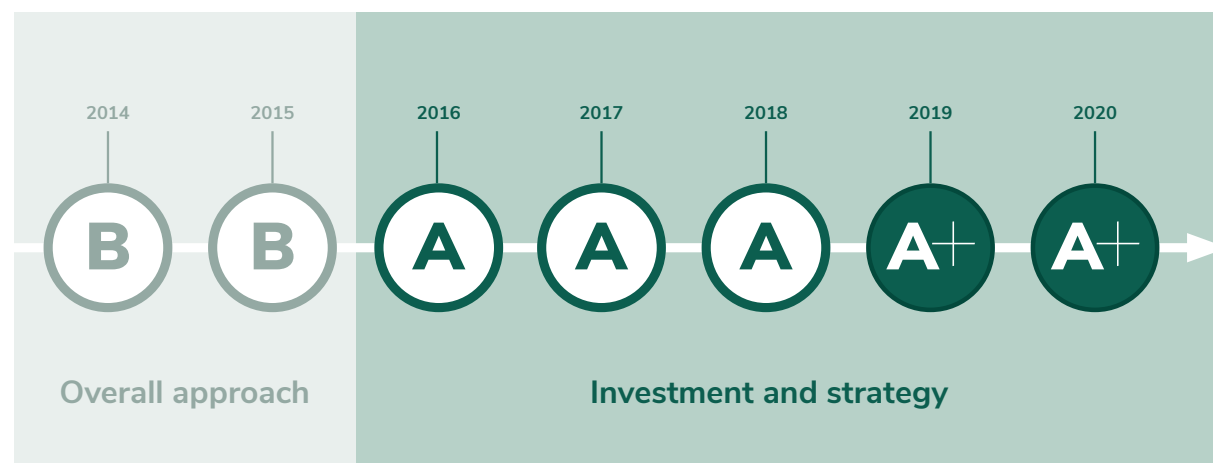
Further action is needed to push Amazon to apply similar standards for their own operations – and we’ll keep being part of that push.

ICCR and the Investor Alliance for Human Rights has subsequently met with Amazon (Kara Hurst, Head of sustainability and Michael Deal, Deputy General Counsel). The topic of the meeting was interaction between Amazon and investors. The meeting ended in a positive tone and it seemed like they are slowly opening the door for more regular discussions with investors, although no concrete actions were decided.

70 investors with assets worth \$4.53 trillion USD signed the letter.

A global leader in responsible investment

In 2019, Vision Super was recognised as one of only six Australian super funds to join the 2019 PRI Leaders' Group for responsible investment work in the field of selecting, appointing and monitoring external managers in listed and or private equity. Only around 10% of signatories globally were invited to join the Leaders' Group



We received a rating/score 'A+' for 9 out of the 10 reporting categories for our PRI Reporting Framework Assessment and an 'A' for Listed Equity Active Ownership.



RIAA Responsible Investment Super Study Leaders' Board

The Responsible Investment Association Australasia (RIAA) recognised Vision Super in 2019, including us on their Responsible Investment Super Study Leaders' Board. We were one of the top 14 out of the 57 funds they researched.

They found we consistently articulate and demonstrate a comprehensive responsible investment approach across our investment framework. Importantly for our members, RIAA found that funds like Vision Super who invest responsibly have higher returns than those that don't. You can read the report here: <https://responsibleinvestment.org/resources/super-study/>

One of the top 14 out of 57 funds researched



Vision Super seeks to improve responsible investment practices including through:

- > Global Investor Statement Letter to G7 & G20 Governments on Climate Action in September 2019
- > Investor Letter to FASB
- > Just Transition Statement (COP24 United Nations Climate Change Summit in Katowice, Poland)
- > UNEP Joint Statement in Support of a Sustainable Financial System for Australia & New Zealand
- > ACSI and CGI Glass Lewis company focused engagements
- > Climate Action 100+ (Support Investor). Of the 13 Australian companies on the list, 10 are on ACSI's climate change priorities
- > Membership of RIAA
- > PRI Letter Investor Expectations on Climate Change for Airlines and Aerospace Companies
- > PRI Investor Expectations on Corporate Climate Lobbying
- > Open Letter to Global Index Providers – Petitioning them to exclude controversial weapons from global indices
- > Signatory to the Workforce Disclosure Initiative (WDI)
- > PRI SEC Response Letter regarding proposed rules on shareholder proposals and proxy advisers.

