

Annual Report 2020

A photograph of a man with a beard and a young girl with blonde hair, both smiling and looking at each other. They are sitting in a hammock outdoors, with trees and sunlight in the background. The man is wearing a black t-shirt and the girl is wearing a brown dress with a white collar.

Making a
positive
impact



Our purpose is to be a force for good – so we exist to do well for our members at the same time as doing good for all. In September 2020 we changed our name to Aware Super, to better reflect who we are, and the commitment we’ve made to make a positive difference.

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 Number 53 226 460 365 073. 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 is wholly owned by Aware Super Pty Ltd as trustee of Aware Super.

For more information, please call **1300 650 873**.

aware.com.au

Issued November 2020

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About this report

When it comes to doing well for our members and good for all – we won't compromise. That's our core commitment to our members. This report covers the year to 30 June 2020, and tells the story of how we fulfil that commitment.

It includes information about the strategy that inspires us and the strong governance that reflects the respect we have for our members, and the trust they place in us in return. It also contains information about our performance over the reporting period, and what we've been doing to make a positive impact for our members and employers, our communities, and our people.

Reporting scope

The scope of this report is limited to the operations of FSS Trustee Corporation, as trustee of the First State Superannuation Scheme. From 14 September 2020, FSS Trustee Corporation changed its name to Aware Super Pty Ltd, as trustee of Aware Super. Throughout this report, we'll refer to both Aware Super Pty Ltd and Aware Super. You can find out more about our transition to Aware Super on page 4 of this report.

Our annual reporting covers the financial year 1 July 2019 to 30 June 2020 for Aware Super Pty Ltd, unless otherwise stated.

Let us know what you think



If you'd like to comment on this Annual Report or any of the information we've covered here, please get in touch:

enquiries@aware.com.au
1300 650 873

Related reports



On 1 July 2020, First State Super completed its merger with VicSuper via a successor fund transfer. For a separate report on the operations of VicSuper Pty Ltd (as trustee for the VicSuper Fund) prior to this transfer, please refer to the VicSuper Annual Report Summary.



You'll find all of our reports for the year to 30 June 2020 on our website: **aware.com.au/reports**



The integration of StatePlus was completed in December 2019. For a full report on the Aware Investment Funds, please refer to the Aware Investment Funds Annual Report.

Message from our Chairman and CEO

On behalf of the board, the executive and our team, it's our pleasure to present our Annual Report for the year to 30 June 2020 – our first as Aware Super.

Our annual report is an opportunity to look back on the year that was, to celebrate what we've achieved for our members and to acknowledge the challenges we have all faced in one of the most difficult years in recent history. Certainly, 2019-20 has been a year like no other, bringing everything from severe drought, devastating bushfires, and damaging floods, through to a global pandemic – impacting so many lives right across Australia.

But while it's been a time of upheaval and change, we'll also remember the tremendous strength and resilience Aware Super members and employers have shown. Many have made significant sacrifices – to keep essential services running, to protect our health and wellbeing, to support our children's learning, and to do what's required to keep our communities safe. We sincerely thank our members for the incredible role they've played in our community.

In turn, their courage inspired our team to quickly adapt to support our members and employers during these unprecedented times. Within a matter of weeks we transitioned 95% of our team to a work-from-home setting. We had customer service teams managing calls from kitchen tables and advisers conducting virtual appointments. Member seminars were transformed into webinars, actually increasing the reach of these valuable education programs.

With our entire team mobilised, we were able to absorb sharp increases

in the number of phone and email enquiries, as well as requests for early access to superannuation and pension drawdown adjustments. We were proud to provide help and support for those members facing financial hardship. At the time of releasing this report, we'd paid approximately \$832 million in early release payments to more than 67,000 members.

Times like these reinforce the importance of our purpose as a fund – *to be a force for good*. We're here to do well for our members through market-leading performance, low fees, innovative products and quality advice and guidance, and at the same time do good for our community – by investing responsibly, building a more sustainable economy and supporting employment both locally and globally.

Despite extremely volatile and uncertain investment market conditions, we achieved another year of positive returns. Our default Growth options delivered 1.60% for accumulation members and 1.83% for pension members. These results ensured that Aware Super was one of the top performing funds of the year, and well above the median balanced fund in the industry, which lost 0.82%. Importantly, it also places us in the top performance quartile for the 10 years to 30 June 2020, with a return of 8.07% for accumulation members (versus an industry average of 7.43%), and 9.15% for pension members (compared with an industry median of 8.38%).[^]

We've been able to achieve these results by actively managing our investment portfolios to cushion the impact of large market falls, especially for those members who are nearing, or in, retirement. We do this in a number of ways, for example by diversifying our portfolios with a broad range of investments, by taking risks we're confident will be rewarded, and by tailoring investments in our balanced and conservative options to have a greater focus on risk management.

While the Aware Super team continues to focus on ensuring members achieve the best possible returns, we also invest to ensure those returns are strong and sustainable in the longer term and make a positive difference to the communities in which our members live and work. We're actively investing in opportunities to help Australia's economy recover, including partnering with the Victorian Government to launch the \$250 million Victorian Business Growth Fund to help businesses benefit from a strong investment partnership and access to the capital they need.

We continue to receive recognition as a global leader in the way we invest responsibly and sustainably. In October 2019 we were one of only 30 global investors invited by the UN Secretary General to form the Global Investors for Sustainable Investment Development Alliance (GISD), where we're exploring ways to unlock private capital to support more sustainable economies across the globe. As the only Australian representative on the GISD it was an honour to be invited to speak on the floor of the UN about how we're supporting the delivery of the Sustainable Development Goals through our investment approach. In December 2019 we also received recognition from the Responsible Investment Association of Australia (RIAA) as one of the leading super funds in responsible investment.

Times like these reinforce the importance of our purpose as a fund – *to be a force for good*. We're here to do well for our members through market-leading performance, low fees, innovative products and quality advice and guidance, and at the same time do good for our community.



As stewards of our members' retirement savings, our goal is to provide members with their best possible retirement outcomes, and to achieve this, we believe that scale matters. Scale allows us to drive down costs and fees for members over time, while also giving us the ability to invest in areas like digital, retirement offerings and advice, so our members can receive the help they need, great service and value for money. The integration of StatePlus was substantively completed in December 2019, our merger with VicSuper was completed in July 2020, and our merger with WA Super will take place in December 2020.

Our increase in scale is already bringing about significant benefits to members. From 1 April 2020 we were able to reduce the fees of a number of our retirement products, so the majority of our retirement members saw a fee reduction of between 8% and 40%. We've also delivered innovative digital tools such as the award-winning[^] Aware Super mobile app and our online retirement calculator – *explorer*. These tools provide simple and intuitive experiences for members, helping to connect them with their super and take positive action to achieve better retirement outcomes.

