



Making a difference

Product Performance
Report 2021
Aware Super

How we report

Helping members, employers and other stakeholders find and understand the information that's most relevant to them is part of our commitment to putting members' needs first.

This year we've introduced some improvements to our annual report to help our members, employers and other stakeholders find the information they need more easily.

Part of the Annual Report



Annual Report 2021



VicSuper Product Performance Report 2021



Governance Report 2021

Additional reports



Destination Net Zero Report



Stewardship Report 2021

For more information or to request a printed copy free of charge, please call 1300 650 873 | [aware.com.au](https://www.aware.com.au)

Important information and disclaimer:

Prepared and issued by Aware Super Pty Ltd ABN 11 118 202 672, AFSL 293340, the trustee of Aware Super ABN 53 226 460 365. Unique Superannuation Identifier (USI) 53 226 460 365 001, MySuper Authorisation Numbers 53 226 460 365 073 and 53 226 460 365 954. When members receive advice, they receive it under our financial planning business, Aware Financial Services Australia Limited ABN 86 003 742 756 AFSL No. 238430. Aware Financial Services Australia Limited (ABN 86 003 742 756, AFSL 238430) is wholly owned by Aware Super.

Issued October 2021.



We recently merged with VicSuper, so now we have the capacity for even greater good!



We'd love to get your feedback on our reporting suite:

If you have any comments about the content covered in our reporting suite, please don't hesitate to contact us:

corporate.responsibility@aware.com.au

Inside this report

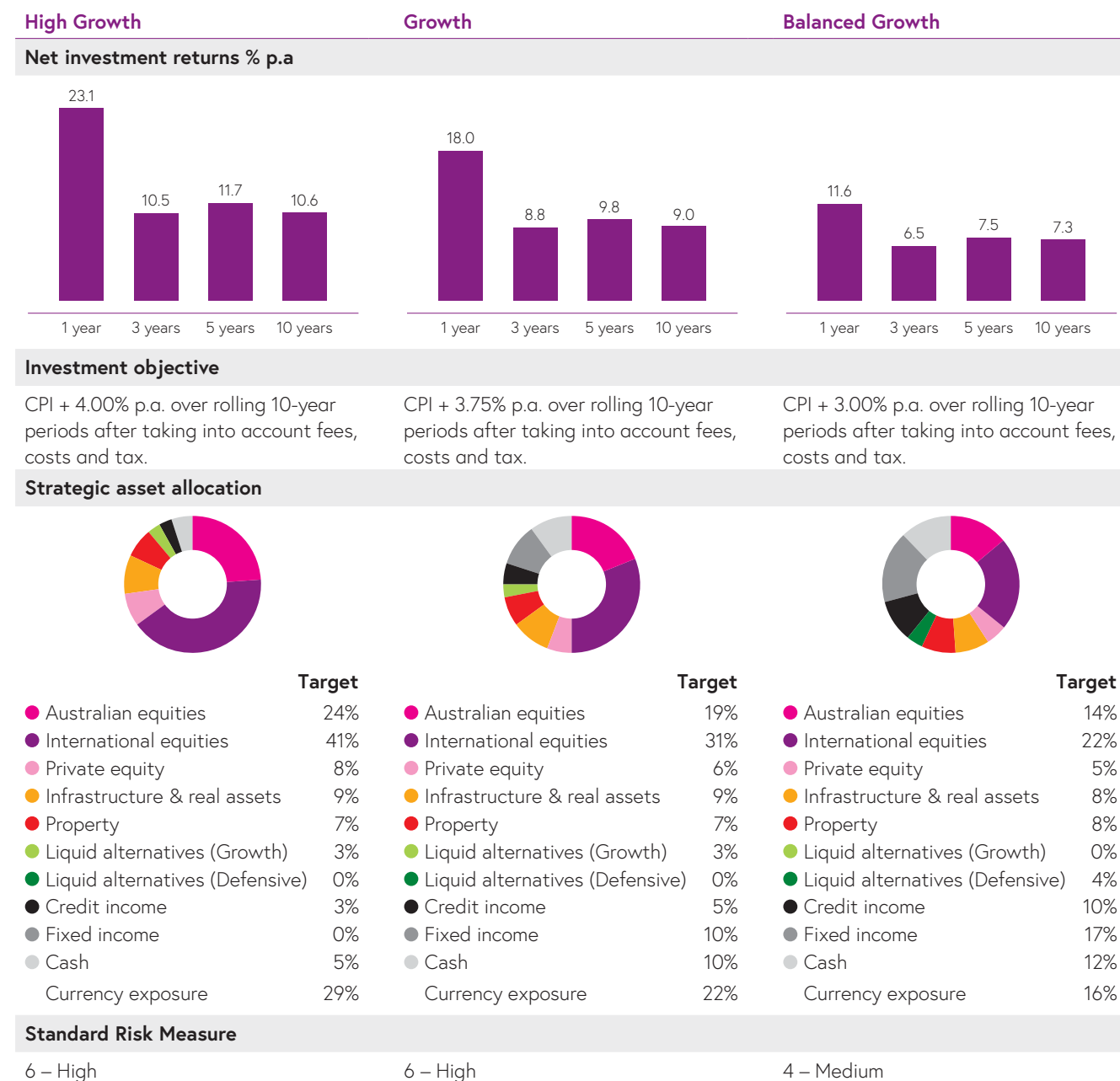
Investment objectives and performance for the year ended 30 June 2021	2
Defined Benefit Fund	15
Other investment disclosures	16
Recognition and awards	17



