



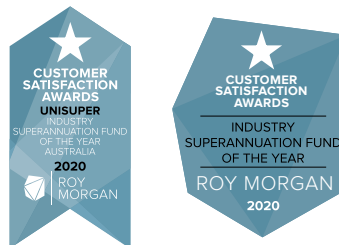
UniSuper in review 2020-21



Reflecting on
today, looking
to tomorrow

We're one of Australia's most awarded super funds.

We're recognised as a fund that delivers the very best in investment performance, value and member services by the country's top ratings and research agencies.



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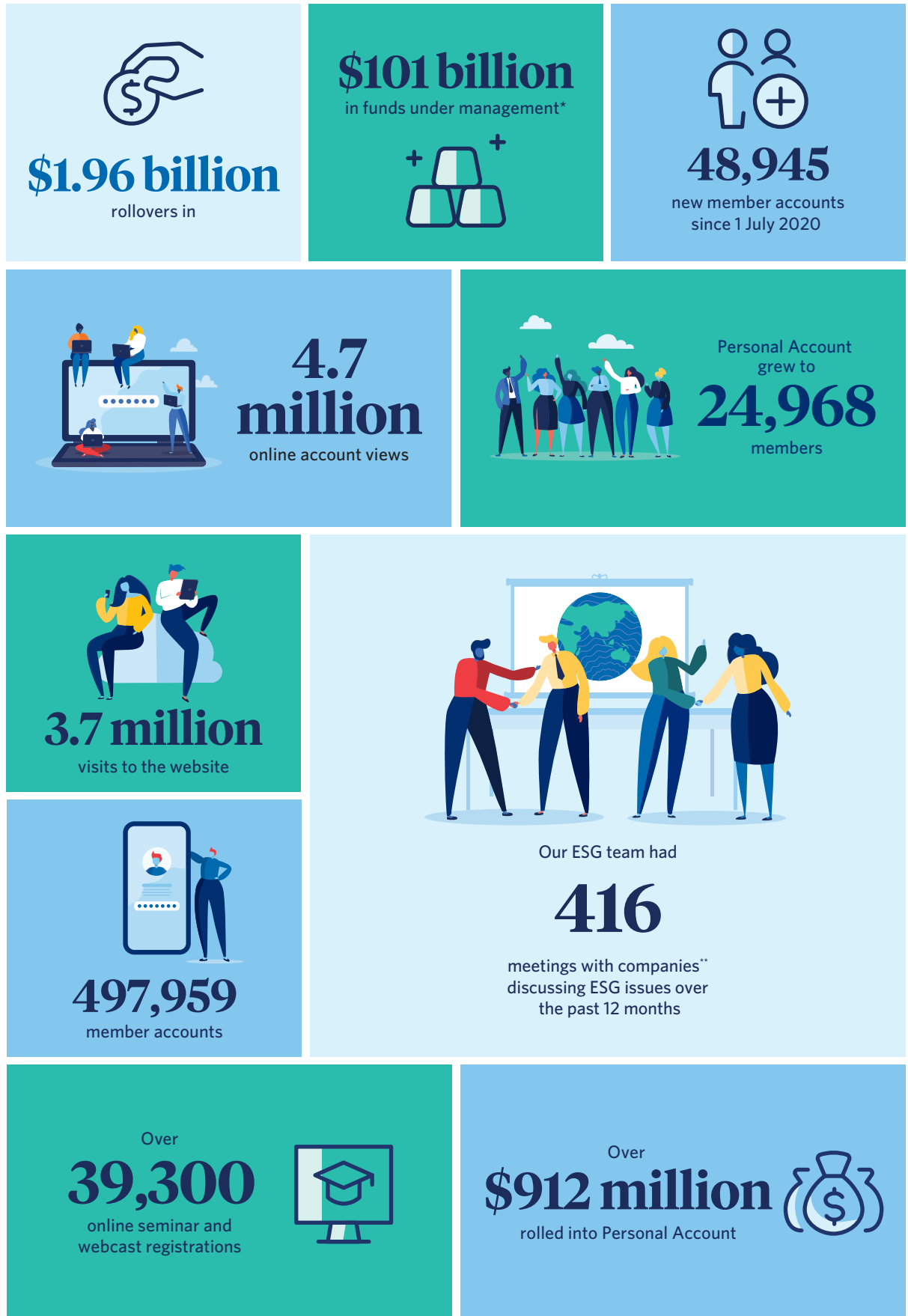
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2020-21 Fund highlights



* As at 30 June 2021

** Includes multiple meetings with some companies

UniSuper at a glance

UniSuper is one of Australia’s largest super funds with more than 450,000 members and \$101 billion* in funds under management. Our sole purpose is providing greater retirement outcomes for members. As an industry super fund we act in members’ best interests at all times. Everything we do is for our members including our focus on sustaining our strong investment returns and low fees.

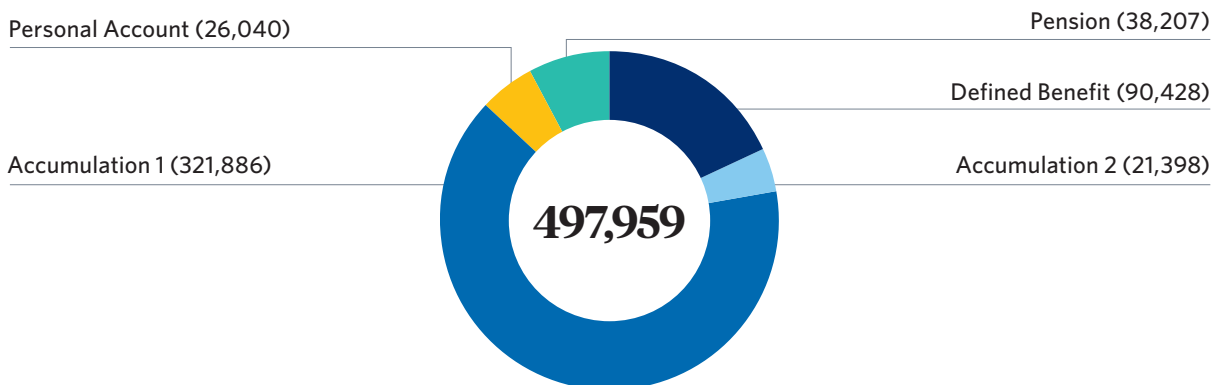
Our purpose

UniSuper’s purpose is to provide greater retirement outcomes for all UniSuper members.



Membership by product*

UniSuper’s funds under management continued to increase during 2020-21 with steady contributions and rollover flows. We have a range of different super products to cater for members’ needs and circumstances.



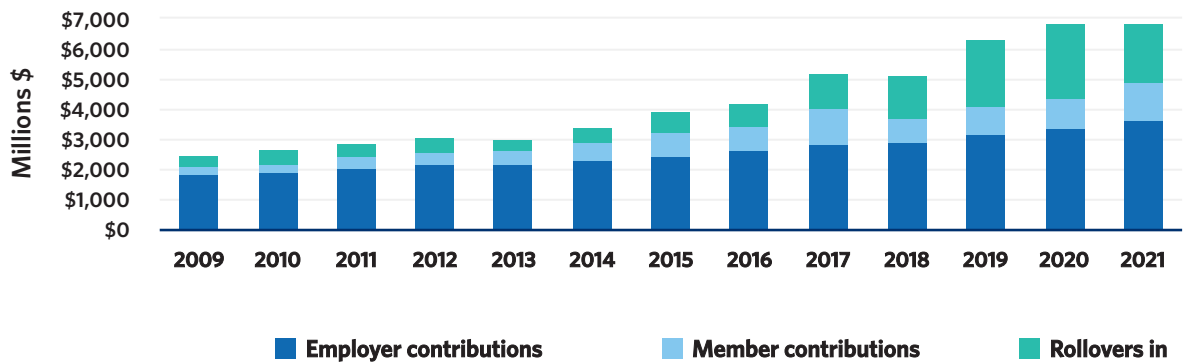
* As at 30 June 2021

Steady growth

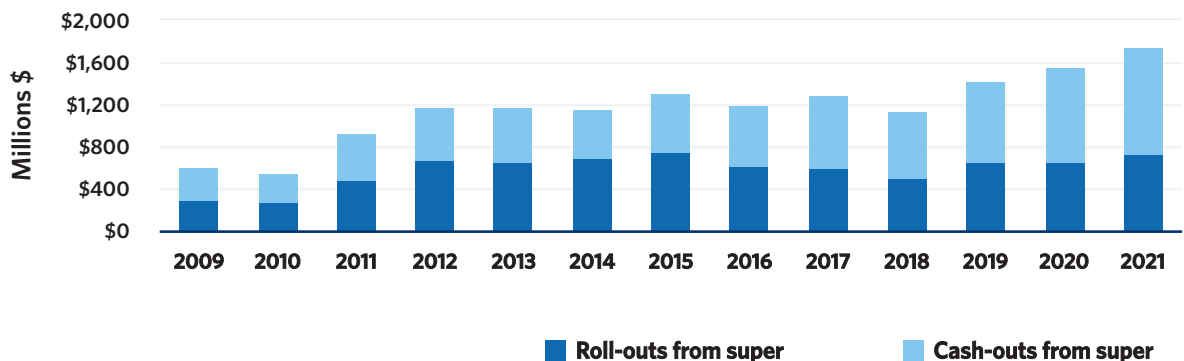
UniSuper's net funds under management was \$101 billion as at 30 June 2021 and UniSuper was ranked as Australia's fifth largest super fund* by funds under management as at June 2020.

Contributions and rollovers into the Fund were similar to last year as shown in the chart below. Employer and member contributions were slightly higher compared to previous years.

CONTRIBUTIONS OVER TIME



ROLL-OUTS AND CASH-OUTS OVER TIME



Industry shifts and UniSuper's response

Regulatory change and industry consolidation will significantly reshape the super sector in coming years. Given the changing landscape, both the higher education sector and the super industry are undergoing significant disruption. In this environment, scale is increasingly critical in delivering strong performance and competitive fees for the benefit of all members.

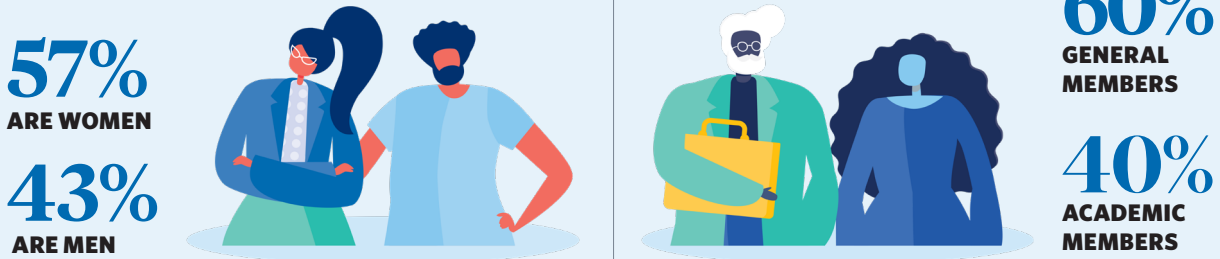
The environmental shifts have heightened the competitive landscape and UniSuper has responded to ensure our industry prominence, leading position and secure long-term growth. From 5 July 2021, UniSuper opened the doors to members from outside the higher education and research sector, while maintaining our

strong affinity with, and deep knowledge of, the sector. Opening more broadly will enable UniSuper members to benefit from even greater scale. As we open to all Australians, our purpose remains the same: to deliver greater retirement outcomes for all members. We are focused on, and driven by, members' best interests in everything we do. That singularity of focus is embedded deep in our purpose and culture.

* <https://www.apra.gov.au/annual-fund-level-superannuation-statistics>, <https://www.canstar.com.au/superannuation/largest-super-funds>

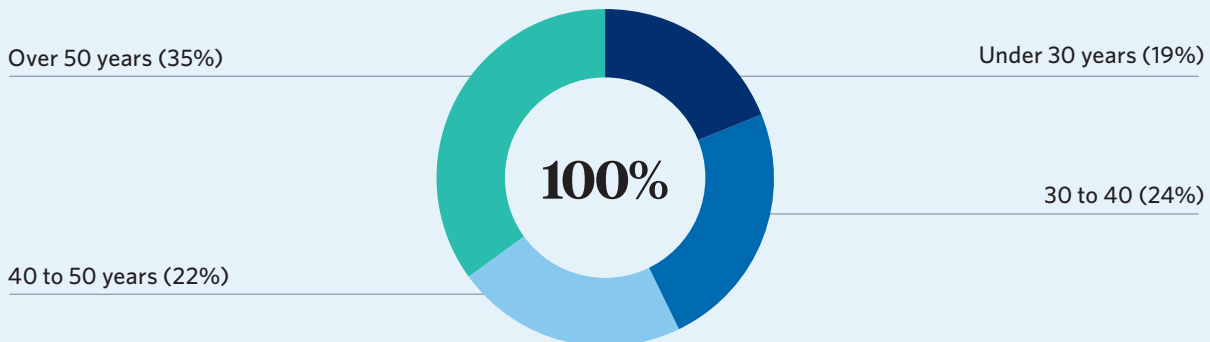
Our Fund

We are passionate about securing the future for Australia's thinkers, creators and investigators who are shaping a better tomorrow.



