Putting members first

Annual report 2021

Highlights 2020-21

19.05%

return for the MySuper (Balanced growth) option for 1 year to 30 June 2021

33.8%*

less carbon emissions across our equities portfolio for the year ended 30 June 2021

$12.3b

under management as at 30 June 2021

84,000+

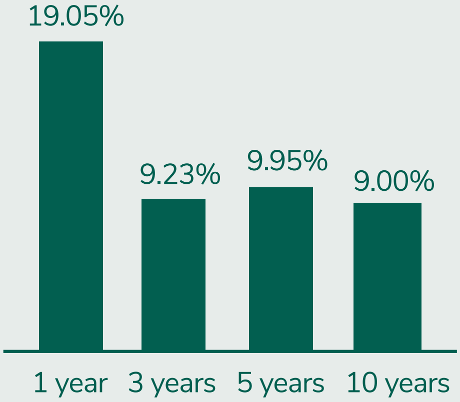
member accounts serviced and supported as at 30 June 2021

Established in

1947

to support members' retirement outcomes

Balanced growth performance



Contributions for the year

Employer

$371.9m

Member

$131.9m

Contact Centre

63,922

calls handled by our Melbourne team

8.92

member satisfaction from a possible score of 10

Member Advice

9.36

member satisfaction from a possible score of 10

3,307

member meetings conducted. A **39%** increase from the previous year.

* Metric tons CO_2/USD 1 million relative to the MSCI All Countries World Index. MSCI ESG research defines portfolio carbon footprint as the carbon emissions of a portfolio per USD 1 million invested.

Contents

Chair's message

It's been another extraordinary 12 months, with the pandemic continuing to reshape almost every aspect of our lives.

Things we once took for granted, like visiting family on the weekend, are now subject to restrictions. Board meetings and Council meetings via video conference are now the norm and meeting in person unusual, and remote work and school – unthinkable for many just a couple of years ago – are now an ongoing part of life.

While most of our Board meetings were on Zoom, rather than around the table in the Vision Super Board room, our Directors, executive team and staff have continued to focus squarely on the needs of our members, and on helping each and every one of you retire with the best possible balance in your account. That's what every strategy we put in place is aimed at, and what sits at the heart of every discussion we have about the Fund. I've seen that translate into great results and great service for our members throughout my time on the Vision Super Board, and this last year was no exception, with members seeing great returns across most of our options including the MySuper default Balanced growth returning 19.05% – one of our best results ever.

I'm also very proud of the high standards of service the team has maintained throughout the pandemic – shifting call centres to a remote work environment proved difficult for a lot of organisations, as anyone who's tried to call their bank, phone company or an airline over the last year is well aware! But Vision Super managed this seamlessly, and our member satisfaction ratings actually went up during the pandemic.

This year was my last year as Chair of Vision Super, and in December my term as a Director will be finished and I will step down from the Board. It has been a great privilege to serve as a Director and the Chair of a fund that truly puts the best interests of members at the centre of all we do.

Looking back over my 12 years on the Board, there has been a huge amount of change. Some of it has been externally mandated, through the many changes the government has made to the super system over that time. Some of it has been the evolution of technology – a super fund having an app was unheard of 12 years ago, but now almost every fund has one, our call centre uses cloud-based technology and we're looking at offering "robo advice". One thing has never changed though, and never will, which is Vision Super's continuous focus on the best interests of our members.

While I'll be sad to leave the Board, I know I leave it in very capable hands – our new Chair, Lisa Darmanin, was my Deputy Chair, and it is very reassuring to be able to finish my term knowing that the leadership of the Board is in good hands. Like I did, Lisa will have a knowledgeable, experienced and diverse Board of Directors and executive team supporting her. Lisa could not be more passionate and committed to serving Vision Super's members. She brings a wealth of leadership experience to the role, and I look forward to seeing Vision Super continuing to achieve great things under her direction.

All the best for the future.

Geoff Lake
Chair

"It has been a great privilege to serve as a Director and the Chair of a fund that truly puts the best interests of members at the centre of all we do"

Incoming Chair's message

It's a real privilege to be able to introduce myself as the new Chair of Vision Super. I'm Lisa Darmanin – I've been on the Vision Super Board since March 2018 as a member representative.

Before that, I served as a Director on the Board of Hesta for four years. For the past three years I've been Vision Super's Deputy Chair, and on 1 July this year I stepped up into the role of Chair.

I've been passionate about superannuation and the role it plays in allowing working people to retire with dignity for a long time. My "day job" is Branch Secretary of the Australian Services Union, Victorian and Tasmanian Authorities and Services Branch – my career has been focused on supporting workers throughout their lives. Fair wages and entitlements and fair treatment at work, followed by a comfortable, safe and secure retirement. Super is a really important piece of that puzzle.

Vision Super has a long history as a fund that supports workers, through their working lives as they save for retirement to achieve the best possible outcomes – and the majority of those members are women. I know that everyone at the Fund that shares my commitment to improving outcomes for working women and men – the Board, the executive team and our very capable staff share that passion and commitment.

I'm hoping to meet as many of you as possible at the annual member meeting in November. I'd encourage you to sign up to attend when the invitation goes out. Hearing from our members about how we can support you, provide you with the information you need and offer you the best possible service helps shape our strategies for the future.

Looking forward to working as your Chair over the next few years.

Lisa Darmanin

> "Vision Super has a long history as a fund that supports workers"

CEO message

It's been a tough 12 months for many people, including many of the Council workers who make up a big part of Vision Super's membership.

The Covid-19 pandemic has continued to have a huge impact on the way we live and work over 2020/21 – and that impact will continue to be felt for some time to come. The uncertainty of lockdowns and for a lot of us, the effects on our work and the effects of isolation may continue until vaccination rates reach a level where we can return to a more "normal" life.

Despite the tough environment, I am very pleased to report that Vision Super has once again achieved very strong returns for our members. The MySuper default Balanced growth investment option where most members (including me) are invested, achieved a return of 19.05% for the financial year. This is one of its highest ever annual returns, underpinned by strong increases in the prices of riskier assets such as shares. We increased exposure to shares toward the end of 2020 and in early 2021, as we believed the market would continue to go up. Shares then experienced very strong gains, which boosted returns for most of Vision Super's options – a combination of strong investment markets and smart decision-making.

The very strong returns for Balanced growth put us among the top performers in the country, according to the SuperRatings survey of MySuper (default) options. While the performance over the year is important, we tend to have a medium-term focus, because that's what counts for our members.

Over the medium term our MySuper option ranked in the top 10 in the country:

Period	1 year	3 years	5 years	7 years	10 years
Rank*	12	5	3	8	8

* SuperRatings Fund Crediting Rate survey, SR50 MySuper Index, June 2021

Over the ten years to June 2021, the option achieved an average annual return of 9.0%. I am extremely pleased with this result, as it represents an excellent outcome for our members.

Along with the returns generated for our members, I am very proud of the way that our Vision Super staff have quickly adapted to working from home on several occasions – particularly the way we've been able to maintain our very high member and employer service standards from home. It reflects staff being flexible and remaining member and employer focused.

At the time of writing, we are still living with the uncertainties associated with Covid-19. Melbourne has just come out of lockdown, Sydney is still in lockdown and the Vision Super team is currently working from home and will continue to do so until it's safe to return to the office. When we are home, we're still available when you need us – the Contact Centre is available during normal business hours, both on the phone and by email. If you need more in-depth help with your super or financial planning, our planners can help you via phone or video conferencing.

I wish you and your loved ones all the best for the new financial year.

Stephen Rowe
Chief Executive Officer

> **"Over the medium term our MySuper option ranked in the top 10 in the country"**

Chief Investment Officer's report

19.05%

returned to members invested in the default MySuper (Balanced growth) option for 1 year to 30 June 2021

Chief Investment Officer's update

The 2020/21 financial year was an exceptional year in many ways, including for the performance of investment markets.

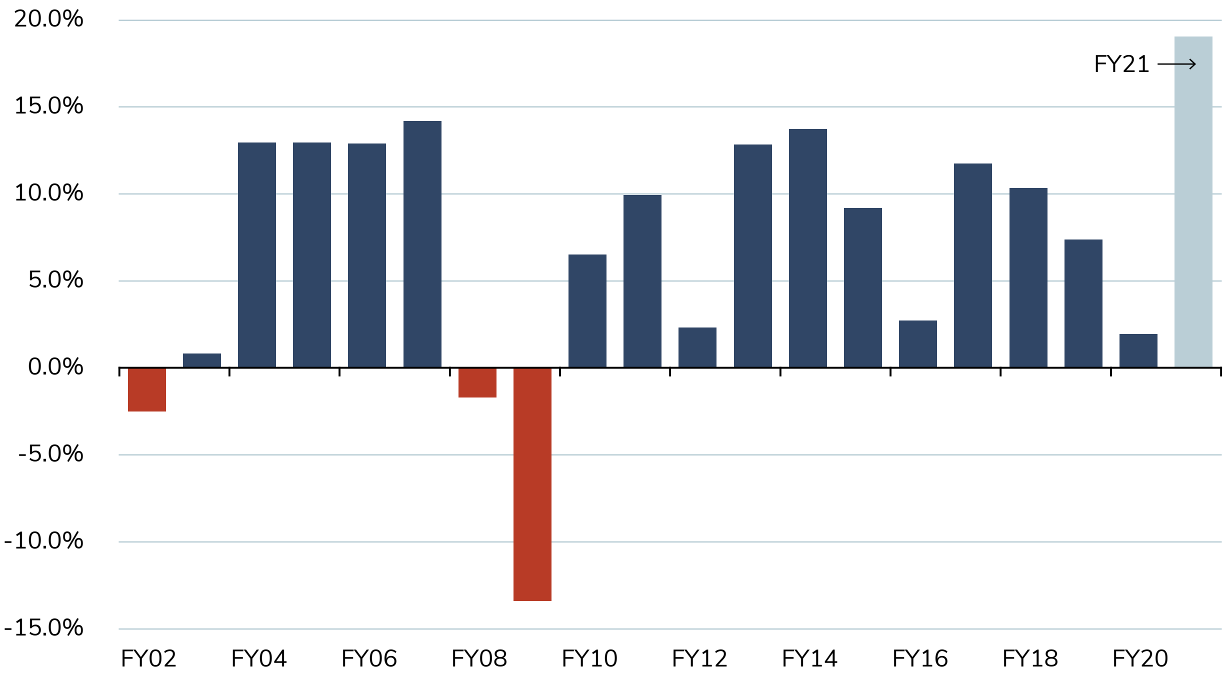
Vision Super's default MySuper (Balanced growth) investment option generated a return of 19.05% for members invested in this option in 2020/21. This is one its highest ever financial year returns. The chart, which shows financial year returns for this option over the past 20 years, puts this in perspective.

Vision Super's pension members in the Balanced growth pension option received an even higher return of 21.40% for the 2020/21 financial year. Pension returns are often higher, due to more favourable tax treatment.

All of Vision Super's other investment options also achieved positive returns in 2020/21, apart from the Diversified bonds option for accumulation members. This illustrates that bonds are not risk free and can provide negative returns, particularly when interest rates are very low. The cost of living increase, as measured by the rise in the Consumer Price Index (CPI), was 3.85% over the 12-month period, so the returns from most of our options for 2020/21 were much higher than inflation.

The strong returns from Vision Super's investment options reflected a combination of favourable investment markets and good decision making. One of the reasons for the returns achieved in the financial year is that we increased exposure to shares toward the end of 2020 and in early 2021, reflecting the view that a global recovery was likely to support higher share prices. Following these changes, shares experienced very strong gains, which boosted returns for most of Vision Super's options.

Financial year returns for the MySuper Balanced growth investment option



Performance relative to other super funds

Superannuation funds often compare the performance of their MySuper option against other MySuper investment options. This provides some perspective on how well a fund has performed for its members. In the SuperRatings Fund Crediting Rate Survey for June 2021, Vision Super is ranked in the top 25% of MySuper options on a one, three, five and ten-year basis[1]. We are very pleased with these outcomes as they have a positive impact on our members' retirement outcomes.

The investment environment in 2020/21

At the start of the 2020/21 financial year, the investment outlook was uncertain, with a wide range of potential paths. The world had experienced the first wave of Covid-19 and was just beginning to enter the second wave. While equity markets had increased from their March 2020 lows, they remained much lower than their early 2020 highs. Importantly, global and Australian policymakers had moved quickly to provide support to businesses and households, with the aim of limiting the damage from the virus until vaccines could eventually be deployed.

