

Summary

This assessment provides a meaningful review of the Trustee's performance and outcomes delivered to members for the 2020 financial year. Over this period Vision Super has continued to provide members with strong risk-adjusted returns. At the same time, we have maintained our commitment to cost consciousness, with MySuper fees remaining below the industry median. This commitment has seen the Fund continue to support members and provide a good net benefit.

Advocacy across the membership also remains strong with satisfaction and net promoter ratings increasing across the year, as we continued to engage, and support members achieve their retirement objectives. The Fund has also continued to look at ways to invest in a better and a more sustainable future.

Vision Super can also confirm that insurance premiums do not generally inappropriately erode members' retirement benefits.

Assets in the Fund continued to grow throughout the 2020 financial year despite the global turmoil in investment markets. At the end of the financial year Vision Super was managing over \$10.37 billion dollars on behalf of over 87,000 member accounts.

Scale assessment 2020

During the 2019/20 year, there has been a significant change in the membership profile of the Fund, with a large number of low account balances transferring to the ATO. Assets in the Fund continued to grow as we recorded another year of positive investment returns across our MySuper option and most choice options. As outlined elsewhere in this paper, Vision Super's members have not been disadvantaged in relation to:

- > The relationship between number of accounts and the operating costs of the business operations, including trends in cost per member measures and operating expense ratios
- > The impact of size on investment strategy, such as access to investments in certain asset classes
- > The degree of bargaining power with service providers and access to volume related discounts
- > The ability to attract and retain key staff or
- > The ability to pool risk, which is important in the context of certain retirement and insurance products.

On the basis that Vision Super has had sufficient scale since commencement. Management believes that

Vision Super continues to have sufficient scale to operate during the 2020/21 year.

Vision Super confirms that the financial interests of the beneficiaries of the Fund who hold a MySuper or choice product are being promoted by the Trustee. We have reached this determination as we have again delivered strong risk-adjusted returns for members of both the Fund's MySuper and choice products while also maintaining costs. This has enabled the Fund to deliver better than median member fees. These two outcomes have delivered the largest impact on members' ultimate retirement balances.

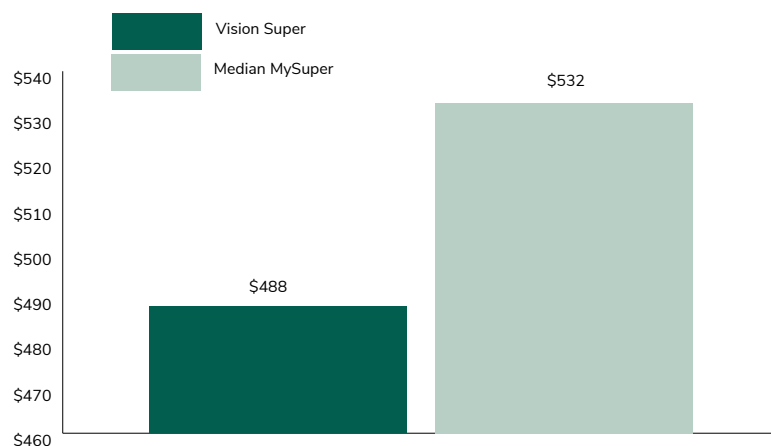
MySuper – fees and costs, investment returns and risk

For members of our MySuper product, the fees and costs, returns and level of investment risk as benchmarked against all other MySuper products and are given below:

Item	Status	Measurement
Fees	Ontrack	Below median
Investment returns	Ontrack	Above media over 1,3 and 5 years
Investment risk	Ontrack	Risk level rated high

Fees and costs

Vision Super MySuper's fees and costs are on track and remain competitive. The Fund's fees for a \$50,000 balance are better than the median MySuper fund. The chart below shows the statement of fees and cost for a representative MySuper member with a \$50,000 balance, and the median for all MySuper products (APRA Quarterly MySuper statistics June 2020).