AGE OF UNISUPER MEMBERS*

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



- 1. VIC 29%
- 2. NSW 29%
- 3. QLD 17%
- 4. WA 9%
- 5. SA 7%
- 6. ACT 4%
- 7. TAS 2%
- 8. NT 1%
- Overseas 2%





▶ Ian Martin Chairman

Message from our Chair

On behalf of UniSuper's Board and Executive team, I am pleased to present this year's annual report for the financial year ending 30 June 2021. I invite you to read this report alongside information on [UniSuper's website](#).

Since its emergence in late 2019, the COVID-19 global pandemic has had a pervasive impact across the world. Arguably, not since the second world war, has the world operated in such an uncertain environment. Needless to say, the knock-on effects for Australia's higher education sector has been profound. We are proud of UniSuper's responsiveness and dedication in supporting members and employer partners and the resilience of our people in this difficult environment, enabling us to continue to deliver award winning, strong, long term investment performance and exceptional value and service.

Investment performance*

Following the extremely challenging conditions of last year, global share markets posted impressive gains over the 2021 financial year, buoyed by low interest rates, ongoing government stimulus spending and the gathering pace of the COVID-19 vaccination rollout. These conditions underpinned what would turn out to be the best year on record for many superannuation funds. Indeed the 17.6% return recorded by the UniSuper Balanced option was its highest since first being offered to members in October 2000.

The Global Environmental Opportunities option was again the standout performer for the year with a return of close to 50% for the period. Other options with a growth bias also performed well with most showing returns well above 20%, while returns for fixed interest and cash members were flat to negative.

While absolute returns over the year were pleasing, UniSuper is a long-term investor, and long-term performance remains strong. The UniSuper Balanced option has returned a healthy 9.6% p.a. over the ten years to 30 June 2021 and ranked close to the top of its peer group. The Fund's other diversified options also posted top quartile returns over over this same 10 year period.

Leading the way on Paris targets

Climate change is one of the defining challenges of our age. We know that our members support UniSuper in taking a leadership role in the superannuation industry and advocating for a coordinated and rapid decarbonisation of our economy and we are proud of what we have achieved so far.

* Past performance isn't an indicator of future performance

MESSAGE FROM OUR CHAIR

We are managing our wholly owned assets, working with corporate Australia, and collaborating with other investors to set the pace on decarbonisation. We understand the gravity of the problem, and the solutions we need to scale across our energy, manufacturing and infrastructure sectors this decade.

We are Australia's largest investor in sustainably themed strategies, and we believe that our decision to integrate our commitment to good environmental, social and governance (ESG) practice across all of our portfolios is one of our key differentiators. Over the past twelve months, UniSuper has successfully engaged with our top listed holdings to build support for emission reductions and the Paris Agreement's temperature goals. We have halved our exposure to fossil fuels, which is now 2.55% of our funds under management. We have also reached carbon neutral status for the Fund's operations as we seek to reduce our own footprint.

We are committed to being an ESG leader and have been recognised as such among our peers*. There is still plenty of work to do, and we look forward to sharing our achievements with our members as we continue on our sustainable path to 2050. Read more about our progress in our [Climate risk and our investments](#) report.

Opening the Fund

An increase in demand to join UniSuper, from people outside our traditional sectors, led to the creation of our Personal Account product in 2017. This enabled members' families, former members, and university affiliates to join. Since then, over 20,000 people have opened a UniSuper Personal Account with account balances totalling more than \$3billion.

The last 12 months have seen significant disruption and change in both the higher education sector and the super industry. To ensure that UniSuper remains competitive in the wider market, we announced in May 2021 that the Fund will open to all Australians. Being open to a wider group will allow us to deliver the benefits of increased scale. Our members and their retirement goals continue to be our primary focus.

Your Future, Your Super

The most significant legislative change for superannuation passed in 2020-21 is the government's Your Future, Your Super reforms, particularly the introduction of 'stapling', which means that a superannuation fund will follow a member as they move between jobs in different sectors, unless the member specifically decides otherwise. While these reforms will have far reaching implications for the super industry over the coming years, we are confident that with the

opening of the fund, UniSuper is well placed to thrive in the new environment. For more information on key superannuation measures passed in 20-21 please go to page 52.

New CEO

In February 2021, it was announced that Kevin O'Sullivan planned to step down as Chief Executive Officer after eight years in the role and, in May, after an extensive search process, it was confirmed that Mr Peter Chun would succeed Kevin with effect from 6 September 2021.

On behalf of the Board, I thank Kevin for his leadership, commitment and contribution to UniSuper. He leaves the Fund in excellent shape with a reputation and established track record as one of Australia's top superannuation funds.

We also welcome Peter Chun to the role. Peter is an actuary and brings close to 30 years' experience in superannuation and financial services, across both the industry funds and retail sectors.

Other changes to the Executive Leadership team and Board

I thank our Directors and the Executive team for their contributions over the 2020-21 financial year. There were no changes to the membership of the UniSuper Board during this period but UniSuper did welcome Steve McGregor to the executive leadership team, as Chief Delivery and Information Officer.

With thanks

As we open UniSuper to all Australians, our purpose remains the same - to deliver greater retirement outcomes for members. We are focused on sustainability and responsible investing, continuing to deliver strong investment performance and excellent service, with very competitive fees and continued good governance.

We are very grateful for the long-standing, unique partnerships we have with our university shareholders and employers and look forward to continuing and strengthening these over the coming financial year and beyond and at the same time, welcoming new members and employers from other sectors in the economy.



IAN MARTIN

Chairman
UniSuper Limited

* <https://responsibleinvestment.org/responsible-investment-leaders/>

Year in review

Key superannuation measures passed

YOUR SUPERANNUATION, YOUR CHOICE

In August 2020, legislation was passed to allow employees under workplace determinations or enterprise agreements made on or after 1 January 2021, with the right to choose their superannuation fund. Defined Benefit products are exempt from this legislation change.

YOUR FUTURE, YOUR SUPER

The government's Your Future, Your Super reforms were passed in June 2021. This legislation introduced a number of changes. They are:

- From 1 July 2021, the introduction of best financial interest duty (BFID) on trustees including new record keeping obligations and changes to the evidential burden of proof for the BFID on the trustee.
- From 1 November 2021, stapling of a superannuation account becomes effective. This means super accounts will follow members when they change jobs to reduce the incidence of members having (and paying fees for) multiple, unnecessary accounts and fees.
- Funds will be subject to annual performance testing, starting with MySuper products in September 2021.

MORE FLEXIBLE SUPERANNUATION

Legislation was passed in June to partially implement improved super flexibility for older Australians. Measures announced in the 2019 budget that specifically extend the bring forward rule by enabling individuals aged 65 and 66 to make up to three years of non-concessional contributions, started in the 2020-21 financial year. From 1 July 2021, Individuals can re-contribute amounts they withdrew under the COVID-19 early release of super program without it counting towards their non-concessional contributions cap. The ATO can make written determinations on excess concessional contributions. The excess concessional contributions charge will no longer apply from 1 July 2021.

SUPER CHANGES FROM 1 JULY 2021

A number of other non-legislative changes have been made effective from 1 July 2021. They can be found on our website under [news and insights](#). These include:

- The general transfer balance cap has been increased due to indexation from \$1.6 to \$1.7 million.
- The concessional contributions cap (before-tax) has been increased from \$25,000 to \$27,500.
- The non-concessional contributions cap (after-tax) has been increased from \$100,000 to \$110,000.
- The temporary 50% reduction in Pension members minimum drawdown rates were due to end on 1 July 2021 but have been extended for a further 12 months.

Taking a responsible approach

UniSuper aims to be at the forefront of the superannuation industry as it transitions to a low carbon world. In 2020, UniSuper made the important step of committing to net zero carbon emissions for its investment portfolios by 2050, in alignment with the Paris Agreement.

In 2021, UniSuper surpassed \$12 billion in funds under management across our three dedicated sustainable investment options, solidifying UniSuper's position as Australia's largest investor in ESG-themed strategies.

Insurance changes

Partly as a consequence of the government's Putting Members' Interests First (PMIF) legislation, insurance premiums changed from 1 October 2020. Premiums increased by 12% for Death and TPD cover, and Income Protection pricing also changed so that the premium charged takes account of the respective claims experience. This resulted in a premium decrease of 40.9% for Income Protection with a two-year benefit period, and premium increase of 11.8% and 133.3% for the five year and 'to age 65' benefit periods respectively.

Defined Benefit Division (DBD) maintains its strong financial position

The Vested Benefits Index (VBI) and Accrued Benefits Index (ABI) – key actuarial funding measures we use to monitor the DBD’s performance – maintained strong positions in 2020-21. For more information, read the detailed update on page 53.

Improving members’ digital experience

In the past 12 months UniSuper continued its strong focus on enhancing our digital offering. The UniSuper website and our online member self-service portal were migrated to cloud services, providing our members with a more stable experience, while our Personal Account application process was streamlined and automated in readiness for the fund opening in July 2021.

We continued to digitise highly used transactions with both Notice of Intent and ‘Super Match’ enabled rollovers seeing significant uptake since their introduction.

Keeping our members, employers and company information safe

We continue to invest in information technology and cyber security to provide the capabilities that are crucial in meeting the needs of members, employers and the Fund while keeping information protected from cyber threats.

Our investment in scalable and modern technology has proven valuable, enabling seamless business continuity during ongoing COVID-19 restrictions.

In the ever-changing landscape of cyber security threats and vulnerabilities, UniSuper continues its vigilant approach to protect our members’ and company information. Our Financial Crime team made improvements in threat detection and analysis and we continue to develop our security management and threat monitoring capabilities to counter vulnerabilities.

Industry recognition

Over the course of the year, UniSuper’s sustained focus on – and success in – delivering greater retirement outcomes for members was recognised by Australia’s top ratings and research agencies. It is an honour to be recognised within the industry and these awards and accolades confirm UniSuper’s leadership position.

UniSuper was awarded Pension Fund of the Year at the 2021 Chant West Super Fund Awards, celebrating excellence, and showcasing superannuation industry best practice. UniSuper was also a finalist in five other categories including Super Fund of the Year, Best Fund: Investments, Best Fund: Advice Services, Best Fund: Longevity Product 2021 and Best Fund: Insurance.

UniSuper also picked up SuperRatings ‘MySuper of the Year 2021’ recognising UniSuper as the fund with the best value for money default offering. The Sustainable High Growth investment option also won Money Magazine’s Best Growth Super Product 2021.