Policy support helped to stabilise investment markets and allowed investors to become more confident about the future, even though the near term remained very uncertain. One key aspect of policy support was central banks cutting short-term interest rates to very low levels. For example, the Reserve Bank of Australia cut its rate to a record low of just 0.1%. Another aspect of policy support has been central banks "printing money" for the purchase of financial assets like bonds and, in some cases, shares.

During 2020/21, one of the most positive developments was the approval of several Covid vaccines (eg the AstraZeneca and Pfizer vaccines). Soon after the virus struck in early 2020, considerable resources were applied to vaccine development, with over one hundred research groups from many countries working on solutions.

> "Vision Super is ranked in the **top 25%** of MySuper options on a one, three, five and ten-year basis[1]"

1. This ranking is based on the SR50 MySuper Index component of the SuperRatings Fund Crediting Rate Survey for June 2021.

Chief Investment Officer's update continued

Vaccines have previously taken at least several years to develop but in this case some highly effective vaccines were approved by the US Food and Drug Administration by the end of 2020. This was an amazing achievement, underpinned by previous research into coronavirus vaccines during the SARs outbreak, and shows how fast scientific research can progress when not hampered by the usual funding constraints and competing priorities. While it would take time to manufacture, distribute and use the vaccines, they offered the possibility of moving progressively to a world that would eventually be less constrained by the virus. This provided a material boost to equity markets.

Another key development during the financial year was the US Democrats gaining the presidency and power in both houses of Congress. This was important as it provided the platform to remove US political gridlock and allowed exceptionally large US fiscal stimulus packages. These packages helped underpin very strong global growth in the 2020/21 year. They included a range of measures such as large direct cash payments to individuals.

Although Covid-19 created considerable uncertainty, equity markets and riskier assets in general experienced exceptionally strong gains during the financial year – see the chart of the US equity market below. Initially the share gains were greater in those sectors that were expected to benefit from the pandemic (eg Amazon through online shopping). Once vaccines began to be approved (in late 2020), the relative performance of the economically sensitive stocks (eg banks) improved.

S&P 500 Total Return Index

Source: Bloomberg

The outlook

Covid remains a material issue for investors. Our central case is that the further deployment of vaccines and policy stimulus will underpin strong economic growth in 2021 and 2022. In this environment, we anticipate further moderate gains in the price of riskier assets such as shares over the next 12 to 18 months. A key downside risk is that higher US inflation is more persistent than we expect, causing interest rates to rise sharply at some stage.

It is important to note that vaccines are not a magic bullet. We will go back to “normal”, but it will be a new normal, different in significant ways from the pre-pandemic world. There is also the possibility that the effectiveness of vaccines falls materially as new variants of the virus emerge and become dominant. On the upside, if inflation is well controlled and growth is stronger than we expect, the investment environment could be more favourable than our central case.

While developments related to Covid-19 are expected to remain the key driver of investment markets over the next 12 months or so, other factors may also be important. On the political front, there will be elections in Germany in September 2021, in France in 2022, mid-term elections in the US in November 2022, as well as a federal election in Australia. The outcomes of these elections will be important in determining the future direction of policy in the respective countries. We anticipate that the focus on climate change will continue to increase given the potential impact. Another issue that is likely to be important for investment markets is the evolution of China’s relationship with other countries, including Australia.

While the global and Australian policy responses to Covid-19 have been important in limiting the adverse impact of the virus on economic activity and markets, there are medium-term costs. Government debt levels in many countries have increased and, in some cases, from already elevated levels. This can increase the sensitivity of markets and economies to future economic shocks. It may also result in slower economic growth. 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.

Over the medium-term, we anticipate that investment returns will be materially lower than those achieved since the GFC. This is because the valuations of riskier assets are generally quite high currently and historically this has been a reasonably reliable indicator of lower medium-term returns.

Top stock holdings

Top 20: Australian equity portfolio as at 30 June 2021 – combined managers

Rank	Security	% of asset class	% of ASX 300 Index	% over/under weights
1	Commonwealth Bank of Australia	8.60	8.34	0.27
2	BHP Group	7.64	6.73	0.91
3	CSL	6.13	6.11	0.03
4	Westpac Banking Corporation	3.92	4.46	-0.53
5	Wesfarmers	3.80	3.15	0.65
6	ANZ Banking Group	3.45	3.77	-0.32
7	National Australia Bank	3.39	4.07	-0.68
8	Macquarie Group	3.14	2.50	0.64
9	Aristocrat Leisure	2.22	1.29	0.93
10	Woolworths Group	2.13	2.27	-0.14
11	Rio Tinto	1.76	2.21	-0.45
12	Transurban Group	1.71	1.83	-0.12
13	James Hardie Industries	1.50	0.95	0.55
14	Telstra Corporation	1.32	2.10	-0.78
15	Mineral Resources	1.30	0.42	0.88
16	Tabcorp Holdings	1.24	0.54	0.70
17	Coles Group	1.19	1.07	0.12
18	Fortescue Metals Group	1.14	1.83	-0.68
19	Goodman Group	1.03	1.67	-0.64
20	Ampol	0.98	0.00	0.98
Total		**57.61**	**55.32**	**2.29**

Top 20: International equity portfolio as at 30 June 2021 – combined managers

Rank	Security	% of asset class	% of MSCI Index	% over/under weights
1	Alphabet	2.63	2.26	0.37
2	Apple	2.03	3.52	-1.50
3	Amazon Dotcom	1.79	2.26	-0.47
4	Microsoft Corporation	1.76	2.97	-1.21
5	Tencent Holdings	1.19	0.66	0.53
6	Berkshire Hathaway	1.13	0.58	0.54
7	Daimler	1.04	0.12	0.93
8	Facebook	1.04	1.28	-0.24
9	Allianz	1.01	0.16	0.85
10	BNP Paribas	0.99	0.11	0.88
11	Alibaba Group Holding	0.95	0.00	0.95
12	Nvidia Corporation	0.87	0.76	0.11
13	Bayer	0.87	0.09	0.77
14	Bank of America	0.86	0.49	0.37
15	Credit Suisse Group	0.78	0.04	0.74
16	Tesla	0.77	0.80	-0.03
17	Glencore	0.76	0.07	0.70
18	CNH Industrial	0.67	0.03	0.64
19	Keurig Dr Pepper	0.65	0.04	0.62
20	Meituan	0.65	0.00	0.65
Total		**22.42**	**16.23**	**6.19**

Investment strategy

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

9.00%

return per annum for MySuper Balanced growth option for 10 years to 30 June 2021

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 designed to outperform inflation and deliver real returns to members.

Rebalancing policy

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

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

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

The 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.

> "Our rebalancing process ensures that the Fund **does not take unintended market risk**"

Investment management

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

Investment management

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

A dynamic asset allocation framework is also applied to all of our premixed investment options, except for the Sustainable balanced option. This framework is applied throughout the year and considers market valuations, economic and market trends as well as an assessment of potential risks embedded in economies and markets. The target asset allocations may change during the year as a result of this review process with the aim of 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 in a tail risk program to provide protection from steep falls in equity markets for the defined benefit plans and by the Fund's currency overlay manager to manage foreign currency exposures.

These positions are fully backed by cash at the asset class level, using an implementation manager for this purpose. External fund managers of discrete mandates are only authorised to use derivative instruments under agreed guidelines. These guidelines allow fund managers to use derivatives to control risk and reduce or increase exposure to investment markets. Fund managers are not authorised to use derivative instruments for the purposes of leveraging the portfolio or for speculation.

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

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

Allocation of fund earnings

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

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

Unit prices are calculated as at the end of each Victorian business day and are based on the most recently available information for the day, including market close prices for domestic markets and all applicable international markets. No unit prices are struck on weekends and Victorian public holidays.

Investment objectives and strategy

Tables on these pages show the investment objectives and strategic asset allocations of Vision Super's premixed and single sector investment options as at 30 June 2021.*

Understanding the tables

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

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

* Investment option current objectives and strategic allocations have changed since 30 June 2021. For details please refer to our website at **www.visionsuper.com.au**.

Premixed options

Conservative

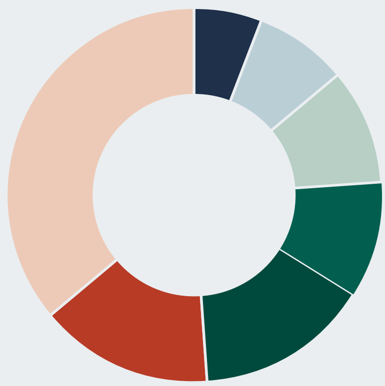
Return objectives – super[1], pensions[2]

To outperform (after fees and taxes) the rate of CPI increases by 1.5% pa for super (2.0% 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, on average, 1.5 in 20 years.

Strategic asset allocation



Asset class	Benchmark allocation
Australian equities	6%
International equities	8%
Opportunistic growth	0%
Infrastructure	10%
Property	10%
Alternative debt	15%
Diversified bonds	15%
Gold	0%
Cash	36%

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

Balanced

Return objectives – super[1], pensions[2]

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 medium to high. The expected frequency of a negative return is, on average, 3.5 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
Australian equities	15%
International equities	20%
Opportunistic growth	0%
Infrastructure	10%
Property	10%
Alternative debt	15%
Diversified bonds	15%
Gold	0%
Cash	15%

Balanced growth (including MySuper default)

Return objectives – super[1], pensions[2]

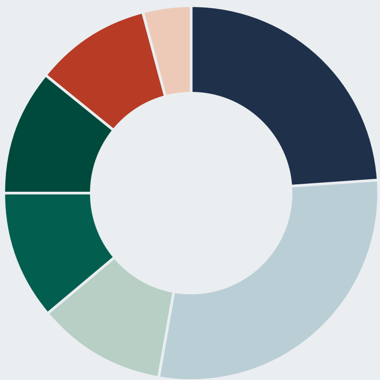
To outperform (after fees and taxes) the rate of CPI increases by 3.5% pa for super (4.25% pa for pensions).

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.

Probability of a negative return

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

Strategic asset allocation



Asset class	Benchmark allocation
Australian equities	24%
International equities	29%
Opportunistic growth	0%
Infrastructure	11%
Property	11%
Alternative debt	11%
Diversified bonds	10%
Gold	0%
Cash	4%

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

Premixed options

Growth

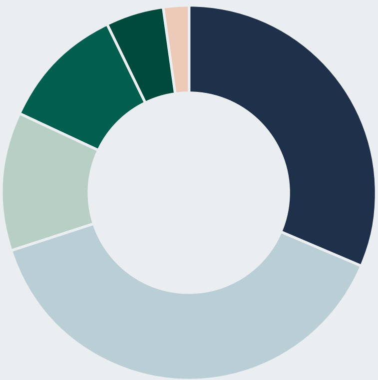
Return objectives – super[1], pensions[2]

To outperform (after fees and taxes) the rate of CPI increases by 4.0% pa for super (4.75% 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, on average, 5 in 20 years.

Strategic asset allocation



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

Sustainable balanced

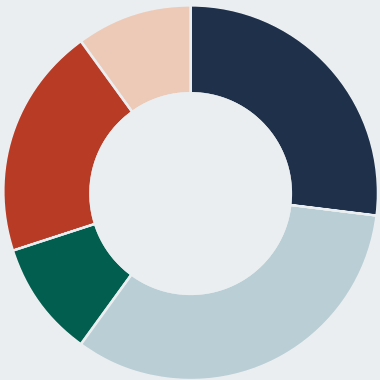
Return objectives – super[1], pensions[2]

To outperform (after fees and taxes) the rate of CPI increases by 3.0% pa for super (3.75% 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, on average, 5 in 20 years.

Strategic asset allocation



Asset class	Benchmark allocation
Australian equities	27%
International equities	33%
Opportunistic growth	0%
Infrastructure	0%
Property	10%
Alternative debt	0%
Diversified bonds	20%
Gold	0%
Cash	10%

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

Single sector options

Cash

Return objectives – super[1], pensions[2]

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

Probability of a negative return

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

Usually, the Cash option is not expected to provide negative returns over any period. However, the return from the option is heavily affected by the cash rate that the Reserve Bank of Australia (RBA) targets. As at June 2021, the RBA was targeting a low cash rate of 0.1% and it may reduce the rate to a modestly negative level in future.

Strategic asset allocation

Asset class	Benchmark allocation
Cash	100%

Diversified bonds

Return objectives – super[1], pensions[2]

To outperform (after fees and before taxes)

> 50% Bloomberg Ausbond Composite All Maturities Bond Index

> 50% FTSE World Government Bond Index ex Australia (Hedged in AUD).

Probability of a negative return

The risk level of this option is high. The expected frequency of a negative return is, on average, 5 in 20 years.

Given the current low level of interest rates, the return from this investment option may be low for an extended period and moderately negative at times.

