



2018-19

# Annual Report

sunsuper

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

A group of surfers on a beach at sunset. In the foreground, a man with long blonde hair and a beard is shirtless, looking towards the right. Behind him, two women in black wetsuits are talking. They are holding surfboards of various colors (white, yellow, teal). The background shows a sandy beach and a line of green bushes under a clear blue sky.

This *Annual report* is a report for the 2018-19 financial year. Where stated in this *Annual report*, we have also included additional relevant information about changes between 1 July 2019 and the date of issue.

With trust and transparency never more important when it comes to superannuation, we are proud of our clear and singular purpose: to inspire and empower Australians to fulfil their retirement dreams. We're here for all Australians, no matter what industry they work in, where they're based, or what job they do.

This *Annual report* aims to show our members, their employers and their financial advisers what we have achieved in 2018-19 to safeguard and grow members' super, and help them to achieve their best possible retirement outcome.

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# Message from the Chair

2018-19 was another year of exceptional achievement for Sunsuper, capped by the successful transition of AustSafe Super members into Sunsuper. We achieved strong investment returns for our members, and our products and services were again recognised as among the best in the industry by multiple ratings agencies.

## Continued, sustainable growth

At June 2019, Sunsuper was a \$68 billion fund, the fastest growing in the nation's top-10 funds by assets for the third year in a row. Our growth agenda ultimately benefits our members through economies of scale. As a Board, our focus as Sunsuper grows has, and will remain, on the absolute requirement for our growth to benefit our members. We seek for that growth to be carefully managed and well-paced so that it is ultimately sustainable.

We speak often of our task being "to grow and to guard" - to seek growth for our members, in a manner that appropriately manages risk and upholds and promotes their best interests at all times.

*We speak often of our task being "to grow and to guard".*



## Strong investment performance

As a financial services provider, our primary role at Sunsuper is to grow members' retirement savings. So I welcome the top quartile returns we achieved this year over 1, 3, 5, 7 and 10 years for our flagship Balanced investment option.<sup>1</sup> I commend the Sunsuper investment team on this strong, long-term investment performance.

1. For Super-savings accounts. Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index to 30 June 2019. Past performance is not a reliable indication of future performance.

## Recognised as the best of the best

Our products and services were recognised again this year by multiple organisations across a broad range of categories. This recognition points to our continuing focus at Sunsuper on delivering the highest-quality superannuation and pension products, investment options, and member and corporate services, as well as product innovations that are changing the way super funds do business. Not only did we receive multiple awards again this year, but, for many, we were recognised as the best against our peers for multiple years in a row. In

particular, we are proud to be *Money* magazine's Best Super Fund Manager 2019 and 2018, and Best Featured Pension Fund 2019, 2018 and 2017.

## Support for reviews of the industry

During the 2018 Banking Royal Commission, while we were ultimately not called to the stand, like many large financial institutions, Sunsuper was asked to look back five years over our practices, and respond to wide-ranging requests for data and other information. And shortly after the commission moved on from superannuation, Sunsuper was invited by APRA - again along with many other large financial institutions - to undertake our own self-assessment. These processes were a considerable call on our resources and focus. However, we consider the reviews as an extensive internal audit, and valuable. It was like a full medical, an organisational health check like no other. These reviews prompted us to address areas of potential future concern - not areas where we saw wrongdoing, but areas where we could foresee the potential for sub-optimal or skewed outcomes. Ultimately, the avoided cost of

future events is the clear benefit derived by Sunsuper's participation in these processes.

The reviews have supported an even greater focus on governance and risk management and reinforced our focus on our singular purpose - to inspire and empower Australians to fulfil their retirement dreams.

### **Thank you to Scott Hartley**

On behalf of the Board, I thank Chief Executive Officer Scott Hartley, who resigned as Sunsuper's CEO in May 2019. While Scott has pointed to his entire team as being responsible for our success, it has been his strategic insights, focus on embedding a high-performance culture, and ambitious growth agenda that has truly transformed Sunsuper as an organisation over the five-and-a-half years he has been at the helm. I understand Scott's ambition for a new challenge and, together with the Board, congratulate him on his success as Sunsuper's CEO.

I know Scott will always be proud of what he achieved at Sunsuper, as he should be, and we wish him every future success.

### **Welcome to Bernard Reilly**

As we publish this report, our new CEO, Bernard Reilly, is commencing in the role. Bernard was selected after an extensive selection process supported by Egon Zehnder. He comes to Sunsuper with global experience, exceptional capability on strategy and a leadership style that will enhance our culture, promote best-in-class risk governance and deliver exceptional stewardship of our members' retirement savings.

### **Thank you to the Sunsuper team**

I would also like to thank the entire Sunsuper team for their continuing commitment to our members this year, as evidenced by their hard work and outstanding performance. I also acknowledge Board Director Georgina Williams, who we welcomed to the Board in July 2018 following a national recruitment search conducted by the Chamber of Commerce and Industry Queensland.

Finally, while this *Annual report* is for the 2018-19 year, I would like to congratulate Ros McLennan on her appointment to the role of Queensland Industrial Relations Commissioner. This is an enormous achievement, but required Ros to step down from the Sunsuper Board. I thank Ros for her significant contribution and commitment to

the Board and our members over the past three years. We wish Ros well, and look forward to appointing her successor in the near term.

*We will continue to lead in an industry that had to change, is changing and will doubtlessly change further.*

### **The year ahead**

At Sunsuper we will continue to lead in an industry that had to change, is changing and will doubtlessly change further. New reforms are reducing the prevalence of multiple accounts and ameliorating account erosion. By definition, this is good for members, and thus good for the industry.

With the clarity of having our members as our only beneficiary and a singular focus, the task ahead is enduring: our members' interests, and the outcomes we achieve for them remains our reason for existing.



**Andrew Fraser, Chair**

# Message from the CEO

In 2018-19, Sunsuper was an industry leader across multiple dimensions, achieved through digital transformation, investment capability, strong investment returns, a multi-channel growth strategy, and a high-performance culture, which has firmly underpinned our success.

## Welcoming AustSafe Super

On 30 March, we finalised the merger between Sunsuper and AustSafe Super, with one in five Queenslanders now a Sunsuper member. The merger successfully brought 105,000 new members and \$2.5 billion into Sunsuper. This year also saw us realise the expected \$30 million in annual savings from the merger with Kinetic Super in May 2018, and included administration fee and tax benefit savings for Kinetic members. The year ahead will see an ongoing commitment to both the recruitment industry, and rural and regional Australia.

## Ensuring good governance for the future

The 2018 Banking Royal Commission was a powerful and necessary inquiry

*With our singular focus on helping our members fulfil their retirement dreams, I have no doubt Sunsuper will rise to the occasion.*



Scott Hartley Chief Executive Officer

that shone light on many areas that required addressing for consumers to have ongoing confidence in the financial services system, including superannuation.

While the process has unfortunately led to a level of distrust in the system, it's now our responsibility, as part of the industry, to rebuild this trust with consumers and the wider community. The only way to do this is by delivering what our members expect: products, services and support that are in their best interests to help them achieve their best retirement outcome.

With our singular focus on helping our members fulfil their retirement dreams, I have no doubt Sunsuper will rise to the occasion. This includes a material increase in the number of corporate tender processes in which we are actively participating.

We will also continue to build on the trusted relationships we have forged with financial advisers who share our focus on helping Australians access value-for-money super and retirement products. Finally, we will respond to unprecedented interest from consumers directly looking to choose the super fund their research shows

will do the best to help them build their savings and live their dreams in retirement.

## Reshaping the executive team

This year, a reshaping of the Sunsuper executive team saw the promotion of four Sunsuper leaders to the executive leadership team. Being able to promote this number of people from within Sunsuper is a clear demonstration of the success of our investment in our leadership capability.

The changes align with our strategy to increase the focus on member direct acquisition, while maintaining our strong momentum in the corporate super, retail distribution and small business markets, all while sustaining strong governance.

## Seeing the results of our cultural transformation

Five-and-a-half years ago, we set an ambitious vision and goals. In 2018-19, I am proud to say we have delivered on our 2020 vision to be the industry's fastest-growing, top-10 fund by assets, while delivering market-leading results for members, and being a great place to work for our people.

*I am proud to say we have delivered on our 2020 vision to be the industry's fastest-growing, top-10 fund by assets., while delivering market-leading results for members.*

A number of factors have enabled us to secure this position in the market. For the past three years in a row we have transformed our technological capabilities to a fully digitised operating model delivering services that match consumers' expectations; we've effectively capitalised year-on-year on our strong position in corporate super; and we've continued our emerging position in the retail advice, digital distribution, and direct-to-member market segments.

We've also worked hard to improve our investment returns by reducing investment costs, while staying true to our broad investment diversification approach, using an efficient mix of active and passive investment managers, and taking advantage of our ability and mature approach to investing in alternative assets across private markets and alternative strategies.

Underpinning all of these significant achievements is the Sunsuper team: I have no doubt that we would not be where we are today as an organisation without having transformed our culture from siloed and bureaucratic to inclusive, constructive and high performing.

### **Delivering returns and services for members**

I congratulate the Sunsuper investment team for the strong returns achieved for our members. In 2018-19, our investment performance was again among the best in the industry, with our diversified Balanced, Growth, Retirement and Conservative options all outperforming the industry average, sitting in the top quartile of industry performance over 1, 3, 5 and 7 years<sup>1</sup>, and exceeding their return objectives over the stated minimum suggested timeframe.

1. For Super-savings accounts. Source: SuperRatings Fund Crediting Rate Surveys - SR50 Balanced (60-76) Index; SR50 Growth (77-90) Index; SR25 Conservative Balanced (41-59) Index; SR50 Capital Stable (20-40) Index; to 30 June 2019. **Past performance is not a reliable indication of future performance.**

This year, we decreased average insurance premiums for our Total & Permanent Disability Assist and Tailored Total & Permanent Disability insurance cover, and introduced a range of other changes in line with the Insurance in Superannuation Voluntary Code of Practice.

We signed up and became fully compliant with the code for our *Sunsuper for life* product upon the code's commencement on 1 July 2018.

Our ongoing digital investment directly benefited members this year by making it easier for them to access their Sunsuper account online, simplifying a range of online forms, and enhancing their digital *Annual statement*, our single biggest member communication during the year.

*We were proud to have our efforts and achievements recognised again this year by multiple organisations.*

We were proud to have our efforts and achievements recognised again this year by multiple organisations across a broad range of categories, including being awarded *Money* magazine's 2019 Best Super Fund Manager, Best Featured Pension Fund and Best Innovative Business Super Feature; Super Review's 2018 Best Super Fund of the Year; and Chant West's 2019 Best Fund: Member Services and Corporate Solutions Fund of the Year. We also received Canstar's highest 5-Stars rating for outstanding value superannuation, along with only five other funds.

## **Saying goodbye and thank you**

It was with mixed emotions that I made the difficult decision to resign as CEO of Sunsuper in May. The timing of my decision was always going to be difficult to perfect. But with industry-leading growth and internal momentum, and an incredibly strong Board and leadership team, I firmly believe that Sunsuper is exceedingly well placed for the future.

I am proud of many of Sunsuper's achievements during my five-and-a-half years as CEO. I will be leaving Sunsuper with incredible memories of a journey that has allowed us to become Australia's fastest-growing, top-10 fund, with digital transformation, marketing and communications campaigns, board governance and an award cabinet that are all renowned and respected by the industry.

I am most proud of the high-performance culture we have created that has both made and will continue to sustain our achievements. It is this extremely talented team, from the Board down, who truly have our members' best interests at heart, that I thank from the bottom of my heart and will miss the most when I leave Sunsuper.



**Scott Hartley,**  
**Chief Executive Officer**

# 2018-19 highlights and awards



Fastest-growing, top-10 Australian super fund by assets for the third year in a row.



Top-quartile returns for Balanced investment option over 1, 3, 5, 7 and 10 years.<sup>1,2</sup>



Balanced investment option returned 8.6%.<sup>1</sup>



Top-5 returns for Balanced investment option.<sup>1,2</sup>



1. For Super-savings accounts. **Past performance is not a reliable indication of future performance.**

2. Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, to 30 June 2019.

For ratings and awards information, visit [sunsuper.com.au/ratings-agencies](https://www.sunsuper.com.au/ratings-agencies)

# About Sunsuper

In 1987, Sunsuper started as a Queensland-based fund with a genuine desire to give members the most financially comfortable retirement possible.

While we have increased exponentially in size and expanded our footprint across Australia, our profit-for-members philosophy remains.

Our purpose is to inspire and empower Australians to fulfil their retirement dreams. This powerful statement focuses all that we do at Sunsuper, from setting our strategy to delivering our products, and servicing our customers each day.



**Melissa** Sunsuper Member

# About Sunsuper

Members sit at the heart of everything we do.



**Member numbers** increased by 11%



**Net assets** increased by 21%



Financial advisers work closely with us because we share their belief that great financial advice can change people's lives.



Employers rely on us to help them meet their super obligations and strengthen their employee value proposition.



Our people live our values and share a passion for helping our members achieve their best retirement outcome.

## Our values



Trust



Accountability



Candour



Collaboration



Leadership



Customer First

# 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.



## **Bernard Reilly**

Chief Executive Officer  
from October 2019

Bernard has extensive global experience in the international banking and finance sector. Prior to joining Sunsuper, Bernard was a member of the Board Investment Committee at NSW Treasury Corporation, which is the asset management arm and financial markets partner of the NSW Government.

Bernard also has 25 years' experience with State Street Global Advisors, most recently based in Boston and Sydney in the role of Executive Vice President, Global Head of Strategy, where he was responsible for setting the global strategic direction of the asset management business.



## **Scott Hartley**

Chief Executive Officer  
to October 2019

Over the past five-and-a-half years, Scott has transformed Sunsuper's scale and capability and steered the organisation through an intense period of growth to become the fastest growing, top-10 superannuation fund in Australia. Scott resigned as CEO in May.

Before joining Sunsuper in 2014, Scott 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 NAB.



## **Stevhan Davidson**

Executive General Manager,  
Customer Engagement

Stevhan was appointed Executive General Manager, Customer Engagement in March 2019. Stevhan joined Sunsuper in 2010 as Manager, Service Integration. He has led a raft of strategic change projects, including procuring an enterprise workflow solution, and implementing industry reforms such as SuperStream and the Insurance Code of Practice.

Stevhan has nearly 25 years' experience in the financial services industry, both within Australia and overseas, including roles at BT, Adelaide Bank, Citi, Schroders and Commonwealth Bank.



### **Lachlan East**

Chief Risk Officer

Lachlan joined Sunsuper as Chief Risk Officer in 2012 and has close to 20 years' experience across the accounting and financial services industries. Prior to joining Sunsuper, Lachlan spent more than 12 years working at international banking organisations, predominantly in investment-market compliance roles based in Australia, Hong Kong and Japan.