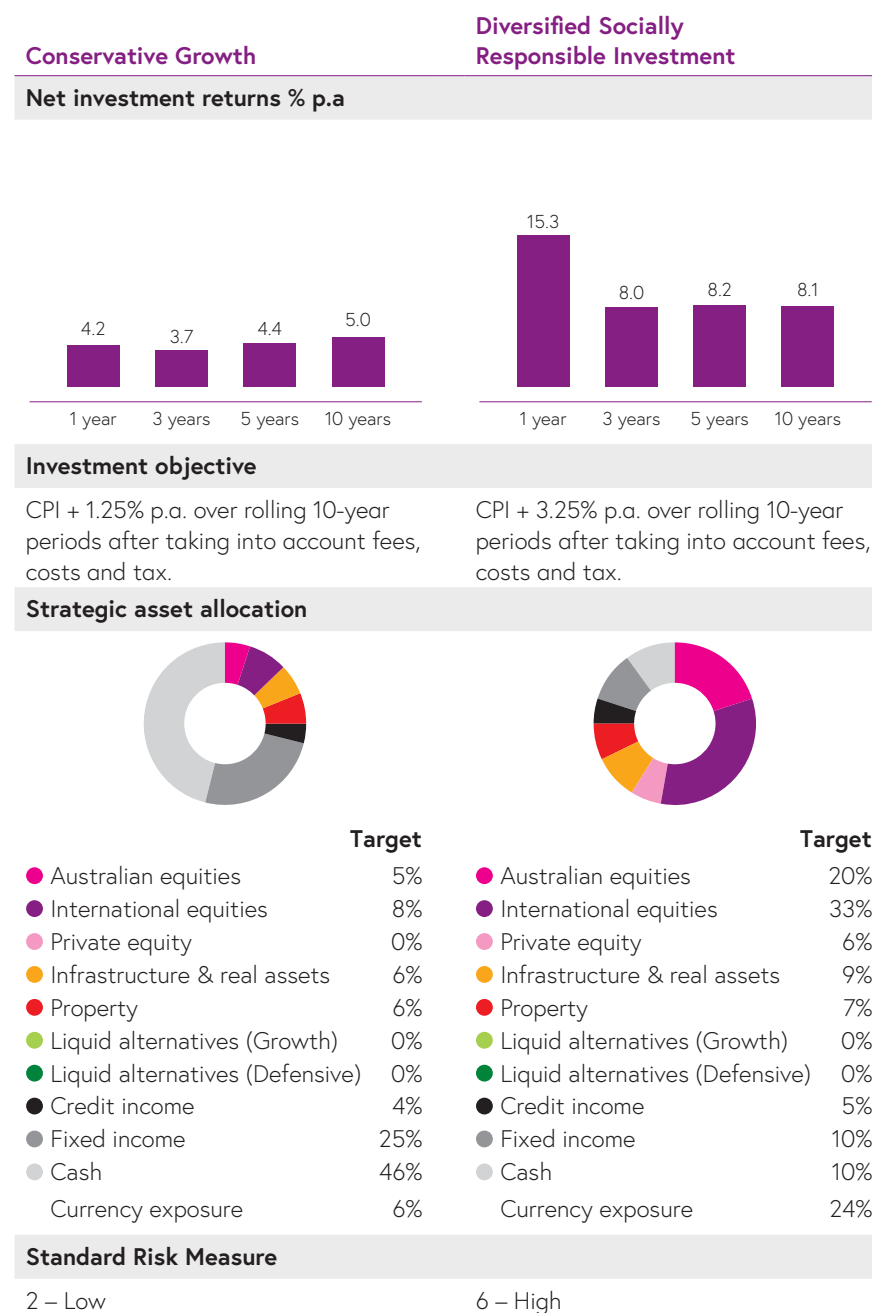
for the year ended 30 June 2021

Aware Super Accumulation and Transition to Retirement Income Stream

Diversified options



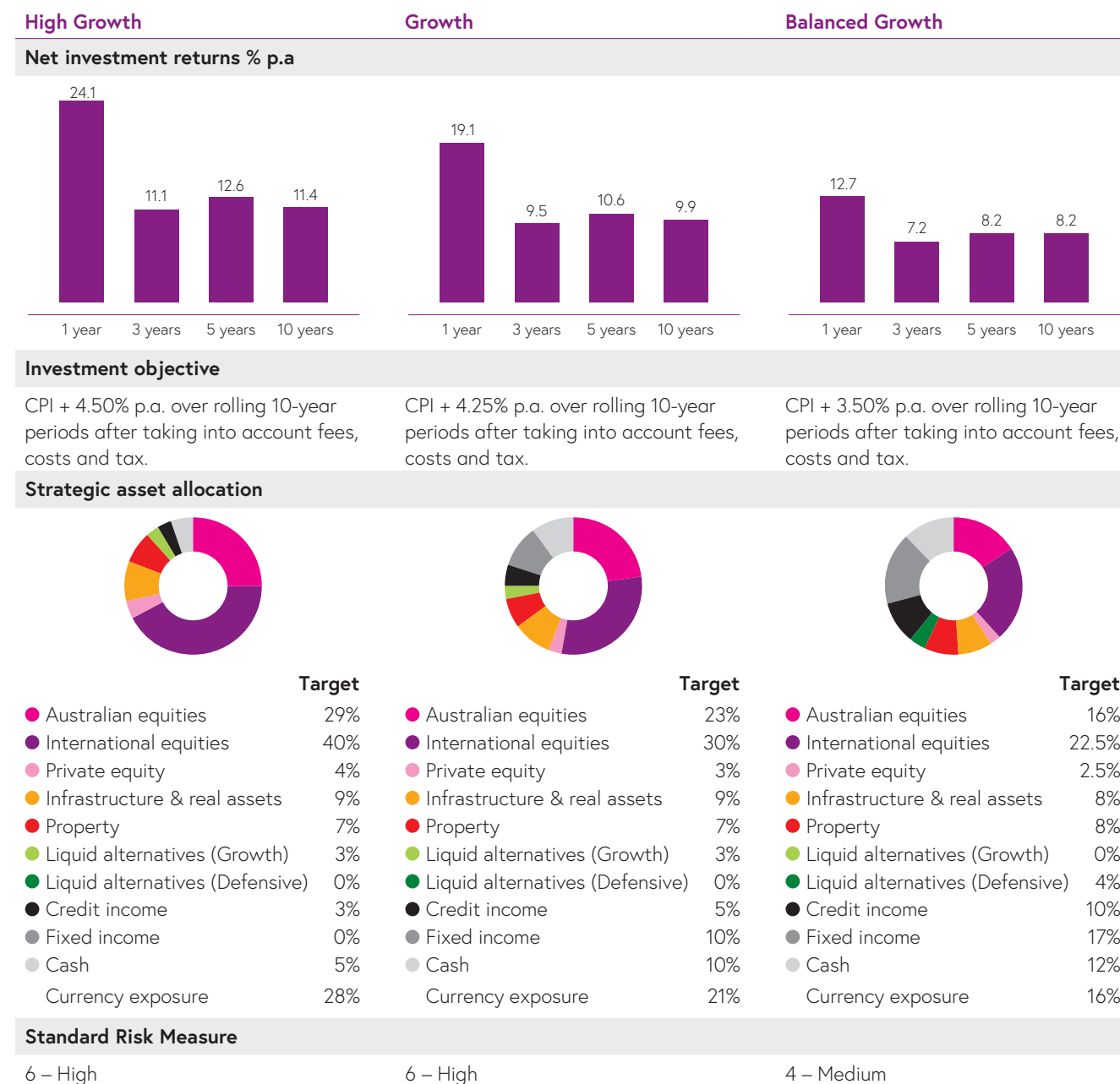
All data as at 30 June 2021. Net investment returns are compound average returns after allowance for tax (accumulation options only) and investment management expenses, but before the deduction of administration fees. We do not guarantee the performance of the investment options and the value of your account balance can go up or down. Past performance is not a reliable indicator nor is it a guarantee of future performance. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to our website for an explanation of the standard risk measure [aware.com.au/measuring-risk](https://www.aware.com.au/measuring-risk). Currency exposure refers to the proportion of assets that are subject to foreign exchange rate movements.



