



UniSuper in review 2016-17

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



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This information is of a general nature only and does not take into account your personal 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 from UniSuper for your membership category and whether to consult a licensed financial adviser.

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

UniSuper is referred to throughout this document as "UniSuper" or the "Fund" (ABN 91 385 943 850, MySuper Authorisation No. 91385943850448).

UniSuper Limited (USL) 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/ AFSL No 492806).

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/AFSL No 235907). USM is wholly owned by USL in its capacity as UniSuper's Trustee. UniSuper Advice is operated by USM, which is licensed to deal in financial products and to provide financial advice. 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 June 2017. SuperRatings Pty Limited holds Australian Financial Services Licence No. 311880. 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 recipients' 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.



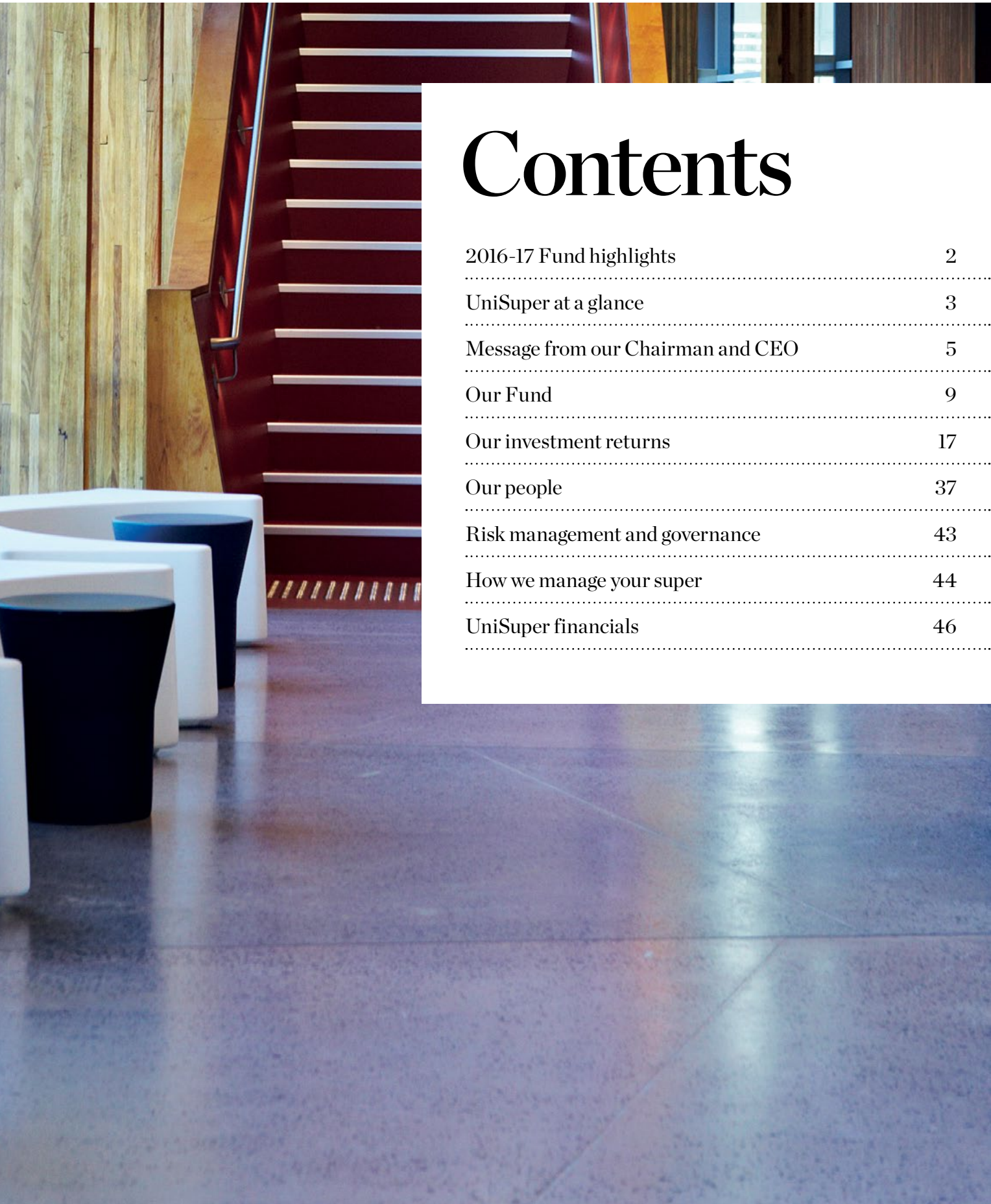
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Melbourne Vic 3000

October 2017

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Members can request a hard copy or an electronic version of this report free of charge by calling **1800 331 685**. This report is also available at unisuper.com.au.





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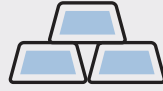
2016-17 Fund highlights



One of Australia's largest super funds with over

420,000

members



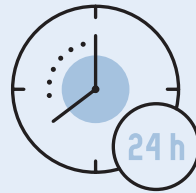
\$110,000

is the average member balance



3.4 million

visits to MemberOnline



99%

of administrative requests processed in one day



Over

40,000

members used our financial advice services



\$61.6 billion

in funds under management



Over

23,400

members went to a UniSuper seminar or watched a webcast



Over

310,000

interactions with members via Click-to-chat, email and phone



Low member fees relative to peers



6,450

listens to the *Super Informed Radio* podcast



58%

of UniSuper members are female



42%

are male



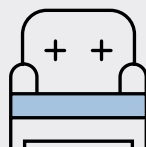
2,257

pensioners attended our annual *In retirement* seminars across Australia



42

is the average age of our members



3

UniSuper members are over 100 years old

UniSuper at a glance

UniSuper is the super fund for Australia’s higher education and research sector. Over the years, we’ve grown to be one of Australia’s largest super funds with more than 400,000 members and over \$60 billion in funds under management.

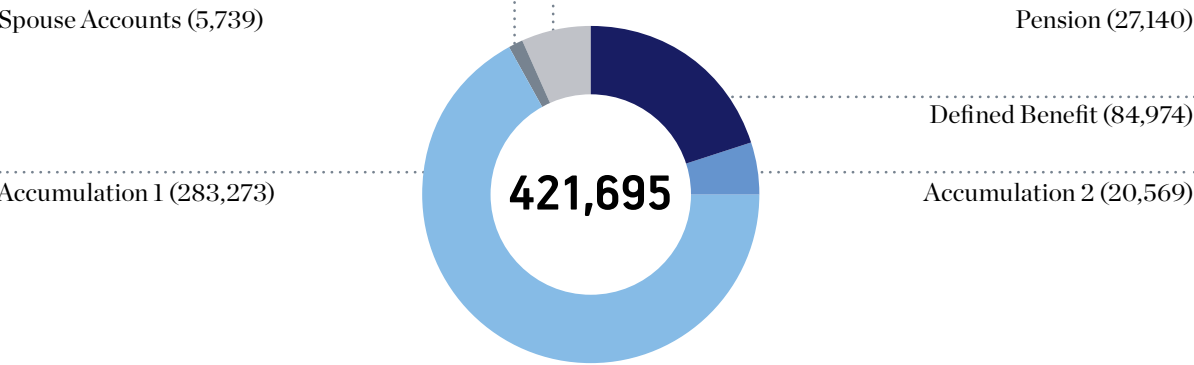
Our purpose

UniSuper’s purpose is to provide greater retirement outcomes for members working in Australia’s higher education and research sector. The Trustee’s key objectives are to provide great value, excellent service and relevant choice.



Membership by product*

UniSuper’s funds under management continued to increase during 2016-17, with strong contributions and rollover flows, and positive investment returns. We have a range of different super products to cater for members’ needs and circumstances.



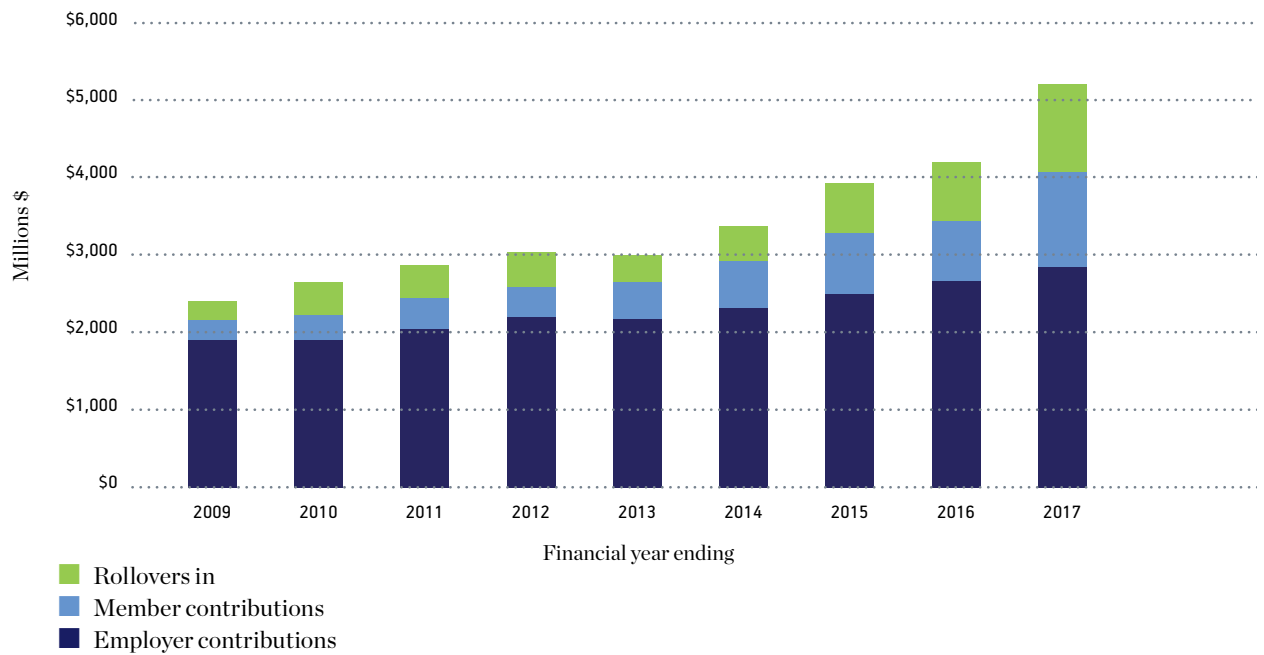
* As at 30 June 2017.

STRONG GROWTH

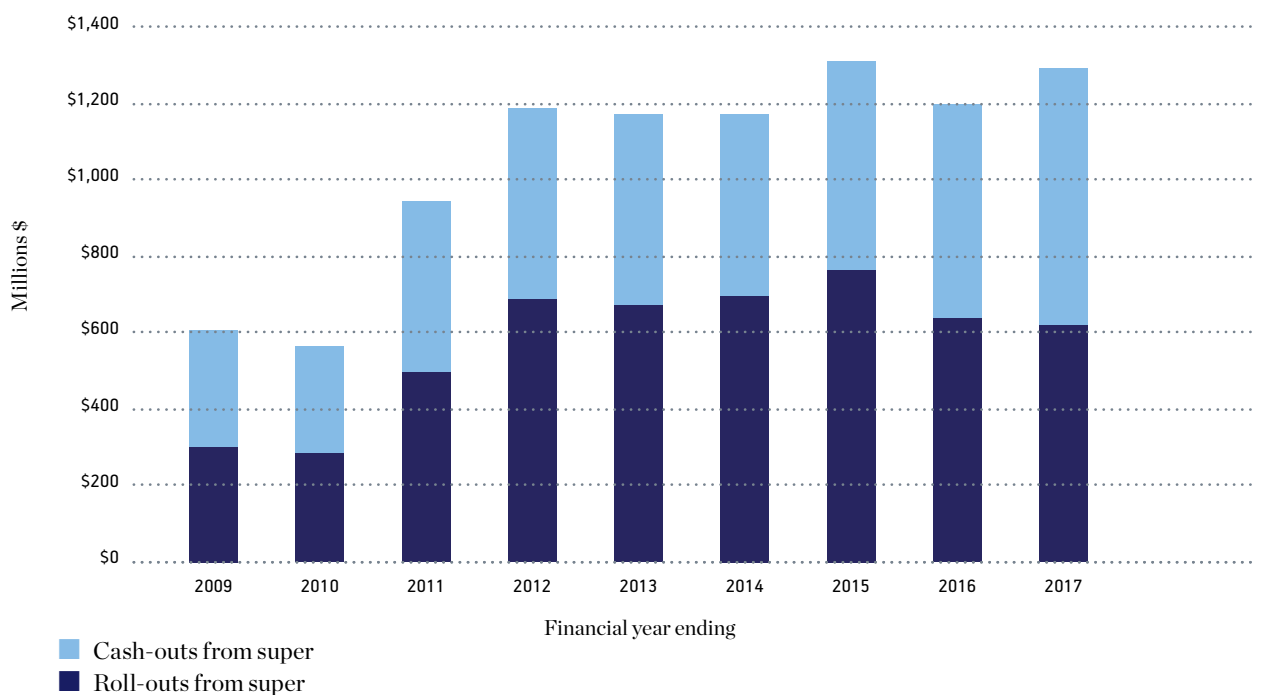
UniSuper's net funds under management were \$61.6 billion as at 30 June 2017 and UniSuper was ranked as Australia's fourth largest super fund by funds under management as at December 2016.¹

Contributions and rollovers into the Fund continued to increase steadily compared to previous years, as shown in the chart below. Whilst employer contributions increased relative to 2015-16, member contributions were considerably higher compared to previous years, predominately due to the impact of the 2016 Federal Budget changes, which came into effect from 1 July 2017.