Lachlan holds a Bachelor of Commerce, and is a Fellow of the Financial Services Institute of Australasia and an Associate of the Governance Institute of Australia.



### **Terri Hamilton**

Company Secretary

Terri was appointed Company Secretary in November 2018. She has had an extensive career in the financial services industry over the last 30 years. Most recently at Sunsuper, Terri held the role of Executive General Manager, Customer Engagement and prior to that the role of Executive General Manager, Risk, Legal and Compliance.

Terri has prior experience as a company director and was previously a Director of the Association of Superannuation Funds of Australia. She holds a Law degree.



### **Danielle Mair**

Executive General Manager,  
Enterprise Change

Danielle was appointed Executive General Manager, Enterprise Change in March 2019. Danielle joined Sunsuper in 2010. She has held a number of Sunsuper leadership roles, including Manager, Member Service and Advice; Head of Service Delivery and Performance; and Executive General Manager, Customer Engagement.

Prior to joining Sunsuper, Danielle held senior leadership positions with Macquarie, MBF and Suncorp where she successfully built and led large teams through business transformation programs and cultural change.



**Ian Patrick**  
Chief Investment Officer

Ian joined Sunsuper in November 2015 as Chief Investment Officer. He is responsible for executing Sunsuper's strategy of investing in a broad range of asset classes, while maintaining a strong emphasis on governance and maximising members' returns. Ian has more than 20 years' experience in the institutional investment industry, most recently holding the position of Chief Executive Officer at JANA Investment Advisers.

Ian is an actuary and holds a Bachelor of Science (Honours) and a Masters of Business Administration from the University of Witwatersrand, Johannesburg. He is also a CFA charter holder.



**Jason Sommer**  
Chief Financial Officer

Jason was appointed Sunsuper's Chief Financial Officer in March 2019, and is responsible for Sunsuper's financial management, investment operations, product and actuarial, and strategy functions. Prior to joining Sunsuper in 2014, Jason was an executive within the Corporate and Institutional Wealth business of the NAB Group.

Jason has more 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. He holds a Bachelor of Economics and is a Fellow of the Institute of Actuaries of Australia.



**Steven Travis**  
Executive General Manager,  
Member Growth & Marketing

Steve was appointed Executive General Manager, Member Growth & Marketing in March 2019. He provides strategic direction for the design and delivery of customer experience, brand and marketing, and advice capability, including a network of aligned advice practices. Steve has worked in Vanguard's Retail Direct division based in Philadelphia, owned and operated a financial planning business, and held various leadership and management positions across Sunsuper for over 10 years.

Steve holds a Bachelor of Business (Accounting), Masters degrees in both Applied Finance and Organisational Leadership, and is a Fellow of the Financial Services Institute of Australasia.



### **Petrina Weston**

Executive General Manager,  
People & Culture

Petrina was appointed Executive General Manager, People & Culture in March 2019. She joined Sunsuper in 2013 and has held a number of senior people management roles within the business. Petrina's expertise in strategic human resources, talent management, industrial relations, engagement, culture change, and change management strengthens her leadership of a portfolio and team responsible for creating an environment and culture that attracts and enables the best talent to thrive.

Petrina has nearly 25 years' experience in human resources. Prior to joining Sunsuper, she held leadership roles at Origin Energy, Aussie Home Loans, AAMI and Vodafone.



### **Teifi Whatley**

Executive General Manager,  
Customer & Technology

As Executive General Manager, Customer & Technology, Teifi is responsible for positioning Sunsuper at the forefront of the industry, and charged with providing strategic direction for the design and delivery of leading product and service experiences for members, employers and financial advisers through digital and technology capability. Prior to her current role, Teifi led Sunsuper's brand and customer marketing functions, including customer analytics and insights.

Before joining Sunsuper, Teifi had an extensive career in the broader financial services industry with more than 30 years' marketing, customer and product experience in large institutions both in Australia and the UK.



### **Dave Woodall**

Executive General Manager,  
Corporate & Regional Growth

Dave was appointed Executive General Manager, Corporate & Regional Growth in March 2019, and is responsible for Sunsuper's corporate, institutional, regional and small-business customer segments, and our industry-leading payroll distribution platform, Beam. Dave joined Sunsuper in 2015 as Head of Corporate & Institutional. Dave has more than 20 years' experience in the financial services industry across sales, relationship management, financial advice, and marketing and communications.

Dave holds a Bachelor of Economics from the University of Queensland, post-graduate qualifications in finance and investments, and a Diploma of Financial Planning.

# Year in review

Ellisa *Sunsuper Member*

# Sunsuper and AustSafe Super - stronger together

The merger of AustSafe Super and Sunsuper was completed on 30 March, broadening and deepening Sunsuper's rural and regional footprint – particularly in Queensland.

The merger and successor fund transfer of 105,000 members cemented Sunsuper as one of the largest and fastest-growing super funds in Australia, taking the combined Fund immediately following the merger to \$64 billion in net assets, 1.4 million members and 130,000 registered employer clients. An additional 21 AustSafe Super team members joined the Sunsuper staff.

## **A great cultural fit**

After a comprehensive period of due diligence around the potential benefits to members, Sunsuper and AustSafe Super were deemed to be a great fit. The funds shared a common objective to maximise members' retirement savings, as well as strong values-led cultures that put customers at the heart of all their strategies, decisions and operations.

## **Benefits for members**

The merger is expected to deliver approximately \$10 million per annum in savings for members. With a shared objective of always acting in members' best interests, the merger makes the funds stronger together, allowing us to leverage capabilities and scale, foster our competitive market position, and ultimately is expected to generate greater value for members through competitive fees and improved products and services.

## **Remaining committed to rural and regional communities**

Prior to the merger, around 480,000 Sunsuper members and 60,000 employers lived or worked in regional Australia. So like AustSafe Super, Sunsuper has a long and proud heritage of supporting rural and regional communities. This commitment remains, and will be strengthened by AustSafe Super's deep knowledge and experience of the priorities and challenges faced in these communities.

## **Investing in regional and rural Australia**

Sunsuper invests more than \$1 billion in regional and rural-based property, infrastructure and utility assets on behalf of members, including airports in regional Queensland, Prescare Townsville, Ballarat Water, Port of Portland, Lochard Energy based in regional Victoria, and the Powering Australia Renewables Fund, which invests in projects like the Silverton and Coopers Gap Wind Farms, and solar plants in Nyngan and Broken Hill. The merger will facilitate further investment in these communities, including local sponsorships and other community-based programs.



# Benefiting members

Alongside solid, long-term investment performance and low fees, practical and value-for-money member products and services are vitally important to a member's retirement outcome because of their ability to help members understand and engage with their super, and grow their super balance for retirement.

## Easier access to online accounts

Allowing members to quickly and easily view their super balance and complete transactions via our secure online member portal *Member Online* is a key priority, as we know that members who log into their account are more engaged with their super. Overall, 30 per cent of members logged into *Member Online* at least once this year, up from 22 per cent last year. This year, we introduced a one-time PIN sent instantly to new members via SMS or email allowing them to register for *Member Online* access. Since January, the number of online registrations successfully completed has risen from 27 per cent to 74 per cent. And calls from new members unable to register have reduced by close to 60 per cent.

## Automatic contact details verification

Delivering important communications to members, including nudging them to take action on their super, is important in helping to grow their super balance and take charge of their retirement planning. For the first time this year, members joining Sunsuper through our *Member Join Online* feature were prompted to confirm their email address as part of the join process. This feature supports communications reaching new members in a timely manner, while also reducing the need for paper communications and costs of returned mail.

## Simplified online forms

As an important part of our journey to help members complete more super transactions online in an intuitive and simple way, we simplified more than a dozen online, self-service forms this year. As a result, 32 per cent of all withdrawal transactions and 62 per cent of claiming a tax deduction requests have been initiated online during the period April to June 2019. Across the year, we achieved an overall 50 per cent reduction in paper forms. This combined with a 10 per cent decline in inbound calls from members to assist with transactions is evidence of the success of our efforts in helping members transact with us more easily online.

## Enriched customer conversations

In another significant process improvement as part of our customer-to-core strategy, members can now view many of the same online screens and data as our customer service staff. Having the member's experience mapped through our customer journey layer, technology layer and people layer enriches the quality and timeliness of our conversations with members, and our ability to more quickly and easily answer their questions and resolve their issues.



Tina Sunsuper Member

## Greater engagement with *Annual statements*

Each year, legislation requires Sunsuper to communicate to each member details about their super account, including their investment choice and performance, contributions to their super account for the year, and their insurance cover. For the past two years, we have enhanced the *Annual statement* by complementing it with a personalised digital dashboard, which lets members know about their current position and nudges them to better understand where their super is headed and what actions they can take to grow their balance.

Our objective for the 2017-18 digital *Annual statement* (sent from August 2018), the largest single member communication we issue each year, was to make it easier for members to interact with their digital *Annual statement* and encourage them to take action for a better retirement, including:

- making the digital statement “mobile first” given 60 per cent of members viewed their previous year’s statement on their smartphone,
- increasing the personalised content members see in the digital dashboard as part of their digital statement,
- simplifying the digital dashboard to help drive engagement, and
- tweaking our segmentation to ensure engagement messages were more targeted and relevant.

Pleasingly, members’ engagement with their 2017-18 digital *Annual statement* increased 271 per cent over the previous year. And we saw a 400 per cent uplift in the number of actions taken by members in response to our suggested nudges. Further, we saw a 72 per cent increase in *Member Online* registrations during the statement period this year compared with last year, and a 57 per cent increase in first-time *Member Online* logins.

## Educational podcast launch

We launched our educational podcast to take advantage of the growing popularity of this channel with consumers, and the opportunity it offers to inform and educate members about their super and retirement planning. Called The New School of Super, the podcast features regular hosts – Sunsuper’s Chief Economist Brian Parker and Head of Advice and Retirement Anne Fuchs – as well as other Sunsuper subject-matter experts on specific topics. The hosts and guest contributors discuss financial

markets, money matters, super, and other issues and events that could affect members’ financial dreams now and in the future. Throughout the year, more than 10,000 people listened to the podcast.

*Pleasingly, members’ engagement with their 2017-18 digital Annual statement increased 271 per cent over the previous year.*

## Educating members online and face-to-face

This year, we continued to offer members information and education about super and retirement both online and face-to-face. In 2018-19, more than 15,000 people visited our Dream Project online education hub each month. As well as the New School of Super podcast, the hub features articles, videos, interactive tools and other inspiration to help members plan their future, manage their super and enjoy their retirement. More than 14,000 people have subscribed to be notified of new content on the site. And once on the education hub, 17 per cent of visitors continued on to engage with other content on the Sunsuper website.

We know that many members, particularly as they approach retirement, appreciate and value the opportunity to hear retirement strategies explained by our experts face-to-face with the additional chance to ask questions and explore strategies and issues in more detail. So again this year, we managed a significant annual program of member education seminars in large forums delivered by our qualified financial advisers and education specialists. This year, we met and spoke with members at events in Brisbane, Sydney, Melbourne, Perth, and in regional Queensland and New South Wales centres, including the Gold and Sunshine Coasts, Toowoomba, Mackay, Rockhampton, Townsville, Cairns, Bundaberg and Wollongong. We also delivered education sessions and one-on-one advice appointments to members at their employer’s workplace across the country.



### Advertising campaign encouraging fund choice

The Banking Royal Commission highlighted to consumers the importance of trust and transparency when it comes to financial institutions, including super funds. In light of the commission's findings, there was an unprecedented opportunity for a pointed advertising campaign to encourage consumers to choose Sunsuper based on our profit-for-members philosophy, industry recognition, performance and fees.

Called Choice, the campaign launched in February and featured Mick Fanning - an Australian surfing great, known and admired for his integrity. The television commercial continues the imagery from our previous campaigns - epic and beautiful visuals powered by an uplifting, anthemic soundtrack. In addition to television, the integrated campaign also included a range of activities including outdoor, print and digital advertising.

With the ultimate goal of the campaign for consumers to choose Sunsuper, it is pleasing that the campaign has contributed to a 44 per cent increase in direct customer joins via our *Member Join Online* feature this year compared with last year.

## **Collaborating with Vanguard on *How Australia saves***

We were proud to collaborate with Vanguard this year on the second *How Australia saves* report, released in March. The report takes a deep look into how Australians are managing their superannuation savings and the outcomes they are achieving. Specifically, the report investigates trends in contribution behaviour, choices and outcomes at an individual member level of over 2.3 million super fund members across multiple funds, over the three financial years to 30 June 2018, representing close to 10 per cent of all APRA-regulated fund assets. Sunsuper was a founding partner with Vanguard on their first edition of *How Australia saves* in 2017.

The research behind the report is based on methodology developed by Vanguard's Centre for Investor Research in the US, which has been producing *How America saves* since 2000, with annual updates providing a unique insight into trends in defined-contribution-plan participant behaviour and retirement-plan design. According to Vanguard, comprehensive data analysis can help inform better retirement policy and industry practice. Although a research project of this magnitude is no small feat, we believe the findings are invaluable for our industry in delivering better outcomes for and engagement with our members.

## **Discounts and deals to help members save every day**

Dream Rewards is Sunsuper's member benefits program designed to help make their dreams come true. Members have more than 1,200 offers to choose from, including discounts for groceries, fuel, clothing, fitness, pet care, whitegoods, electronics, travel and entertainment. Dream Rewards is available to all Sunsuper members and accessible through the Sunsuper app or website.

## **Making it easier to manage super online**

As well as accessing Dream Rewards offers and discounts, members who download the Sunsuper app can monitor their balance, receive notifications of contributions and payments, make an investment choice, nominate their preferred beneficiaries, update their details and more - anywhere, anytime, with secure fingerprint access on their smartphone. The app is free to download from the App Store and Google Play. This year, we saw a 4 per cent increase in member downloads of the app over last year. We also saw a 45 per cent increase in the number of visitors to the Sunsuper website.

## **Insurance premium changes for *Sunsuper for life* members**

To make insurance cover more affordable for members, on 1 July 2018, insurance premiums for *Sunsuper for life* changed, with Total & Permanent Disability Assist premium rates decreasing by an average of 20 per cent and Tailored Total & Permanent Disability premium rates decreasing by an average of 23 per cent. Income Protection premium rates changed depending on the Waiting Period and Benefit Period.

*We also saw a 45 per cent increase in the number of visitors to the Sunsuper website.*

## **Changes to when insurance cover stops**

We also made changes to when a member's insurance cover stops, as a result of the new Insurance in Superannuation Voluntary Code of Practice, to which we signed up and became fully compliant for our *Sunsuper for life* product upon the code's commencement on 1 July 2018. These were complemented by further changes effective from 1 July 2019, as part of the Protecting Your Super package of legislation passed by Parliament.

