# ANNUAL REPORT

2021/22

# Welcome to Active Super's 2022 annual report.

# CONTENTS

# MESSAGES FROM THE CHAIR, CEO AND CIO

## Chair's message

**Welcome to Active Super's 2021/22 Annual Report.**

The past year has posed considerable challenges for all of us as we have had to navigate the ongoing COVID-19 pandemic, geopolitical tensions and the knock-on effects of rising inflation and higher interest rates.

Importantly, there have also been some bright spots during the year. Following our rebrand to Active Super in May 2021, we're now in a stronger position as one of a small number of super funds that is growing in member numbers.

> "... We remain focused on service and support and that has allowed us to attract new members from across Australia..."
>
> **Kyle Loades**
> Chair

In fact, our brand research findings show that we are punching above our weight, highlighting member loyalty and overall satisfaction with our service, so it's no surprise that other super funds are knocking on our door.

In June, we announced that we were holding merger talks with Vision Super. Both funds are profit-to-member and have a common history of servicing current and former local government employees in our respective states of New South Wales and Victoria. If a merger proceeds, the fund will double in size to manage around $26 billion on behalf of members holding around 169,000 accounts. While it's early days, discussions are progressing well, and a potential merger should deliver benefits for all members. We'll keep you informed as we know more.

This year marks the 30th anniversary of the introduction of the Superannuation Guarantee which has proven to be one of the most significant economic and social policies of modern Australia. In the early 1980s before compulsory super, less than 30 percent of Australians had super, and even fewer women had coverage. In 2022, there is now a pool of Australian worker savings of around $3.3 trillion and the profit-to-member industry sector exceeded $1 trillion for the first time.

# 01

Many of our shareholders, employers and members helped create the super scheme that we know today – a scheme that provides and protects the financial wellbeing of Australians. On behalf of Active Super, I would like to acknowledge those who worked to make superannuation a reality for more Australians and their families.

During the year, we had the pleasure of welcoming Councillor Nathan Hagarty of Liverpool City Council to the Board of Directors as an employer-nominated director. He filled the seat left vacant by Cr Domenico Figliomeni whose four-year term came to an end.

Nathan joined Active Super as one of three representatives of Local Government NSW (LGNSW). He has a deep understanding and compassion for the local communities in which we operate. The Board would also like to pay a special tribute to Dom who made a tremendous contribution during his tenure given his finance and operational experience, strategy and business planning skills, and his understanding of leadership and crisis management.

I would like to acknowledge and thank all employers and shareholders for their dedication and support during the year.

I also want to thank my fellow Board members and recognise the excellent stewardship of the Fund under our Chief Executive Officer Phil Stockwell, his executive leadership team and the entire staff at Active Super.

This year marks the 25th anniversary of Active Super – and we remain committed to delivering strong long-term investment returns, investing sustainably and responsibly, providing good value for money, and servicing and supporting our members and employers in metro, regional and rural areas.

We look forward to supporting all our members and employers for another 25 years.

**Kyle Loades**
Chair
Active Super

# CEO's message

**For 25 years Active Super has been proudly looking after the superannuation, retirement savings and insurance of our members.**

While much has changed over the last quarter of a century, our commitment to delivering outcomes for our members and employers remains as we:

- Are focused on delivering sustainable long-term investment returns by investing in a diversified portfolio using our market-leading responsible investment approach
- Continue to provide superannuation, retirement, defined benefits and insurance products that live up to their promise and represent good value for money
- Remain committed to servicing members and supporting employers, including those in regional and rural areas of New South Wales.

Despite the turbulent global financial markets and the disruptions caused by the ongoing pandemic, your fund continues to work actively in the interests of all members. Our successful name change to Active Super has broadened our appeal and we are now growing our membership and investing in more services and support for members.

We are currently in merger discussions with Vision Super which presents a potential opportunity to combine the best of both Active Super and Vision Super into a larger, more efficient fund that continues to deliver the best outcomes for members.

## Investment performance

It has been a challenging investment environment, as you will read in our CIO report that follows.

While investment returns for the year ended 30 June 2022 did not match previous years, with the Balanced investment option returning negative 2.64 percent, long-term investment returns remain strong at 7.95 percent per year over the last 10 years.[1]

I am pleased to report that Active Super again passed the Australian Prudential Regulation Authority's (APRA) MySuper Product Performance test. The skill and diligence of the investment team delivered on the key assessment benchmarks; our investment performance, and fees and costs. In further recognition of our investment performance, we ranked third among Australia's top-performing super funds on the Australian Taxation Office (ATO) YourSuper Comparison Tool.[2]

## Responsible investing

Active Super invests your money to deliver both investment performance and to generate impact. Investments and fund managers are carefully selected to deliver solid investment returns and for their environmental, social responsibility and good governance (ESG) impact on the world.

Active Super is widely recognised as a leader in integrating ESG into all our investment decisions. In 2001 we were the first Australian super fund to stop investing in tobacco manufacturers. We were among the first funds to focus on climate risk in 2009 before introducing fossil fuel reserve restrictions in 2014. More recently, we made a commitment that the investment portfolio will reach net-zero carbon emissions by at least 2050.

Furthering our commitment to transparency and ESG principles, we will be issuing our second Responsible Investment Report later in 2022. The report will allow members to see how the policies, people and actions behind our investment choices are helping to make a difference, while securing your financial future. In addition, we will showcase our ground-breaking modelling that supports our commitment to achieve net-zero emissions in the investment portfolio.

1. Returns shown are net of investment fees, tax, administration percentage fees and gross of administration dollar fees. Past performance is not a reliable indicator of future performance.

2. Rankings based on an average 30-year-old with a $50,000 balance over eight years. (30 June 2022)

**Jutamas**

Active Super member
since 1998

## Product enhancements

After extensive research we made enhancements to our MySuper Lifestage product. These product changes consider a member's whole-of-life saving and retirement journey and should result in more money to retire on for the typical member.

Our insurance offer continues to be refined and there will be several beneficial changes to terms and conditions without any increase in the cost of insurance.

Managing the defined benefit entitlements on behalf of employers and members remains a core activity of the fund, and the schemes are in a fully funded position to cover the long-term benefit obligations.

There is an increasing focus on helping members plan for their retirement. In addition to our popular Account-Based Pension product, we published a Retirement Income Covenant introduced on 1 July 2022. We are working to develop flexible strategies for members to maximise their retirement income and achieve their goals in retirement.

## Fee reductions

Active Super is committed to delivering value for money to our members. As a profit-to-member industry super fund, we work hard to keep operating costs down and have cut our administration fees three times in the last four years.

Effective 1 July 2022, we removed two fees which impact couples who are separating – the Request for Family Law information and Benefit Split fees.

## Service to our members

Active Super has a long-standing commitment to supporting our members' saving and retirement needs. We do this through our team of client relationship managers and financial planners based in seven locations in NSW. We recently reaffirmed our commitment to the Hunter and Central Coast regions by relocating to a new office in Newcastle.

In order to make it easier to contact us, we recently extended the opening hours of our Member Care centre to handle any queries, whether by phone, email or LiveChat on the website.

During the year we completed the upgrade of our member online portal which includes an additional security feature called 'two-factor authentication' to help protect members from fraudsters. We also upgraded our website and mobile phone app.

Better informed members make better financial decisions, and we continue to provide a range of educational tools and services including webinars, videos, monthly newsletters and articles written by our financial planners.

> I would like to thank the Board for their ongoing support and direction, and acknowledge the entire Active Super team for their diligence and hard work in a year full of achievements. And finally, I would like to thank our employers and shareholders for the close working relationship.
>
> While much has changed over 25 years, our commitment to members is stronger than ever and we look forward to the next 25 years of helping you build a comfortable and secure retirement.

## Awards and achievements

During the year Active Super received recognition for activities managing your superannuation and retirement savings:

- The fund operations were certified carbon neutral by Climate Active for the third consecutive year
- We were recognised as a Leader in Responsible Investment by the Responsible Investment Association Australasia (RIAA), the peak body representing responsible and ethical investors across Australia and New Zealand
- Our direct property portfolio received a WELL Health-Safety Rating from the International WELL Building Institute for all eight properties within the portfolio
- Our shopping centre portfolio was ranked No.1 in the NABERS Sustainable Portfolios Index
- Our website was awarded a Good Design Award by the Australian Design Council in recognition of our outstanding innovation in digital design and development.

A comprehensive list of our awards and achievements can be found on our website.

## Responsible employer

As a responsible employer, Active Super has taken action to address the gender gap in superannuation balances. We now pay primary caregiver employees the equivalent of the superannuation guarantee for up to 12 months of their parental leave. We have also extended paid parental leave, regardless of gender, by 50 percent to 18 weeks.

## Get active with your super

We encourage our members to 'get Active with their super'. Some simple ways to do this are:

- Go to our website at activesuper.com.au/superview and see how we invest using our innovative Super View tool which provides greater transparency and brings our investments to life
- Earn more super while you shop by registering for our new Active Super Booster, a reward program that adds to members' super balances at selected retailers. Learn more at activesuper.com.au/superbooster
- Begin planning for retirement by booking a meeting with one of our financial planners or attending a retirement seminar.

Thank you for your ongoing support.

**Phil Stockwell**
Chief Executive Officer
Active Super

# CIO's report

**Over the past year, we have experienced one of the most challenging investment environments in our 25-year history. Market turbulence impacted the entire superannuation industry amid higher inflation and rising interest rates.**

As an industry, Australian super funds experienced losses for only the fifth time in 30 years and Active Super was no exception. Our Balanced investment option delivered a negative return of 2.64 percent, and our Conservative Balanced option reported negative returns for the first time since 2009.

Despite the short-term returns, our performance over the medium and long term remains strong with our Balanced option 10-year return sitting at 7.95 percent.[1] Our investment strategy remains to invest in a diversified portfolio of assets using our market-leading responsible investment approach to generate long-term sustainable investment returns for our members.

## Investment market turbulence

A combination of events weakened global bond and share markets in the past financial year.

COVID-19 restrictions caused supply chain issues and led to shortages of some products such as electronic parts and automobiles. Border restrictions resulted in very low unemployment rates and labour shortages. The war in Ukraine caused supply issues for commodities like oil, gas, coal, wheat and fertiliser. Higher petrol and food prices, along with increasing home building costs, drove Australia's annual inflation rate to a two-decade high, while the federal government forecast a deterioration in the consumer price index (CPI) towards 8 percent.

In an attempt to tackle inflationary pressures, the Reserve Bank of Australia (RBA) has raised interest rates. The RBA and the government have also downgraded the pace of future economic growth in Australia which has dampened asset values in many markets.

## Bond markets

Massive government stimulus to support the economy through the COVID-19 period resulted in record low interest rates, with the Australian official cash rate getting down to 0.1 percent and 10-year Government bond yields hitting 0.77 percent in March 2020.

The 10-year bond yield has now risen considerably following an aggressive round of interest rate rises designed to curb the emergence of global inflation. This resulted in bond values falling sharply with the Australian government bond index down 11 percent for the year.

## Share markets

Shares were sold off as inflation and rising interest rates hurt consumer confidence and corporate profitability. The S&P/ASX200 index ended the 2021/22 financial year down 10.2 percent and the broad US S&P 500 index slipped into a bear market, falling around 20 percent since peaking in January 2022.

The best-performing Australian shares tended to be resource and energy companies that benefited from higher prices. The stocks that suffered were mostly interest rate sensitive growth stocks and retail companies that had benefited during the pandemic.

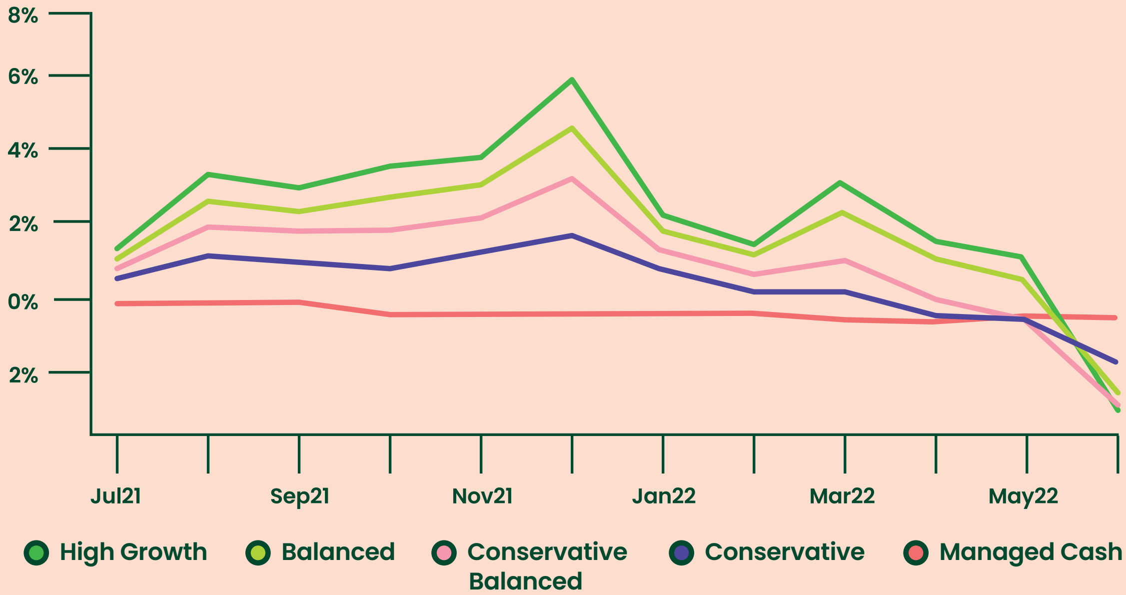
## Diversified portfolio

Diversification has an important part to play during times of uncertainty and is one of the major advantages of investments like super. A broadly diversified portfolio is designed to reduce the impact of falls in share and bond markets.

At times like this it's beneficial to hold a wide variety of assets like office buildings, industrial buildings, private companies and private debt that can keep producing income. For instance, infrastructure and direct property have produced positive returns as tenants returned to work and travel.

1. Returns shown are net of investment fees, tax, administration percentage fees and gross of administration dollar fees. Past performance is not a reliable indicator of future performance.

## Investment performance - Accumulation
## From 1 July 2021 to 30 June 2022




## Investing responsibly

When investing your super and retirement savings, we look for investments that will not only produce good returns, but ones that are assessed for their environmental, social and corporate governance (ESG) impact.

For instance, Active Super's investment in the Lighthouse Solar Fund increased in value by $8.2 million in the financial year due to the improved outlook for wholesale energy prices. The fund's two main assets, Clare Solar Farm located in Northern Queensland and Emerald Solar fund in Central Queensland, have an installed capacity of 172MW.

