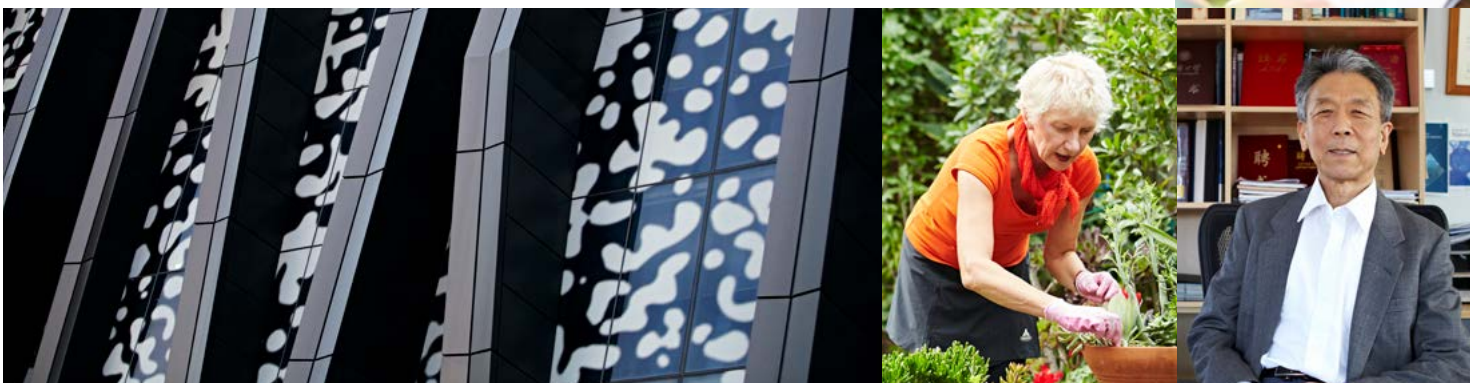




Report to members

for the year ended 30 June 2015

The super fund for Australia's higher education and research sector.



ABOUT THIS ANNUAL REPORT

This annual report has been prepared and issued by UniSuper Limited ABN 54 006 027 121 as Trustee of UniSuper.

This information is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement for your membership category and whether to consult a licensed financial adviser.

Every care has been taken with the information provided in this publication. However, because of the complex nature of superannuation and taxation law and the frequent changes occurring, UniSuper Limited reserves the right to correct any error or omission.

If there is any discrepancy between this publication and the Trust Deed and Regulations (together, the Trust Deed), the Trust Deed will be the final authority.

Information in this publication is current as at the date of issue, but may change in the future.

IN THIS ANNUAL REPORT

UniSuper is referred to throughout this document as 'UniSuper' or 'the Fund' (ABN 91 385 943 850).

UniSuper Limited is the corporate trustee of the Fund and is referred to throughout this document as 'UniSuper Limited' or 'the Trustee' (ABN 54 006 027 121/ MySuper Authorisation No. 91385943850448).

UniSuper Management Pty Ltd is the administrator of the Fund and is referred to throughout this document as 'USM' or the 'Administrator' (ABN 91 006 961 799). UniSuper Management Pty Ltd is authorised to deal in financial products and to provide financial advice to members, which it does through UniSuper Advice (AFSL No. 235907).

The UniSuper Limited Board is referred to throughout this document as the 'Board' or the 'Directors'.

The SuperRatings data in this report is based on SuperRatings Pty Ltd's Fund Crediting Rate Survey for periods ending 30 June 2015, published 21 July 2015. SuperRatings Pty Limited holds Australian Financial Services Licence No. 311880. Past performance is not an indicator of future performance. The SuperRatings data does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members. Any information provided is of a general nature and is not guaranteed to be accurate or complete. Information has been prepared and provided without taking into account the recipient's objectives, financial situation or needs. The recipient should consider obtaining independent advice before making any decision about a financial product referred to and should obtain and consider a copy of the relevant product disclosure statement from the product issuer.



Level 35, 385 Bourke Street
Melbourne Vic 3000

October 2015

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Overview

From the Chairman

Welcome to the 2015 UniSuper annual report. I'm pleased to share this overview of UniSuper's strong investment returns, product and service enhancements, and achievements over the past financial year.



CHRIS CUFFE
Chairman

POSITIVE INVESTMENT RETURNS

The year to 30 June 2015 was another positive one for the Fund's investment returns. Overall returns for members remained consistently strong, with our Balanced (Accumulation) option returning a healthy 11.0%. This return—the fourth highest of the top 50 funds as measured by SuperRatings—is great news for members.¹

Returns for all other investment options were also positive, with the year's standout performer being the International Shares (Accumulation) option, generating a 22.4% return.² In fact, the majority of our diversified options recorded returns that placed them within the top quartile (or top 25%) of their respective peer groups. A more detailed overview is contained in the Chief Investment Officer's report on page 7.²

AWARDS, RATINGS AND SURVEY RESULTS

Helping members achieve greater retirement outcomes is at the heart of what we do. So, it's rewarding to be recognised within the industry as 'Super Fund of the Year' and 'Best Fund: Investments, 2015'. These awards, presented by respected ratings agency Chant West, reaffirm our commitment to delivering the highest quality products and services, along with strong investment performance for our members.³

In addition to our strong investment capability, our new video statement snapshots were highlighted by Chant West as a great initiative to further support our members.⁴

LEGISLATION UPDATE AND ADVOCACY

Although there was little in the way of legislative change for the industry over the last 12 months, a number of financial inquiries held this year are likely to drive changes to super in the future.

¹ Source: *SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index* for the periods ending 30 June 2015, published 21 July 2015. Past performance is not an indicator of future performance. The SuperRatings data does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members.

² Past performance is not an indicator of future performance. Returns are after fund taxes and investment expenses, but before account-based fees.

³ Source: Chant West Super Fund Ratings at www.chantwest.com.au. Chant West Pty Limited ABN 75 077 595 316. For further information about the ratings methodology used by Chant West, see at www.chantwest.com.au. Chant West has given its consent to the inclusion in this Report to members of the references to Chant West and the inclusion of the logos and ratings provided by Chant West in the form and context in which they are included.

⁴ Source: *UniSuper takes out Chant West's Super Fund of the Year*, <http://ioandc.com/unisuper-takes-out-chant-wests-super-fund-of-the-year/>

The Financial System Inquiry's final report included a number of recommendations relating to price competition and the need to offer products which provide a sustainable income stream in retirement—rather than a lump sum. We have been advocating for this change, and are confident that these types of products can provide viable and robust options for members.

We have also voiced our view that trustees, rather than regulators, are the best placed to determine appropriate retirement income strategies and products for their membership. It's another example of how we're working closely with policy makers to secure the best possible outcomes for our members.

While it was a quiet year for new legislation, the May 2015 Federal Budget did include measures that tightened eligibility for the Age Pension, including changes to the assets test and new income test rules for defined benefit pensions. We also welcomed the introduction of new rules allowing individuals to withdraw excess non-concessional contributions.

The last 12 months also saw changes to UK pension scheme rules which impact the ability of Australian funds to process Qualifying Recognised Overseas Pension Scheme (known as 'QROPS') applications.

And, the Federal Government has proposed legislation for super funds to have at least one-third independent directors on their boards. The UniSuper Board already has three independent directors out of a total of 11 directors, so the proposed legislation—if passed—would not require significant change for us.

Read more about the 2015 Federal Budget at unisuper.com.au.

DEFINED BENEFIT DIVISION UPDATE

Our Defined Benefit Division (DBD) continues to be in a sound position to pay benefits as members retire and leave the Fund. The long-term financial position of the DBD continued to be a key priority for the Board and management.

Following a UniSuper Board decision in August 2013, from 1 January 2015 the way defined benefits are calculated changed (under Clause 34 of the Trust Deed). This change was made in the best interests of all members and better positions the DBD to pay future defined benefits as they fall due.

Looking at the financial position of the DBD for the 2014/15 financial year, the Vested Benefits Index (VBI) and Accrued Benefits Index (ABI) measures remained strong.

The DBD has served our members and employers well for more than 30 years, but changes to the industry and higher education sector meant it was time to review the DBD option to ensure it continues to meet the needs of our members throughout their lives.

Earlier this year, we asked stakeholders and members for feedback on some proposed changes to our default product range. We're now considering a new and more flexible product for members and look forward to updating you on the outcome of our review over the coming months.

We are committed to offering a defined benefit-style product because we believe it provides greater certainty of an income stream in retirement—by enabling members to forecast benefits and because investment returns are smoothed, especially around retirement age.

Over 32 years and many economic cycles, our DBD has a strong track record of enduring challenging economic times, in part due to pooling the \$18 billion asset base across almost 80,000 members.

The latest information about the DBD is available at unisuper.com.au/dbdupdate.

WITH THANKS

I'd like to extend my thanks to and acknowledge the leadership of Chief Executive Officer Kevin O'Sullivan, who has managed UniSuper from strength to strength over the past 12 months.

I'd also like to thank my fellow Directors for their contribution over the 2014/15 financial year and welcome new Director Stephen Somogyi to the UniSuper Board.

Lastly, thanks to you, our members for your ongoing support. We look forward to continuing to provide you with the very best in terms of products, services, fees and returns for greater retirement outcomes—for this year and beyond.



Chris Cuffe
Chairman
UniSuper Limited

Fund update

Awards, ratings and survey results

In an industry first, leading ratings agency Chant West recognised UniSuper as the best of the best, naming UniSuper ‘Super Fund of the Year’ and ‘Best Fund: Investments, 2015’, two of the most coveted awards in the superannuation industry. UniSuper’s Accumulation 1, Accumulation 2 and Flexi Pension products were also awarded a ‘5 Apples’ rating.¹

SuperRatings—an independently owned superannuation research company—also awarded UniSuper its Platinum and Infinity Recognised ratings for our Accumulation 1, Accumulation 2 and Flexi Pension products.² The SuperRatings ‘Infinity Recognised’ rating is awarded to super funds that clearly demonstrate excellent sustainable business practices and responsible investment principles.

These awards are testimony to UniSuper’s focus—every single day—on delivering greater retirement outcomes for members and the Fund’s strong investment performance.³

Advice

UniSuper Advice, our financial advice service for members and their partners, expanded rapidly over the 2014/15 financial year. We now have more than 90 staff located around the country, including 16 on-campus consultants servicing 36 universities as well as a number of other research organisations and employers in the higher education sector. On-campus consultants met with more than 7,700 members during the year.

Our unique business is operated in-house, allowing us greater control over our service offering and the quality of advice provided to members. Our service and ethically-based culture enables us to attract the most experienced and qualified advisers in the industry and makes us an employer of choice. Currently, more than 90% of our private client advisers are CERTIFIED FINANCIAL PLANNER (CFP®) professionals.⁴

In the past 12 months, UniSuper Advice booked more than 6,500 appointments through our face-to-face and phone-based personal advice services. Following these initial discussions, more than 3,300 members went on to receive detailed personal advice from UniSuper advisers, helping them achieve their financial goals.