While the risk level is the same as that for options such as Growth and Balanced growth, the risk of a materially negative annual return for the Diversified bonds option is much lower than for those other options.

Strategic asset allocation

Asset class	Benchmark allocation
Diversified bonds	100%

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

Single sector options

Property*

Return objectives – super[1]

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, on average 4 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
Property	100%

Infrastructure*

Return objectives – super[1]

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, on average 4 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
Infrastructure	100%

Australian equities

Return objectives – super[1], pensions[2]

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

Probability of a negative return

The risk level of this option is very high. The expected frequency of a negative return is, on average, 7 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
Australian equities	100%

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

* These options aren't available to pensions and NCAPs

International equities

Return objectives – super[1], pensions[2]

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

Probability of a negative return

The risk level of this option is very high. The expected frequency of a negative return is, on average, 6 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
International equities	100%

Innovation and disruption

Return objectives – super[1], pensions[2]

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

Probability of a negative return

The risk level of this option is very high. The expected frequency of a negative return is, on average, 6 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
International equities	100%

Just shares

Return objectives – super[1], pensions[2]

To outperform (after fees and before taxes)

> 45% S&P/ASX 300 Accumulation Index

> 55% MSCI All Countries World ex Australia Net Dividends partly hedged based on SAA currency exposure targets.

Probability of a negative return

The risk level of this option is very high. The expected frequency of a negative return is, on average, 6 in 20 years.

Strategic asset allocation

Asset class	Benchmark allocation
Australian equities	45%
International equities	55%

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

Investment performance to 30 June 2021 (Super and NCAP)

Option name	1 year %	1 year median %	Above median?	1 year return objective %	Achieved objective?
Conservative	7.8%	7.6%	✓	5.5%	✓
Balanced	13.9%	12.6%	✓	6.5%	✓
Sustainable balanced	18.2%	17.9%	✓	7.0%	✓
Balanced growth	19.1%	17.7%	✓	7.5%	✓
Growth	23.9%	22.2%	✓	8.0%	✓
Cash	0.1%	0.2%	✗	0.1%	✗
Diversified bonds	-0.2%	1.2%	✗	-1.0%	✓
Australian equities	27.6%	27.7%	✗	25.8%	✓
International equities	34.3%	27.9%	✓	27.5%	✓
Innovation & disruption	41.6%	27.9%	✓	27.5%	✓
Just shares	31.5%	25.7%	✓	27.0%	✓

Option name	3 years % pa	3 year median % pa	Above median?	3 year return objective % pa	Achieved objective?
Conservative	5.2%	4.4%	✓	3.9%	✓
Balanced	7.6%	6.2%	✓	4.6%	✓
Sustainable balanced	8.3%	7.9%	✓	4.7%	✓
Balanced growth	9.2%	7.8%	✓	5.2%	✓
Growth	10.7%	9.2%	✓	5.7%	✓
Cash	1.1%	1.0%	✓	0.8%	✓
Diversified bonds	3.9%	3.2%	✓	3.6%	✓
Australian equities	10.2%	9.1%	✓	8.8%	✓
International equities	14.8%	12.6%	✓	11.7%	✓
Innovation & disruption	29.4%	12.6%	✓	11.7%	✓
Just shares	12.9%	10.0%	✓	10.5%	✓

Option name	5 years % pa	5 year median % pa	Above median?	5 year return objective % pa	Achieved objective?
Conservative	5.6%	4.6%	✓	4.2%	✓
Balanced	8.4%	6.7%	✓	4.8%	✓
Sustainable balanced	8.3%	8.7%	✗	4.9%	✓
Balanced growth	10.0%	8.7%	✓	5.4%	✓
Growth	11.7%	10.0%	✓	5.9%	✓
Cash	1.4%	1.3%	✓	1.3%	✓
Diversified bonds	3.2%	2.9%	✓	3.8%	✗
Australian equities	11.3%	10.7%	✓	7.5%	✓
International equities	16.5%	13.2%	✓	9.2%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	14.2%	10.9%	✓	8.5%	✓

Option name	7 years % pa	7 year median % pa	Above median?	7 year return objective % pa	Achieved objective?
Conservative	5.4%	4.6%	✓	4.1%	✓
Balanced	7.6%	6.3%	✓	4.6%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	8.8%	8.2%	✓	5.2%	✓
Growth	10.1%	9.0%	✓	5.7%	✓
Cash	1.7%	1.5%	✓	1.3%	✓
Diversified bonds	3.5%	3.2%	✓	3.6%	✗
Australian equities	8.7%	8.8%	✗	6.7%	✓
International equities	14.0%	12.0%	✓	7.9%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	11.6%	9.9%	✓	7.4%	✓

Option name	10 years % pa	10 year median % pa	Above median?	10 year return objective % pa	Achieved objective?
Conservative	6.0%	5.3%	✓	4.3%	✓
Balanced	8.0%	6.7%	✓	4.8%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.0%	8.4%	✓	5.4%	✓
Growth	10.1%	9.0%	✓	5.9%	✓
Cash	2.3%	2.1%	✓	1.6%	✓
Diversified bonds	4.2%	4.2%	✗	3.8%	✓
Australian equities	8.8%	9.1%	✗	6.4%	✓
International equities	13.8%	12.3%	✓	7.3%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	11.4%	10.1%	✓	6.9%	✓

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

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

The Property and Infrastructure investment options commenced 1 October 2020. These options aren't available to NCAPs.

Investment performance to 30 June 2021 (Pension excluding NCAP)

Option name	1 year %	1 year median %	Above median?	1 year return objective %	Achieved objective?
Conservative	8.7%	8.5%	✓	6.0%	✓
Balanced	15.8%	13.7%	✓	7.3%	✓
Sustainable balanced	21.1%	19.5%	✓	7.8%	✓
Balanced growth	21.4%	19.5%	✓	8.3%	✓
Growth	27.1%	24.1%	✓	8.8%	✓
Cash	0.2%	0.3%	✗	0.1%	✓
Diversified bonds	0.3%	0.9%	✗	-1.2%	✓
Australian equities	31.8%	30.5%	✓	29.6%	✓
International equities	37.6%	30.7%	✓	30.9%	✓
Innovation & disruption	47.6%	30.7%	✓	30.9%	✓
Just shares	35.1%	28.4%	✓	30.6%	✓

Option name	3 years % pa	3 year median % pa	Above median?	3 year return objective % pa	Achieved objective?
Conservative	6.0%	5.1%	✓	4.8%	✓
Balanced	8.7%	6.8%	✓	5.5%	✓
Sustainable balanced	10.1%	8.4%	✓	5.7%	✓
Balanced growth	10.4%	8.4%	✓	6.2%	✓
Growth	12.2%	9.7%	✓	6.5%	✓
Cash	1.2%	1.2%	✗	0.9%	✓
Diversified bonds	4.8%	3.7%	✓	4.1%	✓
Australian equities	12.1%	10.2%	✓	9.8%	✓
International equities	15.9%	13.5%	✓	12.9%	✓
Innovation & disruption	37.0%	13.5%	✓	12.9%	✓
Just shares	14.2%	10.6%	✓	11.6%	✓

Option name	5 years % pa	5 year median % pa	Above median?	5 year return objective % pa	Achieved objective?
Conservative	6.4%	5.3%	✓	5.1%	✓
Balanced	9.5%	7.5%	✓	5.7%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	11.1%	9.4%	✓	6.3%	✓
Growth	13.0%	10.7%	✓	6.6%	✓
Cash	1.6%	1.5%	✓	1.4%	✓
Diversified bonds	3.8%	3.2%	✓	4.3%	✗
Australian equities	12.9%	11.9%	✓	8.3%	✓
International equities	17.6%	14.0%	✓	10.1%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	15.6%	12.0%	✓	9.4%	✓

Option name	7 years % pa	7 year median % pa	Above median?	7 year return objective % pa	Achieved objective?
Conservative	6.1%	5.2%	✓	5.0%	✓
Balanced	8.5%	7.1%	✓	5.6%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	9.8%	8.7%	✓	6.2%	✓
Growth	11.2%	9.8%	✓	6.5%	✓
Cash	1.9%	1.8%	✓	1.3%	✓
Diversified bonds	4.2%	3.7%	✓	4.2%	✓
Australian equities	10.1%	9.9%	✓	7.4%	✓
International equities	14.9%	12.7%	✓	8.7%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	12.6%	10.7%	✓	8.2%	✓

Option name	10 years % pa	10 year median % pa	Above median?	10 year return objective % pa	Achieved objective?
Conservative	6.7%	5.9%	✓	5.2%	✓
Balanced	8.9%	7.7%	✓	5.8%	✓
Sustainable balanced	N/A	N/A	N/A	N/A	N/A
Balanced growth	10.1%	9.2%	✓	6.4%	✓
Growth	11.4%	10.3%	✓	6.7%	✓
Cash	2.6%	2.4%	✓	1.6%	✓
Diversified bonds	4.9%	4.8%	✓	4.3%	✓
Australian equities	10.4%	10.2%	✓	7.1%	✓
International equities	15.0%	13.3%	✓	8.0%	✓
Innovation & disruption	N/A	N/A	N/A	N/A	N/A
Just shares	12.8%	11.2%	✓	7.6%	✓

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. Past performance is not an indicator of future performance.

Defined benefit plan update

Managing defined benefit obligations

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

- Local Authorities Superannuation Fund Defined Benefit (LASF DB) plan
- City of Melbourne plan, and
- 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 LASF DB as it provides lifetime pensions to eligible members.

The triennial investigation for LASF DB plan as at 30 June 2021 was completed in September 2021 and presented at the September 2021 Board meeting. The 30 June 2020 triennial actuarial investigations for the remaining plans were completed by 31 December 2020.

Vision Super's VBI position

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

Plan	30 June 2020	30 June 2021
LASF DB	104.6%	109.8%
City of Melbourne	136.9%	144.7%
Parks Victoria	108.7%	116.2%

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, 99% for the City of Melbourne plan and 98% for the Parks Victoria plan.

> "Vision Super has a custom investment strategy for each plan"

Defined benefit investment strategies

Vision Super has a custom 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 tail risk protection 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 2021

The investment objectives for each DB plan are:

> To achieve a return that aims to meet plan liabilities and is consistent with the actuarial rate of return for the plan

> To have a high likelihood that the plan will have adequate liquidity to pay benefits and costs at all times as they become due, and

> To have a probability of the VBI falling below 100% of less than 25% over the life of the plan.

Investment returns to 30 June 2021

Plan name	1 year %	1 year objective* %	Achieved objective 1 year	3 year % pa	3 year objective* %	Achieved objective 3 years
LASF DB	17.9%	5.9%	✓	9.7%	6.1%	✓
City of Melbourne	3.1%	1.1%	✓	5.1%	1.7%	✓
Parks Victoria	9.3%	3.4%	✓	6.6%	4.1%	✓

* Actuarial rate of return for the period to 30 June 2021.