Sustainability and our people



Modern Slavery Act

Modern slavery refers not only to people who are not paid for their work, but also to situations where people cannot refuse to work or leave their work because of threats, violence, coercion, abuse of power or deception.

The Modern Slavery Act commenced in Australia in January 2019. Under the Act, organisations must report on the risks of modern slavery in their operations and supply chains, and the actions they are taking to reduce the risks.

Vision Super supports efforts to end modern slavery, and we have started the process of preparing to report in 2021, liaising with our investment managers

and other suppliers to ensure modern slavery is not being used in our supply chains. We will continue to advocate for companies – both suppliers and the companies we invest in – to improve their human rights records and working conditions.



Although Vision Super's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the 'ESG Parties'), obtain information (the 'Information') from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

In line with our values of Care and Citizenship, we encourage our people to take meaningful action in the office and more broadly.

Regular meetings

Our Climate Action Team (which is a senior team consisting of the CEO, CIO, Chief Responsible Investment Officer, Head of Communications and Manager Investment Operations) meets regularly to progress initiatives and direct engagement efforts

A wide range of recycling options

We provide a wide range of recycling options in the office as part of a coordinated effort to reduce waste to landfill – these include food waste, electronics, pens, batteries, paper, container recycling and more

Public transport

Our travel policy encourages public transport use and other sustainable options

Sustainability is considered in procurement, including in our fleet cars which include hybrids

Digital first

We have strategies to reduce the resources we use including a 'digital first' communications policy that reduces paper use.

Memberships and associations

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.

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 (ASFA) The main industry body for the super sector
Australian Council of Superannuation Investors (ACSI) – Full Member 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 – Signatory 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 as set out by the Paris Agreement.
Principles of Responsible Investment (PRI) – Signatory The world’s leading advocate for responsible investment, we are committed to following the six principles
Responsible Investment Association Australasia (RIAA) – Member Aims to influence public policy and regulation and is a strong proponent of responsible investment approaches and sustainable investment markets
The Melbourne Chamber of Commerce Independent professional body providing training and technical support

We are Vision Super

Where members are our focus

We're proud to be Victoria's oldest community super fund, where we have been servicing our members and the local community for more than 70 years.

As an industry super fund, you are our focus and we're always looking for ways to keep costs low and ways to invest in a better and sustainable future. We never lose sight of the fact it's your money, and we always put you first.

Our products, services and investment strategies are guided by the vision of shaping a better future for all, which is why we invest sustainably and divest from the world's worst polluters.

Delivering consistent top quartile performance and a long history of strong returns are the rewards for our sustainable strategies and how we invest. And we have the awards to prove it - SuperRatings 15 Year Platinum Performance and Money Magazines Best of the Best for the 'cheapest platform'.

We are an award-winning super fund that's truly committed to doing what's best for you, through high performance, low fees and sustainable investments.

Jennifer's journey

Jennifer met with a Vision Super planner, around four years ago, before deciding to retire, just to get an idea of how her future finances would be and how things would pan out. "I've worked in education for the last 35 years and retired in April," she said.

When it was time for Jennifer to see a financial planner, she sat down with a Vision Super planner and was really happy. "The planner was very personal, unassuming, and knowledgeable. When I decided to retire last year, we [my husband and I] caught up with her. She went through the steps we needed to take and it all started with that, really."

Jennifer mentioned there were some words and super jargon that she didn't understand and if she asked, 'what do you mean', there was no judgement. "She just explained [what the words meant] so we could understand it."

The transition from working - where Jennifer's regular salary was deposited into her account every fortnight - to retirement at which point all of a sudden that stopped, can be jarring for new-retirees. But getting financial advice helped guide her through, and gave her time to then transition into retirement and start using her super and treating it as her regular income.