In another example, we received a $16 million windfall from our investment in Actis Energy IV after the fund sold a renewable energy company in India, comprising eight solar farms and two wind farms. Actis Energy develops renewable energy projects in locations where there is a shortage of electricity like Africa, South America and India. This has provided good returns for members, made a positive impact for workers and reduced emissions by around 6 million tonnes.

## Looking ahead

While financial markets remain unsettled as the era of ultra-low interest rates has come to an end, it's important to remember that super is a long-term investment. We will continue to look for opportunities to invest your super and retirement savings in a diversified portfolio of assets using our market-leading responsible investment approach to generate consistent and sustainable investment returns.

**Craig Turnbull**
Chief Investment Officer
Active Super

02

# INVESTING RESPONSIBLY

At Active Super, we believe strong performance must be underpinned by responsible investment. It's the investing principle we live by.

# Investing responsibly

In line with our Sustainable and Responsible Investment policy (available on our website), all our investments are assessed for their ability to deliver strong financial returns, balanced against the environmental, social and governance (ESG) risk they pose to the world. So, as a member, you can take comfort knowing we're focused on your financial future while also looking out for the future of the planet.

Unlike some super funds who offer responsible investment choices that are run separately from their mainstream investments (sometimes labelled 'ethical' or 'sustainable'), our responsible investment approach applies to our entire portfolio, using a combination of ESG integration and active ownership strategies.

## ESG integration

**Positive screens**
We actively seek investment opportunities that have a positive social and/or environmental impact on the world, for example schools, hospitals, solar and wind farms, waste management and recycling.

**Negative screens**
We eliminate investments that pose too great a risk to the environment and the community, for example nuclear weapons, tobacco manufacturers, oil tar sands and gambling.

**Limits**
We limit investments in some areas, choosing only those where we can see the opportunity to make a difference, for example oil and gas companies with legitimate plans to transition to net zero.

**Monitoring**
We monitor our investments for ESG risks and engage with our fund managers and advisers on how to integrate ESG considerations into the investment process.

## A portfolio-wide approach

## Active ownership

**Engagement**
We actively engage with investee companies on ESG issues through one-on-one meetings, briefings, phone calls and letters.

**Proxy voting**
We vote at all shareholder meetings of our investee companies and publish our decisions on our website before the meetings take place. We are 100 percent transparent.

**Transparency**
We disclose information on our website about our holdings, proxy voting and responsible investment practices so members can see where and how their money is invested.

**Collaboration**
We work with leading industry bodies who share our values to push for positive change on ESG issues.

To further understand how your Active Super investments are making a difference, we invite you to read our *Responsible Investment Report 2021/22*, which will be published in December 2022.

# Active on climate change

**At Active Super, we believe climate change is one of the most significant risks facing the world today. We were among the first super funds to move on climate change issues in 2009 and we introduced climate change and fossil fuel restrictions back in 2014. In the 2021/22 financial year, we continued to deploy strategies across the fund to manage the risk of climate change.**

## Net Zero 2050

In the 2021/22 financial year, we have been focused on completing the Fund's proprietary Net Zero 2050 modelling framework, based on data gathered from our investments across all asset classes.

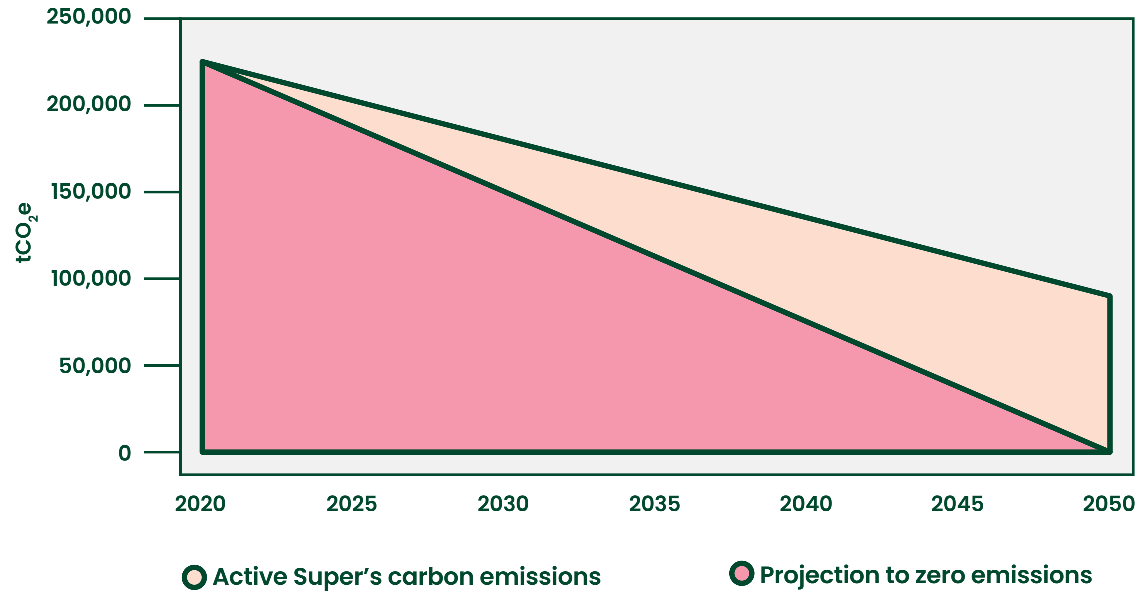
In October 2020, the Active Super Board committed to achieving net zero emissions by 2050 at the latest. Our model helps us to meet this commitment by enabling us to measure our emissions in each asset class, focus on high emitting sectors and target engagement initiatives. Although constantly evolving, our model allows us to plan and cost our transition based on different scenarios.

In the last financial year, considerable progress has been made following government intervention on emissions targets, together with revisions to Active Super's methodology. As we get closer to 2050, members can expect to see our emissions reducing, as the following graphs demonstrate.

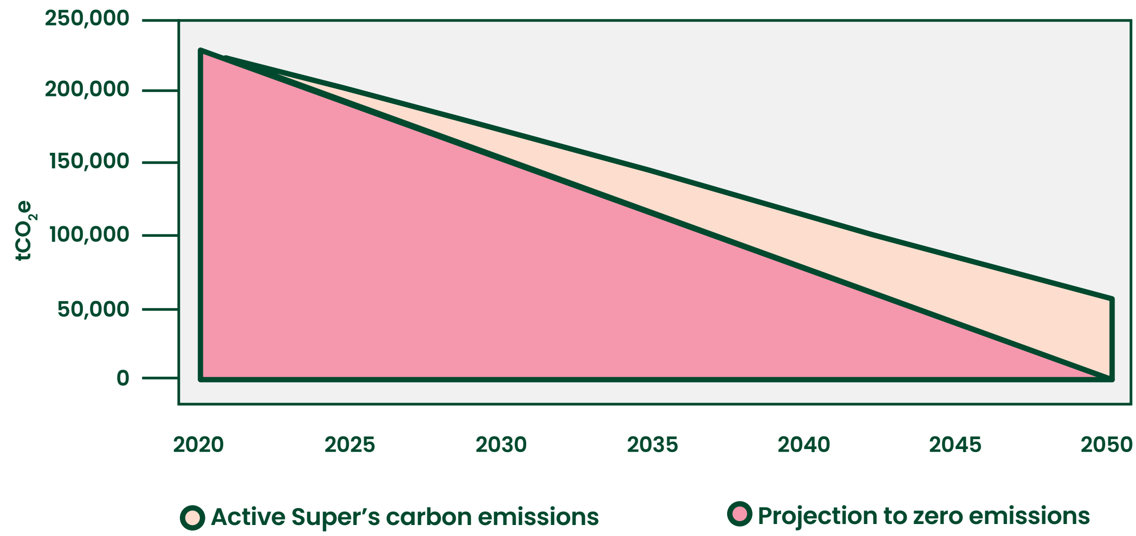
> Active Super's proprietary Net Zero 2050 model is our roadmap. The information is very granular. We have quantified our emissions and we know where we must engage, by which sector and by which asset, for our whole portfolio.
>
> **Moya Yip**
> Head of Responsible Investment

**Active Super's Net Zero modelling reveals a reduction in our emissions shortfall from last year, in line with the Fund's efforts to achieve net zero emissions by 2050.**

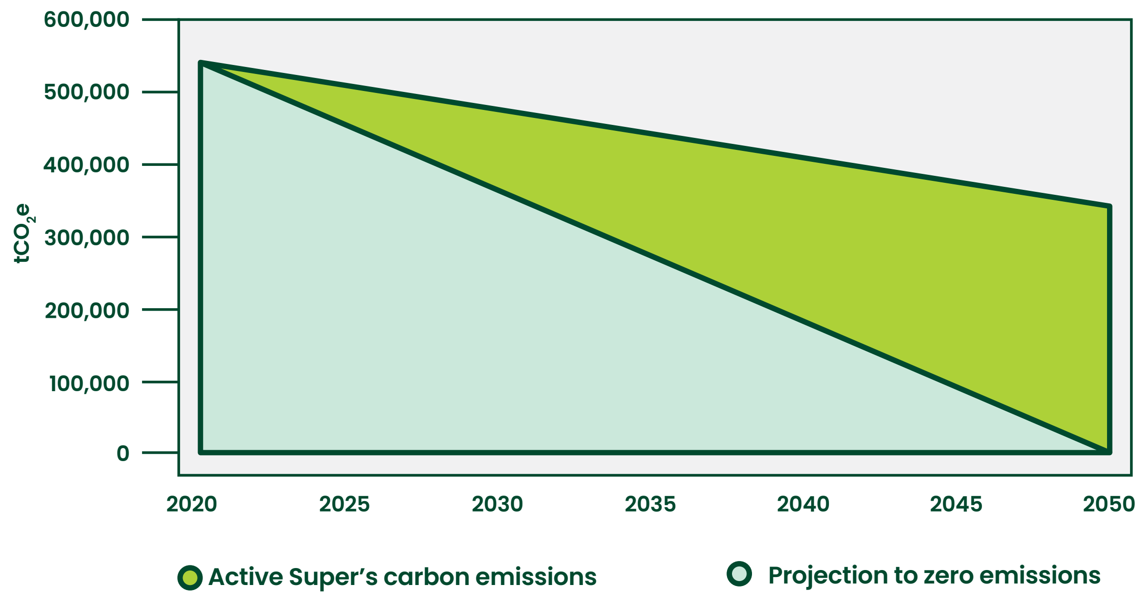
## Carbon emissions trendline and shortfall (Australian shares) **2021**



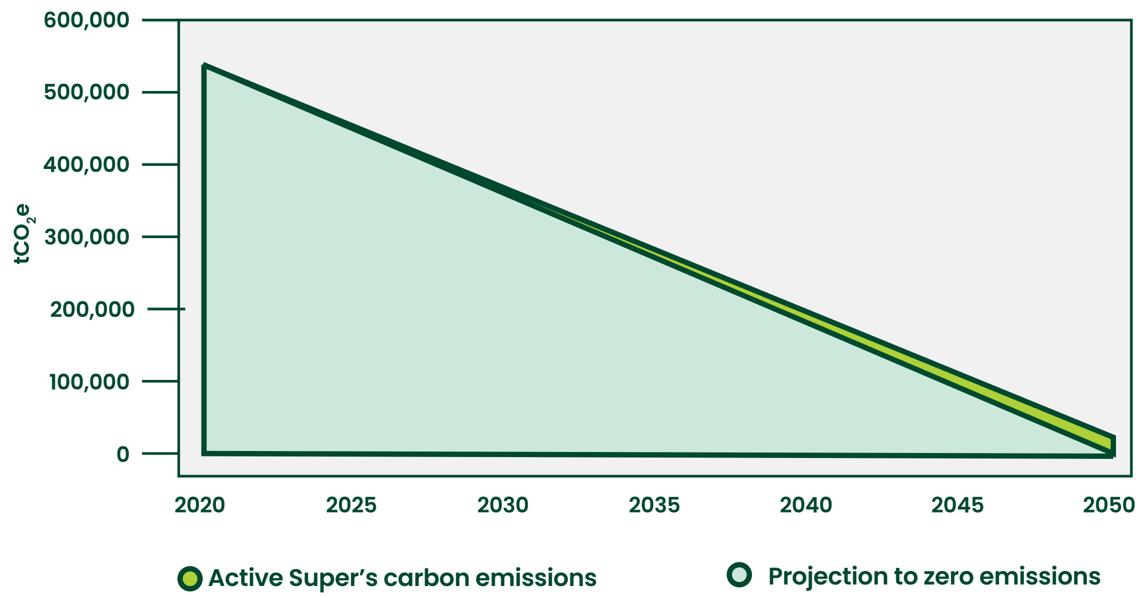

## Carbon emissions trendline and shortfall (Australian shares) **2022**



## Carbon emissions shortfall forecast (fixed income) 2021




## Carbon emissions shortfall forecast (fixed income) 2022



## Avoided emissions

For Active Super, it's important we can demonstrate that it is possible to deliver strong financial returns while, at the same time, delivering tangible outcomes that benefit the environment and society. One of the ways we can do this is by quantifying avoided emissions.

Avoided emissions are emissions which are not released into the atmosphere thanks to financing a particular project or investment. For example, as at the end of June 2022, Active Super had over $187 million invested in green bonds, which fund environmental and social projects including solar and wind farms and energy efficient affordable housing projects. As a fund, we have measured the emissions that have been avoided thanks to the projects we've invested in through green bonds.

While it can be challenging to obtain data on avoided emissions, and measurement is the subject of ongoing global debate, Active Super will continue to report this number, not only as it relates to green bonds but also to our positively themed investments.

Please note, however, avoided emissions figures are not included in Active Super's Net Zero 2050 modelling. We disclose avoided emissions separately.