And now members can feel even more comfortable when meeting with an adviser as we’re upgrading our member spaces in offices around the country.

¹ Source: Chant West Super Fund Ratings at www.chantwest.com.au. Chant West Pty Limited ABN 75 077 595 316. For further information about the ratings methodology used by Chant West, see at www.chantwest.com.au. Chant West has given its consent to the inclusion in this Report to members of the references to Chant West and the inclusion of the logos and ratings provided by Chant West in the form and context in which they are included.

² *SuperRatings Fundamentals Report: UniSuper Accumulation Super (2), 31 May 2015*. Issued by SuperRatings Pty Ltd ABN: 95 100 192 283, AFSL 311800 (SuperRatings). Go to <http://www.superratings.com.au> for details of its rating criteria. SuperRatings does not issue, sell, guarantee or underwrite this product.

³ Past performance is not an indicator of future performance.

⁴ CFP®, CERTIFIED FINANCIAL PLANNER® are certification marks owned outside the U.S. by Financial Planning Standards Board Ltd. Financial Planning Association of Australia Limited is the marks licensing authority for the CFP Marks in Australia, through agreement with FPSB.

Product enhancements, fee changes and low account balances

On 1 October 2015, our fees changed as a result of a review earlier this year.

We reduced the fixed administration fees by 16.5% for Accumulation 1 and 2, Spouse Account and Flexi Pension members and changed the frequency of fee deductions from member accounts from quarterly to monthly. These changes reduce the impact of administration fees on the account balances of members who are only with us for a very short time. We also reduced the Flexi Pension asset-based administration fee from 0.30% to 0.16% of the member's account balance, with the maximum annual asset-based administration fee reducing from \$2,000 to \$1,250 per account.

Similarly, these fee reductions will benefit members who have inactive low balance super accounts which are subject to transfer to an Eligible Rollover Fund (ERF)—a specialist super fund with limited features designed primarily to preserve small amounts of super for inactive members.

In addition, transition to retirement (TTR) members will receive a reduction in administration fees as they will only pay one fixed administration fee for having both a super account and a TTR account (compared with two fixed administration fees previously).

Members can also save on switching fees with a reduced switching fee coming into effect from 1 October 2015. And, we've enhanced our processes to allow members to switch more frequently if they wish.

Other fee changes include an indexation increase in administration fees for Defined Benefit Indexed Pension, Commercial Rate Indexed Pension (CRIP) and Defined Benefit Division members.

We're also pleased to now offer non-lapsing binding death benefit nominations (in addition to our existing lapsing binding and preferred beneficiary nomination options). This gives members the opportunity to make a binding death benefit nomination without having to worry about it expiring.

New investment option introduced

In September 2014, we introduced the Diversified Credit Income (DCI) option. This Sector option aims to invest in a range of global, Australian and New Zealand corporate bonds with some flexibility to consider allocations to other securities where appropriate. Corporate bonds are debt securities issued by corporations and income is generated from repayments on those debt securities.

This new option lets members take on corporate credit exposure if preferred, to build their own diversified portfolios through our suite of single asset class options.

Sector options are designed to be used in combination with other single asset classes or Pre-Mixed options to create a unique and diversified asset mix that is aligned with members' investment strategies. However, being a Sector option, the DCI option is not intended to be used in isolation.

Changes to our sustainable investment options

We have refined our approach to our two sustainable investment options to continue to meet member expectations and keep pace with global developments.

From 1 September 2014, alcohol, gaming, weapons and companies involved in fossil fuel exploration and production (in addition to the screening of tobacco) were excluded from both the Sustainable Balanced and Sustainable High Growth options.

Insurance changes

We successfully transitioned Accumulation 2 inbuilt benefits to our external insurer, TAL Life Limited (TAL), on 3 January 2015. This transition occurred as a result of the Government's Stronger Super reforms which do not permit super funds to self-insure accumulation benefits from 1 July 2016.

Accumulation 2 inbuilt benefits were transitioned to external Death, Total & Permanent Disablement (TPD) and Income Protection cover. Defined Benefit Division members' inbuilt benefits were not affected by this change.

A number of business and operational improvements came out of these insurance changes. We also improved our insurance administration process, resulting in reduced decision times around member claims.

Digital transformation

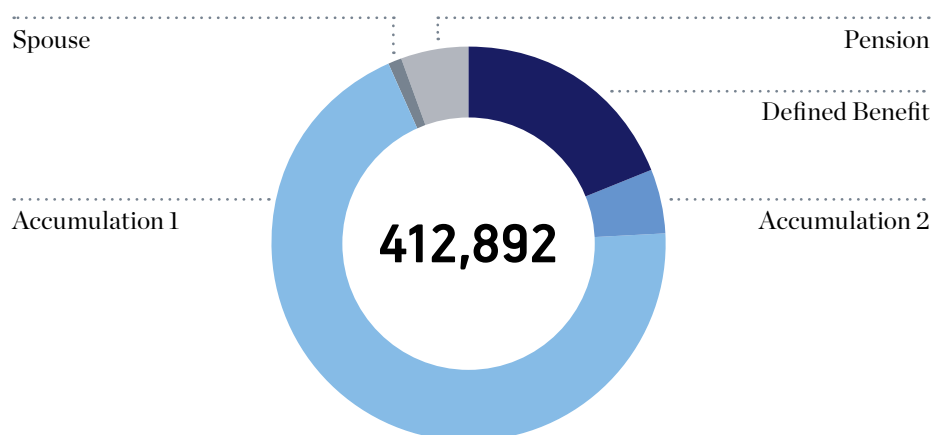
UniSuper's digital transformation program remains a core focus, with its aim to make it easy for members, employers and other stakeholders to communicate with us online. Multiple digital projects are underway, delivering significant efficiency gains and cost reductions.

An exciting innovation this year was the pilot of member benefit statements complete with retirement income projections. The improved statements make it easier for members to understand their statements and assess the adequacy of their projected retirement savings. We have also trialled video statement snapshots, which are being rolled out to eligible members in 2015/16. Both of these initiatives demonstrate our commitment to listening to and responding to our members' needs.

We also launched the retirement adequacy and pension income calculators in August 2015 to help members make the most of their super and retirement income. These new calculators are smartphone and tablet friendly so members can view them anytime, anywhere.

The numbers

TOTAL ACCOUNTS AS AT 30 JUNE 2015



ACCOUNT TYPE

| | |
|-----------------|---------|
| Defined Benefit | 79,091 |
| Accumulation 2 | 20,796 |
| Accumulation 1 | 286,382 |
| Spouse | 4,505 |
| Pension | 22,118 |

Investment and performance

From the Chief Investment Officer

Chief Investment Officer John Pearce provides an overview of the 2014/15 financial year.



JOHN PEARCE
Chief Investment Officer

The year in review

The month of June capped off a tumultuous financial year for equity markets. Unsettled by yet another chapter in the ongoing Greek debt saga, the Australian share market surrendered half its gains for the year during June to finish up 5.6% for the period. Unhedged global shares posted a gain of 25.2% for the year, boosted by the steep decline in the Australian dollar (down 18.6% against the USD).

Despite June's heightened volatility, our overall returns for members for 2014/15 remained comfortably positive, with the Balanced (Accumulation) option (our default option) returning a healthy 11.0% for the period.¹

Returns for all investment options were also positive, with the International Shares (Accumulation) option (+22.4%) the year's standout performer.¹

From an *absolute* perspective—which is what really counts—the year has been another good one. The Balanced (Accumulation) option's return represents the sixth consecutive year of positive performance, with a cumulative return over those years of 77.6%, or an annualised return of 10.1% p.a.¹

While strong absolute returns are great news for our members, they don't necessarily indicate that we are doing a great job. Absolute returns are largely driven by broad market moves that we have no control over: as the saying goes, "a rising tide lifts

all boats". To get a better sense of whether or not a good job has been done, we need to compare our performance to our peers, and, in this regard, we're pleased that our relative performance has been very strong.¹

Over the financial year, the majority of our diversified options recorded returns that placed them within the top quartile of their respective peer groups. More importantly, the long-term track record of several of our diversified Accumulation options is also top quartile, as shown in the table below.

To cap it all off, our investment performance has been recognised by leading ratings agency Chant West, who awarded UniSuper 2015's Super Fund of the Year and Best Fund: Investments.

| OPTION | 1 YEAR | 5 YEARS | 7 YEARS | 10 YEARS |
|----------------|--------|---------|---------|----------|
| Capital Stable | Q1 | Q1 | Q1 | Q1 |
| Conservative | | | | |
| Balanced | Q1 | Q1 | Q1 | Q1 |
| Balanced | Q1 | Q1 | Q1 | Q1 |
| Growth | Q1 | Q1 | Q1 | Q1 |
| High Growth | Q2 | Q1 | Q1 | Q1 |

Q1 = First quartile Q2 = Second quartile

Source: *SuperRatings Fund Crediting Rate Survey* for periods ending 30 June 2015, published 21 July 2015. Past performance is not an indicator of future performance. This SuperRatings data does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members. Rating relates to Accumulation (not Pension) options.

¹ Past performance is not an indicator of future performance. Returns are after fund taxes and investment expenses, but before account-based fees.

With the 2014/15 financial year behind us, it's a good time to take stock of some of our key investment decisions over the past 12 months. In any given year, an investment manager will make good calls and poor calls. Given our recent results, it would be fair to say that we've got more right than wrong. Let's take a brief look at some of those decisions that have turned out well—and some of the year's regrets.

Our best investment calls last year

THE AUSTRALIAN EQUITY YIELD THEME

Our large positions in top quality, high-yielding listed Australian property trusts and listed infrastructure continued to deliver excellent returns over the year: GPT (+17%), Scentre (+21%), Transurban (+32%), Sydney Airport (+24%) and APA (+30%). We also have large positions in Telstra (+24%), and ASX (+17%).² We have invested in these companies not only because they pay high dividend yields, but also because of the high-quality 'fortress' nature of their assets. We believe the case for UniSuper holding these stocks remains intact, with strong prospects for sustainable growth and the premium above-bond yields they continue to enjoy.³

CONCENTRATED EXPOSURE IN OUTPERFORMING SECTORS AND REGIONS

Over recent years we have maintained targeted exposure to sectors, countries and regions we believed would outperform global indices. Highlights of our global investment strategy over the past year have been:

- a concentrated exposure to US technology and healthcare, which returned 36% and 52% respectively for the year;
- focusing our emerging market exposure on Asia (+27%), while avoiding poorly performing emerging markets such as Russia (-11%), Greece (-48%) and Brazil (-13%).³

Regrets

Our in-house management capability enables us to take large 'single stock' positions in which we have particularly high conviction, involving companies that fit with our quality bias and risk/return objectives. By and large, these positions have paid off handsomely. However, when investing around \$50 billion across a myriad of strategies it's inevitable that we get some calls wrong.