Meanwhile, our team has also been working hard behind the scenes to deliver another milestone for our fund and our members – our rebrand to Aware Super. We thought deeply about the need to combine our multiple brands into a single, recognisable name. Not just any name – a name that truly reflects who we are as a fund, and at the same time best represents the members we

serve. Chosen in consultation with many of our members, Aware Super is both a reflection of who we are today, and who we strive to be in future. Importantly for all our members, consolidating multiple brands into a single national brand will also help to reduce costs over time.

Finally, we would like to extend our thanks to our board and executive and our team for their hard work throughout the past 12 months. We were delighted to welcome John Dixon (appointed by Unions NSW) and Philip Moffitt (appointed jointly by the NSW Secretary of Premier and Cabinet and the Secretary of Treasury) to the board during the reporting period. We farewelled Sue Carter, Rod Harty, Ralph Kelly and Bob Lipscombe during the year, and extend our sincere thanks for their deep commitment to the best interests of our members during their time with the fund.

Following the completion of our merger with VicSuper on 30 June 2020, we also welcomed four directors formerly of the VicSuper board – Travis Bates, Gabrielle Bell, Patricia Faulkner and Antoinette Masiero.

For all of us here at Aware Super, it's both a pleasure and an honour to help our members save for a better future, to partner with our employers, and to support the communities where we all live, work and retire. Here we tell the story of how we're making that happen, and what we're doing to be a force for good. Whether you're an Aware Super member, an employer, part of our community, or one of our team – we hope you enjoy this report.



Neil Cochrane

Neil Cochrane
Chairman



Deanne Stewart

Deanne Stewart
CEO

While it's been a time of upheaval and change, we'll also remember the tremendous strength and resilience Aware Super members and employers have shown.



[^] Our Growth and Balanced Growth Accumulation and Retirement Income products achieved top quartile returns (50 funds), for the 12-months ending 30 June 2020, as well as top quartile average annual returns for periods ending 30 June 2020, SuperRatings Fund Crediting Rate Survey, SR50 Balanced (60-76) Index and Pension SRP50 Balanced (60-76) Index.

Past performance is not indicative of future performance. For the latest investment returns please visit our website: aware.com.au/returns

[^] Winner of the Gold Design Award for Digital – New Service or Application at the Sydney Good Design Awards, 2019. Winner of the Good Design Award – Digital Apps and Software at the Good Design Australia Awards 2020.

We are Aware Super

We've been the fund for people who value community since 1992. We're now one of Australia's largest funds and we're continuing to grow. Following our merger with VicSuper at the end of the reporting period, we now manage more than \$125 billion in savings for more than 1 million members throughout Australia. We understand the importance of investing our members' money in ways that provide them with the best possible return and make a positive difference to the communities in which they live and work.

A new name for who we've always been

In the lead up to the release of this annual report, we changed our name from First State Super to Aware Super (effective 14 September). Our new name celebrates and honours the extraordinary Australians who are our members. It demonstrates our ongoing commitment to action and impact – for our members, their communities, and the world we live in.



Putting members first

We're a profit-for-member industry fund. Instead of going to shareholders, our profits go back into member benefits and other services to help our members get the most out of their super.

Delivering strong and sustainable outcomes

By investing responsibly we're improving our communities, building a more sustainable economy and supporting employment both locally and globally.

Combining low fees* with strong, long-term returns^

We work hard to achieve strong, long-term returns for our members. And we work just as hard to ensure we keep our fees as low as possible. Because we know that by combining both, we can better help our members grow their savings over time.

Ensuring access to education and affordable advice

We provide easy access to education and resources at no extra cost to members, as well as guidance and advice through Australia's largest member-owned financial adviser network. Because we know that by helping our members build their confidence and make better financial decisions for their future, we can change lives for the better.

Offering flexible, tailored insurance benefits

We offer a range of insurance options to our members – even those in high-risk occupations – because we want our members and their families to be secure no matter what happens.

Delivering great service through local teams

Our 48 Australian-based offices are ready to assist our members and provide caring service that helps make super simple. Whether it's face-to-face, online or over the phone, we're here to help.

* Our administration fee is \$1 per week plus 0.15% p.a. of a member's account balance (capped at \$750 per year). The industry medians are \$1.50 per week and 0.24% p.a. Source: SuperRatings Benchmark Report April 2020. The total annual fee (inclusive of admin and investment fees) for our Growth option is 1.10% p.a., the industry average is 1.40% p.a. Source: Chant West Super Fund Fee Survey, June 2020, based on a \$50,000 balance in a Growth option.

^ The Aware Super Growth option, as sourced from the SuperRatings Fund Crediting Rate Survey for the SuperRatings SR50 Balanced (60-76) Index, delivered a rolling 10-year return to 30 June 2020 of 8.07%. This is compared to the SR50 Balanced (60-76) Index median rolling 10 year return to 30 June 2020 of 7.43%. Past performance is not a reliable indicator of future performance. For the latest performance, please visit our website: aware.com.au/returns

A timely change

As a consequence of our recent mergers with StatePlus (in July 2019) and VicSuper (effective 1 July 2020), at the close of the reporting period we were managing three different brands: First State Super (our super fund), StatePlus (our advice business) and VicSuper.

We thought deeply about the need to combine our multiple brands into a single, recognisable name. Not only to reduce the costs to members over time, but also to unify our member base, and better represent who we are today and who we strive to be in the future.

And so, after a great deal of planning, consultation and preparation, First State Super and StatePlus changed their brand to Aware Super in September 2020. The VicSuper brand continues to sit alongside Aware Super.

Doing well for you and good for all

Our new name echoes the strengths of our past and reflects our purpose to be a force for good in superannuation, retirement and advice, driving better outcomes for our members, their families and communities. As a fund, we've always been aware. So while our name may have changed, our commitment to members has not – we won't compromise when it comes to doing well for members and good for all.

Members first

Just as our old logo featured a representation of our members, our new logo as Aware Super also celebrates our members – in many different forms – reminding us of the importance of delivering value to our members every day.