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Vision Super aims to maintain member fees that are sustainable, and as such has both a flat dollar fee and asset administration fee which is consistent across the industry and our peer group comparison. The administration fees and costs are the same for both MySuper and choice accumulation members and are made up of three components:

- > A flat dollar fee of \$1.50 per week (\$78pa)
- > An asset-based fee of 0.14% of members account balance capped at \$540 pa, and
- > If charged, a reserving margin ranging from 0.00% to 0.02% which is reflected in the daily unit price. Currently the reserving margin is nil.

Members with higher balances tend to be more complex to administer for a number of reasons, including the frequency and amount of the superannuation contributions being made to the account, the age of the member and the needs of the member. The asset-based fee recognises the impact of this complexity on the cost of administering member accounts based on these requirements. However, the asset-based fee is capped to maintain fairness across the membership and prevent potential cross-subsidisation.

Vision Super's investment fees and costs for our MySuper and choice members are made up of two components:

- > An investment fee of \$0 for all members
- > Investment costs: the amount of the investment costs varies for each member depending on the investment option a member selects and are listed below in the Investment strategy section of this update.

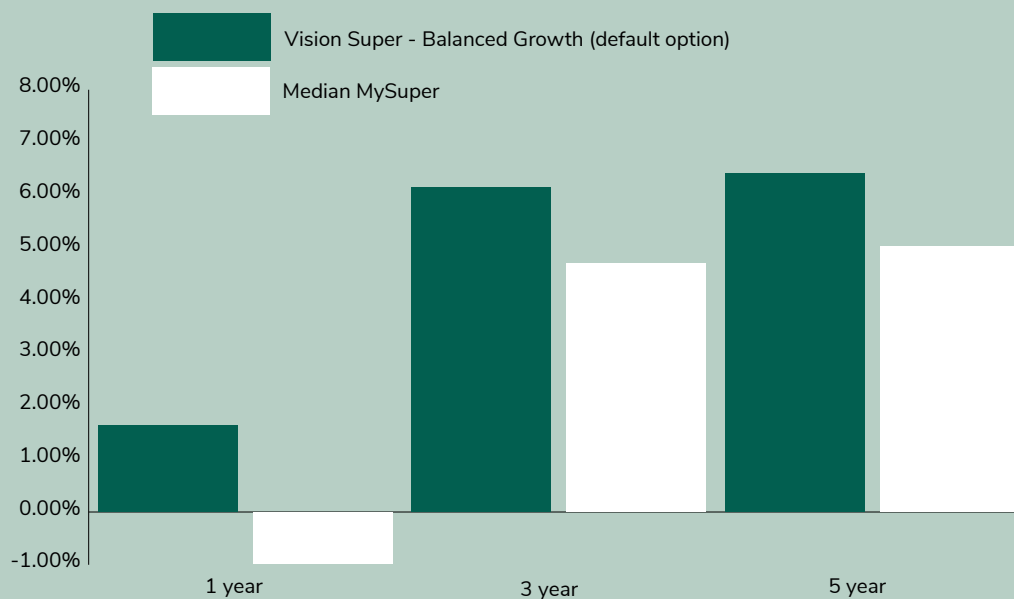
Managing member fees and costs across both MySuper and the Fund's choice products has remained a focus of Vision Super and is a significant factor in delivering strong net benefits to members. Vision Super continues to maintain members fees and costs that are sustainable for the Fund and our members.

Vision Super's continued commitment to increasing efficiency across the entire business and critically reviewing all functions, including optimising our arrangements with all major service providers, continues to translate to better than median MySuper member fees and costs. Total fees and costs across all balances remain better than peers with total fees and costs for balances above \$50,000 remaining less than 1% of the member's total balance.

Investment returns

Vision Super's net investment returns are on track across all time periods and have achieved above median performance (APRA Quarterly MySuper statistics June 2020) for our MySuper option across 1, 3 and 5 years.

Net return for member with \$50,000 balance (% percentage growth or loss)



Option	1 years	3 years	5 years
Vision Super - Balance growth (default option)	1.64%	6.15%	6.41%
Median MySuper	-0.97%	4.71%	5.03%

The Net Return is calculated for the applicable returns (1,3 and 5 years), less investment fees and costs, non-investment related fees and costs, and taxes. The net return is presented in respect of a representative member with a balance of \$50,000 to aid comparison.