Contributions over time



Roll-outs and cash-outs over time



¹ Source: Rainmaker information, Volume 19, No.4, December 2016.

Message from our Chairman and CEO

It is our pleasure to present our new-look integrated report which incorporates our *Report to Shareholders* and *Report to Members*. Without a doubt, this past financial year has seen some of the most significant legislation-driven changes to super. Even with the effort required to implement all these changes, we have still delivered strong investment returns, improved how members can manage their super online, and expanded our accessibility across the country.



Ian Martin Chairman Kevin O'Sullivan Chief Executive Officer

Investment performance

For the market as a whole, the year was rather unexceptional with global markets displaying low levels of volatility. Pleasingly, the 2016-17 financial year marked our Balanced option's eighth consecutive year of positive returns, recording a return of 9.6%².

This year, our team made the decision to manage our tailored Global Environmental Opportunities (GEO) option ourselves and adopt an active investment management approach. We now have greater oversight of environmental, social and corporate governance (ESG) issues than previously.

Read our Chief Investment Officer's commentary on investments this past year and see a detailed list of investment returns from page 17.

² Past performance isn't an indicator of future performance. Returns are after fund taxes and investment expenses, other than account-based fees.

Digital transformation

UniSuper's digital strategy is designed to enable current and potential members to communicate with us whenever and however they choose, and in the most efficient and personalised way possible. We aim to remove the complexities of super and promote ease of use across all channels.

We continue to focus on improving the way our members can understand and manage their super online. Our investment in our digital program over the past couple of years culminated in transitioning all members to our new MemberOnline secure web portal. This service is now averaging 167,000 logins per month and has a member satisfaction score of 9/10. With our goal of making UniSuper easy to deal with, we have introduced a number of new services for members. Through the new portal, members can update all their details online, rollover their other super to UniSuper in minutes, and perform other key transactions via the digital channel.

Changes to super

The 2016 Federal Budget contained a substantial number of measures that affected members and super fund administration. In the period leading up to 1 July 2017, a significant effort was expended to update our administrative systems and processes to deal with the changes.

A number of our members were impacted by the changes to super that came into effect on 1 July 2017. Some of the key changes were:

- introduction of a transfer balance cap of \$1.6 million, which limits the amount of super that can be transferred into or retained in the pension phase
- tax deductions can now be claimed for personal contributions, typically where members do not have access to salary sacrifice arrangements, and
- Transition to Retirement (TTR) pensions are now taxed so new crediting rates needed for account-based pensions are paid to TTR members.

We were committed to ensuring our members were educated and prepared for the changes. In the lead up to 1 July 2017, our financial advisers helped many impacted members understand the nature of the changes and prepare for them.

In other legislative news, emerging public policy issues are likely to arise from the Productivity Commission's work on developing criteria to assess

the efficiency and competitiveness of the super system and developing an alternative default model for super. We will continue to advocate strongly for the best possible outcomes for our members.

Another policy issue being debated is retirement income streams. The Financial System Inquiry included a recommendation that funds develop new comprehensive income products for retirement (CIPRs) which would include a longevity component, such as a lifetime pension.

UniSuper continues to explore several options, and as the policy settles and law is drafted and legislated, we will be in a stronger position to develop solutions that are in our members' best interests.

Supporting our employers

It has been a busy 12-month period for our Employer Relationships team as they continue to expand our on-campus services and presence, while assisting with the launch of the SuperPay upgrade project.

Our Employer Partnership Managers continue to strengthen our strategic partnerships with participating employers, while our Employer Solutions Consultants are working closely with Superannuation Officers to identify potential process efficiencies and improve data accuracy.

Financial advice services for more members

Over this past financial year, UniSuper Advice continued to grow, with advice services provided to over 40,000 members through our On-Campus Consultants (OCC), phone-based assessment consultants and financial advisers. At 30 June 2017, we had 24 OCCs, as well as eight Financial Assessment Consultants and 44 personal advisers around the country.

We now have Member Centres in all our state offices where members are welcome to visit. We also offer video conferencing meetings for members who do not work at frequently visited campuses and for members who receive phone-based personal advice. Also, we recently opened a new office in Parramatta, NSW.

Members can now receive low-cost advice on investment savings plans outside of their super through our Select Advice service, our 'bite-sized' scaled-advice package that enables members to access lower-cost personal advice on one or two issues.

Revisiting the appropriateness of financial advice previously provided is an important part of what we do. It can help members stay on track to meet their goals. This year, we offered a Select Advice review service for the first time and continued to provide full comprehensive review advice with an expanded, dedicated team.

Pleasingly, member satisfaction continued at a very high level for all our advice services.

Continuing to improve our customers' experience

We are now into year two of our three-year, Fund-wide program of work focused on ensuring our customers have a great experience when they interact with UniSuper. Our commitment is to 'be there' for our members and employers every step of the way, supporting their choices around super and retirement and helping them to look towards an exceptional future with confidence and clarity. All member touch points will be addressed within this program to improve the service experience, engagement and ultimately deliver greater retirement outcomes for our members. This work is being supported by a fund-wide Customer Relationship Management (CRM) project, following a successful pilot. This will enable our staff, particularly those directly creating service experiences, to 'go beyond the expected' for members and employers.

Strong ratings and industry recognition

Over the course of the year, our sustained focus on—and success in—delivering greater retirement outcomes for members was recognised with a string of awards and high ratings from Australia's top ratings and research agencies.

The Fund was again recognised as an industry-leader, continuing its run from the previous year in winning many awards. We take managing members' retirement savings very seriously and we strive to offer our members the best customer service, investment performance, online experience, and a competitive product suite. We're very proud that these awards confirm we're on the right track.

Defined Benefit Division (DBD) maintains its strong position

The Vested Benefits Index (VBI) and Accrued Benefits Index (ABI)—key actuarial measures we use to monitor the DBD's performance—maintained strong positions in 2016-17. Read our more detailed update on page 16 for more information.

The DBD remains an attractive fund, offering members many advantages. We remain committed to maintaining a defined benefit-style product as it provides benefits that better enable members to forecast their retirement income, as well as the advantages associated with smoothed investment returns over time.

Key projects update

SUPERPAY UPGRADE

In December 2016, UniSuper's Executive Leadership team made the decision to cease the EmployerConnect project—which was a process improvement program enabling our university employers to satisfy legislative requirements regarding contribution processing. To arrive at this decision, the Leadership team assessed UniSuper's ability to deliver and maintain the solution long term, how the super landscape had changed since the project commenced, and what was in the best interest of our members.

After ceasing EmployerConnect, we assessed our SuperStream obligations and those of employers, explored all reasonable options and made the decision to upgrade our current contribution processing solution—SuperPay—to the latest version.

PAUSING TECHNICAL PRODUCT DEVELOPMENT

Following the ceasing of the EmployerConnect project, UniSuper's Leadership team decided to pause the technical development of FlexiChoice, our proposed retirement income solution.

Developing a new product like FlexiChoice would require significant investment, amounts which we're now channelling towards further improving services for members.

It was also appropriate and prudent to pause development in light of the continually changing regulatory landscape and uncertainty regarding the legislation.

In the meantime, we are actively engaging stakeholders to understand the product features considered most important and relevant.

Changes to the Executive Leadership team

During the year, Sean Hughes, Chief Risk and Legal Officer and Shane Collister, Executive Manager, Technology and Projects, both left UniSuper. We acknowledge their significant contributions to UniSuper and our members.

This year we welcomed two new executives to the Leadership team. Anna Leibel joined as the new Executive Manager Technology and is responsible for implementing the Fund's IT strategy and leading the digital transformation of UniSuper's technology solutions. Nicholas Drohan joined as Executive Manager Program Management and is responsible for the management and execution of our portfolio of Technology and Business Change projects.

With thanks

We thank UniSuper's Directors for their contributions over the 2016-17 financial year and thank former Chairman, Chris Cuffe, who retired at the end of his term on 30 June 2017. Chris served as a Director for over 10 years, with the last six years as Chairman. Chris remains on the UniSuper Investment Committee as a non-director member. We thank him for his leadership and ongoing contribution. The Board also welcomed new Independent Director, Mark Armour.

We very much appreciate the support of our members, and are also very grateful for the long-standing partnerships we have with our university shareholders and employers and look forward to continuing and strengthening these over the 2017-18 financial year and beyond.



IAN MARTIN
Chairman
UniSuper Limited



KEVIN O'SULLIVAN
Chief Executive Officer
UniSuper Management Pty Ltd

Our Fund

Our commitment to providing greater retirement outcomes to the higher education and research sector spans more than 30 years.

Who are our members?

MEMBERSHIP BREAKDOWN*



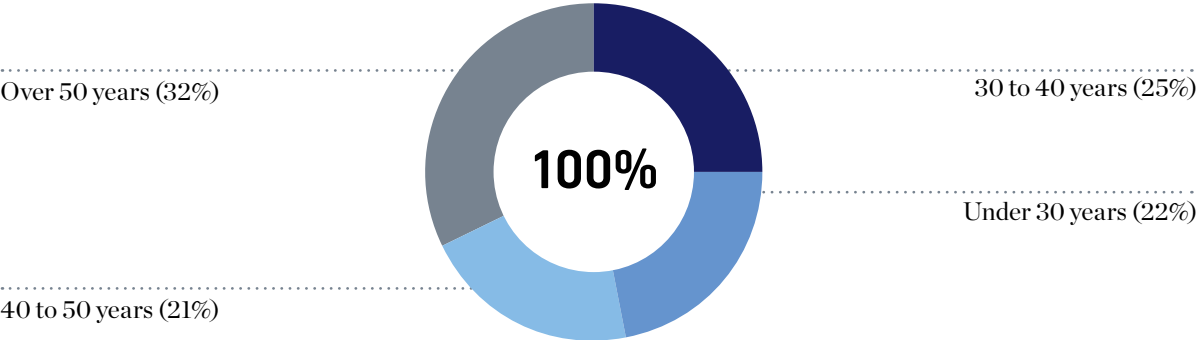
58% of UniSuper members are female



42% are male

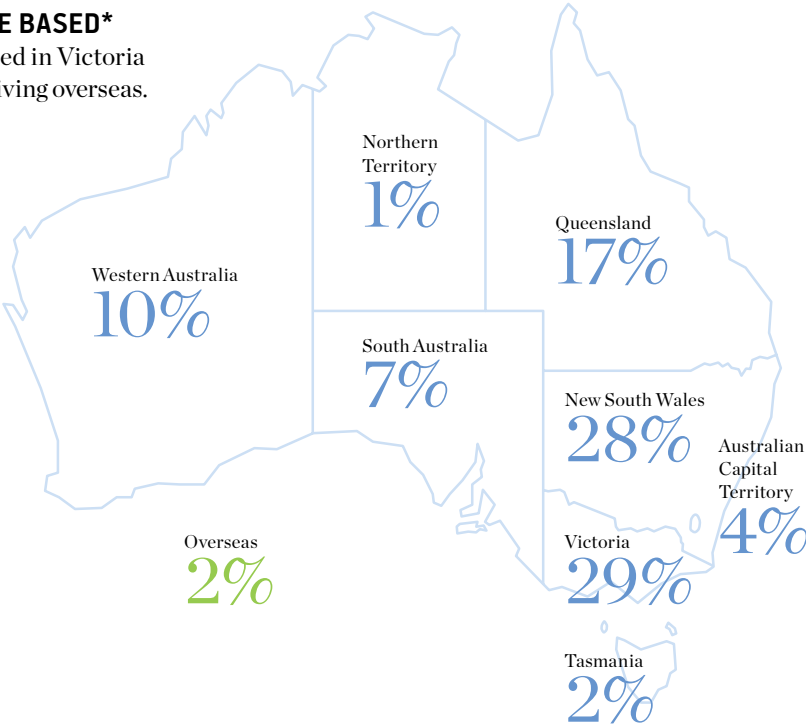
AGE OF UNISUPER MEMBERS*

Over half of UniSuper’s members are in their 40s and over, with just over 20% under 30 years old.



