



75
years

Annual report

for the year ended 30 June 2022

This annual report has been prepared and issued by Vision Super Pty Ltd ABN 50 082 924 561, AFSL 225054, RSE Licence L0000239 the Trustee of the Local Authorities Superannuation Fund ABN 24 496 637 884 (together 'Vision Super', 'the Fund', 'we', 'us' or 'our').

This report covers the operations and financial position for the period 1 July 2021 to 30 June 2022. This annual report has been prepared on 4 November 2022. While it has been prepared with all reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatement however caused. All forecasts and estimates are based on certain assumptions which may change.

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) and Target Market Determination (TMD). Past performance is not an indication of future performance.

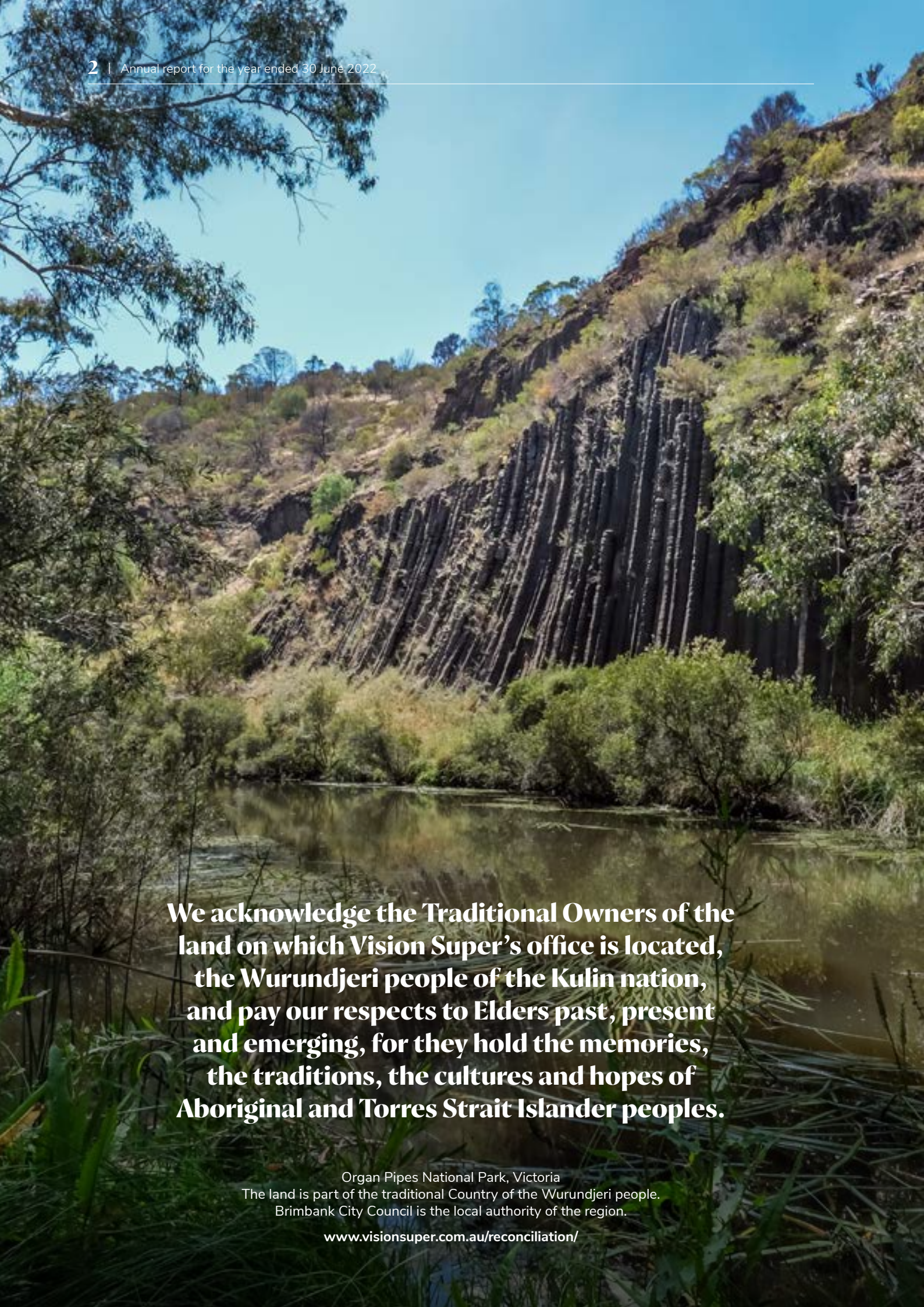


Looking after members'

Front cover image:
Melbourne and surrounds 1940-1950
Moore, Athol W. photographer
Courtesy State Library of Victoria, www.slv.vic.gov.au



financial futures since 1947



We acknowledge the Traditional Owners of the land on which Vision Super's office is located, the Wurundjeri people of the Kulin nation, and pay our respects to Elders past, present and emerging, for they hold the memories, the traditions, the cultures and hopes of Aboriginal and Torres Strait Islander peoples.

Organ Pipes National Park, Victoria
The land is part of the traditional Country of the Wurundjeri people.
Brimbank City Council is the local authority of the region.

www.visionsuper.com.au/reconciliation/

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Highlights 2021-22

Funds under management


\$11.7b
as at 30 June 2022

75 years' experience



1947

Year established to support members' retirement outcomes

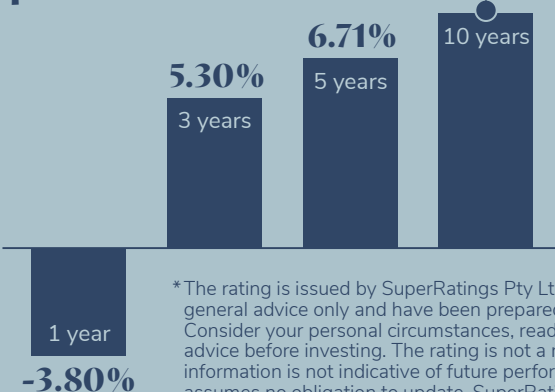
Member accounts



83,741

member accounts serviced and supported as at 30 June 2022

Balanced growth performance



8.33%

net return for the MySuper (Balanced growth) option for 10 years to 30 June 2022



MySuper of the year finalist*
Nominated for SuperRatings MySuper fund of the year.

*The rating is issued by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings uses objective criteria and receives a fee for publishing awards. Visit superratings.com.au for ratings information and to access the full report. © 2022 SuperRatings. All rights reserved.

Contact Centre



77,585

total interactions by our Melbourne based team

8.93

member satisfaction from a possible score of 10 from surveys undertaken throughout the financial year

Trust



89%

of members surveyed indicate that they either agreed or strongly agreed that they **trust Vision Super will do the right thing** by them when looking after their financial future

“...Best customer service I have ever had, thank you again”

Joy

Chair's message



Lisa Darmanin, Chair

Compulsory superannuation is an important piece of the puzzle for workers' rights, giving working Australians a more comfortable retirement than the Aged Pension alone could.

It's certainly been an interesting first year as Chair, with volatile investment markets, the announcement of merger discussions, and the ongoing pandemic.

I feel extremely lucky however that I lead a Board that's united in our aim of steering the Fund through whatever arises, to achieve the best possible outcomes for our members. Compulsory superannuation is an important piece of the puzzle for workers' rights, giving working Australians a more comfortable retirement than the Aged Pension alone could, and industry funds like Vision Super – here solely to maximise members' retirement outcomes – are a vital part of the picture.

The volatile equities markets around the world meant throughout this period the Board was more focused than ever on investments. I am a member of the Board's Investment Committee, which met five times over the year, and investments were discussed at every Board meeting. Vision Super's Investments team, led by Chief Investment Officer Michael Wyrsh, is a highly skilled and capable group. We have every confidence that over the important medium and longer-term, they will continue to deliver outstanding results for our members, even if at times the short-term outlook for markets causes some sleepless nights.

Merger has also featured on Board agendas – you may have seen some media or read on our website that Vision Super is in merger discussions with Active Super. There are some great synergies between our funds, including our members who work in local government, our size, the connection and understanding we have with our members, the importance we place on member service, and our approach to environmental, social and governance (ESG) factors in investing. We view every aspect of a potential merger through the lens of our members' best financial interests – so you can be sure nothing will progress unless it stacks up for you. And we'll continue to keep you posted whenever there's news on the merger front.

The ongoing pandemic has meant an ongoing need for flexibility – hybrid Board meetings are now the norm, and last-minute absences due to Covid not uncommon. The Vision Super team has continued to be very cautious when it comes to keeping staff and our members safe in the office, and we prioritise a focus on health and safety.

I hope you and your family have stayed safe over the past 12 months, and the Board and I thank you for continuing to trust us to look after your retirement savings in these turbulent times.

CEO's message



Stephen Rowe, CEO

As Lisa said, investment markets have been volatile over the last 12 months. Our focus at Vision Super is always on generating the strongest possible results for members, but sometimes macro economic conditions and markets are in your favour, and sometimes they are not.

Both equity and bond markets turned down towards the end of the 2021/22 year, but I want to reassure you that your super is performing strongly over the medium and longer term, which is where we believe the focus should be. Superannuation is a very long-term investment – even for those of us close to retirement age, our super may have to fund 20 to 30 years of retirement income, or if we're lucky, even longer.

It's important to keep that long-term perspective when events hit markets like they have over the past year – inflation at 40-year highs in the US, Russia's aggression against Ukraine, interest rates rising unusually fast, and the ongoing pandemic have all played a part in sending equities markets backwards. For members of most super funds, including Vision Super, unfortunately that means we've seen negative returns for a financial year the first time since the Global Financial Crisis in 2008/09.

However, compared with the markets, the negative returns experienced by funds have been quite modest. The ASX200 Index finished the financial year down 10.2% and globally, the S&P500 was down 10.6% and the Nasdaq 23.4%. Vision Super's MySuper (Balanced growth) net return was -3.80%, very close to the industry median of -3.73%*. Over the medium term, we're a strong performer, with top quartile results over three years (5.30%), five years (6.71%) and seven years (6.83%), and above median returns over ten years (8.33%).

We've been talking to you for a few years now about merger, as the Board has a strategic objective to merge. Vision Super is an effective, efficient fund with a history of strong returns, exceptional member service, and fees for its MySuper product around a third lower than the industry average for MySuper products^ – as the industry consolidates and the costs of compliance continue to grow, we want to ensure we can continue to offer members value for money, strong risk-adjusted returns, and great service. As you know, we're in discussions with Active Super – their history and approach are in many ways similar to Vision Super's, and discussions so far have been positive.

* SuperRatings Fund Crediting Rate survey, SR50 MySuper Index, June 2022.

^ As calculated by independent ratings agency SuperRatings, based on fee examples that must be shown in product disclosure statements of super funds surveyed by SuperRatings. This ranking does not take into account all Australian super funds or all fees and costs (for example, insurance fees are not included in fee examples).
On a \$50,000 balance fee example, Vision Super's fees are \$413 compared with the industry average of \$591.
On a \$250,000 balance fee example, Vision Super's fees are \$1,753 compared with the industry average of \$2,608.
On a \$500,000 balance fee example, Vision Super's fees are \$3,268 compared with the industry average of \$5,041.

Merger talks don't mean everything else stops though, and the business of the Fund has continued. You may have seen or heard our advertising over the last year has branched out with new activity in marketing, designed to attract new members to the fund – growth in membership numbers helps keep the costs of administration and investing your money reasonable. We've started the process of becoming net zero carbon in our operations, which you can read more about in the ESG supplement to this report.

We also continue to do everything we can to keep members' money safe, which includes robust fraud protection and cyber security measures. We recently had both these areas reviewed externally. BDO did a top-down fraud review of our frameworks, processes, controls, and reporting systems, and assessed our framework as mature and fit for purpose. Our cyber security protections also scored highly – significantly above the international financial industry benchmark.

Everyone here at Vision Super is committed to achieving the best possible outcomes for our members, and I want to take this opportunity to thank every single member of the team for the effort you put in every day for your fellow members, your embodiment of our values of Trust, Commitment, Citizenship and Care, and your contribution to making Vision Super a diverse, inclusive and friendly workplace.

Finally I want to thank my fellow members of Vision Super – you trust us to manage your retirement savings, which is a huge responsibility, and we appreciate and value that trust.

Vision Super's MySuper (Balanced growth) net return over[#]:

1 year

-3.80%

3 years

5.30%

5 years

6.71%

10 years

8.33%

[#] Past performance is not a reliable indicator of future performance.



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Chief Investment Officer's update

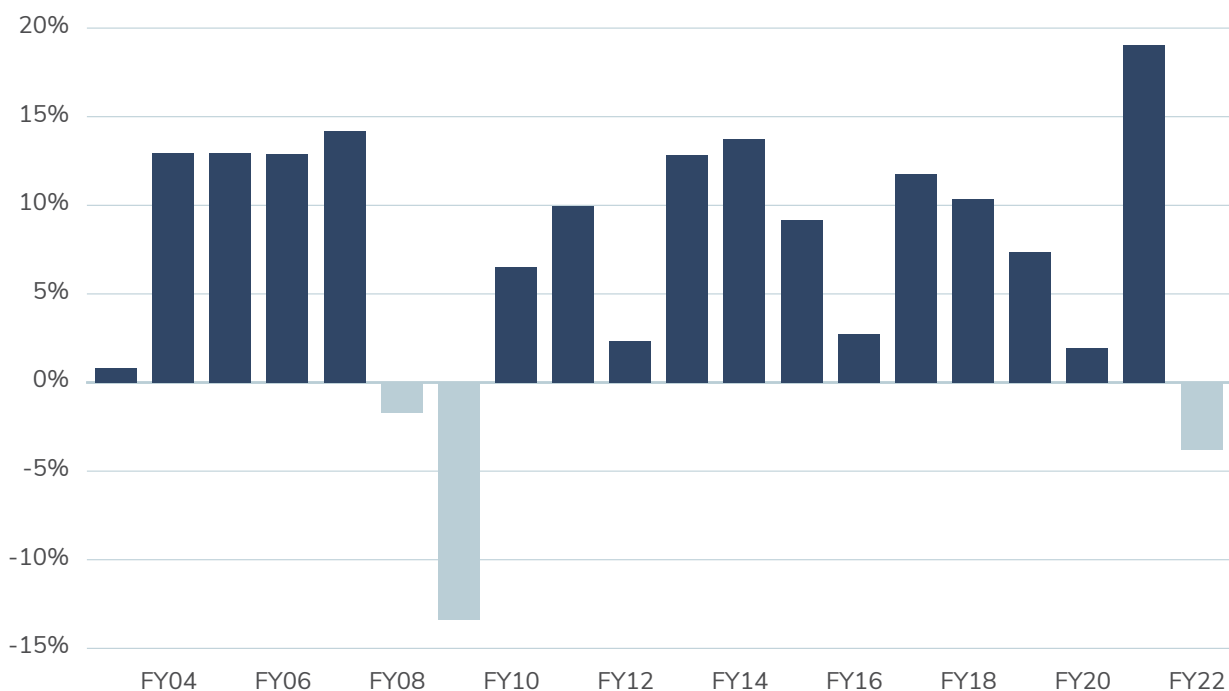
The 2021/22 financial year was a tough year in markets, with the run of positive market returns since the Global Financial Crisis coming to an end.

After a run of 12 consecutive years of positive returns, and a stellar return last year of 19.05%, Vision Super's default MySuper (Balanced growth) investment option generated a net return of -3.8% for the 2021/22 financial year. Most of Vision Super's other options also produced negative returns.