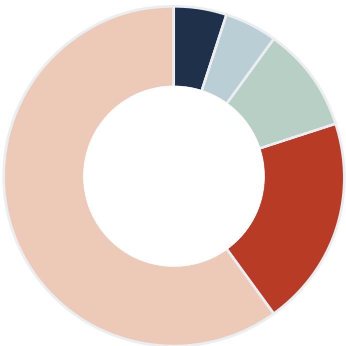
Defined benefit plan update continued

Benchmark allocations as at 30 June 2021

LASF DB

Asset class	SAA
Australian equities	22.5%
International equities	28%
Opportunistic growth	0%
Infrastructure	8.5%
Property	8.5%
Alternative debt	19.5%
Diversified bonds	7%
Gold	0%
Cash	6%

City of Melbourne



Asset class	SAA
Australian equities	5%
International equities	5%
Opportunistic growth	0%
Infrastructure	0%
Property	0%
Alternative debt	10%
Diversified bonds	20%
Gold	0%
Cash	60%

Parks Victoria

Asset class	SAA
Australian equities	12.5%
International equities	14.5%
Opportunistic growth	0%
Infrastructure	5%
Property	5%
Alternative debt	15.5%
Diversified bonds	30%
Gold	0%
Cash	17.5%

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

Investment managers[1]

Traditional investments

Investments	30 June 2021		30 June 2020	
	$ million	%	$ million	%
Growth				
Australian shares				
First Sentier Investors Realindex – Small Companies (previously known as Realindex Investments Pty Ltd)	244.0	2.0	167.6	1.6
IFM Investors – Enhanced Index Strategy (Low carbon emission mandate)	1,490.3	12.1	1,234.2	11.9
Magellan Asset Management (Airlie Funds Management) – Australian Equities	535.6	4.4	379.9	3.7
Wavestone Capital – Australian Equities	529.0	4.3	328.8	3.2
Total Australian shares	2,798.9	22.8	2,110.5	20.4
International shares				
Baillie Gifford Overseas Ltd – Long-Term Global Growth Equities	394.5	3.2	491.5	4.7
Harris Associates – Global Equity Strategy	743.0	6.1	426.6	4.1
Sands Capital – Emerging Markets Growth Strategy	194.3	1.6	242.5	2.3
SSgA – Enhanced Passive (Low carbon emission mandate)	2,049.8	16.7	1,244.1	12.0
Stewart Investors – Global Emerging Markets Leaders Fund	-	-	110.7	1.1
UBS Securities Australia (transition manager)	184.2	1.5	-	-
Total international shares	3,565.8	29.1	2,515.4	24.2
Currency				
Millennium Global	-31.7	-0.3	63.6	0.6
Total currency	-31.7	-0.3	63.6	0.6
Property				
Dexus ADPF (previously AMP Capital Diversified Property Fund)	257.8	2.1	239.7	2.3
ISPT Core Fund (previously Industry Super Property Trust – Core Fund)	411.4	3.4	388.9	3.8
Resolution Capital – Global Real Estate Investment Trust Strategy	306.1	2.5	178.9	1.7
SSgA Australian Real Estate Investment Trust	19.4	0.2	14.6	0.1
Total property	994.7	8.2	822.1	7.9

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

Investment managers continued

Traditional investments continued

Investments	30 June 2021 $ million	30 June 2021 %	30 June 2020 $ million	30 June 2020 %
Defensive				
Cash				
Internal management (Vision Super)	1,711.2	13.9	1,495.9	14.4
Total cash	1,711.2	13.9	1,495.9	14.4
Diversified bonds				
Amundi Singapore – Australian & International Inflation Linked Bonds	239.4	2.0	712.8	6.9
Amundi Singapore – Australian & International Passive Fixed Interest	542.5	4.4	438.2	4.2
Members Equity Portfolio Management Limited – Super Loans Trust	-	-	0.3	0.0
Total diversified bonds	781.9	6.4	1,151.3	11.1
Total traditional investments	**9,820.8**	**80.1**	**8,158.8**	**78.6**

Alternative investments

Investments	30 June 2021 $ million	30 June 2021 %	30 June 2020 $ million	30 June 2020 %
Opportunistic growth (previously private equity)				
Allegro Funds – Private Equity Fund I	0.1	0.0	-	-
Eureka Funds Management No 1 and Loan Note Facility	0.5	0.0	0.5	0.0
Generation Investment Management – Climate Solutions Fund	1.8	0.0	1.7	0.0
Greenspring Global Partners IV, L.P.	16.4	0.1	20.7	0.2
Hawkesbridge Private Equity Fund 3 (Trust C)	-	-	1.8	0.0
IFM Investors – Australian Private Equity Fund III	1.2	0.0	2.2	0.0
IFM Investors – International Private Equity Funds I, II & III	13.8	0.1	13.6	0.2
IFM Investors – Special Situations Credit Fund	39.5	0.3	-	-
Industry Super Holdings	35.3	0.3	28.8	0.3
LGT Capital Partners – Crown European Private Equity	-	-	0.1	0.0
Members Equity Bank	26.6	0.2	22.1	0.3
Private Equity Trust [2]	16.4	0.1	27.2	0.2
ROC Partners – Alternative Investment Trusts IV & V	6.1	0.0	5.2	0.0
Stafford Capital Partners – Private Equity 2, 3 & 4 Funds	7.3	0.1	9.0	0.1
VenCap 12	79.9	0.7	64.8	0.6
Total opportunistic growth	244.9	1.9	197.7	1.9

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

Alternative investments continued

Investments	30 June 2021		30 June 2020	
	$ million	%	$ million	%
Infrastructure				
Copenhagen Infrastructure Partners – Infrastructure IV AUS Trust	10.3	0.1	-	-
IFM Investors – Australian & International Infrastructure	1,096.9	8.9	983.3	9.5
Total infrastructure	1,107.2	9.0	983.3	9.5
Alternative growth				
Bridgewater Associates Inc. – Pure Alpha Fund	-	-	57.9	0.6
Total alternative growth	-	-	57.9	0.6
Alternative debt				
Barings – Global Loan and High Yield Bond Fund	168.5	1.4	146.8	1.4
Brandywine Global Investment Management – Global Opportunistic Fixed Income	440.6	3.6	399.6	3.8
IFM Investors – Specialised Credit Fund Floating	278.4	2.3	438.9	4.2
Metrics Credit Partners – Diversified Australian Senior Loan Fund	205.7	1.7	-	-
Total alternative debt	1,093.2	9.0	985.3	9.4
Gold				
iShares Gold Trust ETF	0.9	0.0	-	-
Total gold	0.9	0.0	-	-
Tail risk protection				
PIMCO – Tail Risk Protection	-	-	1.1	0.0
Total tail risk protection	-	-	1.1	0.0
Total alternative investments	**2,446.2**	**19.9**	**2,225.3**	**21.4**
Total investments	**12,267.0**	**100.0**	**10,384.1**	**100.0**

Investment managers continued

Investment manager changes

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

Investments added

The following investments were added during the year ended 30 June 2021:
Metrics Credit Partners – Diversified Australian Senior Loan Fund (July 2020)
iShares Gold Trust ETF (October 2020)
Copenhagen Infrastructure Partners – Infrastructure IV Australia Trust (May 2021)
IFM Investors – Special Situations Credit Fund (May 2021)

Investments removed

The following investments were terminated during the year ended 30 June 2021:
Stewart Investors – Global Emerging Markets Leaders Fund (August 2020)
Bridgewater Associates – Pure Alpha Fund (August 2020)

Investments sold/wound up

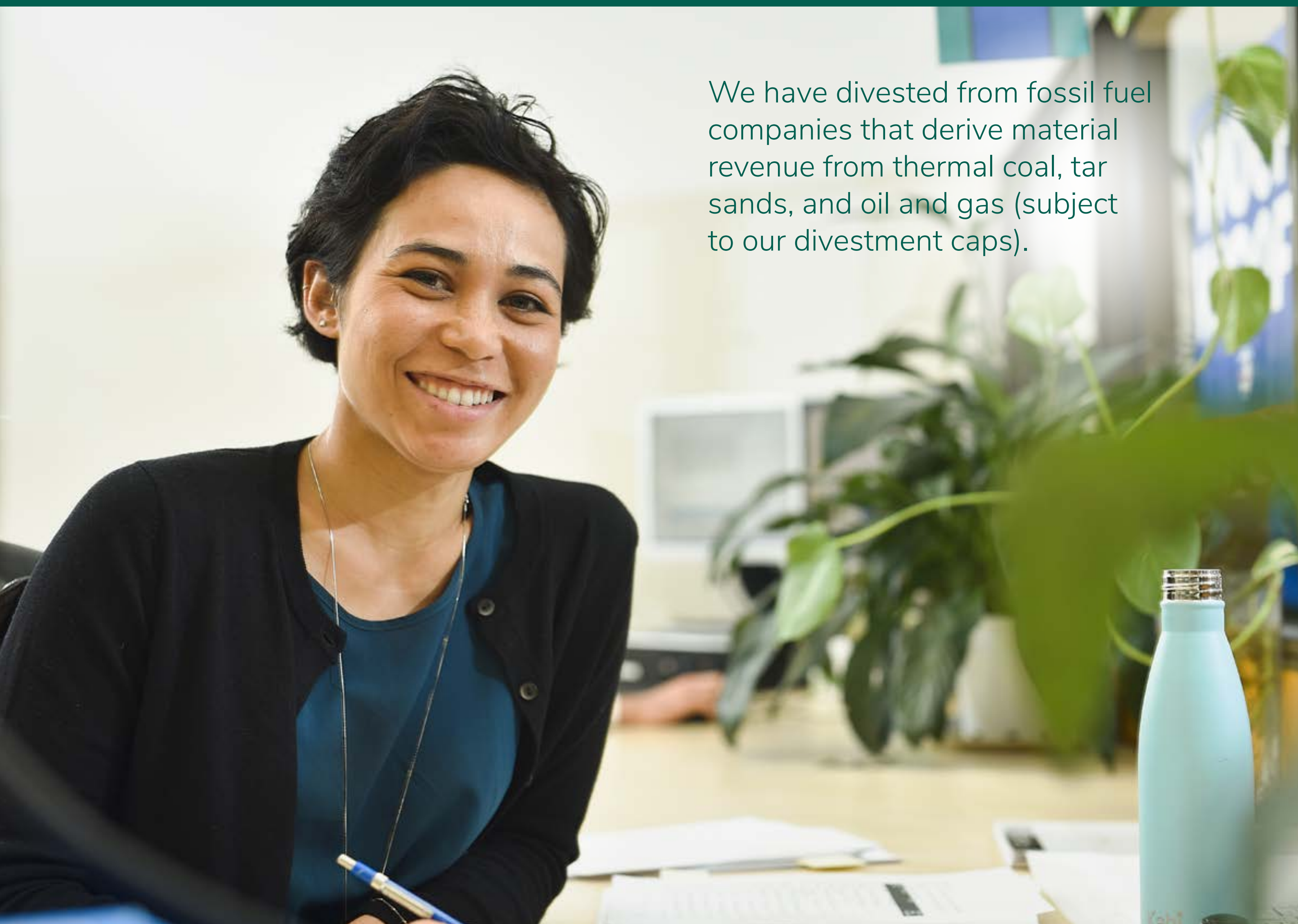
The following investments were sold/wound up during the year ended 30 June 2021:
Members Equity Portfolio Management Limited – Super Loans Trust
Hawkesbridge Private Equity Fund 3 (Trust C)
LGT Capital Partners – Crown European Private Equity

During the year, the AMP Capital Diversified Property Fund (ADPF) merged with the Dexus Wholesale Property Fund. ADPF is now known as Dexus ADPF. Dexus ADPF is comprised of two stapled registered schemes – Dexus Wholesale Property Trust 3 (DWPT 3) and Dexus Wholesale Property Trust 4 (DWPT 4). Dexus ADPF is managed by Dexus.

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 2021. The strategy may re-commence if market conditions move to a more favourable position for the program.

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

Responsible investment report



We have divested from fossil fuel companies that derive material revenue from thermal coal, tar sands, and oil and gas (subject to our divestment caps).

A lower carbon footprint

Recognised as one of the lowest carbon super funds

The Australasian Centre for Corporate Responsibility (ACCR) report "**Cutting carbon**" found Vision Super has the lowest disclosed weighted average carbon intensity of any Australian super fund that reports in USD, and the lowest disclosed carbon footprint.

Table 1: Disclosed weighted average carbon intensity

Fund/Index	Weighted average carbon intensity (tonnes of CO_2/\$m sales)	Date
MSCI ACWI Low Carbon Target	58.2	30 April 2020
Vision Super	**102.4 (benchmark = 164.1)**	**30 June 2020**
Local Government Super	113.3 (benchmark = 162.3)	30 June 2020
MSCI World	162.4	30 April 2020
MSCI ACWI	178.5	30 April 2020
Cbus	174 (benchmark = 199)	30 June 2020
Catholic Super	186.9 (benchmark = 215.4)	30 June 2020
S&P 500	205.75	30 October 2020
Sunsuper	257 (benchmark = 241)	30 June 2019
S&P/ASX200	277.69	30 October 2020
MSCI Emerging Markets	298.1	30 April 2020

Source: ACCR Cutting Carbon Report – January 2021

Table 2: Disclosed carbon footprint

Fund/Index	Weighted average carbon intensity (tonnes of CO_2/\$m sales)	Date
S&P 500	64.25	30 October 2020
Vision Super	**82.9 (benchmark= 124.8)**	**30 June 2020**
Commonwealth Super Corp	90 (benchmark = 98)	31 December 2019
Local Government Super (International equities)	110.8 (benchmark = 124.5)	30 June 2020
MSCI ACWI	124.8	30 June 2020
Sunsuper	135 (benchmark = 110)	30 June 2019
Local Government Super (Australian equities)	139.1 (benchmark = 179.6)	30 June 2020
S&P/ASX200	156.39	30 October 2020
BT Financial Group (most options)	175-180	30 June 2020
S&P Emerging Markets Core	267.65	30 October 2020

Source: ACCR Cutting Carbon Report – January 2021

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, which is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 27 emerging markets. As of June 2021, it covers more than 2,900 companies across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market-cap sizes, sectors, style segments and combinations.[1]

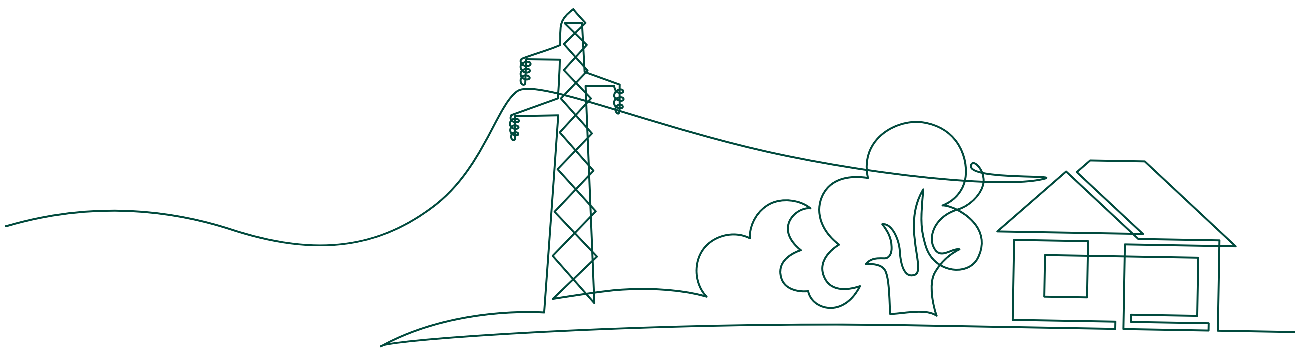
Our carbon portfolio analytics, conducted by MCSI ESG Research, are extensive, and break down portfolio holdings to an individual sector and company level. Here are some of the highlights.