WHERE UNISUPER MEMBERS ARE BASED*

The majority of our members are based in Victoria and New South Wales, with only 2% living overseas.



* As at 30 June 2017.

How we achieve greater retirement outcomes

KEEPING OUR FEES LOW

Our scale allows us to continue to provide very competitive fees and over the past financial year we maintained our strong commitment to reducing fees and delivering low member fees relative to peers.

Member insurance premiums also reduced from 1 October 2016, including a 5% decrease for Death and Total and Permanent Disability premiums, and a 19.5% decrease for Income Protection premiums across all benefit options and waiting periods. UniSuper also reduced the investment switch fee, charged for second and subsequent investment switches.

We strive to be among the lowest cost providers. Chant West ranked our Accumulation 1 Balanced option's fees (which also apply to Accumulation 2 members) in the top 25% of super providers. Fees on balances of \$50,000 were seventh lowest (out of the 100 largest super funds) and third lowest for balances of \$250,000³.

STRONG LONG-TERM INVESTMENT PERFORMANCE

Our Balanced option's return for 2016-17 was broadly in line with the SuperRatings survey median. Long-term performance remains well ahead of that of peer super funds and all of UniSuper's surveyed diversified options have recorded first quartile performance over all periods greater than one year. You can see our returns in more detail on pages 17-23.

How we empower members

We have consistently been among the top investment performers over the past 10 years. Six out of eight of UniSuper's diversified investment options have delivered top quartile investment returns over 3, 5, 7 and 10 years⁴. We manage one of the largest in-house investment portfolios in the sector with approximately \$35bn managed by our in-house investment team. This gives significant flexibility to offer unique investment solutions to members at a considerably lower cost than most other funds.

The SuperRatings' *Fundamentals* report⁵ for the June 2017 period rated UniSuper 'excellent' in five of six assessment areas, including investment performance, fees and charges, insurance cover and costs, together with member service and governance.

PRODUCT RANGE EXPANSION

UniSuper is poised to launch Personal Accounts in October 2017. The introduction of Personal Accounts will enable UniSuper to provide a much better service experience to members and their families by addressing limitations of the current Spouse Account (e.g. narrow eligibility criteria).

Personal Accounts will use online application and on-boarding processes and will allow former members of the Fund to re-join UniSuper. People working in non-remunerated honorary roles in the higher education and research sector (e.g. representatives on University Boards/Councils) will also be able to join the Fund.

Personal Account members will have the same fees and investment options as Accumulation 1 members, access to default death, Total and Permanent Disability (TPD) and income protection insurance on competitive terms, access to UniSuper Advice and the ability to commence a UniSuper Flexi Pension at retirement.

³ Source: Chant West Super Fund Fee Survey, June 2017, Chant West Pty Limited. Fees include administration and investment fees only, are based on each fund's multi-manager growth option (i.e. 61-80% growth assets) and are gross of income tax of 15%. Investment fees include the performance fees for the most recent 12-month period over which they were disclosed. Fees are shown as a percentage of the account balance. The survey covers the 100 largest super funds as measured by their total assets at June 2017.

⁴ Past performance is not an indicator of future performance. Rankings relate to our accumulation (not pension) options based on the SuperRatings Crediting Rate Survey for the period ended 30 June 2017.

⁵ Source: SuperRatings Pty Ltd's SuperRatings Fundamentals report published on 30 June 2016 www.superratings.com.au. It 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. Past performance is not an indicator of future performance. All returns relate to the Accumulation Options (not Pension Options).

KNOWLEDGE SHARING IS ALL IN A DAY'S WORK

Tapping into the tertiary education sector's collaborative, knowledge-sharing community is all in a day's work for The University of Adelaide Project Officer, Melissa Mignone.



I really wanted to work for The University of Adelaide because I had a great experience when I studied here.

As an employee, I find the culture just as welcoming and positive. The university also actively promotes and supports a work/life balance, which I think is important.

As Project Officer, Enterprise Agreement, you could say I have a hand in the university's 'rule book'.

An enterprise agreement is an agreement between employer and employees on the terms and conditions of employment that has to be agreed to by the Fair Work Commission.

When it comes to my super, I must admit, I'm not particularly engaged with it at the moment. It definitely just 'bubbles away in the background!' My involvement doesn't extend much beyond checking my statements every now and then.

Having said that, I do feel content that my super is with UniSuper.

I have confidence knowing that my super is with a fund that offers options and flexibility for that time in the future when I am ready to engage more with it.

My ideal retirement would allow me to live comfortably, with enough super to travel and keep busy with family, friends and hobbies.

I'd love to take a cruise along the Mediterranean, exploring the amazing destinations along the way. I'd love to volunteer for a community group and expand on my baking capabilities. Anything with chocolate is always best!

UniSuper offers an extensive education and financial literacy program, a range of online calculators, information and tools, and exclusive access to an in-house team of financial advisers.

EDUCATION SEMINARS AND WEBCASTS

UniSuper members have access to live educational seminars held on and off campus, in locations around Australia and through on-demand webcasts. During 2016-17, over 23,000 members registered for one or more of our education services.

Our ongoing education for members in retirement expanded during the year with record attendance numbers at our annual *In retirement seminar* series held in most capital cities during October and November. These events were a standout in terms of attendance and satisfaction ratings from members. The introduction of seminars specifically for members who have sought financial advice from UniSuper Advice was also successful, with the introduction of a range of topics chosen to suit their ongoing needs.

UniSuper's education program also continued to broaden with the introduction of a webcast library providing on-demand recordings of our popular seminar topics. This innovative online library received 6,300 visitors during 2016-17.

Topics geared towards members approaching or in retirement lead the way in terms of registration numbers. The *New super rules on the way* seminar, which explained many of the legislative changes to super that came into effect during the year, received over 2,500 registrations closely following the *Getting ready to retire* seminar.

Over the past 12 months, we have also expanded our range of online education tools and introduced two new programs. We developed the *MoneySavvy* program for our female membership as well as the *Money Confident Kids* program. UniSuper partnered with T Rowe Price® to leverage their program, which includes games and activities to teach children important money lessons in a fun and engaging way.

ENGAGING VIDEOS

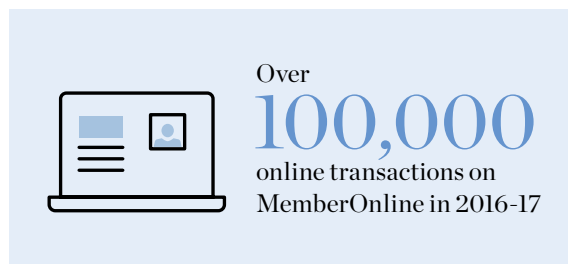
Videos resonate well with our members and feedback indicates that information delivered in this way is more accessible and digestible. During the year, over 73,000 video views were recorded with the top performing video being the launch video for Member Online, followed by the *Five questions with the CIO* on the US election.

IMPROVED DIGITAL EXPERIENCE FOR MEMBERS

At its simplest, UniSuper's digital strategy is about enabling current and potential members to communicate with us whenever and however they choose, and in the most efficient and personalised way possible. We aim to remove the complexities of super and promote ease of use.

We successfully moved all UniSuper members to the new MemberOnline secure site in 2016—officially decommissioning the old site.

We also introduced—for the first time—a single member view on MemberOnline for members with more than one account. This makes it easier for our members to keep track of their super and pension.



This year, we introduced online identity verification for new members. Allowing members to verify their identity online through MemberOnline instead of having to get documents certified has made it easier for members to manage their personal account details online, like changing or updating a name or date of birth.

Members can also use the online identity verification process to speed up certain services that are not yet online—such as cash withdrawals—avoiding the inconvenience of paper-based identity certification processes.

We've also experienced a steady increase in the number of members choosing to get their statements online—48,500 for the most recent statement period compared to 32,500 for the period before—further improving operating cost efficiencies as well as using less paper.

The new MemberOnline rollover tool with straight-through processing has delivered 32% of all rollovers or \$185m into the Fund.

As part of our aim to deliver a rich program of engaging, accurate communications to members, we launched *Super Informed Radio*—our very own podcast. It averages over 900 listens per episode, and to our knowledge, is the first dedicated podcast of its kind by a super fund.

ENGAGED MEMBERS

During 2016-17, members' satisfaction with the Fund steadied from 6.89 to 6.87, with increases in satisfaction in 12 out of the 19 performance measures. Satisfaction with relationships significantly increased again this year, highlighting the importance of our personalised interactions.

Measured quarterly, UniSuper's Net Promoter Score (or NPS) is a metric used to measure member advocacy and loyalty. The Fund's overall average NPS for the year significantly improved with increasingly positive scores across each of the six reporting periods. The NPS survey goes out to a representative sample of the membership and includes active and inactive members, and members who may have not used our services. When we survey members who have dealt with UniSuper staff face-to-face, the scores improve significantly, an achievement of which UniSuper is very proud.

UNISUPER ADVICE EXPANSION

Six new UniSuper advisers were appointed during the year, with a total of 44 advisers at 30 June 2017. Some of this growth has been in our comprehensive review service for existing advised members. We have clarified roles, our offer and streamlined the advice process and documentation. We can now be sure that existing advised members are contacted proactively every 12 months, unless they opt out. The Review Service grew dramatically and we conducted 2,366 reviews during the year compared to 993 reviews in 2015-16.

In addition to expanding our adviser numbers, UniSuper Advice also expanded the services on offer. An Aged Care advice pilot is underway with new referral arrangements to Aged Care specialist placement firms now in place. The Select Advice service —our more ‘bite sized’ advice package—was expanded to provide advice on investment (non-super) savings plans for members and continues to support new Flexi Pensioners with their decisions on pension payments, investment options and beneficiary nominations. Select Advice is now also offering video conferencing meetings and face-to-face appointments on campus.

The Statement of Advice system for Select Advice initially developed in 2015-16 was enhanced to include insurance advice, and development is underway on a new module for efficient contributions advice.

Federal Budget super changes

Nearly 600 existing advised members were identified as being immediately negatively impacted by the 2016 Federal Budget changes and needing to take action. In addition, campaigns and education from the Fund delivered 1,980 new advice appointments for members who needed help to identify whether and how they were impacted.

This increase in activity was supported by the On-Campus Consultants who visited more than 50 university and related bodies sites to meet with members about the Federal Budget changes.

Enhanced Member Service

UniSuper launched a new Enhanced Member Service during the year to provide proactive support for key staff nominated by their universities.

The service is designed to encourage key employees to consider and review their retirement plan on a regular basis and is now being provided at 12 universities and receiving excellent feedback.

Highest accreditation

We continue to maintain very high standards for qualifications and training for each UniSuper adviser and have registered nearly all our advisers with the Tax Practitioners Board as Registered Tax Financial Advisers. Our Private Client Advisers are mostly tertiary educated and all but one hold the Certified Financial Planner⁶ designation.

UniSuper was the first super fund to be awarded the Financial Planning Association’s Professional Practice certification for all offices

Differentiating on service

PUTTING MEMBERS FIRST

Our members are becoming more self-sufficient and are increasingly seeking out information via our self-service channel, however, this hasn’t resulted in a corresponding drop in activity coming into the contact centre. We had 310,000 interactions with members via Click-to-Chat, email and phone which was a 6% increase on the previous year. Over 83% of enquiries were resolved during the first interaction and we finished the year with an excellent customer satisfaction average score of 9 out of 10.

The team was recognised for their innovation, performance and culture at the recent 2016 Auscontact Association Awards, taking out two of the top awards, Victorian State Finalist and winner of the Contact Centre 50-149 staff, and Victorian State Finalist and winner in the Innovation category, which covers all contact centres regardless of size.