## Introducing Starter and Booster cover for *Sunsuper for life*

From 1 July 2018, we introduced levels of insurance cover for new members based on their account balance. New eligible members joining *Sunsuper for life* are now automatically provided with “Starter” cover, which gives an introductory level of Death and Total & Permanent Disability Assist insurance cover, based on the member’s age. Once the member’s account balance reaches \$6,000, the Death and Total & Permanent Disability Assist cover is automatically doubled, to “Booster” cover. The cost for Starter and Booster cover depends on the amount of cover, and the member’s age and gender.



Nick *Sunsuper* Member

## Signing up for the Insurance in Superannuation Voluntary Code of Practice

Sunsuper signed up to the new Insurance in Superannuation Voluntary Code of Practice and became fully compliant for our *Sunsuper for life* product upon the code’s commencement on 1 July 2018. The code aims to improve the insurance cover offered to super fund members through their superannuation account, while ensuring automatic insurance is appropriate and affordable and does not inappropriately erode future retirement income, and the processes for paying insurance benefits.

As a part of complying with the code, in addition to the changes to when insurance cover stops, we now include additional information in our *Insurance guides* about our intention for providing Total & Permanent Disability and Income Protection cover, as well as explaining our definitions and how these are applied in the event of a claim.

We also introduced an *Annual insurance summary* for *Sunsuper for life* and *Sunsuper for Business* members. The tailored summary is sent to members approximately 30 days after their birthday, and outlines the types of cover they hold, how much they are insured for, the current premiums they pay, any standard policy exclusions or benefit limitations, how they can increase, decrease or cancel their cover, and what they should do in the event they need to make a claim.

All members also continue to receive their *Annual statement*, which also contains information about their insurance cover.

### Want more information on recent changes?

For details of changes to Sunsuper made over the last two years, visit [sunsuper.com.au/prescribedinformation](https://sunsuper.com.au/prescribedinformation). Details of the current insurance cover available in *Sunsuper for life* can be found in the *Sunsuper for life Insurance guide*, available at [sunsuper.com.au/pds](https://sunsuper.com.au/pds). Note that if any of these changes applied to you, they would have already been communicated by Sunsuper.

# Focus on: financial advice can help members achieve their best possible retirement

At Sunsuper, we believe that financial advice provided by trustworthy experts with their clients' best interests at heart can significantly contribute to the financial wellbeing and retirement preparedness of a vast number of Australians.

This year, we used modelling research we commissioned from CoreData to help us better understand the quantifiable and qualitative value that financial advice can provide.

Our "best possible retirement" research modelled the outcomes of financial advice on the lives of three everyday Australian households at various stages of retirement preparedness. By also modelling the households' outcomes without financial advice, the modelling shows the difference between the advised and unadvised scenarios.

A summary of our results is below:

## A comfortable retirement

A core goal for each of the case study households was to maintain a specific level of spending, allowing for inflation, to ensure their living standards - including regular holidays - didn't change.

## More superannuation

In each of the case studies, the recommended advice strategies incorporated additional contributions to the tax-efficient superannuation environment, equating to hundreds of thousands of dollars more in retirement for the households.

## Less government reliance

Each of the households was less likely to rely on the government age pension to supplement their income after implementing the advice recommendations.

## Less risk

After implementing the advice strategies, the households achieved a more balanced risk profile across their asset portfolios, had more insurance cover in case they needed it, and were less likely to run out of savings should they live longer than expected.

## Better asset allocation

The advice recommendations resulted in the households investing in a more productive mix of assets that earned higher returns throughout their retirement.

## Less tax

Each of the households paid less tax after implementing the advice recommendations.

Find out more at [sunsuper.com.au/advice-best-retirement](https://www.sunsuper.com.au/advice-best-retirement)

Source: Modelling research conducted by CoreData on behalf of Sunsuper and presented in Sunsuper's 2019 *Value of advice* report.

## Offering our members tiered, accessible financial advice

Whether a member has a question about their Sunsuper account or needs help with more complex financial planning strategies, we have the experience and knowledge to help.

### General advice about super

Our customer contact centre has been consistently recognised for providing industry-leading customer service. In 2018, we were recognised as a Service Champion by the Customer Service Institute of Australia for our strong customer service culture, commitment to quality, consistent delivery, and solid performance. At June 2019, the 90 representatives in our contact centres in Brisbane and Melbourne have all completed a rigorous five weeks of training in customer service, superannuation legislation, and Sunsuper's products and services. All are qualified to provide information and general advice to members about their Sunsuper account.

### Personal advice about super

The 14 qualified financial advisers in Sunsuper's Member Growth and Advice team provide personal advice to members about their super with Sunsuper, including strategies for investment choice, contributions, insurance cover, and our *Transition to retirement* and *Retirement income accounts*. Our advisers also deliver our unique *SunTracker* financial advice program that can help members to "dream, plan and achieve" their best retirement. The program is delivered by our advisers over the phone at regular intervals as a member approaches, enters and lives their retirement. The *SunTracker* program starts by helping members picture the lifestyle they'd like to live in retirement, and how much this lifestyle will likely cost per year, using four case studies based on the ASFA Retirement Standard. Once a member can picture their goal retirement lifestyle, and understand the likely required annual income to achieve their dreams, advice strategies around investment choice, contributions and

transitioning to retirement are recommended. The resultant statement of advice is designed to be simple to read and monitor, and the program includes regular check-ins and opportunities for adjustment as the member's working and other financial circumstances change, and they approach and reach retirement.

### Comprehensive advice referrals

If members need more complex advice about more than their super with Sunsuper, including investments outside of super, business or estate planning, or a comprehensive financial plan for their future, we will refer them to one of our partner external adviser practices located across the country. We have carefully selected and appointed these practices to our National Advice Panel based on our trust in their expertise, experience, approach and ability to provide our members with valuable financial advice. At June 2019, we had 25 practices on the panel with 30 offices across the country.

Sunsuper employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 ASFL No. 227867) (SFS) wholly owned (via its custodian) by Sunsuper Pty Ltd as Trustee for 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.



# Partnering with financial advisers

We recognise that many of our members already work with their own financial adviser.

We have also seen many financial advisers recommend Sunsuper's accumulation and retirement products to their clients once they understand how their clients can benefit from our low fees and solid, long-term investment performance. This is why we actively partner with the adviser community to build awareness of our products, and make working with Sunsuper easy and rewarding.

At June 2019, 2,800 financial advisers across Australia had registered with us and help advise our members to achieve their retirement dreams.

## Dedicated support team

Located in Brisbane, Sydney and Melbourne, our team of eight business development professionals is dedicated to building awareness of Sunsuper's investment capability and our super and retirement products, and to helping advisers register and work with us on behalf of their clients, including via our secure *Adviser Online* portal.

## Enhanced transaction capability in *Adviser Online*

*Adviser Online* is our secure, online adviser portal, enabling advisers who register with Sunsuper to quickly and easily view account information for any members for who they have a third-party authority. This year, we released improvements to the platform to allow advisers to transact digitally on behalf of their clients. Advisers can now complete eight transactional forms on their clients' behalf. In particular, the new *Member application* form combines five separate paper forms into a single, intuitive smart form. We've estimated it cuts the time taken to set up a new member from almost 30 minutes to around three.

This year, we also published a number of YouTube videos to step advisers through our online forms, and launched new reporting functionality so advisers can now easily view details of their clients' Sunsuper investment strategy, five years of account transaction history, and pending transactions. The new functionality will make it easier for advisers to monitor their clients' Sunsuper accounts, without having to call Sunsuper for assistance.

## Investment options rated by Morningstar

For the first time in July 2018, Morningstar completed a Morningstar Analyst Rating™ of Sunsuper's diversified Growth, Balanced, Retirement and Conservative investment options. The investment options all received a "Silver" Morningstar Analyst Rating™ as of 9 July 2018 and again as of 1 September 2019.



Morningstar Analyst Rating™ effective 1 September 2019.

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## Support for industry events

Sunsuper and the broader financial advice community share a belief in the value of great financial advice. So this year we were proud to support a number of financial advice industry events and conferences, including the AFA National Roadshow, FPA National Congress, Ausure Financial Services Conference, AMAFA (Australian Mortgage and Financial Advisers) Conference and Advice Movement Conference. We also offered a scholarship again this year to a female student completing a Financial Planning major of the Bachelor of Commerce at Griffith University.

*We also offered a scholarship again this year to a female student completing a Financial Planning major of the Bachelor of Commerce at Griffith University.*

## Inaugural Sunsuper Adviser Roadshow

In May, we hosted our own series of adviser events in Brisbane, Sydney and Melbourne. The events aimed to build awareness with the financial adviser community of Sunsuper's depth and breadth of investment expertise, as well as to explain our philosophy and success in investing in alternative asset classes, including unlisted assets.

More than 350 advisers attended the events to listen to a panel of Sunsuper's investment experts, including our Chief Economist and Heads of Private Markets, Hedge Funds and Asset Allocations, as well as our Head of Advice and Retirement. During the year, our Chief Economist also spoke with financial advisers at our regional roadshow events in Townsville, Cairns, Mackay, Rockhampton and Toowoomba.

## Advice fee governance

Since 2013, financial advisers registered with Sunsuper have been able to charge one-off fees for advice related to a member's Sunsuper account, and in 2017, we introduced an ongoing advice fee capability for financial advisers. On 24 February 2019, we implemented advice fees caps, which limit initial fees to a flat amount being the lower of 2 per cent of the member's balance or \$4,000 (excluding GST and only payable once every three years except in the instance of a significant life event requiring a new statement of advice). The cap for ongoing fees is limited to a flat amount, being the lower of 1 per cent of the member's balance or \$6,000 (excluding GST). As a profit-for-members fund, we believe these advice fee caps are in line with our duty to act in members' best interests, uphold the Trustee's sole purpose test obligations, and, most importantly, make financial advice affordable and accessible for everyday Australians.



Judy & Tony Sunsuper Members

# Supporting employers

Our offer to employers is built on our clear and singular focus on helping our members fulfil their retirement dreams.

At June 2019, more than 130,000 participating employer clients had chosen Sunsuper to help them meet their super obligations.

## Milestones for Sunsuper's clearing house

Sunsuper is the only fund in Australia to own and administer our own clearing house, which we do via Precision Administration Services Pty Ltd (ABN 47 098 977 667, AFSL No. 246 604), which is wholly owned (via its custodian) by Sunsuper Pty Ltd as Trustee for the Sunsuper Superannuation Fund. The clearing house allows employers to efficiently make employee super payments to multiple super funds. Owning our clearing house means we control the end-to-end payment process, and can provide a range of payment options, pass on ongoing cost and efficiency improvements, and staff a dedicated internal support team who can rapidly respond to employers' needs.

Since launch in 2017, more than \$5.2 billion in employee super contributions have been contributed through the Sunsuper clearing house, and we've saved \$2.2 million in transaction fees that have been reinvested into improved services for members. More than 23,000 employers now submit their employee super contributions through the clearing house, and we have joined 95,000 new Sunsuper members through the channel.

## Outstanding corporate solutions for large employers

This year, we continued to provide large corporate employers from a broad range of industries across Australia services and support to help them meet their superannuation payment obligations and support their employee value proposition, including those who have defined benefit arrangements.

*These awards are testament to the strength of our corporate super service model in this large, important and competitive segment of the market.*

For the fourth consecutive year in 2019, we were awarded Chant West's Corporate Solutions Fund of the Year award for our tailored corporate superannuation plan offering. We also won Super Review's 2018 Best Corporate Solution award for the second year in a row. These awards are testament to the strength of our corporate super service model in this large, important and competitive segment of the market.



CG Design Studio Sunsuper Employer

## Multiple innovation awards for Beam

Last year, we enhanced the technology platform used to build the Sunsuper clearing house making way for Beam. By integrating payroll software providers with the Sunsuper clearing house, Beam is the new way to manage super payments and single-touch payroll reporting within payroll technology systems.

*By integrating payroll software providers with the Sunsuper clearing house, Beam is the new way to manage super payments and single-touch payroll reporting within payroll technology systems.*

Leading Australian payroll providers including Definitiv, HR3 and KeyPay have all integrated with Beam's super payment and single-touch payroll services. We expect around 53,000 new employers to join the Beam service by March 2020. We believe superannuation within payroll is a game changer for our industry, and we're not alone. This year, Beam was recognised as *Money* magazine's Best Innovative Business Super Feature 2019 and SuperRatings' Best New Innovation 2019. Beam was also awarded Conexus Financial's 2019 Innovation and Transformation Award and Canstar's 2019 Innovation Excellence Award.

## Industry leading employment trend research

Through our merger with Kinetic Super last year, we now service more than 3,500 employers in the recruitment industry, which is categorised by a high percentage of contingent employees who may be employed on a short-term, part-time or contract basis. As a part of our ongoing service to these employers, the Sunsuper *Australian job index* measures and tracks digital job advertisements across more than 4,000 sources including job boards, employer career portals and recruitment company websites. Measurement of job vacancies is critical because it is a lead indicator of what is likely to happen to employment in the future. While the Kinetic Super Job index report previously only used contingent job data, we have now expanded the Sunsuper *Australian job index* to report both permanent and contingent trends, offering all our employer clients valuable insights into national employment demand.

Find out more at [sunsuper.com.au/australianjobindex](https://sunsuper.com.au/australianjobindex)



# Focus on: supporting the community

As a national fund, we're proud to give back to the communities in which we operate to help all Australians live better today and in retirement.

In 2018-19, we continued to support local communities through our Dreams for a Better World grants program, helped raise more than \$12.7 million for the Children's Hospital Foundation in Queensland, and pledged our support for the Uluru Statement from the Heart.

## **Dreams for a Better World**

Dreams for a Better World (DFBW) is our community grants program that helps grassroots charities and socially-conscious small businesses carry out the vitally important work they do every day to make a difference in Australian communities.

Each year, we award a share of \$150,000 in grants, and since 2011 have supported more than 115 local causes. At the 2018 Grand Final event in February, we awarded not-for-profit organisation Greenbatch Foundation \$40,000 to help expand its recycling program to more than 400 schools to reduce plastic waste. For the first time, we also awarded three grants to small businesses to help them tackle local issues impacting their community. GG's Flowers and Hampers was the 2018 Better Business winner and received \$15,000 to help more people with disabilities in Canberra gain meaningful employment and reduce their welfare dependency.

Our program not only awards grants, but also creates lasting community partnerships. Since the Tippy Toe Co. received a DFBW grant in 2017, they've grown to have more than 1,000 appointments per month to help children with special needs, and in April we helped open their new therapy and play hub for children with special needs called Active Eight.