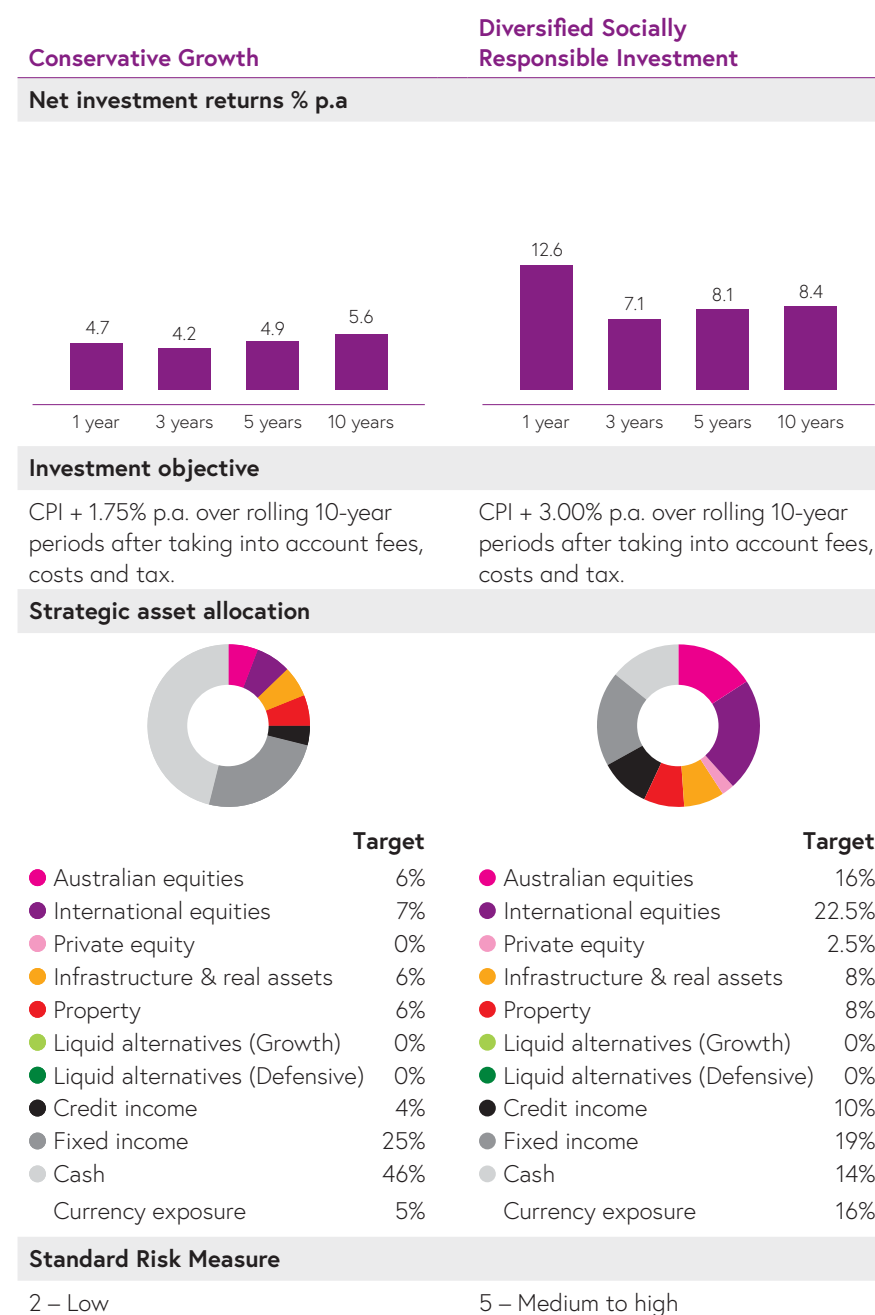
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for the year ended 30 June 2021

Aware Super Retirement Income Stream



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Investment objectives and performance