We purchased Woolworths due to its strong track record of dividend growth, particularly during the GFC. However, our position in Woolworths has,

to date, been an unequivocal disappointment. Despite Woolworths' outstanding track record of delivering dividend growth over two decades, including during the GFC period, the stock price has fallen significantly following a series of earnings downgrades. Our decision to hold on to Woolworths is based on our belief that its problems are related to poor management as distinct from structural issues. The recent retirement of the CEO now paves the way for a fresh approach and offers some encouragement for a revival of the company's fortunes.²

Hindsight is a wonderful thing in all aspects of life, not just investments. In hindsight, a market or a single stock can look like an obvious 'sell' or 'buy', although in real time it's not as straightforward.

When looking back at the past year, there were a couple of big market moves that we didn't profit from and arguably should have:

Australian 10-year bonds traded at an all-time low yield of 2.28%, which is well below Australia's long-term average inflation rate. Ten-year bonds trading at negative real yields cannot be described as anything other than extremely expensive. They're now trading at a yield of just over 3%, so the move (up in yield and down in price) has seen the value of a typical bond portfolio fall nearly 3% in

² This is not intended to be an endorsement of any of the listed securities or fund managers named above for inclusion in personal portfolios. The above material reflects UniSuper's view at a particular point in time having regard to factors specific to UniSuper and its overall investment objectives and strategies. Past performance is not an indicator of future performance. This information is of a general nature only and may include general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. UniSuper's investment strategies will not necessarily be appropriate for other investors. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement for your membership category and whether to consult a licensed financial adviser. This information is current as at September 2015.

³ Past performance is not an indicator of future performance.

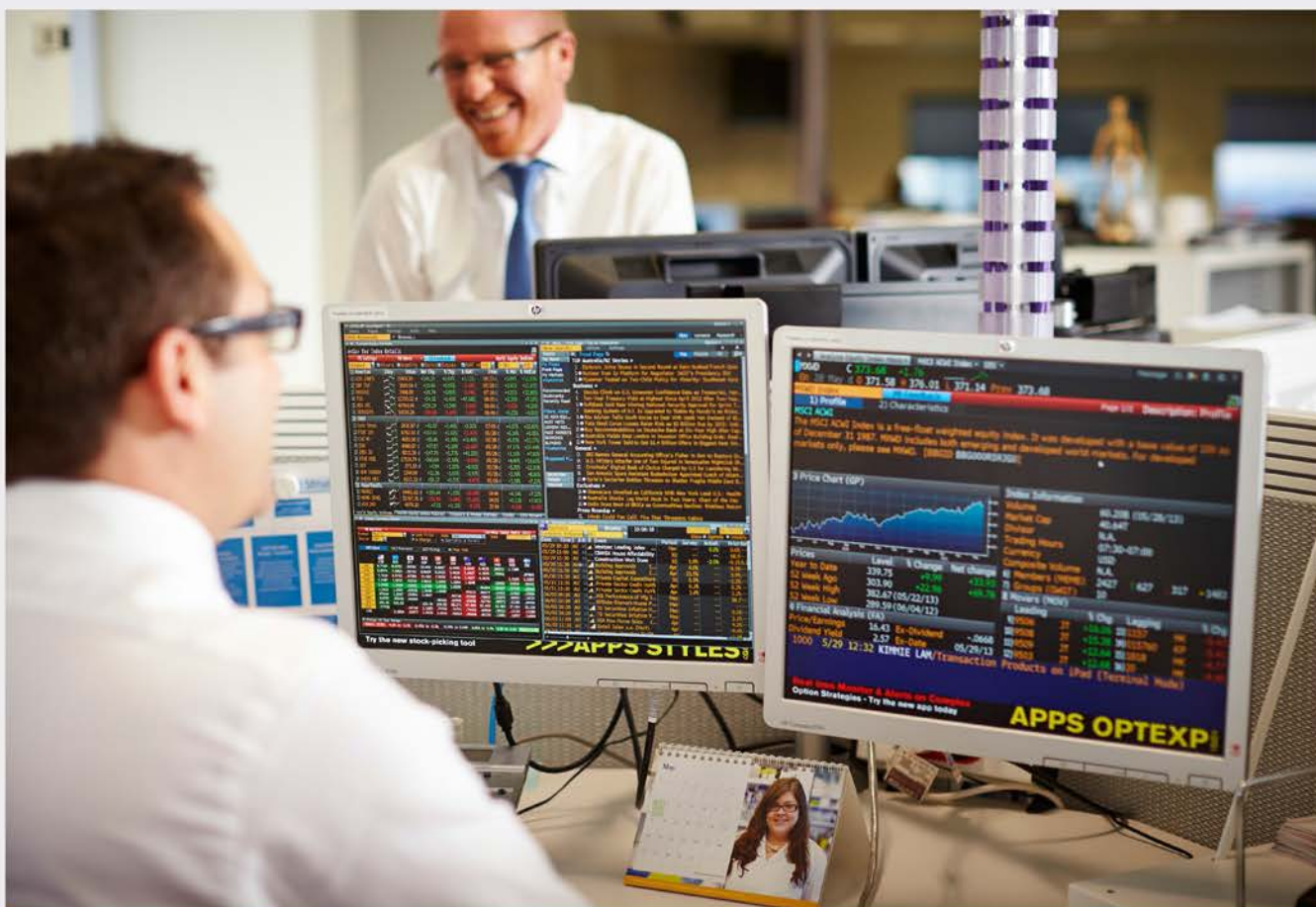
recent months. Unfortunately we didn't sell any bonds at those low yields; the good news, however, is that we didn't buy any either.

Predicting commodity prices is a particularly hazardous exercise because there are so many factors to take into account. If we look at commodities like oil, there are countless supply and demand forces at work, making it extremely challenging for Australian investors to get an 'information advantage'. However, in the iron ore industry, where Australia dominates seaborne trade, we should have a good handle on supply dynamics. Indeed, even without the benefit of hindsight, it was pretty obvious to us that the iron ore and coal markets were going to be significantly oversupplied, and the probability

of a sharp decline in price was much higher than the probability of steady or higher prices. While we foresaw a potentially large decline in the price of iron ore and coal, we misjudged the impact on the profitability and share prices of Australian resource companies, and weren't aggressive enough in reducing our exposure to the sector.

We weren't alone in missing this opportunity, but it's still one of our regrets in what's been another eventful year of investing.

John Pearce
Chief Investment Officer



→ Overall returns for members for the 2014/15 financial year remained comfortably positive.

Investment returns

UniSuper accumulation accounts

ANNUAL ACCUMULATION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE

| INVESTMENT OPTION | 2014/15 | 2013/14 | 2012/13 | 2011/12 | 2010/11 |
|---|---------|---------|---------|---------|---------|
| Pre-Mixed options | | | | | |
| Capital Stable | 6.93% | 8.50% | 8.73% | 5.97% | 6.67% |
| Conservative Balanced | 9.30% | 10.80% | 12.48% | 3.92% | 7.87% |
| Balanced | 11.02% | 13.88% | 15.88% | 1.69% | 8.88% |
| Sustainable Balanced | 12.62% | 15.08% | 16.36% | -1.49% | 8.65% |
| Growth | 11.78% | 15.91% | 18.75% | 0.03% | 9.45% |
| High Growth | 12.60% | 17.29% | 20.48% | -1.29% | 9.79% |
| Sector options | | | | | |
| Cash | 2.26% | 2.43% | 3.11% | 4.27% | 4.47% |
| Australian Bond | 4.53% | 5.06% | 1.73% | 10.73% | 4.75% |
| Diversified Credit Income ⁴ | 0.98% | n.a. | n.a. | n.a. | n.a. |
| Sustainable High Growth | 15.50% | 19.27% | 21.91% | -5.87% | 8.63% |
| Listed Property | 18.16% | 10.92% | 20.35% | 9.28% | 10.11% |
| Australian Shares | 5.96% | 16.98% | 22.44% | -5.41% | 10.17% |
| International Shares | 22.38% | 19.19% | 23.74% | -0.79% | 8.41% |
| Global Environmental Opportunities ⁵ | 11.64% | 20.47% | 38.09% | -5.97% | n.a. |
| Australian Equity Income ⁵ | 10.41% | 18.43% | 30.01% | 1.51% | n.a. |
| Global Companies in Asia ⁵ | 20.88% | 15.57% | 24.77% | -3.59% | n.a. |

The value of investments can rise and fall and past performance of an investment option should not be relied upon as an indicator of future performance. Returns are calculated after Fund taxes and after investment expenses (before deducting account-based fees). Members should be aware that the returns applied to their account will depend on the investment option(s) they invest in, the period of time they were invested in the option(s) and the timing of cash flows in to and out of their account.

⁴ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available. The investment return shown for 2014/15 is for the period 1 September 2014 to 30 June 2015 only.

⁵ The investment option commenced on 21 April 2012, therefore returns for prior financial years are not available. The investment return shown for 2011/12 is for the period 21 April 2012 to 30 June 2012 only.

ANNUALISED INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2015

| UNISUPER ACCUMULATION OPTION | 5-YEAR ANNUALISED RETURNS | | 7-YEAR ANNUALISED RETURNS | |
|------------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| | INVESTMENT RETURN %P.A. | SURVEY MEDIAN ⁶ %P.A. | INVESTMENT RETURN %P.A. | SURVEY MEDIAN ⁶ %P.A. |
| Pre-Mixed options | | | | |
| Capital Stable | 7.35 | 6.35 | 6.30 | 5.24 |
| Conservative Balanced | 8.83 | 7.72 | 6.81 | 5.45 |
| Balanced | 10.16 | 9.02 | 7.09 | 5.84 |
| Sustainable Balanced | 10.05 | n.a. | 6.90 | n.a. |
| Growth | 10.99 | 9.69 | 7.10 | 5.81 |
| High Growth | 11.51 | 10.61 | 7.22 | 5.93 |
| Sector options | | | | |
| Cash | 3.30 | 3.19 | 3.42 | 3.39 |
| Australian Bond | 5.32 | n.a. | 6.19 | n.a. |
| Sustainable High Growth | 11.42 | n.a. | 6.54 | n.a. |
| Listed Property | 13.67 | n.a. | 5.97 | n.a. |
| Australian Shares | 9.60 | 9.03 | 5.91 | 5.64 |
| International Shares | 14.19 | 12.86 | 8.47 | 6.65 |

The value of investments can rise and fall and past performance of an investment option should not be relied upon as an indicator of future performance. Returns are calculated after Fund taxes and after investment expenses (before deducting account-based fees). Members should be aware that the returns applied to their account will depend on the investment option(s) they invest in, the period of time they were invested in the option(s) and the timing of cash flows in to and out of their account.

⁶ Source: *SuperRatings Pty Ltd's Fund Crediting Rate Survey* June 2015 published on 21 July 2015 at www.superratings.com.au. Past performance is not an indicator of future performance. The SuperRatings data does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members. A survey median was not available for all categories of investment options. Information provided is of a general nature and is not guaranteed to be accurate or complete. This is not financial product advice; independent professional advice should be obtained from a licensed financial adviser before making any financial decision.