Vision Super's retirement pension members in the Balanced growth pension option received a lower net return of -3.94% for the 2021/22 financial year. Pension returns are often higher, due to more favourable tax treatment, but in years when returns are negative there is no offsetting tax benefit.

All other premixed options also had negative returns for the year. The Infrastructure and Property options had positive returns, and Cash was also marginally positive.

Financial year returns for the MySuper (Balanced growth) investment option as at 30 June*



* Returns are for each financial year ending 30 June, and are net of relevant fees, costs and taxes, as applicable from time to time.



The investment environment

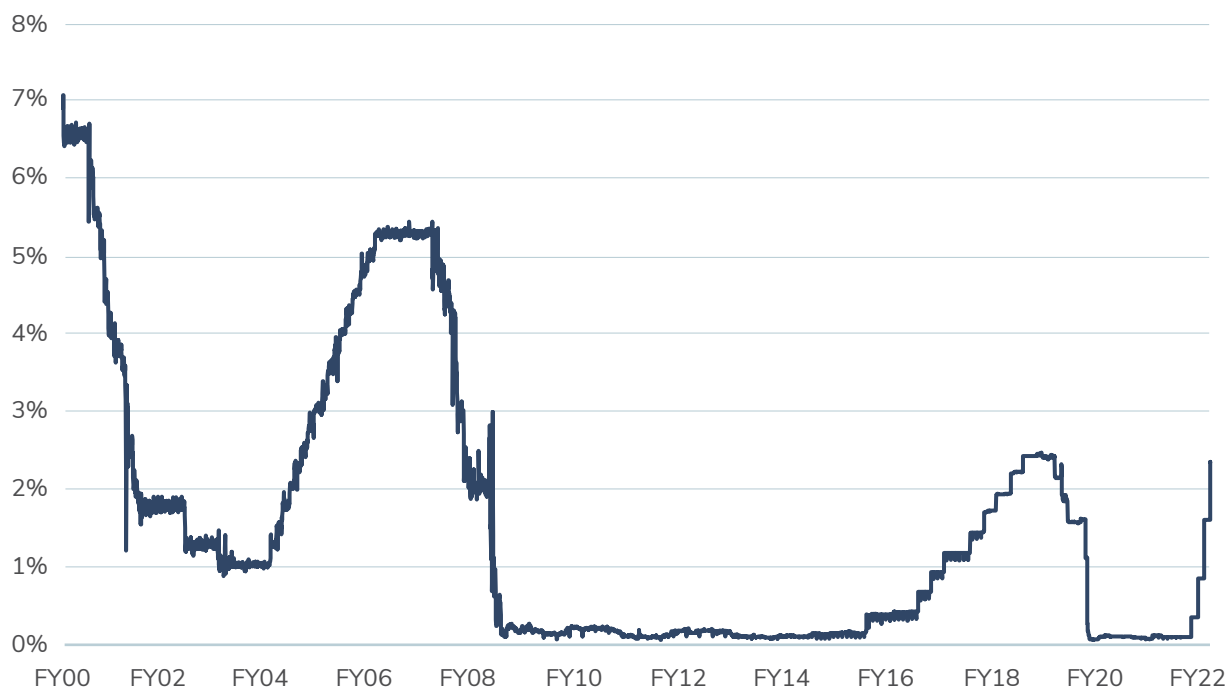
The 2021/22 financial year was a tale of two halves. In the first half of the financial year equity markets generated decent performance. Bonds were negative due to rising inflationary pressures and commodity prices were relatively stable. However, in the second half of the financial year we experienced a very different environment.

In our outlook last year, we noted that "Inflation is also currently higher than targeted in some countries, particularly the US. This can limit future policy options and may eventually result in interest rates needing to rise materially." This turned out to be the case in spades with central banks abruptly pivoting to fight inflation. Central banks signalled they would raise rates to slow economies until inflation was under control and started raising interest rates at the fastest rate in decades. The US stock market and bond market both had their worst second half financial year since the early 1970s. Markets repriced bonds and equities as interest rates rose, and inflation proved to be stickier than expected. Technology stocks have particular sensitivity to interest rates due to the expectation that their profits will grow strongly. These stocks were particularly hard hit in the second half of the financial year.

Another major factor affecting inflation and markets was the Russian attack on Ukraine. This had a big impact on energy and food prices, fuelling inflation. At the same time, businesses looking to hire staff was at historic highs compared to those looking for work in the USA. As a result, wage increases ramped up although these increases still trailed cost of living increases. Droughts and floods also impacted on food supply in different parts of the world. The east coast of Australia experienced unprecedented floods in both frequency and severity while parts of Europe, India, China and the US experienced severe drought. All this contributed to food price inflation and political instability in more vulnerable countries.

In our outlook last year we also noted "There is also the possibility that the effectiveness of vaccines falls materially as new variants of the virus emerge and become dominant." Unfortunately this has turned out to be the case. Ongoing lockdowns in China caused supply chain issues, adding to inflationary pressures during the year.

US Federal Reserve effective funds rate



Source: Federal Reserve of St Louis Economic Data. The US Federal Reserve targets a level of the Federal Funds rate with the aim of influencing the performance of the US economy. This rate is the interest rate at which US depository institutions trade federal funds with each other overnight. The weighted average rate for all these types of transactions on a given day is called the effective federal funds rate.

Outlook

After a difficult 2021/22 financial year, we see more favourable (ie lower) valuations for most asset classes. This should translate into better medium-term returns than we were expecting last year. However, Russian aggression against Ukraine continues, the Coronavirus continues to mutate to evade immunity and China continues to lockdown as part of its elimination strategy for Covid. Meanwhile central banks have continued to raise rates at a rapid pace. Inflation remains high but is showing some signs of beginning to ease.

We expect inflation will fall in 2023. On its own, this should be a positive for risk assets. However, with central banks raising interest rates so quickly there is the potential for a material slowdown in economic growth and even recession. This would be negative for risk assets. As such, we expect that we will see both strong market rallies and market sell offs across the 2022/23 year as inflation and economic growth become a focus for markets at different times. We expect that central banks will stick to their stated task and tighten until they believe inflation is under control. This is creating headwinds for risk assets such as equities, but may lead to greater opportunity later in the 2022/23 financial year.

Energy prices are likely to stay high, particularly in Europe due to the situation in Ukraine. Recession in Europe is a particularly high risk due to energy shortages but equity valuations in that market are much more reasonably priced than in the US.

We know from history that some of the best returns in markets come immediately after a market correction. A recent example was during the pandemic where equity markets rebounded by around 35% in the three months after the initial 35% decline. As always, the medium to long-term performance of your super should be your key focus. Vision Super continues to assess the investment environment and investment opportunities, looking for ways to enhance the performance of your retirement savings.



Joy Hester, John Reed with binoculars, Sunday Reed and Sidney Nolan holding Sweeney 1940s
Tucker, Albert, 1914-1999, photographer
Courtesy State Library of Victoria, www.slv.vic.gov.au

Top stock holdings*

Top 20: Australian equity portfolio – combined managers

| Rank | Security | % of asset class | % of ASX300 index | % over/under weights |
|--------------|--------------------------------|------------------|-------------------|----------------------|
| 1 | BHP Group | 9.87 | 10.47 | -0.60 |
| 2 | Commonwealth Bank of Australia | 6.84 | 7.73 | -0.89 |
| 3 | CSL | 6.64 | 6.50 | 0.14 |
| 4 | National Australia Bank | 3.68 | 4.42 | -0.73 |
| 5 | Macquarie Group | 3.64 | 2.98 | 0.67 |
| 6 | Wesfarmers | 3.07 | 2.38 | 0.69 |
| 7 | Westpac Banking Corporation | 2.85 | 3.42 | -0.57 |
| 8 | ANZ Banking Group | 2.78 | 3.09 | -0.31 |
| 9 | Aristocrat Leisure | 2.37 | 1.15 | 1.22 |
| 10 | Woolworths Group | 2.09 | 2.17 | -0.08 |
| 11 | Transurban Group | 2.05 | 2.21 | -0.17 |
| 12 | Rio Tinto | 1.86 | 1.91 | -0.05 |
| 13 | Woodside Energy Group | 1.47 | 3.01 | -1.54 |
| 14 | Mineral Resources | 1.43 | 0.40 | 1.02 |
| 15 | Telstra Corporation | 1.35 | 2.24 | -0.89 |
| 16 | QBE Insurance Group | 1.17 | 0.90 | 0.27 |
| 17 | James Hardie Industries | 1.11 | 0.71 | 0.40 |
| 18 | The Lottery Corporation | 1.07 | 0.50 | 0.56 |
| 19 | Ampol | 1.01 | 0.41 | 0.61 |
| 20 | Resmed | 0.99 | 0.60 | 0.39 |
| Total | | 57.35 | 57.22 | 0.14 |

Top 20: International equity portfolio – combined managers

| Rank | Security | % of asset class | % of MSCI index | % over/under weights |
|--------------|------------------------------------|------------------|-----------------|----------------------|
| 1 | Apple | 2.88 | 4.09 | -1.21 |
| 2 | Microsoft Corporation | 2.60 | 3.35 | -0.75 |
| 3 | Amazon Dotcom | 1.82 | 1.78 | 0.04 |
| 4 | Alphabet - Class A | 1.60 | 1.20 | 0.39 |
| 5 | United Health Group | 1.37 | 0.89 | 0.49 |
| 6 | Alphabet - Class C | 1.36 | 1.14 | 0.22 |
| 7 | Mercedes-Benz Group | 1.10 | 0.08 | 1.01 |
| 8 | Taiwan Semiconductor Manufacturing | 1.07 | 0.72 | 0.35 |
| 9 | Tesla | 1.03 | 1.08 | -0.05 |
| 10 | Alibaba Group Holding | 0.99 | 0.40 | 0.60 |
| 11 | Tencent Holdings | 0.92 | 0.52 | 0.40 |
| 12 | Meta Platforms | 0.85 | 0.68 | 0.17 |
| 13 | Samsung Electronics | 0.83 | 0.38 | 0.45 |
| 14 | BNP Paribas | 0.81 | 0.10 | 0.72 |
| 15 | Procter & Gamble | 0.77 | 0.63 | 0.14 |
| 16 | Nvidia Corporation | 0.75 | 0.69 | 0.06 |
| 17 | Novartis | 0.72 | 0.34 | 0.38 |
| 18 | HCA Healthcare | 0.71 | 0.07 | 0.63 |
| 19 | Berkshire Hathaway - Class B | 0.70 | 0.65 | 0.05 |
| 20 | Roche Holding | 0.68 | 0.43 | 0.25 |
| Total | | 23.58 | 19.23 | 4.34 |

* Data as at 30 June 2022. For more details on the underlying investments for each of our investment options, see www.visionsuper.com.au/invest/portfolio-holdings-information/



Interior Banking chamber 303 Collins Street Melbourne, 1940s
Sievers, Wolfgang, 1913-2007, photographer
Courtesy State Library of Victoria, www.slv.vic.gov.au

02

Investment strategy

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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 vital to monitor defined benefit assets and liabilities regularly.

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



Rebalancing policy

Our rebalancing process aims to ensure that the Fund does not take unintended market risk.

Asset allocation will rarely be aligned exactly with dynamic or strategic asset allocation targets. For liquid asset classes, Vision Super aims to limit the variance from the dynamic asset allocation target range to be within +/- 1%. For illiquid asset classes, this range is generally expected to be +/- 2%. During times of significant market movements, asset allocations may be allowed to vary outside tolerance ranges with the aim of reducing transaction costs.

The tolerance ranges are designed with the aim of ensuring rebalancing is kept to a minimum, avoiding any unnecessary portfolio changes in order to reduce the impact of transaction costs and taxation on the portfolio.



It is important to remember that over the longer-term, investments in our premixed options are generally designed to outperform inflation and deliver real returns to members

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 **Balanced low cost** 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 improving 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 to provide some 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.

The equity futures 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 committed. 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 2021/22 year.



Allocation of Fund earnings*

Fund earnings are allocated to your account through the unit pricing process.

When you invest in Vision Super, your contributions buy units in the investment option(s) that your account is invested in. The unit price is the dollar value of each unit in the investment option, and there is a unit price for each investment option.

Unit prices may go up or down daily, due to movements in the value of the assets underlying each investment option (after taking into account relevant fees, costs and tax, if applicable).

Unit prices for each investment option are calculated as at the end of each Victorian business day and are usually published on our website by 8.30pm the following business day. Unit prices 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.

* If you are a defined benefit member, then this information only applies to any accumulation account you have.

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 2022.

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.

Return objectives are higher for retirement pension than accumulation (super) products because they pay no tax on investment earnings. Performance objectives for non-commutable account based pensions (NCAPs) are the same as for super products.

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

This information relates to Vision Super's super and pension products. Investments information relating to defined benefit plans is shown later in the report. Investment option objectives, strategic allocations and minimum timeframes have changed since 30 June 2022. For details please refer to our website at www.visionsuper.com.au.

Conservative*

Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 1.0% pa for super (1.5% pa for pensions).

Probability of a negative return

The risk level of this option is low to medium. The expected frequency of a negative return is 1 to less than 2 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-----------------------------------|----------------------|
| Australian equities | 6% |
| International equities | 9% |
| Opportunistic growth [^] | 0% |
| Infrastructure | 10% |
| Property | 10% |
| • Listed property | 2.5% |
| • Unlisted property | 7.5% |
| Alternative debt | 14.5% |
| Diversified bonds | 14.5% |
| Other [^] | 0% |
| Cash | 36% |



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

2. Retirement pensions only. The earnings of retirement pension products are untaxed.

[^] While the Benchmark allocation is nil, investments may be made in this asset class within the ranges set out in the Product Disclosure Statement.

* The strategic asset allocations shown above apply from 1 July 2021 to 30 June 2022.

Premixed options

Balanced*

Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 2.0% pa for super (2.75% pa for pensions).

Probability of a negative return

The risk level of this option is medium to high. The expected frequency of a negative return is 3 to less than 4 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-----------------------------------|----------------------|
| Australian equities | 15% |
| International equities | 21% |
| Opportunistic growth [^] | 0% |
| Infrastructure | 10% |
| Property | 10% |
| • Listed property | 2.5% |
| • Unlisted property | 7.5% |
| Alternative debt | 14.5% |
| Diversified bonds | 14.5% |
| Other [^] | 0% |
| Cash | 15% |



Balanced growth (including MySuper default)*

Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 3.0% pa for super (3.75% pa for pensions).

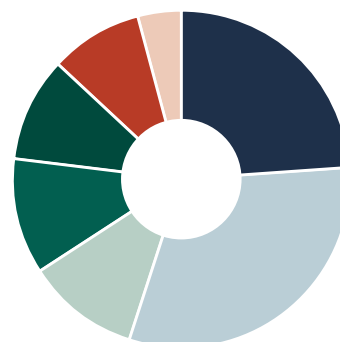
To outperform (after fees and taxes) the median default superannuation fund over rolling three year periods assessed using the SR50 MySuper Index from the SuperRatings Fund Crediting Rate Survey.³

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative annual return is 4 to less than 6 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-----------------------------------|----------------------|
| Australian equities | 24% |
| International equities | 31% |
| Opportunistic growth [^] | 0% |
| Infrastructure | 11% |
| Property | 11% |
| • Listed property | 2.8% |
| • Unlisted property | 8.3% |
| Alternative debt | 10% |
| Diversified bonds | 9% |
| Other [^] | 0% |
| Cash | 4% |



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

2. Retirement pensions only. The earnings of retirement pension products are untaxed.

3. This objective only applies to the MySuper option.

[^] While the Benchmark allocation is nil, investments may be made in this asset class within the ranges set out in the Product Disclosure Statement.