Fund snapshot for the year as at 1 July 2020

\$125b
Funds under management

1.1m
Total members

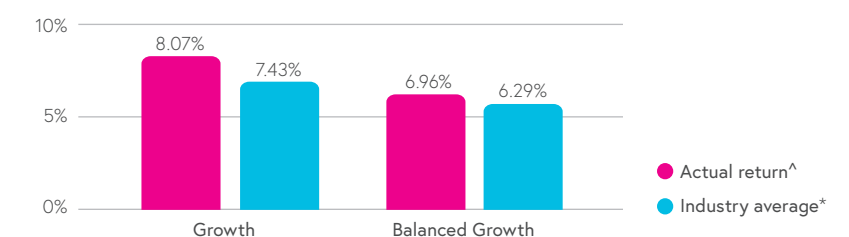
\$167,342
Average account balance

54 years
Average member age

**66% female
34% male**
Membership by gender

72,850
Number of active employers

Investment returns 10 year period to 30 June 2020



^ Accumulation investment options (default MySuper lifecycle options). Past performance is not indicative of future performance.

* SuperRatings Fund Crediting Rate Survey June 2020. Growth option: SuperRatings SR50 Balanced (60-76) Index. Balanced Growth option: SuperRatings SR25 Conservative Balanced (41-59) Index.

Our commitment to being aware

Helping our members do well in retirement is what we're here for. But we're also here to benefit the communities in which our members live and work, and society as a whole. Our recent transition to Aware Super builds on this commitment.

Consolidating our approach

First State Super and VicSuper always shared a strong commitment to being responsible super funds and acting as a force for good in our communities. In July 2020, with our funds newly merged, we turned our attention to developing a new, combined corporate responsibility approach – one that would clearly articulate what we stand for, and our key areas of focus as Aware Super.

From the outset, we knew we wanted an approach that would bring together the strengths, experience and capabilities of the two funds. These have evolved over many years, and combined will ensure we are meeting and exceeding the expectations of our members and employers, communities and employees.

Reviewing our priorities

In selecting our specific focus areas for the year ahead, we undertook extensive consultation with members, employers, our people and other important stakeholders, to identify and learn about the issues that were most important to them.

We also recognised the extreme and lasting effects of the COVID-19 pandemic on Australia's economy, the health and wellbeing of our communities, and our members' retirement savings. And we've taken into account our role as a super fund, our sphere of influence, and the impact we can achieve as a super fund.



Looking ahead – our key areas of focus

As this report goes to print we're finalising our new Aware Super corporate responsibility approach. Strongly linked to our purpose, values and vision (which you'll find on page 8 of this report), it focuses on the following priorities:


- We'll begin our reconciliation journey at Aware Super, with particular emphasis on building education and awareness within our organisation and understanding how our systems and processes can better service our First Nations members.
- In line with our climate change commitments, we'll measure our carbon inventory in light of our growing national footprint, and we'll assess initiatives to lower our environmental impact across our operations. This is particularly relevant given our rapid growth over the past few years with the integration of State Plus and the merger with VicSuper.
- We know that the COVID-19 pandemic has caused hardship and disruption for many of our members. We'll work with our vulnerable members to provide a tailored approach to helping them navigate their individual circumstances.

We'll communicate our activities and progress throughout the year, and look forward to providing a more detailed report in next year's Aware Super Annual Report.




Our strategy

Our four-year strategic plan is the roadmap for achieving our vision and fulfilling our purpose. Over the past year we've refined our strategy to sharpen our focus on who we're here to serve, and the quality of the experiences we provide.




Who we serve

We're here for all Australians, particularly those who are community minded. This includes educators, healthcare workers, aged care and childcare workers, public sector and police and emergency workers



Our purpose

A force for good in super and retirement, shaping the best outcomes for our members, their families and communities, and our industry



Our vision

To be the most trusted choice for super, retirement and advice. We earn trust every day by the way we invest, and by providing the right help and advice

Our values

Our values embody what we believe in as a fund. They drive the work we do every day for our members, and they're reflected in our decisions, our actions and our behaviours.

- Members first**

Our members are the spirit and heart of our organisation. They're our reason for being.
- Deliver honourably**

We're united, and trusted, and we operate with the highest integrity. We take ownership and we're focused on delivering high quality outcomes for our members.
- Care deeply**

We care deeply about our people, our members, and our stakeholders. We're inclusive, open and transparent.
- Lead bravely**

We step forward. We lead. We're focused on continuous improvement, efficiency and simplicity in everything we do.



Delivering benefits for our members

The integration of StatePlus was substantively completed in December 2019 and our merger with VicSuper was completed in July 2020. These milestones have not changed what we do and why we're here, but have increased our capacity to provide value for our members, and to invest with impact for the benefit of society.

From 1 April 2020 we restructured some of the fixed-fee components for our retirement income stream and transition to retirement income stream products, resulting in an overall fee reduction for these members.

And despite volatile and uncertain investment market conditions throughout much of last year, we achieved positive 1-year returns in our default Growth investment options for accumulation and pension members, making us one of the top-performing super funds* in Australia.

We strengthened our commitment to responsible ownership by investing directly in projects and companies that are making a positive impact, such as a \$170 million commitment to affordable housing. And through the development of our new Climate Change Portfolio Transition Plan, we've committed to transitioning our investment portfolio to carbon neutrality, achieving net zero emissions by 2050.

We've launched new tools, such as the award-winning^ Aware Super mobile app and our online retirement calculator – *explorer* – to provide simple and intuitive experiences for members.

These tools demonstrate the importance of digital and technology when it comes to helping connect our members with their super, and enabling them to better understand and explore the impacts of the decisions they make today on their retirement outcomes.

* Our Growth and Balanced Growth Accumulation and Retirement Income products achieved top quartile returns (50 funds), for the 12-months ending 30 June 2020, as well as top quartile average annual returns for the 10-year period ending 30 June 2020, SuperRatings Fund Crediting Rate Survey, SR50 Balanced (60-76) Index. Past performance is not indicative of future performance. For the latest investment returns please visit our website: [aware.com.au/returns](https://www.aware.com.au/returns)

^ Winner of the Gold Design Award for Digital – New Service or Application at the Sydney Good Design Awards, 2019. Winner of the Good Design Award – Digital Apps and Software at the Good Design Australia Awards 2020.

Our strategic pillars

Our four-year strategy is underpinned by nine strategic pillars. They define what we want to be known for, the critical foundations of our success, and the enablers that will underpin delivery of our vision.

| | | |
|--|---|--|
| <h3>Differentiators</h3> <p>Strengths that we're known for</p> <ol style="list-style-type: none"> Best advice and guidance Our distinctive advice and guidance ensure members obtain the help they need, at the right time to achieve their best possible future Go-to for retirement Make retiring easier and help members get the most out of their retirement Responsible ownership Investment improves members' retirement outcomes through both strong returns and positive impacts on society Best for community We stand out to our core segments and local communities by providing relevant support | <h3>Foundations</h3> <p>Critical components of our success</p> <ol style="list-style-type: none"> Relative scale Grow to achieve top fund status and leverage scale to achieve cost efficiencies and fee reductions Profoundly simple and consistent experience Members and employers love their interactions with us because they are easy, simple and helpful | <h3>Enablers</h3> <p>Factors that underpin the delivery of our vision</p> <ol style="list-style-type: none"> Members first Our members are at the heart of every action and every decision we take Best place to work A dynamic workplace where our culture and values attract and retain talented people to achieve our purpose Enabled by data, digital and technology Transformation and delivery across the organisation are enabled by data, digital and technology |
|--|---|--|



Delivering strong and sustainable outcomes

We strive to deliver strong long-term investment returns and invest to create a positive impact for our members, their communities, and our society. It's not just about getting the best possible returns for our members – it's also about investing in ways that make a positive difference to the communities in which they live and work.