UniSuper Term Allocated and Flexi Pensions

ANNUAL PENSION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE

| INVESTMENT OPTION | 2014/15 | 2013/14 | 2012/13 | 2011/12 | 2010/11 |
|---|---------|---------|---------|---------|---------|
| Pre-Mixed options | | | | | |
| Capital Stable | 8.05% | 9.99% | 10.01% | 6.93% | 7.80% |
| Conservative Balanced | 10.61% | 12.59% | 14.14% | 4.38% | 9.13% |
| Balanced | 12.39% | 15.85% | 17.83% | 1.87% | 10.24% |
| Sustainable Balanced | 14.31% | 17.27% | 19.08% | -1.75% | 9.28% |
| Growth | 13.11% | 17.90% | 20.85% | -0.06% | 10.85% |
| High Growth | 14.01% | 19.46% | 22.80% | -1.49% | 11.30% |
| Sector options | | | | | |
| Cash | 2.84% | 2.99% | 3.75% | 5.08% | 5.28% |
| Australian Bond | 5.56% | 6.17% | 2.17% | 12.72% | 5.62% |
| Diversified Credit Income ⁷ | 1.27% | n.a. | n.a. | n.a. | n.a. |
| Sustainable High Growth | 17.28% | 21.79% | 25.46% | -6.61% | 10.89% |
| Listed Property | 20.44% | 12.35% | 22.59% | 10.64% | 11.47% |
| Australian Shares | 7.01% | 18.68% | 24.37% | -6.40% | 12.18% |
| International Shares | 24.81% | 21.35% | 27.68% | -1.42% | 9.55% |
| Global Environmental Opportunities ⁸ | 13.01% | 23.33% | 44.19% | -6.80% | n.a. |
| Australian Equity Income ⁸ | 12.52% | 20.46% | 32.50% | 1.79% | n.a. |
| Global Companies in Asia ⁸ | 23.39% | 17.63% | 28.12% | -4.09% | n.a. |

The value of investments can rise and fall and past performance of an investment option should not be relied upon as an indicator of future performance. Returns are calculated after Fund taxes and after investment expenses (before deducting account-based fees). Members should be aware that the returns applied to their account will depend on the investment option(s) they invest in, the period of time they were invested in the option(s) and the timing of cash flows in to and out of their account.

⁷ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available. The investment return shown for 2014/15 is for the period 1 September 2014 to 30 June 2015 only.

⁸ The investment option commenced on 21 April 2012, therefore returns for prior financial years are not available. The investment return shown for 2011/12 is for the period 21 April 2012 to 30 June 2012 only.

ANNUALISED INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2015

| UNISUPER PENSION OPTION | 5-YEAR ANNUALISED RETURNS | | 7-YEAR ANNUALISED RETURNS | |
|--------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| | INVESTMENT RETURN %P.A. | SURVEY MEDIAN ⁹ %P.A. | INVESTMENT RETURN %P.A. | SURVEY MEDIAN ⁹ %P.A. |
| Pre-Mixed options | | | | |
| Capital Stable | 8.55 | 7.27 | 7.34 | 6.06 |
| Conservative Balanced | 10.12 | 8.82 | 7.83 | 6.14 |
| Balanced | 11.49 | 9.88 | 8.02 | 6.47 |
| Sustainable Balanced | 11.38 | n.a. | 7.73 | n.a. |
| Growth | 12.29 | 10.98 | 7.96 | 6.47 |
| High Growth | 12.89 | 12.18 | 8.12 | 6.73 |
| Sector options | | | | |
| Cash | 3.98 | 3.77 | 4.10 | 4.06 |
| Australian Bond | 6.39 | n.a. | 7.38 | n.a. |
| Sustainable High Growth | 13.16 | n.a. | 7.45 | n.a. |
| Listed Property | 15.39 | n.a. | 6.36 | n.a. |
| Australian Shares | 10.65 | 10.20 | 6.71 | 6.33 |
| International Shares | 15.87 | 14.36 | 9.34 | 6.94 |

The value of investments can rise and fall and past performance of an investment option should not be relied upon as an indicator of future performance. Returns are calculated after Fund taxes and after investment expenses (before deducting account-based fees). Members should be aware that the returns applied to their account will depend on the investment option(s) they invest in, the period of time they were invested in the option(s) and the timing of cash flows in to and out of their account.

⁹ Source: *SuperRatings Pty Ltd's Fund Crediting Rate Survey* June 2015 published on 21 July 2015 at www.superratings.com.au. Past performance is not an indicator of future performance. The SuperRatings data does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members. A survey median was not available for all categories of investment options. Information provided is of a general nature and is not guaranteed to be accurate or complete. This is not financial product advice; independent professional advice should be obtained from a licensed financial adviser before making any financial decision.

Our assets

UniSuper had \$49.1 billion in net funds under management as at 30 June 2015.

There are no single investments (or groups of related investments) which represent more than 5% of total assets of the Fund as a whole or of the total accumulation and pension option assets.

There were three shareholdings in the DBD that represented more than 5% of the total DBD assets as at 30 June 2015:

| INVESTMENT | WEIGHT IN DBD |
|-------------------------|---------------|
| Telstra Corporation Ltd | 6.0% |
| Transurban Group | 5.9% |
| Sydney Airport | 5.8% |

Accumulation and pension options

Funds invested in our options were invested across the various asset classes as at 30 June 2014 and 30 June 2015 as outlined in the following table:

| ASSET CLASS (TOTAL) | 2015 | 2014 |
|-----------------------------------|-------|-------|
| Australian Shares | 36.7% | 37.0% |
| International Shares | 23.0% | 20.5% |
| Fixed Interest | 17.6% | 17.8% |
| Cash | 11.2% | 11.6% |
| Property | 2.5% | 3.6% |
| Sustainable | 5.1% | 5.2% |
| Infrastructure and Private Equity | 3.8% | 4.2% |

Note: These figures relate to all of the investment options (accumulation and pension) as a whole. The allocation of your chosen investment option will be different to those outlined above.

Refer to pages 16 to 22 for details of how each investment option was invested.

Defined Benefit Division

Funds invested in the Defined Benefit Division (DBD) were invested across the various asset classes as at 30 June 2014 and 30 June 2015 as outlined in the following table:

| ASSET CLASS (TOTAL) | 2015 | 2014 |
|-----------------------------------|-------|-------|
| Australian Shares | 59.2% | 59.1% |
| Property | 8.8% | 9.1% |
| Fixed Interest | 9.7% | 11.4% |
| International Shares | 10.5% | 11.3% |
| Infrastructure and Private Equity | 8.4% | 8.1% |
| Cash | 3.4% | 0.9% |
| Sustainable | 0.0% | 0.0% |



More information

For more information about our investments and shareholdings, please see unisuper.com.au/investments

How investments are managed

Accumulation super and pension members

If you're in accumulation super or have an accumulation component as part of your Defined Benefit Division (DBD) membership, you can choose from a range of investment options to invest your super in. Flexi Pension and Term Allocated Pension members also have access to these investment options.

Each investment option has a performance objective and a risk objective, or level of return it aims to achieve over a recommended investment time frame, after taking into account its risk and return characteristics. This and other detailed information about each option is provided on pages 16 to 22 of this report.

All options invest in a diverse mix of assets and/or asset classes:

- Pre-Mixed options invest in a mix of growth and/or defensive assets.
- Sector options generally invest in a diverse mix of investments within a particular asset class.

With so much choice, there's an option that's likely to suit your risk profile and help deliver you greater retirement outcomes.

Defined Benefit Division members

If you're in the DBD, the bulk of your benefit is calculated using a formula that takes into account your age, benefit, salary, period of service, average service fraction and level of contributions. All member and employer contributions made to the DBD are pooled and invested in a single diversified portfolio. The Trustee continually monitors and reviews this portfolio and may vary its asset allocation from time to time.

Defensive

Defensive investments such as cash and fixed interest generally provide investors with returns in the form of income. These returns don't tend to be strongly influenced by day-to-day market fluctuations, but instead tend to be more consistent. As a result, they generally produce lower long-term returns, but have lower levels of risk.

Growth

Growth investments such as shares, property and alternative investments provide most of their returns in the form of capital growth. These returns can be strongly influenced by market fluctuations, and can therefore vary considerably over shorter time frames. As a result, growth assets carry higher levels of investment risk, especially over short time frames of one to three years. But they also have the potential for higher returns over longer time frames of five to seven years or more.

Our investment options

Each of our investment options is structured with a unique, targeted mix of defensive and/or growth investments—referred to as its strategic asset allocation—to ensure it meets its individual performance objective.

The asset mix of each option is reviewed regularly to ensure actual allocations to growth and defensive assets—and each asset class—are kept within an approved range of the relevant strategy's asset allocation.

Generally, these strategic asset allocations remain fixed. However, the underlying mix of assets and allocations may be changed to optimise investment option performance.

For each investment option, other than Australian Equity Income, we try to exceed inflation—which we measure using the Consumer Price Index (CPI)—by a percentage margin.

Capital Stable

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 2.0% p.a. more than inflation (CPI) over the suggested investment time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Three in 20 years

SUMMARY RISK LEVEL**

Medium to high

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2015 | 1.8 |
| 30 June 2014 | 1.4 |

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------------|------|------|
| Australian Shares | 15.0 | 15.0 |
| International Shares | 8.5 | 8.5 |
| Property | 6.5 | 6.5 |
| Cash & Fixed Interest | 70.0 | 70.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of largely defensive assets like bonds and cash, and some growth assets like shares and property.

Conservative Balanced

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 2.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Four years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2015 | 2.3 |
| 30 June 2014 | 1.9 |

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------------|------|------|
| Australian Shares | 23.5 | 23.5 |
| International Shares | 16.0 | 16.0 |
| Property | 10.5 | 10.5 |
| Cash & Fixed Interest | 50.0 | 50.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of defensive assets like bonds and cash and growth assets like shares and property.

* These are not promises or predictions of any particular rate of return.

** As at 1 October 2015 (does not include any subsequent changes).

Tables cover both accumulation and pension versions of the investment option.

Each of the asset classes may include small or residual cash balances for portfolio management purposes. Strategic asset allocations are long-term targets. Actual allocations will vary from their strategic allocations, but are monitored so that they are kept within a 'tolerance range' approved by the Trustee (refer to the *How we invest your money* booklet available at unisuper.com.au/pds for details). The strategic asset allocation may change throughout your UniSuper membership. In particular the Trustee may alter the strategic asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Some portion of the allocation to international investments may be hedged against currency movements. Different currencies may be hedged to different extents or possibly not at all. Negative returns may occur more or less regularly than expected. Updated strategic asset allocations and significant changes will be published on our website at unisuper.com.au/investments and in updated and later versions of *How we invest your money* and *Super Informed*.