Jennifer mentioned that "it was very smooth sailing. It was just a smooth transition that I was quite stressed about beforehand, not know how's things were going to work". In their last meeting, the planner had told Jennifer to make sure to let her know what the date of Jennifer's retirement will be so she could take it from there and support Jennifer with all the paperwork.

By April, COVID had already hit, and Jennifer and her husband were in lockdown. This caused some stress because they weren't sure about whether they should come in and see their planner. To Jennifer's relief "Our planner said no, it's all done over the phone, and it was all good".

Jennifer was initially with another super fund but because she liked the planner and her manner she became a Vision Super member. "As soon as we had that initial meeting a few years ago, for my husband and his super, she just made it so relaxed and explained it so intricately for us. I thought, I'm not even going to go to my other fund. We're just going to put it all in together and there's no extra fees for having us in different supers, it's all in the one [place]."

When planning for her retirement, Jennifer said she "didn't imagine it would be like this! Locked in the house." But when she's able to, Jennifer is planning lots of trips with family within Australia. Jennifer and her husband will probably downsize their home at some stage but they'll wait it out in Melbourne for another year or so to see how the real estate market plays out.

When asking Jennifer if she would recommend Vision Super she said "I think it depends on who you see [for financial advice] and [for us] it happened to be our planner who was easy to talk to and understand. She's the only one we've had, and we've trusted."

Jennifer and her husband choose to stay with Vision Super to help them throughout their retirement years because they trust the Fund and Jennifer's husband had been with Vision Super all his working life in the council, over 30 years. Jennifer said that

sometimes on the news it might say 'who's the best super' and she was happy that Vision are always in the top 5. "We're not interested in going to find other plans, we're happy with Vision Super."

Supporting members through these challenging times

Our commitment to members and their retirement throughout this pandemic has not waned. We have made more calls, sent more updated and overall have increased our member engagement.

“**This has seen an uplift in member satisfaction across all surveyed interactions with the overall member satisfaction climbing to 8.83 (10) for the financial year.**”



Vision Super insurance

Providing our members with reliable and value-for-money insurance cover remains a focus for Vision Super. Especially in light of a year that has seen more legislative change when it comes to super and insurance, and the world pandemic COVID-19.

Putting members' interests first

This year saw the introduction of the Federal Government's 'Putting members' interests first' package. The package is designed to protect Australians' super savings from unnecessary erosion by fees and insurance costs. What this means though is for any new members under the age of 25 and those with a balance of less than \$6,000 are no longer eligible to receive automatic cover, unless they opt-in or satisfy both of those conditions. And for our existing members, who had less than \$6,000 in their account at 1 April 2020 had their cover cancelled unless they notified us of their intent to retain the cover. Pleasingly, a large number of members see the value in having insurance through their Vision Super account and opted to retain their cover and the protection it provides them.

COVID-19

Globally we have seen the impact of COVID-19 on people's health and mental wellbeing as well as their ability to work. So over the last six months we have been working closely with MLC Life Insurance (MLCL) to ensure members circumstances have been taken into account throughout the claim process in order to ensure it doesn't unfairly impact claims.