Investing to make a difference

We invest and take action to deliver sustainable outcomes for our members and broader society.

Through our investments in renewables, affordable housing, community and new technologies, we're helping to create jobs, contribute to a more productive economy, and support the communities where our members live, work and retire.

You can find more detailed information on our approach to responsible ownership on our website:

aware.com.au/responsible-ownership

Leading the way in sustainable investment

We've been investing responsibly for over a decade and have won recognition as a global leader in responsible investment.

In August 2019 we received the highest A+ rating from the UN-backed Principles of Responsible Investment (PRI) for our Strategy and Governance approach. We were also acknowledged as a leader in our manager selection, appointment and monitoring process. In September 2019 our internal system for incorporating ESG factors into our investments was awarded PRI's ESG Incorporation Initiative of the Year – the only Australian super fund to do so.

In July 2019 we were one of only 30 global investors invited to join the UN's Global Investors for Sustainable Development Alliance (GISD), and the only super fund invited to speak on the floor of the UN for GISD. We signed an open letter asking world leaders to move faster on climate change in September 2019. And we were recognised as one of the leading super funds for responsible investment by the Responsible Investment Association of Australia (RIAA) in December 2019.

We've also committed to supporting the global 2030 Sustainable Development Goals across our portfolio through our investments, engagement and measurement of impact.

Taking action on climate change

Climate change requires urgent global attention and action. We've committed to transitioning our investment portfolio to carbon neutrality, achieving net zero emissions by 2050.

Our Climate Change Portfolio Transition Plan, approved by our Board in February 2020 and launched to our members in July 2020, provides a framework for transitioning to a low-carbon economy with the aim of protecting our members' retirement savings. It sets out bold actions and clear targets, including:

- divestment from businesses deriving more than 10% of revenue from thermal coal
- targeting a minimum 30% reduction in emissions in our listed equities portfolio by 2023
- actively contributing to an economy-wide emissions reduction target of 45% by 2030 in our portfolio
- assessing and evaluating the carbon emissions and the physical risks of climate change across sectors of our portfolio
- engaging with the companies we invest in to encourage more meaningful action on climate change
- proactively investing in renewable energy and technologies to support a low carbon transition.



You can download our Climate Change Portfolio Transition Plan from our website: aware.com.au/climate-change

Investing to make a positive difference

We aim to invest directly in projects and businesses that contribute to a better future for all Australians. Not only do we look for investments that offer strong returns, we also look for investments that are sustainable, generate jobs, foster innovation and contribute to a more productive economy – now and in the future.

In the 18 months to 30 June 2020, we've provided more than \$1 billion in direct lending to fund the future growth of Australian businesses. In June 2020, we partnered with the Victorian government to launch the \$250 million Victorian Business Growth Fund to help businesses that will benefit from a strong investment partnership and access to the capital they need, giving them an opportunity to grow.

Affordable housing investments to support key workers

To help address the affordable rental housing shortage, in the year to 30 June 2020 we invested more than \$170 million in key worker affordable housing initiatives. Through our affordable housing investments in Miranda, Epping, Waterloo and Hurstville in Sydney, and in Moonee Ponds and Alphington in Melbourne, hundreds of apartments have been rented to key workers such as nurses, teachers and police.

Snowtown 2

Snowtown 2 is one of the largest wind farms in Australia. Sitting in the Barunga and Hummocks Ranges in South Australia, it has been operational since 2014. The project created approximately 200 jobs during construction and employs 15 people. Snowtown 2 is a 180-turbine wind farm with an installed capacity of 270 megawatts, and generates enough electricity to power around 140,000 households. Our investment in Snowtown 2 from December 2019 has contributed to the avoidance of 285,791 tonnes of CO₂ emissions (Source: Palisade). Returns to members come from a long-term contract with Origin Energy.

Divesting from thermal coal

We may exclude certain companies or sectors if the investment causes damage to our fund's reputation, contravenes international treaties, poses a financial risk to members, or if we cannot influence a company through proxy voting or engagement. We've been preparing to exclude thermal coal from our portfolio, with the exclusion to take effect from 1 October 2020.


Find out more about this and other exclusions on our website: aware.com.au/exclusions




Empowering & supporting our members

Our members are why we're here. It's that simple. We want members to feel confident and in control when it comes to their financial future. And we know getting the right support, guidance and advice at the right time can be critical to helping them achieve their best possible retirement.

Member service snapshot for the year to 30 June 2020


436,310
Calls


128,352
Emails


8.4/10
Service delivery score
(from more than 8,000 member surveys)

Service and support in unprecedented times

Providing great service is one of the ways we show our members we care. We care about the experience they have with us, and we genuinely want to help them on the path to achieving the future they deserve.

It's been an exceptionally challenging year for our members. The impacts of bushfires, floods, and a global pandemic have left few Australians untouched. Despite our Service Centre team relocating to work from home in accordance with COVID-19 provisions, we've maintained a high level of customer service at a time when members have needed it most.

Throughout the second half of the reporting period we experienced an increase in phone and email enquiries of around 20%. This was largely driven by market volatility and announcements regarding government relief measures. It also coincided with heightened

awareness of superannuation in the media, which in turn led to an increase in the number of members getting in touch with us.

Our team was committed to helping members navigate the government's relief measures, and ensuring we achieved swift payments for vulnerable members within five days of receiving early release instructions from the Australian Taxation Office. We also worked quickly to change our systems around pension drawdowns to support those members wishing to reduce their minimum pension payments.

At the beginning of the reporting period we had transitioned to a telephony system managed and operated entirely in-house. This increased our capacity to adapt and respond to the rapid changes in demand as we entered 2020. Incoming calls were directed more efficiently, helping us to swiftly manage member queries as a result. We also introduced a virtual hold option, which gave members the option of requesting a 'call back' during peak periods rather than waiting in long queues.