**Active Super's total investment portfolio avoided**

**232,334** (Actual) tonnes $CO_2e$[1]

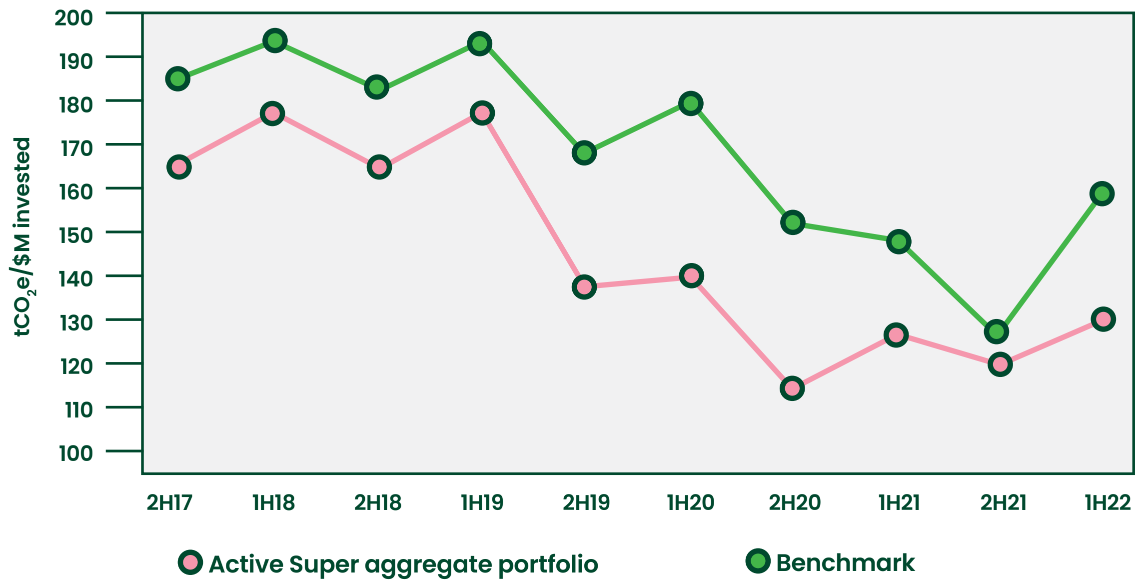
**This equates to 1,626,338 trips from Sydney to Melbourne in a medium diesel car**

1. Relates to Active Super's investment in Green Bonds, Infrastructure and Private Equity. Calculation based on data supplied as at 30 June 2022 by fund managers and subject to change.

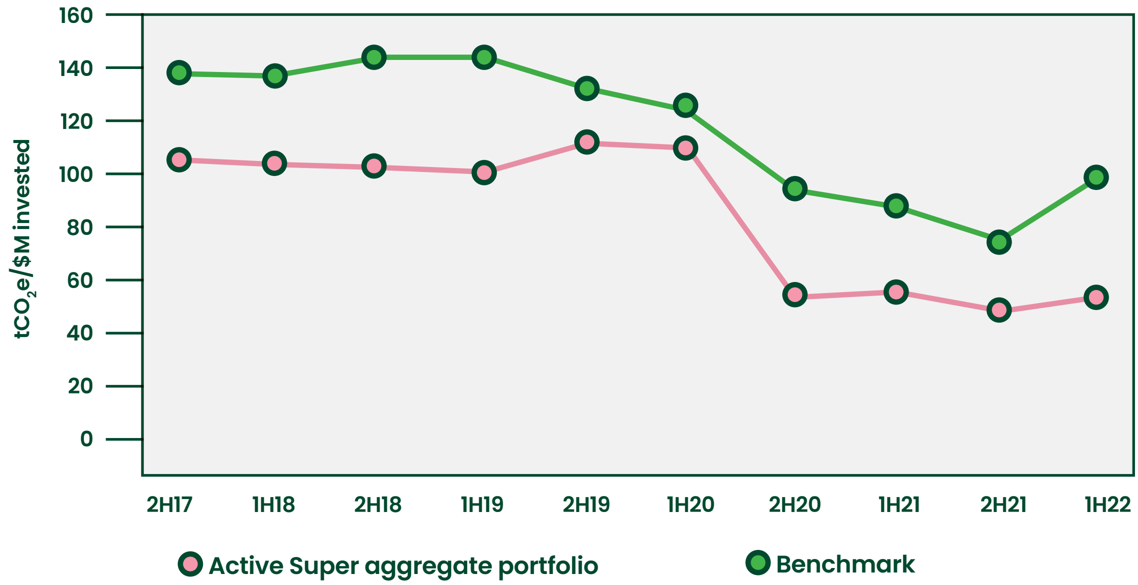
## A smaller carbon footprint

Due to investment restrictions that have been in place for many years, the carbon footprint for the Active Super portfolio as a whole is lower than many other super funds. Our carbon footprint reporting (available on our website) shows that in the first half of 2022, our exposure to carbon intensive companies continues to be lower than the Benchmark Index for both Australian equities and international equities.

### Carbon emissions trend – Australian shares




### Carbon emissions trend - International shares



## Carbon neutral business operations

Climate Active Carbon Neutral ORGANISATION

Active Super has been committed to reducing its carbon footprint for many years. We are one of only nine Australian super funds to be certified carbon neutral by the Australian Government's Climate Active Carbon Neutral Standard for Organisations program. This covers our head office in Margaret Street, Sydney, as well as our regional offices.

One of our biggest sources of emissions is paper and postage, largely due to the communications we send to members. We have introduced numerous strategies to cut paper consumption, including encouraging members to switch to email communications and reducing the use of paper in our offices. We have participated in a number of offset projects, including reforestation and biodiversity projects in Brazil.

**If you haven't already, log into Member Online or give our Member Care team a call to change your communications preferences to email to help us out.**

**Nicola**

Active Super member
since 1992

# THE LEAN, GREEN PROPERTY MACHINE

## One of Australia's most sustainable direct property portfolios

**6 Stars**

First superannuation fund with a diversified property portfolio to achieve a **'6 STAR GREEN STAR – PERFORMANCE'** rating[1]

**$809m**

Value of the direct **PROPERTY PORTFOLIO**

**4 yrs**

Consecutive carbon neutral certification for all **7 NABERS-RATED BUILDINGS**[2]

**39%**

Reduction in $CO_2$ **SINCE 2019**

**1st**

**GREEN LOAN** developed for the superannuation sector, specifically for Active Super Property[3]

**No.1**

Ranking in the **NABERS PORTFOLIO INDEX 2022**[4]

Active Super is an advocate for all buildings to achieve **NET ZERO CARBON EMISSIONS BY 2050**

**2030**

Deadline to achieve **NET ZERO OPERATING CARBON EMISSIONS** across our direct property portfolio[5]

ACTIVE SUPER PROPERTY

[1] The Green Building Council of Australia. The rating represents world leadership in building operations. [2] Climate Active Carbon Neutral Standard for Buildings. [3] Set by the Climate Bonds Initiative (CBI). [4] Best performing shopping centre portfolio in NABERS' Energy and Water category [5] Active Super is a signatory to the World Green Building Council's global Net Zero Carbon Buildings Commitment

# Adding value to property through sustainability

**If you've ever shopped at Village Centre or Bridge Plaza in Batemans Bay, or the landmark MarketPlace Leichhardt, then you've supported a direct investment by Active Super Property.**

Our $809 million internally-managed direct property portfolio includes eight high quality assets located throughout NSW, including four office buildings, three retail centres and one multi-unit industrial estate – and it's one of the most sustainable diversified property portfolios in Australia.

Despite the ongoing impacts of the global COVID-19 pandemic and uncertain economic environment the portfolio delivered a 9.39 percent return for the 2021/22 financial year. While this met our sector objectives, the return was below the industry benchmark of 12.30 percent. Longer term returns show consistent above-benchmark performance over 3, 5 and 7-year time periods.

We believe that the high sustainability performance of our direct properties translates into better long-term investment performance for members, as sustainable buildings have a better ability to attract and retain tenants and have high-quality management.

## Committed to net zero

Active Super Property is a signatory to the World Green Building Council's global Net Zero Carbon Buildings Commitment where we are taking positive steps to have all existing and new assets under our direct control certified as carbon neutral, maximising embodied carbon reductions and compensating for any residual upfront embodied carbon where appropriate, by 2030.

## Carbon neutral

Climate Active Carbon Neutral BUILDING

We manage one of Australia's most sustainable property portfolios and in April 2022 all seven NABERS-rated buildings in the Active Super property portfolio were certified carbon neutral under the Australian Government's Climate Active Carbon Neutral Standard for Buildings. We've reduced our $CO_2$ emissions by 39 percent since first adopting the certification in 2019.

Active Super Property has participated in offset projects, including wind farms and biodiversity projects, and is now supporting local community projects in Papua New Guinea.

This year we also achieved a WELL Health-Safety Rating from the International WELL Building Institute (IWBI) for all eight assets in our direct property portfolio. This rating reflects the high calibre of Active Super Property's building operations and management across key areas of cleaning, air and water quality, and stakeholder engagement.

## 6 Star Green Star portfolio

Active Super Property holds a '6 Star Green Star — Performance' rating for our direct portfolio from the Green Building Council of Australia (GBCA), the first super fund with a diversified portfolio to achieve this 'World Leadership' rating in environmentally sustainable building practices. GBCA rates buildings, fit-outs and communities through Australia's largest national, voluntary, holistic rating system – Green Star. GBCA also provides education and advocacy to the industry to promote green building practices, technologies and operations.

> The United Nations recognises green bonds as 'one of the most significant developments in the financing of low-carbon, climate-resilient investment opportunities'.[1]

## Growth in green bonds

**Green bonds are experiencing a huge surge in popularity, with Bloomberg reporting in August 2022 that issuance of Australian green bonds alone had more than doubled compared to the same time the previous year.[2]**

An early mover on green bonds, Active Super has been investing in this asset class since 2012, with over $187 million invested as at 30 June 2022.

Green bonds raise capital for new and existing projects which deliver environmental or social benefits and a more sustainable economy. This includes renewable energy, clean transportation, adaption to climate change as well as social infrastructure projects like affordable housing, schools, hospitals and aged care facilities.

Despite their rise in popularity, there are still very few super funds investing in this asset class, with most opting for less resource-intensive investments. But Active Super's size means the Fund is nimble enough to manage the process and green bonds remain a fund favourite.

The appeal of green bonds lies in the exponential nature of the benefits. For example, investing in affordable housing provides good quality, energy-efficient homes, which in turn encourages stable communities, which promotes further investment in surrounding infrastructure like schools, hospitals and green spaces.

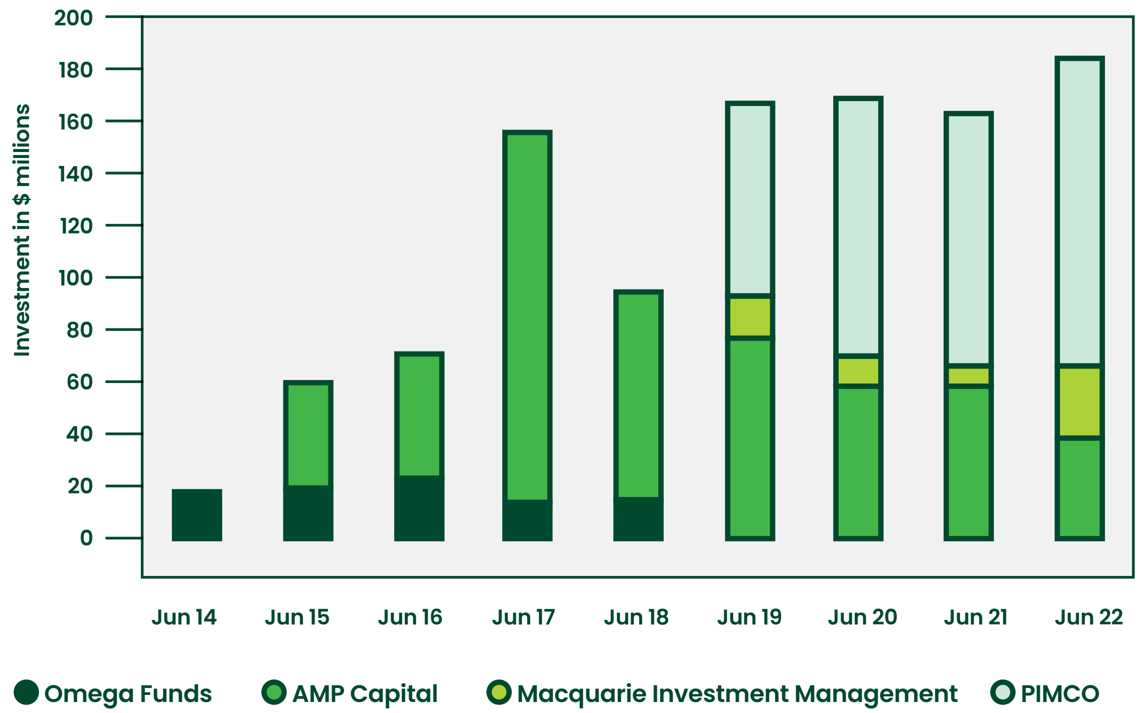
But how do they perform? In terms of aggregate bonds performance, Active Super outperformed the benchmark 0.42 percent over 5 years.

Green bonds allow the Fund to support much needed projects that deliver strong returns, while also benefitting the community in sustainable ways, and we have plans to do more.

1. Renewables Now 2015, UN report confirms key role of green bonds in climate investment renewablesnow.com/news/unreport-confirms-key-role-of-green-bonds-in-climate-investment

2. Source: 'Climate action to spur Australian green bonds to record year', Bloomberg 20 August 2022

## Increasing investment in green bonds by Active Super




## Our green bonds projects include:

Solar and wind farms

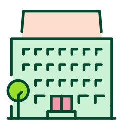
Cycle ways

Aged care facilities

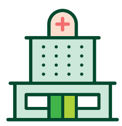
Schools

Green transport solutions

Desalination plants



Affordable housing projects



Hospitals

03

# AWARDS AND APPLAUSE

While winning awards isn't everything, it's great to see that doing the right thing has paid off. We've been recognised for outstanding products and services, as well as setting the benchmark for responsible investment strategies.

## SuperRatings Platinum ranking

Our Account-Based Pension Plan received a Platinum ranking from SuperRatings. Plus, we continue to strike Gold with our MySuper Lifestage Product, Accumulation Scheme, Personal Division and Retirement Scheme.

## Chant West 5 Apple Rating

We proudly received a top rating of 5 Apples for our Active Super Account-Based Pension product from Chant West, a leading superannuation research firm. The rating reflects the product's merits from a member's perspective and considers fees, investments and customer service.

## Chant West 2022 Best Fund: Responsible Investment

We were named a finalist in this category which recognises funds that incorporate responsible investment considerations into their 'core' portfolios.

## Heron five-star quality rating

Independent advisers, the Heron Partnership, have awarded our superannuation products their five-star quality rating every period since the rating was established in 2006.

## Rainmaker AAA rating

Our Accumulation Scheme and Account-Based Pension Plan have been awarded AAA ratings every year since 2006. Rainmaker also named us an ESG leader based on our environmental and sustainability practices, as well as for good governance on our investments and internal operations.