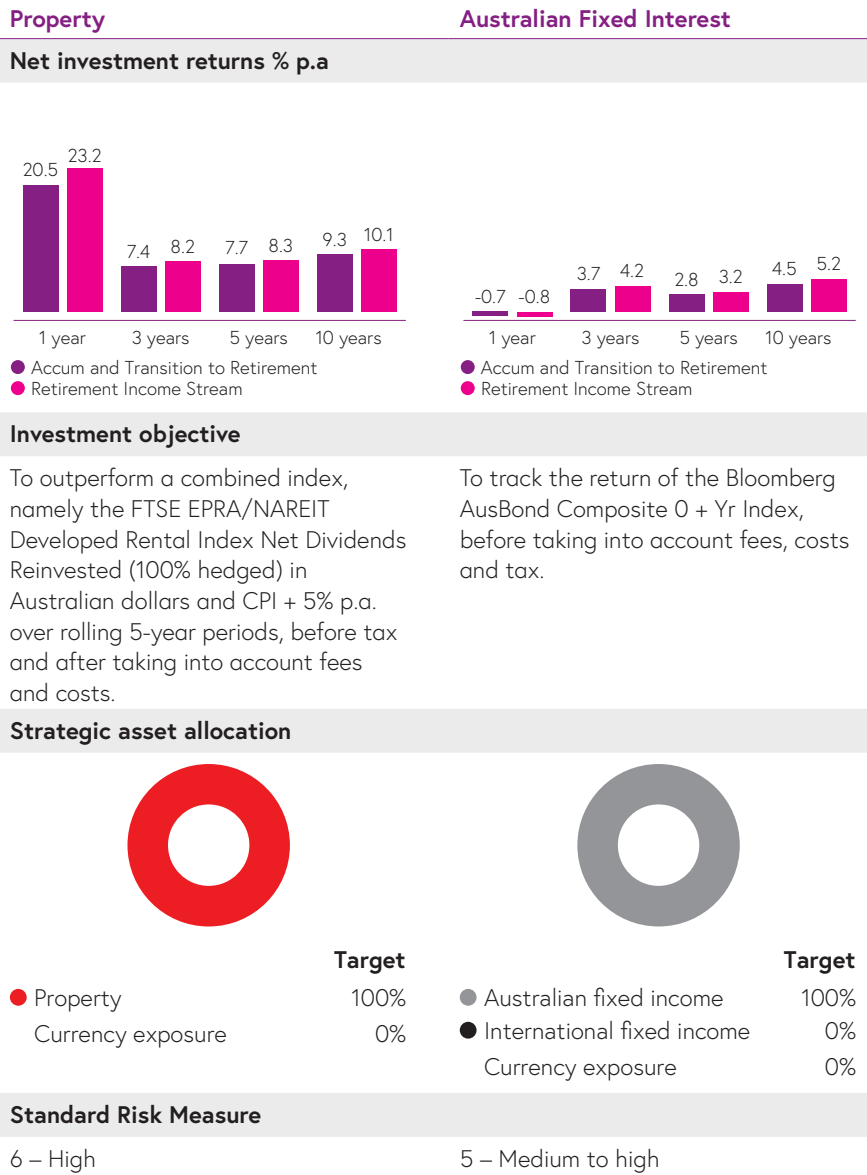
for the year ended 30 June 2021

Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream Single asset class options



¹ A custom index calculated by MSCI based on the responsible ownership criteria provided by Aware Super.

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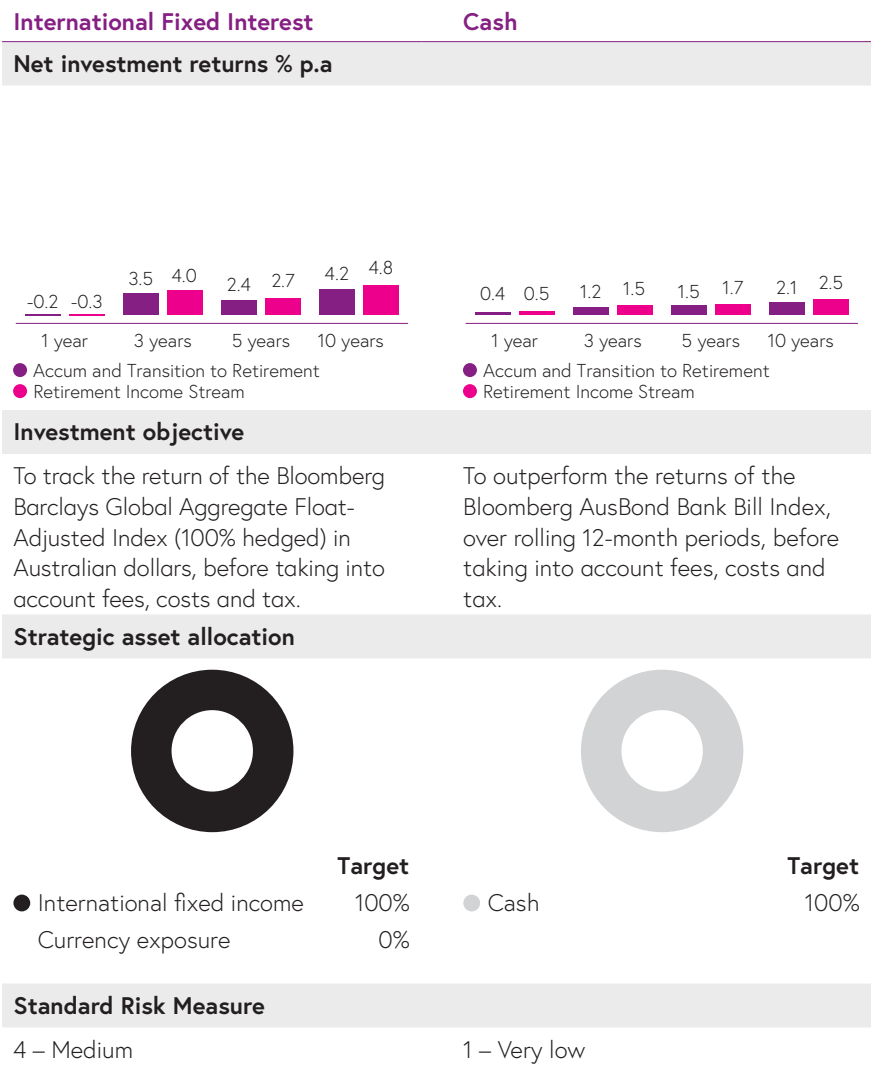