* The strategic asset allocations shown above apply from 1 July 2021 to 30 June 2022.

Premixed options

Growth*

Return objectives – super¹, pensions²

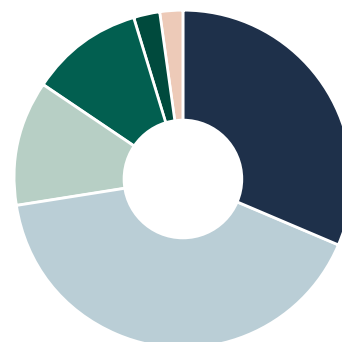
To outperform (after fees and taxes) the rate of CPI increases by 3.5% pa for super (4.25% pa for pensions).

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative annual return is 4 to less than 6 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-------------------------------------|----------------------|
| ● Australian equities | 31.5% |
| ● International equities | 41% |
| ● Opportunistic growth [^] | 0% |
| ● Infrastructure | 12% |
| ● Property | 11% |
| • Listed property | 2.8% |
| • Unlisted property | 8.3% |
| ● Alternative debt | 2.5% |
| ● Diversified bonds [^] | 0% |
| ● Other [^] | 0% |
| ● Cash | 2% |



Balanced low cost^{##}

Return objectives – super¹, pensions²

To outperform (after fees and taxes) the rate of CPI increases by 2.5% pa for super (3.25% pa for pensions).

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative annual return is 4 to less than 6 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|--------------------------|----------------------|
| ● Australian equities | 27% |
| ● International equities | 33% |
| ● Property | 10% |
| • Listed property | 10% |
| ● Diversified bonds | 20% |
| ● Other [^] | 0% |
| ● Cash | 10% |



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

2. Retirement pensions only. The earnings of retirement pension products are untaxed.

[#] This investment option was named Sustainable balanced prior to 1 October 2022.

[^] While the Benchmark allocation is nil, investments may be made in this asset class within the ranges set out in the Product Disclosure Statement.

* The strategic asset allocations shown above apply from 1 July 2021 to 30 June 2022.

Single sector options

Cash*

Return objectives – super¹, pensions²

To outperform (after fees and before taxes) the Bloomberg Ausbond Bank Bill Index.

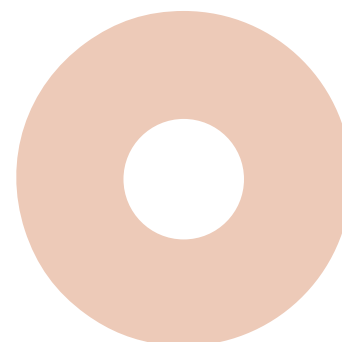
Probability of a negative return

The risk level of this option is very low. The expected frequency of a negative return is less than 0.5 in 20 years.

The return for the Cash option is heavily affected by the cash rate that the Reserve Bank of Australia (RBA) targets.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-------------|----------------------|
| Cash | 100% |



Diversified bonds*

Return objectives – super¹, pensions²

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).

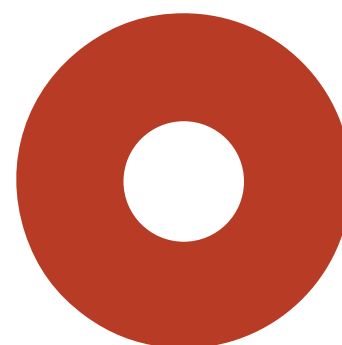
Probability of a negative return

The risk level of this option is high. The expected frequency of a negative return is 4 to less than 6 in 20 years.

Given that inflation risks are higher than normal as at the date of preparation of this report, there is greater chance of this option experiencing moderately negative returns than is typically the case.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-------------------------------|----------------------|
| Alternative debt [^] | 0% |
| Diversified bonds | 100% |
| Cash [^] | 0% |



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

2. Retirement pensions only. The earnings of retirement pension products are untaxed.

[^] While the Benchmark allocation is nil, investments may be made in this asset class within the ranges set out in the Product Disclosure Statement.

* The strategic asset allocations shown above apply from 1 July 2021 to 30 June 2022.

Single sector options

Property^{##}

Return objectives – super¹

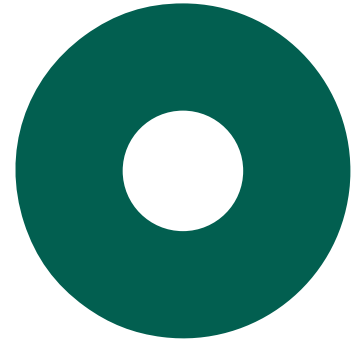
To outperform (after fees and taxes) the rate of CPI increases by 3.0% pa for super.

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative return is 4 to less than 6 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-------------------|----------------------|
| Unlisted property | 100% |
| Cash [^] | 0% |



Infrastructure^{##}

Return objectives – super¹

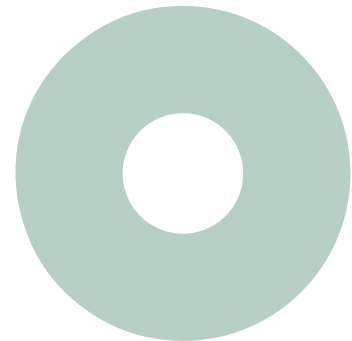
To outperform (after fees and taxes) the rate of CPI increases by 3.5% pa for super.

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative return is 4 to less than 6 in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|-------------------|----------------------|
| Infrastructure | 100% |
| Cash [^] | 0% |



Australian equities^{*}

Return objectives – super¹, pensions²

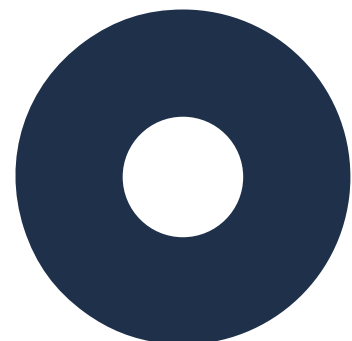
To outperform (after fees and before taxes) the S&P/ASX 300 Accumulation Index.

Probability of a negative return

The risk level of this option is very high. The expected frequency of a negative return is 6 or greater in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|---------------------|----------------------|
| Australian equities | 100% |



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

2. Retirement pensions only. The earnings of retirement pension products are untaxed.

[#] These options aren't available to retirement pensions and NCAPs.

[^] While the Benchmark allocation is nil, investments may be made in this asset class within the ranges set out in the Product Disclosure Statement.

^{*} The strategic asset allocations shown above apply from 1 July 2021 to 30 June 2022.

Single sector options

International equities*

Return objectives – super¹, pensions²

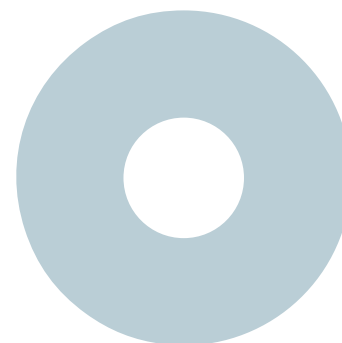
To outperform (after fees and before taxes) the MSCI All Countries World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.

Probability of a negative return

The risk level of this option is very high.
The expected frequency of a negative return is 6 or greater in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|--------------------------|----------------------|
| ● International equities | 100% |



Innovation and disruption*

Return objectives – super¹, pensions²

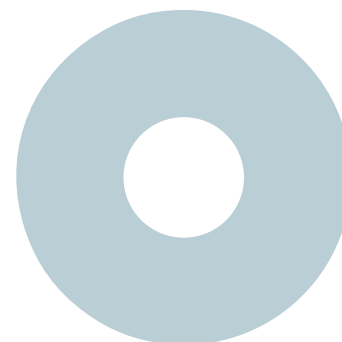
To outperform (after fees and before taxes) the MSCI All Countries World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.

Probability of a negative return

The risk level of this option is very high.
The expected frequency of a negative return is 6 or greater in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|--------------------------|----------------------|
| ● International equities | 100% |



Just shares*

Return objectives – super¹, pensions²

To outperform (after fees and before taxes):

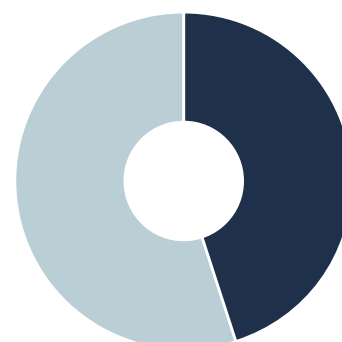
- > 45% S&P/ASX 300 Accumulation Index
- > 55% MSCI All Countries World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.

Probability of a negative return

The risk level of this option is very high.
The expected frequency of a negative return is 6 or greater in 20 years.

Strategic asset allocation

| Asset class | Benchmark allocation |
|--------------------------|----------------------|
| ● Australian equities | 45% |
| ● International equities | 55% |



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

2. Retirement pensions only. The earnings of retirement pension products are untaxed.

* The strategic asset allocations shown above apply from 1 July 2021 to 30 June 2022.

Investment performance to 30 June 2022 (Super and NCAP)

| Option name | 1 year % | 1 year median % | Above median? | 1 year return objective % | Achieved objective? |
|-------------------------|----------|-----------------|---------------|---------------------------|---------------------|
| Conservative | -0.7% | -2.4% | ✓ | 7.2% | ✗ |
| Balanced | -2.5% | -2.8% | ✓ | 8.3% | ✗ |
| Balanced low cost | -6.2% | -3.4% | ✗ | 8.8% | ✗ |
| Balanced growth | -3.8% | -3.7% | ✗ | 9.3% | ✗ |
| Growth | -4.4% | -4.1% | ✗ | 9.8% | ✗ |
| Cash | 0.1% | 0.2% | ✗ | 0.1% | ✓ |
| Diversified bonds | -7.5% | -8.1% | ✓ | -8.5% | ✓ |
| Property | 11.3% | N/A | N/A | 9.3% | ✓ |
| Infrastructure | 10.6% | N/A | N/A | 9.8% | ✓ |
| Australian equities | -4.6% | -4.4% | ✗ | -4.9% | ✓ |
| International equities | -13.7% | -9.1% | ✗ | -9.3% | ✗ |
| Innovation & disruption | -41.1% | -9.1% | ✗ | -9.3% | ✗ |
| Just shares | -8.5% | -6.6% | ✗ | -6.0% | ✗ |

| Option name | 3 years % pa | 3 year median % pa | Above median? | 3 year return objective % pa | Achieved objective? |
|-------------------------|--------------|--------------------|---------------|------------------------------|---------------------|
| Conservative | 3.0% | 2.0% | ✓ | 4.9% | ✗ |
| Balanced | 4.3% | 3.2% | ✓ | 5.8% | ✗ |
| Balanced low cost | 3.1% | 4.3% | ✗ | 6.1% | ✗ |
| Balanced growth | 5.3% | 4.1% | ✓ | 6.6% | ✗ |
| Growth | 6.4% | 5.2% | ✓ | 7.1% | ✗ |
| Cash | 0.4% | 0.4% | ✗ | 0.3% | ✓ |
| Diversified bonds | -0.1% | -1.4% | ✓ | -1.8% | ✓ |
| Property | N/A | N/A | N/A | N/A | N/A |
| Infrastructure | N/A | N/A | N/A | N/A | N/A |
| Australian equities | 5.3% | 4.4% | ✓ | 3.7% | ✓ |
| International equities | 7.4% | 6.0% | ✓ | 6.0% | ✓ |
| Innovation & disruption | 6.5% | 6.0% | ✓ | 6.0% | ✓ |
| Just shares | 7.1% | 5.2% | ✓ | 5.6% | ✓ |

| Option name | 5 years % pa | 5 year median % pa | Above median? | 5 year return objective % pa | Achieved objective? |
|-------------------------|--------------|--------------------|---------------|------------------------------|---------------------|
| Conservative | 4.1% | 3.3% | ✓ | 4.7% | ✗ |
| Balanced | 5.7% | 4.6% | ✓ | 5.4% | ✓ |
| Balanced low cost | 5.3% | 5.9% | ✗ | 5.6% | ✗ |
| Balanced growth | 6.7% | 5.8% | ✓ | 6.1% | ✓ |
| Growth | 7.8% | 6.7% | ✓ | 6.6% | ✓ |
| Cash | 1.0% | 1.0% | ✓ | 0.9% | ✓ |
| Diversified bonds | 1.2% | 0.8% | ✓ | 1.1% | ✓ |
| Property | N/A | N/A | N/A | N/A | N/A |
| Infrastructure | N/A | N/A | N/A | N/A | N/A |
| Australian equities | 7.7% | 7.1% | ✓ | 5.3% | ✓ |
| International equities | 8.5% | 7.7% | ✓ | 6.0% | ✓ |
| Innovation & disruption | N/A | N/A | N/A | N/A | N/A |
| Just shares | 8.6% | 7.0% | ✓ | 6.0% | ✓ |

| Option name | 7 years % pa | 7 year median % pa | Above median? | 7 year return objective % pa | Achieved objective? |
|-------------------------|-----------------|-----------------------|------------------|---------------------------------|------------------------|
| Conservative | 4.4% | 3.7% | ✓ | 4.5% | ✗ |
| Balanced | 6.0% | 4.9% | ✓ | 5.2% | ✓ |
| Balanced low cost | N/A | N/A | N/A | N/A | N/A |
| Balanced growth | 6.8% | 6.1% | ✓ | 5.8% | ✓ |
| Growth | 7.8% | 7.0% | ✓ | 6.3% | ✓ |
| Cash | 1.3% | 1.2% | ✓ | 1.1% | ✓ |
| Diversified bonds | 1.9% | 1.5% | ✓ | 1.8% | ✓ |
| Property | N/A | N/A | N/A | N/A | N/A |
| Infrastructure | N/A | N/A | N/A | N/A | N/A |
| Australian equities | 7.3% | 7.3% | ✓ | 5.2% | ✓ |
| International equities | 8.9% | 7.5% | ✓ | 5.7% | ✓ |
| Innovation & disruption | N/A | N/A | N/A | N/A | N/A |
| Just shares | 8.5% | 7.0% | ✓ | 5.7% | ✓ |

| Option name | 10 years % pa | 10 year median % pa | Above median? | 10 year return objective % pa | Achieved objective? |
|-------------------------|------------------|------------------------|------------------|----------------------------------|------------------------|
| Conservative | 5.3% | 4.8% | ✓ | 4.6% | ✓ |
| Balanced | 7.3% | 6.3% | ✓ | 5.4% | ✓ |
| Balanced low cost | N/A | N/A | N/A | N/A | N/A |
| Balanced growth | 8.3% | 8.1% | ✓ | 6.0% | ✓ |
| Growth | 9.6% | 9.3% | ✓ | 6.5% | ✓ |
| Cash | 1.8% | 1.6% | ✓ | 1.4% | ✓ |
| Diversified bonds | 2.4% | 2.5% | ✗ | 2.6% | ✗ |
| Property | N/A | N/A | N/A | N/A | N/A |
| Infrastructure | N/A | N/A | N/A | N/A | N/A |
| Australian equities | 8.8% | 9.4% | ✗ | 5.7% | ✓ |
| International equities | 12.4% | 11.4% | ✓ | 6.1% | ✓ |
| Innovation & disruption | N/A | N/A | N/A | N/A | N/A |
| Just shares | 10.8% | 9.9% | ✓ | 6.1% | ✓ |

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. SuperRatings is the most widely used and accepted ratings firm in the Australian superannuation industry.

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 untaxed. This was due to a change in legislation. The information relating to the 7 year and 10 year return objective does not reflect the more favourable tax treatment of NCAPs prior to 1 July 2017.