Find out more at [dreamsforabetterworld.com.au](https://dreamsforabetterworld.com.au)

## **Channel Nine Telethon**

For the fourth consecutive year this year, we were a presenting partner for the Channel Nine Telethon in Queensland. At our Sunsuper contact centre in Brisbane, more than 300 volunteers, including 50 Sunsuper employees, took nearly 3,000 over-the-phone donations on the night of the Telethon. We're proud that our contribution to the Telethon helped the Children's Hospital Foundation raise more than \$12.7 million for research and equipment for Queensland's Children's Hospital. Our contribution directly helped fund life-changing equipment for children with cerebral palsy.

## **Uluru Statement from the Heart**

Along with 21 other financial institutions, in May 2019, Sunsuper pledged our support for the Uluru Statement from the Heart and its call for the establishment of a First Nations voice in the constitution. The signing coincided with the second anniversary of the statement's creation by over 250 Aboriginal and Torres Strait Islander leaders at the foot of Uluru. We believe supporting the statement and rightfully acknowledging the first sovereign Nations of Australia is an important step in our country's journey towards reconciliation. We also signed up to the First Nations Foundation's 2019 Big Super Day Out held in July 2019, which provided free superannuation help and support to First Nations people. Throughout the coming year, we'll be implementing a range of further initiatives to ensure that, as an organisation, we're honouring and respecting Aboriginal and Torres Strait Islander people, many of whom are our members.

# Message from the Chief Investment Officer

Despite a slowdown in the world economy, 2018-19 was another year of strong investment returns for Sunsuper members.

Our solid investment performance this year is a testament to the success of our broad strategies around diversification, particularly in alternative asset classes, and building our internal team's talent and culture.



**Ian Patrick** Chief Investment Officer

*We hold meaningful allocations to alternative assets in our diversified investment options.*

## Strong returns for members

Our flagship Balanced investment option returned 8.6 per cent for the year to 30 June 2019, outperforming the industry average and placing us in the top five best-performing similar options for the year across both industry and retail funds. Longer-term returns also remained very solid, with the Balanced option outperforming the industry average over 3, 5, 7 and 10 years. Returns for Sunsuper's diversified Growth and Conservative options also outperformed the industry average over 1, 3, 5, 7 and 10 years.

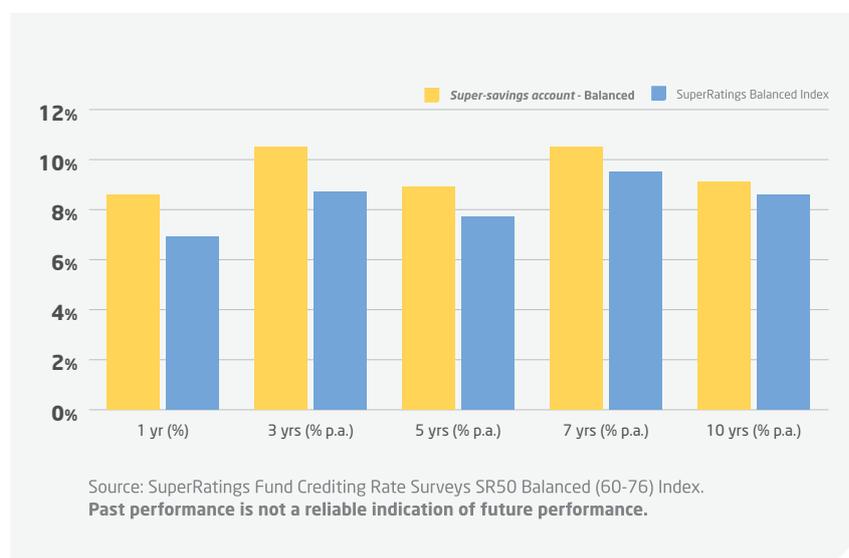
For Super-savings accounts. Source: SuperRatings Fund Crediting Rate Surveys SR50 Balanced (60-76) Index; SR50 Capital Stable (20-40) Index; SR50 Growth (77-90) Index to 30 June 2019. **Past performance is not a reliable indication of future performance.**

## Smart partnering in unlisted assets

We hold meaningful allocations to alternative assets in our diversified investment options with the aim of reducing short-term return volatility and increasing long-term expected returns. And in the past few years, we have consciously innovated in our investments in alternative asset classes, including property, infrastructure, private capital, and hedge funds and alternative strategies. In particular, moving

towards co-investing or "smart partnering" in private capital and alternative strategies has allowed us to learn from the best external managers in Australia and across the world.

Our alternative-asset investment strategy has paid off for members, with our unlisted asset investments delivering higher and less-volatile returns than share markets over time, and our hedge funds and alternative strategies portfolio delivered solid net returns above cash.



*A dedicated focus ...  
has been to build our  
internal investment  
talent pool.*

### **Building our talent pool**

A dedicated focus for me as Chief Investment Officer and for the broader Sunsuper leadership team has been to build our internal investment talent pool to ensure we have the capability, experience, values and culture to safeguard and grow our members' super balances over the long term. With our funds under management more than doubling over the past five years, the investment in building our internal team has positioned us to have broad enough funnels to get new ideas, opportunities and deals into the portfolio, and ensure we have

the capability to respond to these opportunities to achieve the best outcomes for members.

We also continue to invest with, or alongside, carefully chosen external asset managers with acknowledged expertise in their particular asset class where we believe they offer exceptional value for money.

### **The economic outlook**

After a decade-long recovery from the recession induced by the Global Financial Crisis, the world economy clearly slowed in 2018, and this slowdown continued into the first half of the 2019 calendar year.

Monetary policy settings, financial market and bank lending conditions remain consistent with continued growth, and policy signals from both the US Federal Reserve and the European Central Bank have become decidedly more "growth friendly" in recent months.

However, there are signs that global growth could weaken further over the second half of the 2019 calendar year: China's economy continues to slow, notwithstanding recent fiscal and monetary steps aimed at boosting the economy; global trade growth has stalled, typified by a sharp slowdown in exports partly due to the US-China trade dispute; and there is sustained uncertainty over Brexit and its potential impact on growth in both the UK and the Eurozone.



**Ian Patrick,**  
**Chief Investment Officer**

# Investing in alternative asset classes

Sunsuper views the diversification benefits provided by alternative assets as very attractive. And our ability to maintain higher exposures to alternative asset classes, in general, and unlisted assets, in particular, than many of our competitors is underpinned by strong, reliable net cashflows into the fund. This largely reflects the fact that our flows are overwhelmingly in the form of compulsory, default superannuation contributions from a membership that is relatively young, and hence much further away from needing to draw down on their investments to fund their retirement. Maintaining substantial allocations to alternative assets allows us to build diversified portfolios that aim to deliver strong, long-term, real returns, while being less exposed (although certainly not immune) to the short-term volatility of global share markets.

Within our diversified options, we allocate to four classes of alternative assets: property, infrastructure, private capital, and hedge funds and alternative strategies. Hedge funds and alternative strategies include allocations to carefully selected hedge funds and other alternative strategies, which include exposures to both unlisted and publicly traded assets. While our investments in traditional asset classes, shares and bonds, are readily classified as growth and defensive respectively, characterising alternative assets can be more challenging. Even in the case of private capital (particularly private equity), which Sunsuper characterises as a purely growth asset class, performance tends to be considerably less volatile over time than listed shares, and even during major share market downturns, private equity assets tend to experience less severe downturns.

Returns from both our property and infrastructure asset classes are expected to be between those of equity and fixed income while being positively correlated to inflation. From an asset allocation and risk management perspective, neither asset class fits neatly into a growth or defensive category. For the purpose of determining a growth-defensive split within our diversified portfolios, we divide both asset classes equally between growth and defensive. In practice, the returns they deliver, and their behaviour during significant and extended share market declines, are consistent with that assessment.

The following charts compare the total returns from Sunsuper's alternative asset classes against an index of Australian and international shares since November 2004. By holding a substantial allocation to alternative assets, we aim to deliver strong, long-term returns - in particular, by ensuring we are rewarded for purchasing illiquid assets with higher expected returns - while reducing the short-term volatility our members face by investing in share markets. Sunsuper's three unlisted asset classes have delivered on those objectives. Our hedge funds and alternative strategies portfolio has delivered solid net returns above cash, while acting as an important diversifier during difficult share market conditions.

## Sunsuper's unlisted assets performance

Cumulative return (November 2004 equals 100)



Chart 1: Sunsuper's unlisted assets performance

Sources: Refinitiv, Sunsuper. \*Total return index comprising 50% MSCI hedged in A\$ and 50% S&P/ASX300 Accumulation Index. Past performance is not a reliable indication of future performance.

Cumulative return (November 2004 equals 100)

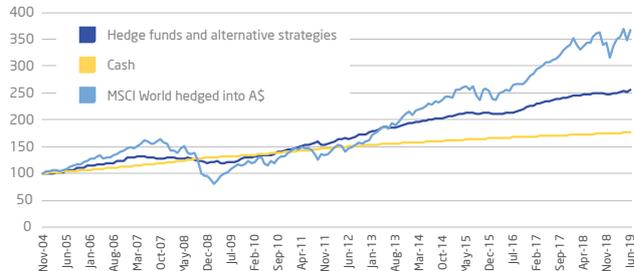


Chart 2: Sunsuper's long-run hedge funds and alternative strategies performance

Sources: Refinitiv, Sunsuper. Past performance is not a reliable indication of future performance.

# Making responsible investments

To best protect and manage investments for the long term, we consider environmental, social and governance (ESG) risks, impacts and opportunities in our investment decision-making process. We believe ESG integration is consistent with better investment outcomes, and has the ancillary benefit of contributing to a better future for our members. Research has shown that, all other things being equal, entities that best manage ESG factors are more likely to be financially sustainable over the long term.

Sunsuper is a signatory to the United Nations Principles of Responsible Investment. We are also a member of the Responsible Investment Association Australasia.

## Engagement as an active owner

Sunsuper is committed to being an active owner on behalf of our members. We believe that engaging directly with company directors and voting on resolutions at annual general meetings is not only our fiduciary duty, but can also be a source of value creation by protecting and enhancing shareholder value. We use our influence to encourage companies to manage and disclose risks that relate to a range of environmental, social and governance factors. Specifically, in 2018-19, we:

- conducted direct engagement meetings with all four major Australian banks and AMP to discuss the findings from the Banking Royal Commission, governance and oversight structures and corporate culture,
- engaged directly with companies representing 63 per cent of the ASX market capitalisation, including meeting boards, management and investor-relations teams in person, to discuss a variety of topics such as climate change, labour practices, supply chains, safety, remuneration and corporate governance, and
- voted on 51,919 resolutions at 4,824 meetings of Australian and International companies.

## Climate change

Climate change is one of the most significant environmental, social, economic and technological challenges of our time. The physical and transition impacts of climate change permeate across asset classes, geographies and industries and will continue to emerge for decades. Widespread scientific evidence supports the need to keep global warming well below 2°C above pre-industrial era levels to prevent catastrophic and irreversible damage.

As an organisation, we have long considered the science behind anthropogenic climate change as settled. We recognise that from an investment perspective, a just transition to a low-carbon global economy presents both risks and opportunities. We support the goals of the Paris Agreement and actively encourage companies to improve their climate risk readiness. Specifically, in 2018-19, we:

- measured the carbon footprint of our listed shares portfolio,
- assessed our property and infrastructure investments against the Global Real Estate Sustainability Benchmark (GRESB) Assessment, the leading global standard in sustainability reporting for real assets, and
- conducted climate scenario analysis on our Balanced option to consider the performance impacts from a range of modelled global warming scenarios.

These activities add to our understanding of our climate risk exposures across the portfolio.



## Diversity

Sunsuper has been a strong advocate for diversity in the boardroom for some years. We believe that diversity is an essential tenet of good corporate governance and can improve financial performance by breaking down groupthink, challenging unconscious biases and bringing unique perspectives to the table.

In 2019, we conducted the second annual Diversity Dimensions survey focused on understanding the level of diversity within our own investment value chain. Employees directly involved in investment decision making were surveyed on several facets of diversity, including gender, cultural background, education, location, experience in financial crisis and cognitive diversity. Sunsuper's investment team gender diversity has increased to 30 per cent females, up from 21 per cent in 2018.

## UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were created as a collaborative set of objectives for a better and more sustainable future for all humankind. The 17 SDGs and 169 targets aim to address global social and environmental challenges such as climate change, extreme poverty, access to water and sanitation, promotion of renewable energies and gender inequality. As a long-term investor with significant capital, we are committed to contributing towards meeting the UN SDGs by 2030 while simultaneously delivering a financial return for our members. The SDGs provides a framework to identify, measure and align investments that will foster sustainable economic development and growth for future generations.

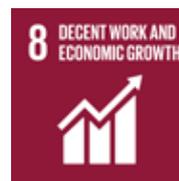
In 2019, we mapped the business activities of large portfolio companies in our private capital portfolio to the UN SDGs. Through this process, we are pleased to report that 25 portfolio companies representing approximately \$327 million (8 per cent of the private capital portfolio) are directly aligned to seven of the SDGs: good health and well-being; quality education; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; responsible consumption and production; and peace, justice and strong institutions.

A few examples of impact-aligned investments in our private capital portfolio include:



### St George's University

20 per cent of doctors in Botswana and Trinidad and Tobago are trained at SGU, providing access to education and development of the health workforce in developing countries.



### Jana Small Finance Bank

More than 4.5 million existing loan customers of JSFB have been enabled access to the banking ecosystem, delivering on the Government of India's "financial inclusion" agenda.



### Eaton Towers

Providing access to telecommunications in five African nations: Niger, Burkina Faso, Kenya, Uganda and Ghana.

Further information about Sunsuper's ESG practices, including its ESG Policy, is available at [sunsuper.com.au/governance-and-reporting/environmental-social-and-governance-reporting](https://sunsuper.com.au/governance-and-reporting/environmental-social-and-governance-reporting)

# Focus on: investment case study - US self-storage

Sunsuper's property portfolio invests in a range of institutional-quality property assets, both within Australia and globally. Institutional-quality property investments typically include office buildings, retail centres and industrial warehouses but can also include residential, hotels, retirement villages, healthcare and self-storage.

In conjunction with Heitman, one of our preferred managers in US property, Sunsuper invested alongside CubeSmart, a publicly traded real estate investment trust (REIT) listed on the New York Stock Exchange.

CubeSmart focuses on the ownership, operation, acquisition and development of self-storage facilities in the United States. While self-storage has experienced good growth here in Australia, the US self-storage market is far more established.

The demand for self-storage in the US reflects a more geographically mobile population, due to factors such as a greater willingness to relocate for work or education and the demands of military deployment.