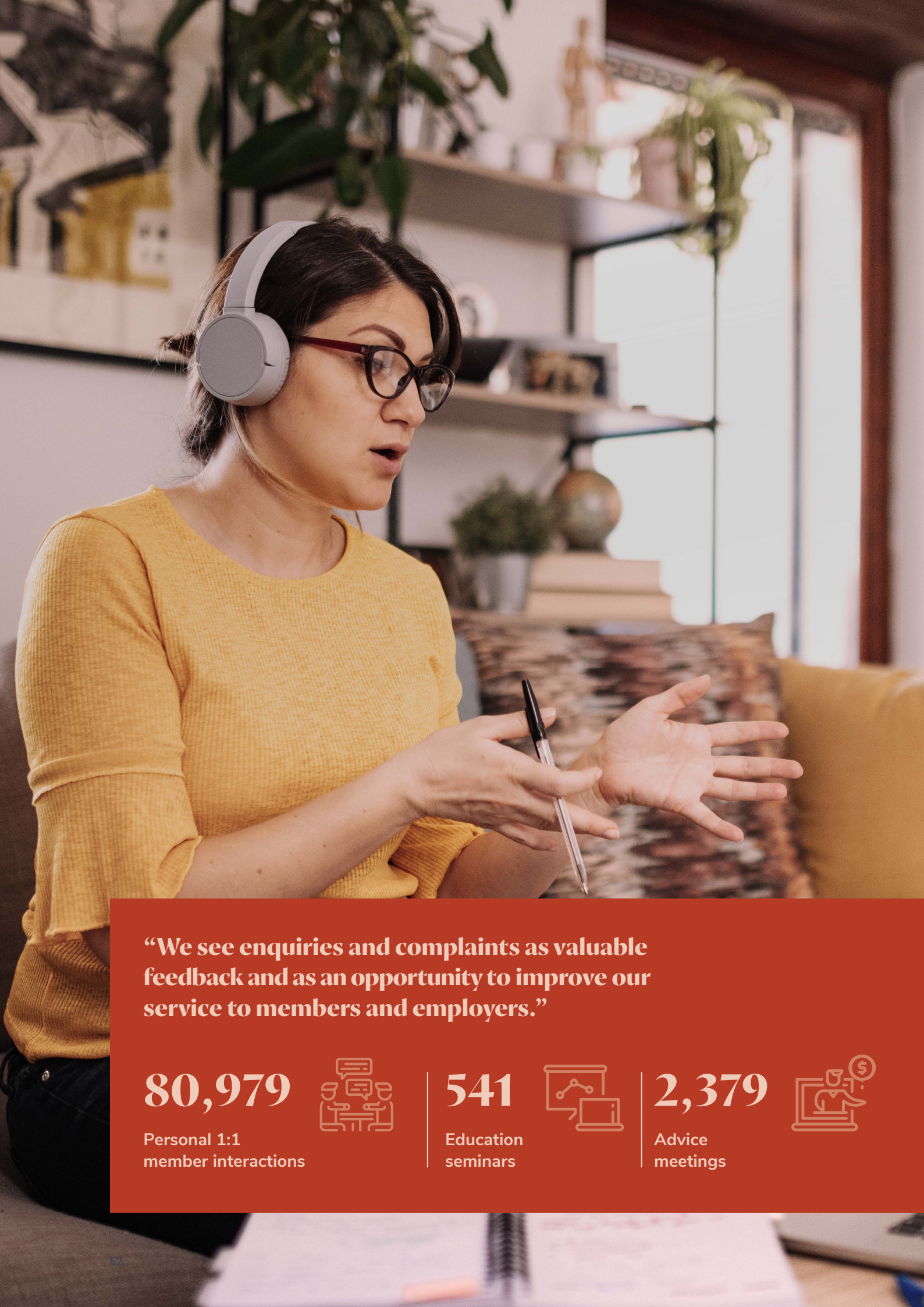
We're also proud that we are able to offer our members and their family members access to Best Doctors which includes Mental Health Navigator – a service that's free and confidential. Another way we can provide peace of mind to our members and ensure their health and wellbeing.

Insurance Code of practice

The Code is the superannuation industry's commitment to high standards when providing cover to their members. We have committed to full adoption of the code by June 2021 and we're making good progress. A significant part of the Code's requirements reflect our insurance beliefs and are already part of how we do things day to day. More details about our insurance beliefs can be read on our website here www.visionsuper.com.au/insurance

Servicing levels

Our insurer, MLCL has continued to provide claims and underwriting services at excellent levels ensuring our members receive quality and responsive service in their time of need. Our member online insurance capabilities were also enhanced this year with upgrades to the insurance section of our member online portal providing additional and easier to understand information for members regarding their insurance cover.



Getting help

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/complaintsprocedure.

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

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

80,979

Personal 1:1
member interactions



541

Education
seminars



2,379

Advice
meetings



Governance framework

“
Our governance framework underpins everything we do as a fund and helps us protect our members’ interests.”