"N/A" indicates that the investment option was not offered to members at all times during the period. The inception dates for Balanced low cost, Innovation and disruption, Property and Infrastructure were 29 June 2016, 14 February 2018, 30 September 2020 and 30 September 2020 respectively. The Property and Infrastructure options are not available to NCAPs. The Balanced low cost investment option was previously known as Sustainable balanced. This change was effective 1 October 2022.

The return objectives for our investment options change from time to time. In the above tables, the return objective % for each period (1, 3, 5, 7 or 10 years) has been calculated based on monthly benchmark returns, which reflect the return objective applying in each month. The result is therefore a blended return objective, which reflects the return objectives applying throughout the period.

Investment performance to 30 June 2022 (Retirement pensions)

| Option name | 1 year % | 1 year median % | Above median? | 1 year return objective % | Achieved objective? |
|-------------------------|----------|-----------------|---------------|---------------------------|---------------------|
| Conservative | -1.2% | -3.1% | ✓ | 7.7% | ✗ |
| Balanced | -3.1% | -3.3% | ✓ | 9.0% | ✗ |
| Balanced low cost | -6.8% | -4.1% | ✗ | 9.6% | ✗ |
| Balanced growth | -3.9% | -4.1% | ✓ | 10.1% | ✗ |
| Growth | -4.9% | -5.3% | ✓ | 10.6% | ✗ |
| Cash | 0.2% | 0.2% | ✗ | 0.1% | ✓ |
| Diversified bonds | -8.9% | -9.6% | ✓ | -9.9% | ✓ |
| Australian equities | -5.0% | -4.4% | ✗ | -5.6% | ✓ |
| International equities | -14.7% | -9.5% | ✗ | -10.3% | ✗ |
| Innovation & disruption | -44.1% | -9.5% | ✗ | -10.3% | ✗ |
| Just shares | -9.2% | -7.3% | ✗ | -6.8% | ✗ |

| Option name | 3 years % pa | 3 year median % pa | Above median? | 3 year return objective % pa | Achieved objective? |
|-------------------------|--------------|--------------------|---------------|------------------------------|---------------------|
| Conservative | 3.3% | 2.1% | ✓ | 5.6% | ✗ |
| Balanced | 4.8% | 3.5% | ✓ | 6.6% | ✗ |
| Balanced low cost | 3.7% | 4.6% | ✗ | 7.0% | ✗ |
| Balanced growth | 6.0% | 4.6% | ✓ | 7.5% | ✗ |
| Growth | 7.1% | 5.5% | ✓ | 7.9% | ✗ |
| Cash | 0.5% | 0.5% | ✓ | 0.3% | ✓ |
| Diversified bonds | -1.1% | -1.9% | ✓ | -2.2% | ✓ |
| Australian equities | 6.2% | 5.0% | ✓ | 4.2% | ✓ |
| International equities | 7.7% | 6.3% | ✓ | 6.6% | ✓ |
| Innovation & disruption | 10.6% | 6.3% | ✓ | 6.6% | ✓ |
| Just shares | 7.6% | 5.9% | ✓ | 6.2% | ✓ |

| Option name | 5 years % pa | 5 year median % pa | Above median? | 5 year return objective % pa | Achieved objective? |
|-------------------------|--------------|--------------------|---------------|------------------------------|---------------------|
| Conservative | 4.6% | 3.5% | ✓ | 5.5% | ✗ |
| Balanced | 6.4% | 5.1% | ✓ | 6.3% | ✓ |
| Balanced low cost | N/A | N/A | N/A | N/A | N/A |
| Balanced growth | 7.6% | 6.4% | ✓ | 7.0% | ✓ |
| Growth | 8.8% | 7.3% | ✓ | 7.4% | ✓ |
| Cash | 1.2% | 1.1% | ✓ | 1.0% | ✓ |
| Diversified bonds | 1.4% | 0.8% | ✓ | 1.3% | ✓ |
| Australian equities | 8.9% | 8.0% | ✓ | 5.8% | ✓ |
| International equities | 9.0% | 8.2% | ✓ | 6.5% | ✓ |
| Innovation & disruption | N/A | N/A | N/A | N/A | N/A |
| Just shares | 9.4% | 7.8% | ✓ | 6.6% | ✓ |

| Option name | 7 years % pa | 7 year median % pa | Above median? | 7 year return objective % pa | Achieved objective? |
|-------------------------|-----------------|-----------------------|------------------|---------------------------------|------------------------|
| Conservative | 5.0% | 3.9% | ✓ | 5.4% | ✗ |
| Balanced | 6.7% | 5.5% | ✓ | 6.1% | ✓ |
| Balanced low cost | N/A | N/A | N/A | N/A | N/A |
| Balanced growth | 7.6% | 6.7% | ✓ | 6.8% | ✓ |
| Growth | 8.7% | 7.6% | ✓ | 7.1% | ✓ |
| Cash | 1.5% | 1.4% | ✓ | 1.1% | ✓ |
| Diversified bonds | 2.2% | 1.7% | ✓ | 2.0% | ✓ |
| Australian equities | 8.5% | 8.3% | ✓ | 5.7% | ✓ |
| International equities | 9.3% | 8.1% | ✓ | 6.3% | ✓ |
| Innovation & disruption | N/A | N/A | N/A | N/A | N/A |
| Just shares | 9.3% | 7.6% | ✓ | 6.3% | ✓ |

| Option name | 10 years % pa | 10 year median % pa | Above median? | 10 year return objective % pa | Achieved objective? |
|-------------------------|------------------|------------------------|------------------|----------------------------------|------------------------|
| Conservative | 5.9% | 5.2% | ✓ | 5.5% | ✓ |
| Balanced | 8.1% | 7.1% | ✓ | 6.4% | ✓ |
| Balanced low cost | N/A | N/A | N/A | N/A | N/A |
| Balanced growth | 9.3% | 8.9% | ✓ | 7.0% | ✓ |
| Growth | 10.7% | 10.0% | ✓ | 7.3% | ✓ |
| Cash | 2.1% | 1.9% | ✓ | 1.6% | ✓ |
| Diversified bonds | 2.9% | 2.8% | ✓ | 3.0% | ✗ |
| Australian equities | 10.3% | 10.4% | ✗ | 6.2% | ✓ |
| International equities | 13.4% | 12.4% | ✓ | 6.6% | ✓ |
| Innovation & disruption | N/A | N/A | N/A | N/A | N/A |
| Just shares | 12.1% | 10.9% | ✓ | 6.6% | ✓ |

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 SRP50/25 index with a comparable investment strategy. SuperRatings is the most widely used and accepted ratings firm in the Australian superannuation industry.

Past performance is not an indicator of future performance.

“N/A” indicates that the investment option was not offered to members at all times during the period. The inception dates for Balanced low cost and Innovation and disruption were 2 October 2017 and 14 February 2018 respectively. The Balanced low cost investment option was previously known as Sustainable balanced. This change was effective 1 October 2022.

The return objectives for our investment options change from time to time. In the above tables, the return objective % for each period (1, 3, 5, 7 or 10 years) has been calculated based on monthly benchmark returns, which reflect the return objective applying in each month. The result is therefore a blended return objective, which reflects the return objectives applying throughout the period.

Defined benefit plan update

Managing defined benefit obligations

Vision Super includes three defined benefit (DB) plans:

- 1 Local Authorities Superannuation Fund Defined Benefit (LASF DB) plan
- 2 City of Melbourne plan
- 3 Parks Victoria plan.

The financial position of these 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 plans increasingly susceptible to volatility in investment markets.

Vision Super monitors the financial position of each plan closely. On a quarterly basis, the vested benefit index (VBI) of each 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 the LASF DB plan as it provides lifetime pensions to eligible members.

The annual investigation for the LASF DB plan as at 30 June 2022 was completed in September 2022 and presented at the September 2022 Board meeting. The 30 June 2020 triennial actuarial investigations for the remaining plans were completed by 31 December 2020.

Vision Super's VBI positions

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

| Plan | 30 June 2021 | 30 June 2022 |
|-------------------|--------------|--------------|
| LASF DB | 109.8% | 102.2% |
| City of Melbourne | 144.7% | 143.7% |
| Parks Victoria | 116.2% | 110.9% |

Prudential Standard – SPS 160

Under the defined benefit Prudential Standard SPS 160, Vision Super is generally required to develop a restoration plan for a plan if the VBI is under 100% for that particular 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 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 plan, 100% for the City of Melbourne plan and 99% for the Parks Victoria plan.



Each defined benefit plan has its own investment strategy

Defined benefit investment strategies

Vision Super has a customised investment strategy for each DB plan. Vision Super looks to de-risk each plan's portfolio to the extent possible, noting some of the plans continue to require investment earnings and therefore material investment risk to be taken. From time to time investment strategies may be employed to seek to reduce the extent of losses incurred in a market downturn.

Some of the 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 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 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. Updates on the defined benefit plans are provided regularly to employers.

Investment objectives and strategy for the DB plans at 30 June 2022

The investment objectives for each DB plan are:

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

Investment returns to 30 June 2022[^]

| Plan name | 1 year % | 1 year objective* % | Achieved objective 1 year | 3 year % pa | 3 year objective % pa | Achieved objective 3 years |
|-------------------|----------|---------------------|---------------------------|-------------|-----------------------|----------------------------|
| LASF DB | -3.8% | 5.1% | ✗ | 5.9% | 5.7% | ✓ |
| City of Melbourne | 1.0% | 0.4% | ✓ | 2.7% | 1.2% | ✓ |
| Parks Victoria | -1.4% | 2.8% | ✗ | 3.5% | 3.6% | ✗ |

* Actuarial rate of return for the period to 30 June 2022.

[^] The return objectives for our investment options change from time to time. In the above table, the return objective % for each period (1 and 3 years) has been calculated based on monthly benchmark returns, which reflect the return objective applying in each month. The result is therefore a blended return objective, which reflects the return objectives applying throughout the period. Past performance is not an indicator of future performance.

Benchmark allocations as at 30 June 2022

LASF DB

| Asset class | SAA |
|--------------------------|-------|
| ● Australian equities | 22.5% |
| ● International equities | 30.5% |
| ● Opportunistic growth | 0% |
| ● Infrastructure | 8% |
| ● Property | 8% |
| • Listed property | 2% |
| • Unlisted property | 6% |

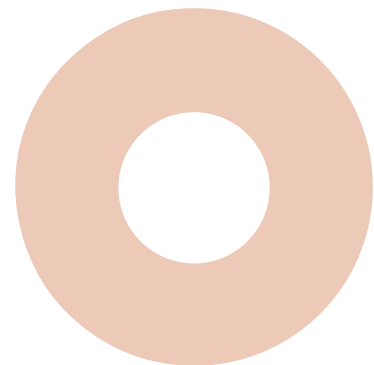
| Asset class | SAA |
|---------------------|-------|
| ● Alternative debt | 18.5% |
| ● Diversified bonds | 6% |
| ● Other | 0% |
| ● Cash | 6.5% |



City of Melbourne

| Asset class | SAA |
|--------------------------|-----|
| ● Australian equities | 0% |
| ● International equities | 0% |
| ● Opportunistic growth | 0% |
| ● Infrastructure | 0% |
| ● Property | 0% |
| • Listed property | 0% |
| • Unlisted property | 0% |

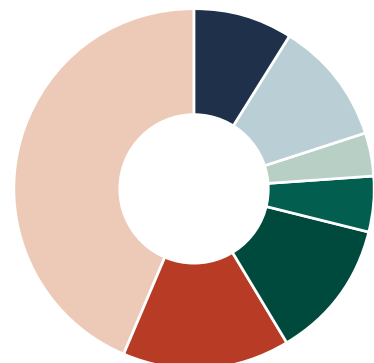
| Asset class | SAA |
|---------------------|------|
| ● Alternative debt | 0% |
| ● Diversified bonds | 0% |
| ● Other | 0% |
| ● Cash | 100% |



Parks Victoria

| Asset class | SAA |
|--------------------------|-----|
| ● Australian equities | 9% |
| ● International equities | 11% |
| ● Opportunistic growth | 0% |
| ● Infrastructure | 4% |
| ● Property | 5% |
| • Listed property | 2% |
| • Unlisted property | 3% |

| Asset class | SAA |
|---------------------|-------|
| ● Alternative debt | 12.5% |
| ● Diversified bonds | 15% |
| ● Other | 0% |
| ● Cash | 43.5% |



Investment managers¹

Traditional investments

| Investments | 30 June 2022 | | 30 June 2021 | |
|---|----------------|-------------|----------------|-------------|
| | \$ million | % | \$ million | % |
| Growth | | | | |
| Australian shares | | | | |
| First Sentier Investors Realindex – Small Companies | 213.2 | 1.8 | 244.0 | 2.0 |
| IFM Investors – Enhanced Index Strategy (Low carbon emission mandate) | 1,183.4 | 10.1 | 1,490.3 | 12.1 |
| Magellan Asset Management (Airlie Funds Management) – Australian Equities | 478.9 | 4.1 | 535.6 | 4.4 |
| Wavestone Capital – Australian Equities | 462.5 | 4.0 | 529.0 | 4.3 |
| Total Australian shares | 2,338.0 | 20.0 | 2,798.9 | 22.8 |
| International shares | | | | |
| Baillie Gifford Overseas Ltd – Long-Term Global Growth Equities | 220.4 | 1.9 | 394.5 | 3.2 |
| Harris Associates – Global Value Equity Strategy | 430.1 | 3.7 | 743.0 | 6.1 |
| Sanders Capital, LLC – Global Value Equity Strategy | 349.9 | 3.0 | - | - |
| Sands Capital – Emerging Markets Growth Strategy | 141.7 | 1.2 | 194.3 | 1.6 |
| SSgA – Enhanced Passive (Low carbon emission mandate) | 1,719.2 | 14.7 | 2,049.8 | 16.7 |
| UBS Securities Australia (transition manager) | 0.0 | 0.0 | 184.2 | 1.5 |
| Total international shares | 2,861.3 | 24.5 | 3,565.8 | 29.1 |
| Currency | | | | |
| Mesirow Financial Investment Management, Inc. | -44.7 | -0.4 | - | - |
| Millennium Global | - | - | -31.7 | -0.3 |
| Total currency | -44.7 | -0.4 | -31.7 | -0.3 |

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

Traditional investments continued

| Investments | 30 June 2022 | | 30 June 2021 | |
|--|----------------|-------------|----------------|-------------|
| | \$ million | % | \$ million | % |
| Growth continued | | | | |
| Property | | | | |
| Dexus ADPF ² | 61.2 | 0.5 | 257.8 | 2.1 |
| ISPT Core Fund | 458.3 | 3.9 | 411.4 | 3.4 |
| Resolution Capital – Global Real Estate Investment Trust Strategy | 325.9 | 2.8 | 306.1 | 2.5 |
| SSgA Australian Real Estate Investment Trust | 19.8 | 0.2 | 19.4 | 0.2 |
| Total property | 865.2 | 7.4 | 994.7 | 8.2 |
| Defensive | | | | |
| Cash | | | | |
| Internal management (Vision Super Pty Ltd) | 2,150.6 | 18.4 | 1,711.2 | 13.9 |
| Total cash | 2,150.6 | 18.4 | 1,711.2 | 13.9 |
| Diversified bonds | | | | |
| Amundi Singapore – Australian & International Inflation Linked Bonds | 2.4 | 0.0 | 239.4 | 2.0 |
| Amundi Singapore – Australian & International Passive Fixed Interest | 1,024.8 | 8.8 | 542.5 | 4.4 |
| Total diversified bonds | 1,027.2 | 8.8 | 781.9 | 6.4 |
| Total traditional investments | 9,197.6 | 78.7 | 9,820.8 | 80.1 |

2. Dexus ADPF is comprised of two stapled registered schemes – Dexus Wholesale Property Trust 3 (DWPT 3) and Dexus Wholesale Property Trust 4 (DWPT 4).