Sunsuper invested around USD101 million in the CubeSmart self-storage venture back in mid-to-late 2015, with a focus on the acquisition and aggregation of smaller collections of self-storage assets and the view to ultimately sell to an institutional investor and/or third-party portfolio acquirer. Earlier this year, Heitman successfully negotiated for the portfolio to be sold to a couple of large investors. Including income distributions, the total return to Sunsuper after all fees was around USD156 million: roughly 1.5 times the initial capital invested, and generating a net IRR of over 15.8 per cent p.a.



# Focus on: investment case study - aged-care facilities

Healthcare real estate has been an area of interest in recent years for the Sunsuper property investment team and we have looked at a range of opportunities, both in Australia and internationally. In late 2017, Sunsuper, working in partnership with M.H. Carnegie and Co. and Catalyst Health, established a A\$200 million vehicle to enable Sunsuper to invest in healthcare real estate in Australia. The initial focus for the fund has been on developing new facilities for the aged-care sector.

The key demographic for aged care (85 years and over) and hence the estimated number of aged-care residents is expected to increase substantially over the next two decades due to our ageing population. It is estimated that the investment required for the residential aged-care sector over the next decade is in the order of A\$54 billion. Not-for-profits are the dominant operators of aged-care facilities; however, some of them may find it difficult to meet the expected level of demand given regulatory or funding requirements. In particular, faith-based operators tend to own land that could be used for aged-care facilities but might lack the capital to pursue these developments.

Sunsuper's investment vehicle provides an alternative to traditional bank funding models.

Sunsuper's initial foray into aged care was in conjunction with PresCare in Queensland. PresCare is the aged-care arm of the Presbyterian Church of Queensland. Sunsuper entered into a sale and leaseback agreement with the church, providing capital to finance the construction of PresCare Townsville, a 140-bed facility that was leased back to PresCare after completion in March 2019. The funding model is considerably less capital intensive for PresCare, allowing them to provide urgently needed aged-care beds and focus on providing a high level of care for residents.

Sunsuper's initial commitment has funded a pipeline of new aged-care developments in Queensland and Western Australia with multiple operators. These initial developments are expected to generate commercial rates of return based on long-term leases to the operators. Sunsuper's commitment has since been increased to A\$300 million to allow further developments.



Note that Sunsuper Board Director Michael Traill is a Director of M. H. Carnegie and Co.



# Governance and financial statements

Randi *Sunsuper Member*

# Board of Directors



## Sunsuper Board of Directors

**From left to right:** Mark Harvey, Ben Swan, Elizabeth Hallett, Andrew Fraser (Chair), Michael Traill AM, Jenni Mack, Georgina Williams, Michael Clifford.

## Andrew Fraser

Chair

Independent Director since September 2015.

As well as being Chair of Sunsuper, Andrew is a Director of New Zealand Rugby League, on the Council of Griffith University and on the Ernst and Young GPS Advisory Board. He is also a Director on the Major Projects Advisory Board for the Whitsunday Regional Council and serves on the Board of the Hear and Say Centre in Brisbane. At Griffith University he is also a member of the Griffith Enterprise Advisory Board and serves on the Finance, Risk and Resources Committee.

Andrew is the former Head of Strategy and Investment at the National Rugby League, and was a Director of the Rugby League World Cup 2017 Ltd. and on the Australian Sports Commission, the federal agency charged with

oversight and funding of elite sport (including the Australian Institute of Sport) and grassroots sport in Australia.

Andrew served as a Minister in two governments, including as Treasurer of Queensland from 2007 to 2012. During his career in government, Andrew also held portfolios as Minister for State Development and Trade, Minister for Employment and Economic Development, and Minister for Local Government, Planning and Sport. He was appointed as Queensland's youngest Deputy Premier in 2011.

A graduate of Griffith University, Andrew has a First Class Honours Degree in Law and a Bachelor of Commerce, and won the University Medal.

# Board of Directors

## Michael Clifford

Deputy Chair

Director since February 2016.

Michael is the Acting General Secretary of the Queensland Council of Unions. He was also a Director of Intrust Super from February 2013 to December 2015, and was Chairperson of the Marketing Committee.

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.

He was also the inaugural Chairperson of the Australian Labor Party's Queensland Policy Coordination Council and prior to that was the Deputy Chairperson of the Economic and Infrastructure Policy Committee. Michael has also been a member of the ALP Queensland Branch Administrative Committee.

Michael has a Bachelor of Arts Degree from the University of New South Wales with Majors in Industrial Relations and History.

## Elizabeth Hallett

Director since March 2014.

Elizabeth is an experienced non-executive director in the financial services and infrastructure sectors. She was formerly a corporate partner with international law firm Norton Rose Fulbright for 22 years, where she held national and global leadership roles. Elizabeth is a reappointed member of the Takeovers Panel. Elizabeth brings legal and regulatory, corporate governance, risk management and strategy development skills and experience to the board.

Elizabeth holds a Bachelor of Commerce and a Bachelor of Laws from the University of Melbourne, is a Graduate of the AICD Company Directors' Course and a Graduate of the AIST Trustee Directors Course.

## Mark Harvey

Director since July 2016.

Mark has played a key role in the formation and growth of over 20 organisations, which has included managing research and development, operations, finances, fund raising and intellectual property commercialisation. Mark has been on the Board of Directors of ASX- and NASDAQ-listed public companies, CEO and Partner of two venture capital companies, a member of the Investment Committee of several venture funds, and on the Board of Directors of Toowoomba and Surat Basin Enterprise (TSBE) and the Queensland Cyber Infrastructure Foundation (QCIF).

Mark is currently the Vice-President (Business Development) at Queensland University of Technology (QUT) and Vice President of the Chamber of Commerce & Industry Queensland (CCIQ). Originally trained as a biomedical scientist, Mark has a PhD and MBA.

## 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.

Jenni has deep expertise in consumer policy, including an understanding of drivers of consumer behaviour, consumer information needs, standards setting, complaints and compensation schemes. She has worked on consumer issues in superannuation, retirement incomes and financial advice for more than 25 years.

Jenni is a member of the Red Cross Blood Service Board and the fledging Superannuation Consumers Australia. She is a former member of ASIC's External Advisory Panel and chaired ASIC's Consumer Advisory Panel for nearly 10 years. She was also a member of ASIC's inaugural Fintech Advisory Committee.

Jenni has a BA, a Masters of Administrative Law and Policy, and a Graduate Diploma in Applied Finance. She is an Australian Institute of Company Directors graduate and has completed the Australian Institute of Superannuation Trustees' Trustee Directors Course.

## Ros McLennan

Director from October 2015 to 8 July 2019.

Ros was elected Queensland Council of Unions (QCU) General Secretary in July 2015, having first been elected to the position of QCU Assistant General Secretary in March 2014.

For ten years, she served as an Assistant Secretary of the Independent Education Union - Queensland and Northern Territory Branch (IEUA-QNT) since 2004, having first worked with North Queensland members to build union strength as a regional Organiser from 1998. Ros was also Secretary of the QCU Townsville Branch for many years, and has a deep appreciation of the significant role of QCU Provincial Councils throughout Queensland.

Ros was appointed to the role of Queensland Industrial Relations Commissioner. She resigned from the Sunsuper Board on 8 July 2019.

## Ben Swan

Director since August 2013.

Ben is the former 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.

Ben is a graduate of the Australian Institute of Company Directors and holds a Graduate Diploma in Strategic leadership, the Diploma of Superannuation through AIST, and the Certificate in Change Leadership through Cornell University. Ben is currently undertaking studies towards a Master of Business Administration and a Bachelor of Laws, and has completed INSEAD's International Director Program in Corporate Governance.

## 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. During Michael's tenure, SVA grew to a nationally respected organisation with a high-quality team of more than 50 people. He was also closely

involved in the creation of the unique GoodStart non-profit syndicate, now a successful social enterprise with revenue of over \$1 billion, which acquired the assets of the failed ABC childcare centres in 2010.

Michael stepped down from the SVA CEO role in October. He maintains a balance of primarily social purpose non-executive involvements, including as Chair of GoodStart Early Learning, Executive Director of For Purpose Investment Partners, Chair of the Federal Government Social Impact Investing Taskforce and a director of MH Carnegie & Co, Assetic, Hearts & Minds Investments and Australian Philanthropic Services.

He is an Adjunct Professor at the Centre for Social Impact at UNSW, and author of *Jumping Ship*, winner of the 2017 Ashurst Business Literature Prize. He holds a BA (Hons) from the University of Melbourne and an MBA from Harvard University. 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.

## Georgina Williams

Director since July 2018.

Georgie is a professional director and serves on a number of boards. As well as Sunsuper, she is a Director and serves as a member of the Audit Committees at ASX-listed Reece Ltd and Lifestyle Communities Ltd.

Georgie has more than 25 years' experience in banking and superannuation, including roles as Chief Executive Officer, Food and Wine Victoria; Group Executive Engagement, Advocacy and Brand at Australian Super; and Head of Brand and Marketing at the Bank of Melbourne. She has also held a number of executive positions at NAB over many years in both Australia and the United Kingdom.

She was recognised as one of Australia's Top 50 CMOs in 2016 by *CMO Magazine*. She currently serves as a judge on the Top 50 CMO panel 2019 determining Australia's top marketers. Georgie has a Bachelor of Commerce and Bachelor of Arts from the University of Melbourne. She is also a member of the Australian Institute of Company Directors and is a graduate of the AICD Company Directors Course.

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 ensuring 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 nominated and independent directors.

The Board of Directors is independent of management of Sunsuper Pty Ltd and free of any business relationship or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board annually reviews the positions and associations of each of the directors in order to ensure this independence is maintained.

As at 30 June 2019, there are five standing Board committees that assist the Board in the discharge of its responsibilities. These committees are the Investment Committee, the Audit, Compliance and Risk Management Committee, the Nominations and Remuneration Committee, the Claims Committee and the Successor Fund Transfer Committee. All are governed by their own charters as approved by the Board, and their membership is approved by the Board. These committees review matters on behalf of the Board and either make recommendations for consideration by, or make decisions as a delegate of, the Board. A number of these Board committees have appointed external experts as advisers, as outlined below.

The Investment Committee is responsible for reviewing, monitoring and making recommendations and decisions on the investment activities of the Sunsuper Superannuation Fund. In addition to the director members, the Committee has appointed a non-director member as an external Investment Expert, Rodney Green. The Committee is also advised by an external adviser, Gus Sauter.

The Audit, Compliance and Risk Management Committee is responsible for reporting to and advising the Board on audit, compliance and risk management issues. All members of the Audit, Compliance and Risk Management Committee are directors of the Trustee.

As at 30 June 2019, the Claims Committee had director members and a non-director member, Jane Dorter, as an external expert. Note: Effective 1 July 2019, the Claims Committee was renamed to the Member Outcomes and Claims Committee and Jane Dorter ceased to be a member of the Committee and became an adviser to the Committee.

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.

## Members of the Board

As at 30 June 2019

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

Note: Ros McLennan resigned as a Director on 8 July 2019.

## 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.

This year the Australian Institute of Company Directors (AICD) conducted a review of Board performance.

The CEO, in conjunction with the Nominations and Remuneration 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 2018-19 financial year have been conducted in accordance with the approved process for the executive and the Board.

## 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	Nominations and Remuneration Committee	Claims Committee	Successor Fund Transfer Committee	Total remuneration paid to directors \$
<b>Numbers of meetings held in the year</b>	<b>10</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>11</b>	<b>7</b>	
Andrew Fraser	10 (10)	11 (11)	6 (6)	9 (9)	N/A	7 (7)	161,941
Ben Swan	10 (10)	10 (11)	6 (6)	N/A	N/A	N/A	88,805
Elizabeth Hallett	10 (10)	11 (11)	6 (6)	9 (9)	N/A	7 (7)	118,059
Georgina Williams	8 (8)	N/A	N/A	N/A	N/A	N/A	70,244
Jenni Mack	9 (10)	N/A	N/A	7 (9)	11 (11)	7 (7)	118,059
Mark Harvey	8 (10)	8 (11)	6 (6)	N/A	N/A	N/A	88,805
Michael Clifford	10 (10)	9 (11)	N/A	9 (9)	N/A	N/A	103,433
Michael Traill	9 (10)	N/A	5 (6)	N/A	N/A	N/A	103,433
Ros McLennan	10 (10)	N/A	6 (6)	8 (9)	9 (11)	7 (7)	118,059

### Important notes:

- Numbers shown in brackets represent the number of meetings each director was eligible to attend and are based on 1 July 2018 to 30 June 2019. The Board approves a charter for each committee.
- Members of the Audit, Compliance and Risk Management Committee at 30 June 2019 were Elizabeth Hallett, Andrew Fraser, Ben Swan, Mark Harvey and Michael Clifford.
- Members of the Investment Committee at 30 June 2019 were Michael Traill, Andrew Fraser, Ben Swan, Elizabeth Hallett, Mark Harvey and Ros McLennan.
- Members of the Nominations and Remuneration Committee at 30 June 2019 were Michael Clifford, Andrew Fraser, Elizabeth Hallett, Jenni Mack and Ros McLennan.
- Members of the Claims Committee at 30 June 2019 were Jenni Mack and Ros McLennan.
- Members of the Successor Fund Transfer Committee at 30 June 2019 were Ros McLennan, Andrew Fraser, Elizabeth Hallett and Jenni Mack.

The CEO, in conjunction with the Nominations and Remuneration Committee, is responsible for determining the remuneration of executive officers. Director and executive officer 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 officer 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](https://www.sunsuper.com.au/remuneration)

## Governance

Sunsuper maintains policies and procedures in respect of various governance arrangements in place in the organisation.

The Sunsuper Board Diversity Policy, the Board Appointment and Renewal Policy and the Board Skills Matrix reference the commitment of Sunsuper to attracting and retaining a Board of Directors whose composition reflects a diversity of backgrounds, knowledge, experience and abilities, and the objective of achieving 40 per cent of each gender represented on the Board. The Board Skills Matrix reflects the achievement of this objective at 30 June 2019.

For more information on Sunsuper's Corporate Governance Statement and Charters visit [sunsuper.com.au/governance-and-reporting/corporate-governance](https://www.sunsuper.com.au/governance-and-reporting/corporate-governance)

# 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 three years, Sunsuper's ORFR has been:

As at 30 June	2019	2018	2017
Reserve (\$M)	180	150	120
Reserve attributed to the PST (\$M)	9.3	7.4	6.1

The ORFR balance is disclosed in the Statement of financial position on page 47 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 via daily unit prices (member balances are calculated by multiplying the number of units they have in each investment option by the unit price for each option).

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),
- new investment options up to a combined total of
- \$5 million to provide seed funding on a temporary basis, and
- any other investments approved by the Trustee.

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

As at 30 June	2019	2018	2017	2016	2015
Reserve (\$M)	319	304	195	180	201

The general reserve balance is disclosed in the Statement of financial position on page 47 of this report.