## RIAA recognition

We have been recognised once again as a Responsible Investment Leader by the Responsible Investment Association Australasia (RIAA), the peak body representing responsible and ethical investors across Australia and New Zealand. This acknowledges Active Super's commitment to responsible investing and attributes as an investment manager.

## UNPRI assessment

We have been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2007. The PRI initiative is an international network of investors working together to incorporate sustainability issues into investment decision making and ownership practices.

## Carbon neutral certification

We are one of nine Australian super funds to be certified carbon neutral by Climate Active. The operations of our Sydney and seven regional offices were certified carbon neutral by Climate Active for the third consecutive year.

Our direct property portfolio has been certified carbon neutral for four consecutive years. We were the first NABERS-rated property portfolio in Australia to achieve this certification in accordance with the Climate Active Carbon Neutral Standard for Buildings in 2019.

## WELL Health-Safety Rating

We received this rating from the International WELL Building Institute for all of our eight properties within the portfolio in recognition of the quality of our building operations and management across key areas of cleaning, air and water quality, and stakeholder engagement.

## NABERS SPI

We secured a No.1 ranking in the NABERS Sustainable Portfolios Index (SPI) for our shopping centre portfolio.

## 6 Star Green Star performance rating

Our direct property portfolio has been recognised for its sustainable building practices by achieving a '6 Star Green Star - Performance' rating from the Green Building Council of Australia. We were the first superannuation fund with a diversified property portfolio to achieve this world leadership rating in 2021.

## No tobacco manufacturers

We have always had a strong commitment to responsible and sustainable investment and were the first super fund in Australia to stop investing in tobacco manufacturers in 2001.

## SuperRatings Infinity Award

We're proud to have won the SuperRatings Infinity Award seven times. The Infinity is a prestigious award for the super fund most committed to environmental and ethical responsibilities.

## *Money* magazine's Best of the Best Awards

*Money* magazine named us as an ESG super fund leader for 2022. We secured 2nd place in the Best Diversified ESG Super Products category[1] and named as the 3rd Best Value Super Fund for Young People.[2]

We have also been named Best Green Super Fund by *Money* magazine six times since 2012.

1. Active Super - High Growth product received 2nd place in the category with 10-year returns of 9.6 percent p.a. for members aged 25 with a $5,000 balance.

2. Active Super received 3rd place in the category with 5-year returns of 6.1 percent p.a. for members aged 25 with a $5,000 balance.

# 04

# HOW WE INVEST YOUR MONEY

**This section of the Annual Report provides information on each of our investment options as well as details of performance, asset allocations and definitions.**

It's important to note that the net earnings allocated to a member's account during the 2021/22 financial year are calculated daily, based on the applicable unit prices of the underlying investment options the member is invested in.

These unit prices are derived from the market value of the investments in the underlying investment option after adjustments for taxes, fees and expenses.

Any direct fees, contributions tax or expenses, such as insurance premiums, are deducted directly from the member's account and are not taken into account when deriving applicable unit prices.

The tables on the following pages show returns for past net earning rates and these figures are not an indicator of future net earning rates. Member benefits invested in any particular investment option are not guaranteed and the value of their investment may fall.

## Derivatives

At Active Super, derivatives are used to adjust the weightings of the various portfolios in line with the overall investment strategy. Various derivatives may be applied, such as futures and options.

Strict investment guidelines detail all limits approved on the use of derivatives that are in place. Currency hedging activities are also carried out in relation to all international assets in the portfolio, within strictly defined parameters.

Derivatives can also be used to protect against possible adverse movements in the markets, to implement tactical asset allocations, or to enter or exit the market at a defined price level. Under no circumstances can they be used to gear the investment portfolio or be used for speculative trading.

Except when the investment manager specifically confirms in writing that derivatives will not be used, each investment manager must supply adequate policies, procedures and controls, which outline the role and management of derivatives products (such as futures and options) used by the investment manager.

The Trustee requires that all derivative positions are fully cash covered, offset to existing assets, or used to alter the exposures in underlying asset classes.


Introducing **Super View**, an interactive tool that brings your super to life.

Ever wondered if your super is invested in Brazil? Or in a particular company? Now you can see for yourself with Super View.

Give it a go and see your super come to life at activesuper.com.au/superview

# Our investment portfolio

## Top 10 Australian share holdings as at 30 June 2022

| Rank | Australian shares top 10 holdings | % of portfolio holding | % of index* |
|---|---|---|---|
| 1 | BHP Group Ltd | 9.5 | 10.5 |
| 2 | CSL Ltd | 6.0 | 6.5 |
| 3 | National Australia Bank Ltd | 5.1 | 4.4 |
| 4 | Commonwealth Bank of Australia | 4.7 | 7.7 |
| 5 | Woodside Energy Group Ltd | 3.2 | 3.0 |
| 6 | Telstra Corp Ltd | 3.0 | 2.2 |
| 7 | Macquarie Group Ltd | 3.0 | 3.0 |
| 8 | QBE Insurance Group Ltd | 2.6 | 0.9 |
| 9 | Westpac Banking Corp | 2.3 | 3.4 |
| 10 | Santos Ltd | 1.9 | 1.3 |

*This measure shows how much of that share is held by the overall market. For Australia, the index used is the S&P/ ASX 300. So even though we may hold enough of a share for it to be in our top ten, we may still hold less than its share of the overall market.

## Top 10 international share holdings as at 30 June 2022

| Rank | International shares top 10 holdings | % of portfolio holding | % of index* |
|---|---|---|---|
| 1 | Thermo Fisher Scientific Inc | 1.9 | 0.4 |
| 2 | Microsoft Corp | 1.7 | 3.8 |
| 3 | Visa Inc | 1.6 | 0.7 |
| 4 | Medtronic Plc | 1.2 | 0.3 |
| 5 | Alphabet Inc | 1.2 | 1.3 |
| 6 | LVMH Moet Hennessy Lois Vuitton | 1.2 | 0.4 |
| 7 | Unitedhealth Group Inc | 1.1 | 1.0 |
| 8 | Oracle Corp | 1.1 | 0.0 |
| 9 | Apple Inc | 1.0 | 4.6 |
| 10 | Diageo PLC | 1.0 | 0.2 |

*This measure shows how much of that share is held by the overall market. For international shares, the index is the MSCI ACWI ex Australia which consists of the vast majority of all the listed shares on major global markets. So even though we may hold enough of a share for it to be in our top ten, we may still hold less than its share of the overall market

# Our investment options

**The following descriptions reflect the objectives and the asset allocations as at 30 June 2022.**

The returns shown are net of the percent-based administration fee which was included in the calculation of unit prices in the 2021/22 financial year. From 1 July 2022, returns will not include the percent-based administration fee as it is deducted from member accounts directly. The returns on the web site reflect this.

You should refer to the relevant Product Disclosure Statement (PDS) for the current details of our investment options.

For more detailed and up-to-date performance figures for all our investment options, visit our website at activesuper.com.au/performance

## High Growth

**Description:** Invests a very high proportion of funds in growth assets, such as shares and property and may be suitable for members seeking high investment growth over the longer term.

**Objective:** 3.5% net return p.a. above CPI over a rolling 10-year period.

**Risk profile:** The emphasis is on growth, so the value of the investment may fluctuate over the short term.

**Risk band:** 6

**Risk label:** High
(Based on an estimate of 5.1 negative annual returns in any 20-year period).

| Asset classes | Asset allocation ranges | Actual 2022 (as at 30 June) | Actual 2021 (as at 30 June) |
|---|---|---|---|
| Australian shares | 23 - 43% | 32.0% | 34.0% |
| International shares | 27 - 47% | 34.7% | 38.3% |
| Australian direct property | 0 – 10% | 5.9% | 5.1% |
| International listed property | 0 – 10% | 2.0% | 2.2% |
| Private equity | 4 - 14% | 9.7% | 8.4% |
| Private credit | 0 – 6% | 2.9% | 2.2% |
| Growth alternatives | 0 – 5% | 2.5% | 1.8% |
| Short-term fixed interest | 0 – 10% | 5.9% | 4.2% |
| Liquid alternatives | 0 – 5% | 0% | 0.2% |
| Bonds | 0 – 10% | 0% | 0.0% |
| Infrastructure | 0 – 10% | 1.8% | 2.1% |
| Cash | 0 – 10% | 2.6% | 1.6% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Accumulation Scheme (Division A) | -2.99% | 5.87% | 7.19% |
| Account-Based Pension Plan (Division F) | -4.21% | 6.25% | 7.81% |

## Balanced

**Description:** Invests a high proportion of funds in growth assets, such as shares and property and may be suitable for members seeking real investment growth over the medium to longer term.

**Objective:** 3.0% net return p.a. above CPI over a rolling 10-year period.

**Risk profile:** The emphasis is on growth, so the value of the investment may fluctuate over the short term.

**Risk band:** 6

**Risk label:** Medium to High
(Based on an estimate of 4.4 negative annual returns in any 20-year period)

| Asset classes | Asset allocation ranges | Actual 2022 (as at 30 June) | Actual 2021 (as at 30 June) |
|---|---|---|---|
| Australian shares | 15 – 35% | 23.8% | 27.0% |
| International shares | 17 - 37% | 24.1% | 27.2% |
| Australian direct property | 0 – 10% | 5.8% | 5.1% |
| International listed property | 0 – 10% | 2.0% | 2.2% |
| Private equity | 2 – 12% | 7.3% | 6.5% |
| Private credit | 0 – 5% | 2.8% | 2.3% |
| Growth alternatives | 0 – 5% | 2.2% | 1.9% |
| Short-term fixed interest | 5 – 15% | 12.1% | 9.1% |
| Liquid alternatives | 0 – 5% | 0% | 1.1% |
| Bonds | 2 - 22% | 11.6% | 9.3% |
| Infrastructure | 0 – 10% | 4.3% | 3.7% |
| Cash | 0 – 10% | 3.9% | 4.5% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Accumulation Scheme (Division A) | -2.64% | 4.66% | 5.94% |
| Account-Based Pension Plan (Division F) | -3.32% | 5.06% | 6.55% |

## Conservative Balanced

**Description:** Invests a proportion of funds in growth assets, such as shares and property, in combination with income-producing assets, such as interest-bearing securities. May be suitable for members seeking investment growth over the medium term with less volatility.

**Objective:** 2.0% net return p.a. above CPI over a rolling 10-year period. 5.

**Risk profile:** The emphasis is still on growth, but with more stability than might be expected in High Growth or Balanced.

**Risk band:** 5

**Risk label:** Medium to High (Based on an estimate of 3.4 negative annual returns in any 20-year period)

| Asset classes | Asset allocation ranges | Actual 2022 (as at 30 June) | Actual 2021 (as at 30 June) |
|---|---|---|---|
| Australian shares | 8 - 28% | 16.3% | 18.0% |
| International shares | 8 - 28% | 15.2% | 18.2% |
| Australian direct property | 0 – 10% | 5.6% | 5.1% |
| International listed property | 0 – 10% | 2.0% | 2.3% |
| Private equity | 1 - 11% | 6.2% | 5.7% |
| Private credit | 0 – 5% | 3.7% | 3.2% |
| Growth alternatives | 0 – 5% | 2.3% | 2.0% |
| Short-term fixed interest | 6 - 26% | 18.2% | 16.0% |
| Liquid alternatives | 0 – 5% | 0% | 1.1% |
| Bonds | 11 - 31% | 20.7% | 19.0% |
| Infrastructure | 0 – 10% | 4.8% | 4.3% |
| Cash | 0 – 10% | 4.9% | 5.1% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Accumulation Scheme (Division A) | -2.87% | 3.16% | 4.51% |
| Account-Based Pension Plan (Division F) | -3.28% | 3.53% | 5.07% |

## Conservative

**Description:** Invests a small proportion in growth assets and the balance in income-producing assets such as interest-bearing securities. This combination aims to earn real investment growth above CPI over a 10-year period. Although it is relatively more stable than the High Growth, Balanced and Conservative Balanced options, the returns and the value of the investment can still fluctuate.

**Objective:** 1.5% net return p.a. above CPI over a rolling 10-year period. 6.

**Risk profile:** The emphasis is on greater security, with some potential for growth. The value of the investment may still fluctuate.

**Risk band:** 3

**Risk label:** Low to Medium
(Based on an estimate of 1.4 negative annual returns in any 20-year period)

| Asset classes | Asset allocation ranges | Actual 2022 (as at 30 June) | Actual 2021 (as at 30 June) |
|---|---|---|---|
| Australian shares | 0 – 19% | 8.0% | 9.0% |
| International shares | 0 – 19% | 7.4% | 9.1% |
| Australian direct property | 0 – 10% | 6.2% | 5.2% |
| International listed property | 0 – 10% | 1.0% | 1.2% |
| Private equity | 0 – 5% | 2.2% | 2.1% |
| Private credit | 0 – 10% | 5.0% | 4.3% |
| Growth alternatives | 0 - 10% | 4.7% | 3.9% |
| Short-term fixed interest | 8 – 28% | 22,0% | 19.9% |
| Liquid alternatives | 0 – 5% | 0% | 1.2% |
| Bonds | 17 - 37% | 26.9% | 25.1% |
| Infrastructure | 0 – 10% | 7.3% | 5.0% |
| Cash | 0 – 20% | 9.3% | 14.1% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Accumulation Scheme (Division A) | -1.81% | 2.04% | 3.15% |
| Account-Based Pension Plan (Division F) | -2.52% | 2.17% | 3.50% |

## Managed Cash

**Description:** Invests predominantly in short-term Australian money market assets and term deposits. A proportion of the assets are invested in floating rate debt securities issued by Australian banks having a longer maximum term. This gives this strategy greater exposure to higher returns than by just investing in short-term cash deposits, with only a small increase in the overall volatility of the returns. This option offers investments for short-term investors or those seeking less volatile returns.

**Objective:** 0.20% net investment return per annum above the cash rate, measured over a rolling ten-year period.*

**Risk Profile:** Exposure in money market securities with a very low risk of capital loss.

**Risk band:** 1

**Risk label:** Very Low.
(Based on an estimate of there being no negative returns in any 20-year period).

| Asset classes | Actual 2022 |
|---|---|
| Cash term deposits and money market securities | 100.0% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Accumulation Scheme (Division A) | -0.54% | 0.30% | 0.88% |
| Account-Based Pension Plan (Division F) | -0.57% | 0.39% | 1.06% |

*Bloomberg Ausbond Bank Bill Index

## Growth: Retirement Scheme

**Description:** For real investment growth above the CPI over the medium to longer term. For investors who want high exposure to Australian and international shares and property and are prepared to accept more risk. The emphasis is on growth so investors should be prepared for some potential short-term volatility. The value of the investment may fluctuate over the short term.