Alternative investments

| Investments | 30 June 2022 | | 30 June 2021 | |
|--|-----------------|-------------|----------------|------------|
| | \$ million | % | \$ million | % |
| Opportunistic growth (previously private equity) | | | | |
| Allegro Funds – Private Equity Fund I | 0.1 | 0.0 | 0.1 | 0.0 |
| Eureka Funds Management No 1 and Loan Note Facility | - | - | 0.5 | 0.0 |
| Generation Investment Management – Climate Solutions Fund | 2.1 | 0.0 | 1.8 | 0.0 |
| IFM Investors – Australian Private Equity Fund III | 1.0 | 0.0 | 1.2 | 0.0 |
| IFM Investors – International Private Equity Funds I, II & III | 6.1 | 0.1 | 13.8 | 0.1 |
| IFM Investors – Special Situations Credit Fund | 89.5 | 0.8 | 39.5 | 0.3 |
| Industry Super Holdings | 42.6 | 0.4 | 35.3 | 0.3 |
| Members Equity Bank | - | - | 26.6 | 0.2 |
| Private Equity Trust ³ | 9.8 | 0.1 | 16.4 | 0.1 |
| ROC Partners – Alternative Investment Trusts IV & V | 3.6 | 0.0 | 6.1 | 0.0 |
| Stafford Capital Partners – Private Equity 2, 3 & 4 Funds | 5.6 | 0.0 | 7.3 | 0.1 |
| StepStone VC Global Partners (previously known as Greenspring Global Partners IV, L.P.) | 16.5 | 0.1 | 16.4 | 0.1 |
| VenCap 12 | 69.6 | 0.6 | 79.9 | 0.7 |
| Total opportunistic growth | 246.5 | 2.1 | 244.9 | 1.9 |
| Infrastructure | | | | |
| Copenhagen Infrastructure Partners – Infrastructure IV AUS Trust | 34.3 | 0.3 | 10.3 | 0.1 |
| IFM Investors – Australian & International Infrastructure | 1,178.5 | 10.1 | 1,096.9 | 8.9 |
| Total infrastructure | 1,212.80 | 10.4 | 1,107.2 | 9.0 |

3. Private Equity Trust – Property Opportunistic is part of the Private Equity Trust and has been shown as a single line item in the above table. The Private Equity Trust consists of BlackRock Europe Property Fund III and Schroder Adveq Management AG Europe III LP, Lexington Capital Partners VI-B and Mesirow Financial Private Equity Partnership.

Alternative investments continued

| Investments | 30 June 2022 | | 30 June 2021 | |
|---|-----------------|--------------|-----------------|--------------|
| | \$ million | % | \$ million | % |
| Alternative debt | | | | |
| Barings – Global Loan and High Yield Bond Fund | 154.7 | 1.3 | 168.5 | 1.4 |
| Brandywine Global Investment Management – Global Opportunistic Fixed Income | 296.9 | 2.5 | 440.6 | 3.6 |
| Finisterre EDM Total Return Fund | 95.7 | 0.8 | - | - |
| IFM Investors – Specialised Credit Fund Floating | 281.5 | 2.4 | 278.4 | 2.3 |
| Metrics Credit Partners – Diversified Australian Senior Loan Fund | 213.5 | 1.8 | 205.7 | 1.7 |
| Total alternative debt | 1,042.3 | 8.8 | 1,093.2 | 9.0 |
| Gold | | | | |
| iShares Gold Trust ETF | - | - | 0.9 | 0.0 |
| Total gold | - | - | 0.9 | 0.0 |
| Tail risk protection | | | | |
| PIMCO – Tail Risk Protection ⁴ | - | - | - | - |
| Total tail risk protection | - | - | - | - |
| Total alternative investments | 2,501.6 | 21.3 | 2,446.2 | 19.9 |
| Total investments | 11,699.2 | 100.0 | 12,267.0 | 100.0 |

⁴ The underlying holdings in the PIMCO Tail Risk Protection Strategy within the defined benefit plan were exited in March 2020 and no live protection strategies were held in this portfolio during the year ended 30 June 2022. The strategy may re-commence if market conditions move to a more favourable position for the program.

Investment manager changes

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



Investments added

The following investments were added during the year ended 30 June 2022:

- > Finisterre EMD Total Return Fund (July 2021)
- > Mesirow Financial Investment Management, Inc. (September 2021)
- > Sanders Capital, LLC – Global Value Equity Strategy (October 2021)



Investments removed*

The following investments were liquidated, sold or wound up during the year ended 30 June 2022:

- > Members Equity Bank (July 2021)
- > Eureka Funds Management No 1 and Loan Note Facility (August 2021)
- > Millennium Global (September 2021)
- > Amundi Singapore – Australian Inflation Linked Bonds (October 2021)
- > iShares Gold Trust ETF (November 2021)
- > Amundi Singapore – International Inflation Linked Bonds (May 2022)

* In addition, our private equity commitments continue to mature as assets are realised and exited via trade sales.





03

Environmental, social and governance (ESG) report

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Voting and engagement

We vote our shares at company annual general meetings (AGMs). We do this to be responsible corporate citizens and to encourage the companies we invest members' money in to adhere to good corporate standards and governance practices. This helps to maintain long-term shareholder value.



1,209

proxy meetings voted at
from 1 July 2021 to 30 June 2022



13,620

resolutions voted on
from 1 July 2021 to 30 June 2022

Over the 2021/22 financial year, Vision Super voted in 1,209 proxy meetings ballots across 46 markets around the world.

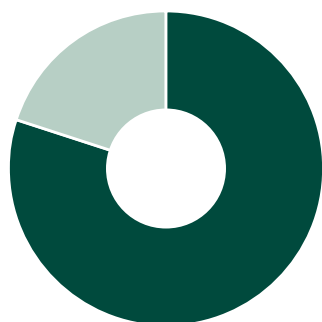
Of these, 310 were Australian and the rest international (899). We voted at meetings across various industries, at annual, special, and ordinary company meetings.

We decide how to vote based on our values, as reflected in our voting policy and guidelines, as applicable from time to time. You can read our latest policy and guidelines at www.visionsuper.com.au/invest/active-ownership/. We know that companies behaving sensibly and in accordance with community values can create long-term value for our members.

Where a company's management is acting in a way that promotes the long-term value of the company, we'll vote for their proposals. Where it's clear to us that they're not, we may vote against management recommendations. We use proxy advice to help inform our voting decisions.

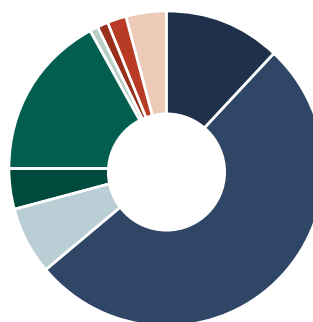
During the 2021/22 year, we voted against company management recommendations 19% of the time.

We also supported various proposals during the year relating to climate change, transparency of political contributions/expenditure and advertising, diversity, and human rights. This included supporting proposals at the AGMs of Alphabet, QBE Insurance, Santos, Woodside, Amazon and Bank of America – to name a few.



Vote alignment with management

| | |
|---|-----|
| ● Number of votes with management | 19% |
| ● Number of votes against management | 77% |



Resolution types – global

| | | | |
|-------------------------------|-----|--------------------------|----|
| ● Audit/financials | 12% | ● M&A | 1% |
| ● Board related | 52% | ● Meeting administration | 1% |
| ● Capital management | 7% | ● Other | 2% |
| ● Changes to company statutes | 4% | ● Shareholder proposals | 4% |
| ● Compensation | 17% | | |

Examples

Alphabet Inc

AGM date: 6 January 2022

Ballot item 21: Shareholder proposal on report on military policing agencies

We favoured additional disclosure on how the company is mitigating risks of its sales to militaries. The company has a history of providing technology services to militaries and militarised policing agencies with documented records of human rights abuses. We do not believe this is appropriate, and such practices may have an impact on the company's social license to operate. Alphabet's declared intent to continue to pursue military contracts poses a risk to the company.

Amazon Inc

AGM date: 25 May 2022

Ballot item 16: Shareholder proposal on report on working conditions

We voted in favour – injuries are significantly higher than at peers. An independent audit would help to protect workers, as well as allow shareholders to be able to assess reputational and financial risks.

Apple Inc

AGM date: 4 March 2022

Ballot item 8: Shareholder proposal on median gender and racial pay equity report

We voted in favour of the resolution on the grounds that Apple does not publish the same gender pay gap statistics for its US or global workforces as it publishes in the UK. It would be better practice for Apple to demonstrate how it is making progress on opportunities for women and racial and ethnic minorities, and to address concerns about ethnic pay equity issues.

Loblaw Cos. Ltd

AGM date: 5 May 2022

Ballot item 4: Shareholder proposal on human rights impact assessment

We voted in favour of the resolution. The company does not provide clear explanations on how its policies and practices prevent and mitigate risks and harms to migrant workers employed by its suppliers. The company's failure to implement a robust human rights due diligence process to mitigate harm to migrant workers and violations of their rights is a danger to the workers, and may represent material reputational, sourcing, legal, and regulatory risk. An independent assessment would help the company identify any adverse impacts of its activities to ensure the fundamental rights of migrant workers in its supply chain are respected and protected. It should also ensure alignment of its existing policies and practices with the UN Guiding Principles on Business and Human Rights.



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.

You can always find our votes one business day after the relevant meeting at
<https://viewpoint.glasslewis.com/WD/?siteId=Vision%20Super>

Engagement

Vision Super is a full member of the Australian Council of Superannuation Investors (ACSI)

ACSI engages with ASX listed companies on a range of issues on behalf of members like Vision Super. Vision Super registered for 29 ACSI engagement meetings in the 2021/22 financial year, to raise issues of concern for Vision Super and our members, and question management and directors of companies on their direction and activities.

In the 2021/22 financial year, ACSI conducted 301 engagement meetings with 193 ASX300 companies, and another 13 meetings with NGOs to gain better insight into their concerns about company activities. Each year, ACSI sets priority themes for engagement. For the financial year ended 30 June 2022, these were:

- > Environmental factors including:
 - Climate change, biodiversity and the circular economy.
- > Social factors including:
 - Workforce (including modern slavery, just transitions*, safety and worker underpayments)
 - Cultural heritage and First Nations issues
 - Corporate culture (conduct, sexual harassment, responsible gaming).
- > Governance factors including:
 - Board diversity, accountability and remuneration.

Under each of these themes, specific goals are set for individual companies based on the materiality of an issue to the company and their investors, or where there is evidence of poor practices or outcomes. Many of these goals are multi-year aims.

During the 2021 calendar year (ie 1 January 2021 to 31 December 2021), improvements were made in 78% of priority areas identified by ACSI. More than 40% of 176 priorities have already improved in the six months to June 2022.



Climate change

As at 31 December 2021, over 70% of ACSI's climate priority companies had improved their climate-related practices – making changes such as adopting credible short and medium-term targets and pathways to achieve net zero and Paris-aligned goals, as well as producing detailed (including 1.5°C) scenarios and adopting science-based targets. While emissions continue to rise and must be brought down, there is reason for cautious optimism about the role of investor engagement, which has contributed to the sharp increase in companies setting net zero targets.

\$1.59 trillion or 70% of the ASX200's collective market capitalisation have adopted net zero commitment (95 companies). These moves towards addressing the issue may result in future progress in reducing emissions, but government action remains the main pathway to the necessary transition to a low-carbon economy, both locally and globally. ACSI has also been working to ensure that companies disclose detailed roadmaps, particularly through setting and achieving short and medium-term targets rather than just long-term goals. This will need to include emissions of customers and suppliers.

* A 'just transition' means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.

29

ACSI engagement meetings
Vision Super registered for during
the 2021/22 financial year

78%

of priority areas identified by
ACSI improved by engagement
during the 2021 calendar year

>70%

of ACSI's climate priority companies
had improved their climate-related
practices as at 31 December 2021

Renewable energy investments

\$263m

invested by Vision Super
in the global energy transition

Vision Super has invested €60 million in Copenhagen Offshore Partners' (CIP) renewable energy fund, CI IV. CI IV has total committed funds of €7 billion and is developing and constructing renewable energy projects in countries including the US, Canada, Western Europe and Australia. The fund is fully dedicated to offshore and onshore wind projects, solar, thermal and other renewable energy projects. In Australia, CI IV is the majority owner of the Star of the South (SOTS) offshore wind development project in Victoria. Once completed, SOTS is expected to be one of the world's largest offshore windfarms and the first offshore windfarm in Australia. In addition to SOTS's significant impact on Victoria's transition to renewable energy, SOTS will also take an active part in creating a new industry for Victoria and Australia and supporting new job creation within the offshore wind industry in Victoria.

At this early stage of the life of CIP IV, the Fund is returning above expectations. This may or may not continue.

Please see www.cip.dk and www.starofthesouth.com.au for more information about CIP and SOTS.

Vision Super also committed US \$110 million to IFM Investor's (IFM) Net Zero Infrastructure Fund during the 2021/22 financial year. This is a specialised fund for investors looking for low-carbon opportunities. It is expected to grow to around \$4 billion over the next few years. Through the IFM Net Zero Infrastructure Fund, we are invested in Nala Renewables.

Nala Renewables is focused on generating sustainable and clean power using onshore wind, solar PV, and battery storage. IFM Net Zero Infrastructure Fund will target a broad universe of infrastructure investment opportunities focused on the energy transition, with a focus on Renewable Power, Electrification, Low Carbon Fuels and Carbon Capture.

Note: Information about renewable energy investment on this page are based on disclosure documents issued by the relevant managers, which are subject to change. Past performance is not a reliable indicator of future performance.



A lower carbon approach

Tilting away from carbon equity index investments

Burning fossil fuels is the main driver of climate change.¹ Globally, most electricity is generated by burning coal, oil, or gas, which produces carbon dioxide and nitrous oxide – powerful greenhouse gases that blanket the Earth and trap the sun's heat.

Governments globally are starting to act to address the deadly effects of climate change. As this process continues, we expect fossil fuels to represent poorer investment choices, due to the restrictions and costs that are likely to be imposed on such businesses. We therefore divest from fossil fuels (within certain guidelines and limits) to reduce the risks to our members, not simply because of the harm these products do. This is consistent with our overarching obligations to manage investment risks (including risks from climate change) and act in the best financial interests of members.

Our divestments from fossil fuels (thermal coal, tar sands, oil and gas) are subject to materiality thresholds, which are set at 25% of company revenues. A buffer zone of +/- 5% is set so that investments close to the materiality threshold do not move between eligibility and ineligibility on a frequent basis. The Fund allows for a transition period of up to six months from the time of Board decision for the ineligible investments to be sold. Our divestments are fund-wide and apply to listed equities across our options, based on definitions/methodology provided by MSCI Inc.

With each investment manager, our divestments are subject to a cap. The cap is 2% for emerging market equities managers, 2% for Australian equities managers and 5% for global equities (excluding Australia) managers as a percentage of the relevant investment benchmark. These caps are in place to prevent the Fund from excluding too significant part of our investible universe, with the aim of limiting the risk of a detrimental effect on members' returns and contributing excessive risk against the Government's annual Your Future Your Super performance test.