> "Our average carbon footprint is **less than 2/3** that of the index"

Carbon footprint comparison FY2021

	Carbon emissions t CO_2e / \$M invested	Total carbon emissions* t CO_2e	Carbon intensity t CO_2e / \$M sales	Weighted average carbon intensity t CO_2e / \$M sales	Carbon emissions data availability Market value
Vision Super equities	**59.9**	59,948	123.5	91.6	92.7%
MSCI ACWI	90.5	90,524	204.9	150.9	99.9%

* Based on Portfolio investment of \$1,000,000,000, Benchmark (MSCI ACWI) investment of \$1,000,000,0000



[1] Source: MSCI, 2021, www.msci.com

A lower carbon footprint continued

Potential emissions from fossil fuel reserves

A large amount of carbon is stored in the fossil fuel reserves held by publicly listed companies. If these reserves are used in future, this carbon will be emitted into the atmosphere in the form of carbon dioxide (CO_2) and methane (CH_4), and will play a central role in determining the severity of climate change.

This chart shows the potential emissions of our equities portfolio versus the primary benchmark.

Vision Super's equity portfolio has around half the carbon reserves of the index.

Source: MSCI, 2021, www.msci.com

Carbon intensity by sector	Vision Super equities		MSCI ACWI		Vision Super equities vs MSCI ACWI
	Weight	t CO_2e/\$M sales	Weight	t CO_2e/\$M sales	
Utilities	1.2%	987.1	2.6%	1,984.1	-50.2%
Materials	11.1%	453.0	4.9%	913.1	-50.4%
Energy	2.0%	201.9	3.4%	424.5	-52.4%
Industrials	7.4%	89.3	9.9%	108.5	-17.6%
Consumer staples	5.5%	59.4	6.9%	54.6	8.7%
Real estate	4.2%	53.3	2.6%	58.2	-8.5%
Consumer discretionary	15.3%	34.5	12.8%	38.9	-11.2%
Health care	12.3%	27.2	11.6%	14.1	93.4%
Communication services	8.2%	26.6	9.4%	25.9	2.8%
Information technology	11.3%	24.9	21.9%	43.6	-42.9%
Financials	21.5%	10.1	14.0%	11.6	-12.5%
Overall	**100%**	**123.5**	**100%**	**204.9**	**-39.7%**

Voting and engagement

How we voted this year

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.

Vision Super has one of the strongest voting records of Australian super funds, and has been recognised again by the ACCR in their Super Votes report (**www.accr.org.au/research/super-votes-how-australias-largest-superannuation-funds-voted-on-esg-resolutions-in-2020/**). We were one of only nine Australian super funds to vote for a majority of ESG proposals between 2017 and 2020, and one of only eight that supported more than 50% of proposals in 2020.

Over the last year, Vision Super voted in 1,157 proxy meetings across 46 markets around the world. Of these, 297 were Australian and the rest international. 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, which you can read at **www.visionsuper.com.au/invest/active-ownership/**. We know that companies behaving sensibly and in accordance with community values 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. We use proxy advice to help inform our voting decisions.

During the year, we voted against company management recommendations 14% on aggregate over 12,268 resolutions (1,507 Australian votes and 10,761 international).

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 Facebook Inc, Berkshire Hathaway Inc, Rio Tinto Ltd, Royal Dutch Shell Plc, Exxon Mobil Corp, Amazon.com Inc, Oil Search Ltd, Santos Ltd and Woodside Petroleum – to name a few.

1,157
number of proxy meetings voted at

12,268
resolutions voted on

> "Vision Super has one of the **strongest voting records** of Australian super funds"

Voting and engagement continued

Examples

Amazon.com Inc:

(AGM date 26 May 2021)

Ballot Item 14 – Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology

We favour improved human/political rights policies/ disclosure. Additional disclosure on the financial and operational risks associated with the use of Recognition would benefit shareholders.

Berkshire Hathaway Inc:

(AGM date 1 May 2021)

Ballot Item 3 – Shareholder Proposal Regarding Diversity and Inclusion Reports

We voted in favour on the grounds that additional reporting on diversity and inclusion is necessary for shareholders to understand how the company is managing this issue.

Facebook Inc:

(AGM date 26 May 2021)

Ballot Item 6 – Shareholder Proposal Regarding Report on Online Child Exploitation

We voted in favour of the resolution on the grounds that increased disclosure will provide shareholders assurance that the company is managing associated risks as it grows its encrypted messaging services.

Oil Search Ltd:

(AGM date 26 April 2021)

Ballot Item 8 – Shareholder Proposal Regarding Disclosure of Paris-aligned Capital Expenditure and Operations

We supported the resolution. Shareholders are likely to benefit from a regular review and additional disclosures on how the company's capital expenditure and operations are managed in a manner consistent with the climate goals of the Paris Agreement. Ultimately we remain dissatisfied with the company's progress in actually reducing emissions.

Royal Dutch Shell Plc:

(AGM Date 18 May 2021)

Ballot Item 20 – Approval of the Energy Transition Strategy

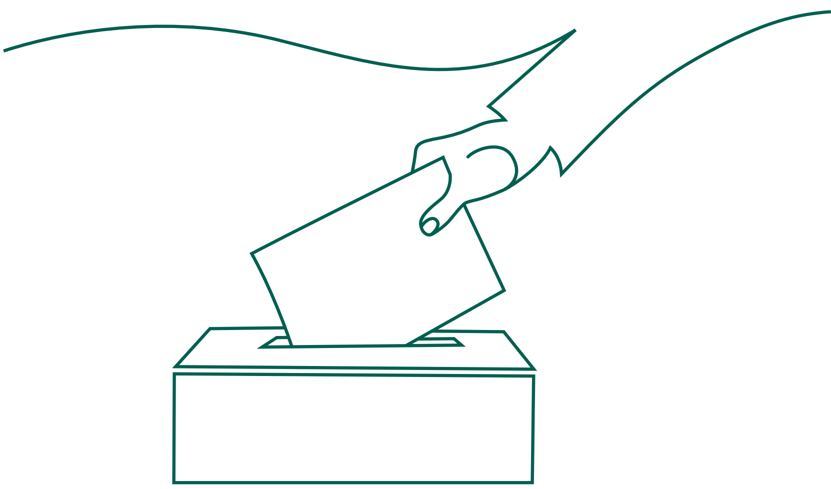
We voted against approving Shell's energy transition strategy. While it was a step in the right direction, the plan does not go far enough to meet the Paris climate target initiatives, which the science is telling us is needed. We are also sceptical about the use of offsets to meet zero carbon targets, particularly where used in large quantities. A Dutch Court ruling subsequently validated our position.

Santos Ltd:

(AGM date 15 April 2021)

Ballot 6.b – Shareholder Proposal Regarding Disclosure of Paris-aligned Capital Expenditure and Operations

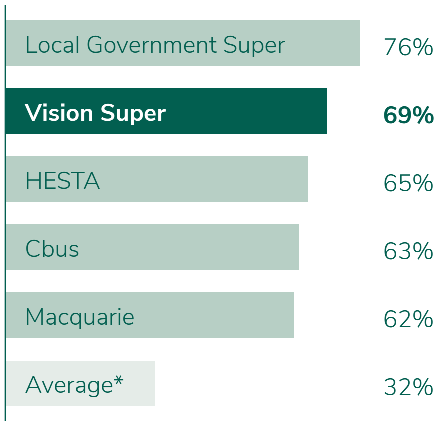
This was another resolution where we believe shareholders are likely to benefit from regular review and additional disclosures on alignment with the climate goals of the Paris Agreement. Ultimately we remain dissatisfied with the company's progress in actually reducing emissions.



Resolution types – Global

Resolution type	Percentage
Audit/Financials	12%
Board related	55%
Capital management	8%
Changes to company statuses	4%
Compensation	16%
M&A	1%
Meeting administration	2%
Other	2%

Top five funds' support for shareholder proposals, 2017-2020



* Note: The average is calculated using data from all funds that disclose proxy voting records.

Source: Super Votes report, Australasian Centre for Corporate Responsibility (ACCR), September 2021

Our voting

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

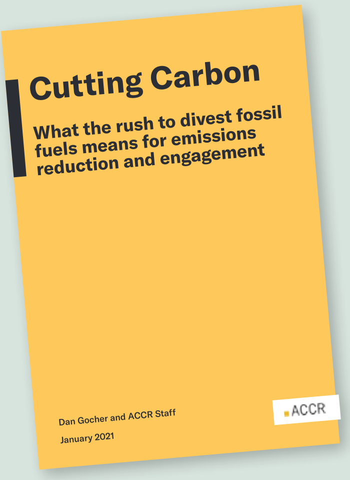
- Gender diversity on Boards
- Better human rights and other labour disclosures
- Proposals asking companies to develop greenhouse gas reduction goals, recycling programs, and other proactive means to mitigate their environmental footprint
- Better climate change disclosures
- Proposals requesting that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

Key focus areas

Our carbon reporting

The ACCR's "Cutting carbon" report found Vision Super's portfolio has:

The lowest carbon intensity of any Australian super fund that reports the actual carbon footprint of their listed equities portfolios.



You can read the "Cutting carbon" report at:
www.accr.org.au/research/cutting_carbon/

Increasing transparency

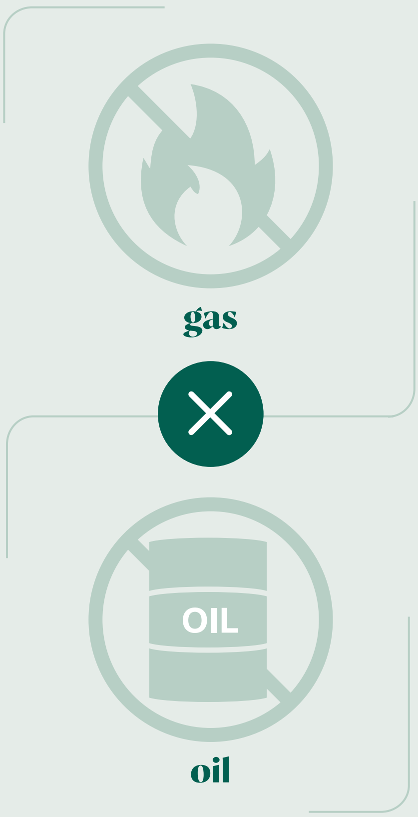
Over the last year, we further formalised our ESG principles and governance and shared the results of this process with our members, publishing our ESG policy, Proxy voting policy, Proxy voting guidelines and Stewardship statement on our website at **www.visionsuper.com.au/invest/active-ownership/** and **www.visionsuper.com.au/invest/sustainability/our-esg-policy/**.

Recent divestments

Recent science indicates that we are closer to tipping points and dangerous climate change than was previously thought.

We have implemented exclusions for companies that derive material revenue from oil and gas, subject to our divestment caps.

We believe these companies are at risk of having to make sudden sharp cuts to their revenues to comply with increasingly strict carbon emission targets.



For further details about our divestments visit:
www.visionsuper.com.au/divestments/

Case study

Rio Tinto's demolition of the Juukan Gorge caves

In May 2020, Rio Tinto destroyed two 46,000-year old rock shelters of cultural significance when they detonated explosives in Juukan Gorge.