Balanced

RETURN TARGET*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

10 years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 13.5

30 June 2014 11.8

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------------------------|------|------|
| Australian Shares | 36.0 | 36.0 |
| International Shares | 20.0 | 20.0 |
| Property | 9.0 | 9.0 |
| Infrastructure and Private Equity | 5.0 | 5.0 |
| Cash & Fixed Interest | 30.0 | 30.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio comprising mainly growth assets such as Australian and international shares, property, infrastructure and private equity with some bonds investments.



Sustainable Balanced

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Six years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 1.2

30 June 2014 0.8

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|----------------------------|------|------|
| Australian Shares | 42.0 | 30.5 |
| International Shares | 24.5 | 24.5 |
| Australian Listed Property | 3.5 | 15.0 |
| Cash & Fixed Interest | 30.0 | 30.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio comprising Australian and international shares that are selected on the basis of sustainable investment criteria (and the application of some negative screens) with Australian Listed Property, fixed interest and cash assets.



Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested investment time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 4.4

30 June 2014 4.1

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------------------------|------|------|
| Australian Shares | 44.0 | 44.0 |
| International Shares | 26.0 | 26.0 |
| Property | 10.0 | 10.0 |
| Infrastructure and Private Equity | 5.0 | 5.0 |
| Cash & Fixed Interest | 15.0 | 15.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio comprising mainly growth assets such as Australian and international shares, property, infrastructure and private equity with some bonds investments.

* These are not promises or predictions of any particular rate of return.

** As at 1 October 2015 (does not include any subsequent changes).

Tables cover both accumulation and pension versions of the investment option.

Each of the asset classes may include small or residual cash balances for portfolio management purposes. Strategic asset allocations are long-term targets. Actual allocations will vary from their strategic allocations, but are monitored so that they are kept within a 'tolerance range' approved by the Trustee (refer to the *How we invest your money* booklet available at unisuper.com.au/pds for details). The strategic asset allocation may change throughout your UniSuper membership. In particular the Trustee may alter the strategic asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Some portion of the allocation to international investments may be hedged against currency movements. Different currencies may be hedged to different extents or possibly not at all. Negative returns may occur more or less regularly than expected. Updated strategic asset allocations and significant changes will be published on our website at unisuper.com.au/investments and updated and later versions of *How we invest your money* and *Super Informed*.



High Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 5.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 2.5

30 June 2014 2.3

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------------------------|------|------|
| Australian Shares | 57.5 | 57.5 |
| International Shares | 27.0 | 27.0 |
| Property | 10.5 | 10.5 |
| Infrastructure and Private Equity | 5.0 | 5.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio comprising growth assets such as Australian and international shares, property, and infrastructure and private equity.



Cash

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 0.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIMEFRAME

Three years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Negligible

SUMMARY RISK LEVEL**

Very low

OPTION SIZE (\$B)

30 June 2015 1.6

30 June 2014 1.6

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|------|------|------|
| Cash | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of cash and money-market securities, including at-call and term bank deposits, bank bills, negotiable certificates of deposit and other short-term fixed income securities out to a maximum maturity of around one year.



Australian Bond

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 1.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Four years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 0.4

30 June 2014 0.3

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------|------|------|
| Australian Bond | 100 | 100 |

INVESTMENT STRATEGY

To predominantly invest in securities issued or guaranteed by the Australian (Federal and State) governments and cash.

* These are not promises or predictions of any particular rate of return.

** As at 1 October 2015 (does not include any subsequent changes).

Tables cover both accumulation and pension versions of the investment option.

Each of the asset classes may include small or residual cash balances for portfolio management purposes. Strategic asset allocations are long-term targets. Actual allocations will vary from their strategic allocations, but are monitored so that they are kept within a 'tolerance range' approved by the Trustee (refer to the *How we invest your money* booklet available at unisuper.com.au/pds for details). The strategic asset allocation may change throughout your UniSuper membership. In particular the Trustee may alter the strategic asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Some portion of the allocation to international investments may be hedged against currency movements. Different currencies may be hedged to different extents or possibly not at all. Negative returns may occur more or less regularly than expected. Updated strategic asset allocations and significant changes will be published on our website at unisuper.com.au/investments and in updated and later versions of *How we invest your money* and *Super Informed*.



Diversified Credit Income

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 1.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Four years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015*** 0.0

30 June 2014*** n.a.

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|---------------------------------|------|------|
| Global Credit | 65.0 | n.a. |
| Australian & New Zealand Credit | 35.0 | n.a. |

INVESTMENT STRATEGY

To invest in a range of global, Australian and New Zealand corporate bonds with some flexibility to consider allocations to other securities including emerging market debt, residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and municipal bonds when appropriate.



Sustainable High Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 5.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 0.9

30 June 2014 0.7

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|----------------------------|------|------|
| Australian Shares | 60.0 | 43.5 |
| Australian Listed Property | 5.0 | 21.5 |
| International Shares | 35.0 | 35.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio comprising Australian and international shares selected on the basis of sustainable investment criteria (and the application of some negative screens), together with Australian Listed Property.



Listed Property#

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Six years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 0.4

30 June 2014 0.2

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-------------------------------|------|------|
| Australian Listed Property | 50.0 | 50.0 |
| International Listed Property | 50.0 | 50.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of listed property securities.

* These are not promises or predictions of any particular rate of return.

** As at 1 October 2015 (does not include any subsequent changes).

*** This investment option commenced on 1 September 2014.

Returns from listed property investments are typically more volatile than returns experienced from unlisted property investments.

Tables cover both accumulation and pension versions of the investment option.

Each of the asset classes may include small or residual cash balances for portfolio management purposes. Strategic asset allocations are long-term targets. Actual allocations will vary from their strategic allocations, but are monitored so that they are kept within a 'tolerance range' approved by the Trustee (refer to the *How we invest your money* booklet available at unisuper.com.au/pds for details). The strategic asset allocation may change throughout your UniSuper membership. In particular the Trustee may alter the strategic asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Some portion of the allocation to international investments may be hedged against currency movements. Different currencies may be hedged to different extents or possibly not at all. Negative returns may occur more or less regularly than expected. Updated strategic asset allocations and significant changes will be published on our website at unisuper.com.au/investments and in updated and later versions of *How we invest your money* and *Super Informed*.



Australian Shares

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 5.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 0.3

30 June 2014 0.3

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-------------------|------|------|
| Australian Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of Australian shares.



International Shares

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 5.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 0.5

30 June 2014 0.3

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|----------------------|------|------|
| International Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of international shares.



Global Environmental Opportunities

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 5.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

30 June 2015 0.2

30 June 2014 0.2

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|----------------------|------|------|
| International Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of international companies whose business activities seek to address current and emerging environmental issues and opportunities and make a profit from these activities.

* These are not promises or predictions of any particular rate of return.

** As at 1 October 2015 (does not include any subsequent changes).

Tables cover both accumulation and pension versions of the investment option.

Each of the asset classes may include small or residual cash balances for portfolio management purposes. Strategic asset allocations are long-term targets. Actual allocations will vary from their strategic allocations, but are monitored so that they are kept within a 'tolerance range' approved by the Trustee (refer to the *How we invest your money* booklet available at unisuper.com.au/pds for details). The strategic asset allocation may change throughout your UniSuper membership. In particular the Trustee may alter the strategic asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Some portion of the allocation to international investments may be hedged against currency movements. Different currencies may be hedged to different extents or possibly not at all. Negative returns may occur more or less regularly than expected. Updated strategic asset allocations and significant changes will be published on our website at unisuper.com.au/investments and in updated and later versions of *How we invest your money* and *Super Informed*.



Australian Equity Income

PERFORMANCE OBJECTIVES*

To achieve a gross yield which exceeds the dividend yield of the Australian equity market, and provide potential for capital growth over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2015 | 0.3 |
| 30 June 2014 | 0.3 |

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-------------------|----------------|-------------|
| Australian Shares | up to 100.0*** | up to 100.0 |
| Income Securities | up to 30.0 | up to 30.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of Australian shares and up to 30% in income securities (i.e. not ordinary shares, such as debt securities), that are expected to be high yielding.



Global Companies in Asia

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 5.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Five in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2015 | 0.2 |
| 30 June 2014 | 0.1 |

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|----------------------|------|------|
| International Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a portfolio of international shares that seeks to take advantage of the expected growth in consumption of emerging Asian economies by investing in well-established global brands.



Balanced (MySuper)

RETURN TARGET*

CPI +4.9% per annum over 10 years (after fees, costs and fund taxes) for a member who has a constant \$50,000 balance and who does not incur any activity-based fees.#

SUGGESTED INVESTMENT TIME FRAME

10 years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN**

Four in 20 years

SUMMARY RISK LEVEL**

High

OPTION SIZE (\$B)#

| | |
|--------------|------|
| 30 June 2015 | 13.5 |
| 30 June 2014 | 11.8 |

STRATEGIC ASSET ALLOCATION (%)**

| | 2015 | 2014 |
|-----------------------------------|------|------|
| Australian Shares | 36.0 | 36.0 |
| International Shares | 20.0 | 20.0 |
| Property | 9.0 | 9.0 |
| Infrastructure and Private Equity | 5.0 | 5.0 |
| Cash & Fixed Interest | 30.0 | 30.0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio comprising mainly growth assets, such as Australian and international shares, property, infrastructure and private equity, and with some bond investments.

* These are not promises or predictions of any particular rate of return.

** As at 1 October 2015 (does not include any subsequent changes).

*** This option predominantly invests in Australian shares. Up to 30% of the assets in this option can be invested in Australian income securities, such as credit and debt securities, hybrid and Australian high-yield credit instruments.

The return target for the Balanced (MySuper) option has been calculated in accordance with requirements that apply to MySuper. The performance objective that is published elsewhere for the Balanced option may differ to the above figure because it is calculated differently (and we have a greater degree of confidence of achieving it). Note that the investment strategies for the Balanced (MySuper) option and the Balanced option are the same. For more information visit the MySuper dashboard at unisuper.com.au/mysuper/mysuper-dashboard.

Option size data includes all assets in the Balanced option, including members who are not MySuper members.

Tables—with the exception of the Balanced (MySuper) option—cover both accumulation and pension versions of the investment option.

Each of the asset classes may include small or residual cash balances for portfolio management purposes. Strategic asset allocations are long-term targets. Actual allocations will vary from their strategic allocations, but are monitored so that they are kept within a 'tolerance range' approved by the Trustee (refer to the *How we invest your money* booklet available at unisuper.com.au/pds for details). The strategic asset allocation may change throughout your UniSuper membership. In particular the Trustee may alter the strategic asset allocation or the composition of individual asset classes from time to time to suit prevailing market circumstances. Some portion of the allocation to international investments may be hedged against currency movements. Different currencies may be hedged to different extents or possibly not at all. Negative returns may occur more or less regularly than expected. Updated strategic asset allocations and significant changes will be published on our website at unisuper.com.au/investments and in updated and later versions of *How we invest your money* and *Super Informed*.