Overall, it’s been a very busy and rewarding year for our dedicated contact centre team but it’s not the statistics or awards that motivate them; it’s when they get comments, emails or letters from members thanking them for their efforts.

⁶ CFP®, Certified Financial Planner® are certification marks owned outside the U.S. by Financial Planning Standards Board Ltd (FPSB). Financial Planning Association of Australia Limited is the marks licensing authority for the CFP® Marks in Australia, through agreement with FPSB.

SERVICE DELIVERY IMPROVEMENTS

This year, we introduced a phone-based claims service for our Defined Benefit Division members with inbuilt insurance benefits, similar to the service our insurer TAL provides to members with external insurance cover. We're also in the early stages of developing ways to collaborate with employers, members and their doctors to improve the prospects of an earlier return to work for those members on claim.

Once again we improved our administrative service levels in 2016-17, with 89% of work processed on the day we receive it and 99% of work completed by the following day. With these improvements, we retain our position at the forefront of industry best practice in service delivery.

The average time to reach claim decisions improved again this year, with claims decisions now on average taking less than half of the time they took two years ago.

Supporting our employers

Over the past financial year our Employer Relationships team have worked to expand our on-campus services and presence, assisted with the closure of the EmployerConnect project, and the launch of the SuperPay upgrade project.

Our Employer Partnership Managers continue to strengthen our strategic partnerships with participating employers and are integral to supporting and developing our on-campus services at 39 universities. University support in the promotion of on-campus events such as seminars has assisted us in meeting our members' educational needs and ensures our advice service is understood and accessible to all members, regardless of their age or life stage.

We continue to work closely with participating employers to ensure new members are aware of the on-campus support we provide by attending inductions and providing supporting material for offer letters, and when requested, providing super support when members exit an employer.

Our Employer Solutions Consultants are working closely with Superannuation Officers (SOs), visiting campuses regularly throughout 2016-17 to support administrative activities and training.

Our support for SOs provides an important service that's reciprocated in employers' willingness to work in partnership with UniSuper to create process efficiencies and improve accuracy.

This past financial year, our Employer Solutions Consultants have been undertaking Employer Process Reviews. These reviews have been well received, with a number of employers implementing recommendations to streamline their super administration processing. We have also launched a training program for new SOs to ensure consistent and thorough training is undertaken from the outset.

SuperPay upgrade

In late 2016, the Executive Leadership team reviewed our EmployerConnect project and assessed our ability to deliver and maintain the project, the dramatic change to the super landscape since the project commenced, and most importantly, whether it was in the best interests of our members to continue. With that in mind, the decision was made in December to cease the EmployerConnect project.

With the immediate end of the project, we reviewed our SuperStream obligations and those of our employers, and explored all reasonable options to determine a revised solution. After much consideration we determined that upgrading SuperPay—our current contribution processing solution—provided the most efficient path to compliance, with the least impact on our employers.

To fulfil their compliance obligations, participating employers will be required to update their contribution data file to include some additional data fields.

As part of our engagement with the Australian Taxation Office, new transitional agreements have been issued to participating employers that outline our revised plan for achieving compliance and allows them to continue using the current version of SuperPay while providing full compliance until 30 April 2018, or the date the upgrade is complete and contribution files are updated (whichever comes first).

The SuperPay upgrade project is progressing well and we're aiming to commence employer implementation in early 2018.

PARTNERING WITH THE HIGHER EDUCATION COMMUNITY

As part of UniSuper's commitment to supporting its members and building meaningful partnerships in the higher education and research community, the sponsorship program has continued to grow throughout 2016-17. By supporting universities, research institutes and industry bodies, the Fund is seeking to give back and help make a difference to the sector it serves.

UniSuper is in its third year as the major sponsor of the Australian Financial Review's Higher Education awards, which highlights on a national level the contribution the higher education sector makes to improving Australian prosperity and quality of life. The Fund has also extended its national Committee of Economic Development of Australia (CEDA) membership, allowing it to sponsor Vice Chancellor panel discussions around the country. These events provide valuable networking opportunities between senior UniSuper and employer representatives.

Other industry events which UniSuper has continued to support in 2016-17 include the Australian Higher Education Industrial Association (AHEIA) HR/IR Conference and the HR Benchmarking Conference, the Universities Australia Conference and the Women in Super Mother's Day Classic. UniSuper also supported a number of tactical sponsorships at an individual university level.

An update on the Defined Benefit Division (DBD)

The DBD's long-term financial position continues to be a key priority for our Board and Management. The DBD remains in a sound position, ensuring it can pay benefits as members retire and leave the Fund.

The Trust Deed sets out the rules and processes that the Board follows in managing the DBD for members. Clause 34 of the Trust Deed provides a process to manage the DBD's financial position, including a mechanism to reduce benefits if necessary.

The Board uses two key actuarial measures to track the financial health of the Fund. They are the Vested

Benefits Index (VBI) and the Accrued Benefits Index (ABI). Under Clause 34, if the Actuary's report to the Board advises that those measures have fallen or are likely to fall below particular levels, the Trustee must notify members and employers.

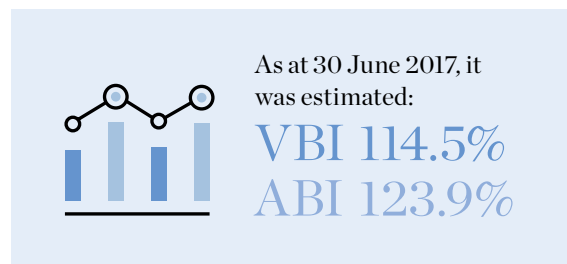
Under Clause 34, following a period of four years, if the Actuary's subsequent report advises that the Fund's position has not sufficiently improved—the Board must consider whether it is in the best interests of all DBD members to reduce defined benefits payable.

This four-year period allows the Board enough time to monitor the DBD's financial position before making any decisions about members' benefits. If benefit reductions are required, the Board must do so on a fair and equitable basis for all DBD members.

UPDATE ON UNISUPER'S MONITORING PERIODS

There is one Clause 34 monitoring period in place, which will end when the Trustee receives the first actuarial report after 30 June 2017.

The VBI and ABI maintained strong positions during the financial year.



These figures are estimates and are subject to final confirmation within the 1 July 2017 actuarial report.

These estimates mean that it's highly likely the Trustee won't need to take any further action under Clause 34 for this monitoring period after the actuarial report is received. This means that there won't be any more monitoring periods in place after that date.

MANAGING THE DBD FOR THE LONG TERM

The DBD continues to provide our members with attractive super benefits.

Over three decades and many economic cycles the DBD has a good track record of enduring challenging economic times, in part due to pooling the \$22 billion asset base across more than 80,000 members.

THE DBD'S INVESTMENT STRATEGY

The Board's policy for investing the DBD's assets includes the ability to increase the proportion allocated to defensive assets as funding ratios improve. The strategy of increasing the allocation to defensive assets aims to reduce investment volatility and the related risk of future falls in funding levels. You can find out more about how we manage the DBD's investments by visiting unisuper.com.au/dbd-update.



Our investment returns

UniSuper’s Chief Investment Officer John Pearce recaps the year in investments, including our best and worst performing options, and the two main impacts on this financial year’s returns: the UK’s decision to leave the EU (dubbed “Brexit”) and the US election.

This financial year kicked off with a rally that recovered Brexit-driven losses. The market’s enthusiasm then tempered with hints of higher interest rates in the US. It rallied again following the election of Trump, based on promises of tax cuts and more spending.

The Australian share market (see Graph 1) broadly followed the same pattern as global developed markets, although absolute returns were lower. Including dividends, the Australian market returned 13.8% for the year, compared to 17.9% for the US. A key reason for this underperformance was Australia’s much lower exposure to the IT sector, which has seen spectacular rallies in the share prices of the ‘FAANGs’ (Facebook +32.1%, Amazon +35.3%, Apple +50.6%, Netflix +63.3%, Google +32.1%).

For the market as a whole, the year was rather unexceptional, and a feature of global markets generally has been the low levels of volatility. The Australian share price index (ASX 300) traded in a 15% range—the third smallest range since the index’s inception in 1993. While stable markets are generally

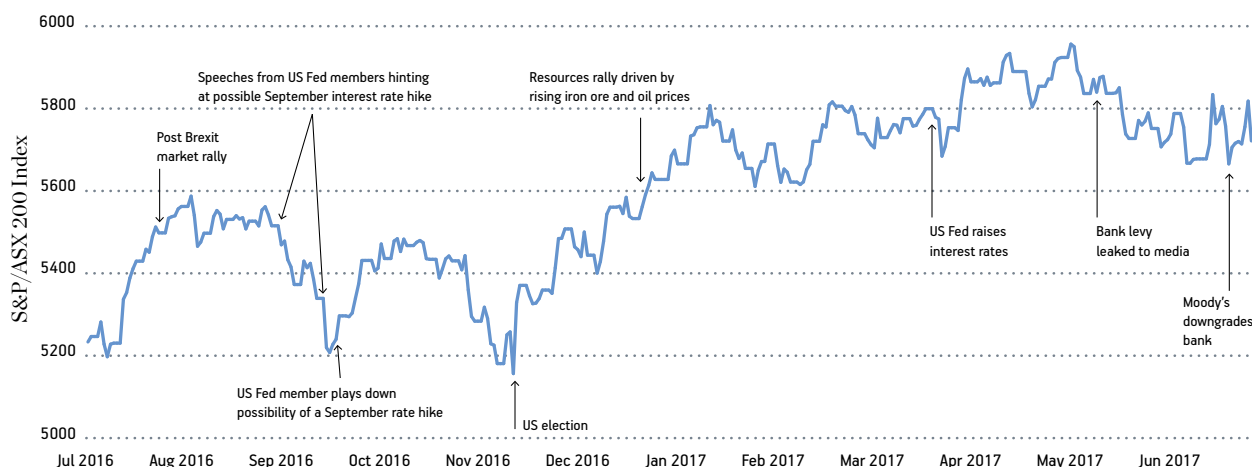
considered conducive to rising share prices, prolonged periods of stability tend to sow the seeds of a market shock, as investors become less risk-averse.

Eighth consecutive year of positive returns for Balanced investment option

Balanced is the default option for our Accumulation members, with assets now in excess of \$15 billion. Recording a return of 9.6%, the 2016-17 financial year marked the option’s eighth consecutive year of positive returns.

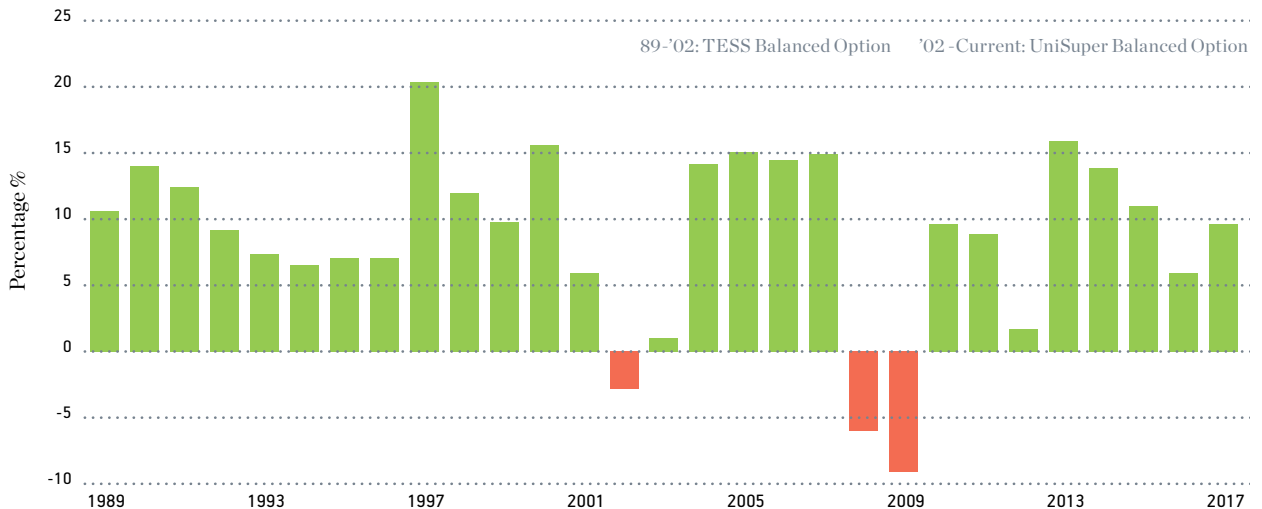
The Balanced option typically has around 70%- 75% of its funds invested in growth assets such as shares and property. The remainder is invested in defensive assets such as cash and bonds. This split is very common across default funds in the super industry, causing some commentators to argue that such a large weighting to risky assets is inappropriate.