**Objective:** 3.0% net investment return per annum above CPI, measured over a rolling ten-year period.

**Risk profile – Standard Risk Measure:**

**Risk band:** 6

**Risk label:** Medium to High
(Based on an estimate of 4.4 negative annual returns in any 20-year period).
Suggested investment time frame: 5 years

| Asset classes | Asset allocation ranges | Actual 2022 (as at 30 June) | Actual 2021 (as at 30 June) |
|---|---|---|---|
| Australian shares | 15 – 35% | 24.2% | 26.8% |
| International shares | 17 – 37% | 24.4% | 27.2% |
| Austalian direct property | 0 – 10% | 6.3% | 5.1% |
| International listed property | 0 – 10% | 2.0% | 2.2% |
| Private equity | 2 – 12% | 7.6% | 7.0% |
| Private credit | 0 – 5% | 2.8% | 2.2% |
| Growth alternatives | 0 – 5% | 2.3% | 1.9% |
| Short-term fixed interest | 5 – 15% | 12.2% | 9.2% |
| Liquid alternatives | 0 – 5% | 0% | 1.0% |
| Bonds | 2 – 22% | 11.7% | 9.4% |
| Infrastructure | 0 – 10% | 4.7% | 4.1% |
| Cash | 0 – 10% | 1.9% | 3.8% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Retirement Scheme | -2.12% | 4.76% | 5.94% |

# Member investment choice

## Retirement Scheme members only (Division B)

In addition to the Growth investment option, Retirement Scheme members have access to member investment choice options. Members can choose one of five investment options: High Growth, Balanced, Conservative Balanced, Conservative or Managed Cash.

Members can elect an investment option for the following benefit components:

**For contributory members**

- Your Contributor Financed Benefit
- Other Contributions account.

**For deferred members**

- Your total account balance.

The following tables show the returns for one, three and five years for each of the investment options as at 30 June 2021.

### Retirement Scheme – Contributory

| | 1 year | 3 years | 5 years |
|---|---|---|---|
| High Growth | -2.96% | 5.93% | 7.18% |
| Growth | -2.12% | 4.76% | 5.94% |
| Balanced | -2.37% | 4.77% | 5.96% |
| Conservative Balanced | -2.74% | 3.21% | 4.53% |
| Conservative | -2.13% | 1.95% | 3.09% |
| Managed Cash | -0.57% | 0.30% | 0.88% |

### Retirement Scheme – Other Contributions

| | 1 year | 3 years | 5 years |
|---|---|---|---|
| High Growth | -2.96% | 5.93% | 7.18% |
| Growth | -2.12% | 4.76% | 5.94% |
| Balanced | -2.37% | 4.77% | 5.96% |
| Conservative Balanced | -2.74% | 3.21% | 4.53% |
| Conservative | -2.13% | 1.95% | 3.09% |
| Managed Cash | -0.57% | 0.30% | 0.88% |

### Retirement Scheme – Other Contributions

| | 1 year | 3 years | 5 years |
|---|---|---|---|
| High Growth | -2.96% | 5.93% | 7.18% |
| Growth | -2.12% | 4.76% | 5.94% |
| Balanced | -2.37% | 4.77% | 5.96% |
| Conservative Balanced | -2.74% | 3.21% | 4.53% |
| Conservative | -2.13% | 1.95% | 3.09% |
| Managed Cash | -0.57% | 0.30% | 0.88% |

## Defined Benefit Strategy

**Definition:** The Defined Benefit Strategy generally invests a high proportion of its funds in growth assets, such as Australian and international shares and property. The balance is invested in income-producing assets. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy.

**Objective:** Wage growth plus 2.25% over a 10 year period.

**Risk profile:** High to Medium.

As this is a defined benefit scheme, any downside risk is effectively underwritten by the Employers.

| Asset classes | Asset allocation ranges | Actual 2022 (as at 30 June) | Actual 2021 (as at 30 June) |
|---|---|---|---|
| Australian shares | 13% – 33% | 19.8% | 25.1% |
| International shares | 13% – 33% | 19.5% | 26.3% |
| Austalian direct property | 0% – 10% | 9.5% | 9.0% |
| International listed property | 0% – 10% | 2.0% | 1.9% |
| Private equity | 0% – 10% | 5.4% | 5.1% |
| Private credit | 0% – 5% | 2.7% | 2.1% |
| Growth alternatives | 0% – 5% | 2.4% | 1.7% |
| Short-term fixed interest | 2% – 22% | 14.3% | 10.9% |
| Liquid alternatives | 0% – 5% | 0% | 0.6% |
| Bonds | 2% – 22% | 14.7% | 6.4% |
| Infrastructure | 0% – 5% | 1.9% | 1.6% |
| Cash | 0% – 20% | 7.9% | 9.2% |

| Investment returns as at 30 June | 1 year | 3 years | 5 years |
|---|---|---|---|
| Defined Benefit Strategy | -2.02% | 4.52% | 5.75% |

# THE TEAM BEHIND YOUR SUPER

# 05

The Board is responsible for setting the overall strategy and objectives for Active Super and ensuring the Fund is operating in the best financial interest of members.

# About the trustee

**Active Super's Trustee is LGSS Pty Limited, a non-profit company solely engaged in the management and control of the assets of the Fund for the benefit of its members.**

## Industry regulators

The Fund is a Registrable Superannuation Entity (RSE) under the *Superannuation Industry (Supervision) Act 1993* (Cth) (SIS Act). The Trustee holds an RSE licence (L0001243) which is regulated by the Australian Prudential Regulation Authority (APRA).

The Trustee also holds an Australian Financial Services Licence (AFSL) (383558) which allows the Trustee to provide financial advice and services, which includes superannuation trustee services as well as advice provided by its financial planners, client relationship managers, and member care team. This licence is regulated by the Australian Securities and Investments Commission (ASIC) in accordance with the *Corporations Act 2001* (Cth) (Corporations Act).

## Indemnity insurance

The Trustee and its directors and officers are covered by professional indemnity insurance which helps protect Active Super in the event of a claim against its assets.

## Governance

The Board is ultimately responsible for managing Active Super, which includes the safekeeping of assets and ensuring it operates in accordance with the Trust Deed, the Corporations Act, the SIS Act and other relevant superannuation legislation, regulations and prudential standards (Superannuation Laws).

Superannuation is constantly evolving, with increasing competition and ongoing legislative changes, so the Board is supported by an in-house governance team which provides expert risk, legal and compliance advice on a day-to-day basis.

The Trustee's role is to ensure our super fund is safe, secure and is meeting the long-term financial needs of our members.

## Role of the Board

The Board is responsible for setting the overall strategy and ensuring Active Super is operating in the best financial interests of members in accordance with the Trust Deed and Superannuation Laws.

As at 30 June 2022, there were nine directors on the Board of the Trustee Company. We also have an aspirational goal for our Board to have at least 40 percent representation of female directors.

The Board meets regularly and receives and reviews reports from management and its service providers. When necessary, the Board calls upon advice from specialists such as lawyers, accountants and actuaries.

## Board committees

The Board has created five committees, and a sub-committee, to provide specific direction and resources to the business that fall within their delegated responsibility:

- Investment Committee
- Audit and Compliance Committee
- Governance, Remuneration and Nomination Committee
- Risk Committee
- Member Services Committee.

These committees allow the Board to oversee operations in greater detail. The members of the committees and their various duties as at 30 June 2022 are discussed on the following pages.

## Investment Committee

Craig Peate (Chair), Gordon Brock, Declan Clausen , Sandi Orleow and Debbie Alliston (independent committee member).

**Duties:** With meetings held at least quarterly, the committee supports the Board in the day-to-day management of investments by monitoring the performance of our investment managers and investment options, overseeing the in-house management of Fund assets and also reviewing the performance of our asset consultants. The team provides regular updates to the Board.

## Audit and Compliance Committee

Declan Clausen (Chair), Claudia Bels, Gregory McLean, Sandi Orleow, Nathan Hagarty and is also attended by Active Super's external auditor.

**Duties:** Meetings are generally held quarterly to help monitor the Trustee's compliance with all relevant licences, laws and regulations and reviewing the effectiveness of the Trustee's financial reporting and compliance framework.

## Risk Committee

Claudia Bels (Chair), Declan Clausen, Nathan Hagarty, Gregory McLean and Kyle Loades.

**Duties:** The Risk Committee meets at least quarterly to provide the Board with an objective non-executive review of the effectiveness of the Trustee's risk management framework. It ensures that the Fund has an independent and adequately-resourced internal audit function. It also oversees the Fund's business continuity management framework, information security framework and compliance with AML/CTF obligations. Further, it identifies and manages emerging risks and reviews risk-related polices.

## Member Services Committee

Gordon Brock (Chair), Karen McKeown, Gregory McLean, Nathan Hagarty, Kyle Loades and Sandi Orleow.

**Duties:** Meetings are held at least quarterly to monitor the delivery of services to members and ensure we're meeting agreed standards, that our services are consistent with the Board's expectations and that they continue to be aligned with strategic objectives. This committee also considers disputed claims for invalidity and death benefits.

## Governance, Remuneration and Nomination Committee

Karen McKeown (Chair), Claudia Bels, Kyle Loades and Craig Peate.

**Duties:** This committee meets as required to assist the Board to fulfil its responsibilities in relation to APRA's prudential standard SPS 510, implementing, reviewing and making recommendations to the Board regarding our governance framework. It also provides Board support regarding the renewal of Board trustee directors, through a sub-committee, the Board Renewal Committee.

# Your Board

## Kyle Loades (Chair)

MBA, FAICD

**Appointed on 22 October 2019.**

**Independent Chair**

Director: AMA Group, Great Southern Bank, Credicorp Insurance Pty Ltd

Chair: Hunter Medical Research Institute (HMRI).

Qualifications: Master of Business Administration, Fellow of the Australian Institute of Company Directors (FAICD), Diploma of Superannuation, Australian Institute of Superannuation Trustees (AIST).

Current committee memberships: Governance, Remuneration and Nomination, Member Services, Risk.

## Karen McKeown (Deputy Chair)

OAM, BCom, GAICD, GAIST

**Appointed on 10 April 2018, re-appointed on 10 April 2022.**

**Employer Nominated Director**

Councillor: Penrith City Council.

Director: Penrith Performing & Visual Arts Pty Ltd, McBrekar Pty Ltd, Local Government NSW.

Qualifications: Bachelor of Commerce, Labour Law Certificate, Executive Certificate for Elected Members, Graduate of the Australian Institute of Company Directors (GAICD), Graduate of the Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST).

Current committee memberships: Member Services, Governance, Remuneration and Nomination (Chair).

## Craig Peate (Deputy Chair)

GAICD, GAIST (Adv.)

**Appointed on 25 October 2012, and re-appointed on 25 October 2020.**

**Member Nominated Director**

Local Government employee with Tweed Shire Council since 1978 and currently holds the position of Co-ordinator of Revenue & Recovery.

Director: AIST, Dunnara Debt Services.

Qualifications: Graduate of the Australian Institute of Company Directors (GAICD), Graduate of the Advanced Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST (Adv.)), Associate Diploma in Local Government, Certificate III and IV in Financial Services, Certificate in Management and Leadership.

Current committee memberships: Investment (Chair), Governance, Remuneration and Nomination.

## Claudia Bels

BEc/LLB (Hons), Grad Cert BA (Exec), FAICD, GAIST

**Appointed on 13 January 2020.**

**Independent Director**

Independent Director: CBHS Corporate Health Pty Limited, Australian Settlements Limited

Independent Director; Deputy Chair: Australia & New Zealand Recycling Platform Limited.

Qualifications: Bachelor of Laws (Hons), Bachelor of Economics, Graduate Certificate Business Administration (Exec), Diploma for the Company Directors Course, AICD, Graduate of the Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST).

Current committee memberships: Audit and Compliance, Governance, Remuneration and Nomination, Risk (Chair).

## Gordon Brock

BEcon, MLL, GAICD, GAIST (Adv.)

**Appointed on 1 September 2016 and re-appointed on 1 September 2020.**

**Member Nominated Director**

Director: Local Government Engineers Association, Professionals Australia (NSW).

Qualifications: Bachelor of Economics, Masters in Labour Law, Graduate of the Australian Institute of Company Directors (GAICD), Graduate of the Advanced Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST (Adv.)).

Current committee memberships: Investment, Member Services (Chair).

## Declan Clausen

MSc, BE, GAICD, GAIST

**Appointed on 26 March 2021.**

**Employer Nominated Director**

Deputy Lord Mayor and Councillor: City of Newcastle.

Executive Officer to the Managing Director: Hunter Water Corporation (since 2017).

Qualifications: Master of Science (Sustainable Urban Development), Harvard Bloomberg City Leadership Program, Bachelor of Engineering, Graduate Australian Institute of Company Directors (GAICD), Graduate of the Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST).

Current committee memberships: Risk, Investment, Audit and Compliance (Chair).

## Nathan Hagarty

BInSt. GAICD, GAIST

**Appointed on 5 December 2021.**

**Employer Nominated Director**

Councillor: Liverpool City Council (since 2016).

Chair: Western Sydney Migrant Resource Centre.

Director and Treasurer: Local Government NSW.

Director: Settlement Services International. Director, Western Sydney Migrant Resource Centre

Qualifications: Bachelor of International Studies, Graduate Australian Institute of Company Directors (GAICD), Graduate of the Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST).

Current committee memberships: Audit and Compliance, Member Services, Risk.

## Gregory (Greg) McLean

OAM, GAICD, GAIST (Adv)

**Appointed on 6 June 2018, re-appointed on 10 May 2022.**

**Member Nominated Director**

Councillor: Sutherland Shire Council.

Qualifications: Graduate of the Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST), Graduate of the Australian Institute Company Directors (GAICD), Graduate of the Advanced Trustee Director Course, Australian Institute of Superannuation Trustees (GAIST (Adv.)), RG 146 Fundamentals, Postgraduate Labour Law Course, University of Technology Sydney, Postgraduate Industrial Law Course, NSW Law Society.

Current committee memberships: Risk, Member Services, Audit and Compliance.

## Sandi Orleow

BCom, B Acc, CFA, GAICD

**Appointed on 22 October 2019.**

**Independent Director**

Director: CFA Sydney Board Director, Chair Audit & Risk Committee: Pengana International Equities Ltd (ASX:PIA).

Member: Investment Advisory Board, ACT Treasury, Over Fifty Guardian Friendly Society Ltd Investment Committee.

Qualifications: Bachelor of Commerce, Post-Graduate Bachelor of Accounting, Chartered Financial Analyst, Graduate of the Australian Institute Company Directors (GAICD).