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 management framework
- > 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 Directors and responsible officers
- > A gifts/entertainment register for all Directors, responsible officers and staff
- > A training register
- > 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, our Directors and Officers from legal action.

We believe in transparency

A copy of our 2020 remuneration report and an extract of our register of interests and duties are available on our website at www.visionsuper.com.au/images/2019-2020-Remuneration-Report.pdf

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 on 13 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 1 July 2014 to 13 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.



Lisa Darmanin

Deputy Chair

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

Lisa Darmanin started as a Director 6 March 2018 as a member representative having been nominated by the Australian Services Union – Victorian and Tasmanian Authorities & Services Branch (the ASU). Lisa is Executive President of the ASU. Prior to this role, Lisa worked as an ASU Organiser and has previously been a trustee director of HESTA and an alternative director of Vision Super.



Joanne Dawson

BComm, MBA, Diploma of Financial Planning, CA

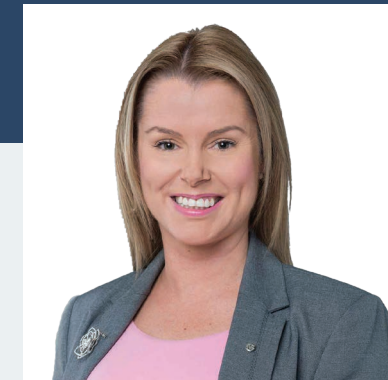
Joanne Dawson was appointed as an Independent Director of the Vision Super Board in August 2014. She is an experienced financial adviser and Director.



Peter Gebert

RG 146 i(Hons), MA (Hons)

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.



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).



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.



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.



Kerry Thompson

BComm (Hons), MA (Hons) Bachelor of Business (RMIT), Graduate Diploma in Management (RMIT), Diploma – AICD

Kerry was appointed to the Vision Super Board on 1 January 2020 as an employer representative. Kerry was nominated by the Municipal Association of Victoria (MAV) and has more than 20 years in executive leadership roles in the local and state government sectors. Prior to joining MAV, Kerry was acting Chief Executive of VicRoads and has previously been the CEO at Wyndham City Council and Maribyrnong City Council.



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 the former National President of the Australian Human Resources Institute and holds a range of public and private directorship and advisory roles.



Retired: 31 December 2019

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 retired from the board on 31 December 2019.

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 2020, the committees were:

Audit Committee

Chair Casey Nunn

Members Joanne Dawson, Diane Smith, Kerry Thompson, 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 Peter Gebert

Members Diane Smith, Graham Sherry, Kerry Thompson

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 nine 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 met four times during the financial year.

Investment Committee

Chair Joanne Dawson

Members Lisa Darmanin, Graham Sherry, Peter Gebert, Peter Wilson

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 eight 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 three times during the financial year.