GRAPH 1: BELOW AVERAGE VOLATILITY/ABOVE AVERAGE RETURNS



Source: Bloomberg and UniSuper.

GRAPH 2: BALANCED OPTION FINANCIAL YEAR RETURNS



Source: UniSuper. Past performance isn't an indicator of future performance. Returns are shown for our Accumulation (not Pension) options and are after fees and fund taxes, but not before account-based fees.

While we can't rely on history to repeat, it's clear that Australians have generally been well served by a relatively high allocation to growth assets. Graph 2 shows the Balanced option's returns since its inception (note: returns until 2002 refer to the Tertiary Education Superannuation Scheme (TESS) Balanced option). Over this period, the return has averaged a healthy 8.6% p.a., exceeding the option's return objective—typically between 3% and 4% above inflation (CPI). While UniSuper's Balanced option has outperformed the market average, the pattern of returns for the industry would be broadly similar.

Of course, high exposure to growth assets won't be the optimal asset allocation for everyone. Even the most diversified investment strategies can't survive market shocks unscathed, as we saw during the GFC. Those currently relying on their investment portfolio for income should avoid putting themselves in a position where they're forced to sell during times of extreme market stress.

The Balanced option's asset allocation is constructed with the long-term 'buy and hold' member in mind, who can withstand short-term market volatility. Investing through super should be viewed through a long-term lens. While market timers occasionally get it right, it's likely to be a case of good luck rather than great foresight. Consider a member who predicted the GFC and had the 'foresight' to switch from the Balanced option to the Cash option. If they didn't have the foresight to switch back, they'd now be about 35% worse off than someone who simply stayed the course in the Balanced option.

Option performance: the year's best and worst

We generally discourage members from focusing on short-term performance. However, human nature being as it is, we often get questions from members about their annual returns—particularly after they receive their annual statements. Comparing our best and worst performing options gives us a reasonable understanding of the range of outcomes and influences in the recent past. Go to pages 30 to 35 for financial year and historical returns for all options.

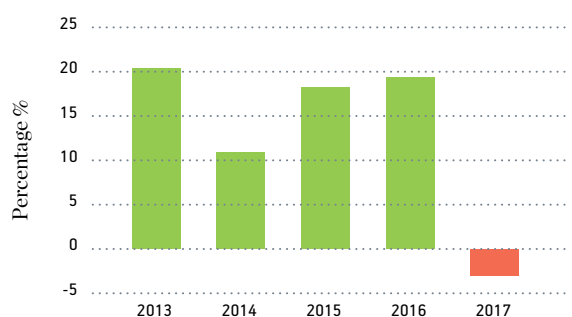
WORST OF THE YEAR

Listed Property option

Listed Property was the worst performer for the financial year with a loss of -3%. Two factors primarily drove the poor outcome.

In the four years leading up to the 2016-17 financial year, the option returned +17.2% p.a. (see Graph 3).

GRAPH 3: LISTED PROPERTY OPTION PERFORMANCE



Source: UniSuper. Past performance isn't an indicator of future performance. Returns are shown for our Accumulation (not Pension) options and are after fees and fund taxes, but not before account-based fees.

This is nothing short of a stellar return for an asset class bought as much for income as capital growth potential. When an asset class runs this hard, a correction is inevitable, although timing is always uncertain.

While the option has geographical and sector diversification (across retail, office and industrial), it has a heavy weighting to retail shopping centres (about 60%). In Australia, we've seen subdued retail trading due to stretched households and low real wage growth. Overseas, it's been more a case of the 'Amazon' impact, as retail margins get squeezed with some shopping chains forced into many store closures.

Future returns for the option will depend heavily on the trajectory of household income and whether shopping centres can reinvent themselves to counter the Amazon impact. In essence, this will involve the ongoing transformation from a 'place to conduct transactions' to an 'experience destination'. Quality centres in the best locations will be better placed to transform, and this view will be reflected in the way we construct our property portfolios.

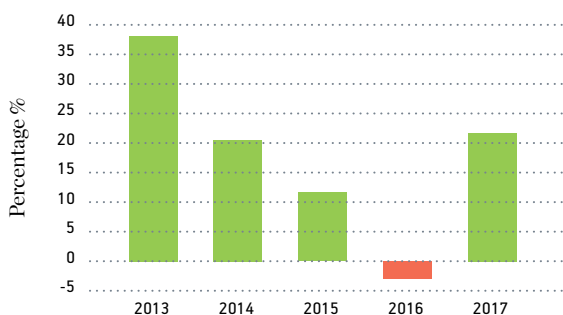
The course of interest rates will also play its part, with property generally benefiting from falling rates. As with all asset classes, the future is impossible to predict, although it would be surprising if the stellar returns of the past six years are repeated any time soon.

BEST OF THE YEAR

Global Environmental Opportunities (GEO) option

GEO was UniSuper's best performing option in the 2016-17 financial year, returning 21.7%. GEO invests in companies that derive the majority of their revenues from addressing current and emerging environmental issues such as renewable energy, water and waste treatment, energy efficiency and green buildings. The convergence and growth of artificial intelligence, renewable energy and storage, and automation has been key to the growth in this portfolio, leading to exceptional performances from the likes of Tesla (+70.3%), Rockwell Automation (+41.1%), Schneider Electric (+26.8%) and Vestas Wind Systems (+32.8%).

GRAPH 4: GLOBAL ENVIRONMENTAL OPPORTUNITIES OPTION PERFORMANCE



Source: UniSuper. Past performance isn't an indicator of future performance. Returns are shown for our Accumulation (not Pension) options and are after fees and fund taxes, but not before account-based fees.

GEO's performance in 2016-17 represented a solid bounce back from a disappointing previous year, which recorded a negative return. It's another reminder that investing is a long-term game, as timing such market swings is notoriously difficult. On that note, a familiar pattern is emerging with many members switching into GEO, many presumably chasing a 'hot' asset class. However, it's buyer-beware, and the experience of the Listed Property option should serve as a cautionary tale. While the 'greening' of the world is a compelling secular theme, not all secular themes make for good investments. For example, much is written about the growing demand for food and shrinking volume of arable land, yet the agricultural sector as a whole has delivered poor returns.

The lofty share prices we're seeing with companies like Tesla are being driven by the weight of money as investors chase the dream. However, as the saying goes, "price is what you pay, value is what you get". The value of a company will ultimately be determined by its underlying earnings. If companies like Tesla don't convert the dream into profit, a major correction in price is inevitable.

Overall, our members should generally be happy with the way things turned out in 2016-17, particularly those with high exposure to global equities. What the future holds nobody knows. Time will tell whether outperforming regions and sectors (US, financials and technology) will continue outperforming, or the current laggards (such as Australia) will take the lead. On a cautionary note, it's been 10 years since the Cash option has been the best performing asset class—it's actually been our worst overall performer since the GFC. While this has been a good outcome for most members, probability theory suggests that the longer Cash remains the worst performer, the closer we are to a correction.

Defined Benefit Division (DBD) remains in good shape

The portfolio of assets the DBD invests in returned 6.6% for the financial year. The DBD's return is lower than the Balanced option's due to the lower weighting of global assets, on top of a large exposure to the (underperforming) listed property sector. Of course, the DBD's performance in any single year, and comparisons with other options, are not of much real significance. What's important to members is the overall health of the DBD—and on this score, the news is positive.

UniSuper uses two measures to monitor the DBD's financial position: the Vested Benefits Index (VBI) and Accrued Benefits Index (ABI). As we've said in the 'DBD Update' section of this annual report on page 16, the ABI and VBI are comfortably in surplus.

Investment returns

Super members

ANNUAL ACCUMULATION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE

INVESTMENT OPTION	2016-17	2015-16	2014-15	2013-14	2012-13
Pre-Mixed					
Capital Stable ⁷	3.01%	7.57%	6.93%	8.50%	8.73%
Conservative Balanced	4.52%	8.85%	9.30%	10.80%	12.48%
Balanced	9.60%	5.91%	11.02%	13.88%	15.88%
Sustainable Balanced	10.16%	3.13%	12.62%	15.08%	16.36%
Growth	12.39%	3.90%	11.78%	15.91%	18.75%
High Growth	15.33%	3.00%	12.60%	17.29%	20.48%
Sustainable High Growth	13.09%	3.17%	15.50%	19.27%	21.91%
Sector					
Cash	1.81%	2.03%	2.26%	2.43%	3.11%
Australian Bond	-0.37%	6.49%	4.53%	5.06%	1.73%
Diversified Credit Income ⁸	4.18%	2.30%	0.98%	n.a.	n.a.
Listed Property	-2.97%	19.40%	18.16%	10.92%	20.35%
Australian Shares	11.14%	0.73%	5.96%	16.98%	22.44%
International Shares	18.36%	0.86%	22.38%	19.19%	23.74%
Global Environmental Opportunities	21.68%	-3.03%	11.64%	20.47%	38.09%
Australian Equity Income	11.66%	4.51%	10.41%	18.43%	30.01%
Global Companies in Asia	20.22%	-0.82%	20.88%	15.57%	24.77%

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

⁷ Capital Stable was renamed Conservative on 1 July 2017.

⁸ The investment option commenced on 1 September 2014, therefore returns for previous financial years aren't available. The investment return shown for 2014-15 is for the period 1 September 2014 to 30 June 2015 only.

ANNUALISED ACCUMULATION INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2017

ACCUMULATION OPTION	5-YEAR ANNUALISED RETURNS		7-YEAR ANNUALISED RETURNS	
	INVESTMENT RETURN	SURVEY MEDIAN ⁹	INVESTMENT RETURN %	SURVEY MEDIAN ⁹
Pre-Mixed				
Capital Stable ¹⁰	6.93%	5.89%	6.75%	5.71%
Conservative Balanced	9.16%	7.67%	8.21%	6.97%
Balanced	11.20%	9.95%	9.46%	8.21%
Sustainable Balanced	11.37%	n.a.	9.05%	n.a.
Growth	12.43%	11.15%	10.15%	8.90%
High Growth	13.58%	12.70%	10.79%	9.77%
Sustainable High Growth	14.40%	n.a.	10.44%	n.a.
Sector				
Cash	2.33%	2.23%	2.91%	2.77%
Australian Bond	3.46%	n.a.	4.65%	n.a.
Diversified Credit Income ¹¹	n.a.	n.a.	n.a.	n.a.
Listed Property	12.82%	n.a.	11.92%	n.a.
Australian Shares	11.18%	11.68%	8.50%	8.50%
International Shares	16.59%	15.20%	12.76%	11.11%
Global Environmental Opportunities ¹²	16.99%	n.a.	n.a.	n.a.
Australian Equity Income ¹²	14.69%	n.a.	n.a.	n.a.
Global Companies in Asia ¹²	15.76%	n.a.	n.a.	n.a.

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⁹ Source: SuperRatings Pty Ltd's Fund Crediting Rate Survey June 2017 published on 20 July 2017, 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.

¹⁰ Capital Stable was renamed Conservative on 1 July 2017.

¹¹ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available.

¹² The investment option commenced on 21 April 2012, therefore returns for prior financial years are not available.

Flexi Pension and Term Allocated Pension members

ANNUAL PENSION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE

INVESTMENT OPTION	2016-17	2015-16	2014-15	2013-14	2012-13
Pre-Mixed					
Capital Stable ¹³	3.53%	8.74%	8.05%	9.99%	10.01%
Conservative Balanced	5.21%	10.13%	10.61%	12.59%	14.14%
Balanced	10.64%	6.65%	12.39%	15.85%	17.83%
Sustainable Balanced	11.47%	3.62%	14.31%	17.27%	19.08%
Growth	13.51%	4.42%	13.11%	17.90%	20.85%
High Growth	16.76%	3.48%	14.01%	19.46%	22.80%
Sustainable High Growth	14.55%	3.63%	17.28%	21.79%	25.46%
Sector					
Cash	2.27%	2.54%	2.84%	2.99%	3.75%
Australian Bond	-0.31%	7.72%	5.56%	6.17%	2.17%
Diversified Credit Income ¹⁴	5.05%	2.79%	1.27%	n.a.	n.a.
Listed Property	-3.85%	21.27%	20.44%	12.35%	22.59%
Australian Shares	12.63%	1.70%	7.01%	18.68%	24.37%
International Shares	20.37%	0.35%	24.81%	21.35%	27.68%
Global Environmental Opportunities	24.23%	-3.92%	13.01%	23.33%	44.19%
Australian Equity Income	14.46%	6.01%	12.52%	20.46%	32.50%
Global Companies in Asia	22.47%	-1.66%	23.39%	17.63%	28.12%

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¹³ Capital Stable was renamed Conservative on 1 July 2017.