Essentially, we do two rounds of divestments – the first round consists of controversial weapons, tobacco, tar/oil sands and thermal coal. These do not take us up to the caps (2%/2%/5%). The second round then excludes as much of the remaining fossil fuels (oil and gas) as we can up to the caps. Note our managers may still decide to not invest in these companies but they can do so if they so wish as long as exclusion is at least up to the relevant cap.

We maintain a list of restricted securities based on our divestment decisions from time to time. Our latest list of restricted securities is located on our website here: www.visionsuper.com.au/wp-content/uploads/restricted-securities-list.pdf

The enhanced indexed component of our international equities portfolio is managed to the MSCI All Countries World ex Australia Index unhedged and calculated in Australian dollars. The portfolio is managed to materially reduce both carbon emission intensity and exposure to carbon reserves when compared with the benchmark. We instruct our international index manager to target a carbon intensity reduction of 70% and a reduction in reserves of 50% compared to the benchmark.

The indexed component of our Australian equities portfolio is managed to the ASX100 index. The portfolio is managed to materially reduce both carbon emission intensity and exposure to carbon reserves when compared with the benchmark. We instruct our manager to target a carbon intensity reduction of 25% and a reduction in reserves of 35% compared to the benchmark.

What is the greenhouse effect?

Greenhouse gases in the atmosphere, including water vapour, carbon dioxide, methane, and nitrous oxide, absorb heat energy and emit it in all directions (including downwards), keeping Earth's surface and lower atmosphere warm. Adding more greenhouse gases to the atmosphere enhances the effect, making Earth's surface and lower atmosphere even warmer.



¹ www.un.org/en/climatechange/science/causes-effects-climate-change



Our average carbon footprint is around 2/3 that of the index

The carbon footprint of our portfolio

We compare our carbon emissions and intensity with the MSCI All Countries World Index (ACWI) – MSCI's flagship global equity index (excluding Australia), which is designed to represent performance of the full opportunity set of large and mid-cap stocks across 23 developed and 24 emerging markets. As of May 2022, it covers more than 2,933 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalisation in each market.

Our carbon portfolio analytics, conducted by Institutional Shareholder Services (ISS) ESG, are extensive, and break down portfolio holdings to an individual sector and company level. Here are some of the highlights.

ISS analysis – 1.5 degree Paris aligned targets

The ISS ESG Data Desk platform is used to assess where Vision Super's portfolio is positioned compared with the Paris aligned targets. The 'Portfolio overview' table below shows this comparison for Vision Super's overall portfolio.

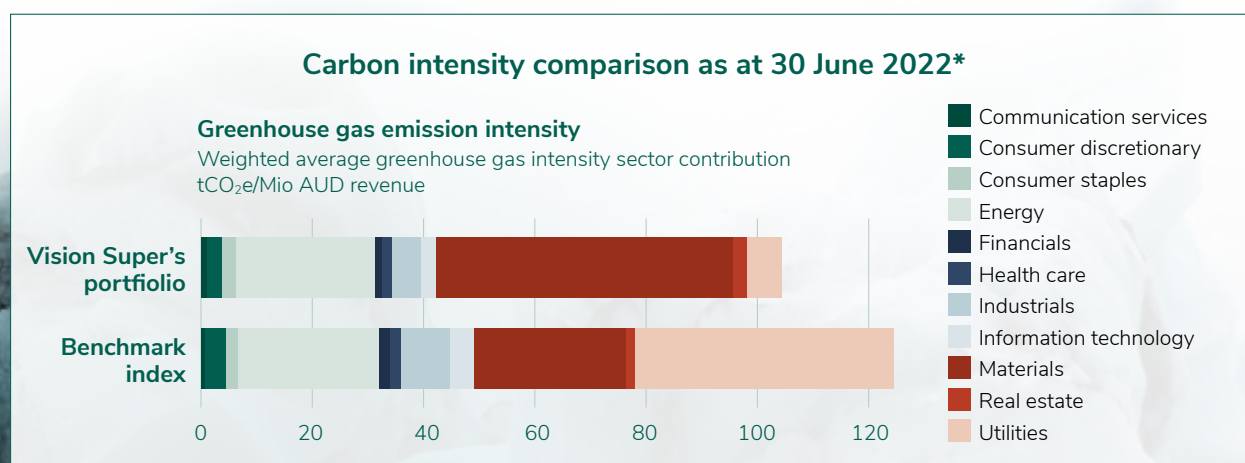
Vision Super's portfolio is currently significantly better than the index and aligned with Paris targets until 2032 – we will need to do further work to remain aligned with the science-based targets, but we are currently on track according to ISS analytics.

Portfolio overview*

| | Disclosure number/weight | Emission exposure tCO ₂ e | | Relative emission exposure | | | Climate performance weighted avg |
|---------------------------------|------------------------------|--------------------------------------|---------------|--|-------------------------------|--|----------------------------------|
| | | Scope 1 & 2 | Incl. Scope 3 | tCO ₂ e/invested | tCO ₂ e/revenue | | |
| | Share of disclosing holdings | | | Relative carbon footprint [^] | Carbon intensity [^] | Weighted avg carbon intensity [^] | Carbon risk rating ^{^1} |
| Vision Super's portfolio | 74.5%/87.5% | 234,886 | 2,211,697 | 47.22 | 81.93 | 104.38 | 54 |
| Benchmark index | 69.2%/89.6% | 341,867 | 2,293,781 | 68.72 | 138.79 | 126.23 | 56 |
| Net performance | 55.3p.p./-2p.p | 31.3% | 3.6% | 31.3% | 41% | 17.3% | - |

[^] For an explanation of each of these concepts, refer to ISS ESG Climate Solutions for further details at: www.issgovernance.com/esg/climate-solutions/climate-analytics/

¹ Note: Carbon risk rating data is current as of the date of ISS ESG report generation



* Source: ISS ESG report, as at 30 June 2022 – MSCI ACWI benchmark

Key focus areas

Our net zero project

The Trustee has committed to becoming net zero carbon operationally by 2030. To help us calculate our baseline emissions and develop a path to net zero, we have engaged carbon and energy management specialists Pangolin Associates to assist us. We are currently working with Pangolin to gather the data we need for our baseline year that we will use for comparison purposes.

The Principles of Responsible Investment (PRI)

Vision Super Pty Ltd is a signatory to the PRI. The Fund has again scored strongly in our PRI assessment report for the 2020/21 financial year.

The module grading system or the PRI assessment changed from alphabetical (A+ to E) to numerical (1 to 5 stars), and is no longer providing an overall score, so our scores for 2021 are not directly comparable with those of previous years.

Under the new system, the lowest possible grade is one star, allocated to those whose responsible investment behaviour is at the lower end of what is expected from signatories. The highest score is five stars, awarded to those signatories that demonstrate leading practices within the responsible investment industry.

Vision Super scored four or five stars for each module in the latest PRI assessment, reflecting strong performance against the PRI's assessment criteria.

You can find our detailed PRI reports online at: www.visionsuper.com.au/invest/active-ownership/

Stewardship statement

Stewardship refers to the responsibility that asset owners like super funds have to exercise their ownership rights (such as voting at company AGMs) to protect and enhance the long-term value of the companies they invest in.

We are a signatory to the Australian Asset Owner Stewardship Code, which aims to increase the transparency and accountability of stewardship activities in Australia. The Code consists of six guiding principles designed to improve the quality and transparency of stewardship activities.

Our Stewardship statement outlines how we implement the six principles (available at www.visionsuper.com.au/wp-content/uploads/2021/03/Stewardship_Code_January_2021.pdf)



Modern Slavery Act update

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. We support efforts to end modern slavery. Our second report was finalised in December 2021 and is available on our website at www.visionsuper.com.au/wp-content/uploads/slavery-statement-2021.pdf

We are in the process of preparing our third annual report, liaising with our investment managers and other suppliers to ensure modern slavery is not being used in our supply chains. Having regard to our broader obligations, we will continue to advocate for companies – both suppliers and the companies we invest in – to improve their human rights records and working conditions.





Affixing pre-cast aluminium panels to the roofing structure, The Sidney Myer Music Bowl, Melbourne
Sievers, Wolfgang, 1913–2007, photographer
© State Library of Victoria, www.slv.vic.gov.au

04

Building relationships

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Where members are our focus

Barbara's journey

When I first started I had young kids and everything else, and super's like, "I'm not worried about that, I've got how many years to go." And so, I never gave super a thought. It's been in the last 10 or 12 years or so that I've gone, "Oh, God, I need to make sure my super is there, and I'm going to be able to eat when I get to 90, if I get to 90!"

So it's only now that I've kept on looking and going, "oh no, that global financial crisis. Oh no, look at my super. And then it's like, oh no, look at Covid. Because I happened to be coming back from the US early March [2020] and my son and I were comparing what our super was doing. And I kept on going oh no, it's dropped by x amount. Oh no, it's dropped again. Oh no, it's dropped again. So yeah, so it was sort of like, from back in the early days, "eeh I'm not worried about it" to, all of a sudden, "this is my life after I finish work".

It was probably about before I was 65, from about 60 onwards [that I started looking at my super]. I think once the children are off, and you're no longer schooling and feeding, and clothing and doing all those sorts of things. And it's only when the children are off your hands, that's when you start thinking about super again, because I've been doing and thinking about bringing up children and paying for children. It's a good thing. You know, when I first started work, there was no super or anything else.

I love the whole idea now of being able to get on to the website, being able to see everything, being able to change your preferences, whether you just want to go cash or this or that. It's so much easier to be able to do that sort of thing. And, it was last year or the year before, that I had got one of your financial advisors go through and have a look at what I was putting into salary sacrifice and all of that to make sure I didn't go over, and I reckon that's a really great service to provide. It's been an interesting journey.

Note: Barbara is a member of a DB plan (since 1985) and has consented to her statements being shown in this report. Each member's circumstances are different.

“

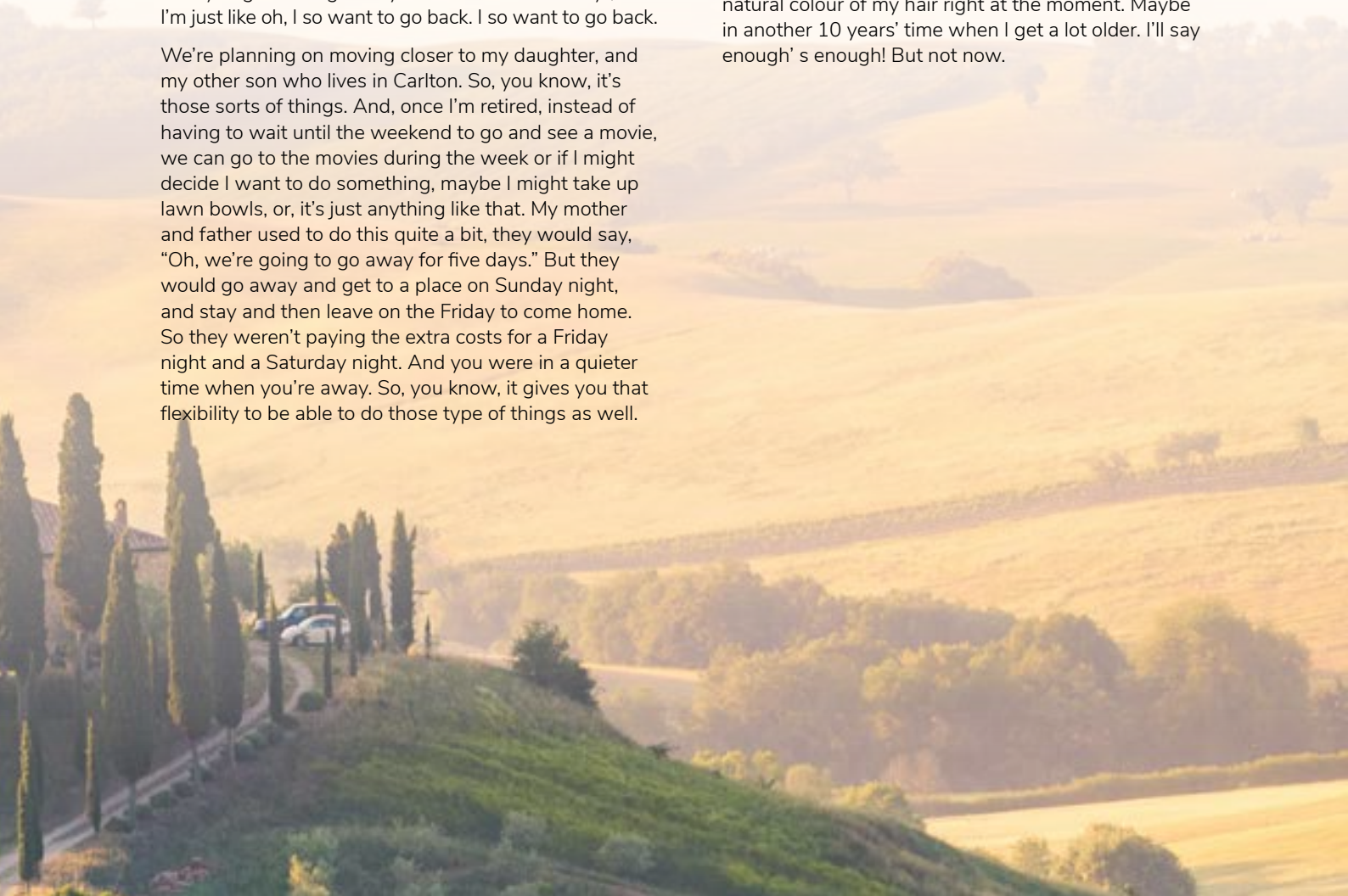
I had one of your financial advisers look at what I was putting into salary sacrifice, and I reckon that's a really great service to provide

I've got children who are busy saying to me, "for goodness's sake, why are you still working? Give it up, you're mad, you're mad. You've got better things to do with your life", and all of that sort of thing. So you think of those things.

Unfortunately, I have a husband who's not really keen on travelling or doing anything like that. So while I've been working, it's been really good. Pre-Covid I was probably doing at the very least two trips overseas, and maybe three sometimes. So that's going to curtail that a little bit. However, I still intend to do a bit of travel with or without my husband, whether it's with my children, or with other singles or whatever else. I still intend to do a bit. Every time you get a thing on my Facebook to "visit Italy", and I'm just like oh, I so want to go back. I so want to go back.

We're planning on moving closer to my daughter, and my other son who lives in Carlton. So, you know, it's those sorts of things. And, once I'm retired, instead of having to wait until the weekend to go and see a movie, we can go to the movies during the week or if I might decide I want to do something, maybe I might take up lawn bowls, or, it's just anything like that. My mother and father used to do this quite a bit, they would say, "Oh, we're going to go away for five days." But they would go away and get to a place on Sunday night, and stay and then leave on the Friday to come home. So they weren't paying the extra costs for a Friday night and a Saturday night. And you were in a quieter time when you're away. So, you know, it gives you that flexibility to be able to do those type of things as well.

[When I retire] it's going to be a bit of a tug. Because when you go from full time to nothing, it's very different to if you move down to retirement. It's a whole different ballgame. So anyway, who knows what will happen? We've got a new CEO at Melton, so, you just wait and see how things go and whatever else. It's all very well, the kids will say I gotta retire, you can be doing so many other things, and whatever. Well, yes. But I couldn't be doing all of the things that I'm doing now, because I won't have the money that I'm earning now, when I retire. [laughs] So you've got to pick and choose what you will and won't do. And you know, having my hair done is a necessity. [laughs] I can't give that up. I'm just not prepared to go to the colour that my hair is, the natural colour of my hair right at the moment. Maybe in another 10 years' time when I get a lot older. I'll say enough's enough! But not now.