Maintaining access to guidance and advice

We believe getting the right type of guidance and advice can change members' lives. In fact, around 34% of our total workforce as a fund is dedicated to ensuring our members have easy access to the guidance and advice they need, when they need it. Because by providing accessible and affordable financial advice, together with free education and learning resources, we're empowering our members to understand their super, make better financial decisions, and feel more confident and in control when it comes to their super and retirement savings.

With around 200 planners in 43 regional offices across Australia, we offer simple superannuation advice and comprehensive advice to members at any stage of life.

We implemented a range of measures in the latter half of the reporting period to safely manage the impacts of COVID-19, and to maintain ease of access to advice services for our members. As team



Advice Team satisfaction scores*

96%

from existing clients who have received comprehensive advice and a statement of advice

92%

from new clients after their initial comprehensive advice meeting

91%

from Aware Super members who've received simple advice relating to their super and insurances

members began to work from home, all face-to-face member bookings were transitioned to phone conversations. Additional resources were redirected to the Client Service Centre and Superannuation Advice Team to support the increased volume of member calls, with many members seeking information and assurance about markets and advice strategies.

Some unexpected benefits arose from this new way of working, including:

- reduced wait times for members and clients as we've been able to direct members straight to any available planners regardless of geographic location
- increased flexibility for both members and planners to meet at more convenient times, such as meeting after hours or on the weekend.

Overall, our Advice Services Team delivered 5,858 simple advice appointments this year, leading to the issuing of 2,574 statements of advice. We conducted 52,623 comprehensive advice appointments including 38,977 reviews and 13,920 new client appointments.

As restrictions eased in most states towards the end of the reporting period we began to allow a very limited number of face-to-face appointments in exceptional circumstances, with around 25% of our team in these areas returning to work in the office.

* Comprehensive advice scores are derived from the Aware Super Client Survey, conducted with our external research partner, Kantar. The simple advice score is derived from our internal Advice Team Survey.



Digital experiences to make super simple

Mobile app puts members in control

In July 2019 Aware Super went mobile, launching our mobile app for members. In its first year our award-winning* app has put more than 175,000 members in touch with their super and received more than three million log-ins.

The app provides quick and easy access to statements, account balances, transactions and fees, as well as the ability to search for lost super, consolidate super, contribute via bank transfer or BPAY, view and change investment details, and more. Uptake across genders has been reasonably even, with slightly more men (54%) than women (46%) using the app. Our average app user is 47 years old with an account balance of \$99,000.

We'll continue to improve on the app's early success, giving members access to more guidance, education and support, and help put them in greater control of their super and retirement.

To use this app, you must be an Aware Super member and registered for an online account with an Employer Sponsored Super, Personal Super, Retirement Income Stream or Transition to Retirement Income Stream product.

* Winner of the Gold Design Award for Digital – New Service or Application at the Sydney Good Design Awards, 2019. Winner of the Good Design Award – Digital Apps and Software at the Good Design Australia Awards 2020.



Expanded access to member education

When it comes to feeling in control of your financial future, knowledge is power. That's why we provide an extensive program of super education seminars across metropolitan and regional Australia. Spanning a variety of topics, seminars are held at different times and locations to ensure ease of access for as many members as possible.

The advent of COVID-19 in March presented a unique challenge for program delivery. We quickly decided to take the program online, and within three weeks we'd launched our first webinar topic – *Investing in uncertain times*. Between April and June we launched a further seven topics covering super, insurance, retirement and more.

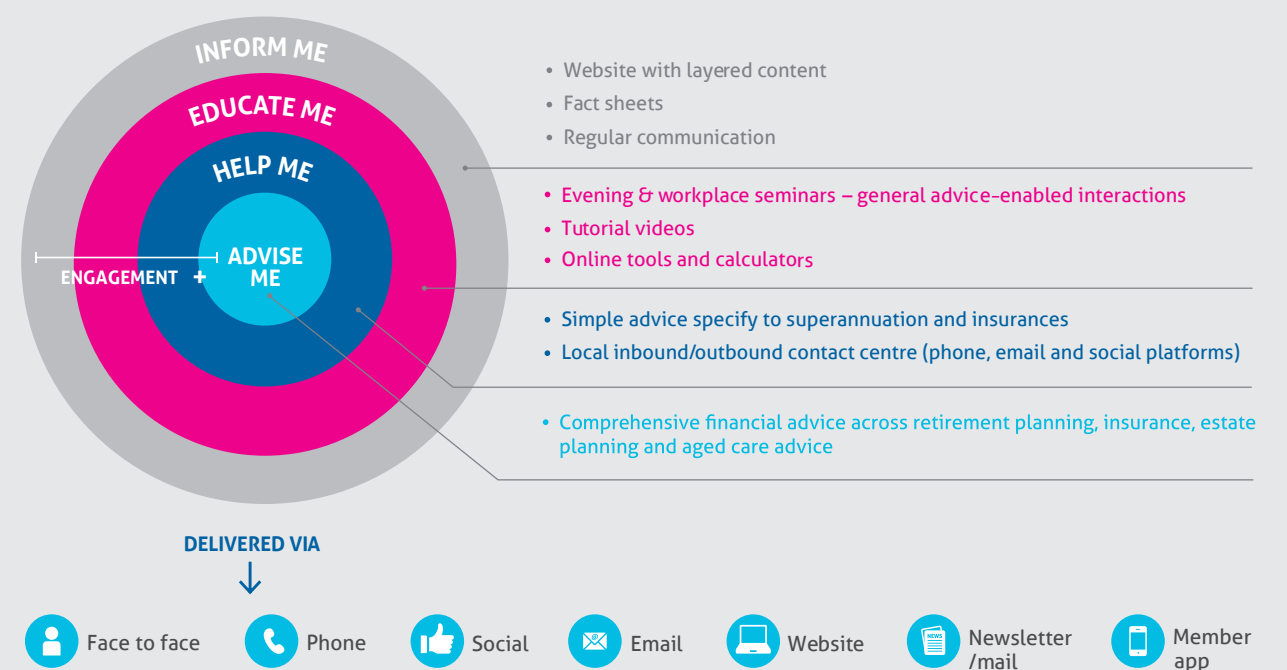
Despite the overall disruption of COVID-19, online delivery has increased the reach of this education program. In 2018-19 we ran 268 seminars reaching a total of 9,718 attendees. In 2019-20 we held 331 seminars and webinars combined, attracting more than 11,000 attendees.

Importantly the program prompted many members to take the next step when it comes to their savings, with more than 400 members making requests for additional information, and more than 1,500 seeking financial advice. We'll continue to expand the program over the coming year.

