



2016-17

Annual Report

 **sunsuper**

Sunsuper for life | Sunsuper for life Business | Sunsuper for life Corporate

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Welcome

This year we cemented our position as Australia's fastest-growing top 10 super fund. We have been awarded Chant West's, Super Review's and SuperRatings' Fund of the Year awards, and are the only fund to win all three prestigious awards in a single year.

For ratings and awards information, visit sunsuper.com.au/ratings-agencies





Board report

We are pleased to present the Sunsuper *Annual report* for the financial year ending 30 June 2017.



Ben Swan
Chair

The last year has been a truly exciting time for Sunsuper. We cemented our position as Australia's fastest-growing top 10 super fund and our Balanced investment option ended the year as one of the nation's top three best performers.¹

Highly rated and award winning

With our profit-for-members philosophy, our members' best interests sit at the core of everything we do and so we are thrilled to continually be nationally recognised for our unwavering commitment to that goal.

We are proud to have won three of the industry's most coveted awards - Chant West's, Super Review's and SuperRatings' Super Fund of the Year, which are each given to the Australian fund demonstrating excellence across a broad range of criteria, including member services, fees, investment performance and insurance.

It was particularly gratifying to win these awards in this, our 30th anniversary year.

Industry-leading investment performance

On top of adding to our trophy cabinet this year, we also delivered investment performance that firmly places us among the industry's best. Sunsuper's flagship Balanced investment option outperformed the industry average over 1, 3, 5, 7 and 10 years to the end of June 2017.¹

With a highly experienced internal team of investment managers and carefully selected external fund managers we continue to offer members a broad range of investment options, including opportunities in unlisted alternative assets - both at home and abroad.

These included an interest in the Port of Melbourne, the acquisition of a shopping centre in Newcastle, an integrated utility business in Slovakia and Czech Republic, and specialist property investment funds in the United States. We added these assets to the portfolio to enhance the diversification across the entire portfolio and ensure members benefit from our ability to access investment opportunities not generally available publicly.

Welcome to Kinetic Super

In April, we announced an agreement to merge with the Melbourne-based fund following a period of comprehensive due diligence. When the transition is completed by mid-2018, based on current numbers and expected growth we estimate that we will manage more than \$50 billion for 1.3 million members.

Thank you

Finally, we would like to take this opportunity to thank Chief Executive Officer Scott Hartley, his executives, and the whole Sunsuper team for their hard work and outstanding performance throughout the year.

We will look back on 2016-17 - our 30th anniversary year - as a year of unparalleled progress and achievement as one of the nation's top-performing and most customer-focused superannuation and retirement businesses.

And while we may have grown beyond anything that could have been envisioned in 1987 when Sunsuper began, our core purpose remains the same - to help our members fulfil their retirement dreams. And to this we remain wholeheartedly committed.



Ben Swan, Chair

¹ For Super-savings accounts. Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76). Index, to 30 June 2017. Past performance is not a reliable indication of future performance.

A message from the Chief Executive Officer

Our 30th year – an unprecedented year of achievement and growth.

2016-17 – our 30th anniversary year – represented a period of unprecedented achievement for Sunsuper. It was a year in which we cemented our position as Australia's fastest-growing top 10 super fund, finished the year in the top three best-performing funds for our flagship Balanced investment option, and reached \$45 billion in funds under management representing 25 per cent growth in net assets. We also won Chant West's, Super Review's and SuperRatings' Super Fund of the Year awards.

Our results this year are testimony to the successful execution of our strategic plan on behalf of our one million members and almost 100,000 registered employer clients. Amidst intense competition in a highly mature market, this is very strong momentum.

Corporate growth and merger with Kinetic Super

Our performance this year was driven in no small part by the effective execution of our national growth strategy, which saw us acquire \$3.4 billion and almost 11,000 new members in corporate business.

On top of this, the announcement to partner with Melbourne-based Kinetic Super, largely on the basis of the strong cultural fit between our two funds, represents a fantastic opportunity to leverage the strengths and capabilities of both organisations for the benefit of members and employers. Once the transition is completed by mid-2018, we expect to manage more than \$50 billion in net assets for 1.3 million members. What's more, with the shared objective of always acting in our customers' best interests, this partnership will drive future efficiencies, promote a stronger competitive position in the market, and ultimately generate greater value for all our customers.

Operational highlights

In other highlights this year, we undertook a major restructure that brought our technology and customer experience functions together to better enable the delivery of a truly customer-focused, data-driven, digital-direct strategy. We responded to member demand for increasingly responsive, sophisticated and personalised digital offerings by refreshing our website and launching a new mobile app that offers a raft of industry-leading features, including touch ID, contribution notifications, digital membership card, and investment switching capability.

We worked hard this year to enhance our retirement products, making it easier for our *Income account* members to engage with us online. We also generated a range of cost savings that we will pass on to customers in the form of lower administration fees for our *Income account* from 30 September 2017. Plus we doubled the maximum Retirement Bonus members may be eligible to receive on activating their *Income account* from \$2,400 to \$4,800.

We also continued to build on our financial advice capability recognising that advice plays a critical role in improving the retirement outcomes of our members. So, whether it's general advice about their super account over the phone or more comprehensive advice about their full financial situation, we're fully equipped to help. We now have an in-house team of advisers, a network of more than 60 accredited external advisers now sitting on our National Advice Panel, not to mention the 1,800 financial advisers who have registered with us to help fulfil our members' retirement dreams.

Building a high-performance culture

Our performance is driven by our sharp focus on building our people capability. And we recognise that to continue to build on our performance and competitive position in the industry, it is our people who make the difference. We are well progressed on our journey towards a high-performance culture that is truly inclusive, collaborative and sustainably high performing. And this year, we have made significant investment in developing deep and broad leadership capability with a particular emphasis on embedding effective, sustainable change and a sharper commercial acumen.

Thank you

I would like to take this opportunity to thank the entire Sunsuper team, my executives and the Board for all their hard work and support throughout what has been an unprecedented year of achievement and growth. In the coming year, we will progress our growth agenda, which, with customers at its core, will see Sunsuper continue to excel on the national stage.



Scott Hartley, Chief Executive Officer



Scott Hartley
Chief Executive Officer

An unprecedented year

Our 30th anniversary year represented a period of unprecedented achievement for Sunsuper.





Our highlights

Here are just a few of our key milestones and achievements.

Growth

> **25%**
increase
in net assets

> **16,000**
increase
in members

**FASTEST
GROWING
TOP 10** SUPER
FUND

Performance

12.3% **BALANCED
INVESTMENT
option return¹**

**TOP 3
INVESTMENT
PERFORMANCE**
Balanced investment option¹

People

85% **of our people say**
*taking everything into
account Sunsuper is a
great place to work*

> **75** **people leaders**
graduated from
leadership programs

Member services

24%
INCREASE
Income account
MEMBERS

4.3 million
visits to
sunsuper.com.au

\$509 million
SUPER FUND
& COMBINED
INTO MEMBERS ACCOUNTS

Recognition

Super Fund of the Year²

Only fund to be awarded all three prestigious awards in a single year.



Awarded by Chant West
May 2017



Awarded by Super Review
August 2017



Awarded by SuperRatings
October 2017

Second year in a row

Chant West's Best Fund:
Corporate Solutions



Fourth time

Chant West's Best Fund:
Member Services



Third year in a row

Customer Service Institute of Australia's
National Service Excellence in a Contact
Centre (under 100 employees)



¹ For Super-savings accounts. Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76). Index, to 30 June 2017. Past performance is not a reliable indication of future performance.

² For ratings and awards information, visit sunsuper.com.au/ratingsagencies
Note: Data is for 2016-17 financial year.

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About Sunsuper

Our purpose is to inspire and empower Australians to fulfil their retirement dreams.





Who we are

We're Australia's fastest-growing top 10 super fund for 2016-17, with our one million members at the heart of everything we do.



We have been awarded Chant West's, Super Review's and SuperRatings' Fund of the Year awards, and are the only fund to win all three prestigious awards in a single year.

For ratings and awards information, visit sunsuper.com.au/ratings-agencies

Our purpose - to inspire and empower Australians to fulfil their retirement dreams - is at the heart of everything we do. It is a powerful statement about how we collaborate with our customers and is designed to stand the test of time. Our purpose provides focus for how we approach and embrace the opportunity we have every day to help our members reach their retirement goals.

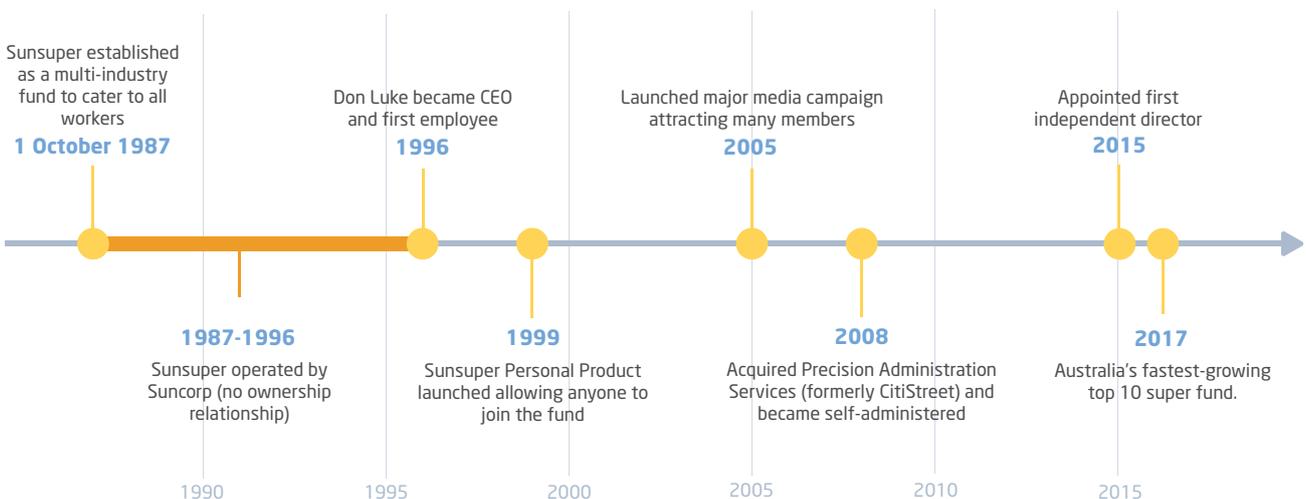
Australia's fastest-growing top 10 super fund

As one of Australia's largest and fastest-growing super funds, we're proud to look after \$45 billion in retirement savings of more than one million members, support almost 100,000 registered employer clients across a diverse range of industries, and work with 1,800 financial advisers across the country.

As a profit-for-members fund, our members are at the heart of everything we do, and we return our profits to our members via industry-leading services and low fees.

Celebrating 30 years

From humble beginnings in 1987 with just a handful of people and little more than a genuine desire to give members the most financially comfortable retirement possible, Sunsuper is now Australia's fastest-growing top 10 super fund and a truly national brand, with more than 700 employees and offices in Brisbane, Sydney and Melbourne.



Our leadership team

Sunsuper's executive leadership team manages the Fund's day-to-day operations and implements the policies and strategies set by the Board.



Scott Hartley

Chief Executive Officer

The Sunsuper Board appointed Scott as Chief Executive Officer in January 2014. Scott has had an extensive career in the superannuation industry with more than 15 years' experience in executive management roles, most recently holding the position of Executive General Manager, Corporate and Institutional Wealth at MLC/NAB. During that time, Scott also held directorships with Plum Financial Services and Jana Investment Advisers.

Prior to that, he held several other executive leadership roles within the MLC Group, comprising strategy and marketing, institutional investments and financial planning.