Current committee memberships: Investment, Member Services, Audit and Compliance.

**Mohammad**

Active Super member
since 2016

## 2021/22 meetings attendance by Directors

The attendance by Directors at meetings of the Board and its Committees from 1 July 2021 to 30 June 2022 was as follows:

| Director | Meetings held during tenure | Number of meetings attended |
|---|---|---|
| Bels, Claudia | 18 | 17 |
| Brock, Gordon | 18 | 18 |
| Clausen, Declan | 18 | 18 |
| Hagarty, Nathan | 10 | 10 |
| McKeown, Karen | 18 | 18 |
| Loades, Kyle | 18 | 18 |
| McLean, Gregory | 18 | 18 |
| Orleow, Sandi | 18 | 18 |
| Peate, Craig | 18 | 17 |
| Figliomeni, Domenico | 8 | 8 |

### Audit and compliance committee

| Director | Meetings held during tenure | Number of meetings attended |
|---|---|---|
| Bels, Claudia | 4 | 4 |
| Clausen, Declan | 2 | 2 |
| Hagarty, Nathan | 2 | 2 |
| McLean, Gregory | 4 | 4 |
| Orleow, Sandi | 4 | 3 |
| McKeown, Karen | 2 | 2 |

### Investment committee

| Director | Meetings held during tenure | Number of meetings attended |
|---|---|---|
| Brock, Gordon | 7 | 7 |
| Clausen, Declan | 4 | 4 |
| Orleow, Sandi | 7 | 7 |
| Peate, Craig | 7 | 7 |
| Figliomeni, Domenico | 3 | 3 |

## Governance, remuneration and nomination committee

| Director | Meetings held during tenure | Number of meetings attended |
|---|---|---|
| Bels, Claudia | 7 | 7 |
| Clausen, Declan | 2 | 2 |
| McKeown, Karen | 7 | 7 |
| Loades, Kyle | 7 | 7 |
| Peate, Craig | 7 | 7 |
| Figliomeni, Domenico | 5 | 5 |
| Clausen, Declan | 7 | 7 |

## Member services committee

| Director | Meetings held during tenure | Number of meetings attended |
|---|---|---|
| Brock, Gordon | 4 | 4 |
| Hagarty, Nathan | 2 | 1 |
| McKeown, Karen | 4 | 4 |
| Loades, Kyle | 4 | 4 |
| McLean, Gregory | 4 | 4 |
| Clausen, Declan | 2 | 2 |
| Orleow, Sandi | 4 | 4 |

## Risk committee

| Director | Meetings held during tenure | Number of meetings attended |
|---|---|---|
| Bels, Claudia | 4 | 4 |
| Clausen, Declan | 4 | 4 |
| Hagarty, Nathan | 2 | 2 |
| Loades, Kyle | 4 | 4 |
| McLean, Gregory | 4 | 4 |
| McKeown, Karen | 2 | 1 |

## Directors and Executives' remuneration

Directors are remunerated for their services to the Board and Committees. The fees are reviewed with effect from 1 July each year. The directors' fees are payable to the individual director or to their appointing shareholder.

The Executive Team, and all Trustee's employees, receive an annual total remuneration package (TRP) that includes base salary and superannuation guarantee contributions. In addition, the CEO has a variable component to his remuneration package (bonus).

For more details about the directors and executives' remuneration, please visit activesuper.com.au and take a look at the Payments and Benefits Table and the Compensation Table in the Corporate Governance section.

## Executive team

The Executive Team has been given authority by the Board to determine and execute the strategic objectives of Active Super.

At 30 June 2022, the Executive personnel included:

- Phil Stockwell, Chief Executive Officer
- Donna Heffernan, Deputy Chief Executive Officer and Company Secretary
- Craig Turnbull, Chief Investment Officer
- Andrew Gledhill, Acting Chief Product and Retirement Solutions Officer
- Chantal Walker, Chief Member Experience and Growth Officer
- Tim Carmichael, Head of HR
- Peter Gilmore, Chief Financial and Commercial Officer
- Bartlomiej Kula, Acting Head of Risk

## Our service providers

The Trustee engages external experts such as investment advisers and investment managers, administrators, custodians, an actuary, accountants, lawyers and auditors to assist with its obligations to Active Super members. All external service providers have been appointed on the basis of quality and cost effectiveness. The Trustee reviews its service providers regularly and may from time to time make changes.

Administrator: Australian Administration Services Pty Limited

Actuary: Mercer Consulting (Australia) Pty Limited

Asset Consultants: JANA Investment Advisers Pty Ltd, Cambridge Associates Limited, LLC

External Auditors: NSW Auditor General, Ernst & Young Australia

Internal Auditor: PriceWaterhouseCoopers Australia

Custodians: J.P. Morgan Nominees Australia Ltd, Pacific Custodians Pty Limited

Group Life Insurer: TAL Life Limited

Professional Indemnity Insurer: Berkshire Hathaway Specialty Insurance

Tax Advisers: KPMG

## Investment managers at 30 June 2022

Actis GP LLP

Adamantem Capital

AMP Capital

Alphinity

Ardea Investment Manager

Attunga Capital Pty Ltd

BlackRock Investment Management

BAIN Capital

Baring Private Equity Asia

Brandywine Global Investment Management LLC

Canyon Partners, LLC

Centaur Property Funds

Cerberus Capital Management

Challenger Life

Champ Private Equity

Cheyne Capital Management (UK) LLP

CQS Asset Management

DNR Capital

ECP Asset Management Pty Ltd

EQT Partners Advisors LLP

Farallon Capital Management Ltd

First Sentier Investors (Australia) Services Pty Ltd

Golden Gate Capital

GPT Group

Hawkesbridge Capital Pty Ltd

HealthCare Royalty Partners

Hermes Investment Management

IFM Investors

Impax Asset Management Ltd

Investa Property Group

Janus Henderson Global Investors

JP Morgan Chase

Kapstream Capital

Lighthouse Infrastructure

Longview Partners (Guernsey) Ltd

LSV Asset Management

Macquarie Investment Management

Mesirow Financial

MFS Institutional Advisors

Morrison & Co Mutual Ltd

Oaktree Capital Management

PAG Investment Management

Pendal Group

PGIM

PIMCO Australia Pty Ltd

QIC Ltd

Quadrant Private Equity

Resolution Capital

Sculptor Capital

Stafford Private Equity

State Street Global Advisors, Australia Ltd

TCW Asset Management Company

The Growth Fund

Ubique Asset Management Pty Ltd

WCM Investment Management

Wellington International Management Company Pty Ltd

Wilshire Australia Pty Ltd

Winton Capital Management

## Legal advisers

Allens

Clyde & Co

Minter Ellison

06

# TAXES, FEES AND CHARGES

## General tax information

Active Super is required to pay tax of up to 15 percent on all employer super concessional contributions received, including contributions made via salary sacrifice, provided members don't exceed the concessional contributions cap. (More information on concessional contributions follows.) Any tax payable in respect of these concessional contributions is deducted from the member's account at the time the contributions are made. Non-concessional contributions are personal contributions made on an after-tax basis, and are generally not subject to tax, provided contributions do not exceed the non-concessional contributions cap.

## Low Income Superannuation Tax Offset (LISTO)

Members with an annual income of less than $37,000 per annum may be eligible to receive a refund of the 15 percent contributions tax deducted from their employer concessional contributions, up to a maximum of $500. The refund is paid directly into their super account.

## Concessional contributions

Concessional contributions are pre-tax contributions and include the compulsory employer Superannuation Guarantee plus any salary sacrifice arrangements.

The concessional contributions cap is $27,500 per annum after 1 July 2021. The annual concessional contributions income threshold is $250,000. Once your annual income exceeds this amount, contributions may be taxed at 30 percent.

Members can carry forward any unused concessional contributions cap amounts to later income years, provided they have a total superannuation balance of less than $500,000 in the previous year. Unused amounts are available for a maximum of 5 years, after which any unused amounts will expire.

If someone breaches the concessional contributions limits, they have the option of receiving a refund of any excess contributions and including it in their annual tax return to be taxed at their marginal rate.

Alternatively, they can retain it within their superannuation account where it will be counted towards their non-concessional cap and taxed at the marginal rate.

## Non-concessional contributions

Non-concessional contributions are capped at $110,000 for the year ending 30 June 2022. Individuals under 67 years of age during any part of the financial year can bring forward up to three years' worth of non-concessional contributions and contribute a total of $330,000 in one financial year. An individual is only able to make non-concessional contributions if their total superannuation balance is less than $1.7 million. Contributions made to accounts with a higher balance than $1.6 million are now taxed at 47 percent.

## Tax on investment earnings

Earnings on investments are generally taxed at a maximum of 15 percent. The effective rate may be reduced below 15 percent due to the effect of various tax credits and rebates.

The earnings tax is deducted from the investment return prior to crediting to a member's account.

## Tax on pension payments

For individuals aged 60 and over, any payments from super are tax-free. For members of the Account-Based Pension Plan, there is no tax levied on investment earnings generated within the pension plan. Medicare levy The Medicare levy is currently 2.0 percent.

# Fees and other costs

## Switching fee

From 1 July 2021, the switching fee was abolished.

## Family law and Benefit Split fees

From 1 July 2022 Family law and Benefit Split fees were removed.

## Cap on fees for low balance accounts

From 1 July 2019, super accounts with balances of $6,000 or less at the financial year end will have their fees capped at 3 percent per annum.

This cap includes administration fees and investment fees. Fees over the 3 percent cap will be refunded.

Exit fees were abolished across all superannuation funds on 1 July 2019. From this date there is no fee to roll over to another super fund, or to withdraw your account balance.

## Investment fee

An investment fee is a fee or cost that relates to the investment of assets of a superannuation entity and may include:

- Fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- Costs incurred by the Trustee of the entity that:
  a. relate to the investment of assets of the entity; and
  b. are not otherwise charged as administration fees and costs, a buy/sell spread, a switching fee, activity fee advice or an insurance fee. E.g. management fees, transaction and operational costs, performance related fees, and custody fees.

## Transaction costs

Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy/sell spreads. These investment fees are paid from Active Super's assets prior to unit prices being calculated.

## Administration fee

The administration fee percentage relates to the cost of the administration and operation of the superannuation fund. As Active Super is a profit-for-members fund, this fee is estimated each year, and any excess not used in the running of the Fund is returned to the Fund for the benefit of members. All fees charged to members' accounts during the 2021/22 financial year are detailed in the following tables:

## Administration fees, other fees and insurance premiums charged

| For the year ended 30 June 2022 | Accumulations Scheme | Account-Based Pension Plan |
|---|---|---|
| Administration fee | $66.04 per annum ($1.27 per week) and 0.24% p.a. | $66.04 per annum ($1.27 per week) and 0.25% p.a. For Transition to Retirement Members: $66.04 p.a. ($1.27 per week) and 0.24% p.a |
| Basic Death cover (male) | $0.914 per unit per month | N/A |
| Basic TPD cover (male) | $0.475 per unit per month | |
| Basic Death cover (female) | $0.704 per unit per month | |
| Basic TPD cover (female) | $0.592 per unit per month | |
| Voluntary insurance | The cost will vary depending on the sum insured and other factors | N/A |

## Investment fee

### Investment fee charged for the Accumulation Scheme for the year ended 30 June 2022

| High Growth | Balanced | Conservative Balanced | Conservative | Managed Cash |
|---|---|---|---|---|
| 0.80% | 0.74% | 0.71% | 0.65% | 0.15% |

### Investment fee charged for the Account-Based Pension Plan for the year ended 30 June 2022

| High Growth | Balanced | Conservative Balanced | Conservative | Managed Cash |
|---|---|---|---|---|
| 0.80% | 0.74% | 0.71% | 0.65% | 0.15% |

## Transaction costs

### Transaction costs for the Accumulation Scheme for the year ended 30 June 2022

| High Growth | Balanced | Conservative Balanced | Conservative | Managed Cash |
|---|---|---|---|---|
| 0.07% | 0.08% | 0.10% | 0.11% | 0.00% |

### Transaction costs for the Account-Based Pension Plan for the year ended 30 June 2022

| High Growth | Balanced | Conservative Balanced | Conservative | Managed Cash |
|---|---|---|---|---|
| 0.07% | 0.08% | 0.10% | 0.11% | 0.00% |

### Administration fees charged

| For the year ended 30 June 2022 | Retirement Scheme | Defined Benefit Scheme |
|---|---|---|
| Administration fee | $66.04 per annum ($1.27 per week) and 0.25% p.a. | 0.35% p.a. |

### Investment fee charged in the Retirement Scheme (Accumulation components only) for the year ended 30 June 2022

These investment fees are charged to following accounts:

- Contributory members (excluding any Other Contributions account)
- Other Contributions
- Deferred members

| High Growth | Balanced | Growth | Conservative Balanced | Conservative | Managed Cash |
|---|---|---|---|---|---|
| 0.80% | 0.74% | 0.74% | 0.71% | 0.65% | 0.15% |

**Hamish**

Active Super member
since 2017

## Financial planning fee ('advice fee')

Active Super charges a direct fee for some financial planning services. Not all financial advice incurs a fee and in many cases there is no charge. Whether or not a fee applies depends on the scope of the financial advice that is required.

Our financial planners discuss any fee payable when meeting with members and clients. If a fee is applicable, we advise of the cost before the member or the client decides whether to proceed with obtaining the advice.

## Family Law fees

Family Law and Benefit Split fees have been removed from 1 July 2022.

The following fees were payable for the provision of Family Law information and for the actual 'splitting of the benefit for the year ending 30 June 2022':

### Accumulation Scheme and Account-Based Pension Plan (includes GST)

| | |
|---|---|
| Request for information[1] | $110 |
| Benefit split fee2 | $88 |

### Retirement Scheme and Defined Benefit Scheme (includes GST)

| | |
|---|---|
| Request for information[1]<br>• Current members<br>• Deferred members<br>• Pensioners | <br>$275<br>$110<br>$110 |
| Benefit split fee[2] | $88 |

Further details of fees and charges are provided in our member statements and also in the applicable PDS, available at activesuper.com.au/PDS or from our Member Care team.

1. This fee is payable by the person requesting the information.
2. This fee is generally payable by the member and non-member spouse in equal parts ($44 each). However, if the non-member spouse is entitled to the whole amount of a splittable payment, the entire amount is payable by the non-member spouse. The member's share of the fee is deducted from the member's account and the non-member spouse's share is deducted from the non-member spouse's splittable payment prior to the transfer of the payment out of the Fund.