You can find more information on our current webinar series on our website: aware.com.au/webinars



Multi-channel approach to guidance





Introducing *explorer* – retirement income calculator

We're always looking for new ways to make super easy for our members. In 2019 we introduced our new *explorer* tool. An intuitive, online retirement income calculator, *explorer* is available to both members and non-members. Members can check where they are, where they're going, and whether or not they're on track to afford the lifestyle they want in retirement.

The powerful tool enables members to explore the potential impacts of different factors on their possible retirement income, such as contribution rates, retirement age, money outside of super, and investment choice.

explorer

Raising awareness and understanding of insurance

Insurance plays an important role when it comes to protecting our members and their dependents from the potential financial impacts of life events such as illness, disability or death. That's why automatic insurance cover is available for most members who join Aware Super through a participating employer (other members may apply for cover if they choose, subject to acceptance by our insurer).

In April 2020 the federal government's Putting Members' Interests First (PMIF) reforms took effect. The reforms were designed to help protect members' account balances from the eroding effects of insurance premiums for cover they may not want or need.

Over the course of the reporting year, we've undertaken several measures to help educate our members to:

- better understand insurance through super and the products we offer as a fund
- determine whether they need insurance
- understand any impacts associated with the PMIF reforms
- tailor or cancel their insurance cover depending on their needs and circumstances.

During the reporting period we conducted member education seminars, webinars and face-to-face advice sessions on insurance cover. The Autumn 2020 edition of our *Super News* update for members included a

feature dedicated to helping members understand their insurance needs (if any) and whether insurance through their super was suitable for their circumstances. We also published insurance-related fact sheets and quick guides on our website.

In response to the global COVID-19 pandemic and some of the relief measures introduced by the government, in April 2020 (and again in June 2020) we published a blog about early release of super and the implications it could have for members' insurance cover. We also wrote directly to any members with balances of less than \$11,000 to alert them to the potential cancellation of their super in the event their balance fell below the \$6,000 threshold.

You can learn more about our insurance offering for members on our website:

aware.com.au/insurance

Retirement readiness and a strong Super Guarantee

We know that for most Australians, their compulsory employer contributions alone are unlikely to be enough to provide them with an adequate retirement. That's why we work hard to help our members engage with their super as early as possible – so they can understand their super and take active steps towards achieving their best possible retirement.

Each year, we measure the retirement readiness of our members by calculating the number of members who achieved the ASFA Comfortable Retirement Standard. At 30 June 2020,

the proportion of our overall group membership that reached the Comfortable Standard was 53%.* (Note that while this is a small increase from the 51% recorded at 30 June 2019, it is difficult to draw direct comparisons as there were some changes in the methodology used to calculate the figure this year.)

We provide our members with the tools, guidance and advice they need to help them make informed and effective financial decisions. And we support this with a suite of retirement products, designed to keep fees low and maximise returns, to help our members reach their retirement goals.

The superannuation system also has a role to play when it comes to setting up Australians for a financially adequate retirement. We support a gradual increase in the Superannuation Guarantee to 12%, in line with current legislated levels.

While the immediate impact of such an increase on our members is relatively small – less than \$1 per day per employee from 1 July 2021 – the long-term impact would likely be substantial. Indeed, this small daily increase could equate to thousands of dollars in retirement. And the majority of our members agree. A survey conducted just in August 2020 found that 68% of members wanted their employers to pay more into their super.[^]

* Figure is inclusive of VicSuper members.

[^] We surveyed a random sample of Aware Super members in August 2020. Results are drawn from the 770+ responses we received.

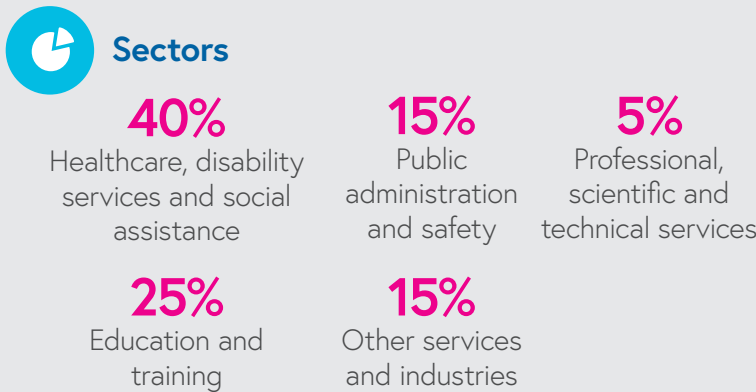
Partnering with employers

As the superannuation partner for more than 72,500 actively contributing employers across Australia, we're here to support our employers and industries, and make it as simple as possible to manage their employees' super. Because together, we can help our members to connect with their super today, and improve their retirement outcomes tomorrow.

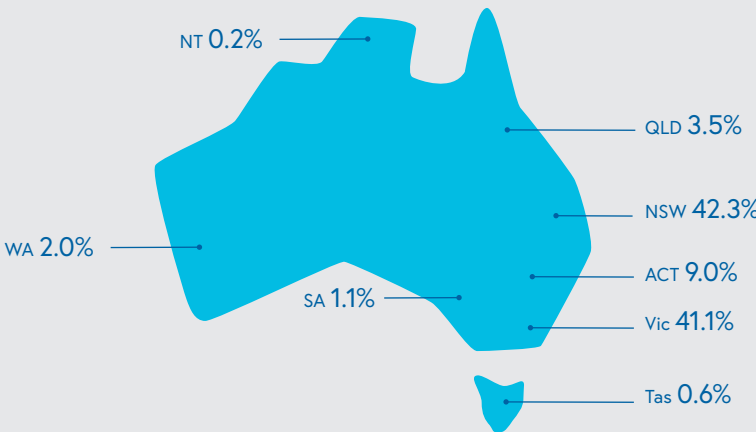
Employer snapshot for the year to 30 June 2020

 **Active employers***
72,850 (approx.)

* As at 1 July 2020



Where our employers are located^



^ Approximate distribution at 30 June 2020

Helping keep super simple

We partner with a wide range of industries and sectors across Australia, especially those in education, health, childcare and the public sector, with the aim of making it as easy as possible for our employers to manage their employees' super.

Our dedicated team of employer specialists are at the frontline of this support. With significant knowledge of all areas of super, they provide swift and efficient responses for common service requests such as refunds, contribution enquiries and SuperStream queries.

Working with industry to make a difference

Since the beginning of 2020, virtually every employer in Australia has been impacted by the COVID-19 pandemic. Some industries experienced widespread shutdowns almost overnight, while others experienced acute increases in demand.

In February 2020, as the pandemic began to take hold, we helped fund a vital training program developed by the Australian Nursing and Midwifery Federation (ANMF) aimed at rapidly increasing nursing capacity. Nurses were invited to participate (at no cost) in two-day workshops designed to refresh acute practice skills and knowledge as part of the COVID-19 surge workforce preparation.