Scott's extensive industry experience and wealth of business knowledge makes him eminently suitable for the role of CEO and will ensure Sunsuper is well positioned to realise its strategic ambitions and continue to grow its member and corporate client base nationally.



Lachlan East

Chief Risk Officer

Lachlan is accountable for the Fund's risk, legal and compliance functions, as well as security, business continuity, corporate facilities and the company secretariat. Lachlan has close to 20 years' experience across accounting and financial services, including spending more than 12 years working in international banking organisations predominantly in investment-markets compliance roles based in Australia, Hong Kong and Japan.



Terri Hamilton

Executive General Manager
Customer Engagement

Terri is responsible for ensuring Sunsuper's customers enjoy an exceptional experience. This accountability includes Sunsuper's contact centre, insurance underwriting and claim teams, benefit payment teams and the support teams that keep Customer Engagement performing optimally. Prior to her current role, Terri was the executive for Sunsuper's risk, legal and compliance team. Terri has more than 30 years' experience in the financial services industry.



Michael Mulholland

Executive General Manager
Advice, Marketing & Growth

Michael leads the organisation's brand and customer marketing and communication functions, as well as sales and distribution strategies aimed at attracting new employer clients and growing a network of aligned financial advice practices. Michael has more than 25 years' experience in the financial services industry with much of his career spent in management and leadership roles.



Jason Sommer

Executive General Manager
People, Projects &
Performance

Jason is accountable for embedding the organisation's high-performance culture; change and transformation programs; financial management functions; institutional and large corporate transitions capability; and investment operations and technical service functions. Jason is an actuary and has more than 20 years' experience in the financial services industry with much of his career spent in senior consulting, relationship management, product, project and technical services roles.



Ian Patrick

Chief Investment Officer

Ian is responsible for developing and executing Sunsuper's investment strategy, dynamic asset allocation, and the pursuit of innovative investment opportunities - all while maintaining a strong emphasis on governance and maximising members' returns. Ian is an actuary and has more than 20 years' experience in the institutional investment industry.



Teifi Whatley

Executive General Manager
Customer & Technology

Teifi is responsible for providing the strategic direction for the design and delivery of market-leading product and service experiences for Sunsuper's customers through the organisation's digital and technological capabilities. Prior to this role, Teifi was the executive for the company's marketing, customer experience, and insights and analytics teams - a role she held for 15 years.

Our people and culture

Ask anyone who works at Sunsuper what makes us who we are and the place that it is, and the answer will be the same – the people.

Open our door and you'll see a diverse team of more than 700 high performers striving with energy and passion to achieve our purpose to inspire and empower Australians to fulfil their retirement dreams.

What's special about Sunsuper is that we offer our people a place with a heart, anchored by a culture based on shared values and focused on achieving common outcomes. Our people share a passion for achieving outcomes for members, and look to the future with a growth mindset. They do so knowing they're offered development opportunities to grow them professionally; a broad range of financial, physical and mental health benefits to support their wellbeing; communications and events to connect them to each other and the community; and a variety of rewards that recognise them in way that's special and unique.

We work in a values-based culture

It's not just what we do but how we do it at Sunsuper that matters. Our values define the way we work, guiding our behaviour, decisions and interactions with our customers and each other. Our values came from our people through a thoughtful and intensive process involving multiple surveys, submissions and workshops across the entire organisation.

We're on our way to a high-performance organisation

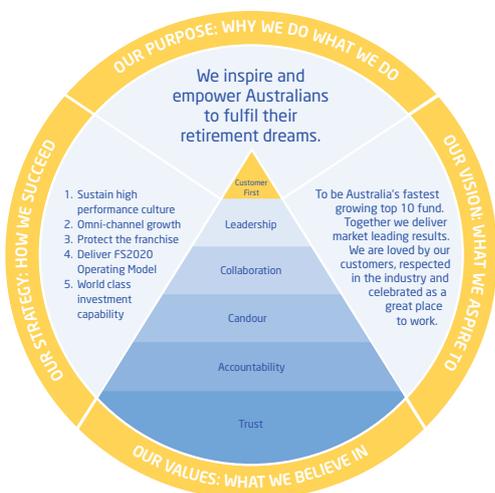
While we know both are vital, our view at Sunsuper is that a high-performance culture will outperform a really smart strategy. On our journey to evolve our culture, Sunsuper is already a different organisation underpinned by an inclusive and collaborative approach where hierarchies and silos are invisible or irrelevant. And the changes already implemented have strongly supported our outstanding performance this year, including growth double the industry average, solid investment returns and three Fund of the Year awards.

85%

of our people say that taking everything into account Sunsuper is a great place to work.

Sunsuper is a great place to work

Whilst balancing the need to maintain a focus on our profit-for-members ethos, the set of special and unique employee benefits we offer at Sunsuper enhances our people's work experience. These benefits combined with our culture resulted in 85 per cent of our people saying that taking everything into account Sunsuper is a great place to work in our annual Great Place to Work employee survey in June 2017.





Sunsuper in the community

We believe we have a responsibility to support the communities in which we conduct our business.

Our research also shows our members think it's important for us to meaningfully participate in the communities in which we operate.

Survey of Sunsuper's My2Cents community, July 2017.

Dreams for a Better World

Since 2011, our Dreams for a Better World initiative has awarded financial grants to more than 90 grassroots charities and not-for-profit groups to help make their dream for a better world come true. This year we've supported grassroots community organisations that make a real difference to the lives of thousands of Australians.

These include The Tippy Toe Co, which gives children of all abilities the chance to dance, and Albatross Nippers, which helps disabled kids join in with the Surf Life Saving Nippers. We also supported Food for Change, a foundation growing food on unused land and distributing it to Australians in need through food-relief agencies and charities. And our grand final winner in 2016 was Clean as Casper, an organisation offering mobile shower facilities for the homeless.

Sunsuper Riverfire

As Queensland's biggest free community event, Sunsuper Riverfire is enjoyed by almost one million people across the state each September. As a born-and-bred Brisbane company, with more than 500,000 members and 650 staff in South East Queensland, we are delighted to play a role in bringing Sunsuper Riverfire to the community.

Children's hospital telethon

Sunsuper is proud to support the Channel Nine Telethon to help raise much needed funds for the Lady Cilento Children's Hospital in Brisbane. Our contact centre fills with volunteers for one night each year to take donations over the phone. In 2016, we helped raise \$12.3 million that was directly used to fund life-saving medical research and vital new equipment, and provide comfort, support and care programs to families of sick kids.



The Tippy Toe Co.
2017 Round one winner

Transforming our technology

We're delivering a truly customer-centric, digital-direct service offering through major reinvestment to transform Sunsuper's technology and operations.

By 2020, everything we do at Sunsuper will be about creating the best customer experience by making the hard things easy and by helping our customers before they know they need it.

Improving our customers' experience

Launched in February 2017, our new omni-channel contact centre system is making it easier for our members, employer clients and financial adviser partners to interact with us in ways that meet their needs, including through the new webchat digital contact channel and enhanced customer call-back functionality. To date, the system has resulted in faster response times to customers and an increase in successful proactive-outbound call attempts to members.

Making our website personal

Launched in March 2017, our new public website sunsuper.com.au has transformed the way we engage with our customers. Personalising the online experience by bringing to the forefront more relevant information and actions means a customer's experience online is more akin to a conversation with us than a search for static information. Since launch, close to 800,000 users have initiated more than 1.5 million sessions on the site. On average, users are viewing 30 per cent more pages per visit to the new site. And a record number of new members have joined Sunsuper through the Member Join Online digital channel, representing a 25 per cent increase month on month, June 2017 compared to June 2016.

Introducing the Sunsuper app

Launched in May 2017, and free to download from the App Store and Google Play, the Sunsuper mobile app lets members manage their super in the most convenient way ever – on their phones, with secure fingertip access, anytime, anywhere. Once registered, members can check their balance, update their details, receive notifications of contributions and payments, switch their investments, nominate preferred beneficiaries, and more. As at September 2017, close to 34,000 members had downloaded the app.



Creating value for customers

We're proud to look after the retirement savings of more than one million members, support almost 100,000 registered employer clients across a diverse range of industries, and work with 1,800 financial advisers across the country.



Dipti
Sunsuper member

Our members

We're helping our members fulfil their retirement dreams.

Sunsuper is open to all Australians working in all industries and occupations. As a profit-for-members fund, our more than one million members are at the heart of everything we do. No matter whether a member has just started their working career or is enjoying their retirement, we want them to have adequate savings to fulfil their retirement dreams. We also want to help them get to retirement in excellent physical and mental health. After all, what good is reaching retirement if you can't enjoy it?

Trusted financial advice

Sunsuper's qualified financial advisers can provide advice about a member's Sunsuper account, quickly and simply over the phone at no additional cost. If members need more support or in-depth advice, we can refer them to more than 60 external advisers we have appointed to our National Advice Panel. Before we select these financial advisers to refer our members to, we ask ourselves: "Is this a person we would trust with a loved one's financial future?" Our external National Advice Panel advisers are located across the country.

Sunsuper employees provide advice as representative of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 ASFL No. 227867) (SFS) wholly owned by the Sunsuper Superannuation Fund. Sunsuper has established a panel of accredited external financial advisers who are not employees of Sunsuper. Sunsuper is not responsible for the advice provided by those advisers and does not receive or pay any referral fees. These advisers will explain to you how their advice fees are determined.

Access to everyday discounts

Dream Rewards is an everyday discount program exclusive to Sunsuper members. This year we offered members access to more than 1,000 exclusive offers and discounts from retailers across Australia on whitegoods, fitness products, clothing, holidays, adventure experiences, and more. By saving on everyday items, members have the opportunity to add more to their super to achieve their retirement dreams.

Complimentary financial education

We know members who understand and engage with their super are more likely to take action to grow their balance and set themselves up for their best retirement. We deliver education face-to-face at employer workplaces, and in larger forums. This year we met and spoke with more than 5,500 members at almost 200 events.

We also offer short videos on a range of super topics, as well as recorded seminar presentations, available 24/7.

Planning tools and inspiration

At Sunsuper, we recognise everyone has dreams for right now and for their retirement. That's why we've created the Dream Project education hub, bringing members an ever-evolving world of online inspiration and information to help them plan, achieve and enjoy their dreams. This year, almost 20,000 people visited the site each month and almost 14,000 have subscribed to be notified of new content on the site.

Innovation recognition for our Retirement income account

SuperRatings awarded us their Best New Innovation 2017 award for our *Retirement income account*, recognising features including the easy account activation and Retirement Bonus for eligible members. This year we also doubled the maximum Retirement Bonus members may be eligible to receive when they activate their *Income account* from \$2,400 to \$4,800.



Putting money back into the pockets of our Income account members

As a part of our commitment to keeping our administration fees among the lowest and fairest in the industry, from 30 September 2017 *Income account* members will save \$1 per week on their *Income account* administration fee. As a profit-for-members fund aiming to help our members fulfil their retirement dreams, we are delighted to be able to reduce the weekly administration fee for our *Income accounts* from \$4 to \$3.

Protecting members with the right insurance cover

The right insurance cover can help ensure our members and their families are protected should the worst happen. Members have access to flexible Death, Total and Permanent Disablement (TPD) and Income Protection (IP) insurance cover. As a fund catering for more than one million members, we are able to negotiate competitive insurance premiums that may not be available to members directly.