The Puutu Kunti Kurrama and Pinikura (PKKP) people are the traditional owners of land near Rio Tinto's Brockman iron ore mines in Western Australia. The PKKP people's ancestors had camped, cooked and communed under the rock shelters when using the gorge to travel between the north and south sides of the Hamersley Range in the Pilbara.

In 2013, Section 18 consent was authorised, and ministerial approval was granted for Rio Tinto to mine the site.

In 2014 the shelters were more extensively explored by archaeologists and it was revealed that the cave shelters were more significant than was realised at the time of the 2013 government approval.

On 15 May 2020, the PKKP people asked permission from Rio Tinto to visit the culturally significant ironstone valley in July 2020 to hold a community event, but the explosives had already been laid and were due to blast on 17 May 2020. Rio Tinto told the PKKP people that it was too dangerous to visit the site because blasting was imminent. On 19 May 2020, Rio Tinto received a written notice from the PKKP people, stating that they were concerned about the sites and requested Rio Tinto to cease blasting.

As a result, Rio Tinto employed two independent contractors to review the explosives, but it was deemed to be unsafe to retrieve the explosives and the report found there was a risk of self-detonation.

On 24 May 2020, Rio Tinto detonated the explosives via a controlled blast that reduced the gorge to rubble and destroyed the two cave shelters. Rio Tinto formally apologised for the incident and has since held a Board-led review of its heritage management policies which resulted in executives leaving the company.

The Vision Super Board was troubled by the handling of the case. Vision Super is a member of the Australian Council of Superannuation Investors (ACSI) and we urged ACSI to act on this issue – which they did, appearing at the House Economics Committee and the Joint Committee on Northern Australia regarding the destruction of the Juukan Gorge.

The Vision Super Board also wrote a letter to the Board of Rio Tinto to express our concerns as an investor. We're pleased that the issue was given prominence and the review was held.

Climate Action 100+

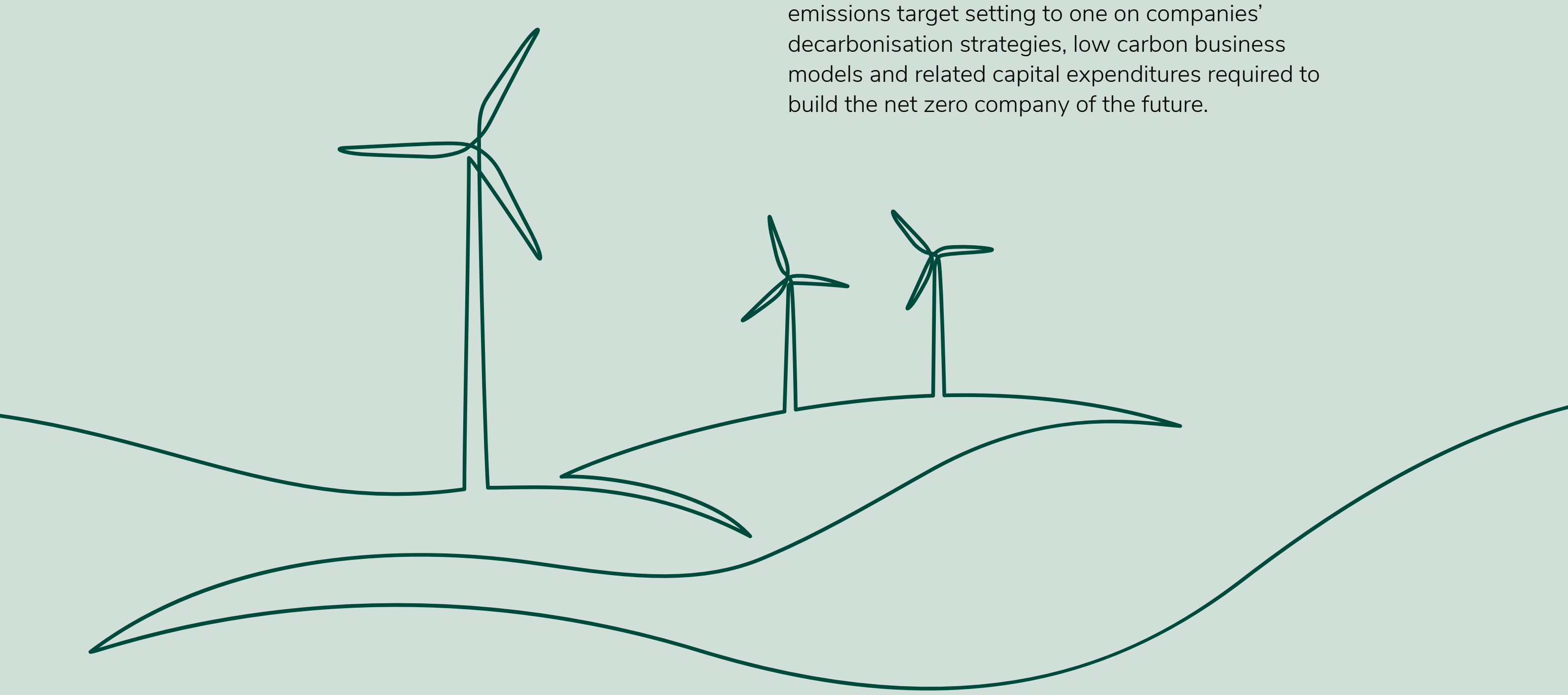
Vision Super is a support investor to the Climate Action 100+ initiative

This initiative is nearing the end of its five-year term. It includes the highest carbon emitting corporations. One focus of the initiative is to encourage companies to use the Taskforce for Climate-Related Financial Disclosures (TCFD) framework. We are also talking to our investment managers about TCFD and encouraging them to support these recommendations.

Engagements are leading to outcomes – there have been significant moves by a number of major companies towards net-zero commitments in particular, both globally and in Australia.

More and more companies are setting net zero by 2050 (or sooner) commitments, but many more lack the short and medium-term reduction targets required to actually meet their commitments. Some companies are even planning to increase fossil fuel production over the medium term while announcing zero emissions 2050 targets. We don't see this as acceptable.

Very few of the Climate Action 100+ companies have defined the strategies, business models and capital investment plans necessary to decarbonise. Climate Action 100+ is moving from a focus on corporate emissions target setting to one on companies' decarbonisation strategies, low carbon business models and related capital expenditures required to build the net zero company of the future.



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. Vision Super supports efforts to end modern slavery. Our first report was finalised in 2021 and is available on our website at **www.visionsuper.com.au/wp-content/uploads/2021/03/Modern_slavery_statement_2020.pdf**

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

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

ACSI engagement statistics and outcomes

Vision Super is a full member of the Australian Council of Superannuation Investors (ACSI), a body that seeks improvements in the ESG performance of companies and super funds. In 2020/21, ACSI conducted 332 engagement meetings with 198 ASX300 companies – an increase of 27% from the previous year.

Each calendar year ACSI sets engagement priority themes. These currently include climate change, board diversity and accountability, workforce (including safety), cultural heritage, modern slavery, corporate culture, and remuneration. Specific goals are set for individual companies, given the materiality of the issue to their business or evidence of poor practice.

In 2020, 72% of ACSI's 153 engagement priority companies made improvements in practices. In the six months to June 2021, well over a third have already improved.

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

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. Vision Super is 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. This year, we published our Stewardship statement which outlined how we implement the six principles (available at **www.visionsuper.com.au/wp-content/uploads/2021/03/Stewardship_Code_January_2021.pdf**)

Building relationships

We're there for our members when they need us most. We engage with our industry and organisations that share our focus on responsible and sustainable investment.

Vision Super supports

Association of Superannuation Funds of Australia (ASFA)

The main industry body for the super sector.

Australian Council of Superannuation Investors (ACSI) – full member

Seeks improvements in the ESG performance of companies and super funds.

Australian Institute of Superannuation Trustees (AIST)

Represents the not-for-profit superannuation sector.

Paris Pledge for Action – signatory

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

Principles of Responsible Investment (PRI) – signatory

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

Responsible Investment Association Australasia (RIAA) – member

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

The Melbourne Chamber of Commerce

Independent professional body providing training and technical support.

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 Vision Super Directors and employees.

Where members are our focus

Jean-Francois' journey

Jean-Francois has been a Vision Super member since he started with his employer 27 years ago. Recently, Jean-Francois and his wife met with Member Advice Team Leader Michael Young to discuss planning for their retirements and a big move.

"The reason why we received advice, for me, with Covid and working from home and so on, it didn't quite fit what I normally do as a job, and I had to make sure I was able to make a decision in terms of retirement, leaving, finishing and moving interstate which is what we've done," he said.

"We're dealing with Michael and he's been absolutely fantastic. Absolutely fantastic. Giving us the right sort of advice. He was absolutely excellent."

Jean-Francois and his wife wanted to get their super and finances sorted before they made a permanent move to sunny Western Australia from Victoria, to be closer to their daughter and grandchildren. This is where they plan to spend their retirement.

"My wife became a Vision Super member just a few months ago because of our meeting with Michael and also the advice that he gave to consolidate her various investments. He said we'd be better if we put all of it together, and that's what we've done. We've sorted out our retirement plan. Because obviously the directives, and the standing, and the professionalism that was behind the advice, she felt very comfortable and so did I."

With Michael taking care of the financial planning, Jean-Francois and his wife had more time to focus on arrangements for the big move interstate, to a place free from Victoria's restrictions.

"We see our next-door neighbours walking around without masks and shopping without masks. It's a different world altogether. There are only 2.6 million people living in WA, which is a third of the country, so there's plenty of space. I think how we want to spend our retirement is enjoying the weather, we have a nice pool, a nice entertaining area that's covered so for me I would like to give back a little bit to the community in terms of doing a bit of volunteering with the local council."

Making plans for retirement isn't always easy but was made simple with the help of Vision Super's advisers. So, given his experience, would he recommend Vision Super?

"Absolutely, yes. I really do because in terms of the progression I've seen and experience in terms of my investments and everything else, and the growth has been tremendous. It's been good and sturdy. Everything you could follow through dollar by dollar by dollar, it was good. And the advice… if there was an award to be given, I think Michael should get one. He spent two hours on Zoom the first meeting we had just to go through and he was absolutely excellent. My comments are absolutely genuine. Sometimes people say 'ah yeah he was great' but Michael absolutely, very professional. He was very calming and explained things."

Supporting members through these challenging times

Our commitment to members and your retirement has not waned throughout this pandemic. Financial planning meetings may be happening via Zoom rather than sitting down with you in person, but we've made more calls, sent more updates and overall have increased our member engagement, not reduced it! If you would like to arrange a time to meet with one of our advisers like Michael, please call us on **1300 300 820** Monday to Friday 8:30am to 5pm.

Vision Super insurance

Providing our members with reliable and value-for-money insurance cover is more important than ever, against a backdrop of ongoing legislative changes and the Covid-19 pandemic.

Being there when you need us most

Over the last financial year, our income protection insurance gave 229 Vision Super members assistance when they were medically unable to work but had run out of sick leave. Being able to call on income protection insurance has helped cushion the financial burden that can often make sickness or injury an even more difficult time for these members.

Similarly, 70 members with more permanent injuries or illnesses were able to call on their TPD cover for financial assistance.

The death of a loved one is one of the most difficult times surviving families and friends 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 168 families and dependents of Vision Super members were able to access some financial relief from their loved ones' death cover.

The cost of insurance

The cost of insurance through Vision Super hadn't risen for Super Saver members since 2015, but this year it became necessary to increase premiums.

There were many factors putting upward pressure on prices – including recent government changes that have a big impact on the way super funds can provide insurance. The government's 'Protecting Your Super' (PYS) and 'Putting Members Interests First' (PMIF) changes have meant many members have lost their default insurance cover, so the number of members with cover is smaller, spreading the cost of providing insurance across fewer members. An increase in the number of claims paid to Vision Super members was also a significant factor, as was the need to anticipate some further increases in claims linked the Covid-19 pandemic.

On 1 January 2021 premiums for death, disability and income protection cover increased by up to 17.8%, the first increase since 2015, with the new premium rates guaranteed through to the end of 2022.

Insurance Code of Practice

Vision Super committed to adopting the Insurance in Superannuation Voluntary Code of Practice. The Voluntary Code had been scheduled to come into effect on 1 January 2022 and Vision Super has already implemented all aspects of the code.