Vision Super insurance*

Providing eligible members with access to reliable and value-for-money insurance that can be tailored to suit your needs continues to be a focus for Vision Super



Being there when you need us most

Would the super in your account be enough for you or your family if you were permanently disabled, or in the tragic event of your death? In most cases, members' retirement savings are insufficient to meet the financial burden these events create for them and their families. That's why insurance cover is so important.

Over the last financial year, hundreds of members and their beneficiaries have been helped by insurance at a difficult time.

Our income protection insurance gave insured members assistance when they were medically unable to work but had run out of sick leave. This has cushioned the financial burden that can often make sickness or injury an even more difficult time.

Members with more permanent injuries or illnesses were also able to call on their TPD cover for financial assistance.

The death of a loved one is one of the most difficult times anyone can face. Losing a family member can be even harder if their income was paying the rent or mortgage and covering the bills. Death cover can provide financial relief for families so that while they deal with grief they're not also faced with insurmountable financial difficulties.

This year many families and dependants of Vision Super members were able to access some financial relief from their loved ones' death cover.

This year we also introduced digital claims. The digital claim process makes it easier for those members who prefer to do things online. Members can upload documents and medical information as they're received – cutting out considerable delays that occur thanks to the post. The service also provides a tracker to let members know the progress of their claim.

For those who prefer it, we'll continue to offer the traditional method of completing all information by form and submitting a claim in this way.

No matter which way you choose to claim, by calling the Member Services team on **1300 300 820**, one of our claims team members can help with all aspects of the process.

Best Doctors

Best Doctors is a service that gives insured members and their immediate family[^] access to expert medical advice and guidance from the comfort of your own home, at no additional cost. Best Doctors offers easy access to leading GPs, specialists, and mental health clinicians via telehealth, helping members get the right diagnosis, treatment and information when facing medical uncertainty. Vision Super members can use Best Doctors at anytime, anywhere, as often as you need at no extra cost, and it's completely confidential. Members don't have to be making or even thinking about an insurance claim to access the service.

The Best Doctors is provided by our Insurer (this service is not provided by the Trustee). To read more about Best Doctors, go to www.visionsuper.com.au/insure/best-doctors/

* When making any decision about insurance cover, consider the latest Product disclosure statement and Insurance guide available from our website. Insurance fees apply. Insurance cover is subject to terms and conditions.

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) and Target Market Determination (TMD). Past performance is not an indication of future performance.

[^] Family = partner, children, parents and partner's parents

Service improvements

We are always looking for ways to help our insured members in their time of need. We understand that having to claim can be challenging emotionally and sometimes hard to know what to do and what is needed to make a claim, which can make the process overwhelming.

To make the claim process as easy as possible we provide a variety of ways you can claim in the unfortunate event you need to. Last year we introduced tele claims, with less paperwork and the ability to talk to a Claims Assessor within 48 hours of contacting us to make a claim. This lets members who would like to discuss their personal situation do this very early on in the process.



Our insurance beliefs

At Vision Super, our members are always at the centre of everything we do. Insurance is designed to give our members peace of mind when life is going smoothly, and to provide a level of financial support when they need it most. We always endeavour to provide insurance designs that are equitable for all our members.

1

Safety net

We believe in providing default cover that provides a reasonable safety net for eligible members who have not chosen – or who may be unable to take out – life or disability or income protection insurance individually.

5

Assessment

We believe that income protection, total and permanent disability and death claims must be assessed objectively based on their merits.

2

Flexibility

We believe that our group insurance policies should be understandable and flexible enough to meet members' needs right across their life.

6

Eligibility

We believe that member insurance claims should be paid by the insurer, subject to meeting eligibility requirements and medical condition thresholds set out in the applicable insurance policy.

3

Sustainability

We believe we have a responsibility to balance our vision of helping members achieve the best possible retirement outcome and recognising that insurance premiums can erode members' final retirement benefit.

7

Fairness

We believe claims without merit must be identified and not paid to avoid unnecessary premium increases for the broader membership.

4

Education

We believe that education is essential to help our members better engage and be more aware of their benefits.

8

Trust

We believe when delivering insurance to our members we should partner with a trusted and ethical organisation.

The Trustee supports

Australian Council of Superannuation Investors (ACSI) – full member

Seeks improvements in the performance of companies and super funds.

Principles of Responsible Investment (PRI) – signatory

The world's leading advocate for responsible investment, demonstrating our commitment to following the six PRI principles.

Australian Institute of Superannuation Trustees (AIST)

Represents the not-for-profit superannuation sector.

The Melbourne Chamber of Commerce

Independent professional body providing training and technical support.

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.

Tobacco-Free Finance pledge – signatory

A global sustainability framework and initiative of the United Nations Environment Programme Finance Initiative.



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 Directors and employees

Getting help

We have 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/complaints

During the year, there was an update to the regulatory requirements for internal dispute procedures. We have to acknowledge complaints within one business day and have 45 days to resolve the complaints (90 days for death distribution complaints). For the year ended 30 June 2022, we receive a total of 50 complaints, of which 7 later progressed to AFCA. All complaints were acknowledged within the required time frame and were dealt with on average within 14 days (excluding death distribution complaints).



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



Family enjoying Royal Botanical Gardens 1947
Courtesy: Richard 1904 -1990, photographer
Courtesy State Library of Victoria, www.slv.vic.gov.au

05

Governance framework

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Governance framework

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

The Fund is governed by a trust deed

This is available at www.visionsuper.com.au/about/fund-details/ under the heading 'Governance (assets, members, trust deed)'.

The governance framework for the Trustee and the Fund 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 Trustee Board, senior management and staff in maintaining the integrity of our operations.

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

We seek 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.

We also apply further voluntary best practice standards. For example, we are a signatory to the Principles of Responsible Investment, and subscribe to the responsible investment philosophy underpinning the PRI. As part of this, we are a signatory of the Paris Pledge for Action.

We hold indemnity insurance to protect the Fund, our Directors and Officers from legal action (subject to the terms and conditions of the applicable policy).

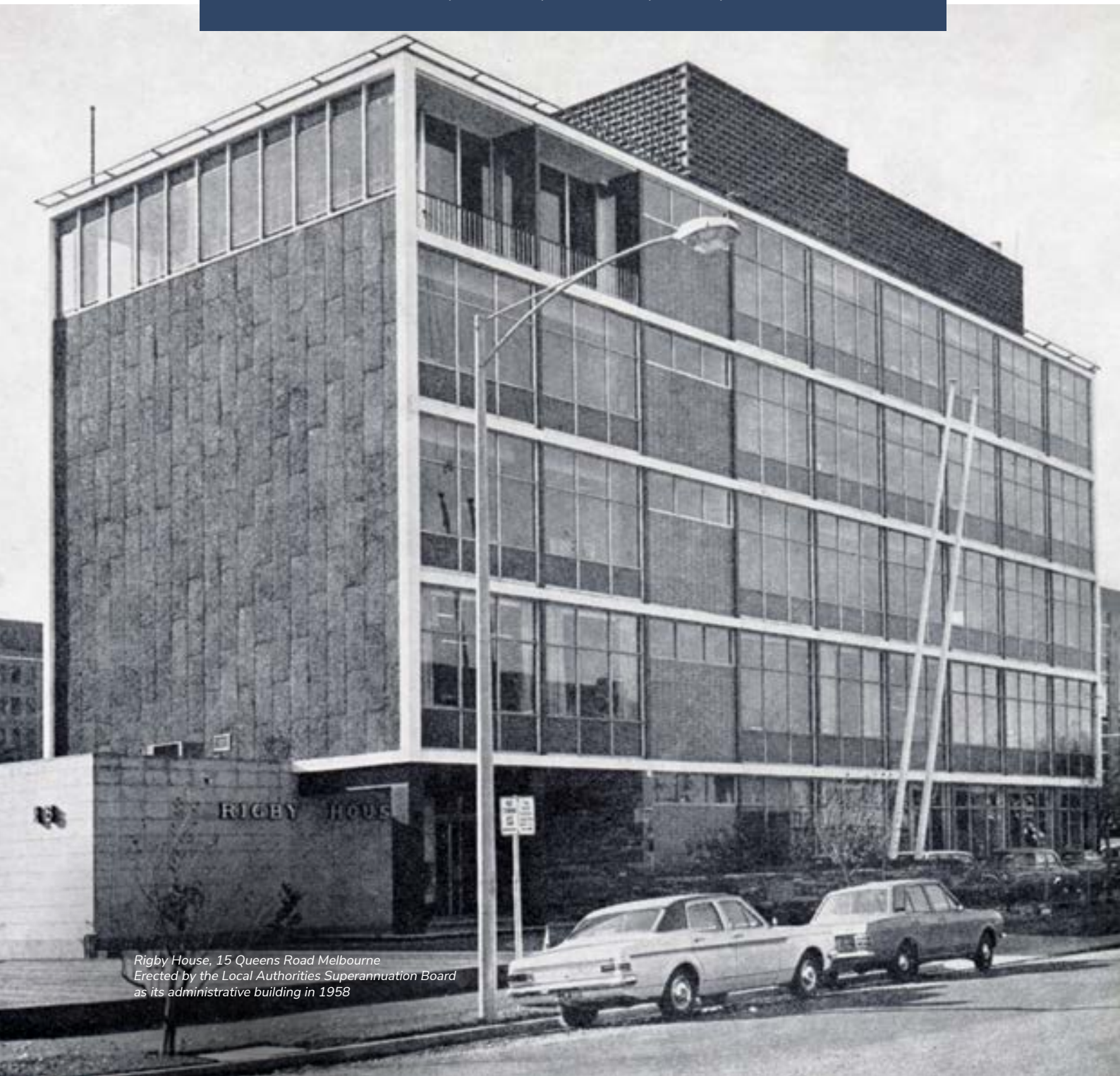


Our governance framework underpins everything we do and helps us protect our members' interests



We believe in transparency

A copy of our 2022 remuneration report and an extract of our register of interests and duties are available on our website at www.visionsuper.com.au/about/fund-details/ under the heading “Governance (assets, members, trust deed)” and the sub-heading “Register of relevant interests and duties”, and “Legal (SEN, voting, actuarial investigation)” and the sub-heading “Reports and policies” respectively.



*Rigby House, 15 Queens Road Melbourne
Erected by the Local Authorities Superannuation Board
as its administrative building in 1958*

Overview of the Board

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

The directors during the 2021/22 year were:



Lisa Darmanin
Chair

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

Lisa Darmanin was appointed as Chair of the Vision Super Board on 1 July 2021 and was Deputy Chair prior to that date. Lisa 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.



Graham Sherry
Deputy Chair

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

Graham Sherry was appointed as Deputy Chair of the Vision Super Board on 1 July 2021. Graham was appointed as a Director in September 2012, on the nomination of VECCL. Graham served as President of VECCL 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.



Vijaya (VJ) Vaidyanath

BA (Economics) Uni. of Bangalore, MA (Economics) Uni. of Bangalore, MBA Graduate School of Business Pittsburgh, USA, Senior Executive Fellow, Harvard Uni.

VJ was appointed to the Vision Super Board on 1 January 2022 as an employer representative and was nominated by the Municipal Association of Victoria (MAV). VJ has more than 25 years in executive leadership roles in the local government sector. She is the inaugural CEO of Homes Melbourne and previously the CEO of the City of Yarra in Melbourne since 2012.



Geoff Lake

BA (Hons) and LL B (Hons)

Geoff Lake was Chair of the Vision Super Board from 13 April 2018 to 30 June 2021. 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.

Geoff's appointment ended on 31 December 2021.



Peter Gebert

RG 146

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



Casey Nunn ASM

*Bachelor of Business,
Bachelor of Health Science*

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



Joanne Dawson

BComm, MBA, Diploma of Financial Planning, CA

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



Diane Smith

*National Diploma in Business
and Finance (UK)*

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



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 to the Vision Super Board 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. Peter's appointment ended on 30 September 2022.

Committees of the Board

Vision Super Pty Ltd 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 2022, 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 provides 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 the financial reporting.

The Committee met five times during the financial year.

Benefits Committee

Chair: Peter Gebert

Members: Diane Smith, Graham Sherry, Vijaya (VJ) Vaidyanath

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 monitoring the payment of discretionary benefits and any trends in these payments.

The Committee met six times during the financial year.

Governance, Risk and Appointments Committee

Chair: Kerry Thompson

Members: Lisa Darmanin, Graham Sherry, Casey Nunn

The Governance, Risk and Appointments Committee 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 three 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 five times during the financial year.

Remuneration Committee

Chair: Graham Sherry

Members: Lisa Darmanin, Kerry Thompson, Casey Nunn, Vijaya (VJ) Vaidyanath

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

The Committee monitors the Remuneration policy to ensure the Trustee complies with its regulatory and legislative obligations.

The Committee met twice during the financial year.



Board and committee attendance

Vision Super Pty Ltd – Board and Committee meeting attendance
1 July 2021 to 30 June 2022

| Directors | Board | Audit | Benefits | Governance, risk and appointments | Investments | Remuneration |
|-----------------------------|-------|-------|----------|-----------------------------------|-------------|--------------|
| Attended/eligible to attend | | | | | | |
| Geoff Lake | 5/6 | - | 2/3 | - | - | - |
| Peter Wilson | 10/12 | 5/5 | - | - | 5/5 | 1* |
| Casey Nunn | 10/10 | 5/5 | - | 3/3 | - | 2/2 |
| Graham Sherry | 10/12 | 1* | 5/6 | 3/3 | 4/5 | 2/2 |
| Joanne Dawson | 11/12 | 4/5 | - | - | 5/5 | - |
| Lisa Darmanin | 12/12 | 1* | - | 3/3 | 5/5 | 2/2 |
| Peter Gebert | 12/12 | 1* | 6/6 | - | 5/5 | - |
| Diane Smith | 12/12 | 5/5 | 6/6 | - | - | - |
| Kerry Thompson | 11/12 | 5/5 | - | 3/3 | - | 1/2 |
| Vijaya (VJ) Vaidyanath | 6/6 | - | 2/2 | 1* | - | -/1 |

* Not a committee member. Attended as an observer.