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Investment objectives and performance

for the year ended 30 June 2021

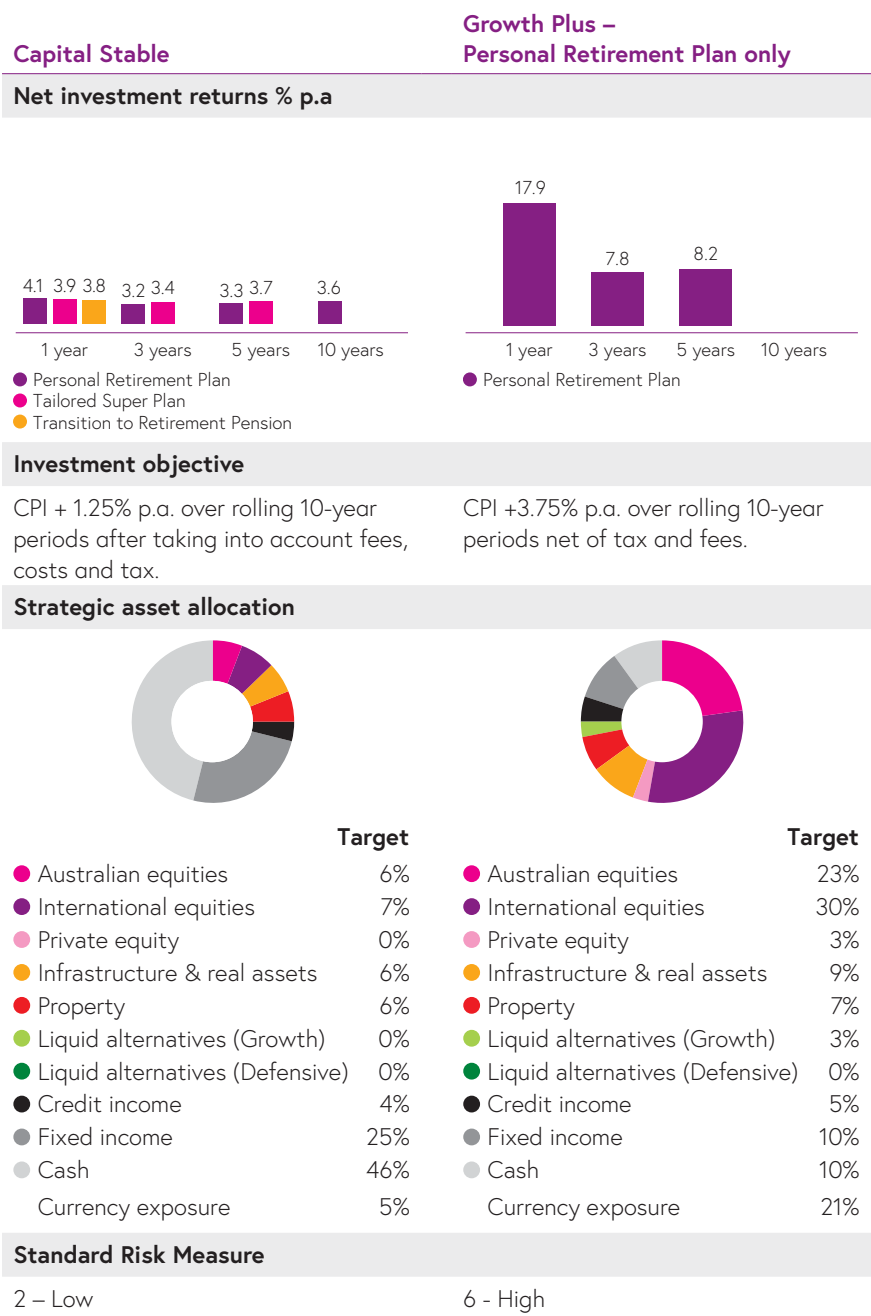
Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream Single asset class options



Investment objectives and performance

for the year ended 30 June 2021

Aware Super Tailored Super Plan, Personal Retirement Plan and Transition to Retirement Pension



All data as at 30 June 2021. For the period before 1st April 2020, the net investment returns are compounded after allowance for tax (accumulation options only), investment management expenses and administration fee. On 1 April 2020 there was a change in fee structure for the Administration fee to be deducted directly from a member's account (not from the assets of the option). Post 1st April 2020, the net investment returns are compound average returns after allowance for tax (accumulation options only) and investment management expenses, but before the deduction of administration fees. Past performance is not a reliable indicator nor is it a guarantee of future performance. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to our website for an explanation of the standard risk measure [aware.com.au/measuring-risk](https://www.aware.com.au/measuring-risk). Currency exposure refers to the proportion of assets that are subject to foreign exchange rate movements.