However, since the Code was developed, most of the requirements have largely been overtaken by legislative and regulatory reforms. Given this, on 1 July 2021 the Code owners announced the Voluntary Code would be replaced with guidance on issues not covered by legislation. Specifically, this relates to improving outcomes for vulnerable members (**www.aist.asn.au/AIST/media/General/Advocacy/2021/AIST_VULNERABLE_CONSUMERS_PAPER.pdf**) and claims handling for members with life insurance in group superannuation (**www.aist.asn.au/AIST/media/General/Advocacy/2021/AIST_CLAIMS_HANDLING.pdf**). These guides have been jointly developed by the Code owners. You can read the Code owners' announcement here: **www.visionsuper.com.au/insure/code-of-practice/**

Note: The Code owners are The Association of Superannuation Funds of Australia (ASFA), the Australian Institute of Superannuation Trustees (AIST) and the Financial Services Council (FSC).

Servicing improvements

We are always looking for ways to help our members in their time of need.

In March 2021 we introduced teleclaims. The teleclaim process makes it easier if you need to make a claim – you'll fill in fewer forms and talk to a claims assessor at the start of your claim, usually within 48 hours of when you originally lodge it.

Since we introduced this process, the average IP claim has taken 33 days to be approved and start payments, compared with the industry standard of two months. General feedback from the members who have used this service is that they have appreciated the opportunity to talk it through with their case manager, and it's helped put their mind at ease and give them confidence that they know who to talk to with any questions about their claim.

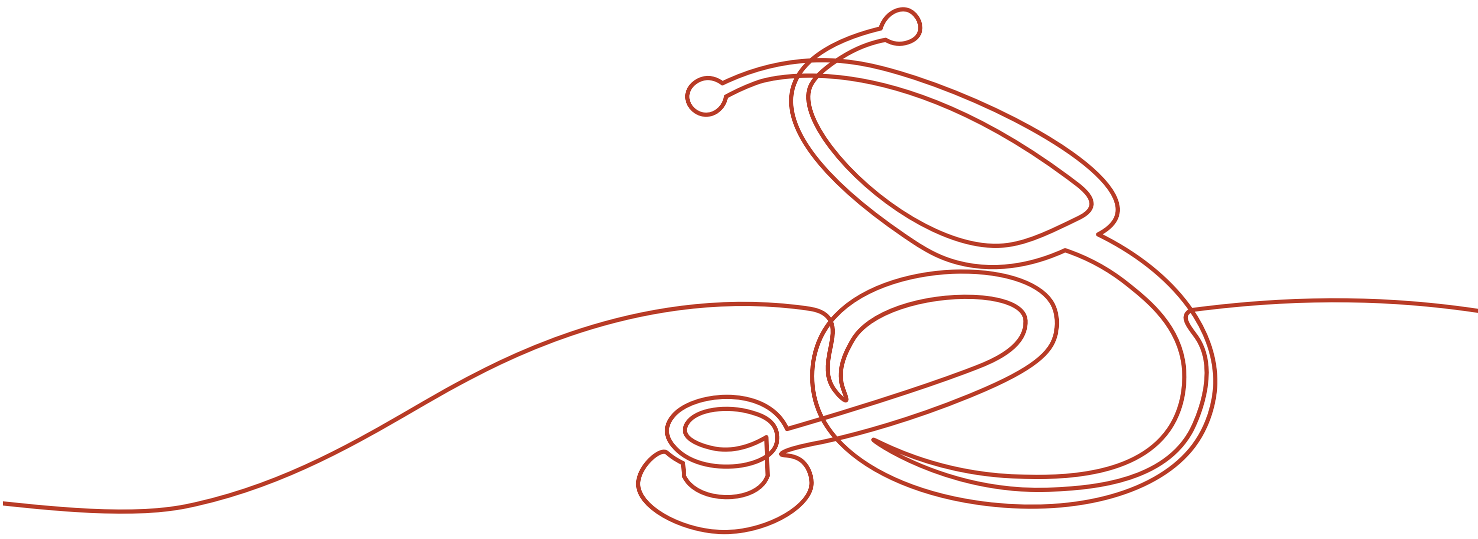
This financial year we plan to commence a digital claims pilot where much of the claims process can be completed online. Members will have access to a secure portal that allows them to collect and provide information digitally as well as track the status of their claim.

Best Doctors

Best Doctors is a service that gives Vision Super members and their immediate family* access to expert medical advice and guidance from the comfort of their own home, at no additional cost. Best Doctors offers easy access to leading GPs, specialists, and mental health clinicians via telehealth, helping you 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. You don't have to be making or even thinking about an insurance claim to access the service.

To read more about Best Doctors, go to **www.visionsuper.com.au/insure/best-doctors/**

* Family = partner, children, parents and partner's parents.



Getting help

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

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

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

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

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

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

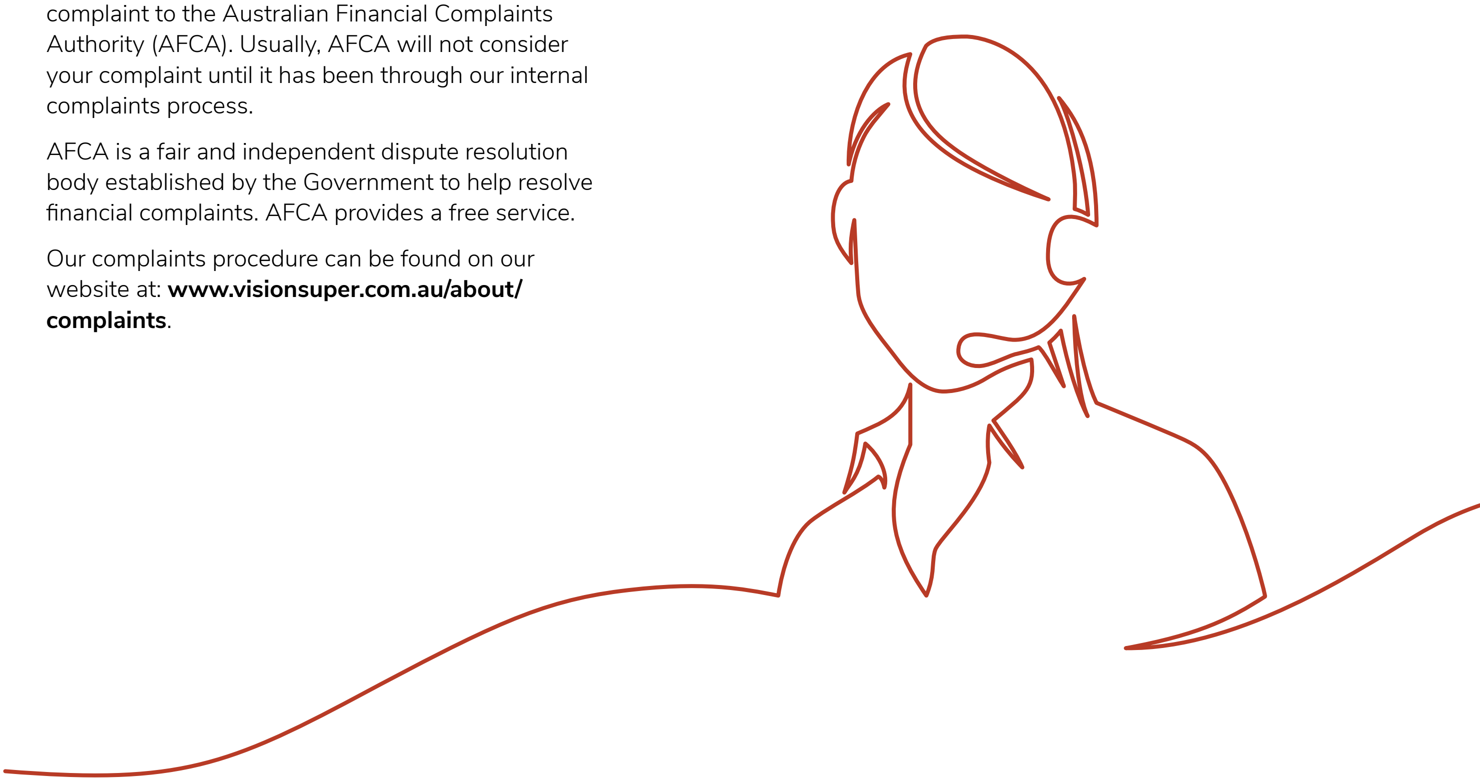
Phone: 1300 363 992

Australian Financial Complaints Authority

Post: GPO Box 3, Melbourne VIC 3001

Web: www.afca.org.au

Phone: 1800 931 678



Governance framework

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

Governance framework

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

The Fund is governed by a trust deed

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

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

> Overarching governance framework

> Code of conduct

> Conflicts management framework

> Board charter

> Committee charters

> Fit and proper policy

> Board appointments, renewal and appointments policy

> Risk management framework

> Investment management framework

> Insurance management framework.

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

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

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

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

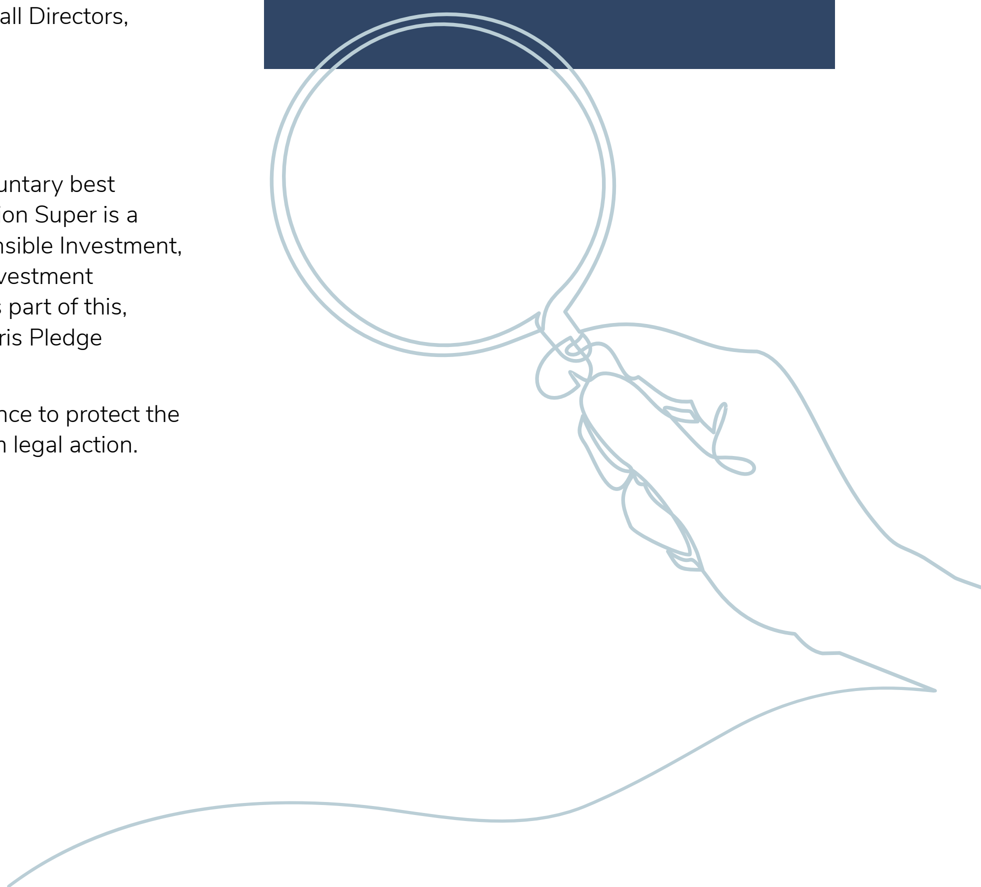
- A register of interests and duties for Directors and responsible officers
- A gifts/entertainment register for all Directors, responsible officers and staff
- A training register
- A conflicts register for staff.

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

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

We believe in transparency

A copy of our 2021 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 “Legal (SEN, voting, actuarial investigation)” and the sub-heading “Reports and policies”



Overview of the Board

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

Lisa Darmanin

Incoming Chair

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

Lisa Darmanin was appointed as Chair of Vision Super 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 Vision Super on 1 July 2021. Graham was appointed as a Director of Vision Super in September 2012, on the nomination of VECCI. Graham served as President of VECCI from 1999 to 2001, and has a long and continued involvement with employer organisations including the Melbourne Chamber of Commerce, the Australian Chamber of Commerce and Industry, and the Australian Thai Business Council. For over 40 years he has practised in many aspects of general commercial law.

Geoff Lake

Outgoing Chair

BA (Hons) and LL B (Hons)

Geoff Lake was Chair of Vision Super 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.

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

Joanne Dawson

BComm, MBA, Diploma of Financial Planning, CA

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

Diane Smith

National Diploma in Business and Finance (UK)

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

Kerry Thompson

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

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

Peter Wilson

BComm (Hons), MA (Hons)

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

Committees of the Board

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

As at 30 June 2021, 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 Vision Super's financial reporting.