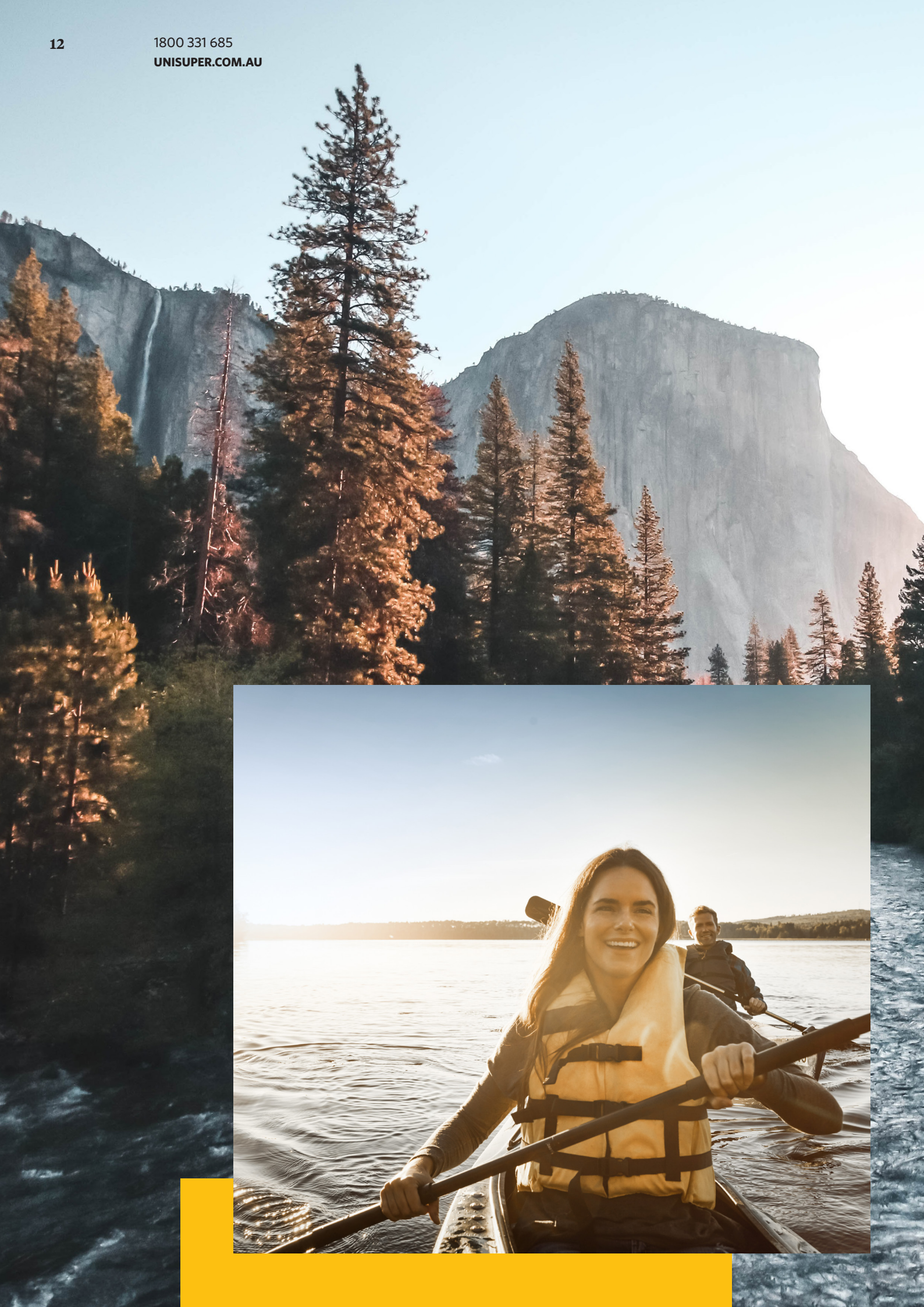
Market research agency, Roy Morgan, awarded UniSuper ‘Industry Super Fund of the Year 2020’ at their annual Customer Satisfaction Awards for the second year in a row.

UniSuper was recognised by financial comparison site, Mozo, receiving four People’s Choice Awards for Outstanding Customer Satisfaction, Competitive Fees, Investment Choices and Most Recommended.

Also, in July 2021, Super Review and The Heron Partnership awarded UniSuper ‘Best Industry Fund’, ‘Best MySuper’ and overall ‘Super Fund of the Year 2021’ recognising UniSuper as a leading fund, with strong long-term performance, excellent service and low fees.

A new era – brand update

As UniSuper prepared to become an open fund, work was undertaken to ensure our brand is unique and distinct in the market, while remaining true to who we are and what we stand for. The goal is to create a compelling brand that connects with current members, welcomes new members, and strengthens our position in a complex and competitive industry. The UniSuper name and logo will remain as they currently are; this is an evolution of our brand to build on what already makes UniSuper a great super fund.





Delivering great value to members

Our commitment to delivering great value and excellent service to our members underpins everything we do.

Keeping our fees competitive

UniSuper proudly continued its position as one of the lowest fee providers in both superannuation and pension products in 2020-21. We were able to reduce the investment fee applicable to our Cash investment option by 3.6bps from 1 July 2020, helping protect the balance of members invested in this option during a period of very low returns on cash.

We also opted into ASIC's revised Regulatory Guide 97 - fees and cost disclosure in October 2020. This revised regime seeks to provide greater transparency and comparability across funds. UniSuper was one of the first superannuation funds to adopt disclosure under these revised requirements.

Personal Account goes from strength to strength

Strong demand for UniSuper's Personal Account continued in the 2020-21 financial year, with more than 24,900 members joining since October 2017. Roll-ins remained strong with over \$2.9 billion since commencement.

For the year ending 30 June 2021, membership of a Personal Account was restricted to families of current members, former members who wanted to re-join UniSuper, and people in honorary roles at a university. However, from 5 July 2021, restrictions were removed and UniSuper is now open to all Australians.



Delivering greater service

We put our members and employers at the core of everything we do.

Putting members first

UniSuper's contact centre supports and educates members through a variety of communication channels: in-bound and out-bound calls, email, and live chat on UniSuper's website.

During the financial year, the overall volume of member interactions with UniSuper was slightly higher (+0.5%) than during the previous year. Phone remains the preferred channel for contacting UniSuper, with 73% of members' enquiries via phone, 18% via email, and 9% via web chat.

With increased engagement and support through the chat channel, members can now access information faster through our digital platforms. More consultants were trained to process web chat and capacity was increased to allow resources to assist, resulting in improved customer satisfaction and first contact resolution (FCR) scores.

Customer experience

Customer Experience (CX) has continued to demonstrate its importance, particularly in relation to the numerous activities required to open the Fund to a broader audience. CX proactively led deep research activities, service design mapping and thoughtfully considered design experiences to aid the business and Board with decision making.

The past financial year also saw a raft of compliance and regulatory change. CX were involved in navigating the impacts of Your Super, Your Future reforms on our existing processes and experiences, for both members and employers. We've made significant efforts to understand the impacts of these changes for employers, and have developed new streamlined processes and will provide ongoing support.

CX are working on ways to ensure inclusivity for all our members. Inclusivity is incredibly important to all at UniSuper, and we want to ensure we approach this in a considered and holistic way. The business and the Board are supportive and helping drive these changes.

“With increased engagement and support through the chat channel, members can now access information faster through our digital platforms.”

Service delivery improvements

Operations service remained strong throughout 2020-21, with 97.7% of transactions completed within three days (target 95%) and 99.1% within five days (target 99%).

Operations continue to drive process improvement as well as increased digital self-services to increase convenience and automation. Over the year, the ability for members to self-serve Notice of Intent to claim tax deductions and variations was introduced, which has significantly improved completion times. In 2020-21 over 5,500 Notices of Intent were processed online, providing electronic confirmation of completion, eliminating confirmation via mail.

Increased digital services and straight through processing (STP) is a key area of focus and work to drive this uplift continues. Contributions and rollovers in and out of the fund are now over 95% STP and investment switches are at 92% STP. The volume of digital services offered also continues to grow.

The operational focus on data integrity has seen the number of data validation rules increase by over 300. Ongoing regulatory change, product changes and competition requires increased validation of data to protect its accuracy.

A review of data accuracy has contributed to 99.5% of annual Benefit Statements being distributed within seven weeks of the reporting period. We've also seen an increase in members receiving electronic annual statements (62% up from 35%) improving time to market and allowing members to view statements in industry leading timeframes. Further changes to how we deliver electronic communications in the coming year will provide earlier visibility for members on transaction confirmation and calls to action.

Claims and insurance administration improved on last year, with 98% of all activities being actioned within three days (target 95%) and 100% of actions completed within 5 days (target 99%). Over 1,200 claims were managed throughout the financial year.

Our continued focus on innovation and better servicing members has seen a reduction in claim payment timeframes, with the average length of Death Claims under assessment reduced from 108 days to 70 days. Further efficiencies are planned for the 2021-22 year to improve the claims payment process.

An independent review of claims services conducted by Rice Warner in FY21, confirmed that insurance and claims operation, including TAL Life Limited's (TAL) handling of claims and underwriting applications, continues to operate at a "high standard and following good practices" which demonstrates compliance with the insurance management framework (IMF) obligations and our internal claim philosophy.

With the extension of the 'early release' scheme to 31 Dec 2020, 94.5% of applications were processed the same day as they were received and 99.5% paid within five days of receipt.

Continued investment in improving member outcomes through removal of waste, and process re-design, has seen change and improvement in Death Claims processes and contribution management processes, with plans to review member management processes in the next financial year.

The next 12 months will see continued operational focus on automation and self-service options to deliver better outcomes for members. In addition, there is a planned move of pensions and superannuation data to a single core registry system to reduce the cost of compliance and simplify administration.

Fund governance and risk management

We provide a strong framework of risk and compliance management to help achieve greater retirement outcomes for our members. This is supported by regular, transparent monitoring and reporting to UniSuper's Board and committees.



FUND GOVERNANCE AND RISK MANAGEMENT

The last year has continued to challenge our operations and services while we adapted to new ways of working during the COVID-19 crisis. Throughout numerous lockdowns and border closures we focussed on ensuring compliance with significant regulatory change. We continue to look for emerging risks, including cyber security threats, and have taken steps to maintain stability and safety for our members. We have noted heightened operational and strategic risks this year, but these have been mitigated by enhancing the stability of our core operations and technology.

Impact of COVID-19

Our well-established Crisis Management and Business Continuity plans meant there was a smooth transition to operating the business remotely. Technology transformation efforts meant that underlying systems were stable, and the workforce was able to access the technology required to work from home while continuing to deliver member outcomes.

Soon after the transition of the business to a fully remote operation in March 2020, an objective control assurance program reviewed key processes and ensured they were operating effectively from offsite locations.

There is no question that we are operating at a time of heightened risk. Nevertheless progress made to reduce the impact of complexity in the business and building resilience into core operations held UniSuper in good stead to tackle the challenges faced in financial year 2020-21.

Maturing our risk culture

Alongside the volatility seen in 2020, we embarked on a review and update of our Risk Management program aimed at continuing to mature and support our risk management capabilities. The updated program included Board examination and endorsement of a new Risk Management Framework and a substantive review and assessment of UniSuper's Material Risk Profile.

Taken together these set out the way that UniSuper identifies, assesses and responds to risks across the broad spectrum of financial and non-financial risks. Importantly, the program goes further to set out the three lines of accountability model, an evolution of the traditional three lines of defence model.

Risk Management is not just about defending the business from threats but also considering the upside and strategic opportunities that may arise. At the heart of the three lines of accountability model is greater clarity regarding the accountabilities for managing risk.

Managing regulatory change

Building and maintaining a strong compliance culture is critical to achieving UniSuper's strategic and operational objectives. Having an effective, organisation-wide compliance management system enables UniSuper to demonstrate its commitment to compliance with relevant laws, regulations, prudential standards and other requirements, as well as standards of good corporate governance, risk management, ethics and community expectations.

Our dedicated compliance team undertakes a range of activities that monitor, review and identify all relevant regulatory change, analyse the impacts and support the implementation of the changes. This year provided unique compliance challenges, but the business responded and continued to deliver effectively. Highlights included implementation of Putting Members Interests First (PMIF) legislation and deployment of the 'early release scheme' changes supporting those members impacted by COVID-19, on time and to a high degree of quality. The 'early release scheme', while a rapidly introduced change, was deployed ahead of schedule with efficiency that ensured money was transferred into members' bank accounts quickly, well within regulatory expectations. It was a strong testament to the member focus and cross-team collaboration in this challenging time.

Cyber security and financial crime

Due to its financial size, majority of online processes and low member interaction, the super industry continues to be a target of financial crimes. This was further compounded when early release of super was provided as a response to the current pandemic. In 2019, UniSuper commenced a three-year strategic initiative to enhance controls, improve detection, uplift investigative capability and implement increased regulatory requirements. Further initiatives will be implemented to deter criminals from targeting UniSuper and provide greater assurance to members despite the challenging external environment.

Managing the risk of opening the Fund

UniSuper officially opened the Fund on 5 July 2021. This significant strategic shift required multiple streams of work that have now been successfully delivered. The projects each required an intense level of governance and risk management to ensure issues and risks were identified promptly, well understood and mitigated. Pleasingly, our internal auditors noted the project was well managed during a review of 'Go Live Readiness' in May 2021. Opening the Fund and dealing with a pandemic did present some heightened risks, but improvements made in the last few years have placed UniSuper in a strong position to respond and adapt.

Ongoing focus on members' best financial interests

Keeping UniSuper members safe and acting in their best interests has long been a core element of the culture of UniSuper. We have a dedicated team and strong process for managing regulatory change which has enabled us to comply and, in many cases, demonstrate best practice. This year the government and its regulators introduced significant legislation and regulatory guidance to elevate attention on members' best financial interests with new consumer protections. This resulted in changes for UniSuper. The most significant of these changes was the passing of the Treasury Laws Amendment (Your Future, Your Super) Bill 2021. We are proud of how well UniSuper has adapted to these new requirements and are well placed for the new Australian Prudential Regulation Authority (APRA) performance test. We also note that in the December 2020 Australian Prudential Regulation Authority (APRA) MySuper Product Heatmap, we compared favourably to peers and benchmarks for investment performance, fees and costs and member outcomes.

The government also enacted legislation to address recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. We support the heightened consumer protections introduced across the financial services industry and are pleased that UniSuper has been able to comply with all new regulatory requirements and continue to deliver strong investment performance with low costs to members.