# 07

# FINANCIAL STATEMENTS

To access a copy of the complete Financial Statements, visit our website at activesupersuper.com.au/annualreports

## Large investments

All investments are held directly by Active Super. The investments are allocated to a range of investment managers, either in a client-specific mandate or as part of a pooled investment. Investment managers (and/or their weightings) are changed at appropriate times. During the financial year there were two investments that exceeded 5 percent of Fund assets:

- QIC Cash Enhanced Fund (5.89% as at 30 June 2022)
- Active Super Direct Property Portfolio (5.42% as at 30 June 2022)

## Statement of Financial Position
## As at 30 June 2022

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 105,337 | 167,922 |
| Receivables and other assets | 3,632 | 2,236 |
| Investments | | |
| Cash and Short Term Deposits | 1,323,470 | 1,450,664 |
| Other Interest Bearing Securities | 2,593,252 | 2,778,899 |
| Australian Equities | 5,011,868 | 5,035,845 |
| International Equities | 2,720,838 | 3,004,556 |
| Australian Unit Trusts | 240,025 | 276,418 |
| International Unit Trusts | 1,364,675 | 1,329,314 |
| Derivative Assets | 64,047 | 34,258 |
| Deferred tax assets | 31,026 | 11,038 |
| **Total assets** | **13,458,170** | **14,091,150** |
| **Liabilities** | | |
| Payables | (3,791) | (4,327) |
| Derivative Liabilities | (197,979) | (116,422) |
| Income tax payable | (9,281) | (187,084) |
| Deferred tax liabilities | (74,789) | (138,857) |
| **Total liabilities excluding member benefits** | **(285,840)** | **(446,690)** |
| **Net assets available for member benefits** | **13,172,330** | **13,644,460** |
| **Member benefits** | | |
| Defined contribution member liabilities | (9,676,159) | (9,774,430) |
| Defined benefit member liabilities | (3,368,270) | (3,572,260) |
| Unallocated to members | (900) | (1,741) |
| **Total member liabilities** | **(13,045,329)** | **(13,348,431)** |
| **Total net assets** | **127,001** | **296,029** |
| **Equity** | | |
| Other reserves | 49,492 | 94,255 |
| Operational risk reserve | 33,543 | 33,513 |
| Defined benefits that are overfunded | 43,966 | 168,261 |
| **Total equity** | **127,001** | **296,029** |

## Income Statement
## For the year ended 30 June 2022

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| **Superannuation activities** | | |
| Interest | 72,688 | 64,569 |
| Dividend revenue | 367,802 | 190,077 |
| Distributions from unit trusts | 162,752 | 142,613 |
| Changes in assets measured at fair value | (1,081,202) | 1,650,437 |
| Other investment income | 2,650 | 3,159 |
| Other income | 180 | 265 |
| **Total superannuation activities income** | **(475,130)** | **2,051,120** |
| | | |
| Administration expenses | (5,249) | (5,811) |
| Investment expenses | (47,110) | (32,308) |
| Operating expenses | (35,969) | (31,474) |
| **Total expenses** | **(88,328)** | **(69,593)** |
| | | |
| **Net result from superannuation activities** | **(563,458)** | **1,981,527** |
| | | |
| **Profit / (loss) from operating activities** | **(563,458)** | **1,981,527** |
| Net change in Defined Benefit member liabilities | (53,673) | (344,873) |
| Net benefits allocated to Defined Contribution member accounts | 308,998 | (1,226,218) |
| | | |
| **Profit / (loss) before income tax** | **(308,133)** | **410,436** |
| **Income tax (expense) / benefit** | **139,105** | **(189,676)** |
| | | |
| **Profit / (loss) after income tax** | **(169,028)** | **220,760** |

## Statement of Changes in Member Benefits
## For the year ended 30 June 2022

| | Defined Contribution Members ("DC") $'000 | Defined Benefit Members ("DB") $'000 | Total $'000 |
|---|---|---|---|
| **Opening balance as at 1 July 2021** | 9,774,430 | 3,574,001 | 13,348,431 |
| Contributions: | | | |
| Employer | 396,797 | 84,146 | 480,943 |
| Member | 185,393 | 11,054 | 196,447 |
| Transfer from other superannuation plans | 330,565 | 8,341 | 338,906 |
| Government co-contributions | 356 | 19 | 375 |
| Income tax on contributions | (60,108) | (12,849) | (72,957) |
| **Net after tax contributions** | **853,003** | **90,711** | **943,714** |
| | | | |
| Benefits to members/beneficiaries | (647,671) | (340,971) | (988,642) |
| Transfer from defined benefit to defined contribution | 8,244 | (8,244) | - |
| Insurance premiums charged to members' accounts | (11,810) | - | (11,810) |
| Death and disability insurance benefits credited to members' accounts | 8,961 | - | 8,961 |
| Benefits allocated to members' accounts, comprising: | | | |
| Net investment income | (303,672) | (69,668) | (373,340) |
| Administration fees | (5,326) | (957) | (6,283) |
| Actuarial deficiency* | - | 124,298 | 124,298 |
| **Closing balance as at 30 June 2022** | **9,676,159** | **3,369,170** | **13,045,329** |

* Net change in defined benefit member benefits equates to the relative change in the value of the net assets and the related defined benefit accrued liability.

## Statement of Changes in Member Benefits
## For the year ended 30 June 2022

| | Defined Contribution Members ("DC") $'000 | Defined Benefit Members ("DB") $'000 | Total $'000 |
|---|---|---|---|
| **Opening balance as at 1 July 2020** | 8,438,056 | 3,414,401 | 11,852,457 |
| Contributions: | | | |
| Employer | 371,623 | 101,263 | 472,886 |
| Member | 138,586 | 10,864 | 149,450 |
| Transfer from other superannuation plans | 244,253 | 7,560 | 251,813 |
| Government co-contributions | 369 | 22 | 391 |
| Income tax on contributions | (55,305) | (15,094) | (70,399) |
| **Net after tax contributions** | **699,526** | **104,615** | **804,141** |
| | | | |
| Benefits to members/beneficiaries | (594,800) | (282,686) | (877,486) |
| Transfer from defined benefit to defined contribution | 7,202 | (7,202) | - |
| Insurance premiums charged to members' accounts | (11,906) | - | (11,906) |
| Death and disability insurance benefits credited to members' accounts | 10,134 | - | 10,134 |
| Benefits allocated to members' accounts, comprising: | | | |
| Net investment income | 1,232,003 | 552,651 | 1,784,654 |
| Administration fees | (5,785) | (947) | (6,732) |
| Actuarial Surplus* | - | (206,831) | (206,831) |
| **Closing balance as at 30 June 2021** | **9,774,430** | **3,574,001** | **13,348,431** |

* Net change in defined benefit member benefits equates to the relative change in the value of the net assets and the related defined benefit accrued liability.

## Statement of Changes in Reserves
## For the year ended 30 June 2022

| | Defined Benefits that are overfunded $'000 | Other reserves $'000 | ORFR $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Opening balance as at 1 July 2021** | 168,261 | 94,255 | 33,513 | 296,029 |
| Increase in DB member benefits | (53,673) | - | - | (53,673) |
| Operating result | (70,622) | (44,763) | 30 | (115,355) |
| **Closing balance as at 30 June 2022** | **43,966** | **49,492** | **33,543** | **127,001** |

| | Defined Benefits that are (underfunded) $'000 | Other reserves $'000 | ORFR $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Opening balance as at 1 July 2020** | (38,540) | 80,531 | 33,278 | 75,269 |
| Increase in DB member benefits | (344,873) | - | - | (344,873) |
| Operating result | 551,674 | 13,724 | 235 | 565,633 |
| **Closing balance as at 30 June 2021** | **168,261** | **94,255** | **33,513** | **296,029** |

## Statement of Cash Flows
## For the year ended 30 June 2022

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest from cash and cash equivalents | 72,688 | 64,569 |
| Administration expenses | (41,575) | (36,765) |
| Insurance Proceeds | 8,961 | 10,134 |
| Insurance Premiums | (11,810) | (11,919) |
| Other expenses | (1,393) | (1,204) |
| Net income tax (paid)/refunded | (122,755) | 1,585 |
| Investment expenses | (47,110) | (32,308) |
| **Net cash (outflows) from operating activities** | **(142,994)** | **(5,908)** |
| **Cash flows from investing activities** | | |
| Purchase of investments | (6,553,399) | (3,856,415) |
| Proceeds from sale of investments | 6,678,736 | 3,949,917 |
| **Net cash inflows from investing activities** | **125,337** | **93,502** |
| **Cash flows from financing activities** | | |
| Employer contributions | 480,943 | 472,886 |
| Member contributions | 196,447 | 149,450 |
| Transfers from other superannuation plans received | 338,906 | 251,813 |
| Government co-contributions received | 375 | 391 |
| Benefits paid to members | (988,642) | (877,486) |
| Income tax paid on contributions received | (72,957) | (70,399) |
| **Net cash outflows from financing activities** | **(44,928)** | **(73,345)** |
| **Net (decrease)/increase in cash** | **(62,585)** | **14,249** |
| **Cash at the beginning of the financial period** | **167,922** | **153,673** |
| **Cash at the end of the financial period** | **105,337** | **167,922** |

# 08

# MORE INFORMATION ABOUT THE FUND

## Complaints

We're here to actively serve our members, so any complaint gets our full attention. We aim to provide consistently high levels of service and transparency by handling any enquiries or complaints promptly and courteously.

If a member has a complaint about any product or service or about a decision made by the Trustee, the first step is to contact our Member Care team on 1300 547 873 to see if the matter can be resolved.

If they prefer, members can make a complaint in writing to Active Super's Complaints Resolution Manager via:

- email to complaints@activesuper.com.au; or
- letter to: Active Super, PO Box H290, Australia Square NSW 1215; or
- online via the Help and Support section of our website activesuper.com.au

As required by law, we have arrangements in place to properly consider and deal with:

- standard complaints within 30 days of receipt;
- superannuation trustee complaints within 45 days of receipt; and
- complaints (objections) about a proposed death benefit distribution within 90 days after the expiry of the 28-day period for objecting.

The Complaints Resolution Manager ensures complaints are properly considered and that we provide a response as soon as possible.

If our response is delayed due to the complexity of the complaint or circumstances beyond our control, we let members know about the delay before the standard timeframe expires.

Once we resolve a complaint, we also provide the member with an Internal Dispute Resolution (IDR) response which outlines the final outcome, their right to take the complaint to the Australian Financial Complaints Authority (AFCA), and the contact details for AFCA.

Where Active Super rejects or partially rejects a complaint, we provide reasons for the decision, including identifying and addressing the issues raised in the complaint.

### Australian Financial Complaints Authority (AFCA)

If you're not satisfied that we have resolved an issue or you're unhappy with the way we're handling your complaint, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA.

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

AFCA can be contacted as follows:

Online: afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678 (free call)

Mail: Australian Financial Complaints Authority GPO Box 3 Melbourne, VIC 3001

## Diversity and inclusion

At Active Super, we believe that human diversity in the workplace creates a richer flow of ideas, helping to increase creativity and innovation and improve problem solving. This, in turn, can improve organisational financial performance.

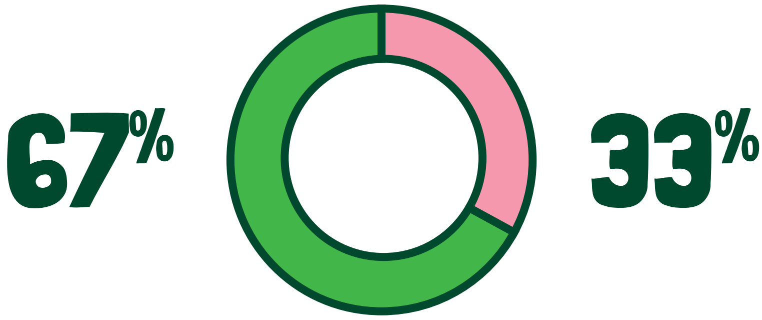
In recent years Active Super has made efforts to ensure gender diversity across all levels, and we're starting to see strong outcomes as a result. Notably, we've improved female representation at Senior and Board level, which is helping to balance gender representation and close the gender pay gap. Currently, 33 percent of Active Super Board members are female.

As at 30 June 2022, the average headcount was 103 with an even male to female ratio across the organisation.

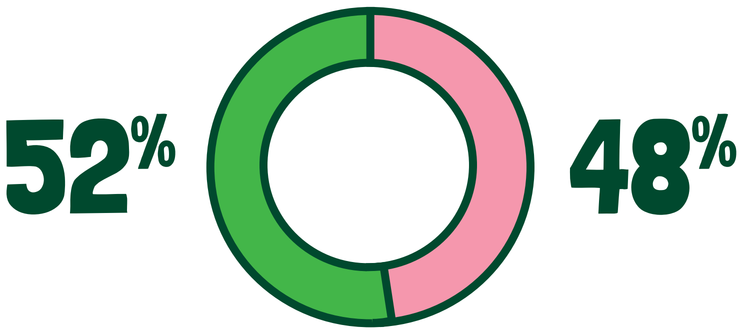
Gender representation is reported to the Governance, Remuneration and Nomination Committee quarterly. An overview is also provided to the Board through the CEO's dashboard reporting. Looking ahead, a key objective of the policy is also to increase cultural diversity in leadership and senior executive positions.

For more information about diversity and inclusion at Active Super, see the Responsible Investment Report 2021/22.

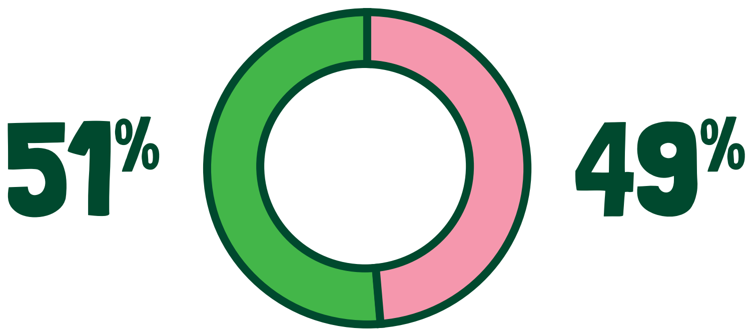
## Gender diversity (Board)




## Gender diversity (senior managers)




## Gender diversity (all staff)




Male Female

## Temporary residents leaving Australia

Temporary residents of Australia who have permanently left Australia may be entitled to take their super with them when they leave.

However, temporary residents can only claim their super benefits from Active Super within six months of departing Australia or within six months of the expiry or cancellation of the visa, whichever event is later.