The Fund has continued to deliver strong risk adjusted returns to members over the 12 months to 30 June 2020.

The Fund continues to manage members' money well, achieving the Fund's strategic investment objective for each investment option over the rolling 3 and 5 years. We also track performance against both SuperRatings index and peer groups for each option with 95% of the Fund's options performing above the applicable SuperRatings median.

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Investment risk

Vision Super's Balanced growth investment risk remains on target. The investment risk for that investment option is:

Level of investment risk
<p>High</p> <p>Negative returns are expected between 4 to 6 years out of every 20 years. The higher the return target, the more often you would expect a year of negative returns.</p>

This represents the estimated number of years in a 20 year period where negative net investment returns may occur. This is based on the Standard Risk Measure (SRM) Guidance Paper for Trustees and SRM Implementation Guidance for Trustees which have been issued by the Association of Superannuation Funds of Australia and the Financial Services Council to develop a consistent methodology for determining a standard measure of investment risk.

Most MySuper products have a risk rating of 'medium-high'. Vision Super's 'high' rating means that it is projected to see four to six periods of negative annual net investment returns over a 20-year period. Vision Super believes this risk rating is appropriate for our MySuper members as it reflects an appropriate balance of risk and return, to achieve the long-term objective of the fund's MySuper members.

Our MySuper product is a single investment strategy which is designed to allow our members to build super savings from which they can draw in their retirement. Our MySuper members generally have a long timeframe to invest, meaning they are able to withstand short term downside risk and our investment strategy therefore has the capacity to provide them with reasonably strong returns. The MySuper option is seeking high returns (CPI+3.5% pa), net of fees and taxes in a well-diversified portfolio.

Historically, equities have produced the strongest long-term returns. However, equities also produce negative returns relatively frequently, sometimes quite sizable ones. A sizable allocation to equities makes sense for any long-term investor. We note that the SRM is just one measure of risk and is therefore limited. For example, it does not consider the magnitude of potential negative returns. In the current environment of very low interest rates, many asset classes attract a high-risk rating

under this measure. Vision Super sets investment objectives and strategy considering risk more broadly than just the frequency of negative returns.

All accumulation and pension members have access to member investment choice, comprised of a range of premixed and single sector investment options. Each investment option has a different level of risk and return expectations, to allow members to construct an exposure to investment risk aligned to their risk appetite and investment needs.