¹⁴ The investment option commenced on 1 September 2014, therefore returns for prior financial years aren't available. The investment return shown for 2014-15 is for the period 1 September 2014 to 30 June 2015 only.

ANNUALISED PENSION INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2017

UNISUPER PENSION OPTION	5-YEAR ANNUALISED RETURNS		7-YEAR ANNUALISED RETURNS	
	INVESTMENT RETURN	SURVEY MEDIAN ¹⁵	INVESTMENT RETURN	SURVEY MEDIAN ¹⁵
Pre-Mixed				
Capital Stable ¹⁶	8.04%	6.66%	7.84%	6.53%
Conservative Balanced	10.50%	8.63%	9.41%	7.95%
Balanced	12.60%	10.86%	10.67%	9.02%
Sustainable Balanced	13.02%	n.a.	10.25%	n.a.
Growth	13.82%	12.52%	11.30%	10.15%
High Growth	15.11%	13.72%	12.04%	10.93%
Sustainable High Growth	16.29%	n.a.	11.94%	n.a.
Sector				
Cash	2.88%	2.68%	3.53%	3.27%
Australian Bond	4.22%	n.a.	5.60%	n.a.
Diversified Credit Income ¹⁷	n.a.	n.a.	n.a.	n.a.
Listed Property	14.10%	n.a.	13.22%	n.a.
Australian Shares	12.59%	12.63%	9.60%	9.56%
International Shares	18.49%	16.33%	14.13%	12.21%
Global Environmental Opportunities ¹⁸	19.12%	n.a.	n.a.	n.a.
Australian Equity Income ¹⁸	16.86%	n.a.	n.a.	n.a.
Global Companies in Asia ¹⁸	17.50%	n.a.	n.a.	n.a.

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¹⁵ Source: SuperRatings Pty Ltd's Pension Fund Crediting Rate Survey June 2017 published on 20 July 2017, www.superratings.com.au. It 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.

¹⁶ Capital Stable was renamed Conservative on 1 July 2017.

¹⁷ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available.

¹⁸ The investment option commenced on 21 April 2012, therefore returns for prior financial years are not available.

Our assets

UniSuper has \$61.6 billion in net funds under management as at 30 June 2017

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 2017:

INVESTMENT	WEIGHT IN DBD
Transurban Group	8.0%
Sydney Airport	5.8%
Scentre Group	5.5%

Accumulation and pension options

Funds invested in our options were invested across the various asset classes as at 30 June 2016 and 30 June 2017 as outlined in the following table:

ASSET CLASS (TOTAL)	2017	2016
Australian Shares	43.0%	44.4%
International Shares	19.1%	17.1%
Fixed Interest	14.0%	15.9%
Cash	10.4%	9.2%
Property	5.0%	5.1%
Sustainable	3.3%	2.9%
Infrastructure and Private Equity	5.2%	5.4%

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.

See pages 30 to 35 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 2016 and 30 June 2017 as outlined in the following table:

ASSET CLASS (TOTAL)	2017	2016
Australian Shares	56.7%	57.6%
International Shares	10.2%	8.9%
Fixed Interest	9.3%	12.3%
Cash	5.9%	4.3%
Property	9.0%	8.7%
Sustainable	0.0%	0.0%
Infrastructure and Private Equity	8.8%	8.3%



MORE INFORMATION

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

Our investment managers

We outsource management of approximately 37% of our assets to external, unrelated investment managers¹⁹. All investment managers are monitored constantly and are generally reviewed in detail at least once a year. The remaining 63% 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

- State Street Bank and Trust Company
- UniSuper Management Pty Ltd

AUSTRALIAN SHARE MANAGERS

- Airlie Funds Management Pty Ltd
- Arnhem Investment Management Pty Ltd
- Discovery Asset Management Pty Ltd
- ECP Asset Management Pty Ltd
- Henderson Global Investors (Australia) Institutional Funds Management Ltd
- Kinetic Investment Partners Limited
- Lazard Asset Management Pacific Co
- Novaport Capital Pty Ltd
- Quest Asset Partners Pty Ltd
- Selector Funds Management Ltd
- Schroder Investment Management Australia Ltd
- State Street Bank and Trust Company
- Tribeca Investment Partners Pty Ltd
- UniSuper Management Pty Ltd
- Yarra Funds Management Ltd

INTERNATIONAL SHARE MANAGERS

- Acadian Asset Management LLC
- Arrowstreet Capital Limited Partnership
- Baillie Gifford Overseas Limited
- Blackrock Asset Management Australia Limited
- FIL Limited
- Janus Capital Management LLC
- MFS Institutional Advisors Inc
- Sands Capital Management LLC
- Schroder 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
- APPF Retail
- APPF Industrial
- Goodman Australian Industrial Fund
- GPT Wholesale Office Fund
- GPT Wholesale Shopping Centre Fund
- ISPT 50 Lonsdale Street Trust
- ISPT Core Fund

FIXED INTEREST MANAGERS

- Colonial First State Asset Management (Australia) Limited
- Macquarie Investment Management Limited
- Morgan Stanley Investment Management (Australia) Pty Limited
- Oak Hill Advisors LP
- Prudential Investment 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

¹⁹ As at 30 June 2017. 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 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
- Quadrant Private Equity Fund 1
- 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



How we manage investments

ACCUMULATION SUPER AND PENSION MEMBERS

If you have an Accumulation 1 or 2 account or an accumulation component through your DBD membership, you can choose to invest in a range of investment options. Flexi Pension and Term Allocated Pension members can choose from the same suite of options.

Each investment option has a performance objective and 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. Read more about each option on pages 30 to 35 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, and
- 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.

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.

DBD 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 DBD member and employer contributions are pooled and invested in a diversified portfolio. The Trustee continually monitors and reviews this portfolio and may vary its asset allocation from time to time.

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, and
- using forward contracts, futures and options to hedge our international currency exposures.

Our 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 specific crediting rate for each investment option, net of investment management fees and costs.

During a quarter, we calculate 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. You can also see these transactions on MemberOnline.

If you're invested in an option at the end of the quarter and make a full or partial switch, or a partial withdrawal from the 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 investment options

Each of our investment options has 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.

We regularly review the asset mix of each option to make sure actual allocations to growth and defensive assets—and each asset class—are within an approved range of the relevant strategy's asset allocation.

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

The following information about our investment options—except for the Balanced (MySuper) option—cover both accumulation and pension versions of the options.

The following information was correct as at 30 June 2017. Some risk and return objectives changed on 1 July 2017. Visit our website for up-to-date information.



Capital Stable*

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 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 2017	2.1
30 June 2016	2.2

STRATEGIC ASSET ALLOCATION (%)^

	2017	2016
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 such as 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 investment 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 2017	3.4
30 June 2016	3.2

STRATEGIC ASSET ALLOCATION (%)^

	2017	2016
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 such as bonds and cash and growth assets such as shares and property.

* The Capital Stable option was renamed 'Conservative' on 1 July 2017.

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

^ The performance objectives, summary risk level, investment time frame and expected frequency of a negative annual return for a number of our options changed on 1 July 2017. Go to unisuper.com.au/investments for current option information.

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/pdfs 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

PERFORMANCE OBJECTIVES#

To achieve returns (after Fund taxes and investment expenses but before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested investment 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 2017	17.3
30 June 2016	14.4

STRATEGIC ASSET ALLOCATION (%)^

	2017	2016
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 but before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested investment 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 2017	1.7
30 June 2016	1.3

STRATEGIC ASSET ALLOCATION (%)^

	2017	2016
Australian Shares	42.0	42.0
International Shares	24.5	24.5
Australian Listed Property	3.5	3.5
Cash & Fixed Interest	30.0	30.0

INVESTMENT STRATEGY

To invest in a diversified portfolio of 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 but 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 2017	4.9
30 June 2016	4.3

STRATEGIC ASSET ALLOCATION (%)^

	2017	2016
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.

^ The performance objectives, summary risk level, investment time frame and expected frequency of a negative annual return for a number of our options changed on 1 July 2017. Go to unisuper.com.au/investments for the current option information.

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/pdfs 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*.



High Growth

PERFORMANCE OBJECTIVES[#]

To achieve returns (after Fund taxes and investment expenses but before deducting account-based fees) that are at least 5.0% 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 2017	3.2
30 June 2016	2.5

STRATEGIC ASSET ALLOCATION (%)[^]

	2017	2016
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.



Sustainable High Growth

PERFORMANCE OBJECTIVES[#]

To achieve returns (after Fund taxes and investment fees but before deducting account-based fees) that are at least 5.0% 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 2017	1.2
30 June 2016	0.9

STRATEGIC ASSET ALLOCATION (%)[^]

	2017	2016
Australian Shares	60.0	60.0
Australian Listed Property	5.0	5.0
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 negative screens together with Australian listed property.



Cash

PERFORMANCE OBJECTIVES[#]

To achieve the RBA cash rate (after Fund taxes and investment fees but before deducting account-based fees) over the suggested investment time frame.

MINIMUM SUGGESTED INVESTMENT TIMEFRAME[^]

One year

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Negligible

SUMMARY RISK LEVEL[^]

Low

OPTION SIZE (\$B)

30 June 2017	1.9
30 June 2016	1.9

STRATEGIC ASSET ALLOCATION (%)[^]

	2017	2016
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.

[#] These are not promises or predictions of any particular rate of return.

[^] The performance objectives, summary risk level, investment time frame and expected frequency of a negative annual return for a number of our options changed on 1 July 2017. Go to unisuper.com.au/investments for current option information.

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/pdfs 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 Bond

PERFORMANCE OBJECTIVES[#]

To achieve CPI (after Fund taxes and investment fees but before deducting account-based fees) over the suggested investment 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 2017	0.5
30 June 2016	0.5

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
Australian Bond	100	100

INVESTMENT STRATEGY

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

Diversified Credit Income

PERFORMANCE OBJECTIVES[#]

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Four years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Five in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2017	0.2
30 June 2016	0.1

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
Global Credit	65.0	65.0
Australian & New Zealand Credit	35.0	35.0

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, commercial mortgage-backed securities and municipal bonds when appropriate.

Listed Property⁻

PERFORMANCE OBJECTIVES[#]

To achieve returns (after Fund taxes and investment expenses but before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested investment 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 2017	0.5
30 June 2016	0.7

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
Property	100.0	100.0

INVESTMENT STRATEGY

To invest in a diversified portfolio of listed property securities.

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

[#] These are not promises or predictions of any particular rate of return.

[^] The performance objectives, summary risk level, investment time frame and expected frequency of a negative annual return for a number of our options changed on 1 July 2017. Go to unisuper.com.au/investments for the current option information.

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/pdfs 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 but before deducting account-based fees) that are at least 5.0% 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

Six in 20 years

SUMMARY RISK LEVEL

Very high

OPTION SIZE (\$B)

30 June 2017	0.4
30 June 2016	0.3

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
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 but before deducting account-based fees) that are at least 5.0% 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 2017	0.7
30 June 2016	0.5

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
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 but before deducting account-based fees) that are at least 5.0% 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 2017	0.4
30 June 2016	0.2

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
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.

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/pdfs 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 investment 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 2017	0.5
30 June 2016	0.4

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
Australian Shares	100 [~]	100 [~]

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 but before deducting account-based fees) that are at least 5.0% 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[^]

Six in 20 years

SUMMARY RISK LEVEL[^]

Very High

OPTION SIZE (\$B)

30 June 2017	0.2
30 June 2016	0.1

STRATEGIC ASSET ALLOCATION (%)

	2017	2016
International Shares	100	100

INVESTMENT STRATEGY

To invest in a diversified 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 +5.1% p.a. 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.^{##}

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 2017	17.3
30 June 20156	14.4

STRATEGIC ASSET ALLOCATION (%)[^]

	2017	2016
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 bond investments.

[#] These are not promises or predictions of any particular rate of return.

^{##} 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](#).