Five days after the introduction of COVID-19 restrictions in March, the first workshops were already under way. Over the next six weeks more than 140 nurses attended. We were proud to support this ANMF initiative and help make a tangible difference in the initial wave of the pandemic.



Employee education programs

We're dedicated to helping our members achieve their best possible retirement. That's why we provide our employers with access to our Australia-wide superannuation seminar program. The program covers a broad range of topics – from budgeting and debt management, through to starting out with super, investment strategies and retirement income strategies – and is held at different times of the day to ensure ease of access for all employees.

For the year to 30 June 2020 we delivered 1,088 webinars and seminars, covering 24 different topics, and attracting close to 24,400 participants Australia-wide. And the program continues to evolve.

We conducted a Victorian pilot of our First Home and Finances webinar, and we're working with the NSW Revenue Office to provide a NSW version. A new three-part series of estate planning webinars is also in development.

In late 2019 we partnered with NSW Forestry Corp to deliver a webinar program focused on retirement, and we're planning to deliver the same program for NSW Ambulance employees. We're also partnering with TAL to provide a new offering to coincide with Mental Health Awareness Week.

As a valuable extension of this education program, towards the end of the reporting period we accredited our education team to be able to provide general financial advice for program attendees. This will allow employees to access 30-minute, one-to-one consultations. We look forward to reporting on the uptake of this service in our next annual report.



Acknowledging our nurses

In a year blighted by a pandemic we've had more cause than ever to acknowledge the work of our nurses. Fittingly, 2020 is also the International Year of the Nurse and Midwives. The healthcare sector makes up a significant part of our employer cohort, and we felt this year's International Nurses Day on 12 May was particularly deserving of a dedicated response.

We visited or sent our thanks to hospitals in local health districts across New South Wales, as a gesture of appreciation for the courageous work of nurses and other healthcare workers in the face of COVID-19. We also posted a video to social channels as way of sharing our appreciation.

Supporting employee wellbeing

During the year we partnered with some of the largest employers of our members to deliver a timely Wellness Webinar Series. Launched in May 2020, the series has enabled attendees to gain practical tools to help them navigate their financial future and to help build financial security, and covers topics related to wellbeing, as well as development needs such as leadership, emotional intelligence, psychological safety, resilience and coping with change.

The first series ran from May to June 2020 and attracted 583 attendees from 56 different employers nationally. The second series was held early in the 2020-21 financial year, with attendance increasing to 1,771 employees from 70 different employers.

Engaging with industry

Throughout the year we attend a range of industry conferences and round-tables, helping to build engagement with our employers and at the same time our members. This year, we were pleased to address the following industry events:

- The Australian Education Union (AEU) - Victorian Branch Women's conference. This virtual event attracted 197 attendees and provided the opportunity for Aware Super to deliver a two-hour workshop on super and retirement.
- The NSW Teachers Federation annual women's conference. This virtual event received more than 400 registrations. We ran two educational sessions for attendees.
- We presented to the HSU National Women's Committee on issues impacting women through super. Delegates were particularly interested in the lead Aware Super is taking on responsible investing.
- We were pleased to be invited to participate in the ACTU inaugural Superannuation Policy and Corporate Affairs roundtable alongside several other super funds. Some of the issues discussed included moving SG towards 12%, maintaining compulsion and preservation, and enhancing universality with super paid on every dollar earned.



A cuppa and a chat

In a show of appreciation for our frontline members, and with the support of our union partners, we launched our Coffee Cart Appreciation initiative in April and May 2020. With our coffee cart in tow, we took our pop-up coffee operation to hospitals and associated support services, public service centres such as Taronga Zoo and Ultimo TAFE, and bus and train hubs. And we made sure we visited at all hours of the day and night to accommodate shift workers.

It gave us a wonderful opportunity to connect with our frontline members and show our support for the essential work they do – and at the same time have a little chat about their super in the quiet moments of their otherwise busy days.



Supporting and developing our people

Putting our members first starts with creating a highly engaged team. By creating the best place to work for our employees, we know we're giving them the environment they need to help create a great experience for our members.

Navigating a pandemic

Since the arrival of the COVID-19 pandemic in the latter half of the reporting period, we've actively supported our people in line with government and medical guidelines.

As early as February 2020 we heavily promoted hygiene practices and provided hand sanitiser in all locations. We instigated work-related international travel bans and mandatory self-isolation for returning travellers.

In late March, employees able to work from home were directed to do so. We rolled out Microsoft Teams to better enable collaboration and connection. And we created a range of guides and e-learning modules – many available via mobile app – to support our people and managers as teams made the transition to working remotely. Overall, we smoothly and successfully transitioned 95% of our people to remote working during this time.

Special Carer's Leave was introduced in March, giving employees with caring responsibilities who were impacted by

government restrictions and schooling and childminding closures an additional four weeks of leave. Nearly 80 employees had taken up this leave at the time of preparing this report.

Our Employee Assistance Provider was continually promoted throughout this time. We also launched a number of programs and initiatives to help our people adjust to their new remote work settings, and to foster a focus on wellbeing and connectedness.

Supporting gender diversity

In 2019 we received our citation as an Employer of Choice for Gender Equality from the Workplace Gender Equality Agency, making 2020 our fourth year of citation in a row. The citation is a leading practice recognition program which encourages, recognises and promotes active commitment to achieving gender equality in Australian workplaces. It recognises our inclusive culture and commitment to gender equality, and helps build our reputation as an employer of choice.

In February 2020, as part of our focus on enhancing our employee experience, we launched our Employee Experience Tribes (you can find out more about our Tribes on page 27). Our Diversity and Inclusion Tribe supported several events including International Women's Day, Wear it Purple Day and Equal Pay Day. We also held panel sessions and live events designed to create awareness and educate our people on diversity issues.

We've always supported flexible work practices, but the COVID-19 world has been a catalyst for normalising these practices and embedding them in our working rhythm, and strengthening the case for having a flexible workforce in future.

We've also worked hard to eliminate gender pay issues across our organisation. Our most recent pay equity study in April 2019 identified that Aware Super has no pay gap in like roles between women and men. Our CEO, Deanne Stewart, continues to be an Equal Pay Ambassador, further demonstrating through her actions our commitment to gender equality.



Employee engagement

Our annual employee engagement survey was conducted in June 2020. More than 1,000 Aware Super employees were invited to participate and some 800 employees responded.* With an overall employee engagement score of 77%, the survey results found:

- high levels of sustainable employee engagement
- scores for most categories above the Australian national and industry benchmarks
- clear alignment to our values, commitment to members first and being a force for good.