Defined Benefit Division (DBD)

PERFORMANCE OBJECTIVES*

To maximise the probability of generating sufficient returns to meet future commitments.

FUNDS UNDER MANAGEMENT (\$B)

| | |
|--------------|------|
| 30 June 2015 | 18.5 |
| 30 June 2014 | 16.2 |

STRATEGIC ASSET ALLOCATION

The strategic asset allocation for the DBD is undertaken using a dynamic framework. The funding level of the DBD determines the strategic allocation to high, moderate and low risk assets.

As the DBD's funding level improves, a progressively greater proportion of the DBD's assets are allocated towards moderate and low risk assets. Individual assets are classified into these three risk categories depending on their return potential, as well as their volatility and potential for capital loss. Example/typical allocations are provided below:

High risk assets: Listed equities, private equity, direct property (with high gearing or development risk).

Moderate risk assets: Direct property (with low gearing), unlisted infrastructure and some listed equities meeting stringent financial and risk characteristics.

Low risk assets: Cash, government bonds and investment grade credit. Based on the DBD's current funding levels, our modelling has determined that the appropriate asset allocation is 60% in high risk assets, 20% in moderate risk assets and 20% in low risk assets. The actual exposure for the DBD is permitted to deviate from this asset allocation within certain tolerance limits, specifically the minimum permissible exposure to low risk assets is currently 5% while the maximum permissible exposure to high risk assets is currently 70%. The table below provides the actual allocation to high, moderate and low risk assets as at 30 June 2015 and 30 June 2014.

ACTUAL ASSET ALLOCATION (%)

| | 2015 | 2014 |
|----------------------|------|------|
| High risk assets | 51 | 55 |
| Moderate risk assets | 36 | 33 |
| Low risk assets | 13 | 12 |

The DBD's actual asset allocation by underlying asset class is provided on page 14 of this report.

INVESTMENT STRATEGY

To invest in a diversified portfolio, comprising mainly growth assets such as Australian and international shares, property, infrastructure and private equity, and with some bonds investments.

* These are not promises or predictions of any particular rate of return.

Who manages our assets

The market value of UniSuper's total assets as at 30 June 2015 was \$49.147 billion (it was \$42.7 billion as at 30 June 2014).

We outsource management of approximately 52.4% of these assets to external, unrelated investment managers*. All investment managers are monitored constantly and are generally reviewed in detail at least once a year. The remaining 47.6% of total assets is invested directly by the Trustee (or on its behalf, by UniSuper Management Pty Ltd) in a range of investments including shares, property, fixed interest, cash and infrastructure.

SUSTAINABLE MANAGERS

- Blackrock Asset Management Australia Limited
- State Street Bank and Trust Company
- UniSuper Management Pty Limited

AUSTRALIAN SHARE MANAGERS

- 90 West Asset Management Limited
- Arnhem Investment Management Pty Ltd
- Ausbil Limited
- Caledonian Resources
- Discovery Asset Management Pty Ltd
- Goldman Sachs Asset Management Pty Ltd
- Kinetic Investment Partners Limited
- Lazard Asset Management Pacific Co
- Novaport Capital Pty Ltd
- Quest Asset Partners Pty Ltd
- Schroder Investment Management Australia Limited
- State Street Bank and Trust Company
- UniSuper Management Pty Limited

INTERNATIONAL SHARE MANAGERS

- Acadian Asset Management LLC
- Arrowstreet Capital Limited Partnership
- Baillie Gifford
- Blackrock Asset Management Australia Limited
- FIL Limited
- MFS Institutional Advisors Inc
- Sands Capital Management LLC
- Schroders Investment Management Australia Limited
- State Street Bank and Trust Company
- T Rowe Price Global Investment Services Limited
- UniSuper Management Pty Limited

DIRECT PROPERTY MANAGERS

- AMP Select Property 2
- AMP Unlisted Property
- AMP Wholesale Office Trust
- Lend Lease – APPF Industrial
- Lend Lease – APPF Retail
- Goodman Australian Industrial Fund
- GPT Wholesale Office Fund
- GPT Wholesale Shopping Centre Fund
- ISPT 50 Lonsdale Street Trust
- ISPT Core Fund

LISTED PROPERTY MANAGERS

- Invesco Australia Limited
- UniSuper Management Pty Limited

FIXED INTEREST MANAGERS

- Colonial First State Asset Management (Australia) Limited
- Macquarie Investment Management Limited
- Morgan Stanley Investment Management (Australia) Pty Limited
- Oaktree Capital Management LP
- Prudential Investment Management
- Shenkman Capital Management Inc
- State Street Bank and Trust Company
- UniSuper Management Pty Limited

CASH MANAGERS

- Colonial First State Asset Management (Australia) Limited
- UniSuper Management Pty Limited

INFRASTRUCTURE

- Global Emerging Market Forestry
- Macquarie Global Infrastructure Fund 2A
- UniSuper Management Pty Limited

* As at 30 June 2015. Some managers may have been appointed or terminated since this date. Listings for direct property and alternative investments include pooled funds in which UniSuper has invested, which are managed externally.

AUSTRALIAN PRIVATE EQUITY

- Advent Fund 5
- Archer Capital Fund 3
- Archer Capital Growth Fund 1
- Catalyst Buyout Fund 1
- Catalyst Buyout Fund 2
- First Tasmania Investments
- GBS BIO Venture Partners Fund 3
- IFM Aust Fund 2
- Industry Super Holdings (IFBT)
- Ironbridge 2003/2004 Fund
- ME Portfolio Management
- NBC Private Equity Fund 2
- NBC Private Equity Fund 3
- Propel Private Equity 2
- Quadrant Private Equity Fund 1
- Quadrant Private Equity Fund 2
- Wolseley Partners Fund 2

INTERNATIONAL PRIVATE EQUITY

- Apax Europe Fund 6
- Apax Europe Fund 7
- Azure Fund 2
- Calvert Street Fund 3
- Clarus Lifesciences 1
- Clarus Lifesciences 2
- Commonwealth Capital Venture 4
- GB Deutschland Fund
- Global Emerging Markets Fund 3
- Global Emerging Market Forestry
- Hancock Park 3
- IFM International Fund 1
- Natural Gas Partners 8
- Polaris Venture Partners
- Wilshire Private Markets Asia Fund 1
- Wilshire Private Markets Asia Fund 2

When do we use derivatives?

Derivatives (e.g. options, futures and warrants) are a type of financial instrument commonly used as a risk management tool. Some investors may also use derivatives to earn extra income on their shareholdings. The main purposes we use derivatives for are:

- using futures for equitisation of cash
- using forward contracts, futures and options to hedge our international currency exposures.

UniSuper's investment managers (including UniSuper Management Pty Ltd) are authorised to use derivatives within the guidelines set out in our *Derivative Risk Statement* which, among other things, prohibits the use of derivatives for speculative purposes. The derivatives charge ratio (i.e. the percentage of Fund assets being used as security for derivative investments) was less than 5% at all times during the reporting period.

How investment returns are applied

Investment returns can be positive or negative and are applied by calculating a crediting rate for each investment option, net of investment management fees and costs.

During a quarter, UniSuper calculates interim crediting rates on a daily basis, based on the information available at the time. Then, at the end of a quarter, we calculate a final crediting rate which takes into account additional information (for example, recent valuations of the assets of the investment option).

You can view an estimate of your balance in each investment option based on available crediting rates at any time via MemberOnline.

Following 30 June and 31 December each year or when you transact, your account will be updated to reflect the difference between interim and final crediting rates. The account balance provided to you in your Benefit statement each half-year reflects these updates. These transactions can also be viewed through MemberOnline.

If you're invested in an investment option at the end of the quarter and you make a full or partial switch, or a partial withdrawal from the investment option before the final crediting rate is issued, the final crediting rate will still be applied to the balance you held to the end of the quarter.

However, if you remain invested in an investment option at the end of a quarter, and make a full withdrawal from UniSuper before final crediting rates are declared, interim crediting rates will apply to the entire balance you held in that investment option at the end of the quarter.

If you transfer funds between a UniSuper super account and a UniSuper pension account (or vice versa), the transfer will be treated as a withdrawal (even though you may choose the same investment options in the account you're transferring to).



More information

If you have any questions about how crediting rates are applied to your account, call us on **1800 331 685**.

Our Board

UniSuper is governed by a corporate trustee, UniSuper Limited—a not-for-profit company whose shareholders are 37 Australian universities. These universities are represented on the Consultative Committee. Rules for governance of the Fund are set out in the Trust Deed.

The Trustee acts through its Board of Directors, which is accountable to the Fund's members and participating employers. The Board determines the Fund's strategic direction and governs its operations to ensure it is administered in accordance with the Trust Deed.

When it comes to corporate governance and the Fund's conduct and principles, the Board embraces fairness, transparency and accountability.

The Board regularly reviews and updates its corporate governance framework and practices, and benchmarks against best practice recommendations set out by the Association of Superannuation Funds of Australia (ASFA) and the Australian Institute of Superannuation Trustees (AIST).

How the Board is structured

Equal numbers of directors represent employers and members on the Board, and these directors appoint three non-representative directors. A non-representative director doesn't represent employers or members, but has knowledge and expertise which complements and balances the various interests represented by the Board.

Of the directors representing employers, two are nominated by Vice Chancellors of the shareholder universities and two are nominated by Consultative Committee members representing employers.

Of the directors representing members, two are nominated by Consultative Committee members—one representing academic staff, one representing general staff—and two are nominated by the national unions who represent a significant number of UniSuper members.

The process of removing directors is set out in UniSuper Limited's Constitution. Under the Constitution, directors representing members or employers can be removed by recommendation from the Consultative Committee or other bodies responsible for their appointment. The non-representative directors can be removed by a resolution of the directors representing members and employers.

The Consultative Committee

The Consultative Committee is a key forum for members and employers to participate in the Fund's ongoing development and governance. It reviews and approves changes to the Trust Deed and is responsible for nominating four directors to the Board. Half of the Committee is made up of members representing our shareholder universities, and the other half represents academic staff and general staff (equally) from our shareholder universities.

As at 30 June 2015, the Consultative Committee had 145 members with three vacant positions.

Independent directors



CHRISTOPHER CUFFE

B.Com, FCA, FFin, FAICD
Chairman

Appointed to the Board as an independent director on 13 April 2007 and elected as Chairman on 15 June 2011.