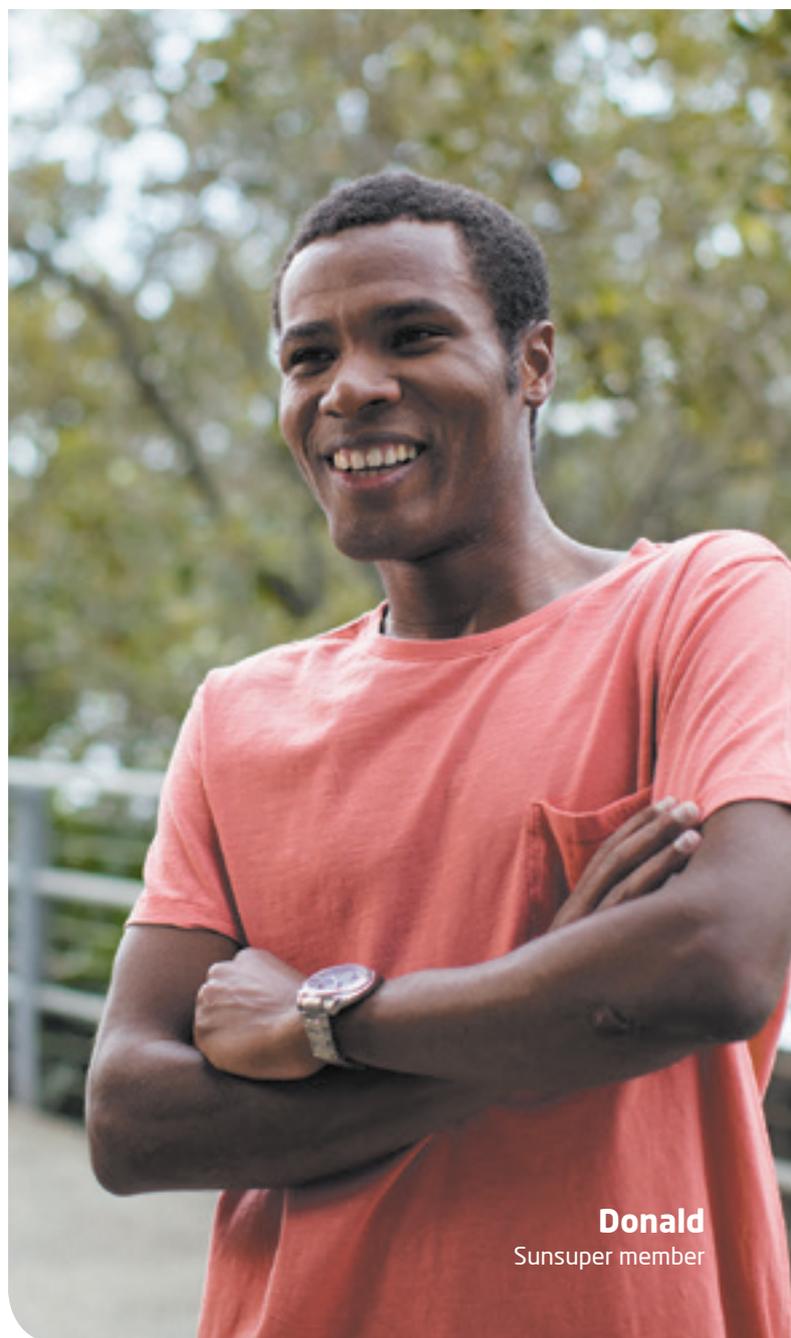
We also offer larger employers tailored insurance arrangements for their employees for Death, TPD and IP. At the Rainmaker SelectingSuper Awards in November 2016, we were awarded Workplace Insurance Offering of the Year in conjunction with our insurer AIA for our *Sunsuper for life Business* insurance offering. This award recognises our market-leading insurance cover for Business members, which includes early intervention, rehabilitation and retraining support.



Getting members back to work faster

Members in *Sunsuper for life* can access Sunsuper's TPD Assist product, which is different from many other total and permanent disability insurance products in the market. It focuses on capability rather than disability, and is all about helping members get back to work faster. The product features early intervention, vocational rehabilitation, and retraining support and guidance. Waiting periods are removed for the majority of members to encourage early notification and support. In the event of a claim, TPD Assist is normally paid as up to six annual support payments rather than a lump sum. A single lump sum may be paid under TPD Assist in some circumstances. Since launching TPD Assist on 1 July 2016, 11 members have commenced rehabilitation programs with three members successfully returning to work through early intervention.

TPD Assist statistics current to August 2017.



Donald
Sunsuper member

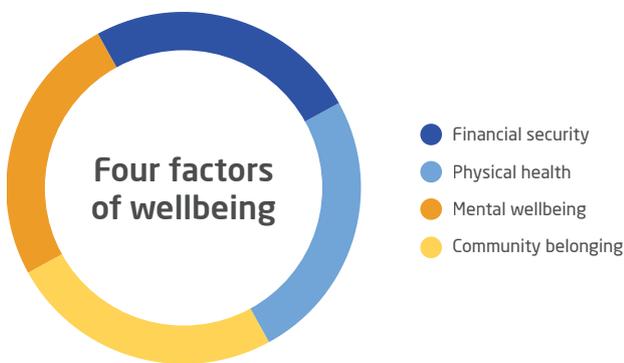
Employer client support

We're growing our employers' businesses by growing their people.

There is emerging evidence showing that organisations that invest in strong employee wellbeing programs can gain benefits for their employees and their business.

Gallup, Well-being enhances benefits of employee engagement, 2015, gallup.com

Sunsuper is committed to offering a range of services to registered Sunsuper employers to help support the four factors of employee wellbeing. These services include those we are able to offer through our strategic partnerships with insurer AIA and SuperFriend, a national mental health promotion foundation focused on making it simple for employers to create mentally healthy workplaces.



Sunsuper's clearing house

This year, we significantly enhanced our services to our employer clients with the launch of our new, wholly owned and administered Sunsuper clearing house via Precision Administration (which is 100 per cent owned by Sunsuper). For eligible employers, the Sunsuper clearing house can take time and burden out of making payments to multiple super funds for employees. Owning our clearing house means we can control the end-to-end payment process, and provide a range of payment options, a dedicated support team, and improved efficiency.

Sharing research and insights

Each year we release the Sunsuper Australian *Employee insights report* providing insights into what employees think, want and value from their employer based on responses from more than 1,000 Australian workers. This year marked the third annual *Employee insights report*, and in 2017 we explored the role of culture in motivating and retaining employees, the perceived state of diversity in Australian workplaces, the wellbeing benefits employees truly value from their employer, and employees' recent experiences with organisational change.

Also this year, we worked on a special collaboration with Vanguard Investments Australia to produce the *How Australia saves report*, presenting a deep insight into the attitudes and behaviours of Australians and their super.

Making it easy for employers to do business

We want to be the easiest fund in Australia for employers to do business with. This year saw more than 53,000 employer clients using our secure employer-payment facility, *Employer Online*. Built in partnership with our clients, it takes the administrative hassle out of making employees' super payments by making the task of paying super faster and easier. In addition, our dedicated support team has been recognised by our clients with 80 per cent of customers rating their experience in dealing with us as "excellent" or "above and beyond".

Adviser collaboration

We're partnering with financial advisers to help change people's lives.

At Sunsuper, we recognise that timely and tailored financial advice can make a marked difference to our members' financial and emotional wellbeing. This is why we are committed to promoting and providing great financial advice to our members - through our phone-based Sunsuper member advice centre and in collaboration with qualified financial advisers across the country.

Maintaining a National Advice Panel

To ensure our members can access comprehensive, face-to-face financial advice wherever they may be located across the country, we maintain a National Advice Panel of advice practices and professionals we can recommend our members to. We carefully select, accredit and monitor each advice panellist to ensure our members pay a competitive fee for high-quality advice services.

The more than 60 financial advisers on the panel have all passed the ultimate test: before we select these advisers to refer our members to, we ask ourselves: "Is this a person we'd trust with a loved one's financial future?"

Enhancing our adviser services

More than 1,800 financial advisers across Australia have registered with us and help advise our members to achieve their retirement dreams. Our dedicated business development team is focused on making advisers' interactions with Sunsuper on our members' behalf as efficient as possible. In July 2016, we launched our *Adviser Online* portal, enabling advisers who register with Sunsuper or are part of our National Advice Panel to quickly and easily view account information for any members they have a third-party authority for.

As part of the ongoing enhancement to our adviser service offering, from 30 September 2017, registered financial advisers will no longer have to provide an invoice to us when submitting a request to pay an advice fee. Additionally, for the first time, we are allowing registered financial advisers to request dollar-based ongoing advice fees for a period of up to 24 months.

Helping advisers demonstrate the value of advice

Recent research we commissioned at Sunsuper supports what we in the financial advice community know and value: advice can significantly improve people's lifestyle outcomes and their financial and overall wellbeing. As a part of our ongoing partnership and support of the advisers we work with and the broader advice community, we presented our *Value of advice report* to our stakeholders to use within their practices, among their professional associations, and, importantly, in discussions with their clients.

Overall, those who receive advice are generally more "well" in life due to the greater financial literacy, control and peace of mind advice provides.

CoreData research on behalf of Sunsuper, December 2016.

Our goal in producing the report is to help break down the barriers many Australians feel and face in obtaining advice. Specifically, by modelling a number of scenarios around milestones many Australians experience during life, the research in our report clearly demonstrates in a meaningful way the financial and resulting lifestyle benefits that financial advice can provide.

Investment approach and performance

Sunsuper's flagship Balanced investment option for *Super-savings accounts* returned 12.3 per cent for the year to 30 June 2017.

Past performance is not a reliable indication of future performance.



**Caruna electricity
distribution network**

Sunsuper direct investment since 2013.

An update from the Chief Investment Officer

We're focused on delivering competitive returns and value for money to our members.

Investment returns can make up as much as 60 per cent of a member's retirement income. So the more than 20 investment professionals in Sunsuper's investment team draw on their 300 years' combined experience each day in order to meet our overarching objective: to deliver competitive, long-term, real returns and value for money to our members.

Investment returns can make up as much as 60% of a members retirement income: assumes accumulated super from 20 to 65. Retirement years from 65 to 90. Contributions for 45 years at the Super Guarantee rate. Retirement income payments targeted to 90 years of age. Investment returns of 6.9% per year during accumulation and 7.5% in retirement, net of fees and any taxes. Calculation by Sunsuper based on the 10/30/60 rule (see Russell Investments: The 10/30/60 Rule. January, 2015).

A strong year for members' returns

Sunsuper's flagship Balanced investment option for *Super-savings accounts* returned 12.3 per cent for the year to 30 June 2017.¹ This places us in the top three best-performing options for the year across both industry and retail funds. It also marked the fifth consecutive financial year of positive returns. Longer-term returns also remained very solid, with the Balanced investment option comfortably outperforming the industry average over 3, 5, 7 and 10 years.¹ Pleasingly, returns for Sunsuper's other diversified options - Conservative, Retirement and Growth - also outperformed the industry average over 1, 3, 5, 7 and 10 years.¹

¹ For Super-savings accounts. Source: SuperRatings Fund Crediting Rate Surveys - SR50 Balanced (60-76). Index; SR50 Capital Stable (20-40) Index; SR25 Conservative Balanced (41-59) Index; SR50 Growth (77-90) Index; to 30 June 2017. Past performance is not a reliable indication of future performance.

The year in review: assessing the political and economic environment

The global economic environment over the final months of 2016-17 was generally kind to investors with economic growth mostly surprising on the upside but with inflation remaining generally well behaved. And broadly speaking, monetary policy settings are still very supportive for global growth, even after the US Federal Reserve increased its key policy rate during June.

Earlier this year, investors were looking ahead to a series of potentially troubling European political events and were worried about the trade policies of President Trump. However, Emmanuel Macron's victory in the French presidential election and some favourable local election results in Germany helped to ease concerns over the rise of populism in Europe. And the Trump administration's more pragmatic attitude towards China in particular - and trade in general - has eased (but not eliminated) concerns about world trade prospects. All of this has been viewed as a reduction in political risk, and that's been a positive for financial markets. Geopolitical risks remain a potential source of volatility for financial markets: tensions between North Korea and the US and its allies have heightened over the course of 2017, although market reaction has - so far - been limited.