Fraud detection and identity protection

The COVID-19 early release of super scheme continued until 31 December 2020 and brought additional fraud monitoring risks. Our Financial Crime team made improvements in detection and analysis and successfully averted most fraudulent withdrawal attempts. During the scheme, there were more than 30,000 early release payments processed at UniSuper and 28 fraud attempts, of which only two were successful. In June, the Identity Access Management project was deployed into Member Online (MOL) and included an additional authentication step to protect access to member accounts. We continue our efforts to protect members and deter criminals.

How we empower members

We focus on delivering exceptional experiences at every touchpoint.

Enabling our members digitally

We continue to deliver on our commitment to provide excellent digital experiences for members. In the past 12 months, UniSuper has increased the options for digital self-service to include Notice of Intent and 'Super Match' enabled rollovers. Both have seen significant uptake and positive feedback from members.

We have improved the overall usability of our online member portal, so it's easier for members to switch investments, track investment performance and manage online details. We also introduced multi-factor authentication which is an effective control to prevent cybercrime and improve online account authorisation.

We have also streamlined the application process for Personal Accounts. These enhancements will allow more members to complete onboarding and start to manage their online account.

Education seminars, webcasts and online learning

During 2020-21, we received 39,308 member registrations to UniSuper's education seminars. The health and safety of our members and employees continues to be our priority - only two in-person educational seminars were held, with 115 members, the remainder were delivered virtually.

While the total number of seminars delivered during 2020-21 decreased, the average number of registrations per event increased from 43 in 2019-20 to 241 per seminar in 2020-21. This figure highlights the benefits of virtual events in reaching a broader audience. Members who were previously unable to attend seminars due to their location or competing commitments, can now access information with greater flexibility and privacy either live or on-demand.

Workforce planning seminars were prioritised throughout 2020-21 to support employers and members impacted by COVID-19. Of the 165 seminars delivered, 34% were workforce planning focussed, with 'Supporting you through redundancy' delivered to 3,320 members.


In addition, our retirement and investment themed seminars continued to attract the highest number of registrations. As part of our International Women's Day campaign, a new seminar was released, 'A female focus on finance', with more than 1,000 registrations received in the lead up. This seminar continues to grow in popularity and attract large numbers.

We continue to evolve the UniSuper webcast library where members can access and register for both live and on-demand webcasts. The webcast library saw 15,398 unique visitors during the financial year and 4,971 views of on-demand webcasts.


Engaged members

Each month we survey members to determine our net promoter score (NPS), Contestable Loyalty, Member Satisfaction and Ease of Interaction. NPS is deemed an acquisition metric; Contestable Loyalty is a retention metric, while Member Satisfaction and Ease of Interaction reflect the member's experience during their relationship with UniSuper.

During the 2020-21 reporting period, member satisfaction levels increased to an average of 8.4 and our advocacy, retention and ease of interaction scores stabilised with consistently strong numbers. The reporting period was impacted by COVID-19 whereby member-facing services were required to pivot - making the positive improvements in satisfaction particularly pleasing.



“In the 2020-21 financial year, member demand for comprehensive financial advice was the strongest it has ever been.”



Evolving advice services

In the 2020-21 financial year, member demand for comprehensive financial advice was the strongest it has ever been, with a near 9% increase in the volume of initial advice provided compared to the previous financial year.

This was largely due to the amount of workforce planning undertaken in the higher education and research sector as a result of COVID-19. On the other hand, activity levels for our Super consultants based at university campuses decreased by just under 12% compared to the previous financial year, also due to the impact of COVID-19, but more so because of fewer new employees commencing in the sector (and subsequently fewer people joining the Fund than normal).

While there was increased demand for face-to-face appointments with advisers and consultants in the second half of the financial year, video meetings were by far the most popular option across the entire financial year, with well over 14,000 (or 49% of all) adviser/consultant meetings conducted via this medium. Pleasingly, high member satisfaction levels were either maintained or improved across all advice services.

Inaugural annual members' meeting

The inaugural Annual Members' Meeting for the 2019-20 financial year was held as a livestream event on Tuesday 23 February 2021. UniSuper's Chair and Chief Executive Officer provided an overview of the Fund's performance and the Chief Investment Officer provided an investment update. More than 970 members tuned in to the virtual event. The Annual Members' Meeting minutes and recording are available online on the [Annual Members' Meeting page](#).



Extraordinary Consultative Committee meeting

An Extraordinary Meeting of the Consultative Committee (CC) was held in Melbourne on Friday 30 April 2021. In total 128 CC members attended, both in person and virtually.

UniSuper's Chair, Mr Ian Martin, opened the meeting and gave a brief address. The Chair acknowledged the importance of the climate change discussion and reinforced UniSuper's commitment to playing a leadership position. He also discussed plans to open the Fund and the proposed Trust Deed changes to align with laws introducing Choice of Fund and stapled funds, emphasising their critical importance to the Fund in the new competitive, regulatory environment.

There were three presentations by CC representatives, all of whom had submitted motions for consideration. CC members voted on the resolutions following comments from representatives both in person and online.

Chief Executive Officer, Mr Kevin O'Sullivan, gave a brief address on the decision to open the Fund and CC members had the opportunity to pose questions. The CC considered and approved a suite of Trust Deed amendments as well as a request to approve the deduction of a Trustee fee.

Supporting the higher education community

We partner with the higher education and research community.



Strengthening our strategic partnerships

UniSuper's Employer Relationships team continued their strong partnership with employers during 2020-21. Overall employer satisfaction reached 8.7 in November 2020, up from 8.2 the previous year. NPS was also higher at +58, up from +47 the previous year. Employers were particularly complimentary regarding the support and services provided by the team and the wider business.

UniSuper's responsiveness and dedication to supporting employer partners and members through early and continued engagement helped provide reassurance during a difficult period. Support for employers included assistance with decision making, fact sheets with case studies and FAQs, and process and system improvements to enable enterprise agreement variations and increase employer efficiencies.

Webcasts and financial advice services remained a priority to support ongoing employer changes to employee arrangements and salary reductions. During the 2020-21 financial year, UniSuper delivered hundreds of live webcasts (prompting 1,220 requests for adviser follow up calls and 815 Super consultant bookings). Personal financial advice was also provided to members affected by employment changes that impacted their financial circumstances and superannuation.

Late in 2020, the team's educational focus continued, with a series of virtual workshops for key university staff responsible for superannuation administration. These workshops provided an opportunity for attendees to understand upcoming regulatory changes and provide their feedback.

In early 2021, the team briefed employers about the expected impacts and requirements of the proposed Your Future, Your Super legislation. The review of UniSuper's proposed solutions, along with a series of detailed workshops and training sessions, will continue until the legislation takes effect in November 2021.

Partnering with the higher education community

Throughout the year, UniSuper actively supported events to recognise our members' achievements, uplift or showcase their knowledge, and celebrate their contribution to the higher education and research sector. Although many in person events were cancelled in 2020, we continued our support through various university awards, initiatives and sponsorship opportunities.

The Fund continued its national Committee of Economic Development of Australia (CEDA) membership, sponsoring a variety of premium events with CEDA, such as the Vice-Chancellor panels, around the country. These events provide valuable discussion and education on subjects that are important to the success of the higher education and research sector, and more broadly our nation.

We also supported other key industry events during the year including the Australian Higher Education Industrial Association (AHEIA) HR/IR Conference and HR Benchmarking Conference, the Universities Australia Conference, and the Association for Tertiary Education Management (ATEM) Middle Managers Conference.

Reflections on the past financial year

OUR INVESTMENT RETURNS

Even the rampant spread of COVID-19 wasn't enough to stop global share markets soaring over the past financial year.

REFLECTIONS ON THE PAST FINANCIAL YEAR

The Australian market's return of around 28%, impressive as it seemed, was only a middle-of-the-pack result. The US market, home to the world's dominant IT behemoths, continued to be the standout performer.

Against this backdrop, our Balanced Investment option (the default for most of our members) was up 17.6% for the financial year—a record since it began in 2000. It's an outcome that would've been considered highly improbable, if not impossible, at the start of July 2020.

While most members can look forward to healthier account balances, the rising tide didn't lift all boats equally - with some companies and sectors faring much better than others.

Best performing shares (of significance to UniSuper)

With our funds under management now topping \$100 billion, our big investments are usually confined to large companies. Our three top performing companies, where we have invested at least \$500 million, are James Hardie, Apple and Westpac.

JAMES HARDIE

James Hardie was a standout performer, returning +68% over the financial year. The company is the leading global manufacturer of fibre cement siding products used in new home construction and renovation. The combination of the expanded role of the home, low mortgage rates, and limited ability to spend on areas such as travel has seen spending on the home become a priority. This has resulted in a significant increase in demand for James Hardie products as people seek to move into larger detached homes and renovate existing homes.

APPLE

After topping the table in the previous financial year with a return of +86.5%, the Apple juggernaut added another 51% over the latest financial year. When the largest company in the world is growing profits by around 40% it's doing something right, and most of us know the story. Anyone who joins the Apple ecosystem tends to find that it's hard to leave.

WESTPAC

A result that would've surprised most observers is the dramatic reversal of fortunes of our major banks. Westpac led the way, returning 50%. Our four major banks are effectively highly leveraged to the health of the Australian economy—and as the economy staged a V-shaped recovery, so did the banks. It's worth bearing in mind, of course, that they all entered this crisis with better looking balance sheets than when they entered the global financial crisis (GFC).

Best performing investment option

For the second year running, our best performing investment option was Global Environmental Opportunities, up a whopping 48.9%. The drivers of this performance are the same drivers that underpinned its top ranking in the 2020 financial year. It invests in companies that contribute to, and benefit from, pervasive and secular environmental themes. The three biggest contributors to the option's return were Tesla (+189%), SolarEdge (+83%), and Enphase Energy (+254%). Everyone now knows the Tesla story. SolarEdge and Enphase Energy manufacture inverters, which are necessary in the installation of solar panels. Taken together, they dominate the US residential solar market. As the saying goes, the surest bet in a gold rush is to own the companies selling the picks and shovels.

With a torrent of money continuing to flow into environmental, social and governance (ESG) themed funds, companies that are directly involved in the 'green theme' are in high demand. It's got to the point where, in public markets at least, there is evidence to suggest that the growth in capital chasing the theme is much faster than the growth in investment opportunities. The result is valuations that keep rising to seemingly unjustifiable levels.

Worst performers (of significance to UniSuper)

Two of our large investments actually recorded negative returns for the year—ASX (-6%) and APA Group (-16%).

After featuring as one of our top three performers in two of the past three years, ASX was getting ‘priced to perfection’. It needed more good news to justify the high price and anything negative was likely to spur an exaggerated reaction to the downside. Accordingly, the market didn’t take it well when the ASX announced a further delay in the expected launch date of its core systems (CHESS) replacement. Adding to this were technical incidents including a site crash and market outage.

APA’s share price has been impacted by the possibility of the company acquiring offshore assets, which in turn would necessitate a capital raising. To raise capital, a company typically sells shares at a price below the prevailing market price. There’s also a possible ESG discount being applied to APA, given its primary source of revenue is gas transportation. APA currently has a small exposure to renewables (5% of revenues) but we fully expect this to grow over time. Indeed, APA was a recent underbidder for a renewables asset portfolio. They have our full support to diversify to enhance long-term sustainability, and we accept this could be at the expense of lower returns in the short term.

While it’s obviously disappointing to see major investments deliver negative returns in such a strong year, we take some comfort that both companies remain operationally sound and highly profitable. Over the long term, both investments have delivered strong returns. APA has returned over 10% since we started building a large stake in 2013, and ASX has returned over 15% since we started building a stake in 2014.

Our large investments in Transurban and Sydney Airport have also performed relatively poorly (+3.1% and +4.4% respectively) in a strong market. With toll roads and airports being directly impacted by the pandemic, the underperformance is understandable. However, we have not lost a single ounce of confidence in the long-term outlook for these businesses. Indeed, just a few days into the new financial year, a ‘take-private’ bid was launched for Sydney Airport at \$8.25, representing a massive 42% premium to the price at which it was trading at the time. We’re Sydney Airport’s largest shareholder, and the bid is conditional on us effectively backing the bid by maintaining our investment in the new (unlisted) vehicle. It will be many months—and probably a few rounds to be played between potential buyers and sellers—before this game gets settled. Watch this space.

The worst performing investment option for the year was Australian Bond (-1.1%). Given that government bonds are considered a safe investment used for capital preservation, a negative return over a one-year period is unusual (and unwelcome). The negative return is an outcome of the extraordinarily low level of rates we find ourselves in. Australian Government bonds, *held to maturity*, will be repaid in full. However, the capital value of the bonds will actually rise and fall as interest rates fall and rise respectively. As the worst fears of economic recession and deflation receded, bond yields rose (and prices fell). The income received on the bonds wasn’t sufficient to compensate for the fall in prices, and hence the negative returns.