Board and committee attendance

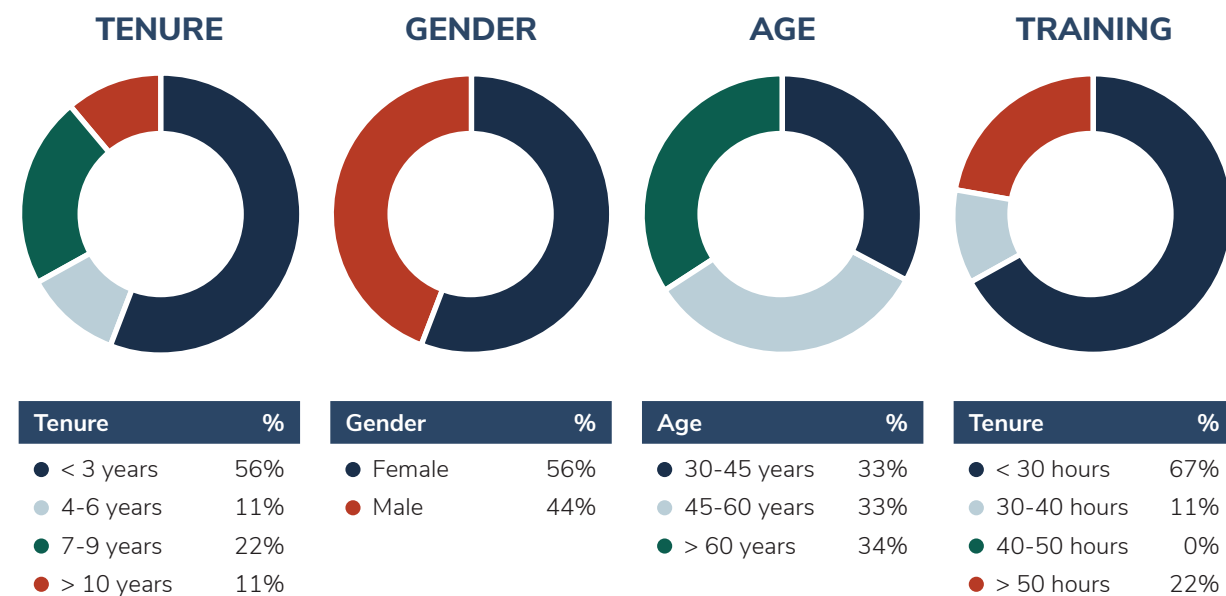
Vision Super Pty Ltd - Board and Committee meeting attendance - 1 July 2019 to 30 June 2020.

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

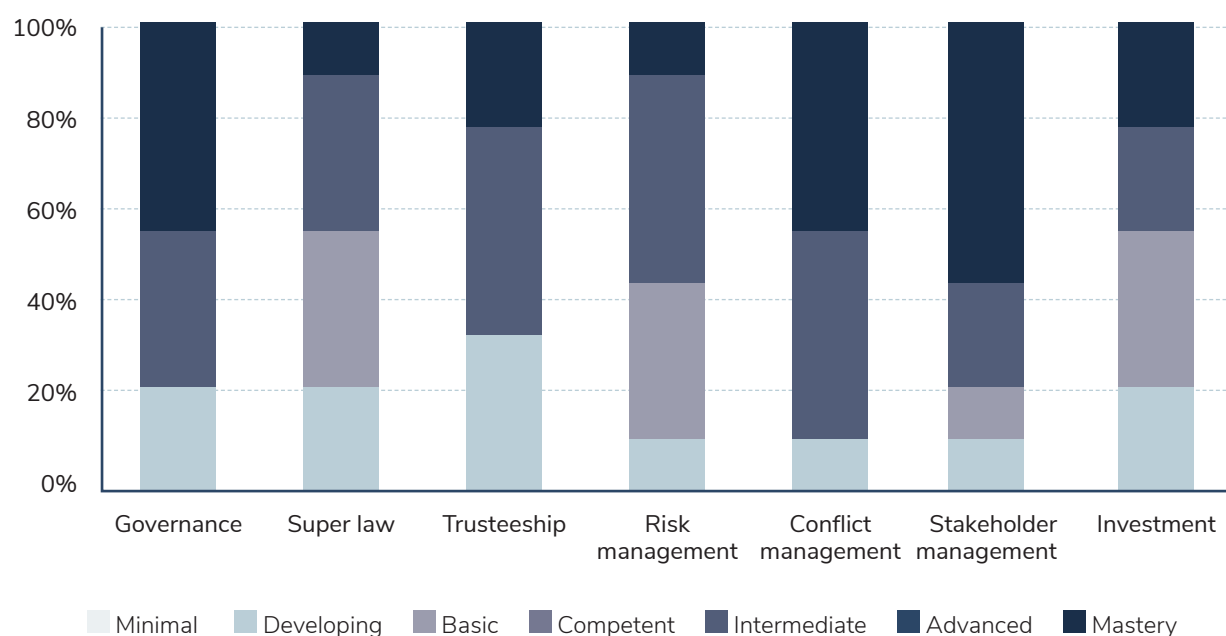
* Term ended on 31 December 2019.