As part of our arrangements with insurer AIA Australia, we may receive a refund of premiums depending on the level of claims members make against their insurance policies. We pass on any refunded premiums through adjustments to future premiums members pay, or use them to improve our insurance administration. Any refunded premiums that we have received but not yet passed on or used are allocated to an insurance reserve.

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

As at 30 June	2019	2018	2017	2016	2015
Reserve (\$M)	4	Nil	0.0 <sup>1</sup>	Nil	Nil

<sup>1</sup> The insurance reserve for 2017 was \$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 of its complying fund status, 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 designed to ensure it meets these 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](http://sunsuper.com.au)**

## Insurance

The Trustee has implemented a comprehensive insurance program, which includes liability and professional indemnity insurance policies. This program 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 advisers.

Sunsuper's professional indemnity insurance policies cover claims in relation to the conduct of both past and present representatives of Sunsuper.

## 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.

## 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](http://sunsuper.com.au/contactus)**

We will do everything we can to resolve the issue as quickly as possible. If you are not happy with our response you can contact the Australian Financial Complaints Authority (AFCA). This is an independent dispute resolution body established by the federal government to help resolve complaints in relation to superannuation and other financial services.

You can also choose to take your complaint directly to AFCA.

In some circumstances, AFCA may refer your complaint back to Sunsuper.

### AFCA's contact details are as follows:

Australian Financial Complaints Authority

GPO Box 3 Melbourne VIC 3001

Call: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au) Web: [www.afca.org.au](http://www.afca.org.au)

Access to AFCA is free of charge.

### Important information you should know about making a complaint to AFCA

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

AFCA replaced the Superannuation Complaints Tribunal and other financial services complaints handling bodies for all new complaints from 1 November 2018. From 1 July 2019, AFCA will also accept legacy complaints about the conduct

of financial services firms dating back to 1 January 2008, for a limited period ending on 30 June 2020. Visit [afca.org.au](http://afca.org.au) for more information.

For more information on the complaints resolution process refer to [sunsuper.com.au/complaints](http://sunsuper.com.au/complaints)

### 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 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](http://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 2018-19 the taxable component (taxed element) of former temporary residents' benefits was taxed at 65 per cent for holders of visa subclass 417 (working holiday), 462 (work and holiday) and associated bridging visas, and 35 per cent for other visa types.

### 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

<b>Administrator</b>	Precision Administration Services Pty Ltd <sup>1</sup>
<b>Custodian</b>	State Street Australia Limited
<b>Auditor</b>	Deloitte Touche Tohmatsu
<b>Investment consultants</b>	JANA Investment Advisers Pty Ltd Aksia LLC Stepstone Group LP Mercer Investments (Australia) Limited
<b>Insurers</b>	AIA Australia Limited MetLife Insurance Limited AMP Life Limited Hannover Life Re of Australasia Ltd OnePath Life Limited Colonial Mutual Assurance Society Limited MLC Limited
<b>Actuaries</b>	Sunsuper Financial Services Pty Ltd <sup>1</sup> Towers Watson Australia Pty Ltd

<sup>1</sup> Wholly owned (via its custodian) 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 fair record of the Fund's financial position as at 30 June 2019 and the results of its operations, cashflows, changes in reserves and changes in members' benefits for the year ended 30 June 2019. Audited Financial Statements and the Independent Report by the Fund's auditors are available on our website at [sunsuper.com.au/annual-reports](http://sunsuper.com.au/annual-reports). You can also contact us on **13 11 84** to request a copy to be sent to you.

## Income statement for the year ended 30 June 2019

	2019 \$M	2018 \$M
<b>Superannuation activities</b>		
<b>Revenue</b>		
Interest revenue	343	269
Dividend revenue	1,498	843
Distribution income	328	440
Rental and other income	80	60
Changes in fair value of investments	3,051	3,639
<b>Total revenue</b>	<b>5,300</b>	<b>5,251</b>
<b>Expenses</b>		
Direct investment expenses	(149)	(136)
Administration services expense	(117)	(103)
Other operating expenses	(74)	(71)
<b>Total expenses</b>	<b>(340)</b>	<b>(310)</b>
<b>Results from superannuation activities before income tax expense</b>	<b>4,960</b>	<b>4,941</b>
Income tax expense attributable to net result	(68)	(190)
<b>Results from superannuation activities after income tax expense</b>	<b>4,892</b>	<b>4,751</b>
Net benefits allocated to defined contribution members	(4,702)	(4,519)
Net change in defined benefit member benefits	(79)	(119)
<b>Operating result after income tax</b>	<b>111</b>	<b>113</b>

## Statement of financial position as at 30 June 2019

	2019 \$M	2018 \$M
<b>Assets</b>		
<b>Investments</b>		
Australian shares	17,957	14,849
International shares	16,173	13,409
Private capital	4,296	3,231
Property	6,600	5,722
Infrastructure	4,845	3,921
Fixed interest	8,542	6,912
Hedge funds and alternative strategies	3,300	2,649
Cash	5,096	4,437
Diversified strategies	2,149	1,996
<b>Total investments</b>	<b>68,958</b>	<b>57,126</b>
<b>Other assets</b>		
Cash and cash equivalents	856	720
Receivables and other assets	190	239
<b>Total other assets</b>	<b>1,046</b>	<b>959</b>
<b>Total assets</b>	<b>70,004</b>	<b>58,085</b>
<b>Liabilities</b>		
Benefits payable and other liabilities	361	478
Current tax liabilities	364	448
Deferred tax liabilities	970	718
<b>Total liabilities</b>	<b>1,695</b>	<b>1,644</b>
<b>Net assets available for member benefits</b>	<b>68,309</b>	<b>56,441</b>
<b>Member liabilities</b>		
Defined contribution member liabilities	66,101	54,535
Defined benefit member liabilities	1,330	1,143
<b>Total member liabilities</b>	<b>67,431</b>	<b>55,678</b>
<b>Total net assets</b>	<b>878</b>	<b>763</b>
<b>Equity</b>		
General reserve	319	304
Insurance reserve	4	-
Operational risk financial requirement (ORFR)	180	150
Defined benefits surplus	375	309
<b>Total equity</b>	<b>878</b>	<b>763</b>

## Statement of changes in reserves for the year ended 30 June 2019

	General reserve \$M	Insurance reserve \$M	Operational risk financial requirement (ORFR) \$M	Defined benefits surplus \$M	Total \$M
<b>Opening balance as at 1 July 2018</b>	<b>304</b>	<b>-</b>	<b>150</b>	<b>309</b>	<b>763</b>
Successor fund transfers	13	-	7	(13)	7
Successor fund transfers - prior year distributed	(33)	-	-	-	(33)
Successor fund transfers - pending distribution	30	-	-	-	30
Operating result	6	13	13	79	111
Transfer from insurance reserve	9	(9)	-	-	-
Transfer to ORFR	(10)	-	10	-	-
<b>Closing balance as at 30 June 2019</b>	<b>319</b>	<b>4</b>	<b>180</b>	<b>375</b>	<b>878</b>
<b>Opening balance as at 1 July 2017</b>	<b>195</b>	<b>-</b>	<b>120</b>	<b>274</b>	<b>589</b>
Successor fund transfers	18	-	10	-	28
Successor fund transfers - pending distribution	33	-	-	-	33
Operating result	61	4	13	35	113
Transfer from insurance reserve	4	(4)	-	-	-
Transfer to ORFR	(7)	-	7	-	-
<b>Closing balance as at 30 June 2018</b>	<b>304</b>	<b>-</b>	<b>150</b>	<b>309</b>	<b>763</b>

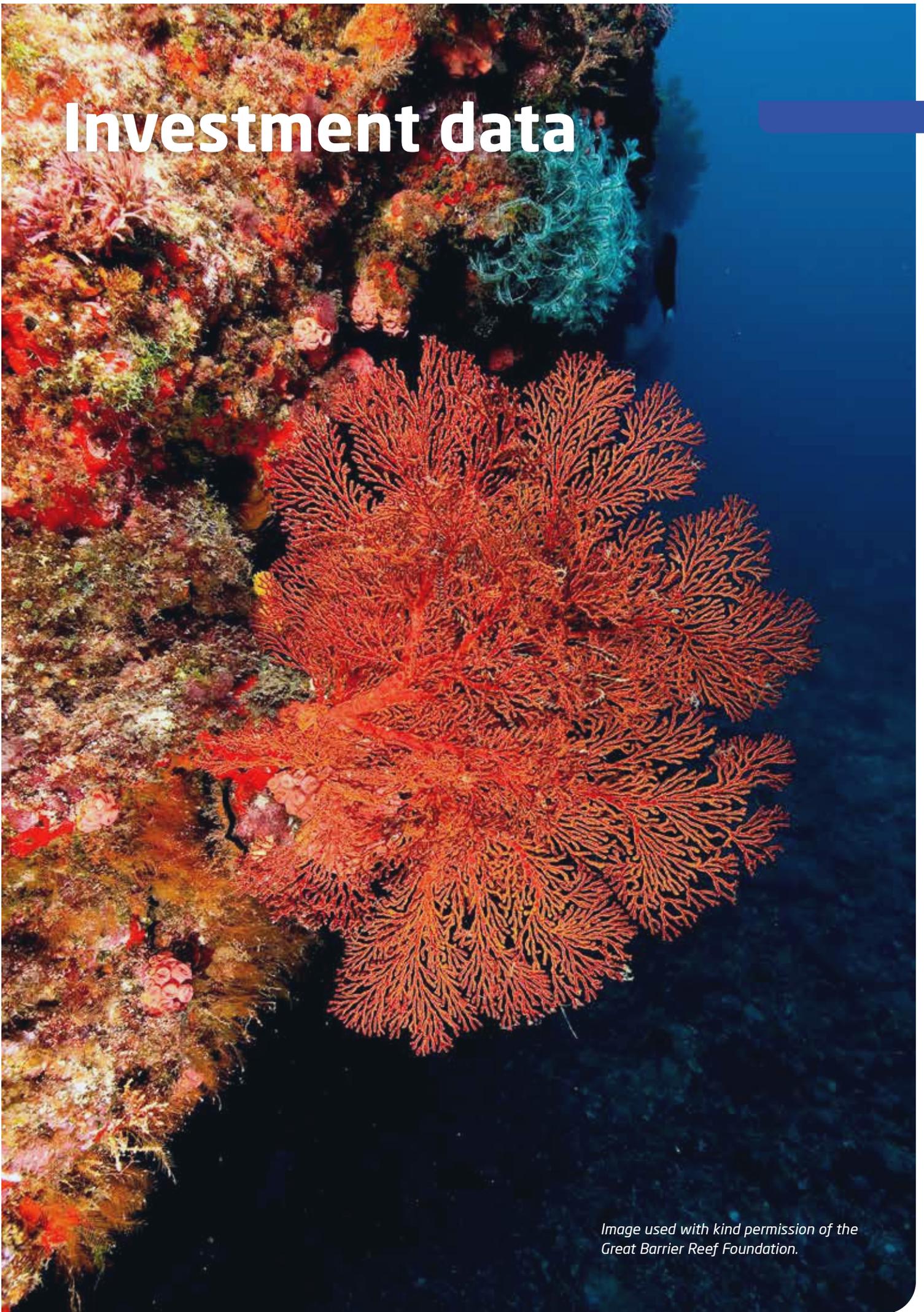
## Statement of changes in member benefits for the year ended 30 June 2019

	Defined contribution member benefits \$M	Defined benefit member benefits \$M	Total \$M
<b>Opening balance as at 1 July 2018</b>	<b>54,535</b>	<b>1,143</b>	<b>55,678</b>
Employer contributions	4,021	27	4,048
Member contributions	743	-	743
Transfers from other funds	3,123	-	3,123
Successor fund transfers	3,095	163	3,258
Income tax on contributions	(627)	(4)	(631)
<b>Net after tax contributions and rollovers</b>	<b>10,355</b>	<b>186</b>	<b>10,541</b>
Benefits to members	(3,484)	(47)	(3,531)
Insurance proceeds credited to members' accounts	271	-	271
Insurance premiums charged to members' accounts (net of tax)	(308)	(1)	(309)
Transfers from defined benefit account to defined contribution account	30	(30)	-
<i>Net benefits allocated, comprising:</i>			
Net investment income	4,856	-	4,856
Net administration fees	(154)	-	(154)
Net change in defined benefit member benefits	-	79	79
<b>Closing balance as at 30 June 2019</b>	<b>66,101</b>	<b>1,330</b>	<b>67,431</b>
<b>Opening balance as at 1 July 2017</b>	<b>43,783</b>	<b>1,079</b>	<b>44,862</b>
Employer contributions	3,202	25	3,227
Member contributions	594	-	594
Transfers from other funds	1,982	-	1,982
Successor fund transfers	3,950	16	3,966
Income tax on contributions	(492)	(4)	(496)
<b>Net after tax contributions and rollovers</b>	<b>9,236</b>	<b>37</b>	<b>9,273</b>
Benefits to members	(3,131)	(58)	(3,189)
Insurance proceeds credited to members' accounts	389	-	389
Insurance premiums charged to members' accounts (net of tax)	(294)	(1)	(295)
Transfers from defined benefit account to defined contribution account	33	(33)	-
<i>Net benefits allocated, comprising:</i>			
Net investment income	4,636	-	4,636
Net administration fees	(117)	-	(117)
Net change in defined benefit member benefits	-	119	119
<b>Closing balance as at 30 June 2018</b>	<b>54,535</b>	<b>1,143</b>	<b>55,678</b>

## Statement of cash flows for the year ended 30 June 2019

	2019 \$M	2018 \$M
<b>Cash flows from operating activities</b>		
Interest received	330	261
Dividends and distributions received	1,678	954
Rental and other income received	73	67
Insurance proceeds received	332	295
Administration service expense paid	(119)	(97)
Direct investment expense paid	(151)	(141)
Other operating expenses paid	(74)	(66)
Group life insurance premiums paid	(372)	(342)
Income tax paid	(477)	(406)
<b>Net inflows of cash from operating activities</b>	<b>1,220</b>	<b>525</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(28,522)	(22,327)
Proceeds from sale of investment	21,860	18,751
<b>Net outflows of cash from investing activities</b>	<b>(6,662)</b>	<b>(3,576)</b>
<b>Cash flows from financing activities</b>		
Employer contributions received	4,044	3,230
Member contributions received	743	594
Transfers from other funds	3,123	1,982
Successor fund transfers	1,338	196
Benefits paid	(3,670)	(2,954)
<b>Net inflows of cash from financing activities</b>	<b>5,578</b>	<b>3,048</b>
<b>Net increase/(decrease) in cash held</b>	<b>136</b>	<b>(3)</b>
Cash and cash equivalents at the beginning of the financial year	720	723
<b>Cash and cash equivalents at the end of the financial year</b>	<b>856</b>	<b>720</b>

# Investment data



*Image used with kind permission of the Great Barrier Reef Foundation.*

# Investment options and performance

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](https://www.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 that 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, benchmarks, returns, fees and asset allocations for each of the investment options are set out in the panels on pages 54-61.