The year ahead: our outlook and approach

We remain of the view that currently there are few assets trading in public markets that can be seen as genuinely cheap. Valuations in fixed income markets remain particularly troubling to us, and our fixed income portfolios maintain a lower exposure to longer-term government bonds relative to the benchmark, and a higher exposure to high-quality non-government bonds.

In this environment, the diversification benefits provided by alternative assets such as carefully selected hedge funds and unlisted assets remain very attractive. These assets allow us to construct portfolios that tend to exhibit smaller fluctuations in returns over the short term, without compromising long-term expected returns.

While prospective returns in unlisted assets such as private equity, infrastructure and unlisted property have come down, we continue to find opportunities across the globe in these asset classes that offer very attractive medium to long-term returns.



Ian Patrick, Chief Investment Officer



Ian Patrick
Chief Investment Officer

Our investment philosophy

We're maximising members' long-term returns so they can live their retirement dreams.

An investment philosophy describes your approach to the markets you operate in, and where you think you're going to deliver the best value for money.

Our philosophy is underpinned by our goal to deliver competitive, long-term, real returns and value for money to our members.

Investing in unlisted alternative assets

Sunsuper holds substantial weightings to unlisted alternative assets in our diversified investment options. Our ability to make allocations to unlisted assets allows us to build portfolios that exhibit smaller fluctuations in returns, without compromising longer-term return outcomes. They also provide greater diversification across the portfolio, and allow us to access opportunities not generally available in traditional asset classes.

We allocate to three classes of unlisted assets: property, infrastructure, and private capital. Accessing top-tier managers, particularly in private capital, is critical. So we invest with, or alongside, carefully chosen investment managers with acknowledged expertise in their particular asset class, and utilise the advice of specialist consultants where appropriate. Some of the investments we've made this year include an interest in the Port of Melbourne, the acquisition of a shopping centre in Newcastle, an integrated utility business in Slovakia and Czech Republic, and specialist property investment funds in the United States.

Using active managers where they offer value for money

At Sunsuper, we believe all our investments have to offer value for money for our members: any investment we make on behalf of members is expected to deliver returns commensurate with the risks involved and the costs of making those investments, including the fees we pay to our external managers.

We also believe that the investment markets that we operate in are somewhat inefficient and do present opportunities to add value through active management.

However, we also believe that the ability to add value through making active investment decisions varies across different asset classes and requires a good deal of skill. We use active managers with genuine skill where we believe they offer exceptional value for money and passive strategies where they do not. Moreover, we find that there is greater scope to add value through active management in the alternative asset classes than in listed shares or fixed income.

Adopting a practical and balanced environmental social and governance (ESG) approach

Sunsuper believes companies that best manage environmental, social and governance (ESG) factors are more likely to be financially sustainable in the long term. Considering ESG issues is a key part of our duty to members in properly understanding and assessing the likely material risks, opportunities and value of our investments.

We believe a practical and balanced approach to ESG management is most effective. A practical approach recognises that, in most cases, it is difficult to identify any single investment as being unambiguously "good" or "bad" from an ESG perspective. This practicality leads to being balanced: on the one hand being willing to engage with businesses we may invest in to encourage positive change in relation to ESG factors, and on the other hand being willing to exclude certain investments should a company's ESG approach not align with ours.

We have long worked on ESG issues with the companies we invest in, our external investment managers, asset consultants, and like-minded funds both here in Australia and around the world. Sunsuper is a signatory to the United Nations Principles of Responsible Investment. We are also a member of the Responsible Investment Association Australasia and ESG Research Australia.

Investment case study

We're focused on choosing investment options that work hard for our members so they don't have to.

Sunsuper members own a share of Lighttower Fiber Networks, a metropolitan fibre-optic network in north-east America.

Lighttower Fiber Networks

Lighttower delivers customised networking solutions over their own networks to thousands of customers in the United States, including organisations in healthcare, financial services, media and content, cloud infrastructure, carriers, government and education. The Lighttower Network extends over 33,000 route miles throughout the Northeast, Mid-Atlantic and Midwest United States, providing dense connectivity to over 22,000 service locations, including over 275 data centres and over 5,000 wireless towers, rooftop cell sites and small cells.

With over 25 years' experience, Lighttower is committed to the highest level of customer service and support, demonstrated by their simple provisioning process, dedicated customer managers, and an overall company culture that believes the customer comes first.

Sunsuper's investment

Valued at US\$2.1 billion in 2010, alongside *HarbourVest*, one of Sunsuper's private equity managers, Sunsuper invested US\$30 million in the successful company (US\$18.5 million in 2010 and US\$11.5 million in 2015).

\$85m

Lighttower Fiber Networks returned 2.8 times Sunsuper's initial investment.

In 2017, Crown Castle International purchased Lighttower for US\$7.1 billion. Sunsuper's estimated return, net of all Sunsuper and manager fees and due diligence costs, was US\$85 million, representing 2.8 times our initial investment or 30 per cent p.a.



Investment options

In 2016-17 we offered 21 investment options designed to meet the needs of a wide range of members.

For more information about our investment options, refer to the *Sunsuper for life Investment guide*. For our current *Product Disclosure Statements* and *guides* and any updates refer to sunsuper.com.au/pds

Investment objectives and strategies

Sunsuper’s overall investment objectives are to:

- maximise the real long-term investment returns (after investment tax and investment fees) subject to the expected risk profiles for each investment option,
- implement an investment manager configuration for each investment option which will in the long term outperform the benchmark return and peer groups,
- avoid exposing each investment option to inappropriate risk through diversification of investments and of managers, and
- maintain sufficient liquid assets so as to pay all benefit and expense obligations in full when due.

The investment objectives, risks, returns, fees and asset allocations for each of the investment options are set out in the panels on pages 37 to 44.

Unless otherwise noted, investment option information in this *Annual report* is that applicable on 30 June 2017.

Changes to investment options

Refer to *Sunsuper’s Product Disclosure Statements* and updates for current information on our investment options, which may include changes to objectives, performance benchmarks, asset allocations, investment management style, naming conventions, the introduction of new options and closure of options.

Visit sunsuper.com.au/significant-event-notifications for information on the changes made to Sunsuper over the last two years, including investment changes effective 30 September 2017. Note these have already been communicated to affected members.

Visit sunsuper.com.au/pds for the *Sunsuper for life Investment guide*, which contains up-to-date information on investment options.

How does Sunsuper use derivatives?

Sunsuper’s policy is to allow or instruct our investment managers to use derivatives such as forwards, futures, options and swaps, to achieve their investment objectives. However, the managers must operate within specific investment guidelines. Derivatives are used particularly for the purpose of managing risk and rebalancing investment options to their target asset allocations using a combination of derivatives to reflect the risk characteristics of each asset class.

Investment options	
Diversified	Lifecycle Investment Strategy
	Growth
	Balanced
	Balanced - Index
	Ethical, Environmental and Socially Responsible Investments
	Retirement
	Conservative
Single Asset Class	Shares
	Australian Shares
	Australian Shares - Index
	International Shares (hedged)
	International Shares (unhedged)
	International Shares - Index (hedged)
	International Shares - Index (unhedged)
	Emerging Market Shares
	Property
	Australian Property - Index
	Fixed Interest
	Fixed Interest - Index
	Cash
	Capital Guaranteed

Lifecycle Investment Strategy

Balanced Pool

Objectives

Beat inflation by 4.0% p.a. over 10-year periods (after investment fees and costs and investment taxes).

Retirement Pool

Objectives

Beat inflation by 3.5% p.a. over 10-year periods (after investment fees and costs and investment taxes).

Cash Pool

Objectives

Match or exceed the Bloomberg AusBond Bank Bill Index (before investment tax but after investment fees and costs).

Minimum suggested timeframe: 5 years.

Risk¹

Risk label: Medium to high.

Risk band: 5.

Actual % asset allocation at 30 June	2017	2016
Australian shares	22.5	22.8
International shares	27.5	28.8
Private capital	7.0	6.0
Property	11.0	10.0
Diversified strategies	5.0	5.0
Infrastructure	7.0	7.0
Fixed interest	8.5	9.9
Hedge funds	5.5	6.0
Cash	6.0	4.5

Risk¹

Risk label: Medium.

Risk band: 4.

Actual % asset allocation at 30 June	2017	2016
Australian shares	17.7	20.2
International shares	15.7	19.2
Private capital	5.0	4.0
Property	10.0	9.0
Diversified strategies	5.0	5.0
Infrastructure	6.0	6.0
Fixed interest	22.6	24.7
Hedge funds	6.5	6.0
Cash	11.5	5.9

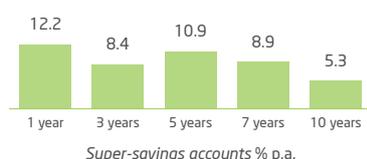
Risk¹

Risk label: Very low.

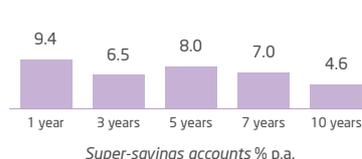
Risk band: 1.

Actual % asset allocation at 30 June 2017 & 2016	
Cash	100

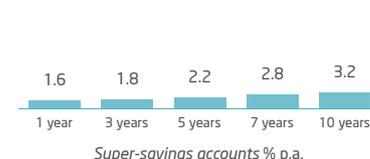
Investment returns to 30 June 2017^{2,3}



Investment returns to 30 June 2017^{2,3}



Investment returns to 30 June 2017^{2,3}



Fees⁴ Actual investment fees for 2016-17 Base: 0.36% p.a. Performance: 0.15% p.a. Buy-sell spread: Nil.

- 1 Refer to the *Sunsuper for life Investment guide* and sunsuper.com.au/standardriskmeasure for more information.
- 2 The Balanced, Retirement and Cash Pools commenced on 4 October 2013. The three Pools have identical investments to the respective investment options being, the Balanced, Retirement and Cash options. To show our performance for each Pool we have shown the returns of the respective investment options (adjusted to reflect fee differences where applicable) up to 4 October 2013 with returns of each Pool from 4 October 2013.
- 3 **Past performance is not a reliable indication of future performance.** Returns are after investment fees and investment taxes but before administration fees.
- 4 It is important to read the information on page 45. For more information on investment fees refer to the *Sunsuper for life guide*.

Diversified

Growth

Objectives

Beat inflation over 10 years:
Super-savings account by 5% p.a.
 and *Income account* by 5.5% p.a.
 (after investment fees and costs and
 where applicable investment taxes).¹

Minimum suggested timeframe
 7 years

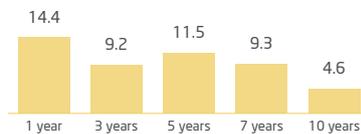
Risk²

Risk label: High.

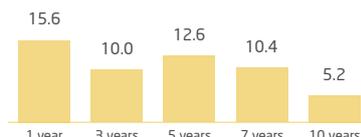
Risk band: 6.

Actual % asset allocation at 30 June	2017	2016
Australian shares	28.7	27.9
International shares	35.7	35.2
Private capital	10.0	10.0
Property	8.0	7.0
Diversified strategies	5.0	5.0
Infrastructure	7.0	7.0
Fixed interest	0.1	0.0
Hedge funds	5.5	7.0
Cash	0.0	0.9

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.34% p.a.
 Performance: 0.14% p.a.
Buy-sell spread: Nil.