** Appointed as Director on 1 January 2020.

About our Board



Director skills matrix



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 (Honours)/Bachelor of Science, Advanced Certificate in Public Administration (Taxation)

Nikki leads Vision Super's Quality and Risk team. She ensures 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.



Steven Leach

General Manager Operations and Transitions

ASFA 100, PS 146 (now known as RG 146)

Steve joins Vision Super from UniSuper and has over 25 years' experience in the superannuation industry. Steve has spent the last 20 years in the profit-to-members superannuation sector and possesses a strong track record of successfully delivering stepped and sustainable improvements in business and customer outcomes.

Executive profiles

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 Tower 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, ReThink , Dual Australia, Pioneer Underwriters and Nexus London Australia Underwriting, Liberty International Underwriters, Newline Australia, QBE Insurance (Australia) Ltd and Dual Australia Berkshire Hathaway Specialty
Hosting of Vision Super website	GoHosting
Ongoing technical support for website	Salsa Digital
Clearing house	Westpac Banking Corporation



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.



James Milne
Head of Technology
MBA
 James Milne is responsible for Vision Super's technology platform and systems. 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.



Emma Robertson
General Manager, Data and Analytics
BSc (Mathematical Statistics and Applied Mathematics), Graduate Diploma Information Technology (Internet Software Development)
 Emma has more than 25 years' experience in superannuation, having worked in senior analytical and consulting roles with Deloitte, Ernst & Young, Mercer and Towers Perrin. She also worked for a software development company for five years.



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.



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.

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:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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 2020

FINANCIAL POSITION	2020 \$000	2019 \$000
ASSETS		
Cash and cash equivalents	93,148	66,558
Contributions receivable	1,542	1,941
Other receivables and repayments	1,121	366
Outstanding settlements receivable	38,867	47,770
Financial assets held at fair value through profit or loss	10,376,487	10,259,310
Deferred tax assets	792	817
Total assets	10,511,957	10,376,762
RESERVES/EQUITY		
Operational risk financial requirement reserves	16,991	16,991
Administration reserve	19,237	18,514
Insurance reserves	13,360	12,571
Other reserves	22,919	22,499
Defined benefits that are over/(under) funded	232,388	270,726
Unallocated surplus/(deficit)	73,389	56,471
Total reserves/equity	378,284	397,772
LIABILITIES		
Benefits payable	40,213	34,838
Other payables	15,887	20,205
Income tax payable	21,283	45,205
Outstanding settlements payable	24,702	44,967
Financial liabilities at fair value through profit and loss	6,517	15,203
Deferred tax liabilities	38,699	42,193
Total liabilities excluding member benefits	147,301	202,611
MEMBER BENEFIT LIABILITIES		
Defined contribution member liabilities	7,870,376	7,630,917
Amounts not yet allocated	306	429
Defined benefit member liabilities	2,115,690	2,145,033
Total member benefit liabilities	9,986,372	9,776,379
TOTAL EQUITY AND LIABILITIES	10,511,957	10,376,762

Statement of financials continued

Income statement for the year ended 30 June 2020

INCOME STATEMENT	2020 \$000	2019 \$000
SUPERANNUATION ACTIVITIES		
Net changes in value of assets measured at fair value	(41,079)	645,006
Interest income	54,966	21,841
Distribution income	131,675	18,649
Dividend income	122,286	68,934
Other income	1,619	911
Total net income	269,467	755,341
EXPENSES		
General administration expenses	(24,133)	(22,990)
Investment expenses	(31,324)	(11,247)
Total expenses	(55,457)	(34,237)
Result from superannuation activities before income tax expense	214,010	721,104
Income tax (expense)/benefit	15,502	(45,087)
Results from superannuation activities after income tax expense	229,512	676,017
Net benefits allocated to defined contributions members	(125,169)	(488,659)
Net change in defined benefit liabilities	(125,328)	(131,144)
OPERATING RESULT AFTER INCOME TAX	(20,985)	56,214