The following section details changes to the objective or performance benchmark that was effective 1 July 2019 for specific investment options. The panels on pages 54-61 show the most current objectives and performance benchmarks at the time of preparing this *Annual report*.

## Changes to investment options

### Socially Conscious Balanced

The objective and performance benchmark that applied to the Socially Conscious Balanced option from 1 July 2018 to 30 June 2019 were as follows:

#### Objective

To provide a return, after investment fees and costs and before investment tax, 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. The weighted benchmark is essentially applying the asset allocation weighting to the benchmark index or indices relevant to the underlying asset class or fund. The Socially Conscious Balanced investment option used weighted benchmarks as follows:

- S&P/ASX 200 Accumulation Index (Australian shares)
- MSCI ACWI Net Accumulation Index in \$A (International shares)
- MSCI Emerging Markets Index in \$A (International shares)
- FTSE EPRA/NAREIT Developed Net hedged to \$A (Property)
- Mercer/IPD Direct Property Index (Property)
- 10 Year Australian Government Bond Yield +3% (Alternatives & Infrastructure)
- Combination of Bloomberg AusBond Government 0+Years Index and Bloomberg AusBond Inflation 0+Years Index (Fixed interest)
- Bloomberg Barclays Global Aggregate Credit Index, hedged to \$A (Fixed interest)
- Bloomberg Barclays Global Treasury GDP Weighted by Country, hedged to \$A (Fixed interest)
- Bloomberg AusBond 90 Day Bank Bill Index (Cash)

Investment options	
Diversified	Lifecycle Investment Strategy ( <i>Super-savings account</i> )
	Growth
	Balanced
	Balanced - Index
	Socially Conscious Balanced
	Diversified Alternatives
	Retirement
	Conservative
Single Asset Class	Shares
	Australian Shares
	Australian Shares - Index
	International Shares - Index (hedged)
	International Shares - Index (unhedged)
	Emerging Markets Shares
	Property
	Australian Property - Index
	Diversified Bonds
	Diversified Bonds - Index
	Cash
	Capital Guaranteed

Effective 1 July 2019, a performance benchmark no longer applies for the Socially Conscious Balanced investment option due to the change in the investment objective.

### Balanced - Index

From 1 July 2019, the performance benchmark for the Balanced - Index option changed as outlined in the table below.

From 1 July 2018 to 30 June 2019	From 1 July 2019
<ul style="list-style-type: none"> <li>S&amp;P/ASX 300 Index (Australian shares)</li> <li>MSCI World ex-Australia Index Net in \$A (International shares)</li> <li>MSCI World ex-Australia Index Net Hedged to \$A (International shares)</li> <li>MSCI Emerging Markets Index Net in \$A (International shares)</li> <li>Bloomberg AusBond Composite 0+ Yr index (Cash &amp; Fixed interest)</li> <li>Bloomberg Barclays Global Aggregate Index, hedged to \$A (Fixed interest)</li> </ul>	<ul style="list-style-type: none"> <li>S&amp;P/ASX 300 Accumulation Index (Australian shares)</li> <li>MSCI World ex-Australia Index Net in \$A (International shares)</li> <li>MSCI World ex-Australia Small Cap Index Net in \$A (International shares)</li> <li>MSCI World ex-Australia Index Net Hedged to \$A (International shares)</li> <li>MSCI Emerging Markets Index Net in \$A (International shares)</li> <li>Bloomberg AusBond Composite 0+ Yr index (Cash &amp; Fixed interest)</li> <li>Bloomberg Barclays Global Aggregate Index, hedged to \$A (Fixed interest)</li> </ul>

### Property

From 1 July 2019, the performance benchmark that applied to the Property option changed as outlined in the table below.

From 1 July 2018 to 30 June 2019	From 1 July 2019
<ul style="list-style-type: none"> <li>25% FTSE EPRA/NAREIT Global REIT hedged to \$A and 75% Mercer/IPD Australia Monthly Property Fund Index - Core Wholesale</li> </ul>	<ul style="list-style-type: none"> <li>25% FTSE EPRA/NAREIT Global REIT A\$ (A\$ hedged);</li> <li>45% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index;</li> <li>18.75% NCREIF Open End Diversified Core Equity Index (A\$ hedged); and</li> <li>11.25% MSCI Pan-European Quarterly Property Fund Index (A\$ hedged)</li> </ul>

Visit [sunsuper.com.au/significant-event-notifications](https://www.sunsuper.com.au/significant-event-notifications) for other changes made to Sunsuper over the last two years. In particular, the *Product update 2018* and *Product update 2019* outline changes to investment options that occurred during the 2018-19 financial year and on 1 July 2019. Note these have already been communicated to affected members.

### 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

## Lifecycle Investment Strategy

Balanced Pool	Retirement Pool	Cash Pool
<b>Objectives</b> Beat inflation by 3.5% p.a. over 10-year periods (after investment fees and costs and investment taxes).	<b>Objectives</b> Beat inflation by 2.75% p.a. over 10-year periods (after investment fees and costs and investment taxes).	<b>Objectives</b> Match or exceed the Bloomberg AusBond Bank Bill Index (before investment tax but after investment fees and costs).
<b>Minimum suggested timeframe: 5 years.</b>		

Actual % asset allocation at 30 June	2019	2018
Australian shares	26.4	22.7
International shares	24.8	28.5
Private capital	7.0	7.0
Property	11.0	11.0
Diversified strategies	4.0	4.0
Infrastructure	7.0	7.0
Fixed interest	10.3	10.1
Hedge funds & alternative strategies	6.0	5.5
Cash	3.5	4.2

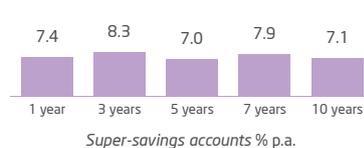
Actual % asset allocation at 30 June	2019	2018
Australian shares	19.3	18.0
International shares	13.9	16.9
Private capital	6.0	5.0
Property	10.0	10.0
Diversified strategies	4.0	4.0
Infrastructure	6.0	6.0
Fixed interest	21.3	23.0
Hedge funds & alternative strategies	8.0	6.5
Cash	11.5	10.6

Actual % asset allocation at 30 June 2019 & 2018	
Cash	100

### Investment returns to 30 June 2019<sup>1,2</sup>



### Investment returns to 30 June 2019<sup>1,2</sup>



### Investment returns to 30 June 2019<sup>1,2</sup>



**Fees<sup>3</sup> Actual investment fees and costs for 2018-19** Inv. Base fee: 0.23% p.a. Inv. Performance-related fee: 0.07% p.a. Indirect cost ratio: 0.53% p.a. Total: 0.83% p.a..

- 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.
- Past performance is not a reliable indication of future performance.** Returns are after investment fees and costs and investment taxes but before all other fees and costs.
- It is important to read the information on page 62. For more information on investment fees refer to the *Sunsuper for life guide*.

# Investment options

Diversified - Multi-asset

## Growth

### Objectives

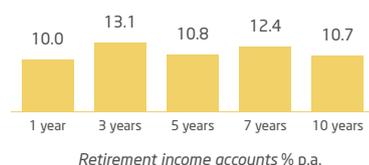
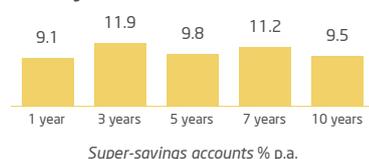
Beat inflation over 10 years: *Super-savings account* and *Transition to retirement income account* by 4% p.a. and *Retirement income account* by 4.5% p.a. (after Investment fees and costs and where applicable investment taxes).<sup>1</sup>

### Minimum suggested timeframe

7 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	34.2	30.0
International shares	29.8	34.8
Private capital	11.0	11.0
Property	8.5	7.9
Diversified strategies	4.0	3.9
Infrastructure	7.5	6.9
Hedge funds & alternative strategies	5.0	5.5

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.23% p.a.  
 Inv. Performance-related fee: 0.08% p.a.  
 Indirect cost ratio: 0.59% p.a.  
 Total: 0.90% p.a.

## Balanced

### Objectives

Beat inflation over 10 years: *Super-savings account* and *Transition to retirement income account* by 3.5% p.a. and *Retirement income account* by 4% p.a. (after Investment fees and costs and where applicable investment taxes).<sup>1</sup>

### Minimum suggested timeframe

5 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	26.4	22.7
International shares	24.8	28.5
Private capital	7.0	7.0
Property	11.0	11.0
Diversified strategies	4.0	4.0
Infrastructure	7.0	7.0
Fixed interest	10.3	10.1
Hedge funds & alternative strategies	6.0	5.5
Cash	3.5	4.2

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.23% p.a.  
 Inv. Performance-related fee: 0.08% p.a.  
 Indirect cost ratio: 0.54% p.a.  
 Total: 0.85% p.a.

## Balanced - Index

### Objectives

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

### Performance benchmark:

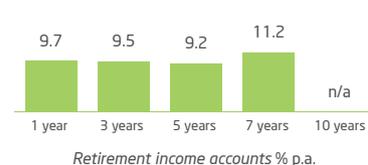
The strategic weighted return of the market indices for each asset class<sup>4</sup>.

### Minimum suggested timeframe

5 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	27.6	27.9
International shares	42.4	42.2
Fixed interest	30.0	29.9

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.06% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.15% p.a.  
 Total: 0.21% p.a.

# Investment options

Diversified - Multi-asset (cont.)

## Socially Conscious Balanced

### Objectives

Beat inflation over 10 years: *Super-savings account* and *Transition to retirement account* by 3.5% p.a. and *Retirement income account* by 4% p.a. (after investment fees and costs and where applicable investment taxes).<sup>1</sup>

### Minimum suggested timeframe

5 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	25.2	25.3
International shares	33.6	34.5
Private capital	1.4	n/a
Property	9.6	8.9
Infrastructure	2.4	2.6
Fixed interest	22.9	20.9
Cash	4.9	6.4
Alternatives*	n/a	1.4

\*May include forestry and private equity

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

**Actual investment fees and costs for 2018-19**  
 Inv. Base fee: 0.06% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.93% p.a.  
**Total: 0.99% p.a.**

## Diversified Alternatives

### Objectives

Beat inflation over 10 years: *Super-savings account* and *Transition to retirement income account* by 4.5% p.a. and *Retirement income account* by 5% p.a. (after investment fees and costs and where applicable investment taxes).<sup>1</sup>

### Minimum suggested timeframe

7 years

Actual % asset allocation at 30 June	2019	2018
Private capital	34.9	36.1
Infrastructure	35.1	33.0
Hedge funds & alternative strategies	24.9	25.7
Cash	5.1	5.2

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

**Actual investment fees and costs for 2018-19**  
 Inv. Base fee: 0.27% p.a.  
 Inv. Performance-related fee: 0.35% p.a.  
 Indirect cost ratio: 1.57% p.a.  
**Total: 2.19% p.a.**

## Retirement

### Objectives

Beat inflation over 10 years: *Super-savings account* and *Transition to retirement income account* by 2.75% p.a. and *Retirement income account* by 3.25% p.a. (after investment fees and costs and where applicable investment taxes).<sup>1</sup>

### Minimum suggested timeframe

5 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	19.3	18.0
International shares	14.0	16.9
Private capital	6.0	5.0
Property	10.0	10.0
Diversified strategies	4.0	4.0
Infrastructure	6.0	6.0
Fixed interest	21.3	23.0
Hedge funds & alternative strategies	8.0	6.5
Cash	11.5	10.6

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

**Actual investment fees and costs for 2018-19**  
 Inv. Base fee: 0.22% p.a.  
 Inv. Performance-related fee: 0.07% p.a.  
 Indirect cost ratio: 0.51% p.a.  
**Total: 0.80% p.a.**

# Investment options

Diversified - Multi-asset (cont.)

## Conservative

### Objectives

Returns (after investment fees and costs and where applicable investment taxes)<sup>1</sup> of 1% p.a. above the Bloomberg AusBond Bank Bill Index after investment tax (where applicable) over a 3-year period.

### Minimum suggested timeframe

3 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	9.4	9.3
International shares	5.8	10.0
Private capital	5.0	2.0
Property	9.0	9.0
Diversified strategies	4.0	4.0
Infrastructure	5.0	5.0
Fixed interest	30.3	32.0
Hedge funds & alternative strategies	8.0	6.5
Cash	23.5	22.2

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.22% p.a.

Inv. Performance-related fee: 0.06% p.a.

Indirect cost ratio: 0.44% p.a.

**Total:** 0.72% p.a

**Note:** These footnotes apply to the investment options on pages 55-61.

- No investment tax generally applies for *Retirement income accounts*. Refer to the *Sunsuper for life guide* for information on investment tax.
- Past performance is not a reliable indication of future performance.** Returns are after investment fees, costs and taxes (where applicable) but before administration fees and costs. *Transition to retirement income account* returns for the 1 year to 30 June 2019 were the same as for *Super-savings accounts*. For earlier financial years, *Transition to retirement income account* returns were the same as *Retirement income account* returns. Visit [sunsuper.com.au/performance](http://sunsuper.com.au/performance) for historical return information.
- It is important to read the information on page 62. For more information on fees and costs, refer to the *Sunsuper for life guide*.
- The weighted benchmark is essentially applying the asset allocation weighting to the benchmark index or indices relevant to the underlying asset class or fund. The Balanced - Index investment option uses weighted benchmarks as follows:
  - S&P/ASX 300 Index (Australian shares)
  - MSCI World ex-Australia Index Net in \$A (International shares)
  - MSCI World ex-Australia Small Cap Index Net in \$A (International shares)
  - MSCI World ex-Australia Index Net Hedged to \$A (International shares)
  - MSCI Emerging Markets Index Net in \$A (International shares)
  - Bloomberg AusBond Composite 0+ Yr index (Cash & Fixed interest)
  - Bloomberg Barclays Global Aggregate Index, hedged to \$A (Fixed interest)

# Investment options

Single asset class

## Shares

### Objectives

Beat the performance benchmark by 0.25% p.a. before investment taxes<sup>1</sup> but after Investment fees and costs over rolling 5-year periods.

### Performance benchmark:

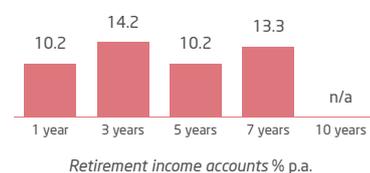
50% S&P/ASX 300 Accumulation Index and 25% MSCI ACWI ex Australia IMI Index in \$A and 25% MSCI ACWI ex Australia IMI index hedged to \$A.