Balanced

Objectives

Beat inflation over 10 years:
Super-savings account by 4% p.a.
 and *Income account* by 4.5% p.a.
 (after investment fees and costs and
 where applicable investment taxes).¹

Minimum suggested timeframe
 5 years

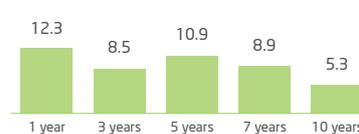
Risk²

Risk label: Medium to high.

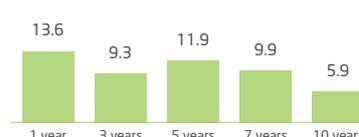
Risk band: 5.

Actual % asset allocation at 30 June	2017	2016
Australian shares	22.5	22.8
International shares	27.5	28.8
Private capital	7.0	6.0
Property	11.0	10.0
Diversified strategies	5.0	5.0
Infrastructure	7.0	7.0
Fixed interest	8.5	9.9
Hedge funds	5.5	6.0
Cash	6.0	4.5

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.36% p.a.
 Performance: 0.15% p.a.
Buy-sell spread: Nil.

Balanced - Index

Objectives

Closely match the return of the performance benchmark, before investment tax,¹ and investment fees and costs.

Performance benchmark:

The strategic weighted return of the market indices for each asset class.

Minimum suggested timeframe
 5 years

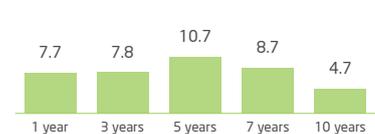
Risk²

Risk label: High.

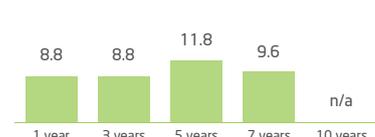
Risk band: 6.

Actual % asset allocation at 30 June	2017	2016
Australian shares	34.9	35.3
International shares	24.6	24.9
Property	9.6	9.9
Fixed interest	24.3	25.1
Cash	6.6	4.8

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.17% p.a.
 Performance: n/a.
Buy-sell spread: Nil.

Ethical, Environmental and Socially Responsible investments

Objectives

To provide a total return, after investment fees and costs and before investment tax (where applicable),¹ higher than the return from the performance benchmark on a rolling 5-year basis.

Performance benchmark:

The average weighted return of the market indices used to measure the performance of the underlying funds in which the option invests.

Minimum suggested timeframe

5 years

Risk²

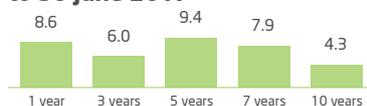
Risk label: Medium to high.

Risk band: 5.

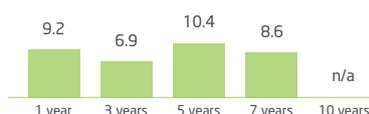
Actual % asset allocation at 30 June	2017	2016
Australian shares	27.3	26.7
International shares	29.9	30.1
Property	9.2	9.4
Infrastructure	3.0	n/a
Fixed interest	17.1	18.6
Cash	12.0	11.1
Alternatives*	1.5	4.1

*May include forestry and private equity

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.65% p.a.

Performance: 0% p.a.

Buy-sell spread: Nil.

Retirement

Objectives

Beat inflation over 10 years:
Super-savings account by 3.5% p.a.
and *Income account* by 4% p.a.
(after investment fees and costs and where applicable investment taxes).¹

Minimum suggested timeframe

5 years

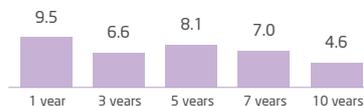
Risk²

Risk label: Medium.

Risk band: 4.

Actual % asset allocation at 30 June	2017	2016
Australian shares	17.7	20.2
International shares	15.7	19.2
Private capital	5.0	4.0
Property	10.0	9.0
Diversified strategies	5.0	5.0
Infrastructure	6.0	6.0
Fixed interest	22.6	24.7
Hedge funds	6.5	6.0
Cash	11.5	5.9

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.35% p.a.

Performance: 0.13% p.a.

Buy-sell spread: Nil.

Conservative

Objectives

Returns (after investment fees and costs and where applicable investment taxes)¹ of 1% p.a. above the Bloomberg AusBond Bank Bill Index after investment tax (where applicable) over periods of 2 to 5 years.

Minimum suggested timeframe

3 years

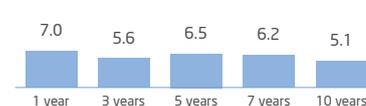
Risk²

Risk label: Low to medium.

Risk band: 3.

Actual % asset allocation at 30 June	2017	2016
Australian shares	8.7	9.2
International shares	9.6	11.6
Private capital	1.0	0.0
Property	9.0	8.0
Diversified strategies	5.0	5.0
Infrastructure	5.0	5.0
Fixed interest	33.5	41.5
Hedge funds	6.5	7.0
Cash	21.7	12.7

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.36% p.a.

Performance: 0.12% p.a.

Buy-sell spread: Nil.

Single asset class

Shares

Objectives

Beat inflation over 10 years: *Super-savings* account by 5% p.a. (after investment fees and costs and investment taxes) and *Income account* by 5.5% p.a. (after investment fees and costs).¹

Minimum suggested timeframe

7 years

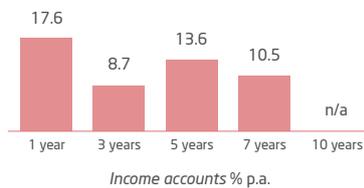
Risk²

Risk label: High.

Risk band: 6.

Actual % asset allocation at 30 June	2017	2016
Australian shares	44.9	44.1
International shares	55.1	55.9
Fixed interest	0	0
Cash	0	0

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17

Base: 0.22% p.a.
Performance: 0.05% p.a.
Buy-sell spread: Nil.

Australian Shares

Objectives

Beat the performance benchmark by 0.5-1% p.a. before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark:

S&P/ASX 300 Accumulation Index.

Minimum suggested timeframe

7 years

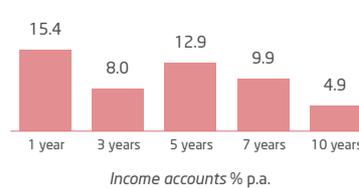
Risk²

Risk label: Very high.

Risk band: 7.

Actual % asset allocation at 30 June 2017 & 2016	2017	2016
Australian shares	100	100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17

Base: 0.23% p.a.
Performance: 0.10% p.a.
Buy-sell spread: Nil.

Australian Shares - Index

Objectives

Closely match the return of the performance benchmark, before investment tax,¹ and investment fees and costs.

Performance benchmark:

S&P/ASX 300 Accumulation Index.

Minimum suggested timeframe

7 years

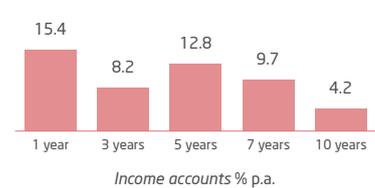
Risk²

Risk label: Very high.

Risk band: 7.

Actual % asset allocation at 30 June 2017 & 2016	2017	2016
Australian shares	100	100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17

Base: 0.09% p.a.
Performance: n/a.
Buy-sell spread: Nil.

International Shares (hedged)

Objectives

Beat the performance benchmark by 0.5-1% p.a. before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark:

MSCI World ex-Australia Investable Market Index (IMI) in \$A (hedged).

Minimum suggested timeframe

7 years

Risk²

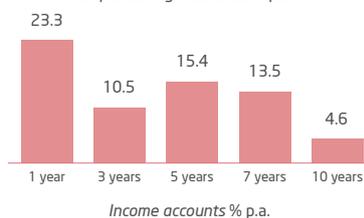
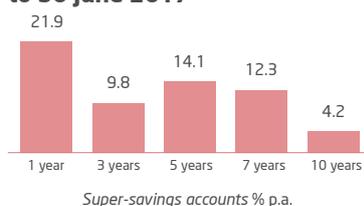
Risk label: High.

Risk band: 6.

Actual % asset allocation at 30 June 2017 & 2016

International shares | 100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17

Base: 0.31% p.a.
Performance: 0.04% p.a.
Buy-sell spread: Nil.

International Shares (unhedged)

Objectives

Beat the performance benchmark by 0.5-1% p.a. before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark:

MSCI World ex-Australia Investable Market Index (IMI) in \$A (unhedged).

Minimum suggested timeframe

7 years

Risk²

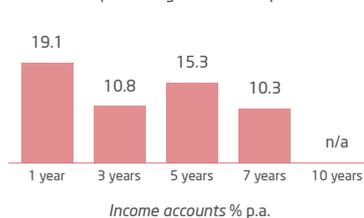
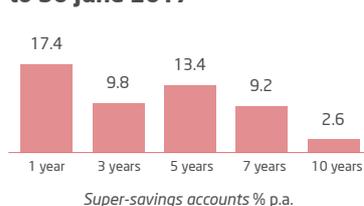
Risk label: High.

Risk band: 6

Actual % asset allocation at 30 June 2017 & 2016

International shares | 100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17

Base: 0.31% p.a.
Performance: 0.04% p.a.
Buy-sell spread: Nil.

International Shares - Index (hedged)

Objectives

Closely match the performance benchmark, before investment tax¹ and investment fees and costs.

Performance benchmark:

MSCI World ex-Australia Investable Market Index (IMI) in \$A (hedged).

Minimum suggested timeframe

7 years

Risk²

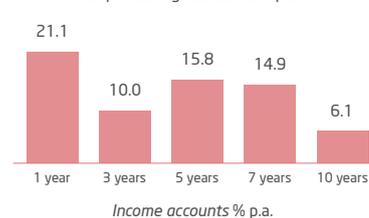
Risk label: Very high.

Risk band: 7.

Actual % asset allocation at 30 June 2017 & 2016

International shares | 100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17

Base: 0.08% p.a.
Performance: n/a.
Buy-sell spread: Nil.

International Shares - Index (unhedged)

Objectives

Closely match the performance benchmark, before investment tax¹ and investment fees and costs.

Performance benchmark:

MSCI World ex-Australia Investable Market Index (IMI) in \$A (unhedged).

Minimum suggested timeframe

7 years

Risk²

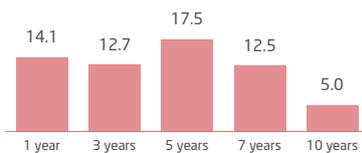
Risk label: High.

Risk band: 6.

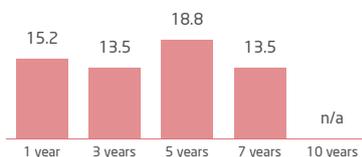
Actual % asset allocation at 30 June 2017 & 2016

International shares | 100

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.08% p.a.

Performance: n/a.

Buy-sell spread: Nil.

Emerging Markets Shares

Objectives

Beat the performance benchmark by 0.5-1% p.a. before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark:

MSCI Emerging Markets Investable Market Index (IMI) in \$A (unhedged).

Minimum suggested timeframe

7 years

Risk²

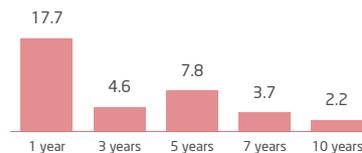
Risk label: Very high.

Risk band: 7.

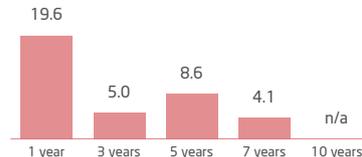
Actual % asset allocation at 30 June 2017 & 2016

International shares emerging | 100

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.29% p.a.

Performance: 0.02% p.a.

Buy-sell spread: Nil.

Property

Objectives

Beat the performance benchmark before investment tax¹ but after investment fees and costs over rolling 5-year periods.