Negative bond returns and next-to-zero cash rates heavily contributed to subdued returns in the Conservative (+4.7%) and the Conservative Balanced (+7.5%) options. Given the nature of the options, both have high allocations to cash and bonds. They also have relatively high allocations to unlisted property and infrastructure, which have returned far less than the share market. The property portfolio has a large exposure to shopping centres, the largest single investment being Karrinyup Shopping Centre (KSC). Our Perth members may be aware that we’ve been in the process of a major development of this centre since November 2019. The development is due to be completed by the end of 2021, by which time we hope and expect borders to be open. It will be a magnificent centre. For our members who enjoy shopping, a visit to KSC will be worth the price of a ticket to Perth!

Past performance isn’t an indicator of future performance. This information is of a general nature only and may include general advice. We’ve prepared it without taking into account your individual objectives, financial situation or needs. Our investment strategies won’t necessarily be appropriate for other investors. Before making any decision in relation to your UniSuper membership, you should consider your circumstances, the relevant product disclosure statement and whether to consult a licensed financial adviser. This information is current as at 24 August 2021. This isn’t intended to be an endorsement of any of the listed securities named above for inclusion in personal portfolios. The above material reflects our view at a point in time, having regard to factors specific to us and our overall investment objectives and strategies.



Progress on climate commitments

Despite continuing to be engulfed by the COVID-19 crisis, there's been no slowing in momentum in the world's decarbonisation efforts. We accept that decarbonisation will be a pervasive investment theme for at least the next decade, and the risk of assets becoming stranded—particularly those directly linked to the extraction of fossil fuels—is increasing.

The fourth edition of *Climate risk and our investments* is available on our website: unisuper.com.au/climate-risk-disclosure.

The report's key updates include:

- We've reduced look-through fossil fuel exposure across the fund to 2.55% from 5.05%.
- Exposure to fossil fuel extraction constitutes only 0.4% of the fund.
- We've eliminated from the fund any company that generates greater than 10% of their revenue from the extraction of thermal coal.*
- 40 of our top 50 Australian investments (up from 34 in 2019-20) now have Paris-aligned targets, and another five have committed to setting targets this year.

- Across our entire portfolio, 66% of investments now have Paris-aligned targets (up from 51% 12 months ago).
- We're on track to achieve net-zero emissions in our direct unlisted property portfolio next year.
- We're maintaining the carbon intensity of our key diversified options below that of market benchmarks.
- We've incorporated a shadow carbon price into our analysis of the top 50 Australian investments (which will ultimately be extended to include major global investments) to enhance our understanding of the pressure points in our portfolio.
- We've achieved carbon neutral status for our own operations.

We understand how passionate many of our members are about all matters related to climate change, and we strongly encourage all members to read [Climate risk and our investments](#).

We're proud of the progress we've made and believe that the level of disclosure, and our commitment to the ultimate goals of the Paris Agreement, are as extensive as you will find among leading super funds.

* Visit unisuper.com.au/responsible for further details about our thermal coal exclusion and its limitations.

Investment returns

Super members

ANNUAL ACCUMULATION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE 2021

INVESTMENT OPTION	2020-21	2019-20	2018-19	2017-18	2016-17
Conservative ¹	4.68%	1.59%	6.37%	4.70%	3.01%
Conservative Balanced	7.45%	0.04%	8.53%	6.18%	4.52%
Balanced	17.60%	0.87%	9.88%	10.45%	9.60%
Sustainable Balanced	17.08%	5.46%	10.59%	8.18%	10.16%
Growth	23.48%	1.64%	8.19%	12.79%	12.39%
High Growth	27.95%	1.71%	8.84%	15.18%	15.33%
Sustainable High Growth	24.57%	6.91%	11.07%	10.96%	13.09%
Sector					
Cash	0.09%	0.97%	1.88%	1.66%	1.81%
Australian Bond	-1.13%	3.82%	8.71%	2.53%	-0.37%
Diversified Credit Income	4.05%	-0.53%	3.35%	1.56%	4.18%
Listed Property	26.99%	-16.13%	14.48%	9.68%	-2.97%
Australian Shares	28.59%	-2.72%	10.32%	18.12%	11.14%
International Shares	32.04%	8.12%	9.06%	12.26%	18.36%
Global Environmental Opportunities	48.89%	13.73%	8.60%	11.83%	21.68%
Australian Equity Income	18.21%	-8.16%	14.60%	8.60%	11.66%
Global Companies in Asia	28.75%	8.07%	14.87%	15.81%	20.22%

¹ Capital Stable was renamed Conservative on 1 July 2017.

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.

INVESTMENT OVERVIEW

ANNUALISED ACCUMULATION INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2021

ACCUMULATION OPTION	5-YEAR ANNUALISED RETURNS		7-YEAR ANNUALISED RETURNS	
	INVESTMENT RETURN	SURVEY MEDIAN ¹	INVESTMENT RETURN	SURVEY MEDIAN ¹
<i>Pre-Mixed</i>				
Conservative ²	4.06%	4.58%	4.96%	4.53%
Conservative Balanced	5.30%	6.36%	6.37%	6.18%
Balanced	9.55%	8.43%	9.23%	7.79%
Sustainable Balanced	10.23%	8.30%	9.52%	7.29%
Growth	11.47%	9.77%	10.40%	8.77%
High Growth	13.48%	10.59%	11.79%	9.56%
Sustainable High Growth	13.17%	n.a.	12.01%	n.a.
<i>Sector</i>				
Cash	1.28%	1.24%	1.53%	1.49%
Australian Bond	2.65%	n.a.	3.46%	n.a.
Diversified Credit Income ³	2.51%	n.a.	n.a.	n.a.
Listed Property	5.35%	n.a.	9.02%	n.a.
Australian Shares	12.62%	10.58%	9.88%	8.56%
International Shares	15.65%	13.08%	14.33%	11.73%
Global Environmental Opportunities	20.14%	n.a.	15.30%	n.a.
Australian Equity Income	8.57%	n.a.	8.24%	n.a.
Global Companies in Asia	17.35%	n.a.	15.05%	n.a.

¹ Source: SuperRatings Pty Ltd's Fund Crediting Rate Survey June 2021 and SuperRatings Pty Ltd's Sustainable Survey June 2021 published on 20 July 2021, 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.

² Capital Stable was renamed Conservative on 1 July 2017.

³ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available.

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.

Flexi Pension and Term Allocated Pension members

ANNUAL PENSION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE 2021

INVESTMENT OPTION	2020-21	2019-20	2018-19	2017-18	2016-17
Conservative ¹	5.25%	2.02%	7.45%	5.67%	3.53%
Conservative Balanced	8.36%	0.31%	9.80%	7.25%	5.21%
Balanced	19.43%	1.08%	11.28%	11.68%	10.64%
Sustainable Balanced	18.96%	6.39%	11.87%	9.25%	11.47%
Growth	25.80%	1.77%	9.35%	13.91%	13.51%
High Growth	30.60%	1.70%	10.20%	16.52%	16.76%
Sustainable High Growth	26.85%	7.89%	12.16%	12.03%	14.55%
Sector					
Cash	0.12%	1.16%	2.30%	2.12%	2.27%
Australian Bonds	-1.30%	4.46%	10.31%	3.17%	-0.31%
Diversified Credit Income	4.76%	-0.52%	3.98%	1.98%	5.05%
Listed Property	29.73%	-17.62%	15.58%	10.59%	-3.85%
Australian Shares	31.69%	-2.60%	12.41%	20.45%	12.63%
International Shares	34.89%	8.06%	9.66%	13.65%	20.37%
Global Environmental Opportunities	54.66%	14.93%	9.32%	13.09%	24.23%
Australian Equity Income	19.51%	-8.28%	16.21%	9.71%	14.46%
Global Companies in Asia	30.81%	8.78%	16.18%	17.41%	22.47%

¹ Capital Stable was renamed Conservative on 1 July 2017.

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INVESTMENT OVERVIEW

ANNUALISED PENSION INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2021

UNISUPER PENSION OPTION	5-YEAR ANNUALISED RETURNS		7-YEAR ANNUALISED RETURNS	
	INVESTMENT RETURN %P.A.	SURVEY MEDIAN %P.A. ¹	INVESTMENT RETURN %P.A.	SURVEY MEDIAN %P.A. ¹
<i>Pre-Mixed</i>				
Conservative ²	4.77%	5.15%	5.79%	5.15%
Conservative Balanced	6.13%	7.18%	7.33%	6.93%
Balanced	10.67%	9.24%	10.33%	8.53%
Sustainable Balanced	11.51%	n.a.	10.74%	n.a.
Growth	12.60%	10.55%	11.46%	9.73%
High Growth	14.77%	11.79%	12.98%	10.59%
Sustainable High Growth	14.52%	n.a.	13.28%	n.a.
<i>Sector</i>				
Cash	1.59%	1.47%	1.90%	1.76%
Australian Bond	3.18%	n.a.	4.16%	n.a.
Diversified Credit Income ³	3.03%	n.a.	n.a.	n.a.
Listed Property	5.61%	n.a.	9.75%	n.a.
Australian Shares	14.36%	11.81%	11.40%	9.75%
International Shares	16.94%	13.73%	15.48%	12.47%
Global Environmental Opportunities	22.25%	n.a.	16.79%	n.a.
Australian Equity Income	9.85%	n.a.	9.67%	n.a.
Global Companies in Asia	18.91%	n.a.	16.34%	n.a.

¹ Source: SuperRatings Pty Ltd's Pension Fund Crediting Rate Survey June 2021 published on 20 July 2021, 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.

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³ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available.

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.

Our assets

UniSuper had approximately \$101 billion in net funds under management (funds under management, gross of tax) as at 30 June 2021. For more information about our investments and shareholdings, please see [unisuper.com.au/investments](https://www.unisuper.com.au/investments)



Our investment managers

We outsource management of approximately 26% of our assets to external investment managers. All investment managers are monitored constantly and are generally reviewed in detail at least once a year. The remaining 74% 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.

AUSTRALIAN SHARE MANAGERS

- Ausbil Investment Management Ltd
- ECP Asset Management Pty Ltd
- Janus Henderson Investors (Australia) Institutional Funds Management Limited
- Kinetic Investment Partners Pty Ltd
- Lennox Capital Partners Pty Ltd
- Magellan Asset Management Limited
- Quest Asset Partners Pty Ltd
- Selector Funds Management Ltd
- Schroder Investment Management Australia Limited
- State Street Bank and Trust Company
- Tribeca Investment Partners Pty Ltd

INTERNATIONAL SHARE MANAGERS

- Arrowstreet Capital Limited Partnership
- Baillie Gifford Overseas Limited
- Blackrock Investment Management (Australia) Limited
- Janus Capital Management LLC
- Mirae Asset Global Investments (Hong Kong) Limited
- Sands Capital Management LLC
- Schroder Investment Management Australia Limited
- State Street Bank and Trust Company
- T. Rowe Price Australia Limited
- Wellington Management Australia Pty Ltd

DIRECT PROPERTY MANAGERS/FUNDS

- AMP Capital – UniSuper Portfolio
- AMP Capital Wholesale Office Fund
- Goodman Australia Industrial Partnership
- GPT Wholesale Office Fund
- GPT Wholesale Shopping Centre Fund
- ISPT 50 Lonsdale Street Property Trust
- ISPT Core Fund
- Lendlease Australian Prime Property Fund Industrial
- Lendlease Australian Prime Property Fund Retail

AUSTRALIAN PRIVATE EQUITY

- The Growth Fund 1
- Catalyst Buyout Fund 2
- Industry Super Holdings (ISH)
- Members Equity Bank

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
- Hancock Park 3
- IFM International Fund 1
- Polaris Venture Partners Fund 5
- Wilshire Private Markets Asia Fund 1
- Wilshire Private Markets Asia Fund 2

INFRASTRUCTURE

- First Sentier Investors (Australia) IM Limited
- Macquarie Specialised Asset Management Limited
- Hancock Natural Resources Group

FIXED INTEREST MANAGERS

- Blackrock Investment Management (Australia) Limited
- Coolabah Capital Institutional Investments Pty Limited
- First Sentier Investors (Australia) IM Limited
- Guggenheim Partners Investment Management LLC
- JamiesonCoote Bonds Pty Ltd
- Macquarie Investment Management Global Limited
- Morgan Stanley Investment Management (Australia) Pty Limited
- Oak Hill Advisors LP
- Oaktree Capital Management LP
- PGIM, Inc.
- State Street Bank and Trust Company
- Tanarra Credit Partners

CASH MANAGERS

- First Sentier Investors (Australia) IM Limited

¹ As at 30 June 2021. 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.