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

[^] The performance objectives, summary risk level, investment time frame and expected frequency of a negative annual return for a number of our options changed on 1 July 2017. Go to [unisuper.com.au/investments](#) for the current option information.

[~] This option predominantly invests in Australian Shares. Up to 30% of this option's assets can be invested in Australian Income securities such as credit and debt securities, hybrid and Australian high-yield credit instruments.

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/pdfs](#) 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 2017	22.7
30 June 2016	20.7

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 45% in High Risk assets, 15% in Moderate Risk assets and 40% 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 55%. The table below provides the actual allocation to High, Moderate and Low Risk assets as at 30 June 2017 and 30 June 2016.

ACTUAL ASSET ALLOCATION (%)

	2017	2016
High risk assets	49.5	51.3
Moderate risk assets	37.9	35.5
Low risk assets	12.6	13.2

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.

Notes about this data:

- The Trustee may alter the asset allocations or the composition of individual asset classes from time to time to suit prevailing market circumstances.
- Each of the asset class proportions shown may include small or residual cash balances for portfolio management purposes.
- References in the performance objectives to 'CPI' mean the Consumer Price Index.
- Strategic allocations are long-term targets and actual allocations may deviate from target.
- Sector options may, from time to time, include a small allocation to cash for portfolio management purposes.

Our people

Putting our members at the core of everything we do

We're proud of the culture we're building at UniSuper. Finding people that fit in with our 'genuine care for members' philosophy is something we take very seriously. We work hard to attract talented people who want to work collaboratively to achieve greater retirement outcomes for our members.

We challenge ourselves to ensure we have our members' best interests at the core of our decisions, and focus on continuous improvement as a way of engaging our people to find better ways of working to solve problems and improve the member experience. Our simple but meaningful purpose, values and behavioural expectations provide us with the direction we need and help us to employ great people who can add to our culture.

Attracting and engaging the best talent

Our in-house recruitment team are closely aligned with each business unit to help our leaders to shape roles and attract great candidates. Around 75% of our roles are filled by this team each year –after paying their salaries the team is saving the organisation well in excess of \$1M each year in recruitment fees.

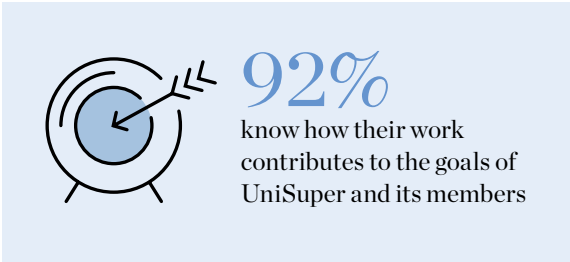
Another key aspect of our talent attraction strategy is to have candidates referred to us by our own people – there's no better form of promotion or advocacy for us than to have them recommend UniSuper as a great place to work!

We focus on creating an environment that rewards our people in a meaningful way for their contributions and we respect our people's need for flexibility and desire to develop professionally and personally. We offer a wide range of initiatives and benefits to ensure our people don't just want to work for us – we want them to be fully engaged so that they will stay with us and strive to do the best they can every day for our members.

Our workplace is shaped by our commitment to providing:

- purposeful work
- learning and development activities
- career opportunities
- wellbeing and volunteering programs, and
- giving back to charities and the community.

One of the indicators that we're on track is our low resignation rate (approx. 10% in 2016-17), and another is our high Employee Engagement survey results. Our overall engagement score in 2017 was well above the global professional services benchmark with an overall engagement score of 78%. Even more pleasing was that 92% of our people are engaged with how their work contributes to the goals of UniSuper and our members and 89% were highly engaged with respect to recommending UniSuper as a great place to work which is fantastic.



Valuing diversity

Our 'genuine care' culture spills over into a respect for all aspects of diversity. Our current focus has been on training our leaders to better understand conscious and unconscious bias and their role in building a more diverse workforce.

We've recently partnered with CareerSeekers to provide work experience for asylum seekers and we hope to build on this relationship in the future. This is a wonderful opportunity to strengthen the mix of skills and experience within our business, while at the same time providing an important point of entry for refugees and asylum seekers into professional life in Australia.

Offering flexibility is another way we are able to attract a more diverse talent pool and enables us to focus on the work output, not the hours spent sitting at a desk. Our people have the opportunity to request formal and informal flexible working arrangements that enable them to balance how and where they work according to their personal circumstances.

UniSuper reports annually to the Workplace Gender Equality Agency (WGEA)–the report looks at workforce participation, remuneration and the practices in place to promote gender equality in the workplace. But we don't stop there; we conduct our own pay equity analysis, and participate in research and action groups to look at closing the gap and creating a more diverse and equal workforce.

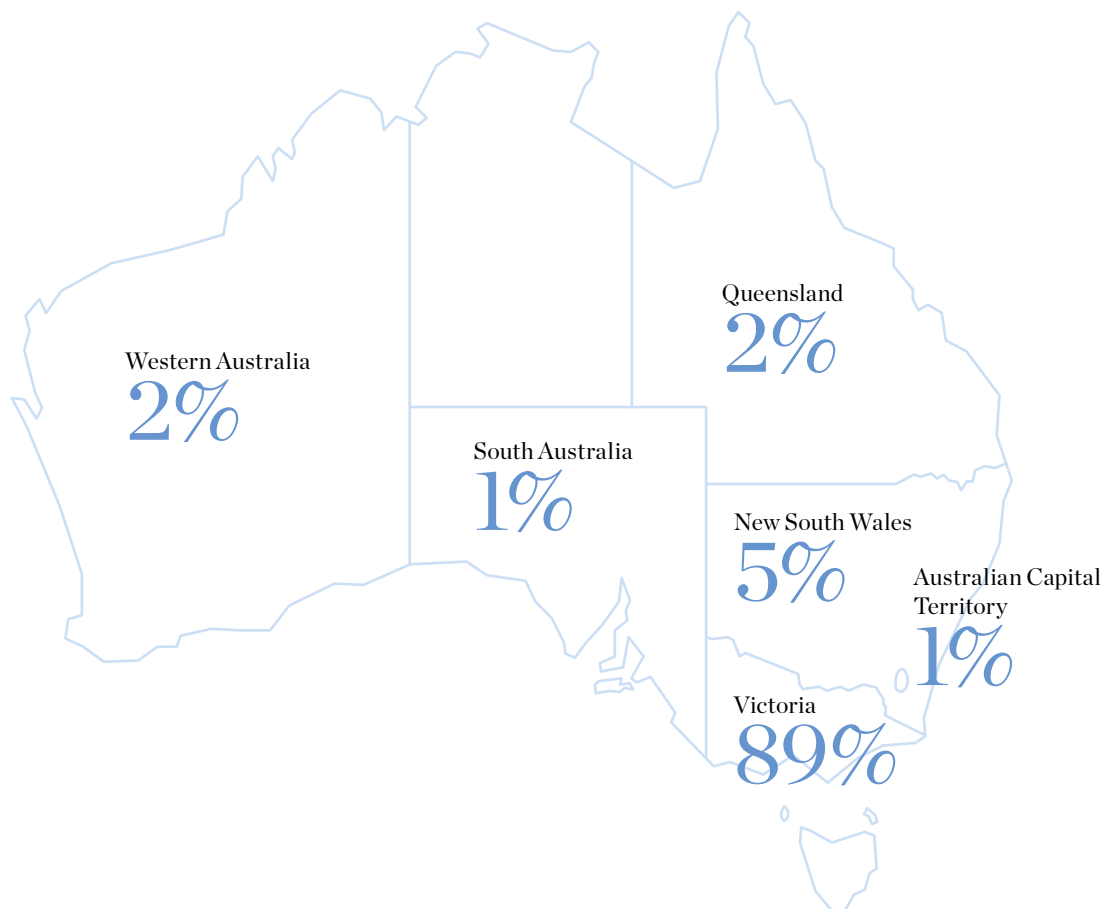


UniSuper received a **Trailblazers Award**²⁰ in recognition of its early support for the CareerSeekers program

Health, wellbeing and giving back to the community

Workplace health and wellbeing initiatives assist in creating a workplace culture that supports and encourages healthy lifestyles and promotes a happier workforce. Our holistic approach to wellbeing aims to support and encourage everyone to participate in a range of health and wellbeing initiatives and activities. We provide a healthy and supportive environment by raising awareness within the workplace of the issues that impact on health and wellbeing, via news articles, our intranet, education and information sessions. In the last year, our employees participated in a variety of wellbeing events, raising over \$20,000 for well deserving charities through activities such as Steptember, Movember, Mother's Day Classic, Stadium Stomp, fun runs, marathons and cycling events.

BREAKDOWN OF UNISUPER EMPLOYEES



²⁰ The CareerSeekers program awarded UniSuper the Trailblazer award in August 2016. CareerSeekers is a newly founded non-profit social venture that creates professional employment opportunities for refugees and asylum seekers in Australia.

Giving back to the community is just part of the way we do things at UniSuper. Over the past year our people have personally donated \$65,817 to charities through our uGive program and 80 of them have taken advantage of our program to support the community through a variety of worthy volunteering experiences in Australia and overseas.

**GENDER SPLIT AS AT 30 JUNE 2017
HEADCOUNT: 732**



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 are nominated by employers and members on the Board, and these directors appoint three non-representative directors. A non-representative director is therefore not appointed by employers or members, but is independent and has knowledge and expertise which complements and balances the various interests on the Board.

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

Of the directors nominated by members, two are nominated by Consultative Committee members – one by academic staff, one by non-academic 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 nominated by members or employers can be removed by a 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 nominated by 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 non-academic staff (equally) from our shareholder universities.

GETTING TO KNOW THE BOARD



(Back left to right) Neville Kitchin, Mark Armour
(Middle left to right) Lelia Green, Keith Tull, Nicolette Rubinsztein, Peter Dawkins
(Front left to right) Susan Gould, Jane den Hollander, Ian Martin, Graeme McCulloch and Stephen Somogyi

INDEPENDENT DIRECTORS**Christopher Cuffe AO**

BCom, FCA, FFin, FAICD

Chairman (Retired on 30 June 2017)

Appointed to the Board as an Independent Director on 13 April 2007 and elected as Chairman on 15 June 2011. Retired on 30 June 2017.

Geoffrey Ian Martin

BEc (Hons), Adv Diploma FAICD

Chairman (Effective 1 July 2017)

Appointed to the Board as an Independent Director on 18 April 2013 and elected as Chairman on 1 July 2017.

Nicolette Rubinsztein

BBus (Hons), EMBA (AGSM), GAICD, FIAA

Appointed to the Board as an Independent Director on 1 December 2015.

Mark Armour

BEc (Hons)

Appointed to the Board as an Independent Director on 1 July 2017.

DIRECTORS NOMINATED BY MEMBERS**Professor Lelia Green**

PhD, MA, MEd, BA, GAIST

Elected to the Board by members of the Consultative Committee representing academic staff on 4 November 2015.

Keith Tull

BBus (Accounting), Grad Diploma (Data Processing), CPA, DipSuper

Elected to the Board by members of the Consultative Committee representing non-academic staff on 23 November 2010.

NOMINATED BY NATIONAL UNIONS**Grahame McCulloch**

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

Neville Kitchin

FAICD, GAIST, DipSuper

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

DIRECTORS NOMINATED BY EMPLOYERS

Nominated by Vice Chancellors

Professor Jane den Hollander AO

PhD, MSc, BSc Hons

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

Professor Peter Dawkins AO

PhD, MSc, BSc

Elected to the Board on 4 November 2015 by the Shareholder Universities.

Dr Susan Gould

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

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

Stephen Somogyi

MSc (Melbourne), SM (MIT), FAICD, FIAA, FFin

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

More information about the Board's experience, expertise and special responsibilities is available on our website.

CHANGES TO THE BOARD

The following change occurred to the Board in 2016-17:

- Chris Cuffe, Chairman, resigned on 30 June 2017 and was replaced by Mark Armour.

THE BOARD COMMITTEES

The Board Committees as at 30 June 2017 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, and
- adequacy of the Trustee's insurance program.

Members include:

- Stephen Somogyi (Chair)
- Susan Gould
- Nicolette Rubinsztein
- Neville Kitchin

The committee is assisted by two independent consultants:

- Michelle Somerville
- 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 include:

- Susan Gould (Chair)
- Christopher Cuffe (to 30 June 2017)
- Ian Martin
- Jane den Hollander

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, and
- 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, and
- approve the appointment or termination of the Fund's Chief Medical Officer.