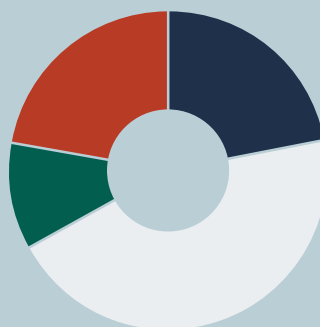


About our Board

as at 30 June 2022

Tenure

| Tenure | % |
|--------------|-----|
| ● < 3 years | 22% |
| ● 4-6 years | 44% |
| ● 7-9 years | 11% |
| ● > 10 years | 22% |



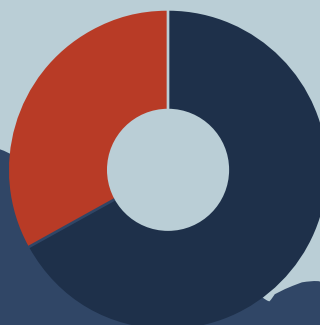
Age

| Age | % |
|---------------|-----|
| ● 30-45 years | 22% |
| ● 45-60 years | 22% |
| ● > 60 years | 56% |



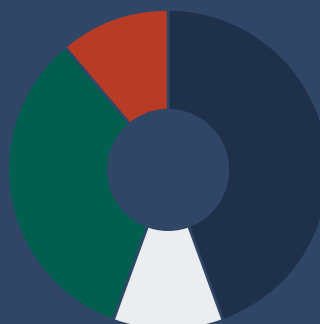
Gender

| Gender | % |
|----------|-----|
| ● Female | 67% |
| ● Male | 33% |



Training

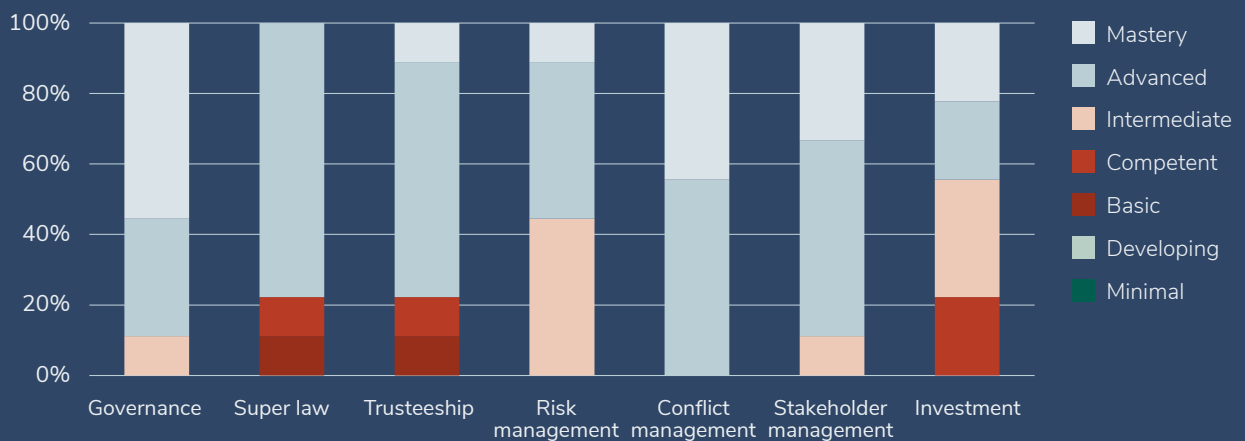
| Training | % |
|---------------|-----|
| ● < 30 hours | 44% |
| ● 30-40 hours | 11% |
| ● 40-50 hours | 33% |
| ● > 50 hours | 11% |



Director representation by Victorian Local Government Area



Director skills matrix



Executive profiles

as at 30 June 2022



Stephen Rowe
Chief Executive Officer

*B.A (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. Stephen's financial services experience in senior management positions has included seven years as CEO of a medium sized industry super fund, and four years as the General Manager of a large South Australian-based government superannuation scheme.



Michael Wyrsh
Chief Investment Officer
and Deputy CEO

BSc(Hons) (Mathematics)

Michael is responsible for providing strategic investment advice to the Trustee, as well as being responsible for operational investment matters, providing investment advice and assistance to the CEO and Trustee as required. Michael has over 20 years' experience in financial services, having worked in analytical and advisory roles. Most recently, Michael was a Senior Investment Consultant at a leading investment advisory firm.



Noelle Kelleher
Chief Financial Officer

B.Com, CAF, CPA, FASFA

Noelle is responsible for financial matters of the Vision Super. Noelle has over 30 years' experience in the financial services industry, with a particular focus on superannuation. Prior to joining Vision Super, Noelle was a partner at two of the 'Big Four' professional services firms.



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 manages the risk and compliance functions of the Fund, ensuring Vision Super complies with relevant legislative and regulatory requirements, maintaining strong corporate governance.



Sean Ellis
General Manager Strategy
and Growth

MBA, 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

Steve Leach has overall responsibility for fund administration, technology and the project management office. Steve joined 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.



Rebekka Power

Head of Communications

Masters of History, Bachelor of Arts, Diploma of Superannuation, RG 146

Rebekka is responsible for corporate communications, public policy and PR. Rebekka has 15 years' experience as a communications professional in the financial services industry, and has worked as a communications and policy adviser to two cabinet ministers and a Prime Minister.



Emma Robertson

General Manager Data and Analytics

BSc (Mathematical Statistics and Applied Mathematics), Graduate Diploma Information Technology (Internet Software Development), Associate of the Institute of Actuaries of Australia

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.



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.



Nick Pratley

Head of Human Resources

Bachelor of Arts, Postgraduate Diploma in Human Resource Management (HRM)

Nick is responsible for the management of the HR function and providing strategic advice to the CEO and managers on all human resources matters. He has spent over 20 years as a human resources professional, spanning the financial services, professional services and technology sectors in Australia and the UK. Nick has extensive experience in partnering across the entire employment lifecycle in publicly listed and privately owned businesses with international operations.

For a current list of Executives, please see our website at:
www.visionsuper.com.au/about/directors-and-executives/

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 | BDO Audit Pty Ltd |
| Internal auditor | Ernst & Young |

Principal advisers

| | |
|---------------------|--|
| Fund actuary | Willis Tower Watson |
| Investments | Frontier Advisors |
| Lawyers | Greenfields, Mills Oakley, King & Wood Mallesons |
| 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, Sompo International, Dual Australia, K2 Insurance International (Pioneer) Underwriters and Nexus Allied World Assurance Company, Axis Speciality Europe SE and QBE Insurance (Australia) Ltd Vero Insurance Tarian Emergence |
| Hosting of Vision Super website | WP Engine |
| Ongoing technical support for website | 24 Digital |
| Clearing house | Westpac Banking Corporation |

Financial management

Prudent financial management underpins our efforts to achieve Vision Super's strategic objectives, in particular reducing costs 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 annual financial reports for the Fund 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 financial 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 2022

| Financial position | 2022 \$000 | 2021 \$000 |
|---|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | 99,965 | 101,344 |
| Contributions receivable | 1,484 | 2,458 |
| Other receivables and prepayments | 650 | 869 |
| Outstanding settlements receivable | 103,625 | 114,534 |
| Income tax receivable | 11,840 | - |
| Financial assets held at fair value through profit or loss | 11,753,242 | 12,285,412 |
| Deferred tax assets | 40,169 | 7,148 |
| Total assets | 12,010,975 | 12,511,765 |
| Equity | | |
| Operational risk financial requirement reserves | 29,947 | 20,991 |
| Administration reserves | 24,733 | 21,906 |
| Insurance reserves | 13,060 | 13,644 |
| Other reserves | 19,656 | 17,886 |
| Defined benefits that are over/(under) funded | 127,327 | 300,077 |
| Unallocated surplus/(deficit) | 155,949 | 158,714 |
| Total equity | 370,672 | 533,218 |
| Liabilities | | |
| Benefits payable | 54,175 | 58,503 |
| Other payables | 16,778 | 13,866 |
| Income tax payable | - | 32,106 |
| Outstanding settlements payable | 85,989 | 78,846 |
| Financial liabilities at fair value through profit and loss | 71,717 | 54,285 |
| Deferred tax liabilities | 83,569 | 146,272 |
| Total liabilities excluding member benefits | 312,228 | 383,878 |
| Member benefit liabilities | | |
| Defined contribution member liabilities | 9,220,664 | 9,366,777 |
| Amounts not yet allocated | 224 | 195 |
| Defined benefit member liabilities | 2,107,187 | 2,227,697 |
| Total member benefit liabilities | 11,328,075 | 11,594,669 |
| Total equity and liabilities | 12,010,975 | 12,511,765 |

Income statement for the year ended 30 June 2022

| Income statement | 2022 \$000 | 2021 \$000 |
|--|------------------|------------------|
| Superannuation activities | | |
| Net changes in fair value of financial assets and liabilities held at fair value | (922,819) | 1,718,051 |
| Interest income | 27,788 | 33,318 |
| Distribution income | 146,168 | 87,941 |
| Dividend income | 250,182 | 141,609 |
| Other income | 3,177 | 3,149 |
| Total net income | (495,504) | 1,984,068 |
| Expenses | | |
| General administration expenses | (26,578) | (24,372) |
| Investment expenses | (38,807) | (32,150) |
| Total expenses | (65,385) | (56,522) |
| Result from superannuation activities before income tax expense | (560,889) | 1,927,546 |
| Income tax (expense)/benefit | 113,758 | (138,305) |
| Results from superannuation activities after income tax expense | (447,132) | 1,789,241 |
| Net benefits allocated to defined contributions members | 374,341 | (1,342,681) |
| Net change in defined benefit member liabilities | (85,990) | (292,815) |
| Operating result after income tax | (158,781) | 153,745 |

Statement of changes in member benefits for the year ended 30 June 2022

| Member benefit changes | DC members \$'000 | DB members \$'000 | Total \$'000 |
|---|----------------------|----------------------|-------------------|
| Opening balance as at 1 July 2020 | 7,870,682 | 2,115,690 | 9,986,372 |
| Contributions | | | |
| Employer | 344,848 | 27,039 | 371,887 |
| Member | 129,276 | 2,633 | 131,909 |
| Transfers from other superannuation plans | 135,336 | - | 135,336 |
| Income tax on contributions | (49,151) | (3,936) | (53,087) |
| Net after tax contributions | 560,309 | 25,736 | 586,045 |
| Net benefits allocated comprising: | | | |
| Net investment income | 1,360,717 | | 1,360,717 |
| Net administration fees | (18,036) | | (18,036) |
| | 1,342,681 | | 1,342,681 |
| Benefits paid to members/beneficiaries | (293,779) | (113,748) | (407,527) |
| Transfers to other superannuation plans | (175,075) | (15,245) | (190,320) |
| Transfer to the ATO | (1,746) | - | (1,746) |
| Internal transfers from membership categories | 77,117 | (77,117) | - |
| Insurance premiums charged (including amounts transferred to the insurance reserves) | (20,899) | (151) | (21,050) |
| Other fees charged to members/DB sub-plans | (85) | (283) | (368) |
| Death and disability benefits credited to members | 7,757 | | 7,757 |
| Transfers from reserves to members | 10 | | 10 |
| Net change in defined benefit member liabilities | | 292,815 | 292,815 |
| Closing balance as at 30 June 2021 | 9,366,972 | 2,227,697 | 11,594,669 |
| Opening balance as at 1 July 2021 | 9,366,972 | 2,227,697 | 11,594,669 |
| Contributions | | | |
| Employer | 372,507 | 24,422 | 396,929 |
| Member | 162,451 | 2,312 | 164,763 |
| Transfers from other superannuation plans | 158,320 | 179 | 158,499 |
| Income tax on contributions | (54,402) | (3,552) | (57,954) |
| Net after tax contributions | 638,876 | 23,361 | 662,237 |
| Net benefits allocated comprising: | | | |
| Net investment income | (355,483) | | (355,483) |
| Net administration fees | (18,858) | | (18,858) |
| | (374,341) | | (374,341) |
| Benefits paid to members/beneficiaries | (304,668) | (93,975) | (398,643) |
| Transfers to other superannuation plans | (203,089) | (23,301) | (226,390) |
| Transfer to the ATO | (2,009) | (1) | (2,010) |
| Internal transfers from membership categories | 112,184 | (112,184) | - |
| Insurance premiums charged (including amounts transferred to the insurance reserves) | (22,475) | (154) | (22,629) |
| Other fees charged to members/DB sub-plans | (36) | (246) | (282) |
| Death and disability benefits credited to members | 9,434 | - | 9,434 |
| Transfers from reserves to members | 40 | - | 40 |
| Net change in defined benefit member liabilities | - | 85,990 | 85,990 |
| Closing balance as at 30 June 2022 | 9,220,888 | 2,107,187 | 11,328,075 |

Statement of changes in reserves/equity for the year ended 30 June 2022

| | 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 2020 | 16,991 | 13,360 | 19,237 | 22,919 | 70,507 | 232,388 | 73,389 | 378,284 |
| Net transfers from/(to) DC member accounts | - | - | (10) | - | (10) | (57,224) | 43,817 | (13,417) |
| Net transfers from/(to) DB plans | - | - | - | - | - | - | 14,606 | 14,606 |
| Operating result | 4,000 | 284 | 2,679 | (5,033) | 1,930 | 124,913 | 26,902 | 153,745 |
| Closing balance as at 30 June 2021 | 20,991 | 13,644 | 21,906 | 17,886 | 74,427 | 300,077 | 158,714 | 533,218 |
| Opening balance as at 1 July 2021 | 20,991 | 13,644 | 21,906 | 17,886 | 74,427 | 300,077 | 158,714 | 533,218 |
| Net transfers from/(to) DC member accounts | - | - | (40) | - | (40) | (960) | (2,074) | (3,074) |
| Net transfers from/(to) DB plans | - | - | - | - | - | - | (691) | (691) |
| Operating result | 8,956 | (584) | 2,867 | 1,770 | 13,009 | (171,790) | - | (158,781) |
| Closing balance as at 30 June 2022 | 29,947 | 13,060 | 24,733 | 19,656 | 87,396 | 127,327 | 155,946 | 370,672 |

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

A copy of the Trustee's audited financial statements (including the audit report) is also available to download at: www.visionsuper.com.au/resources/forms-and-publications under the heading 'Financial statements'.

Reserves

**The Trustee has a reserving policy which sets out the reserves and the payments that can be made from these reserves.
A number of reserves are held in the Fund including:**

Insurance reserves

Insurance reserves consist of all insurance premiums 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
- > 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 invested in the Balanced growth investment option.

| Financial year ended | \$M |
|----------------------|--------|
| 30 June 2022 | (0.62) |
| 30 June 2021 | (0.62) |
| 30 June 2020 | (0.95) |

Internal insurance reserves

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.

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 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 invested with the LASF DB assets. Prior to that date, the self-insurance arrangement was not separated from the LASF DB plan and was included in the DB asset pool.

| Financial year ended | Account based ¹ \$M | LASF DB scheme \$M |
|----------------------|-----------------------------------|--------------------------|
| 30 June 2022 | 6.88 | 5.00 |
| 30 June 2021 | 7.65 | 5.00 |
| 30 June 2020 | 7.80 | 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 investment option. This reserve was established during the 2015/16 financial year.

| Financial year ended | \$M |
|----------------------|------|
| 30 June 2022 | 1.80 |
| 30 June 2021 | 1.61 |
| 30 June 2020 | 1.51 |

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 invested in the Balanced growth investment option. This reserve was established during the 2015/16 financial year.

| Financial year ended | \$M |
|----------------------|--------------|
| 30 June 2022 | 24.73 |
| 30 June 2021 | 21.90 |
| 30 June 2020 | 19.24 |

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 there is 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 an ORFR 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.

The amount of the ORFR maintained in the Fund is invested in cash.

| Financial year ended | \$M |
|----------------------|--------------|
| 30 June 2022 | 29.95 |
| 30 June 2021 | 20.99 |
| 30 June 2020 | 16.99 |

Other reserves

A number of other reserves, which are funded by the fees deducted from member accounts and other amounts are held by the Fund. 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 amounts 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. This reserve is invested in the Balanced growth investment option and was established during the 2015/16 financial year.

| Financial year ended | \$M |
|----------------------|-------------|
| 30 June 2022 | 1.01 |
| 30 June 2021 | (0.72) |
| 30 June 2020 | 0.45 |

General reserve

This reserve was established during the 2017/18 financial year and is used for general purposes within the Fund. It includes (from the 2018/19 financial year) amounts charged to members via a reserving margin accrued in daily unit prices (if a reserving margin applied). During the 2021/22 financial year (and as at the date of this report) a reserving margin was not applied.

| Financial year ended | \$M |
|----------------------|--------------|
| 30 June 2022 | 17.87 |
| 30 June 2021 | 17.86 |
| 30 June 2020 | 21.83 |



We're here to help.

Member hotline 1300 300 820

8:30am – 5:00pm Monday to Friday AEST

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.