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

MEMBER BENEFIT CHANGES	DC MEMBERS \$000	DB MEMBERS \$000	TOTAL \$000
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
Opening balance as at 1 July 2019	7,631,346	2,145,033	9,776,379
Contributions			
Employer	338,913	30,161	369,074
Member	122,889	3,031	125,920
Transfers from other superannuation plans	173,247	–	173,247
Income tax on contributions	(47,313)	(4,384)	(51,697)
Net after tax contributions	587,736	28,808	616,544
Net benefits allocated comprising:			
Net investment income	142,331		142,331
Net administration fees	(17,162)		(17,162)
	125,169		125,169
Benefits paid to members/beneficiaries	(326,720)	(93,018)	(419,738)
Transfers to other superannuation plans	(214,410)	(11,996)	(226,406)
Transfer to the ATO	(778)	(2)	(780)
Internal transfers from membership categories	77,609	(77,609)	–
Insurance premiums charged (including amounts transferred to the insurance reserves)	(20,106)	(172)	(20,278)
Other fees charged to members/DB sub-plans	(144)	(682)	(826)
Death and disability benefits credited to members	10,647	–	10,647
Transfers from reserves to members	333	–	333
Net change in defined benefit member liabilities		125,328	125,328
Closing balance as at 30 June 2020	7,870,682	2,115,690	9,986,372

Statement of financials continued

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

	Operational Risk Financial Requirement Reserve \$000	Insurance Reserves \$000	Administration Reserve \$000	Other Reserves \$000	Total Reserves \$000	DB That Are Over/ (Under) Funded \$000	Unallocated Surplus/ Deficit \$000	Total Reserves/ Equity \$000
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

Opening balance as at 1 July 2019	16,991	12,571	18,514	22,499	70,575	270,726	56,471	397,772
Net transfers from/(to) DC member accounts	–		(333)	–	(333)	–	(21,989)	(22,322)
Net transfers from/(to) DB plans	–		–	–	–	31,149	(7,330)	23,819
Operating result	–	789	1,056	420	2,265	(69,487)	46,237	(20,985)
Closing balance as at 30 June 2020	16,991	13,360	19,237	22,919	72,507	232,388	73,389	378,284

A full copy of the audited financial statements (including the audit report) is available to download at: 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 2020	(0.95)
30 June 2019	(0.58)
30 June 2018	4.61

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	ACCOUNT BASED ¹ \$M	LASF DB SCHEME \$M
30 June 2020	7.80	5.00
30 June 2019	7.82	5.00
30 June 2018	9.20	5.00

1. For pre 1 July 2010 cover.

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 2020	1.51
30 June 2019	0.33
30 June 2018	0.89

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 2020	19.24
30 June 2019	18.51
30 June 2018	15.94

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 also maintained in the Trustee.

FINANCIAL YEAR ENDED	\$M
30 June 2020	16.99
30 June 2019	16.99
30 June 2018	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-detriments 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 2020	0.45
30 June 2019	2.41
30 June 2018	5.44

General reserve

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

FINANCIAL YEAR ENDED	\$M
30 June 2020	21.83
30 June 2019	19.60
30 June 2018	4.86

We're here to help.

Member hotline 1300 300 820

8:30am – 5:00pm Monday to Friday AEST

This report includes general information and does not contain any personal advice. It is provided for general information only, to help you understand Vision Super's products, services, policies and procedures. The information was correct at the time of publication, but may have changed since. It does not take into account your personal objectives, financial situation or needs. You should consider whether it is appropriate for you and your personal circumstances before acting on it and, if necessary, you should seek professional financial advice. Before making a decision to invest in any Vision Super product, you should read the appropriate Vision Super Product Disclosure Statement (PDS). Past performance is not an indication of future performance. Vision Super Pty Ltd ABN 50 082 924 561 AFSL 225054 RSE licence number L0000239 is the Trustee of the Local Authorities Superannuation Fund ABN: 24 496 637 884. Level 15, 360 Collins Street, Melbourne. PO Box 18041, Collins Street East, Victoria 8003. www.visionsuper.com.au. Member hotline 1300 300 820, Employer hotline 1300 304 947, Retirement hotline 1300 017 589.