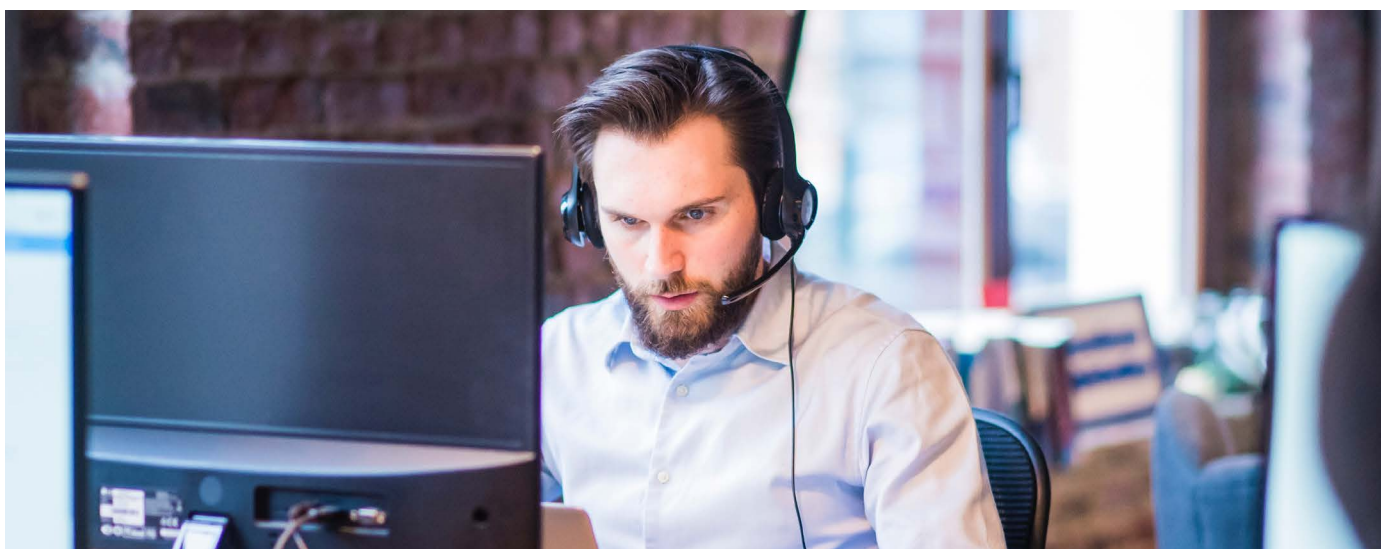
Member services and product options

Member servicing and product delivery are critical in supporting members to achieve their financial goals in retirement. To help members maximise their retirement benefits the Fund has again focused on the servicing and engagement of members. This commitment saw the Fund deliver strong face-to-face service prior to the Covid-19 pandemic, and on-going education and support during this period, including personalised member communications. This has resulted in a highly satisfied and engaged membership which has interacted with Vision Super when they need us on a more frequent basis, and members who are working towards achieving better retirement outcomes.

Despite the tough times, the feedback we have received from members continues to be very strong. Members who interacted with the Fund rated our service out of a score of ten. From March to June 2020 overall satisfaction scores were 8.92 and individual consultant satisfaction scores hovered above 9. Additionally, 87% of members told the Fund they trusted Vision Super will do the right thing by them when looking after their financial outcomes.

Vision Super also continued to support members with the development of new services and products. In the 2021 financial year these included two new investment options; property and infrastructure, the ability to join the pension product online, and a retirement bonus. Our products, services and strategies are guided by the vision of shaping a better financial future for members.

Vision Super will continue to review these strategies to ensure all cohorts of members are receiving the appropriate support and help to achieve their retirement goals.



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Investment strategy

Our aim is to continue delivering strong long-term investment returns for our members, which has been delivered for most options over the rolling 10 years to 30 June 2020.

Super options (including NCAPS)							
Return objectives		Investment performance over 10 years to 30 June 2020 (% pa)			Investment fees and costs		
Option name	Return objective at 30 June 2020	Actual return	Vision Super return objective (1)	Peer Comparison (2)	Estimated investment fee and costs	Estimated transaction costs	Total
Balanced Growth	CPI + 3.50%	8.13%	5.35%	7.66%	0.54%	0.09%	0.63%
Conservative	CPI + 2.5%	5.95%	4.33%	6.29%	0.36%	0.05%	0.41%
Balanced	CPI + 3.00%	7.53%	4.84%	7.43%	0.48%	0.08%	0.56%
Sustainable Balanced	CPI + 3.00%	N/A			0.12%	0.03%	0.15%
Growth	CPI + 4.00%	8.91%	5.86%	7.98%	0.61%	0.10%	0.71%
Just Shares	45% ASX S&P 300 Index 55% MSCI ACWI ex Australia Net Dividends Index partly hedged based on long term strategic currency exposure target	9.53%	5.12%	8.69%	0.35%		0.35%
Australian Equities	ASX S&P 300 Index	7.41%	4.73%	7.90%	0.21%	0.06%	0.27%
International Equities	MSCI ACWI ex Australia Net Dividends Index partly hedged based on long term strategic currency exposure target	11.51%	5.43%	10.21%	0.44%	0.13%	0.57%
Innovation & Disruption	MSCI ACWI ex Australia Net Dividends Index partly hedged based on long term strategic currency exposure target	N/A			0.55%	0.02%	0.57%
Diversified Bonds	50% Bloomberg AUSBOND Composite All Maturities Bond Index 50% FTSE World Govt Bond Hedged Ex Australia Index	4.68%	4.48%	4.64%	0.08%	0.00%	0.08%
Cash	Bloomberg Ausbond Bank Bill Index	2.76%	1.91%	2.48%	0.03%	0.00%	0.03%

Key Exceed target Below target

(1) Based on the return objectives that applied over the ten year period.