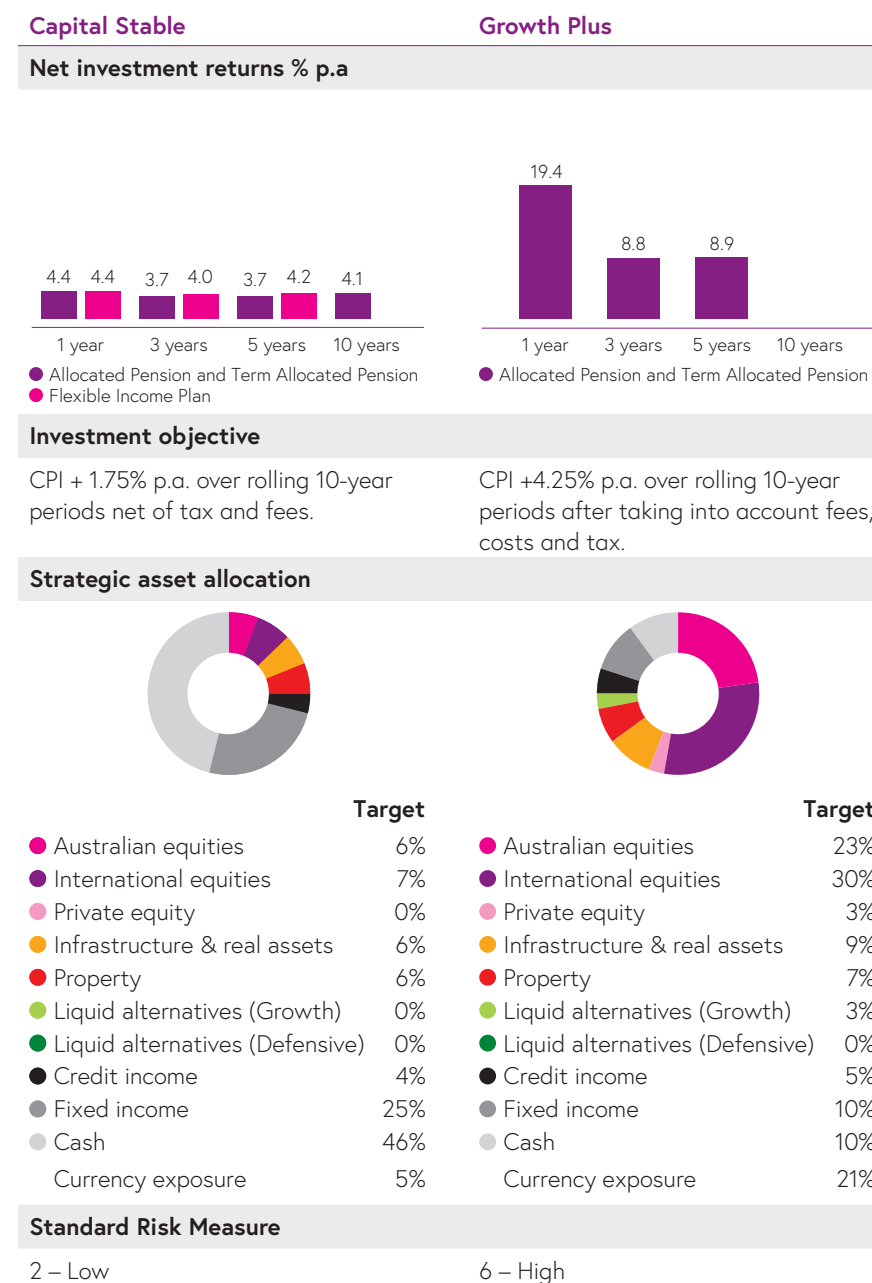
Aware Super Flexible Income Plan, Allocated Pension and Term Allocated Pension Diversified options



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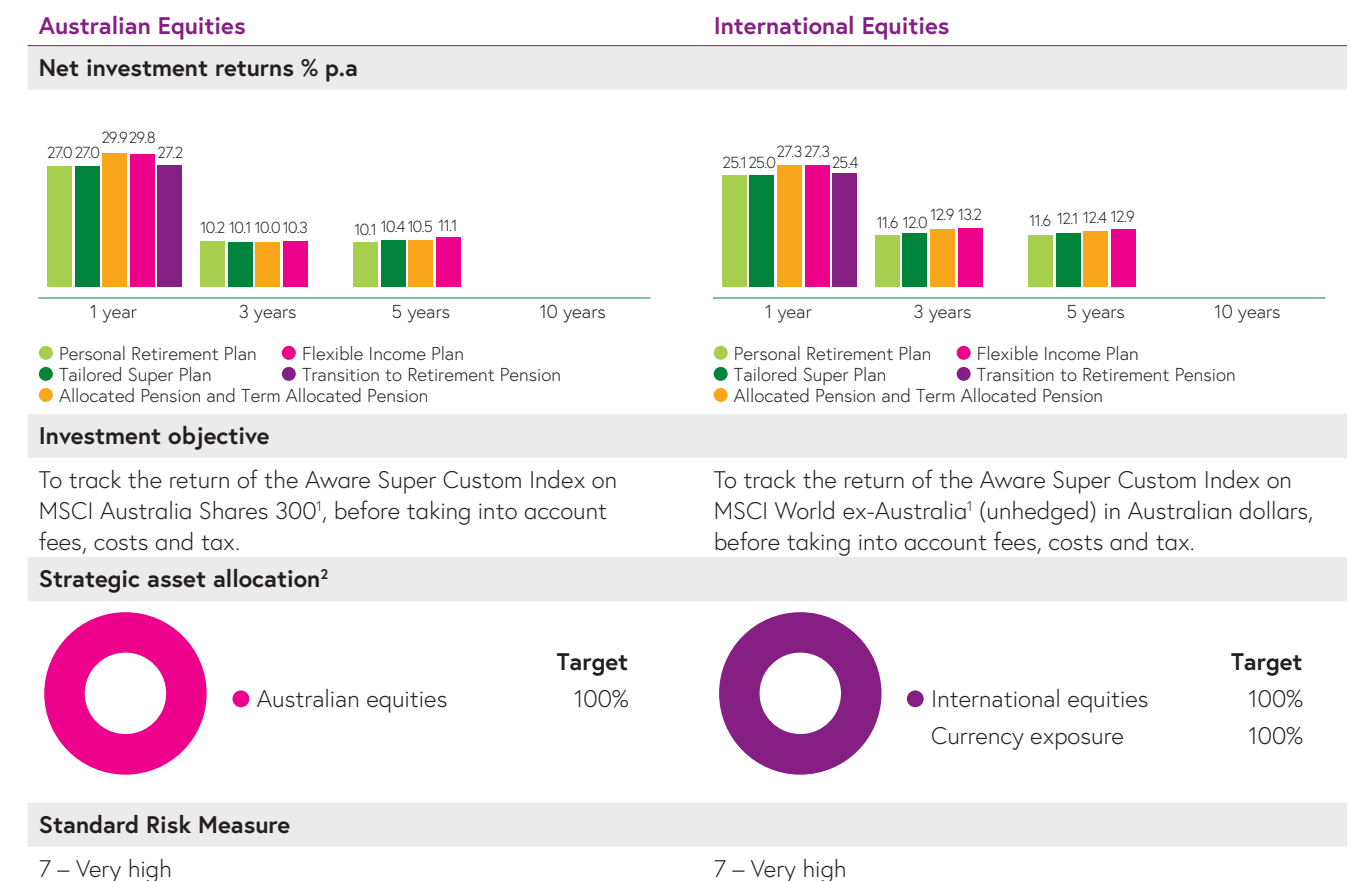
for the year ended 30 June 2021