If they don't claim their money within six months of departing Australia, their super will be paid to the ATO and their Active Super account will be closed without notification. They will then need to contact the ATO directly to claim their super.

Under Australian Securities and Investments Commission relief, we are not required to notify or give an exit statement to a member who was a temporary resident if we are required to transfer their unclaimed super to the ATO in these circumstances.

## Trustee's reserves

By law, the Trustee is responsible for the overall management of its reserves. The Trustee maintains separate reserves for the Accumulation and Defined Benefit products, depending on its specific purpose.

### Accumulation reserves

#### Operational risk financial requirement (ORFR)

The Superannuation Laws require the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect Active Super within its business operations.

The ORFR is the target amount of financial resources that the Trustee determines is necessary to respond to these losses, should they occur.

The ORFR reserve is required to hold at least 0.25 percent of Active Super's accumulation assets. As stipulated in the Trustee's ORFR Policy, replenishment is required if the level reaches 90 percent of the required balance.

As at 30 June 2022, the Accumulation ORFR was 0.246 percent of Accumulation products' assets ($9.65 billion).

The Trustee is required to maintain the reserve in accordance with the ORFR policy.

#### Administration reserve

This reserve comprises deductions which are made from members' accounts to cover the cost of administration related expenses of the Fund.

#### Tax reserves

As with the Administration Reserve, a provision is made from the Fund's investment earnings for the estimated income tax payable. In addition, the Tax Reserve contains monies deducted from members' accounts for any contributions tax due. These monies, in total, are held until such time as they are required to be remitted to the ATO.

The tax reserves for both the Accumulation and Defined Benefit products have been combined since 30 June 2016.

#### Self-insurance reserve

The Self Insurance Reserve is to meet death/invalidity claims within the Accumulation products that relate to the period prior to the commencement of the external insurance arrangements on 1 March 2009.

### Defined Benefit reserves

#### ORFR

As stated above, the Superannuation Laws require the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect Active Super within its business operations.

The ORFR is the target amount of financial resources that the Trustee determines is necessary to respond to these losses, should they occur.

As at 30 June 2022, the Defined Benefit ORFR was 0.28 percent of the Defined Benefit product's assets.

The Trustee is required to maintain the reserve in accordance with the ORFR policy.

**Mary-Louise & James**

Active Super members
since 2001

# Reserve data

Below are the closing balances of these reserves as at 30 June 2022 for the last seven years for the Accumulation and Defined Benefit products.

## Accumulation reserves

| Year | Admin ($'000) | Tax ($'000) | ORFR ($'000) | Self Insurance ($'000) |
|---|---|---|---|---|
| 2015 | 223 | 18,799 | 15,996 | 1,771 |
| 2016 | 351 | 22,808 | 17,082 | 1,771 |
| 2017 | 286 | 36,227* | 17,901 | 1,505 |
| 2018 | 126 | 50,905 | 23,182 | 1,391 |
| 2019 | 37 | 108,700 | 22,917 | 1,391 |
| 2020 | 4,559 | 58,349 | 23,582 | 1,352 |
| 2021 | 6,141 | 111,337 | 23,726 | 1,320 |
| 2022 | 10,725 | 19,146 | 23,724 | 1,320 |

## Defined Benefit reserves

| Year | Defined Benefit ($'000) | ORFR ($'000) | Additional Benefit ($'000) | Admin ($'000) | Tax ($'000) |
|---|---|---|---|---|---|
| 2015 | 1,721,531 | 9,240 | 6,895 | - | 12,246 |
| 2016 | 1,723,258 | 9,865 | 6,660 | - | 13,185* |
| 2017 | 1,815,943 | 9,340 | 6,248 | - | - |
| 2018 | 1,903,479 | 9,828 | 6,191 | - | - |
| 2019 | 1,918,431 | 9,343 | 6,191 | - | - |
| 2020 | 1,806,433 | 9,696 | 6,002 | - | - |
| 2021 | 2,037,220 | 9,787 | 6,066 | - | - |
| 2022 | 1,820,456 | 9,819 | 5,985 | - | - |

*From 30 June 2016 onwards, the tax reserves for both the Accumulation and Defined Benefit products were merged.

Movement during the financial year for each of the above-mentioned reserve accounts as at 30 June for the last seven years is as follows:

## Accumulation reserves

| Year | Admin ($'000) | Tax ($'000) | ORFR ($'000) | Self Insurance ($'000) |
|---|---|---|---|---|
| 2015 | -184 | 3,466 | 7,065 | -182 |
| 2016 | 128 | 4,009 | 1,086 | - |
| 2017 | -65 | 13,419* | 819 | -266 |
| 2018 | -160 | 14,678 | 5,281 | -114 |
| 2019 | -89 | 57,795 | -265 | - |
| 2020 | 4,552 | -50,351 | 665 | -39 |
| 2021 | 1,582 | 52,988 | 144 | -32 |
| 2022 | 4,584 | -41,690 | -2 | - |

## Defined Benefit reserves

| Year | Defined Benefit ($'000) | ORFR ($'000) | Additional Benefit ($'000) | Admin ($'000) | Tax ($'000) |
|---|---|---|---|---|---|
| Year | ($'000) | ($'000) | ($'000) | ($'000) | ($'000) |
| 2015 | 72,706 | 834 | -378 | - | -1,941 |
| 2016 | 1,727 | 625 | -235 | - | 939 |
| 2017 | 92,685 | -525 | -412 | - | (13,185)* |
| 2018 | 87,536 | 488 | -57 | - | - |
| 2019 | 14,952 | -485 | - | - | - |
| 2020 | -111,998 | 353 | - | - | - |
| 2021 | 230,787 | 91 | 64 | | |
| 2022 | -216,764 | 32 | -81 | - | - |

*From 30 June 2016 onwards, the tax reserves for both the Accumulation and Defined Benefit products were merged.

## Defined Benefits Reserve

The Defined Benefits Reserve represents the value of assets that are assessed by the actuary on an annual basis to ensure that employers have sufficient assets to cover future liabilities.

## Additional Benefit Reserve

The Additional Benefit Reserve represents an amount held by the Fund to pay out any death and invalidity insurance claims.

## How are the Reserves invested?

The Defined Benefits Reserve is invested in a Growth style investment strategy. The other reserves are held effectively in cash, either in an 'at call' bank account or in a short-term notice account. All reserves are quarantined from the Fund's other investments.

# 09

# IMPORTANT CHANGES AND EVENTS

## It was a big year for Active Super

**Here is a summary of the major events that affected Active Super and our members throughout the 2021/22 financial year.**

## We improved our MySuper for members

From 1 October 2021, we made some changes to our MySuper product that are aimed to maximise our members' super.

When you invest with us, you can either choose your own investment mix through our Choice Investment products or you can leave it up to us. Leaving it up to us means your money goes into our MySuper product, previously called the Age-Based Investment Strategy, which automatically adjusts the investment strategy according to your age. It's the age brackets in our MySuper product that have changed.

We also changed some of the labels:

- Our MySuper product is now called the Active Super Lifestage Product.
- The different investment stages in the Active Super Lifestage Product have been renamed to Accelerator, Accumulator and Appreciator.

This is to not only align to our new brand, but also differentiate the MySuper product from the Choice products – making it easier for you to understand how your money is invested.

While there were no changes to the Choice products, 'Balanced Growth' and 'Balanced' were renamed to 'Balanced' and 'Conservative Balanced', respectively. This was to bring these product names in line with other super fund products to make it easier for you to compare them.

### Why did it change?

The age that you transition between investment stages can make a significant difference to your super. Australians are now living and working for longer. By delaying the age that we move you to lower risk investments, we aim to help you maximise your super balance and make it last longer in retirement.

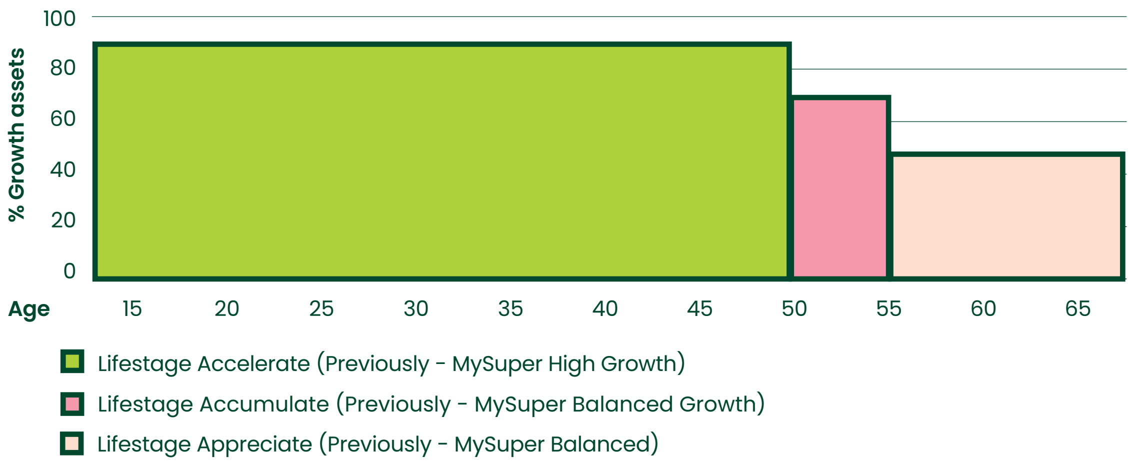
### Risk, age and super balance

With any investment strategy the higher the risk, the higher the potential return. Therefore when you're younger, it makes sense to invest your super in riskier, higher growth assets, because you have time to wait out any temporary downturns in the market. As you get closer to retirement, however, most people want to reduce their investment risk.

For more information, see the Significant Event Notice (1 October 2021) on our website, under the News and events section.

Our MySuper Age-Based Investment Strategy operates on this principle, automatically de-risking your super as you get older, as shown in the table.

### New MySuper Product: Active Super Lifestage Product



## Trust Deed changes

Changes made to the *Superannuation Industry (Supervision) Act 1993* (**SIS Act**), mean that superannuation fund trustees are no longer able to pay any Commonwealth penalties, infringement notices or liabilities from fund assets. This means that superannuation trustees must have access to alternative sources of capital to meet any future penalties or fines if they arise.

Following consultation with groups representing our members, their employers, NSW Treasury, and judicial advice from the Supreme Court of New South Wales, the Trustee amended its Trust Deed on 17 October 2021 to allow a new Trustee Fee to be charged in order to build up funds for a capital reserve.  This provision will allow the Trustee to accrue up to 0.08 percent of the total assets of the Fund as Trustee Capital.

For more information, see the Significant Event Notice on our website (14 December 2021), under the News and events section.

## Constitutional changes

On 18 October 2021, the Trustee Constitution was amended in line with the Trust Deed changed above. Because the Trustee is now able to charge a Trustee Fee and accrue Trustee Capital, restrictions and safeguards have been introduced to ensure that any capital raised can only be used for its intended purposes. The changes ensure that the Trustee Capital cannot be distributed to the Trustee's shareholders, including in the event of a merger or a winding up.

For more information, see the Significant Event Notice (14 December 2021) on our website, under the News and events section.

## Asset allocation changes

In March 2022, a strategic asset allocation review was completed and the Board made the following changes:

- The weighting to liquid alternatives was reduced, with the allocation going to short term fixed interest.
- The Conservative Balanced and Conservative options had a small increase in the shares allocation which was sourced from Bonds.

## Active Super announces lower administration fees

Effective 1 July 2021, the administration fees on the Active Super Accumulation Scheme from 0.25 percent to 0.24 percent, and the switching fee removed.

From 1 July 2022, Active Super has removed all Family law and Benefit split fees.

## Active Super passed APRA's MySuper performance test 2022

Active Super has also been ranked among the top-performing superannuation funds on the YourSuper Comparison Tool.

**Jan**

Active Super member since 2000

# Legislative and regulatory changes

**The following is a summary of new and changed legislation which could affect Active Super and its members.**

## Portfolio holdings disclosure

From 31 December 2021, superannuation funds are required to publish more information about the assets in their investment portfolios. This gives members (and others) more transparency about where superannuation savings are invested. Funds must now take a 'snapshot' of each investment option twice a year at 30 June and 31 December, for publication by 30 September and 31 March respectively.

See Active Super's portfolio holdings disclosure at activesuper.com.au/portfoliodisclosure

## Changes to trustee indemnity

From 1 January 2022, changes to sections 56 and 57 of the SIS Act mean that superannuation fund trustees are no longer able to pay any Commonwealth penalties, infringement notices or liabilities from fund assets. For more information about how Active Super's response to this change, please refer to T*rust Deed changes* and *Constitutional changes* above.

## Complaints and dispute resolution

Effective 5 October 2021, ASIC issued Regulatory Guide RG 271 Internal Dispute Resolution (RG 271) which replaced the previous Regulatory Guide RG 165.

RG 271 made a number of changes to the way regulated entities like Active Super receive, manage and respond to complaints. Key changes for Active Super and its members include:

- an expanded definition of 'complaint' to include complaints about the entity or its staff;
- making it easier to make a complaint, including through social media channels that we own or control; and
- reduced timeframes to manage superannuation complaints from 90 days to 45 days, and for other complaints from 45 days to 30 days.

## Quality of Advice Review

The government is conducting a review of the provision of advice in the financial services industry (Quality of Advice Review). The Review intends to amend the regulatory framework to improve the accessibility and affordability of financial advice.

Active Super will continue to monitor the Review closely as any changes to the regulatory framework will impact the Fund and its members.

## Minimum drawdown rates

Superannuation minimum drawdown rates were reduced by 50 percent for the 2019/20 and 2020/21 income years in response to the COVID-19 pandemic. This temporary measure has been extended to the 2022/23 financial year. This applies to account-based pensions and similar products.

This means that members will be able to continue to take advantage of the 50 percent temporary drawdown reduction until 30 June 2023.

- Increase maximum amount of voluntary contributions for First Home Super Saver Scheme from $30,000 to $50,000.
- Remove the monthly minimum threshold of salary of $450 for SG contributions (SGC)
- SGC increase to 10.5 percent.

## Have a question?

**Visit:** activesuper.com.au

**Live chat:** Go to activesuper.com.au and click Live Chat at the bottom right.

**Email:** hello@activesuper.com.au

**Call:** 1300 547 873 between 8.30am and 6.00pm, Monday to Friday.

**Offices**

**Sydney** Level 12, 28 Margaret Street
**Newcastle** 15 Lambton Road, Broadmeadow
**Wollongong** Shop 2, 60 Burelli Street

Offices in Orange, Parramatta, Tamworth, Ballina and Wagga Wagga are available by appointment only.

Bookings are essential.

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