(2) Median returns from the SuperRatings Fund Crediting Survey.

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Pension options (excluding NCAPS)

Return objectives Investment performance over 10 years to 30 June 2020 (% pa) Investment fees and costs

Option name	Return objective at 30 June 2020	Actual returns	Vision Super return objective (1)	Peer Comparison (2)	Estimated Investment fee and costs	Estimated transaction costs	Total
Balanced Growth	CPI + 4.25%	9.11%	6.36%	8.38%	0.54%	0.09%	0.63%
Conservative	CPI + 2.00%	6.68%	5.35%	7.24%	0.36%	0.05%	0.41%
Balanced	CPI + 3.25%	8.40%	5.86%	8.38%	0.48%	0.08%	0.56%
Sustainable Balanced	CPI + 3.75%	N/A			0.12%	0.03%	0.15%
Growth	CPI + 4.75%	9.99%	6.62%	8.98%	0.61%	0.10%	0.71%
Just Shares	45% ASX S&P 300 Index 55% MSCI ACWI ex Australia Net Dividends Index partly hedged based on long term strategic currency exposure target	10.72%	5.56%	9.68%	0.35%	0.10%	0.45%
Australian Equities	ASX S&P 300 Index	8.78%	5.12%	8.78%	0.21%	0.06%	0.27%
International Equities	MSCI ACWI ex Australia Net Dividends Index partly hedged based on long term strategic currency exposure target	12.49%	5.91%	11.14%	0.44%	0.13%	0.57%
Innovation & Disruption	MSCI ACWI ex Australia Net Dividends Index partly hedged based on long term strategic currency exposure target	N/A			0.55%	0.02%	0.57%
Diversified Bonds	50% Bloomberg AUSBOND Composite All Maturities Bond Index 50% FTSE World Govt Bond Hedged Ex Australia Index	5.47%	5.08%	5.41%	0.08%	0.00%	0.08%
Cash	Bloomberg Ausbond Bank Bill Index	3.21%	1.95%	2.83%	0.03%	0.00%	0.03%

Key **Exceed target** **Below target**

(1) Based on the return objectives that applied over the ten year period.

(2) Median returns from the SuperRatings Pension Fund Crediting Survey.

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Insurance

Vision Super provides members with the option of death, total and permanent disablement (TPD) and income protection insurance cover that provide a reasonable safety net for members.

A review of the insurance design has determined that the benefit design remains appropriate and affordable for Vision Super members and also confirms that insurance premiums do not inappropriately erode members' retirement benefits. Vision Super's insurance design is in line with the Insurance in Superannuation Voluntary Code of Practice, in particular the requirement for insurance premiums do not to exceed 1% of members' salaries. The review also determined that a 17.9% premium increase was required with key drivers of the change being a combination of claims experience as well as the impacts of the Protecting Your Super (PYS) and Putting Members' Interests First (PMIF) regulatory reforms.

As salary data is not available to the Fund, alternative methods had to be established to estimate member salaries. There is no prescribed method for calculating, so the Fund considered three methods and ultimately adopted the "future lifetime method" which we considered the most balanced approach to measuring default design on the basis that:

- > It aligns to the philosophy of superannuation being a long-term proposition and therefore its design needs to reflect considerations of members being with the fund long term
- > It takes into consideration the total future impacts for members joining at any age and makes no assumptions about premiums paid prior to joining.

Under this method no cohorts are expected to breach the cap. This includes allowance for the premium increase that took effect 1 January 2021.

Cumulative Current Rates ISWG Analysis



Need more help?



We know your super inside out, so you don't have to worry!

If you would like further information about boosting your super, or any of our products and services, please call our Member Services team on **1300 300 820**. You can also refer to our website for forms and other fact sheets.

The fine print we want you to read: We **do not** receive brokerage fees or commissions for recommending any products.

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