The Committee met six times during the financial year.

Benefits Committee

Chair: Peter Gebert

Members: Diane Smith, Graham Sherry, Kerry Thompson

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

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

The Committee met seven times during the financial year.

Governance, Risk and Appointments Committee

Chair: Graham Sherry

Members: Lisa Darmanin, Geoff Lake, Casey Nunn

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

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

The Committee met four times during the financial year.

Investment Committee

Chair: Joanne Dawson

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

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

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

The Committee met seven times during the financial year.

Remuneration Committee

Chair: Graham Sherry

Members: Lisa Darmanin, Geoff Lake, Casey Nunn

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

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

The Committee met twice during the financial year.

Board and committee attendance

Vision Super Pty Ltd – Board and Committee meeting attendance 1 July 2020 to 30 June 2021

Directors	Board	Audit	Benefits	Governance, risk and appointments	Investments	Remuneration
Attended/eligible to attend						
Geoff Lake	11/11	1*	-	3/4	1*	1/2
Peter Wilson	11/11	6/6	-	-	5/7	1*
Casey Nunn	11/11	6/6	-	4/4	-	2/2
Graham Sherry	11/11	1*	7/7	4/4	5/7	2/2
Joanne Dawson	10/11	4/6	-	-	7/7	-
Lisa Darmanin	10/11	-	-	4/4	7/7	2/2
Peter Gebert	11/11	1*	7/7	-	7/7	-
Diane Smith	11/11	6/6	7/7	-	-	-
Kerry Thompson	10/11	6/6	7/7	-	-	-

* Not a committee member. Attended as an observer.

About our Board

Tenure

Tenure	%
< 3 years	44%
4-6 years	11%
7-9 years	33%
> 10 years	11%

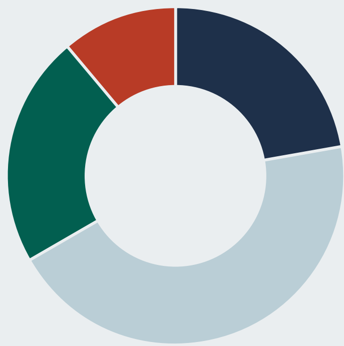
Age

Age	%
30-45 years	33%
45-60 years	22%
> 60 years	44%

Gender

Gender	%
Female	56%
Male	44%

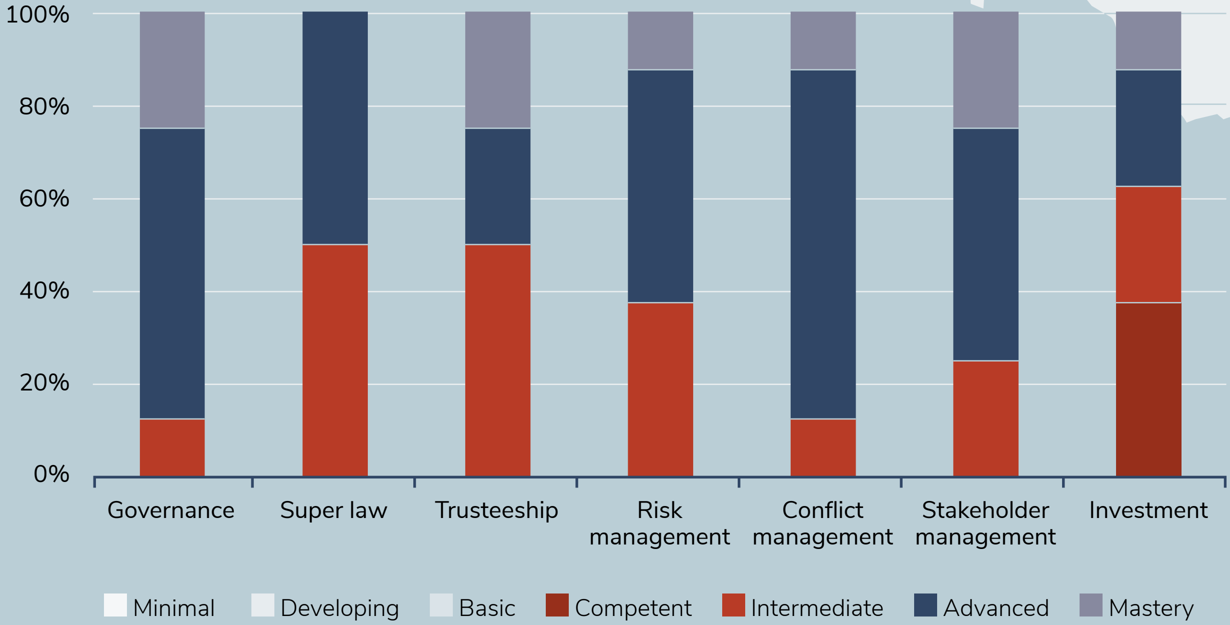
Training



Training	%
< 30 hours	22%
30-40 hours	44%
40-50 hours	22%
> 50 hours	11%

Director representation by Victorian Local Government Area

Director skills matrix



Executive profiles

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

Michael Wyrsch

Chief Investment Officer and Deputy CEO

BSc(Hons) (Mathematics)

Noelle Kelleher

Chief Financial Officer

B.Com, CA, CPA, FASFA

Nikki Schimmel

Chief Risk Officer

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

Sean Ellis

General Manager Strategy and Growth

MBA, RG 146

Steven Leach

General Manager Operations and Transitions

ASFA 100, PS 146

Rebekka Power

Head of Communications

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

James Milne

Head of Technology

MBA

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

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

Nick Pratley

Head of Human Resources

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

Additional executive profile details can be found on 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	Ernst & Young (to 30 September 2021)
Internal auditor	PwC Australia (to 30 June 2021/Ernst & Young from 1 July 2021)
Principal advisers	
Fund actuary	Willis Tower Watson
Investments	Frontier Advisors
Lawyers	Greenfields, Mills Oakley
Tax	PwC Australia
Service providers	
Custodian	NAB Asset Servicing (NAS)
Insurer	MLC Life Insurance
Insurance consulting services	IFS Insurance Solutions
Professional indemnity insurer and other corporate insurers	QBE Lloyd's Syndicate 1886, Sompo, Dual Australia, Pioneer Underwriters and Nexus London Australia Underwriting, Liberty International Underwriters, Newline Australia, QBE Insurance (Australia) Ltd and Dual Australia Tarian
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 cost for members and ensuring we maximise the net benefit delivered to members.

Net benefit

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

Annual budget process

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

Annual financial reports

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

The fund reports include a Statement of Financial Position, an Income Statement, a Statement of Changes in Member Benefits, a Statement of Changes in Reserves/Equity, a Statement of Cash Flows and Notes to the financial statements.

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

Financial statement inputs

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

1. Existence and valuations of investments

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

2. Investment administration controls

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

3. Member administration controls

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

4. Tax review

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

5. External audit clearance

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

6. Internal audit

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

Statement of financials

Statement of financial position as at 30 June 2021

Financial position	2021 $000	2020 $000
Assets		
Cash and cash equivalents	101,344	93,148
Contributions receivable	2,458	1,542
Other receivables and prepayments	869	1,121
Outstanding settlements receivable	114,534	38,867
Financial assets held at fair value through profit or loss	12,285,412	10,376,487
Deferred tax assets	7,148	792
Total assets	12,511,765	10,511,957
Equity		
Operational risk financial requirement reserves	20,991	16,991
Administration reserve	21,906	19,237
Insurance reserves	13,644	13,360
Other reserves	17,886	22,919
Defined benefits that are over/(under) funded	300,077	232,388
Unallocated surplus/(deficit)	158,714	73,389
Total equity	533,218	378,284
Liabilities		
Benefits payable	58,503	40,213
Other payables	13,866	15,887
Income tax payable	32,106	21,283
Outstanding settlements payable	78,846	24,702
Financial liabilities at fair value through profit and loss	54,285	6,517
Deferred tax liabilities	146,272	38,699
Total liabilities excluding member benefits	383,878	147,301
Member benefit liabilities		
Defined contribution member liabilities	9,366,777	7,870,376
Amounts not yet allocated	195	306
Defined benefit member liabilities	2,227,697	2,115,690
Total member benefit liabilities	11,594,669	9,986,372
Total equity and liabilities	**12,511,765**	**10,511,957**

Income statement for the year ended 30 June 2021

Income statement	2021 $000	2020 $000
Superannuation activities		
Net changes in fair value of financial assets and liabilities held at fair value	1,718,051	(41,079)
Interest income	33,318	54,966
Distribution income	87,941	131,675
Dividend income	141,609	122,286
Other income	3,149	1,619
Total net income	1,984,068	269,467
Expenses		
General administration expenses	(24,372)	(24,133)
Investment expenses	(32,150)	(31,324)
Total expenses	(56,522)	(55,457)
Result from superannuation activities before income tax expense	1,927,546	214,010
Income tax (expense)/benefit	(138,305)	15,502
Results from superannuation activities after income tax expense	1,789,241	229,512
Net benefits allocated to defined contributions members	(1,342,681)	(125,169)
Net change in defined benefit member liabilities	(292,815)	(125,328)
Operating result after income tax	**153,745**	**(20,985)**

Statement of changes in member benefits for the year ended 30 June 2021

Member benefit changes	DC members $000	DB members $000	Total $000
Opening balance as at 1 July 2019	**7,613,346**	**2,145,033**	**9,776,379**
Contributions			
Employer	338,913	30,161	369,074
Member	122,889	3,031	125,920
Transfers from other superannuation plans	173,247	–	173,247
Income tax on contributions	(47,313)	(4,384)	(51,697)
Net after tax contributions	**587,736**	**28,808**	**616,544**
Net benefits allocated comprising:			
Net investment income	142,331		142,331
Net administration fees	(17,162)		(17,162)
	125,169		**125,169**
Benefits paid to members/beneficiaries	(326,720)	(93,018)	(419,738)
Transfers to other superannuation plans	(214,410)	(11,996)	(226,406)
Transfer to the ATO	(778)	(2)	(780)
Internal transfers from membership categories	77,609	(77,609)	–
Insurance premiums charged (including amounts transferred to the insurance reserves)	(20,106)	(172)	(20,278)
Other fees charged to members/DB sub-plans	(144)	(682)	(826)
Death and disability benefits credited to members	10,647		10,647
Transfers from reserves to members	333		333
Net change in defined benefit member liabilities		125,328	125,328
Closing balance as at 30 June 2020	**7,870,682**	**2,115,690**	**9,986,372**
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**

Statement of changes in reserves/equity for the year ended 30 June 2021

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

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

Reserves

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

Insurance reserves

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

> Pays the insurer (MLC Life Insurance) its premiums

> Funds our insurance claims reduction strategies aimed at generating a long-term improvement in the claims ratio, and

> Funds development and implementation costs associated with the delivery of improved insurance offerings.

Insurance premiums reserves

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

Financial year ended	$M
30 June 2021	**(0.62)**
30 June 2020	(0.95)
30 June 2019	(0.58)

Internal insurance reserves

i) Vision Super account-based members

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

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

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

ii) LASF DB

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

This reserve was established on 1 July 2013 and is currently invested with the LASF DB assets. Prior to that date, the self-insurance arrangement was not separated from the LASF DB Plan and was included in the DB asset pool.

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

Financial year ended	Account based[1] $M	LASF DB scheme $M
30 June 2021	**7.65**	**5.00**
30 June 2020	7.80	5.00
30 June 2019	7.82	5.00

1. For pre 1 July 2010 cover.

Insurance proceeds reserve

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

Financial year ended	$M
30 June 2021	**1.61**
30 June 2020	1.51
30 June 2019	0.33

Administration fee reserve

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

Financial year ended	$M
30 June 2021	**21.90**
30 June 2020	19.24
30 June 2019	18.51

Operational risk financial requirement reserves

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

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

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

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

The amount of the ORFR maintained in LASF is currently invested in cash. In addition, a portion of the ORFR is also maintained in the Trustee.

Financial year ended	$M
30 June 2021	**20.99**
30 June 2020	16.99
30 June 2019	16.99

Other reserves

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

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

Contribution tax reserve

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

Any tax rebates provided to members are funded from this reserve. This reserve is currently invested in the Balanced growth investment option and was established during the 2015/16 financial year.

Financial year ended	$M
30 June 2021	**(0.72)**
30 June 2020	0.45
30 June 2019	2.41

General reserve

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

Financial year ended	$M
30 June 2021	**17.86**
30 June 2020	21.83
30 June 2019	19.60

Notes

We're here to help.

Member hotline 1300 300 820

8:30am – 5:00pm Monday to Friday AEST