Experience and expertise

- ✦ Fellow of the Institute of Chartered Accountants
- ✦ Fellow of Financial Services Institute of Australasia and Fellow of Australian Institute of Company Directors
- ✦ Former CEO of Colonial First State Investments Limited and Challenger Financial Services Group Limited
- ✦ Chairman of Australian Philanthropic Services (an Australian based non-profit organisation)
- ✦ Principal of Third Link Investment Managers Pty Limited
- ✦ Chairman of the Primary Ethics Future Trust
- ✦ Non-Executive Director of Global Value Fund Limited
- ✦ Non-Executive Director & Chairman of Fitzpatrick's Private Wealth
- ✦ Principal of the Financial Services newsletter *Cuffelinks*
- ✦ Chairman of Atrium Investment Management

Special responsibilities

- ✦ Member, Remuneration Committee
- ✦ Member, Investment Committee



MELDA DONNELLY

B.Com, CA

Appointed to the Board as an independent director on 16 August 2012. Retired on 15 August 2015.

Experience and expertise

- ✦ Chartered Accountant and Founder and Chairperson of the Centre for Investor Education
- ✦ Former CEO of Queensland Investment Corporation
- ✦ Former Deputy Managing Director of ANZ Funds Management
- ✦ Former Managing Director of ANZ Trustees
- ✦ Former Chair of Victorian Funds Management Corporation
- ✦ Former Chair of Plum Financial Services Pty Ltd
- ✦ Former Director of Ashmore PLC
- ✦ Director, Treasury Group Ltd
- ✦ Director, Orion Asset Management
- ✦ Director, Aurora Investment Management Pty Ltd
- ✦ Director, JA Russell & Co Sdn. Bhd
- ✦ Director, BOH Plantations Sdn Bhd

Special responsibilities

- ✦ Member, Investment Committee
- ✦ Member, Audit, Risk and Compliance Committee



IAN MARTIN (AM)

B.Ec (Hon), Adv Diploma AICD

Appointed to the Board as an independent director on 18 April 2013.

Experience and expertise

- ✦ Former CEO of BT Financial Group and Global Head of Investment Management of Bankers Trust Corporation
- ✦ Former Panel Member of the Superannuation System Review (the Cooper Review)
- ✦ Vice Chairman (Asia Pacific), Berkshire Capital Securities LLC
- ✦ Chairman, Argo Investments Limited
- ✦ Chairman, Argo Global Listed Infrastructure Limited
- ✦ Chairman, Wayside Chapel Foundation

Special responsibilities

- ✦ Chair, Investment Committee
- ✦ Member, Remuneration Committee

Directors representing members

Nominated by the Consultative Committee



**PROFESSOR
MICHAEL SKULLY**

*BSBA, MBA, Grad Dip Econ, SF
Fin, FCPA, FAIST*

Elected to the Board by members of the Consultative Committee to represent academic staff on 14 November 2006.

Experience and expertise

- Professor of Banking at Monash University
- Former Director, Financial Services Institute of Australasia
- Former Director, FINSIA Education Ltd

Special responsibilities

- Member, Investment Committee



KEITH TULL

*B.Bus (Accounting), Grad
Diploma (Data Processing), CPA*

Elected to the Board by members of the Consultative Committee to represent general staff on 23 November 2010.

Experience and expertise

- Employed at RMIT since 1990 formerly as both the Finance Manager and IT Manager within the School of Computer Science and Information Technology
- Currently employed as the Senior Finance Manager for both the School of Computer Science and Information Technology and the School of Mathematics and Geospatial Sciences

Special responsibilities

- Member, Insurance Committee

Nominated by national unions



GRAHAME M^cCULLOCH

Appointed to the Board on 14 February 2013 representing national unions.

Experience and expertise

- General Secretary of National Tertiary Education Union
- Education International Executive Board
- Australian Council of Trade Unions Executive
- Director, Federation of Education Unions Pty Ltd

Directors representing employers

Nominated by Vice Chancellors



NEVILLE KITCHIN

FAICD, GAIST, DipSuper

Appointed to the Board on 29 August 2013 representing national unions.

Experience and expertise

- ✦ Assistant General Secretary of the Public Service Association and Assistant Branch Secretary of the Community and Public Sector Union
- ✦ Trustee of the Public Service Legal Scheme Board
- ✦ Justice of the Peace
- ✦ Member of the Public Sector Promotion and Grievance Appeal Tribunal and a representative on the South Australian Unions Executive Board
- ✦ Member of the South Australian Government Superannuation Federation
- ✦ Director, Health Partners Ltd
- ✦ Director, Asbestos Diseases Society of South Australia
- ✦ Director, City Child Care Centre Incorporated

Special responsibilities

- ✦ Member, Insurance Committee
- ✦ Member, Audit, Risk and Compliance Committee



PROFESSOR PAUL JOHNSON

MA, DPhil, AcSS

Elected to the Board on 1 January 2008 by the Shareholder Universities to represent employers.

Experience and expertise

- ✦ Currently Vice Chancellor, University of Western Australia
- ✦ Former Vice Chancellor of La Trobe University
- ✦ Former Deputy-Director, London School of Economics and Lecturer/Reader/Professor of Economic History, London School of Economics
- ✦ Former Governor, UK Pension Policy Institute
- ✦ Holds MA, DPhil Oxford University, AcSS (Academician of the Social Sciences)
- ✦ Fellow of the Royal Historical Society
- ✦ Director, Perth USAsia Centre
- ✦ Director, Go8 Ltd
- ✦ Director, VenuesWest



PROFESSOR JANE DEN HOLLANDER

PhD, MSc, BSc Hons

Elected to the Board on 1 May 2012 by the Shareholder Universities to represent employers.

Experience and expertise

- ✦ Currently Vice Chancellor of Deakin University Geelong, Victoria
- ✦ Previously held positions include Deputy Vice Chancellor (Academic) at Curtin University, and senior management positions at the University of Western Australia
- ✦ Former Member of the Australian Government's Office for Learning and Teaching Strategic Advisory Committee and former Deputy Chair of the Universities Australia Board
- ✦ Director, Education Australia Limited

Directors representing employers

Nominated by the Consultative Committee



DR SUSAN GOULD

BSc (Hons), PhD, FAICD, GAIST (Adv)

Elected to the Board by members of the Consultative Committee to represent employers on 11 November 2008.

Experience and expertise

- Former Deputy Vice Chancellor (Services) and University Secretary of the University of Newcastle
- Fellow of the Australian Institute of Company Directors
- Former Director of the Board of Australian Institute of Superannuation Trustees (AIST)
- Consultant to the Higher Education sector
- Non-Executive Director within the not-for-profit and government sectors
- Principal, Otterstone Consulting
- Key Associate, Phillips KPA
- Director, NSW Board of Nursing & Midwifery Board of Australia

Special responsibilities

- Member, Audit, Risk & Compliance Committee
- Chair, Remuneration Committee
- Chair, Insurance Committee



WARREN SNELL

Bec (Hons), MEc, Hon DUniv, FAIM, FCPA

Elected to the Board by members of the Consultative Committee to represent employers on 8 November 2005. Retired on 27 October 2014.

Experience and expertise

- Former Vice President (Corporate), Edith Cowan University
- Former director, ECU Resources for Learning Ltd
- Fellow of CPA Australia and Australian Institute of Management

Special responsibilities

- Chair, Audit, Risk & Compliance Committee



STEPHEN SOMOGYI

MSc (Physics), SM (Management), FAICD, FIAA, FFin

Elected to the Board by members of the Consultative Committee representing employers on 27 October 2014.

Experience and expertise

- Chief Operating Officer at RMIT
- Fellow of the Actuaries Institute of Australia, the Australian Institute of Company Directors and the Financial Services Institute of Australia
- Commissioner, Safety Rehabilitation and Compensation Commission
- Director, OnePath Life Limited and OnePath General Insurance Pty Limited
- Director, Guild Group Holdings Limited and Guild Trustee Services Pty Ltd
- Director, ANZ Lenders Mortgage Insurance Pty Limited
- Director, Spatial Vision Innovations Pty Ltd
- Director, Higher Education Services Pty Ltd
- Trustee, RMIT Foundation
- Director, RMIT Training Pty Ltd and RMIT Vietnam Holdings Pty Ltd

Special responsibilities

- Chair, Audit, Risk & Compliance Committee (from 1 January 2015)

Changes to the Board

The following changes occurred to the Board in 2014/15:

- Warren Snell resigned on 27 October 2014 and was replaced on the same day by Stephen Somogyi who was elected to the Board by members of the Consultative Committee to represent employers.
- Melda Donnelly retired on 15 August 2015.

The Board committees

The Board committees as at 30 June 2015 are:

AUDIT, RISK & COMPLIANCE COMMITTEE

The Audit, Risk & Compliance Committee is responsible for:

- financial reporting
- monitoring the effectiveness of the Risk Management Framework and making recommendations in respect of risk management policy and practice
- ensuring appropriate assurance arrangements are in place including overseeing the performance and independence of the internal and external audit functions
- monitoring the adequacy and effectiveness of the compliance and internal controls frameworks to support compliance of the Fund with all applicable laws and regulations
- corporate governance
- adequacy of the Trustee's insurance program.

Members:

- Stephen Somogyi (Chair from 1 January 2015)
- Susan Gould (Chair from 27 October 2014 – 31 December 2014)
- Melda Donnelly (Retired on 15 August 2015)
- Neville Kitchin.

The committee is assisted by two independent consultants:

- Geoff Linton (ceased 1 April 2015)
- Michelle Somerville (from 1 June 2015)
- Peggy O'Neal.

The CEO also attends meetings of this Committee.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for:

- reviewing the effectiveness of the remuneration framework and remuneration policy
- assessing the compliance of remuneration arrangements with Australian Prudential Regulation Authority (APRA) Prudential Standard SPS 510: Governance, and
- making annual recommendations to the Board in respect of remuneration of:

- responsible persons and other persons whose activities may, in the Committee's opinion, affect the financial soundness of UniSuper's operations
- any category of person covered by the USL Remuneration Policy.

Members:

- Susan Gould (Chair)
- Christopher Cuffe
- Ian Martin AM.

The CEO attends all meetings of the Remuneration Committee, except when the CEO's own remuneration package is being discussed.

INSURANCE COMMITTEE

The Insurance Committee is responsible for:

- facilitating the timely determination of claims made under the Fund's inbuilt benefit provisions and insurance cover
- implementing and reviewing the Insurance Framework and Strategy
- monitoring and overseeing the Insurance Management Committee
- monitoring the performance of the external insurer
- monitoring the services and functions outsourced to the Administrator.

The Insurance Committee has the authority to:

- consider and determine declined claims made under the Fund's inbuilt benefit provisions
- approve the appointment or termination of the Fund's Chief Medical Officer.

Members:

- Susan Gould (Chair)
- Keith Tull
- Neville Kitchin
- Kevin O'Sullivan (CEO UniSuper, Ex-Officio).

INVESTMENT COMMITTEE

The Investment Committee is responsible for:

- investing funds in a manner consistent with the investment objectives set by the Board
- other investment matters, including:
 - investment policy
 - making investment strategy recommendations to the Board
 - monitoring asset allocations
 - monitoring investment performance.