Performance benchmark:

70% FTSE EPRA/NAREIT Global REIT A\$ (hedged), plus 30% Mercer/IPD Australia Core Wholesale Property Fund Index.

Minimum suggested timeframe

7 years

Risk²

Risk label: High.

Risk band: 6.

Actual % asset allocation at 30 June 2017 & 2016

Property | 100

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.84% p.a.

Performance: 0.03% p.a.

Buy-sell spread: Nil.

Australian Property - Index

Objectives

Closely match the return of the performance benchmark, before investment tax,¹ and investment fees and costs.

Performance benchmark:
S&P/ASX 300 A-REIT Accumulation Index.

Minimum suggested timeframe
7 years

Risk²

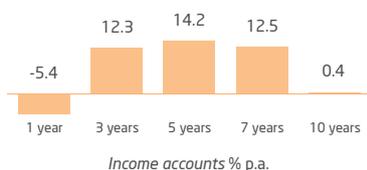
Risk label: Very high.

Risk band: 7.

Actual % asset allocation at 30 June 2017 & 2016

Property | 100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17
Base: 0.11% p.a.
Performance: n/a.
Buy-sell spread: Nil.

Fixed Interest

Objectives

Beat the performance benchmark by 0.5-1.0% p.a. before investment tax¹ but after investment fees and costs over rolling 3-year periods.

Performance benchmark:
Citigroup World Broad Investment Grade Index in \$A (hedged).

Minimum suggested timeframe
3 years

Risk²

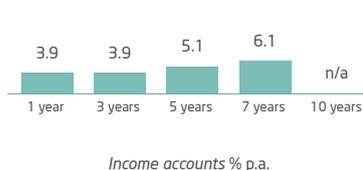
Risk label: Medium.

Risk band: 4.

Actual % asset allocation at 30 June 2017 & 2016

Fixed interest | 100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17
Base: 0.31% p.a.
Performance: 0% p.a.
Buy-sell spread: Nil.

Fixed Interest- Index

Objectives

Closely match the return of the performance benchmark, before investment tax,¹ and investment fees and costs.

Performance benchmark:
50% Bloomberg AusBond Composite 0 + Yr Index / 50% Barclays Global Aggregate Index (hedged).

Minimum suggested timeframe
3 years

Risk²

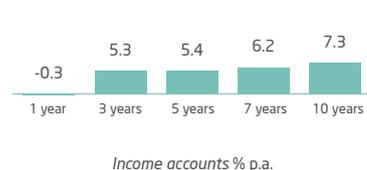
Risk label: Medium.

Risk band: 4.

Actual % asset allocation at 30 June 2017 & 2016

Fixed Interest | 100

Investment returns to 30 June 2017³



Fees⁴

Actual investment fees for 2016-17
Base: 0.12% p.a.
Performance: n/a.
Buy-sell spread: Nil.

Cash

Objectives

Match or exceed the returns of the performance benchmark, before investment tax¹ but after investment fees and costs.

Performance benchmark:

Bloomberg AusBond Bank Bill Index.

Minimum suggested timeframe

1 year

Risk²

Risk label: Very low.

Risk band: 1.

Actual % asset allocation at 30 June 2017 & 2016

Cash | 100

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.07% p.a.

Performance: n/a.

Buy-sell spread: Nil.

Capital Guaranteed

Objectives

This option is designed to provide full security of capital, and modest returns over the medium to long term.

Beat the performance benchmark after investment tax¹ and investment fees and costs over rolling 3-year period.

Performance benchmark:

Bloomberg AusBond Bank Bill Index after investment tax (where applicable).¹

Minimum suggested timeframe

5 years

Risk²

Risk label: Very low.

Risk band: 1.

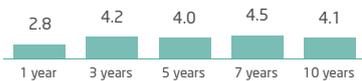
Actual % asset allocation at 30 June 2017 & 2016

Deposits with ADIs and Capital Guaranteed Investments | 100

Investment returns to 30 June 2017³



Super-savings accounts % p.a.



Income accounts % p.a.

Fees⁴

Actual investment fees for 2016-17

Base: 0.36% p.a.

Performance: n/a.

Buy-sell spread: Nil.

Note: These footnotes apply to the investment options on pages 38-44.

¹ No investment tax generally applied for *Income accounts*.

² Refer to the *Sunsuper for life Investment guide* and sunsuper.com.au/standardriskmeasure for more information.

³ **Past performance is not a reliable indication of future performance.** Returns are after investment fees and taxes (where applicable) but before administration fees.

⁴ It is important to read the information on page 45. For more information on fees, refer to the *Sunsuper for life guide*.

Investment fees

Investment fees cover the costs of investing and managing investments for members. Sunsuper sets investment fees to match expected costs.

At Sunsuper we report the investment fees in two components: the base fee and the performance fee.

For the most up-to-date investment fees and costs and investment option details refer to the current *Product Disclosure Statements and guides* at sunsuper.com.au/pds

Actual investment fees for 2016-17

The actual investment fees for each investment option for 2016-17 are shown in the investment panels on pages 37 to 44. Actual investment fees may differ from our estimates in some instances as a result of outperformance resulting in higher than expected performance fees. Sunsuper believes paying fees for performance to its investment managers encourages sustained investment performance and avoids rewarding investment managers for underperformance. If an investment manager who has the potential to earn a fee for performance underperforms their performance target, the investment manager needs to overcome their underperformance in future periods before another fee for performance can be earned.



Discovery Parks
Sunsuper direct investment since 2010

Investment managers

Customised Investment Management Agreements

Manager	Asset classes	\$M
Acadian Asset Management (Australia) Ltd	Australian Shares	554.6
Allegro Funds Pty Ltd	Private Capital, Property	477.7
AMP Capital Investors Limited	Infrastructure, Property	739.7
AQR Capital Management, LLC	International Shares (Emerging)	494.5
Arrowstreet Capital, Limited Partnership	International Shares	701.0
Baillie Gifford Overseas Limited	International Shares	237.2
Bain Capital Credit, LP	Fixed Interest	186.1
Barwon Investment Partners Pty Ltd	Private Capital	202.6
Colchester Global Investors	Fixed Interest	331.1
Colonial First State Asset Management (Australia) Ltd	Cash	302.4
Colonial First State Managed Infrastructure Limited	Infrastructure	562.5
Hastings Investment Management Pty Limited	Infrastructure	276.3
Hosking Partners LLP	International Shares	670.8
JP Morgan Asset Management (Australia) Limited	Diversified Strategies	346.0
Lazard Asset Management Pacific Co	Fixed Income	120.4
Macquarie Investment Management Global Limited	Fixed Income	697.7
Macquarie Specialised Asset Management Limited	Infrastructure	765.5
Maple-Brown Abbott Limited	Australian Shares	814.3
Morgan Stanley Investment Management (Australia) Pty Limited	Fixed Interest	1,423.8
Neuberger Berman Australia Pty Ltd	Diversified Strategies	348.3



Manager	Asset classes	\$M
Origin Asset Management LLP	International Shares (Emerging)	142.6
PIMCO Australia Pty Ltd	Fixed Interest	330.5
Pzena Investment Management, LLC	International Shares and International Shares (Emerging)	928.7
QIC Limited	Cash, Asset and Currency Overlay	878.2
Schroder Investment Management Australia Limited	Fixed Interest	769.5
State Street Global Advisors, Australia, Limited	Cash, International Shares, Diversified Strategies	3,342.2
TCW Asset Management Company	Fixed Interest	583.6
Tribeca Investment Partners Pty Ltd	Australian Shares	276.5
TT International (Hong Kong) Ltd	International Shares (Emerging)	221.9
Vanguard Investments Australia Ltd	Australian Shares, International Shares, and International Shares (Emerging)	9,510.0
Vinva Investment Management Limited	Australian Shares	4,031.2
WaveStone Capital Pty Ltd	Australian Shares	841.0
WCM Investment Management	International Shares	461.5
Wellington International Management Company Pty Ltd	Fixed Interest, Diversified Strategies	794.8
Whitehelm Capital Pty Ltd	Infrastructure	208.4

Customised Rebalancing/Overlay Investment Management Agreements:

QIC Limited manages portfolios for the purpose of rebalancing asset allocation and rebalancing currency.

P/E Global LLC, FDO Partners LLC and Fischer, Francis Trees and Watts, Inc, manage portfolios for the purposes of currency overlay.

Other investment managers

Sunsuper also invests in a number of investment vehicles and listed below are selected managers.

Manager	Asset classes	\$M
ABRY Partners, LLC	Private Capital	113.4
AMP Capital Funds Management Ltd	Australian Shares, International Shares, Property, Capital Guaranteed	543.3
Anchorage Capital Group, LLC	Private Capital	168.1
Arcadia Managed Investments Pty Ltd	Property	176.9
BlackRock Financial Management, Inc.	Hedge Funds	199.3
Bridgewater Associates, LP	Hedge Funds	154.6
Caspian Capital, LP	Hedge Funds	116.8
CBRE Global Investors Open-Ended GP S.à.r.l	Property	197.4
Deerfield Management Company, LP	Private Capital	142.1
Gardior Pty Ltd	Infrastructure	226.5
GMO, LLC	International Shares (Emerging)	159.4
Golden Gate Private Equity, Inc	Private Capital	148.5
Goodman Funds Management Australia Ltd	Property	301.7
Harbourvest Partners, LLC	Private Capital	696.1
Heitman Capital Management, LLC	Property	522.7
Lone Star Americas Acquisitions, LLC	Property	375.0
Macrosynergy Partners, LLC	Hedge Funds	131.0
Makena Capital Management, LLC	International Shares, Private Capital, Property, Fixed Interest, Hedge Funds, Cash	552.9
Manikay Partners, LLC	Hedge Funds	186.2



Manager	Asset classes	\$M
Myriad Asset Management (Cayman) Ltd	Hedge Funds	119.7
One William Street Capital Management, LP	Hedge Funds	138.9
QIC Limited	Infrastructure, Property	379.7
State Street Global Advisors, Australia, Limited	Australian Shares, International Shares, Property, Fixed Interest	174.3
Suncorp Life & Superannuation Ltd	Capital Guaranteed	190.7
Sunsuper Pty Ltd	Infrastructure, Fixed Interest, Cash	1,646.9
Tribeca Investment Partners Pty Ltd	Australian Shares	663.2
Triton Fund Ltd	Hedge Funds	164.0
Two Sigma Advisors, LP	Hedge Funds	200.8
GPT Funds Management Ltd	Property	451.6
Vanguard Investments Australia Ltd	Fixed Interest, Property	296.7
Värde Partners, Inc.	Hedge Funds	152.2
Vista Equity Partners Management, LLC	Private Capital	160.0

Sunsuper Pooled Superannuation Trust

The Trustee of Sunsuper is also the Trustee of the Sunsuper Pooled Superannuation Trust (PST). Some investments of Sunsuper are made via the PST. No other entities invest money in the PST. As at 30 June 2017, the PST's net investments were \$6.083m.

Governance

The Trustee of the
Sunsuper Superannuation
Fund is Sunsuper Pty Ltd.





Board of Directors

The Board is responsible for managing the Fund, and ensures it operates in the best interests of all members and continues to comply with all legal requirements.



Ben Swan

Chair

Ben is currently the Queensland Branch Secretary of The Australian Workers' Union. Since starting work with the union in 1997 Ben has held the positions of Assistant National Secretary, Queensland Branch Assistant Secretary, National Industrial Officer and Industrial Advocate.

Director since August 2013.



Andrew Fraser

Independent Director
since September 2015.

Andrew is the former Head of Strategy and Investment at the NRL. He serves as a Director of the Rugby League World Cup 2017 Ltd, and is an independent member of the Finance, Resources and Risk Committee of Griffith University. He was previously Deputy Premier of Queensland, and served as Treasurer from 2007 to 2012.