Aware Super Flexible Income Plan, Allocated Pension and Term Allocated Pension
Diversified options



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Aware Super Tailored Super Plan, Personal Retirement Plan, Transition to Retirement Pension, Flexible Income Plan, Allocated Pension and Term Allocated Pension
Single asset class options



1 A custom index calculated by MSCI based on the responsible ownership criteria provided by Aware Super.

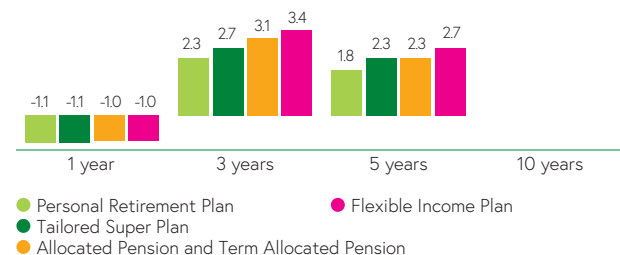
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for the year ended 30 June 2021

Aware Super Tailored Super Plan, Personal Retirement Plan, Transition to Retirement Pension, Flexible Income Plan, Allocated Pension and Term Allocated Pension
Single asset class options

Fixed Interest

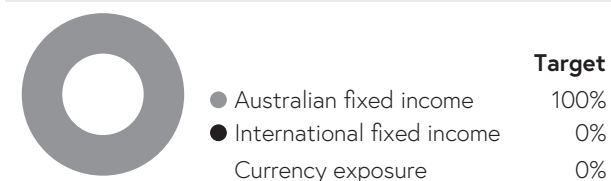
Net investment returns % p.a



Investment objective

To match or exceed the return of the Bloomberg AusBond Composite 0 + Yr Index, before taking into account fees, costs and tax.

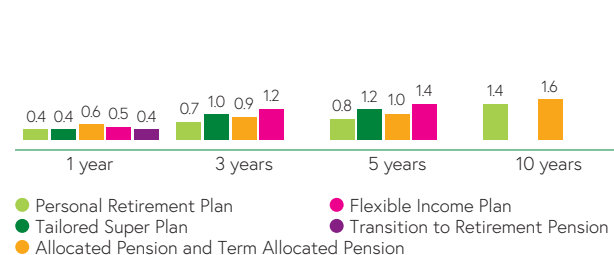
Strategic asset allocation



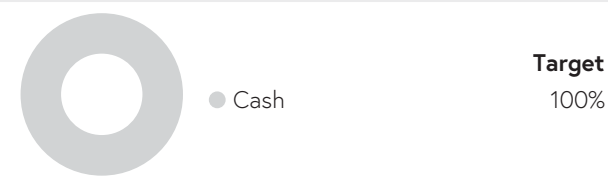
Standard Risk Measure

5 – Medium to high

Cash



To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.



1 – Very low

All data as at 30 June 2021. For the period before 1st April 2020, the net investment returns are compounded after allowance for tax (accumulation options only), investment management expenses and administration fee. On 1 April 2020 there was a change in fee structure for the Administration fee to be deducted directly from a member's account (not from the assets of the option). Post 1st April 2020, the net investment returns are compound average returns after allowance for tax (accumulation options only) and investment management expenses, but before the deduction of administration fees. Past performance is not a reliable indicator nor is it a guarantee of future performance. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to our website for an explanation of the standard risk measure [aware.com.au/measuring-risk](https://www.aware.com.au/measuring-risk). Currency exposure refers to the proportion of assets that are subject to foreign exchange rate movements.

Defined Benefit Fund

Actuarial review

We're required to maintain the defined benefit fund in a satisfactory financial position. The fund's defined benefit asset value must be at a level sufficient to cover the value of vested benefit liabilities of members as they fall due.

At least once a year, our actuary reviews the financial position of our defined benefit fund and makes a recommendation about the required level of future employer contributions. The fund is considered to be in a satisfactory financial position if the fund's defined benefit asset value is at least 100% of vested benefit liabilities.

We have set the shortfall limit at 98% because we expect a shortfall of this amount can be recovered through normal market movements within one year. However, if the defined benefit asset value of the fund falls below the 98% shortfall limit, we'll notify members and set out a restoration plan to return the fund to a satisfactory financial position.

The actuarial report for the year to 30 June 2021 was received on 11 August 2021 and shows the fund was in a satisfactory financial position. The defined benefit fund position, with assets of \$1,142.6 million, exceeded vested benefits liabilities by \$98.7 million (9.5%). A margin of assets above Vested Benefits is desirable to provide some security against adverse experience. The actuary also recommend that the employers maintain the contribution rates unless there is significant fall in the funding status.

Investment objectives

The investment objectives for the defined benefit fund are to:

- (primary objective) maintain a ratio of assets to vested benefit liabilities at a minimum target level of 100% over the long term;
- achieve sufficient asset coverage above Vested Benefits to adopt an immunisation program that minimises funding risk over the long term;

- maintain a balance between reducing the long-term cost of the benefits and reducing the volatility of the required employer contribution rate; and
- generate sufficient liquidity to provide for the cash flow requirements of the fund.