### Minimum suggested timeframe

7 years

Actual % asset allocation at 30 June	2019	2018
Australian shares	50.0	50.2
International shares	50.0	49.8

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.20% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.08% p.a.  
**Total: 0.28% p.a**

## Australian Shares

### Objectives

Beat the performance benchmark by 0.25% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.

### Performance benchmark:

S&P/ASX 300 Accumulation Index.

### Minimum suggested timeframe

7 years

Actual % asset allocation at 30 June 2019 & 2018	2019	2018
Australian shares	100	100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.24% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.23% p.a.  
**Total: 0.47% p.a**

## Australian Shares - Index

### Objectives

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

### Performance benchmark:

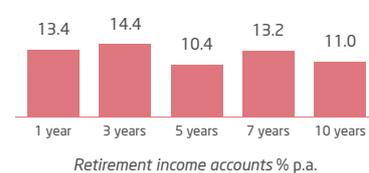
S&P/ASX 300 Accumulation Index.

### Minimum suggested timeframe

7 years

Actual % asset allocation at 30 June 2019 & 2018	2019	2018
Australian shares	100	100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.08% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.00% p.a.  
**Total: 0.08% p.a.**

# Investment options

Single asset class (cont.)

## International Shares - Index (hedged)

### Objectives

Closely match the performance benchmark, before investment tax<sup>1</sup> and investment fees and costs.

### Performance benchmark:

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

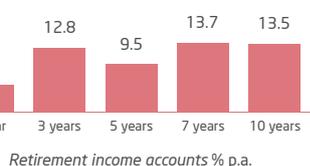
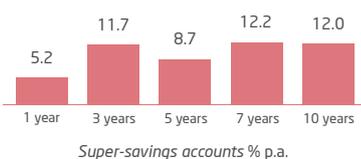
### Minimum suggested timeframe

7 years

### Actual % asset allocation at 30 June 2019 & 2018

International shares	100
----------------------	-----

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.08% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.01% p.a.  
Total: 0.09% p.a.

## International Shares - Index (unhedged)

### Objectives

Closely match the performance benchmark, before investment tax<sup>1</sup> and investment fees and costs.

### Performance benchmark:

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

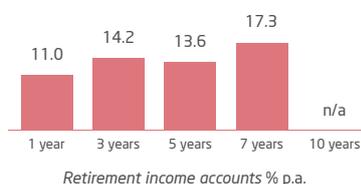
### Minimum suggested timeframe

7 years

### Actual % asset allocation at 30 June 2019 & 2018

International shares	100
----------------------	-----

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.08% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.01% p.a.  
Total: 0.09% p.a.

## Emerging Markets Shares

### Objectives

Closely match the return of the performance benchmark before investment tax<sup>1</sup> and investment fees and costs.

### Performance benchmark:

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

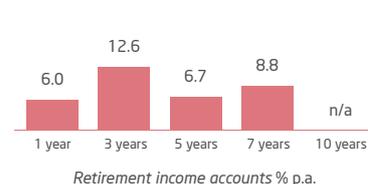
### Minimum suggested timeframe

7 years

### Actual % asset allocation at 30 June 2019 & 2018

International shares emerging	100
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### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.10% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.02% p.a.  
Total: 0.12% p.a.

# Investment options

Single asset class (cont.)

## Property

### Objectives

Beat the performance benchmark before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.

### Performance benchmark:

25% FTSE EPRA/NAREIT Global REIT A\$ (A\$ hedged), 45% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, 18.75% NCREIF Open End Diversified Core Equity Index (A\$ hedged) and 11.25% MSCI Pan-European Quarterly Property Fund Index (A\$ hedged).

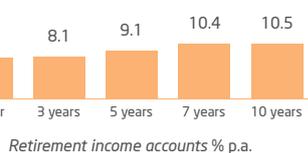
### Minimum suggested timeframe

7 years

### Actual % asset allocation at 30 June 2019 & 2018

Property | 100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.15% p.a.  
Inv. Performance-related fee: 0.00% p.a.  
Indirect cost ratio: 0.81% p.a.  
Total: 0.96% p.a

## Australian Property - Index

### Objectives

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

### Performance benchmark:

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

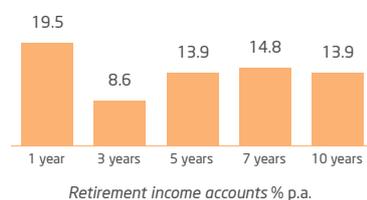
### Minimum suggested timeframe

7 years

### Actual % asset allocation at 30 June 2019 & 2018

Property | 100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.06% p.a.  
Inv. Performance-related fee: 0.00% p.a.  
Indirect cost ratio: 0.05% p.a.  
Total: 0.11% p.a

## Diversified Bonds

### Objectives

Beat the performance benchmark by 0.5% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 3-year periods.

### Performance benchmark:

50% FTSE World Broad Investment Grade Index hedged in \$A and 50% Bloomberg AusBond Composite 0+Yr Index.

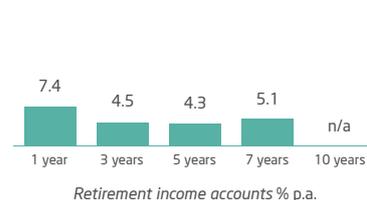
### Minimum suggested timeframe

3 years

### Actual % asset allocation at 30 June 2019 & 2018

Fixed interest | 100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.31% p.a.  
Inv. Performance-related fee: 0.01% p.a.  
Indirect cost ratio: 0.07% p.a.  
Total: 0.39% p.a

# Investment options

Single asset class (cont.)

## Diversified Bonds - Index

### Objectives

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

### Performance benchmark:

50% Bloomberg AusBond Composite 0 + Yr Index and 50% Bloomberg Barclays Global Aggregate Index, hedged to \$A.

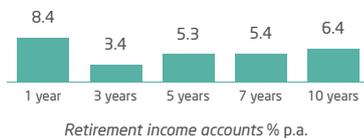
### Minimum suggested timeframe

3 years

### Actual % asset allocation at 30 June 2019 & 2018

Fixed Interest | 100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.06% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.11% p.a.  
Total: 0.17% p.a

## Cash

### Objectives

Match or exceed the returns of the performance benchmark, before investment tax<sup>1</sup> but after investment fees and costs.

### Performance benchmark:

Bloomberg AusBond Bank Bill Index.

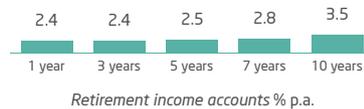
### Minimum suggested timeframe

1 year

### Actual % asset allocation at 30 June 2019 & 2018

Cash | 100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.06% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.00% p.a.  
Total: 0.06% p.a

## Capital Guaranteed

### Objectives

Beat the performance benchmark after investment tax (where applicable)<sup>1</sup> and investment fees and costs over rolling 3-year periods.

### Performance benchmark:

Bloomberg AusBond Bank Bill Index after investment tax (where applicable).<sup>1</sup>

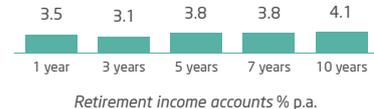
### Minimum suggested timeframe

3 years

### Actual % asset allocation at 30 June 2019 & 2018

Deposits with ADIs and Capital Guaranteed Investments | 100

### Investment returns to 30 June 2019<sup>2</sup>



### Fees<sup>3</sup>

#### Actual investment fees and costs for 2018-19

Inv. Base fee: 0.09% p.a.  
 Inv. Performance-related fee: 0.00% p.a.  
 Indirect cost ratio: 0.26% p.a.  
Total: 0.35% p.a

## Actual investment fees and costs for 2018-19

### Investment fees

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

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

The actual investment base and performance-related fees for each investment option for 2018-19 are shown in the investment panels on pages 54-61. Actual investment fees may differ from our estimates in some instances as a result of outperformance resulting in higher than expected performance-related 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.

### Indirect cost ratio

Indirect costs are expenses incurred in managing members' investments in addition to investment fees. They are not paid by Sunsuper, but rather are incurred indirectly by our investment managers and as such are included in members' net investment returns. The indirect cost ratios are the sum of indirect costs expressed as a percentage of the funds in each investment option.

The indirect cost ratios shown in the investment panels on pages 54-61 were calculated after the end of the financial year, using actual costs incurred in 2018-19 where possible. Where actual costs were not available, reasonable estimates of actual costs were used.

The indirect cost ratios shown in this *Annual report* differ from the indirect cost ratios in our *Product Disclosure Statements* issued 1 July 2019, which were also calculated using actual costs and reasonable estimates of costs incurred in 2018-19. This is because this *Annual report* was produced after the 2018-19 year had ended, so we had more information about the actual costs incurred and relied less on estimates.

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](https://www.sunsuper.com.au/pds)

# Investment managers

## Customised Investment Management Agreements

As at 30 June 2019

Manager	Asset classes	2019 \$M
Acadian Asset Management (Australia) Ltd	Australian Shares	1,816.3
Allegro Funds Pty Ltd	Private Capital, Property	660.5
AMP Capital Investors Limited	Infrastructure, Property	1,287.9
AQR Capital Management, LLC	International Shares (Emerging)	564.3
Arrowstreet Capital, Limited Partnership	International Shares	1,368.7
Baillie Gifford Overseas Limited	International Shares	407.4
Bain Capital Credit, LP	Fixed Interest	153.6
Barwon Investment Partners Pty Ltd	Private Capital	258.8
Colchester Global Investors Ltd	Fixed Interest	691.8
Colonial First State Managed Infrastructure Limited	Infrastructure	731.1
Core and Value Advisors, LLC	Property	45.6
Firetrail Investments Pty Ltd	Australian Shares	522.5
GMO Australia Ltd	International Shares (Emerging)	183.7
Hosking Partners LLP	International Shares	1,323.9
H.R.L. Morrison & Co. Private Markets Pty Ltd	Infrastructure	404.7
JP Morgan Asset Management (Australia) Limited	Diversified Strategies	664.5
Lazard Asset Management Pacific Co	Fixed Interest	133.8
Loomis, Sayles & Company, LP	Fixed Interest	317.0
Macquarie Investment Management Global Limited	Fixed Interest	1,402.8
Macquarie Specialised Asset Management Limited	Infrastructure	1,400.2
Maple-Brown Abbott Limited	Australian Shares	1,230.9
Morgan Stanley Investment Management (Australia) Pty Limited	Fixed Interest	2,000.6
Origin Asset Management LLP	International Shares (Emerging)	170.9
Payden & Rygel Global Ltd	Cash	508.0
PIMCO Australia Pty Ltd	Fixed Interest	827.8
Pzena Investment Management, LLC	International Shares, International Shares (Emerging)	1,574.7
QIC Limited	Cash, Asset Overlay, DAA	262.4
Schroder Investment Management Australia Limited	Fixed Interest	1,182.2
State Street Global Advisors, Australia, Limited	Cash, International Shares	4,060.0
StepStone Group Real Asset, LP	Infrastructure	592.6
TCW Asset Management Company	Fixed Interest	430.0
Tanarra Capital Australia Pty Ltd	Australian Shares	36.7
Tribeca Investment Partners Pty Ltd	Australian Shares	453.3
TT International (Hong Kong) Ltd	International Shares (Emerging)	279.4
Vanguard Investments Australia Ltd	Australian Shares, International Shares, and International Shares (Emerging)	15,398.2
Vinva Investment Management Limited	Australian Shares	5,424.7
WaveStone Capital Pty Ltd	Australian Shares	1,258.5
WCM Investment Management	International Shares	1,020.2
Wellington International Management Company Pty Ltd	Cash, Diversified Strategies	1,057.1

### The following manage portfolios for the purpose of active currency overlay:

- AQR Capital Management, LLC
- P/E Global LLC
- Record Currency Management Ltd
- State Street Global Advisors, Australia, Ltd

## Other investment managers

As at 30 June 2019

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

Manager	Asset classes	2019 \$M
AMP Capital Funds Management Ltd	Australian Shares, International Shares, Property	771.6
Anchorage Capital Group, LLC	Private Capital	200.3
Arcadia Managed Investments Pty Ltd	Property	228.1
BlackRock Financial Management, Inc.	Hedge Funds	323.3
Bridgewater Associates, LP	Hedge Funds	187.5
CBRE Global Investors Open-Ended GP S.à.r.l	Property	292.3
Deerfield Management Company, LP	Private Capital	171.8
EIG Management Company, LLC	Hedge Funds	198.0
Gardior Pty Ltd	Infrastructure	348.3
Golden Gate Private Equity, Inc	Private Capital	201.3
Goodman Funds Management Australia Ltd	Property	362.0
GPT Funds Management Ltd	Property	506.7
Harbourvest Partners, LLC	Private Capital	1,153.9
Heitman Capital Management, LLC	Property	371.1
Macquarie Infrastructure Partners, Inc.	Infrastructure	166.0
Makena Capital Management, LLC	Diversified Strategies, Private Capital	397.2
Manikay Partners, LLC	Hedge Funds	183.6
M.H. Carnegie & Co. Pty Ltd	Private Capital, Property	208.4
Myriad Asset Management (Cayman) Ltd	Hedge Funds	162.2
NB Alternatives Advisors LLC	Private Capital	165.8
Nephila Capital Ltd	Hedge Funds	257.8
One William Street Capital Management, LP	Hedge Funds	183.6
Pacific Alliance Investment Management Ltd	Hedge Funds, Private Capital	206.6
QIC Limited	Infrastructure, Property	746.9
StepStone Group, LP	Private Capital, Property	864.5
Suncorp Life & Superannuation Ltd	Capital Guaranteed	247.0
SunKina Choice GP Ltd	Private Capital	183.4
Sunsuper Pty Ltd	Infrastructure, Fixed Interest, Cash	2,150.5
Taconic Capital Advisors, LP	Hedge Funds	163.4
Two Sigma Advisors, LP	Hedge Funds	461.7
Vanguard Investments Australia Ltd	Fixed Interest, Property	984.4
Vårde Partners, Inc	Hedge Funds	172.6
Vista Equity Partners Management, LLC	Private Capital	256.8
Waud Capital Partners, LLC	Private Capital	189.5

## New investment managers since 30 June 2019

Since 30 June 2019, Sunsuper has appointed the following additional investment managers:

- Affirmative Investment Management Partners Ltd for the Fixed Interest asset class
- Hermes Investment Management Ltd for the Australian Shares and International Shares asset classes
- PineBridge Investments LLC for the Diversified Strategies asset class

## 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 2019, the PST's net investments were \$9,346m.



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Sunsuper Pty Ltd  
ABN 88 010 720 840  
AFSL No. 228975

Sunsuper Superannuation Fund  
ABN 98 503 137 921  
Unique Super Identifier (USI) 98 503 137 921 001

MySuper Authorisation 98 503 137 921 996



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