Members include:

- Susan Gould (Chair)
- Keith Tull
- Lelia Green
- Nicolette Rubinsztein
- 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, and
- other investment matters, including:
 - investment policy
 - making investment strategy recommendations to the Board
 - monitoring asset allocations
 - monitoring investment performance.

Members include:

- Ian Martin (Chair)
- Peter Dawkins
- Christopher Cuffe
- Charles Macek (independent consultant)
- Anthony FitzGerald (independent consultant)
- Kevin O'Sullivan (CEO UniSuper, Ex-Officio)

The Executive Leadership Team

The day-to-day administration of UniSuper is managed by a wholly owned company, UniSuper Management Pty Ltd (USM). Under the leadership of the Chief Executive Officer, USM operates in line with performance objectives set every year. The Board regularly reviews these objectives, particularly in regard to providing greater retirement outcomes for members.

GETTING TO KNOW THE LEADERSHIP TEAM



(Back left to right) Lee Scales, John Pearce, Nicholas Drohan, Jack McCartney, Tim Anderson, Anna Leibel, Steve Leach
 (Front left to right) John Dyer, Kevin O'Sullivan, Luke Barrett and Ruby Yadav

Kevin O'Sullivan
 Chief Executive Officer

John Pearce
 Chief Investment Officer

Tim Anderson
 Executive Manager, Marketing & Product

John Dyer
 Chief Financial Officer

Lee Scales
 Executive Manager, Member & People Services

Jack McCartney
 Executive Manager,
 Advice & Employer Relationships

Steven Leach
 Executive Manager, Operations

Anna Leibel
 Executive Manager, Technology

Nicholas Drohan
 Executive Manager, Program Management

Ruby Yadav
 Acting Executive Manager, Risk

Luke Barrett
 Acting Executive Manager, Legal

More information on the Executive
 Leadership Team is available on
unisuper.com.au/about-us.

Risk management and governance

Responsible risk taking

UniSuper fosters a culture of responsible risk taking whereby consideration and active management of risks is embedded in our way of working. We support this culture through continuous improvement of our risk management framework and capabilities.

Risk management framework

UniSuper is committed to continually maturing its risk management framework to enable achievement of the Fund’s strategic objectives.

The dialogue with directors and Management continues to ensure focus on maturing the risk management capability in areas of project delivery as well as technology and information security.

UniSuper’s risk appetite framework is being enhanced to guide management of the level and nature of risk the Fund is prepared to take in pursuit of its strategic objectives. This will inform and empower Management in keeping risk front of mind in executing strategy.

Cyber security

UniSuper recognises the importance of the information it collects and shares and takes a four-pronged approach – prevention, protection, detection and management – to effectively manage associated risks. We have developed a roadmap to strengthen our capability across each of these dimensions. This will allow UniSuper to ensure security of this valuable and sensitive information for our members as well as meet the expectations of regulators and other stakeholders.

Privacy

UniSuper reviewed its Privacy Policy and implemented a Privacy Management Framework to effectively protect privacy of our members and oversee the management of privacy matters. The Privacy Management Framework also takes into consideration recent legislative changes which will mandate reporting of certain privacy incidents to the relevant regulator from 2018.

Fraud and corruption

During financial year 2017, UniSuper reviewed its risk profile with particular focus on fraud and corruption risks. The focus is on continuing to strengthen processes and systems to ensure members’ funds and service experience is protected as the fraud landscape continues to shift.

How we manage your super

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 Leadership team reports to the Boards of UniSuper Limited and USM.

USM operates in line with a set 2016-17 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. If your account balance is less than \$500 and we do not receive contributions from you or on your behalf for three years, and you have not provided us with instructions about what to do with your benefit, or if you do not respond to our letters, we may transfer it to:

AUSfund

Locked Bag 5132 Parramatta NSW 2124
Phone: 1300 361 798
E-mail: admin@ausfund.net.au

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 your 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:

- if we haven't received a contribution or rollover from you in the past 12 months, two pieces of mail sent to your last known address are returned to us as unclaimed, or if we have never had an address for you, or
- you've been a member for more than two years and we haven't 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:

- you've reached age 65, and
- we haven't received any contributions or rollovers for at least two years, and
- after a period of five years since UniSuper last contacted you, UniSuper has been unable to contact you again after making reasonable efforts, or
- you're 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
- you meet the definition of a lost member, your account does not include a defined benefit component and your account balance is less than \$6,000 and we haven't 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.

If you're a DBD member, your accumulation component won't be transferred to the ATO in these circumstances.

Claiming your super benefit if you're a temporary resident

A temporary resident whose visa period has ended can generally claim their UniSuper benefit as a lump sum once they've left Australia.

If a temporary resident doesn't claim their super when they leave Australia, UniSuper will generally be required to transfer the balance of their super account to the ATO as an unclaimed benefit after a period of six months from the date the visa ceased to be in effect or they left Australia (whichever occurs later).

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, a temporary 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) factsheet, which is available at unisuper.com.au or by calling us on **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 on your benefit statement.

Service providers we use

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

During the financial year, our main service providers were:

- Actuary: Kate Maartensz FIAA, Russell Employee Benefits Pty Ltd
- Chief Medical Consultant: Diel Felman from Work Life Well and Pramodh Nathaniel from Matrix Health
- Tax Consultant: KPMG
- Auditor: Ernst & Young (external), PricewaterhouseCoopers (internal)
- Bankers: Commonwealth Bank of Australia
- Insurance underwriter: TAL Life Limited (TAL), and
- Investment Master Custodian: BNP Paribas Securities Services

Managing our finances

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

- an administration reserve to help manage the operation of the Fund
- an external insurance reserve used to fund improvements in the external insurance offering
- a self-insurance reserve for the death and disablement benefits provided by UniSuper to Accumulation 2 members. The insurance products covered by this reserve were outsourced to an external insurer from 3 January 2015, so the reserve is now in 'run-off' mode, and
- an operational risk reserve to cover losses, costs and expenses that may be incurred in the event of an operational risk. On 30 June 2017, the reserve balance represented 0.27% of funds under management, which is above the Fund's Operational Risk Financial Requirement of 0.25%

All of the reserves, except for the administration reserve, are invested in a diversified portfolio with an asset allocation that mirrors that of UniSuper's DBD. The assets backing the administration reserve include an investment in the Fund's administrator, USM.

The total of the reserves as at 30 June for the past three years was \$180 million in 2015, \$244 million in 2016, and \$270 million in 2017.

Complaints handling

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

For more information on how to make a complaint, refer to unisuper.com.au/contact-us.

UniSuper financials

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

Statement of financial position as at 30 June 2017

ASSETS	2017	2016
	\$M	\$M
CASH AND RECEIVABLES		
Cash and cash equivalents	157	118
Sundry debtors and prepayments	1	1
	158	119
INVESTMENTS – FINANCIAL ASSETS		
Equities – Local	28,326	26,137
– Overseas	12,882	10,126
Interest bearing securities – Local	9,137	8,370
– Overseas	1,814	2,006
Others, including short-term deposits	4,323	3,610
Derivative assets	128	112
	56,610	50,361
INVESTMENTS – NON-FINANCIAL ASSETS		
Property investments	3,124	2,821
Infrastructure investments	3,012	2,709
	6,136	5,530
Total assets	62,904	56,010
LIABILITIES		
Benefits payable	24	1
Sundry creditors	17	30
Derivative liabilities	75	155
Income tax payable	111	48
Deferred tax liabilities	1,111	949
Total liabilities excluding member benefits	1,338	1,183
Net assets available for member benefits	61,566	54,827
MEMBER BENEFITS		
Defined contribution member liabilities	39,057	33,745
Defined benefit member liabilities	17,792	16,910
Total member liabilities	56,849	50,655
Total net assets	4,717	4,172
EQUITY		
Reserves	270	244
Defined benefit surplus/(deficit)	4,447	3,928
Total equity	4,717	4,172

Income statement for the year ended 30 June 2017

	2017	2016
	\$M	\$M
INVESTMENT REVENUE		
Interest	377	443
Dividends and distributions	1,910	1,636
Other income	91	76
Movement in fair value of assets	2,558	2,000
Total investment revenue	4,936	4,155
EXPENSES		
Direct investment expense	209	173
Administration expenses	79	80
Total expenses	288	253
Net operating result before income tax expense	4,648	3,902
Income tax expense	195	52
Net operating result after income tax expense	4,453	3,850
Net benefits allocated to defined contribution member accounts	(3,265)	(1,649)
Net change in defined benefit member benefits	(750)	(1,846)
Net profit after income tax	438	355

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

	DEFINED CONTRIBUTION	DEFINED BENEFIT	TOTAL
	\$M	\$M	\$M
Opening balance 1 July 2016	33,745	16,910	50,655
Employer contributions	1,492	1,355	2,847
Member contributions	1,043	177	1,220
Rollovers in from other superannuation plans	1,136	–	1,136
Rollovers out to other superannuation plans	(587)	(56)	(643)
Income tax on contributions	(224)	(186)	(410)
Net after tax contributions	2,860	1,290	4,150
Benefits paid (excluding rollovers out)	(1,419)	(410)	(1,829)
Transfers from defined benefit to defined contribution accounts	708	(708)	–
Death/disability benefits credited to member accounts	3	–	3
Premiums charged to members, net of tax	(37)	–	(37)
RESERVE TRANSFERS TO/ (FROM) MEMBERS:			
Operational risk reserve	(17)	–	(17)
Administration reserve	(56)	(40)	(96)
Self insurance reserve	8	–	8
External insurance reserve	(3)	–	(3)
NET BENEFITS ALLOCATED TO MEMBERS' ACCOUNTS, COMPRISING:			
Net investment Income	3,265	–	3,265
Net change in defined benefit member benefits	–	750	750
Closing balance 30 June 2017	39,057	17,792	56,849

	DEFINED CONTRIBUTION	DEFINED BENEFIT	TOTAL
	\$M	\$M	\$M
Opening balance 1 July 2015	30,667	14,936	45,603
Employer contributions	1,394	1,275	2,669
Member contributions	603	169	772
Rollovers in from other superannuation plans	751	–	751
Rollovers out to other superannuation plans	(602)	(60)	(662)
Income tax on contributions	(209)	(199)	(408)
Net after tax contributions	1,937	1,185	3,122
Benefits paid (excluding rollovers out)	(1,026)	(392)	(1,418)
Transfers from defined benefit to defined contribution accounts	616	(616)	–
Death/disability benefits credited to member accounts	2	–	2
Premiums charged to members, net of tax	(37)	–	(37)
RESERVE TRANSFERS TO/(FROM) MEMBERS:			
Operational risk reserve	(15)	(10)	(25)
Administration reserve	(54)	(39)	(93)
Self insurance reserve	11	–	11
External insurance reserve	(5)	–	(5)
NET BENEFITS ALLOCATED TO MEMBERS' ACCOUNTS, COMPRISING:			
Net investment Income	1,649	–	1,649
Net change in defined benefit member benefits	–	1,846	1,846
Closing balance 30 June 2016	33,745	16,910	50,655

CONTACT US

HELPLINE

1800 331 685

+61 8831 7901 (overseas members)

WEBSITE

unisuper.com.au

EMAIL

enquiry@unisuper.com.au

FAX

1300 224 037

+61 3 8831 6141

ADDRESS

UniSuper
Level 1, 385 Bourke Street
Melbourne VIC 3000
Australia



SuperRatings, a superannuation research company, has awarded UniSuper a Platinum Choice rating for its accumulation products, something only the best 'value for money' funds receive. Our accumulation products and Flexi Pension product have also achieved a 10-year Platinum performance rating. SuperRatings Infinity Recognised is awarded to super funds that clearly demonstrate excellent sustainable business practices and responsible investment principles. Go to www.superratings.com.au for details of its rating criteria. SuperRatings doesn't issue, sell, guarantee or underwrite these products. SuperRatings has consented to the inclusion in this document of the references to SuperRatings and the inclusion of its logos in the form and context in which they are included.



Chant West awarded UniSuper 'Super Fund of the Year' in both 2015 and 2016, and 'Pension Fund of the Year' in 2017. UniSuper was also awarded 'Best Fund: Advice Services' in 2017. UniSuper's accumulation products have received a 5 Apples rating. For information about the methodology used, see www.chantwest.com.au. Chant West has consented to the inclusion in this document of the references to Chant West and the inclusion of its logos in the form and context in which they are included.