Elizabeth Hallett

Director since March 2014.

Elizabeth was a partner with international law firm Norton Rose Fulbright for 22 years practising in corporate advisory, private equity, and mergers and acquisitions. Elizabeth brings corporate governance, risk management and strategy development skills to the Board.



Jenni Mack

Independent Director
since July 2015.

Jenni is an experienced consumer advocate and company director. She is a former Chair of Australia's leading consumer group CHOICE and currently chairs of one of Australia's largest community services providers, CoAct. She has high-level experience in public policy, regulation, stakeholder relations, media and corporate affairs.



Mark Harvey

Director since July 2016.

Mark is the Deputy Vice Chancellor, Research and Innovation at the University of Southern Queensland where he is responsible for providing strategic direction, leadership and management of the functions, centres, institutes and offices that comprise the Research and Innovation portfolio.



Michael Clifford

Director since February 2016.

Michael is the Assistant General Secretary of the Queensland Council of Unions (QCU). Michael has been an advocate for improved superannuation for two decades in his roles as Coordinator with United Voice from 2012 to 2015, Queensland Secretary of the Finance Sector Union of Australia (FSU) from 2001 to 2012, and National Industrial Officer for the FSU from 1997 to 2001.



Michael Traill AM

Independent Director since September 2015.

Michael joined Social Ventures Australia (SVA) as founding CEO in 2002 after 15 years as a co-founder and Executive Director of Macquarie Group's private equity arm, Macquarie Direct Investment. He was recognised as a *Financial Review* *BOSS Magazine* "True Leader" in 2007 and was made a Member of the Order of Australia in 2010 in recognition of his service to the Australian non-profit sector through the work of SVA.



Ros McLennan

Director since October 2015.

Ros was elected QCU General Secretary in July 2015, having first been elected to the position of QCU Assistant General Secretary in March 2014. Ros is passionate about industrial and community campaigning - and has had 23 years' experience in organising members to build power at work.



Theresa Moltoni OAM

Director since July 2016.

Theresa is the Managing Director of IRIQ and currently the President (and Non-Executive Director) of the Chamber of Commerce and Industry for Queensland. Theresa is also a Non-Executive Director of the Australian Chamber of Commerce (ACCI). She is the Founding Chair of the Dancing CEOs annual event to provide support services for domestic violence.

The Trustee of the Sunsuper Superannuation Fund is Sunsuper Pty Ltd (ABN 88 010 720 840), which is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence and holds an Australian Financial Services Licence (AFSL) (AFSL No. 228975) from the Australian Securities and Investments Commission (ASIC).

The Trustee is responsible for managing the Fund, and ensures it operates in the best interests of all members and continues to comply with all legal requirements.

Sunsuper Pty Ltd has a Board of Directors comprised of an equal number of member and employer representatives and independent directors.

Replacement member and employer representative directors are appointed by the same employer or union body. Independent directors are appointed on agreement by all member and employer representative directors. The Audit, Compliance and Risk Management Committee of the Board is responsible for reporting to and advising the Board on audit, compliance and risk management issues. The members of the Audit, Compliance and Risk Management Committee are appointed by the Board. All members of the Audit, Compliance and Risk Management Committee are Directors of the Trustee. The Audit Committee Financial Expert is external, non-Board member, Marian Micalizzi.

Sunsuper has developed and implemented a comprehensive risk management framework, which focuses on the identification, analysis, evaluation, treatment, monitoring and communication of risks. The risk management framework is subject to limited annual assurance from Sunsuper's external auditor in accordance with prescribed auditing standards as well as further comprehensive review from Sunsuper's internal audit function in accordance with the requirements of APRA's SPS 220 - Risk Management.

All members of the Investment Committee must be Directors of the Trustee, except for the Investment Expert who can be an external, non-Board member. The current Investment expert is Rodney Green. Gus Sauter is an external adviser to the Sunsuper Investment Committee.

The Claims Committee Independent expert is Jane Dorter.

Members of the Board

As at 30 June 2017

Member representatives	
Michael Clifford	Qld Council of Unions
Ros McLennan	Qld Council of Unions
Ben Swan (Chair)	Australian Workers Union of Employees Qld
Employer representatives	
Elizabeth Hallett	Chamber of Commerce and Industry Queensland (CCIQ)
Theresa Moltoni	Chamber of Commerce and Industry Queensland (CCIQ)
Mark Harvey	Chamber of Commerce and Industry Queensland (CCIQ)
Independent Directors	
Jenni Mack	Sunsuper Board
Andrew Fraser	Sunsuper Board
Michael Traill	Sunsuper Board

Evaluation of Board and executive officers

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual directors and executive officers.

The CEO, in conjunction with the Board Nominations, Remuneration and Governance Committee, is responsible for approving the performance objectives and measures for executive officers, and providing input into the evaluation of performance against these objectives.

Performance evaluations for the 2016-17 financial year have been conducted in accordance with the approved process.

Remuneration of directors

Director remuneration consists of Director fees, Board and Committee chair fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. The fees reflect the demands on and responsibilities of those directors.

Directors	Board	Audit, Compliance and Risk Management Committee	Investment Committee	Board Nominations, Remuneration and Governance Committee	Claims Committee	Successor Fund Transfer Committee	Total remuneration paid to Directors
Numbers of meetings held in the year	14	7	5	6	13	2	
Andrew Fraser	13 (14)	n/a	5 (5)	n/a	1 (1)	n/a	\$95,135
Ben Swan	13 (14)	6 (7)	5 (5)	6 (6)	1 (1)	n/a	\$126,158
Elizabeth Hallett	14 (14)	7 (7)	5 (5)	6 (6)	n/a	2 (2)	\$98,343
Jenni Mack	13 (14)	n/a	1 (2)	6 (6)	6 (6)	2 (2)	\$70,528
Michael Clifford	13 (14)	6 (7)	2 (2)	n/a	1 (1)	n/a	\$70,528
Michael Traill AM	13 (14)	n/a	3 (5)	n/a	1 (1)	n/a	\$70,528
Ros McLennan	10 (14)	n/a	5 (5)	6 (6)	6 (6)	2 (2)	\$84,450
Theresa Moltoni OAM	13 (14)	n/a	1 (2)	6 (6)	1 (1)	n/a	\$98,343
Mark Harvey	11 (14)	7 (7)	4 (5)	n/a	1 (1)	n/a	\$70,528

Important notes:

- Numbers shown in brackets represent the number of meetings each Director was eligible to attend and are based on 1 July 2016 to 30 June 2017. The Board approves a charter for each committee.
- Members of the Audit, Compliance and Risk Management Committee at 30 June 2017 were Elizabeth Hallett, Ben Swan, Mark Harvey and Michael Clifford.
- Members of the Nominations, Remuneration and Governance Committee at 30 June 2017 were Theresa Moltoni, Ben Swan, Elizabeth Hallett, Jenni Mack and Ros McLennan.
- Members of the Successor Fund Transfer Committee at 30 June 2017 were Ros McLennan, Elizabeth Hallett and Jenni Mack.
- Members of the Investment Committee at 30 June 2017 were Andrew Fraser, Ben Swan, Elizabeth Hallett, Mark Harvey, Michael Traill and Ros McLennan.
- Members of the Claims Committee at 30 June 2017 were Ros McLennan and Jenni Mack.

The CEO, in conjunction with the Board Nominations, Remuneration and Governance Committee, is responsible for determining the remuneration of executive officers. Director and executive officers remuneration is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and executive officers are paid in accordance with Sunsuper's remuneration policy. Executive officers remuneration comprises salaries, superannuation guarantee contributions, performance bonuses and the reimbursement of reasonable expenses.

For more information on the remuneration paid to directors and executive officers visit sunsuper.com.au/remuneration

Sunsuper's reserves

The Trustee maintains a number of reserves in the Fund. The Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee set an ORFR target amount at 0.25% of Fund net assets plus 0.10% of Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is 100% owned by Sunsuper Superannuation Fund and has the same Trustee as the Fund.

The Trustee may call upon the resources held to meet the ORFR target amount to make a payment to address an operational risk that has materialised and caused one or more beneficiaries in the Fund or in the PST to sustain a loss, or to be deprived of a gain, to which they otherwise would have been entitled, in relation to their benefits in the Fund or in the PST. Initial funding of the ORFR and future top-up or replenishment is from the general reserve. The ORFR is invested in the Balanced option.

Over the past 3 years Sunsuper's ORFR has been:

As at 30 June	2017	2016	2015
Reserve (\$M)	120	97	90
Reserve attributed to the PST (\$M)	6.1	5.8	6.2

The ORFR balance is disclosed in the Statement of financial position on page 62 of this report.

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- help meet the operating expenses of the Fund,
- assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies and not met from the ORFR,
- support the ORFR,

- support the timing differences between the levels of investment tax and the investment costs incurred and the level of investment tax and investment fees charged to members, and
- support expenses and capital investments in assets designed to enhance the efficiency of the Fund's operations.

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings for any investment option. Members' accounts are credited or debited with the actual earnings of their investment option or options.

The general reserve may only be invested in:

- the Balanced option,
- low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes), and
- any other investments approved by the Trustee.

Over the past 5 years Sunsuper's general reserve has been:

As at 30 June	2017	2016	2015	2014	2013
Reserve (\$M)	195	180	201	191	196

The general reserve balance is disclosed in the Statement of financial position on page 62 of this report.

As part of the Fund's group life insurance arrangements with its insurers, the Trustee may receive profit share distributions. The Trustee may use any profit share distributions to help meet insurance offering costs or to fund insurance related enhancements. Any profit share distributions which are received and not yet used for these purposes are allocated to an insurance reserve.

Over the past 5 years Sunsuper's insurance reserve has been:

As at 30 June	2017	2016	2015	2014	2013
Reserve (\$M)	0.0 ¹	Nil	Nil	0.3	1.1

¹ The insurance reserve for 2017 is \$16,643.

Compliance

Sunsuper complies

Sunsuper is a regulated fund under the *Superannuation Industry (Supervision) Act 1993 (SIS)*, and has been a complying fund since inception in 1987. Sunsuper was granted an RSE licence by the Australian Prudential Regulation Authority (APRA) on 21 October 2005.

It is the Trustee's responsibility to ensure that Sunsuper meets its licensing obligations, including compliance with the RSE licensee laws and the maintenance of a risk management strategy and plan. As a result, Sunsuper members benefit from the lower tax rates that apply to complying funds. The Trustee lodges a return each year with APRA indicating the Fund's compliance with relevant legislation, including the SIS Act.

As an Australian Financial Services licensee, Sunsuper must also have arrangements in place to ensure that it complies with its licensee obligations as determined by the Australian Securities and Investment Commission (ASIC). These obligations relate to conduct and disclosure; the provision of financial services; the competence, knowledge and skills of its responsible officers, as well as their good fame and character; the training and competence of its staff and representatives; and dispute resolution and compensation arrangements.

Sunsuper has planned and implemented compliance measures, processes and procedures to ensure it meets the obligations.

Further information

Further information to help you understand your benefits or entitlements, the main features of the Fund, the management and financial condition of the Fund, and the Fund's investment performance or investment strategies is available by calling us on **13 11 84** or visiting **sunsuper.com.au**

Insurance

The Trustee has implemented a comprehensive insurance programme, which includes liability and professional indemnity insurance policies. This programme is designed to transfer some of the financial risks faced by the Trustee and the Fund to other parties. The nature and extent of the insurance policies in place has been determined through risk analysis and consultation with external risk advisors.