Members:

- Ian Martin AM (Chair)
- Melda Donnelly (Retired on 15 August 2015)
- Michael Skully
- Christopher Cuffe
- Charles Macek (Independent consultant)
- Anthony FitzGerald (Independent consultant)
- Kevin O'Sullivan (CEO UniSuper, Ex-Officio).

Administration and financials

How UniSuper is administered

UniSuper is managed by a corporate Trustee, UniSuper Limited, which has delegated the day-to-day administration of the Fund to a wholly-owned company, UniSuper Management Pty Ltd (USM). The executive management of USM reports to the Boards of UniSuper Limited and USM.

USM operates in line with a set of strict performance objectives, against which the Board of UniSuper Limited regularly monitors its performance.

The Trustee has taken out professional indemnity insurance.

When we can't find you

TRANSFER TO AUSFUND

UniSuper has nominated an eligible rollover fund to receive members' benefits in certain circumstances. Generally members with account balances of less than \$1,500 who have not received a contribution in the last four months will be identified and notified of UniSuper's intention to close the account and transfer it to AUSfund. Impacted members will have the option to remain in the fund, rollover their balance to another fund or withdraw their account balance if they satisfy a condition of release. You can contact AUSfund at:

AUSfund

PO Box 543

Carlton South VIC 3053

email: admin@ausfund.net.au

website: www.unclaimedsuper.com.au

phone: 1300 361 798

AUSfund may have a different fee structure and investment and crediting rate policy from UniSuper and it does not offer insurance cover. AUSfund will invest your benefit in a single diversified investment strategy with a view to achieving competitive returns at a moderate level of risk. Member investment choice is not available in AUSfund. You should evaluate whether AUSfund is a suitable long-term investment for your super. If your benefit is transferred to AUSfund, you will no longer be a UniSuper member and any optional insurance cover with UniSuper will cease. You will need to contact AUSfund directly regarding your benefit. You should refer to the AUSfund PDS for information on circumstances in which fees may apply.

LOST MEMBERS' REGISTER

You become a lost member in the following circumstances:

- we have not received a contribution or rollover from you in the past 12 months and two pieces of mail are sent to your last known address and are returned to us as unclaimed or if we have never had an address for you
- you have been a member for more than two years and we have not received any contributions or rollovers within the last five years.

In these circumstances, we may be required to register your details with the Australian Taxation Office (ATO) Lost Members' register. For more details, please visit the ATO website at www.ato.gov.au.

UNCLAIMED MONEY

If amounts payable to you become 'unclaimed money' (as defined in superannuation legislation), your account will be transferred to the ATO and held on your behalf until you claim it.

Your account will be categorised as 'unclaimed money' if:

1. a. you have reached age 65, and
 - b. UniSuper has not received any contributions or rollovers for at least two years, and
 - c. after a period of five years since UniSuper last contacted you, UniSuper has been unable to contact you again after making reasonable efforts, or
2. you are a former temporary resident and at least six months have passed since you departed Australia or your visa has expired or was cancelled and UniSuper has received notice from the ATO requiring us to transfer your account balance, or
3. you meet the definition of a lost member, your account does not include a Defined Benefit component and your account balance is less than \$2,000 and we have not received any contributions or rollovers for the last 12 months and we have insufficient information available to us to identify you.

If your account is transferred to the ATO, you'll need to contact the ATO directly to claim your benefit. To check whether you have any unclaimed or lost super, refer to the ATO's website at www.ato.gov.au.

Please note that if you're a DBD member, your accumulation component will not be transferred to the ATO in these circumstances.

CLAIMING YOUR SUPER BENEFIT IF YOU'RE A TEMPORARY RESIDENT

A temporary resident whose visa has expired or been cancelled is generally able to claim his or her benefit from UniSuper as a lump sum once they have departed Australia. Where a temporary resident leaves Australia and at least six months have passed since the later of their visa ceasing to apply or the temporary resident leaving Australia, UniSuper will be required to transfer any benefits not already taken by the temporary resident to the ATO after receiving a notice from the ATO.

If this happens to you, you can claim super benefits directly from the ATO. Please contact the ATO for further details (www.ato.gov.au).

If a temporary resident's benefit is transferred to the ATO, UniSuper relies on ASIC relief to the effect that UniSuper is not obliged to notify or provide the non-resident with an exit statement.

However, the non-resident can contact UniSuper to receive information about the transfer that will enable them to apply to the ATO to claim their benefit. For more information, refer to the Departing Australia Superannuation Payment (DASP) fact sheet, which is available at unisuper.com.au or by calling **1800 331 685**.

Superannuation surcharge

The Government's superannuation surcharge was abolished on 1 July 2005. However, surcharge deductions for prior years may still appear on your latest benefit statement as a deduction from your account.

If we received a surcharge assessment from the ATO in relation to your super, we will have paid the assessment and there will be a deduction or adjustment made to your account to reflect this. Full details of any surcharge deductions if applicable are shown on your statement.

Service providers we use

The Trustee draws on the services and expertise of a number of professional service providers and organisations.

During the 2014/15 financial year, our main service providers were:

- Actuary: Kate Maartensz FIAA, Russell Employee Benefits Pty Ltd
- Chief Medical Consultants: Dr Doron Samuells, Dr Pramodh Nathaniel
- Tax Consultant: KPMG
- Auditor: EY (external), PricewaterhouseCoopers (internal)
- Bankers: Commonwealth Bank of Australia
- Insurance underwriter: TAL Life Limited (TAL)
- Investment Master Custodian: National Australia Bank Limited as at 30 June 2015. (Currently transitioning to BNP Paribas Securities Services.)

UniSuper's reserves

UniSuper holds amounts in reserve for specific items. The reserves include:

- an administration reserve to help manage the operation of the Fund
- an insurance administration reserve for the external insurance cover
- a self-insurance reserve for the payment of self-insured benefits provided by UniSuper to Accumulation 2 members (this reserve will be wound-up in January 2016 as self-insured benefits for Accumulation 2 members are now externally insured)
- an operational risk reserve to cover losses, costs and expenses that may be incurred in the event of an operational risk.

All of the reserves are invested in a diversified portfolio with an asset allocation that mirrors that of UniSuper's DBD. The total of the reserves as at 30 June for the past three years was \$80 million in 2013, \$124 million in 2014 and \$180 million in 2015.

How to make a complaint

We hope you don't have any complaints about your super or pension, but if you do please contact us.

While the Trustee has 90 days to respond to your complaint, we'll do our best to provide you with a detailed explanation and a resolution of your issue(s) as soon as possible.

To make a complaint, contact us on **1800 331 685** or write to:

Attention: Member Care Manager

UniSuper
Level 35, 385 Bourke St
Melbourne VIC 3000
Email: complaints.team@unisuper.com.au

If you're not satisfied with our handling of your complaint or the decision we've made in relation to your complaint, you may contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent body set up by the Government to assist in the resolution of certain complaints in relation to super.

Before the SCT can accept a complaint, the complaint must go through the Trustee's internal dispute resolution process. If the SCT accepts your complaint, it will try to resolve the matter through conciliation. If this is unsuccessful, it will make a determination, which is binding on the Trustee.

If your complaint relates to a disablement claim or death benefit, then time limits apply in which to make a complaint. You can contact the SCT on 1300 884 114 or write to:

Superannuation Complaints Tribunal

Locked Bag 3060
Melbourne VIC 3001
Website: www.sct.gov.au

The SCT cannot consider complaints relating to the general management of the Fund.

For more information on how to make a complaint, refer to our website unisuper.com.au/about-us/contact-us/how-do-i-make-a-complaint.

UniSuper's financials

UniSuper's abridged financial statements are set out below. You can request the Fund's audited accounts and the auditor's report by calling us on **1800 331 685**.

UniSuper's Statement of changes in net assets for the year ended 30 June 2015

| | 2015 \$M | 2014 \$M |
|--|---------------|---------------|
| Net assets available to pay benefits at the beginning of the financial year | 42,731 | 36,332 |
| INVESTMENT REVENUE | | |
| Interest | 419 | 404 |
| Dividends and distributions | 1,421 | 1,392 |
| Other income | 97 | 60 |
| Movement in net market value of assets | 3,488 | 3,803 |
| Less: Direct investment expense | (158) | (148) |
| | 5,267 | 5,511 |
| CONTRIBUTIONS | | |
| Employer contributions | 2,497 | 2,315 |
| Member contributions | 789 | 611 |
| Rollovers/Transfers in | 641 | 448 |
| | 3,927 | 3,374 |
| Total revenue | 9,194 | 8,885 |
| Less: | | |
| EXPENDITURE | | |
| Benefits paid | 2,083 | 1,792 |
| Administration expenses | 69 | 79 |
| Group life insurance | 33 | 21 |
| Total expenditure | 2,185 | 1,892 |
| Net change for the year before income tax | 7,009 | 6,993 |
| INCOME TAX EXPENSE | | |
| Contributions | 378 | 349 |
| Investments | 202 | 245 |
| | 580 | 594 |
| Net change for the year after income tax | 6,429 | 6,399 |
| Net assets available to pay benefits at the end of the financial year | 49,160 | 42,731 |

UniSuper's Statement of net assets as at 30 June 2015

| | 2015 | 2014 |
|--|---------------|---------------|
| | \$M | \$M |
| ASSETS | | |
| Cash and cash equivalents | 166 | 172 |
| RECEIVABLES | | |
| Contributions receivable | 25 | 28 |
| Sundry debtors and prepayments | 1 | 1 |
| | 26 | 29 |
| INVESTMENTS – FINANCIAL ASSETS | | |
| Equities – Local | 22,566 | 20,200 |
| – Overseas | 9,856 | 8,626 |
| Interest bearing securities – Local | 7,405 | 6,893 |
| – Overseas | 1,837 | 1,441 |
| Others, including short term deposits | 2,728 | 1,682 |
| Derivative assets | 75 | 89 |
| | 44,467 | 38,931 |
| NON-FINANCIAL ASSETS | | |
| Property investments | 2,941 | 2,066 |
| Infrastructure investments | 2,609 | 2,202 |
| | 5,550 | 4,268 |
| Total assets | 50,209 | 43,400 |
| Less: | | |
| LIABILITIES | | |
| UniSuper Management Pty Ltd | 7 | 9 |
| Benefits payable | 1 | 1 |
| Sundry creditors | 34 | 40 |
| Derivative liabilities | 100 | 44 |
| Income tax payable | 61 | 44 |
| Deferred tax liabilities | 846 | 531 |
| Total liabilities | 1,049 | 669 |
| Net assets available to pay benefits at the end of the financial year | 49,160 | 42,731 |
| COMPRISING: | | |
| Reserves | 180 | 124 |
| Member accounts | 48,980 | 42,607 |
| Total equity | 49,160 | 42,731 |

CONTACT US

HELPLINE

1800 331 685

WEBSITE

www.unisuper.com.au

EMAIL

enquiry@unisuper.com.au

FAX

+61 3 9910 6141

ADDRESS

UniSuper
Level 35, 385 Bourke Street
Melbourne VIC 3000
Australia