How we manage investments

ACCUMULATION SUPER AND PENSION MEMBERS

If you have an Accumulation 1, Accumulation 2, Personal Account or an accumulation component through your Defined Benefit Division (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.

Net earnings on each of the investment options are allotted to members' accounts via a crediting rate.

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 35 to 41 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.

DEFINED BENEFIT DIVISION MEMBERS

If you're in the DBD, the bulk of your benefit is calculated using a formula that takes into account your age, benefit, salary, period of service, average service fraction and level of contributions. All 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 the reporting period.

VALUATION INFORMATION

In accordance with the Unlisted Asset Valuation Policy, assets comprising the infrastructure portfolio and unlisted private equity are valued by the relevant asset managers or independent valuers at least once every six months (or more frequently if management considers that there has been a significant change in circumstances). During COVID-19, unlisted infrastructure assets were revalued in March 2020, together with direct property investments.

TAX ON INVESTMENT EARNINGS

UniSuper has regard to the expected taxation consequences in respect to each investment strategy.

Investment earnings of complying superannuation funds are generally taxed in Australia up to 15%. In some cases, this rate may be lower because of any tax deductions and tax credits UniSuper may qualify for. This tax is deducted from the Fund's investments earnings before they are allocated to accounts. Different taxes apply to members in retirement phase. For more information refer to the relevant PDS.



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 2021.

Some risk and return objectives changed on 1 October 2020. Visit our [website](#) for up-to-date information.

PRE-MIXED INVESTMENT OPTIONS

Conservative*

PERFORMANCE OBJECTIVES#

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Two to less than four in 20 years

SUMMARY RISK LEVEL

Medium

OPTION SIZE (\$B)

30 June 2021	2.8
30 June 2020	3.1

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	11	15.75
International Shares	9	9.25
Property	5	5
Infrastructure and Private Equity	5	0
Cash & Fixed Interest	70	70

INVESTMENT STRATEGY

To invest in a diversified portfolio of largely defensive assets like fixed interest and cash, and some growth assets like shares, property, infrastructure and private equity.

Conservative
Balanced

PERFORMANCE OBJECTIVES#

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Three to less than four in 20 years

SUMMARY RISK LEVEL

Medium to high

OPTION SIZE (\$B)

30 June 2021	5.1
30 June 2020	5.0

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	22	25
International Shares	18	17.5
Property	5	7.5
Infrastructure and Private Equity	5	0
Cash & Fixed Interest	50	50

INVESTMENT STRATEGY

To invest in a diversified portfolio of defensive assets like fixed interest and cash and growth assets like shares, property, infrastructure and private equity.

Balanced

PERFORMANCE OBJECTIVES#

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

10 years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	29.3
30 June 2020	23.8

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	33	38
International Shares	27	22
Property	5	5
Infrastructure and Private Equity	5	5
Cash & Fixed Interest	30	30

INVESTMENT STRATEGY

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

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

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

PRE-MIXED INVESTMENT OPTIONS

Sustainable Balanced

PERFORMANCE OBJECTIVES*

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Six years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	5.2
30 June 2020	3.4

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	38.5	45.5
International Shares	31.5	24.5
Cash & Fixed Interest	30	30

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) together with Australian Listed Property, fixed interest, infrastructure, private equity and cash assets.

Growth

PERFORMANCE OBJECTIVES*

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	7.1
30 June 2020	5.6

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	41	46.5
International Shares	34	28.5
Property	5	5
Infrastructure and Private Equity	5	5
Cash & Fixed Interest	15	15

INVESTMENT STRATEGY

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

High Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	5.9
30 June 2020	4.2

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	49.5	56.25
International Shares	40.5	33.75
Property	5	5
Infrastructure and Private Equity	5	5

INVESTMENT STRATEGY

To invest in a diversified portfolio of growth assets such as Australian and international shares, property, and infrastructure and private equity with some fixed interest and cash investments.

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

PRE-MIXED

Sustainable High Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	4.2
30 June 2020	2.5

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	55	65
International Shares	45	35

INVESTMENT STRATEGY

To invest in a diversified portfolio of growth assets such as Australian and international shares, property, and infrastructure and private equity with some fixed interest and cash investments.

SECTOR INVESTMENT OPTIONS

Cash

PERFORMANCE OBJECTIVES*

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Minimum of one year

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Less than 0.5 years in 20 years

SUMMARY RISK LEVEL

Very low

OPTION SIZE (\$B)

30 June 2021	2.4
30 June 2020	3.9

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Cash	100	100

INVESTMENT STRATEGY

To invest in a diversified portfolio of cash and money-market securities, including (but not limited to) at-call and term bank deposits, bank bills, negotiable certificates of deposit, notice accounts and other short-term fixed income securities out to a maximum maturity of around one year.

Australian Bond

PERFORMANCE OBJECTIVES*

To achieve returns that match the relevant bond index (before fees and taxes) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six years in 20 years

SUMMARY RISK LEVEL

Medium to high

OPTION SIZE (\$B)

30 June 2021	0.8
30 June 2020	0.9

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Bonds	100	100

INVESTMENT STRATEGY

To predominantly invest in securities (including but not limited to) securities issued or guaranteed by the Australian (Federal and State) governments and cash.

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

SECTOR INVESTMENT OPTIONS

Diversified Credit Income

PERFORMANCE OBJECTIVES*

To achieve returns (before fees and taxes) that exceed the RBA cash rate by 1.0% p.a. more than CPI over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	0.1
30 June 2020	0.1

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Global Credit	65	65
Australian & New Zealand Credit	35	35

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 but not limited to) hybrids, emerging market debt, residential mortgage-backed securities, commercial mortgage-backed securities, cash (including short dated government securities) and municipal bonds when appropriate. Although unlikely, equity holdings may arise in the event of a default, restructure or conversion of an existing credit security.

Listed Property[†]

PERFORMANCE OBJECTIVES*

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Six years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	0.6
30 June 2020	0.4

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Listed Property (REITs)	50	50
International Listed Property (REITs)	50	50

INVESTMENT STRATEGY

To invest in a diversified portfolio of listed property securities (including but not limited to) listed property securities.

Australian Shares

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	0.8
30 June 2020	0.5

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	100	100

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) Australian shares.

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

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

SECTOR INVESTMENT OPTIONS

International Shares

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	1.2
30 June 2020	0.7

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
International Shares	100	100

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) international shares.

Global Environment Opportunities

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.5% 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 or greater in 20 years

SUMMARY RISK LEVEL

Very high

OPTION SIZE (\$B)

30 June 2021	3.0
30 June 2020	1.0

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
International Shares	100	100

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) international companies whose business activities seek to address current and emerging environmental issues and opportunities.

Australian Equity Income

PERFORMANCE OBJECTIVES*

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

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	0.3
30 June 2020	0.3

STRATEGIC ASSET ALLOCATION (%)#



	2021	2020
Australian Shares	100	100

INVESTMENT STRATEGY

To invest in a portfolio of securities (including but not limited to) 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.

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

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.

INVESTMENT OVERVIEW

SECTOR

Global Companies
in Asia

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT
TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE
ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	0.8
30 June 2020	0.6

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
International Shares	100	100

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) international shares that seeks to take advantage of the expected growth in consumption of emerging Asian economies by investing in well-established global brands.

MY SUPER - ACCUMULATION MEMBERS ONLY

Balanced (My Super)

RETURN ON TARGET*

CPI +4.6% 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 to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

30 June 2021	24.6
30 June 2020	20.4

STRATEGIC ASSET ALLOCATION (%)



	2021	2020
Australian Shares	33	38
International Shares	27	22
Property	5	5
Infrastructure and Private Equity	5	5
Cash & Fixed Interest	30	30

INVESTMENT STRATEGY

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

Defined Benefit
Division (DBD)

PERFORMANCE OBJECTIVES*

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

FUNDS UNDER MANAGEMENT (\$B)

30 June 2021	29.0
30 June 2020	26.9

STRATEGIC ASSET ALLOCATION

The asset allocation for the DBD is managed using a dynamic process. A Forward Allocation Range for each asset class group is set and approved by the Board at regular intervals. Asset allocations for each asset class group may then deviate within the limits of the Forward Allocation Range at Management's discretion. As a result of the ongoing low yield environment the DBD's future asset allocation will likely have a high allocation to growth assets, with a skew towards income producing assets.

ACTUAL ASSET ALLOCATION (%) -
30 JUNE 2021

Growth Assets	75 to 90
Defensive Assets	10 to 25

INVESTMENT STRATEGY

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

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

° 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.

Taking a responsible approach

We're committed to building a better tomorrow.

Improving outcomes for Aboriginal and Torres Strait Islander members

In early 2020, UniSuper's first Reconciliation Action Plan (RAP) was formally endorsed by Reconciliation Australia. Throughout the year, the RAP kept us accountable to deliver on a number of initiatives to better educate our employees while supporting and engaging our First Nations members.

In the past year, the following items have been successfully achieved:

- delivered cultural awareness training to almost half the organisation
- created a First Nations-tailored webcast aimed at building awareness and increasing financial literacy
- First Nations maps now on display in all interstate UniSuper offices and Member Centres
- sponsored First Nations Foundations' online portal (indigenoussuper.com.au) to assist First Nations peoples to manage, learn about, and locate their super.

At the time of writing, all deliverables within the current stage one (Reflect) RAP have been successfully completed and we now begin the transition to stage two (Innovate) RAP. This will involve UniSuper building on the successes of our first RAP by making a more impactful effect among our First Nations members and the broader First Nations community.

Our commitment to carbon neutral operations and sustainability

UniSuper is committed to carbon neutral operations and has already made progress through several emission reduction initiatives to date. These are incorporated into everyday practices such as:

- purchasing a portion of 'green energy' to supply office spaces
- environmentally conscious decision-making in the office spaces that are leased and occupied, favouring those with National Australian Built Environment Rating System (NABERS) star ratings - UniSuper's head office at 385 Bourke Street attracts a 5 star NABERS rating
- reducing air travel and transport-related emissions through facility investment to support video and teleconference meetings and support for flexible working arrangements, which allows employees to work remotely and reduce office space and energy usage
- prioritising sustainable sourcing via updates to the procurement policy. For example, considering the sustainability of materials, lighting systems and furniture in UniSuper office fit-outs and refurbishments
- transitioning from paper to digital formats - including paperless Board and committee meetings, default member statements via email rather than mail, and a reduction in physical printers at head office, and
- supporting resource circularity through e-waste collection and battery recycling to ensure sustainable recycling and disposal of electrical equipment.



UniSuper is striving to reduce and offset emissions and has achieved carbon neutral status for our own operations. We recognise there is more to do and we're committed to pursuing additional strategies to reduce our emissions footprint further. This includes increasing the amount of energy procured from renewable energy sources, a key lever in decarbonising operations, as well as greater internal engagement and training on UniSuper's sustainability performance and priorities, including actions that can be taken as a group and by individual employees to reduce our transport and office-related emissions.

Climate risk management

In October 2020, UniSuper made the important step of committing to net zero carbon emissions for our investment portfolios by 2050, in alignment with the Paris Agreement.

UniSuper's in-house team has direct access and strong relationships with leadership of corporate Australia, giving the Fund the ability to advocate for real emissions reductions across the economy.

UniSuper aims to be at the forefront of the superannuation industry as it transitions to a low carbon world and our Climate Change Position Statement outlines the scope of our commitments:

- portfolio construction and related activities
- engagement and collaboration
- member investment choice and communications, and
- managing the carbon footprint of UniSuper's own operations.

The Fund's 2021 Climate Risk and our Investments report highlighted:

- 40 of our top 50 Australian investments have set Paris aligned operational targets, up from 34 in 2020.
- Our exposure to fossil fuels has fallen to 2.55% from 5.05% in 2020.
- 66% of our portfolio has set Paris-aligned targets, up from 51% in 2020.

In 2021, UniSuper surpassed \$12 billion in funds under management across our three dedicated sustainable investment options, solidifying UniSuper's position as Australia's largest investor in ESG-themed strategies.

For more information, please see our [Climate risks and our investments report](#).

Social sustainability

We weave social sustainability into many aspects of life for our employees from focussing on their individual wellbeing, donating blood, supporting community work - volunteering to fundraising, working towards gender equity and rolling out our Reconciliation Action Plan.

Our people

Building a culture to be proud of.

We're proud of the culture we're building at UniSuper. Finding people that fit 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 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 employ great people.

In the past year, this approach proved more vital than ever as we responded to the evolving pandemic and challenged our people to continue to provide a high level of genuine care and service to our members and each other.