Superannuation surcharge

This surcharge was abolished from 1 July 2005, however, surcharge amounts may have been advised by the Australian Taxation Office (ATO) and been deducted from members' accounts during the previous financial year. Sunsuper as the Trustee is responsible for the collection and the remittance of these amounts to the ATO and will deduct any surcharge payable from your account.



Eligible Rollover Fund

To protect the value of small *Super-savings accounts*, Sunsuper may, at its discretion, transfer member accounts to an Eligible Rollover Fund (ERF) where:

- the member's account balance is low, and
- we have not received any contributions on the member's behalf for at least 2 years.

The ERF currently used by Sunsuper can be contacted as follows:

The AUSfund Administrator
Locked Bag 5132
Parramatta NSW 2124
Call: 1300 361 798

If your *Super-savings accounts* balance is transferred to AUSfund:

- You will no longer be a member of *Sunsuper for life*.
- You will become a member of AUSfund and be subject to its governing rules. You should refer to the AUSfund *Product Disclosure Statement PDS* for details of its features.
- If Sunsuper can provide AUSfund with your contact details, AUSfund will provide you with its own *PDS* that outlines all the operational details of their fund.
- Investment earnings credited to your account will vary depending on the interest rate declared by the Trustee of AUSfund. You should refer to the AUSfund *PDS*, website and annual report for details of these investment earnings.
- A different fee structure will apply. For details of fees charged by AUSfund, refer to the AUSfund *Product Disclosure Statements*.
- AUSfund has one diversified investment strategy and therefore doesn't provide investment choice. Rates of return are not guaranteed and investment returns provided to AUSfund members will be dependent on the performance of the underlying investment markets.
- AUSfund does not offer insured benefits in the event of death or disablement. You can contact AUSfund directly to claim your benefit or to transfer it to another superannuation fund. You can access the AUSfund *PDS* at ausfund.com.au

The trustee of AUSfund is Industry Funds Investments Limited, ABN 17 006 883 227, AFSL 229881.

Dispute resolution

If you are unhappy with our service or super fund, we offer a complaint resolution process at no additional cost to you.

Customer Service Team: **13 11 84**
Sunsuper Customer Relations Team
GPO Box 2924
Brisbane Qld 4001
sunsuper.com.au/contactus

We will do everything we can to resolve the issue as quickly as possible. If you are still not happy or Sunsuper has not responded within 90 days, you can contact the Superannuation Complaints Tribunal (SCT). This is an independent dispute resolution body established by the Federal Government to help resolve complaints about superannuation. They may be contacted by writing to:

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne Vic 3001
Phone: 1300 884 114
Web: www.sct.gov.au

For more information on the complaints resolution process refer to **sunsuper.com.au/complaints**

Important information you should know about making a complaint to the SCT

The scope of matters that the SCT can deal with is limited by legislation, and it is possible that the SCT cannot deal with the matter. The SCT will advise you if they can deal with a complaint and, if so, what information is required. The SCT can only deal with complaints where:

- the complainant is a member or former member of Sunsuper, or a person on behalf of a member, former member or former member's estate,
- the complaint relates to a Trustee decision or action in respect of a particular member of the Fund, not the general management of the Fund, and
- the complaint has first been dealt with under Sunsuper's internal complaint resolution procedures.

Access to the SCT is free of charge.

Temporary residents

Super funds will be issued with a notice by the ATO identifying members who are not Australian or New Zealand citizens or permanent residents of Australia and who have left Australia after holding an Australian temporary resident visa. On receipt of the ATO notice, we will be required to transfer the benefit of any member recorded on the notice to the ATO. As Sunsuper adopts the ASIC class order relief that provides disclosure exemption for former temporary residents, information regarding the transfer of a member's benefits and significant event notices may not be provided to a member whose benefit has been transferred. For more information visit [sunsuper.com.au/temporary-residents](https://www.sunsuper.com.au/temporary-residents)

After departing Australia a former temporary resident can claim their benefit from Sunsuper (if we have not paid it to the ATO) or from the ATO. If you are applying to the ATO to claim your benefit and require information about the transfer, please contact us. For 2016-17 the taxable component (taxed element) of a former temporary resident's benefit was taxed at 38 per cent.

Unit pricing error compensation

Sunsuper has put in place comprehensive controls in order to minimise the chance of unit pricing errors. Should an error occur and Sunsuper determines that compensation is payable to members that have been adversely affected, we aim to ensure existing Sunsuper members are in the same financial position as if the error did not occur. For exited members only amounts \$20 or greater will be compensated. Sunsuper's policy is in line with industry standards and regulatory guidelines.

Professional advisers

Administrator	Precision Administration Services Pty Ltd ¹
Custodian	State Street Australia Limited
Auditor	Deloitte Touche Tohmatsu
Investment consultants	JANA Investment Advisers Pty Ltd Aksia LLC Stepstone Group LP Mercer Investments (Australia) Limited
Lawyers	Corrs Chambers Westgarth
Insurers	AIA Australia Limited MetLife Insurance Limited AMP Life Limited Hannover Life Re of Australasia Ltd OnePath Life Limited
Actuaries	Sunsuper Financial Services Pty Ltd Willis Towers Watson Australia Pty Ltd

¹ Precision Administration Services Pty Ltd is wholly owned by Sunsuper Pty Ltd as Trustee of the Sunsuper superannuation fund.

Financial statements

The financial statements identify:

- all contributions to the Fund,
- where the Fund's money was invested and how much income it earned,
- expenses the Fund incurred and other revenue the Fund earned,
- the net assets in the Fund available to pay future benefits, and
- the amount the Fund paid out in benefits.

The Trustee is satisfied that the following abridged financial information derived from the audited Financial Statements of the Fund represents a true and accurate record of the Fund's financial position as at 30 June 2017 and the results of its operations, cashflows, changes in reserves and changes in members' benefits for the year ended 30 June 2017.

Audited Financial Statements and the Independent Report by the Fund's auditors are available on our website at sunsuper.com.au/annual-reports. You can also contact us on **13 11 84** to request a copy to be sent to you.



Statement of financial position as at 30 June 2017

	2017 \$M	2016 \$M
Assets		
Investments		
Australian shares	11,235	8,819
International shares	10,431	7,185
Private capital	2,739	2,233
Property	4,206	3,953
Infrastructure	2,622	1,922
Fixed interest	5,289	4,388
Hedge funds and alternative strategies	2,758	2,801
Cash	4,415	2,915
Diversified strategies	2,110	2,109
Total investments	45,805	36,325
Other assets		
Cash and cash equivalents	723	486
Receivables and other assets	124	393
Total other assets	847	879
Total assets	46,652	37,204
Liabilities		
Benefits payable and other liabilities	263	309
Current tax liabilities	421	229
Deferred tax liabilities	517	335
Total liabilities	1,201	873
Net assets available for member benefits	45,451	36,331
Member liabilities		
Defined contribution member liabilities	43,783	35,871
Defined benefit member liabilities	1,079	169
Total member liabilities	44,862	36,040
Total net assets	589	291
Equity		
General reserve	195	180
Operational risk financial requirement (ORFR)	120	97
Defined benefits surplus	274	14
Total equity	589	291

Income statement for the year ended 30 June 2017

	2017 \$M	2016 \$M
Superannuation activities		
Revenue		
Interest revenue	221	216
Dividend revenue	611	500
Distribution income	380	356
Rental and other income	51	42
Changes in fair value of investments	3,536	2
Total revenue	4,799	1,116
Expenses		
Direct investment expenses	(123)	(96)
Administration services expense	(104)	(95)
Other operating expenses	(45)	(44)
Total expenses	(272)	(235)
Results from superannuation activities before income tax expense	4,527	881
Income tax benefit/(expense) attributable to net result	(246)	44
Results from superannuation activities after income tax expense	4,281	925
Net benefits allocated to defined contribution member benefits	(4,197)	(933)
Net change in defined benefit member benefits	(35)	5
Operating result after income tax	49	(3)

Statement of changes in equity for the year ended 30 June 2017

	General reserve \$M	Operational risk financial requirement \$M	Defined benefits surplus \$M	Total \$M
Opening balance as at 1 July 2016	180	97	14	291
Successor fund transfers	-	-	249	249
Operating result	26	12	11	49
Transfer between reserves	(11)	11	-	-
Closing balance as at 30 June 2017	195	120	274	589
Opening balance as at 1 July 2015	200	90	4	294
Successor fund transfers	-	-	-	-
Operating result	(15)	2	10	(3)
Transfer between reserves	(5)	5	-	-
Closing balance as at 30 June 2016	180	97	14	291

Statement of changes in member benefits for the year ended 30 June 2017

	Defined contribution member benefits \$M	Defined benefit member benefits \$M	Total \$M
Opening balance as at 1 July 2016	35,871	169	36,040
Employer contributions	2,684	12	2,696
Member contributions	671	-	671
Transfers from other funds	1,341	-	1,341
Successor fund transfers	2,074	907	2,981
Income tax on contributions	(415)	(2)	(417)
Net after tax contributions and rollovers	6,355	917	7,272
Benefits to members	(2,542)	(16)	(2,558)
Insurance proceeds credited to members' accounts	160	-	160
Insurance premiums charged to members' accounts (net of tax)	(283)	(1)	(284)
Transfers from defined benefit account to defined contribution account	25	(25)	-
<i>Net benefits allocated, comprising:</i>			
Net investment income	4,303	-	4,303
Net administration fees	(106)	-	(106)
Net change in defined benefit member benefits	-	35	35
Closing balance as at 30 June 2017	43,783	1,079	44,862
Opening balance as at 1 July 2015	33,117	97	33,214
Employer contributions	2,772	3	2,775
Member contributions	411	-	411
Transfers from other funds	982	2	984
Successor fund transfers	488	91	579
Income tax on contributions	(426)	-	(426)
Net after tax contributions and rollovers	4,227	96	4,323
Benefits to members	(2,348)	(2)	(2,350)
Insurance proceeds credited to members' accounts	228	-	228
Insurance premiums charged to members' accounts (net of tax)	(302)	(1)	(303)
Transfers from defined benefit account to defined contribution account	16	(16)	-
<i>Net benefits allocated, comprising:</i>			
Net investment income	1,036	-	1,036
Net administration fees	(103)	-	(103)
Net change in defined benefit member benefits	-	(5)	(5)
Closing balance as at 30 June 2016	35,871	169	36,040

Statement of cash flows for the financial year ended 30 June 2017

	2017 \$M	2016 \$M
Cash flows from operating activities		
Interest received	224	216
Dividends and distributions received	781	711
Rental and other income received	56	48
Insurance proceeds received	234	222
Administration service expense paid	(101)	(92)
Direct investment expense paid	(126)	(107)
Other operating expenses paid	(49)	(42)
Group life insurance premiums paid	(329)	(356)
Income tax paid	(237)	(282)
Net inflows of cash from operating activities	453	318
Cash flows from investing activities		
Purchase of investments	(16,435)	(11,780)
Proceeds from sale of investment	13,669	8,650
Net outflows of cash from investing activities	(2,766)	(3,130)
Cash flows from financing activities		
Employer contributions received	2,915	2,757
Member contributions received	671	411
Transfers from other funds	1,341	984
Successor fund transfers	232	579
Benefits paid	(2,609)	(2,338)
Net inflows of cash from financing activities	2,550	2,393
Net increase/(decrease) in cash held	237	(419)
Cash and cash equivalents at the beginning of the financial year	486	905
Cash and cash equivalents at the end of the financial year	723	486



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☎ **13 11 84** (+61 7 3121 0700 when overseas)

✉ GPO Box 2924 Brisbane QLD 4001

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Sunsuper Pty Ltd
ABN 98 503 137 921
AFSL No. 228975

Sunsuper Superannuation Fund
ABN 88 010 720 840
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MySuper Authorisation 98 503 137 921 996



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