How the defined benefit pension grows

We adjust the defined benefit lifetime pension and deferred defined benefits twice a year, in accordance with movements in the Consumer Price Index (CPI). The update is reflected in the first pension payment in June and December each year. The defined benefit lifetime pension and deferred defined benefits don't have investment returns allocated to them in the same way as other superannuation products. The latter are based on the performance of the underlying assets in which the product is invested.

Investment returns and member benefit entitlements

Member benefit entitlements are determined by a formula in the trust deed, based on salary and length of service. While investment returns don't generally affect a defined benefit entitlement, there are some limited instances where benefit entitlements are calculated with reference to investment returns. Employers bear the risk of lower than expected investment performance affecting the financial position of the fund. More information about investment returns that may be relevant to our members' benefits can be found in the explanatory notes on our website:

 aware.com.au/factsheets

DEFINED BENEFITS
as at 30 June 2021

Asset class	SAA (Strategic asset allocation)
Australian equities	8.0%
International equities	11.0%
Private equity	8.0%
Infrastructure & real assets	8.0%
Property	10.0%
Liquid alternatives – Growth	0.0%
Liquid alternatives – Defensive	2.0%
Credit income	7.0%
Fixed income	43.0%
Cash	3.0%
Total	100.0%
Total currency exposure¹	7.5%

1 This is an indication of the amount of foreign currency exposure that is unhedged and therefore exposed to currency volatility for the options.

Other investment disclosures

Investment fees

Investment fees encompass an array of fees and costs associated with the continued management of the fund's investments and underlying investment vehicles. Investment fees include costs that relate to the purchase and sale of investments, investment managers' fees and amounts paid to a range of third parties such as our brokers, custodian and government authorities. Investment fees and costs aren't deducted directly from our members' accounts. They are paid from the assets of the investment option before we calculate the unit price.

Aware Super Accumulation and Transition to Retirement Income Stream

As a component of 'Other fees and costs', the investment fees for each of the diversified investment options include the trustee's charge of 0.04% per year.

Aware Super Retirement Income Stream, Tailored Super Plan, Personal Retirement Plan, Transition to Retirement Pension, Flexible Income Plan, Allocated Pension and Term Allocated Pension

The investment fees for these accounts include a management fee of 0.15% per year for diversified options and 0.06% per year for single asset class options (excluding the cash option). The management fee is payable for expenses related to the development of enhanced retirement offerings, retirement specific product management strategies and expenses incurred by the trustee (e.g. fund governance).

Investment fees may vary from year to year and cannot be precisely calculated in advance. The investment fee for future years will depend on the actual fees and costs incurred by the trustee in managing the investment options. Our latest estimated investment fees can be found on our website:

[aware.com.au/fees](https://www.aware.com.au/fees)

The most current information on investment fees and costs can be found in our latest [Product Disclosure Statements](#).

Investment reserves

After providing for taxes and investment expenses, all investment earnings or losses in our investment options are reflected in our current unit prices. We don't place investment earnings in an investment reserve to smooth the member investment returns.

Hedging

When investing in overseas assets such as international equities or fixed interest, returns reflect both changes in the value of the underlying investments, as well as currency movements. We may hedge some of the currency exposure back to Australian dollars to manage risk or enhance returns.

The targeted level of foreign currency exposure, as well as the minimum and maximum exposure levels, is defined for each investment option as part of the Strategic Asset Allocation process.

We may change the currency exposure over time with the intention of improving the investment option's ability to meet its performance and risk objectives.

The level of foreign currency exposure in each investment option is monitored on an ongoing basis, and hedges are rebalanced when the estimated foreign currency position drifts away from its target.

Derivatives

Derivatives are investment products whose value is dependent on the value of other assets, liabilities or indices. Futures, options, swaps, forwards, warrants and other related instruments are included in derivatives.

We consider the use of derivatives as part of our fund's overall investment strategy and investment options.

Derivatives may be used to enhance returns, for asset allocation, or to manage risk (e.g. hedging against foreign currency changes), as a way to implement effective investment positions.

During the reporting period, our derivatives charge ratio didn't exceed 5% of the total market value of our fund's assets. The derivatives charge ratio is the percentage of the total market value of the assets of the fund (other than cash) that the trustee has charged as security for derivatives investments made by the trustee.

Custodian

Our custodian, State Street Australia Limited, monitors each investment manager's daily activity and values our fund's investments each business day.

Risk label

The Standard Risk Measure (SRM) allows consumers to compare investment options within and across funds. This methodology is based on one developed by the industry. We use it to assign a risk band, risk label and estimated number of negative annual returns, over any 20-year period, to different investment options for comparison purposes. Band 1 is the lowest risk measure while Band 7 is the highest. The investments that make up the option and the risk profile of the asset classes determine the SRM of an investment option.

More information about the application of the standard risk measure can be found on our websites:

[aware.com.au/measuring-risk](https://www.aware.com.au/measuring-risk)

Calculating our members' investment returns

We calculate our members' investment returns daily. Our members' investment options are valued each business day and tax and investment fees are deducted from this value. The resulting amount is the net value of each investment option. We obtain the unit price by dividing this figure by the number of units issued for that investment option. Finally, we multiply that day's unit price by the number of units our members have, obtaining the daily value of our members' accounts. Investment returns can be positive or negative.

Our members' accounts go up or down in value as a result of the daily fluctuation in the unit price. More information about the current and historical unit prices for all our investment options can be found on our website:

[aware.com.au/unitprices](https://www.aware.com.au/unitprices)

Holdings over 5% of total fund assets

At 30 June 2021, our exposure to the Commonwealth of Australia (including a combination of fixed income securities from subsidiaries, for example Australia Post) represented 5.85% of total fund assets.

More information about the risk profile of each investment option can be found on our website:

[aware.com.au/pds](https://www.aware.com.au/pds)

We do not guarantee the performance of the investment options. Past performance is not a reliable indicator nor is it a guarantee of future performance.

Recognition and awards

Chant West Awards



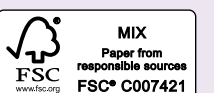
Money Magazine



SuperRatings Awards



Rainmaker Information Awards





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