Supporting our people through a pandemic

Our people have stepped up to the challenge of managing different ways of working during the pandemic. They continue to keep their eyes firmly on ensuring a great member experience, delivering on our goals, and supporting each other. We have maintained a strong focus on supporting employee hygiene and safety, transitioning between remote working and into the office as required, as well as helping employees stay connected, productive and healthy.

As a national organisation, we began transitioning our people back into our offices in line with each state's restrictions by taking a cautious, measured approach. We surveyed our employees about the return to the office plans and were pleased that 89% understood the plans and actively engaged in return to office planning. We're proud of the way our people have managed the challenges brought about by the pandemic and that they continue to raise the bar on performance and genuine care.

Attracting and engaging the best talent

Our in-house recruitment team are closely aligned with each business unit to help leaders to shape roles and attract great candidates. Around 85% of our roles are filled by this team each year and after paying their salaries, the team is saving the organisation more than \$1 million in recruitment fees every year.

Another key aspect of our talent attraction strategy is to have candidates referred by our people. Over 25% of all new starters are referrals, which is well above industry average. There's no better form of promotion or advocacy for us than to have our people recommend UniSuper as a great place to work!

We focus on creating an environment that rewards our people for their contributions in a meaningful way, and we respect their need for flexibility and desire to develop professionally and personally. We offer a wide range of initiatives and benefits to ensure our people are fully engaged so 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
- growth and career opportunities
- flexibility, all roles can flex
- wellbeing and volunteering programs, and
- opportunities to give back to charities and the community.

A key indicator of this strategy is our low resignation rate (approximately 12.5% in 2020-21), and our high employee engagement survey results. Our engagement score in 2021 was 71%, slightly up from 2020 results. Our areas of strength remain steady; 'clarity on purpose' (95%) and 'understanding how my work contributes to the goals of UniSuper' (92%). This year the standout response was the response to the question 'action taken since the last survey' where we scored 21% higher than our external benchmark. We also remain strong in our Diversity and Inclusion results, as echoed by both our permanent and contingent workforce.

Evolving the way we get things done

This year we launched our 'Better Together' program which focusses on building trust by uplifting our people's ability and skills to confidently have open, two-way conversations.

The program was designed in response to our employee engagement survey. It provides a common language for employees to use and sets clear expectations about how we need to work together to continue to deliver for members. The program is named after one of our five values.

Building leadership capability

We know that leaders set the context and create conditions in which UniSuper and our people thrive. Over the past year, our ongoing commitment to building a culture of strong leadership saw us implement a range of leadership programs for leaders at all levels, with a particular focus on our aspiring leaders. The programs are built around our three leadership priorities.

Each program is designed to create consistency around what it means to be a leader at UniSuper. Sessions are designed to promote a collective leadership approach with experiential learning experiences, each focussed on the three priorities: create clarity, grow people and deliver results.

Our values

- We're better together
- We can be counted on
- We strive for excellence
- We take initiative
- We genuinely care for our members



CREATE CLARITY

- Communicate strategy
- Navigate change
- Make strategic decisions



GROW PEOPLE

- Prioritise development
- Be authentic
- Adopt a growth mindset



DELIVER RESULTS

- Drive accountability
- Make commercial decisions
- Measure performance



Valuing inclusion

Our 'genuine care' culture means respect for all aspects of inclusion. We encourage our leaders to promote and create an inclusive environment within their teams to share ideas and work collaboratively. Over the past year, we've fulfilled the commitments made in our Reflect Reconciliation Action Plan (RAP) and are now in the process of developing an Innovate RAP. As part of our commitment to building awareness with employees, we continue to deliver cultural awareness sessions and explore steps we can take to create meaningful opportunities for First Nations peoples.

We've continued our partnership with CareerSeekers to provide work experience and learning opportunities for asylum seekers. This is a wonderful opportunity to provide an important point of entry for refugees and asylum seekers into professional life in Australia.

Our people can request formal and informal flexible working arrangements to enable them to balance how and where they work according to their personal circumstances and the needs of their customers. This focus on flexibility and output has served us well in the transition in and out of remote working during the pandemic.

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.

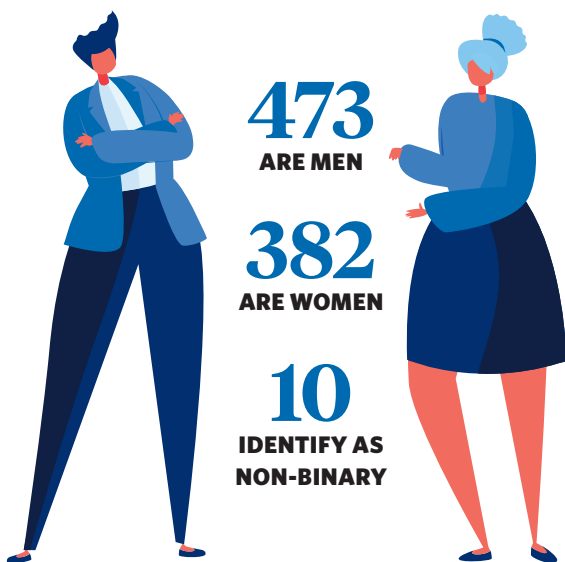
Health, wellbeing and giving back to the community

Our holistic approach to wellbeing aims to support and encourage everyone to participate in a range of initiatives and activities focussed on physical, mental, and financial wellbeing. We focus on the issues that impact health and wellbeing, via news articles, our intranet, education and information sessions.

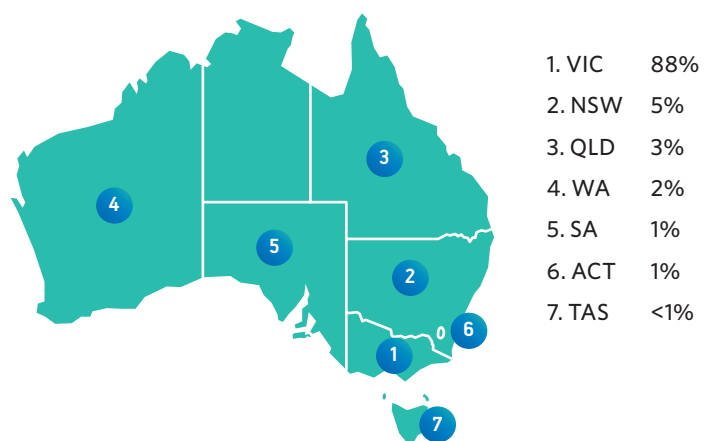
In the last year we've continued to promote awareness and education on mental wellbeing and resilience. This has included tailored learning for leaders and employees, partnering with enMasse, Converge, Benestar and celebrating RU OK? Day. This focus allowed us to mobilise support for our people quickly as changes to pandemic restrictions occurred.

There are several ways employees can give back as part of our 'giving' program run by committee, uConnect. To focus attention and maximise our efforts, the committee promotes three key areas of giving: donations of money, time, or blood. Over the past year, employees have donated, via our giving platform, Good2Give, a total of \$51,000 for the financial year, over 140 hours of time to our volunteer program (despite the challenges with lockdowns) and over 135 blood donations. We have also raised approximately \$26,000 for well deserving charities through activities such as September, Movember and Mother's Day Classic.

GENDER SPLIT AS AT 30 JUNE 2021 HEADCOUNT: 855



BREAKDOWN OF UNISUPER EMPLOYEES



OUR PEOPLE

Our Board

UniSuper is governed by a corporate trustee, UniSuper Limited — a company whose shareholders are 37 Australian universities.

The Trustee acts through its Board. The Board determines the Fund's strategic direction and governs the Fund's operations to ensure it is administered in accordance with the Trust Deed and to deliver outcomes in the best interest of members.

In addition to the governance systems implemented to meet legislative obligations and the requirements of prudential standards, the Board has formally adopted the Australian Institute of Superannuation Trustees' (AIST) Governance Code, a principles-based framework consisting of eight principles and 21 requirements. The Code is aimed to improve accountability and transparency and protect and improve outcomes for superannuation fund members. Compliance with the requirements of the Code is reported annually and is independently assessed.

HOW THE BOARD IS STRUCTURED

The Board of Directors is made up of people from different backgrounds with complementary skills and experience. It represents, serves, and remains accountable to UniSuper members and participating employers. All directors of the Trustee Board are non-executive and independent of management and must be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Fund and its members. All directors bring knowledge and expertise to the Board and together complement and balance the various interests represented.

Eight directors are nominated with equal numbers representing employers and members. These directors then appoint three independent directors.

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 professional staff — and two are nominated by the national unions who represent a number of UniSuper members.

If a director retires or resigns mid-term, a replacement is appointed in accordance with the Constitution, to serve the remainder of the term. The Constitution also sets out the process to remove a director from the Board and will differ depending on whether the director represents members or employers or is an independent. In general terms:

- The Consultative Committee, or other bodies responsible for their appointment, can recommend the removal of directors representing members or employers.
- Independent directors can be removed by a resolution of the directors representing members and employers.

The Consultative Committee

The Consultative Committee is a key forum for members and employers to participate in the Fund's ongoing development and governance. It reviews and approves changes to the Trust Deed and is responsible for nominating four directors to the Board. Half of the Committee is made up of members representing the 37 shareholder universities, and the other half represents academic staff and professional staff (equally) who are employed by the shareholder universities.

GETTING TO KNOW THE BOARD**INDEPENDENT DIRECTORS****Ian Martin AM**

BEd (Hons), Adv Diploma, AICD
FAICD Chairman
Appointed to the Board as an Independent Director on 18 April 2013 and elected as Chair 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**

BEd (Hons)
Appointed to the Board as an Independent Director on 1 July 2017.

DIRECTORS NOMINATED BY MEMBERS

Nominated by the Consultative Committee

**Professor Lelia Green**

BA (Hons), MA, MA (Communications), PhD, MEd, MA (Creative Writing), GAIST
Elected to the Board by members of the Consultative Committee representing academic staff on 4 November 2015.

**Amy Griffiths**

BA, AAICD
Elected to the Board by members of the Consultative Committee representing professional staff on 11 November 2019.

NOMINATED BY NATIONAL UNIONS**Grahame McCulloch**

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

**Sarah Roberts**

LLB (Hons), BA Arts (Hons), Master of Public Policy, Grad Dip - Labour Relations Law, GAIST
Appointed to the Board on 18 May 2020 by the national unions.

OUR PEOPLE

DIRECTORS NOMINATED BY EMPLOYERS

Nominated by Vice-Chancellors



Dr Jane den Hollander AO

*Professor Emerita, Hon Doc (Deakin)
Hon Doc (Cardiff) PhD (Cardiff), MSc,
BSc Hons (Wits)*

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



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.



Professor Peter Dawkins AO

*BSc (Hons) (Lough), MSc (Lon), PhD
(Lough), FASSA, FIPAA, FACEL*

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



Nicole Gower

BA LLB (Hons)

Elected to the Board by members
of the Consultative Committee
representing employers on
30 October 2017.

More information about the Board's
experience, expertise and responsibilities
is available on our [website](#)

CHANGES TO THE BOARD

In the year 2020-21 there were no changes made to the Board composition.

THE BOARD COMMITTEES

The Board Committees as at 30 June 2021 are:

Audit, Risk and Compliance Committee

The Audit, Risk and 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)
- Nicolette Rubinsztein
- Grahame McCulloch

The Committee is assisted by two independent consultants:

- Beth McConnell (ceased 9 November 2020)
- Sarah Woodhouse
- Fiona Rowland (commenced 1 November 2020)

The CEO also attends meetings of this Committee.

People and Remuneration Committee

The People and 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 UniSuper Limited (USL) Remuneration Policy.

Members include:

- Jane den Hollander (Chair)
- Ian Martin
- Grahame McCulloch
- Nicole Gower (commenced 1 January 2021)

The CEO attends all meetings of the People and 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:

- Nicolette Rubinsztein (Chair)
- Lelia Green
- Jane den Hollander
- Susan Gould (consultant)
- Jennifer Lang (consultant)
- 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:

- Mark Armour (Chair)
- Peter Dawkins
- Ian Martin
- Christopher Cuffe (independent consultant)
- Anthony FitzGerald (independent consultant)
- Felicity Gates (independent consultant) (appointed 1 February 2021)
- Kevin O'Sullivan (CEO UniSuper, Ex-Officio)

OUR PEOPLE

Technology and Projects Committee

The Technology and Projects Committee is responsible for:

- reviewing key technology changes, innovations and trends in the industry
- reviewing the technology strategy
- reviewing the technology and program management governance frameworks.

Members include:

- Mark Armour (Chair)
- Nicole Gower
- Amy Griffiths (commenced 1 December 2020)
- Kevin O'Sullivan (CEO UniSuper, Ex-Officio)
- Julie Fahey (consultant)
- Margaret Wright (consultant)

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**Kevin O'Sullivan**

Chief Executive Officer
(ceased 10 September 2021)

**John Pearce**

Chief Investment Officer

**Lee Scales**

Chief Customer Officer

**Julie Watkins**

Chief People Officer

**Anand Thomas**

Chief Strategy &
Marketing Officer

**Andrew Raftis**

Chief Risk Officer

**Graham Eggins**

Acting Chief
Financial Advice

**Peter Chun**

Chief Executive Officer
(commenced 6 September 2021)

**Steven McGregor**

Chief Delivery & Information
Officer (commenced
9 March 2021)

**Dharmendra Dayabhai**

Acting Chief Operating
Officer (commenced
1 July 2021)

**Anna Leibel**

Chief Delivery &
Information Officer
(ceased 23 April 2021)

**Kevin Roadnight**

Chief Operating Officer
(ceased 30 June 2021)

More information on the Executive
Leadership Team is available on our [website](#)

Key super measures passed in 2020-21

During the year, several policy changes came into effect and the Federal Budget 2020 announced a number of changes to superannuation under a reform package entitled Your Future, Your Super.

Your Superannuation, Your Choice

In August 2020, legislation was passed to allow employees under workplace determinations or enterprise agreements made on or after 1 January 2021, with the right to choose their superannuation fund. Defined Benefit products are exempt from this legislation change.

Your Future, Your Super

The government's Your Future, Your Super reforms were passed in June 2021. This legislation introduced a number of changes. They are:

- From 1 July 2021, the introduction of best financial interest duty (BFID) on trustees including new record keeping obligations and changes to the evidential burden of proof for the BFID on the trustee.
- From 1 November 2021, stapling of a superannuation account becomes effective. This means super accounts will follow members when they change jobs to reduce the incidence of members having (and paying fees for) multiple, unnecessary accounts and fees.
- Funds will be subject to annual performance tests, starting with MySuper products in September 2021.

More flexible superannuation

Legislation was passed in June to partially implement improved super flexibility for older Australians. Measures announced in the 2019 budget, that specifically extend the bring forward rule by enabling individuals aged 65 and 66 to make up to three years of non-concessional contributions, started in the 2020-21 financial year. From 1 July 2021, individuals can re-contribute amounts they withdrew under the COVID-19 early release of super program without them

counting towards their non-concessional contributions cap. The ATO can make written determinations on excess concessional contributions. The excess concessional contributions charge will no longer apply from 1 July 2021.

Superannuation changes from 1 July 2021

A number of other non-legislative changes have been made effective from 1 July 2021. Details can be found on the UniSuper website under [super and policy news](#). These include:

- the transfer balance cap has been increased due to indexation
- the concessional/non-concessional contributions caps have been increased
- the temporary reduction in pension members minimum drawdown rates due to end on the 1 July have been extended.

Superannuation Guarantee (SG) increase

On 1 July 2021, the SG rate increased from 9.5% to 10%. Rates will continue to increase each year until it reaches 12% on 1 July 2025 in line with government legislation under the *Superannuation Guarantee Act (Administration) 1992*. The SG is generally the minimum amount that an employer must contribute to an employee's super.

Defined Benefit Division (DBD) update

DEFINED BENEFIT DIVISION FUNDING

There are two key actuarial funding measures used by the Trustee to monitor the financial position of the Defined Benefit Division (the DBD), namely the Vested Benefits Index and Accrued Benefits Index. Both measures were maintained at healthy levels during the financial year.

VESTED BENEFITS INDEX (VBI)

A VBI of greater than 100% means that the value of the assets supporting the DBD are more than sufficient to cover the vested benefit liabilities at that date. The vested benefit liability of the DBD is equal to the value of the total benefits that would be payable by the DBD if all the members voluntarily terminated their service with their employer at that date.

As at 30 June 2021, the estimated VBI was 121.3% (compared to 114.0% as at 30 June 2020). As a result, the DBD assets were more than adequate to cover the vested benefit liabilities as at 30 June 2021.

ACCRUED BENEFITS INDEX (ABI)

UniSuper's DBD is a multi-employer defined benefit product for the higher education sector, with low risk of having to pay all members' benefits at any one time. Hence, the ABI is the measure that the Trustee believes is the most relevant in determining the ability of the DBD to pay, over the long term, all defined benefits that have accrued to the date that the measure is calculated.

An ABI of greater than 100% means the assets supporting the DBD are expected to be more than sufficient to meet future payments in respect of benefits accrued up to that date.

As at 30 June 2021, the estimated ABI was 134.2% (compared to 124.7% as at 30 June 2020). As a result, the DBD assets were more than adequate to meet future payments in respect of benefits accrued up to 30 June 2021.

These VBI and ABI figures as at 30 June 2021 are estimates and are subject to final confirmation within the 30 June 2021 actuarial investigation report.

Removal of the excess concessional contributions charge

From 1 July 2021, all contributions above the concessional contributions cap will no longer attract the concessional contributions charge. The ATO will send a determination letter to anybody impacted. Contributions above the cap will still be taxed at your marginal tax rate. A 15% tax offset to account for the contributions tax, already paid to the super fund, continues to apply.

New super comparison tool

From 1 July 2021, the government introduced the YourSuper comparison tool on the [ATO website](#). The tool is intended to empower people to compare and select superannuation providers.

MySuper Products to be performance tested annually

From 1 July 2021, the Australian Prudential Regulatory Authority (APRA) introduced an annual performance test for MySuper products. Results are published on the APRA website indicating either a pass or fail against the performance test benchmark. Any fund that fails the performance test must advise its members within 28 days of receiving the result. Failing two consecutive annual performance tests will result in a fund not being permitted to accept new members until their performance improves.

How we manage your super

How UniSuper is administered

UniSuper is managed by a corporate Trustee, UniSuper Limited (USL), 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 USL and USM.

USM operates in line with a set 2020-21 strict performance objectives, against which the Board of USL regularly monitors its performance.

The Trustee has taken out professional indemnity insurance.



Error rectification

UniSuper's Incidents, Breaches and Error Management Policy provides for exited members to be reinstated for errors affecting their account by more than \$20.

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 Australian Taxation Office (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.

If a temporary resident's benefit is transferred to the ATO, UniSuper relies on the Australian Securities and Investments Commission 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) fact sheet, which is available at [unisuper.com.au](https://www.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 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 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, Willis Towers Watson (ceased 31 March 2021)
- Actuary: Travis Dickinson, FIAA, Willis Towers Watson (appointed 31 March 2021)
- Chief Medical Consultants: 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 2021, 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, \$415 million in 2019, \$447 million in 2020 and \$520 million in 2021.

Complaints handling

The Customer Care team is responsible for proactively investigating and responding to complaints, as well as unique and potentially sensitive single member account adjustments.

Over the 2020-21 financial year the team, acting in accordance with UniSuper's governing rules and regulations, provided outcomes to approximately 300 member complaints, fewer than in previous years, ranging from straightforward customer service failures or system functionality issues, to complex situations which required a significant amount of investigation and input from our Legal, Product and Claims teams to arrive at a fair and equitable outcome for the member.

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 our website [unisuper.com.au/contact-us/complaints](https://www.unisuper.com.au/contact-us/complaints).

Our financial results

Statement of financial position

AS AT 30 JUNE 2021

ASSETS	NOTES	2021 \$'M	2020 \$'M
Cash and receivables			
Cash assets	cash	277	262
Sundry debtors and prepayments		3	13
Total cash and receivables		280	275
Investments – financial assets			
Equities - local		39,036	32,871
Equities - overseas		30,022	22,191
Interest bearing securities - local		13,639	13,136
Interest bearing securities - overseas		2,560	2,214
Others, including short term deposits		7,330	6,347
Derivative assets	8	78	563
Total investments – financial assets		92,665	77,322
Non-financial assets			
Direct property		5,033	4,016
Infrastructure		4,206	3,585
Total non-financial assets		9,239	7,601
Total assets		102,184	85,198
LIABILITIES			
Benefits payable		2	15
Sundry creditors		74	38
Derivative liabilities	8	252	168
Income tax payable		340	203
Deferred tax liabilities		2,303	1,552
Total liabilities excluding member benefits		2,971	1,976
Net assets available to pay benefits		99,213	83,222
Member benefits			
Defined contribution member liabilities		69,587	55,982
Defined benefit member liabilities		21,485	21,288
Total member liabilities		91,072	77,270
Total net assets		8,141	5,952
EQUITY			
Reserves	9	520	447
Defined benefits that are over or (under) funded	4	7,621	5,505
Total equity		8,141	5,952

Income statement

AS AT 30 JUNE 2021

	NOTES	2021 \$'M	2020 \$'M
Investment revenue			
Interest		298	399
Dividends and distributions		1,811	2,115
Other income		53	47
Movement in net market value of assets	7	12,075	(3,330)
Total investment revenue/(loss)		14,237	(769)
Expenses			
Direct investment expense		360	331
Administration expenses	16	70	63
Total expenditure		430	394
Net operating result before income tax expense		13,807	(1,163)
Less Income tax expense	12	866	(303)
Net operating result after income tax expense		12,941	(860)
Net benefits allocated to defined contribution member accounts		(10,243)	(699)
Net change in defined benefit member benefits		(584)	(528)
Net profit/(loss) after income tax expense		2,114	(2,087)

Statement of changes in member benefits

FOR THE YEAR ENDED 30 JUNE 2021

	DEFINED CONTRIBUTION \$'M	DEFINED BENEFITS \$'M	TOTAL \$'M
Opening Balance 1 July 2020	55,982	21,288	77,270
Employer contributions	2,044	1,592	3,636
Member contributions	1,053	223	1,276
Rollovers/Transfers in	1,925	-	1,925
Rollovers/Transfers out	(728)	(44)	(772)
Income tax on contributions	(307)	(231)	(538)
Net after tax on contributions	3,987	1,540	5,527
Benefits paid	(1,920)	(508)	(2,428)
Transfers from defined benefit to defined contribution	1,388	(1,388)	-
Death/ disability benefits credited	11	-	11
Insurance premiums charged to members net tax	(60)	-	(60)
Reserve transfers to/(from) members:			
Operational risk reserve	(5)	1	(4)
Administration reserve	(35)	(32)	(67)
Self insurance	-	-	-
Optional Insurance	(4)	-	(4)
Net benefits allocated to members' accounts, comprising:			
Net investment income	10,243	-	10,243
Net change in DB members benefits	-	584	584
Closing Balance 30 June 2021	69,587	21,485	91,072

OUR FINANCIAL RESULTS

	DEFINED CONTRIBUTION \$'M	DEFINED BENEFITS \$'M	TOTAL \$'M
Opening Balance 1 July 2019	52,284	20,550	72,834
Employer contributions	1,873	1,549	3,422
Member contributions	779	211	990
Rollovers/Transfers in	2,425	-	2,425
Rollovers/Transfers out	(656)	(28)	(684)
Income tax on contributions	(281)	(234)	(515)
Net after tax on contributions	4,140	1,498	5,638
Benefits paid	(1,848)	(461)	(2,309)
Transfers from Defined Benefit to Defined Contribution	795	(795)	-
Death/ Disability benefits credited	12	-	12
Insurance premiums charged to members net tax	(56)	-	(56)
Reserve transfers (to)/from members:			
Operational Risk Reserve	(7)	-	(7)
Administration Reserve	(33)	(32)	(65)
Self Insurance	-	-	-
Optional Insurance	(4)	-	(4)
Net benefits allocated to members' accounts:			
Net Investment Income	699	-	699
Net change in DB members benefits	-	528	528
Closing Balance 30 June 2020	55,982	21,288	77,270

CONTACT US

1800 331 685
+61 3 8831 7901

WEBSITE

unisuper.com.au

EMAIL

enquiry@unisuper.com.au

UNISUPER ADVICE

1800 823 842
+61 3 8831 7916

ADDRESS

UniSuper
Level 1, 385 Bourke Street
Melbourne Vic 3000
Australia

This Annual Report has been prepared and issued by UniSuper Limited as Trustee of UniSuper.

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.

Every care has been taken with the information provided in this publication. However, because of the complex nature of superannuation and taxation law and the frequent changes occurring, UniSuper Limited reserves the right to correct any error or omission. If there is any discrepancy between this publication and the Trust Deed and Regulations, the Trust Deed and Regulations will prevail.

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) (ABN 54 006 027 121/ AFSL No 492806) is the corporate trustee of UniSuper (the Fund) (ABN 91 385 943 850) and is referred to throughout this document as "UniSuper Limited" or the "Trustee".

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 are from the SuperRatings Pty Ltd Credit Rating Survey for 30 June 2021, as published on 20 July 2021 and does not take into account subsequent revisions. 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.

Level 1, 385 Bourke Street, Melbourne Vic 3000

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October 2021

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.