* The survey was conducted prior to the effective date of the merger with VicSuper and therefore did not include VicSuper employees.



Workforce snapshot as at 30 June 2020

50% male / 50% female
Gender

14.2%[^]
Turnover

Our total workforce
1,082*

34
Geographic locations

77%
Employee engagement score

* Includes permanent and fixed-term employees ^ Excludes our Service Centre

Improved parental leave provisions

In January 2020 we reviewed our Parental Leave provision and amended it to allow a secondary carer to become a primary carer within the first year of birth/placement. This means employees can now access the full primary carer's leave entitlement, less any secondary carer's leave already taken (the maximum allowable is 14 weeks of paid leave). We continue to pay superannuation contributions for all eligible employees for the first 12 months of an employee's parental leave.

Wellbeing

In partnership with our Employee Assistance Program provider, Converge, we ran a Wellbeing Series focusing on topics from financial wellness to resilience to gut health. We also expanded our Health and Fitness Reimbursement provision to reflect the many different ways our people maintain their health, fitness and wellbeing.

Training and development

In March 2019 we launched the 12-month career pathways program for our Advice business for aspiring financial planners. All participants graduated and more than 40% secured roles as Associate Planners within Aware Super. And we developed and launched a new Leadership Program – Elevate – to ensure we create leaders

that keep our people and our members at the heart of everything we do. The Elevate program looks at how to best lead in these uncertain and challenging times. Our first group of leaders commenced their Elevate journey in September 2020.

Recognition and reward

In December 2019 we were delighted to hold our inaugural Honour Awards, to showcase employees who go above and beyond in their roles and live our values. Research shows that timely and frequent recognition increases both employee engagement and productivity. We're also undertaking a review of our reward and recognition program – STAR – to ensure we're maximising the value for our employees, as well as our members.



In January, as a result of the devastating bushfires that had taken hold in several regions across the country, we enhanced our Community Service Leave provision from being an unpaid leave entitlement, to a paid leave entitlement. Employees who volunteered with any emergency service organisations became eligible for 20 days of paid leave per year.

Making a difference in communities

We're serious about being a force for good. It's evidenced at a fund level by our commitment to delivering sustainable outcomes and strong governance. But our individual employees are also a powerful force for good. And by facilitating strong community connections, we can better support the communities in which we live, work and retire.

Enabling community connections

As an organisation we're helping to foster a strong community connection by providing our employees with the support they need to get behind causes and initiatives they're passionate about.



Paid community service leave

In January, as a result of the devastating bushfires that had taken hold in several regions across the country, we enhanced our Community Service Leave provision from being an unpaid leave entitlement, to a paid leave entitlement. Employees who volunteered with any emergency service organisations became eligible for 20 days of paid leave per year.

Employees are also eligible for one day of Volunteering Leave each year, and we funded more than 160 volunteering hours over the reporting period before the COVID-19 pandemic limited face-to-face volunteering opportunities. We'll continue to offer this leave in future, as it's a wonderful way to facilitate community connections that reward both communities and employees.



Employee Experience Tribes

As part of an initiative to enhance our own employee experience, in February 2020 we launched a number of Employee Experience Tribes as a way of bringing our purpose, strategy and member promise to life.

The Community & Sustainability Tribe aims to be a force for good internally and externally, through sustainability and social initiatives. In just its first few months of operation, it's helped our people to give back to the communities in which we and our members work, live and retire. Some of the causes championed by the Tribe include:

- the YOUTHU (Baby) basket project supporting First Nations women
- Keep Australia Beautiful Week
- National Blood Donor Week
- National Reconciliation Week
- National Volunteer Week
- the Mother's Day Classic for breast cancer research
- acknowledging the amazing work of frontline workers during the pandemic, with a thank you video from our staff.



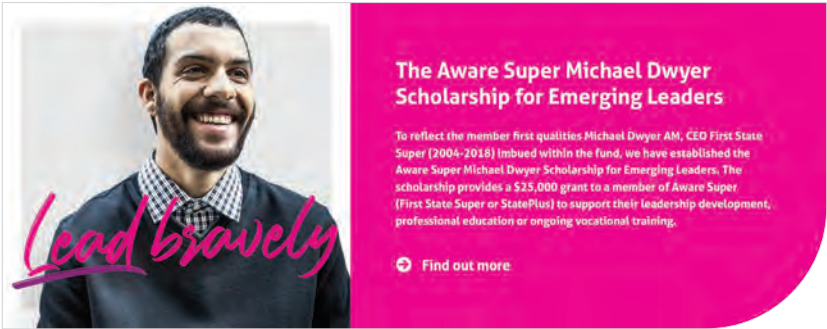
Workplace Giving Program

Established in 2016, our Workplace Giving Program helped provide a boost for many charities doing it tough this year, as COVID-19 caused the postponement or cancellation of fundraising activities. Aware Super employees donated to registered charities of their choice by making small, regular donations from their pre-tax pay – all through a simple payroll deduction. Some of the charities supported over this reporting period include the Australian Red Cross Bushfire Appeal, Royal Children's Hospital Foundation, NSW Police Legacy Foundation, Foodbank, and UNHCR.

Aware Super scholarships nurturing excellence

Many of our members belong to professional communities that provide care and support to others. They consider their career choice a vocation, and they are motivated by a deep sense of purpose and commitment to help and care for others. We've established a series of scholarships to help nurture excellence and career advancement for Aware Super members who are working in fields that support others.

In July 2020 we established the Aware Super Michael Dwyer Scholarship for Emerging Leaders, which provides a \$25,000 grant to a member of Aware Super or VicSuper to support their leadership development, professional education or ongoing vocational training.



We also offer the First State Super Teachers Scholarship in partnership with the Public Education Federation. The scholarship is designed specifically for public primary school teachers teaching Early Stage One and Stage One, and provides up to \$10,000 for a professional development or learning activity, or set of activities, to help these teachers excel.

Plus, we provide an annual \$15,000 sponsorship to a teacher through the NSW Premier's First State Super Financial Literacy Scholarship, enabling them to travel abroad to enrich their understanding of how financial literacy is taught in Australia or overseas.

Internships for refugees and asylum-seekers

We've been proud to continue our relationship with the CareerSeekers New Australian Refugee and Asylum-Seeker Internship program this year. CareerSeekers is a non-profit social enterprise which creates employment opportunities for asylum seekers and refugees in Australia.

Once again we provided a paid internship for an asylum-seeker this year. All up we've provided seven internships since we first teamed up with CareerSeekers in 2016. We're currently in discussions with a view to supporting more internships in the coming financial year, helping refugees and asylum-seekers to get a foothold in the Australian workforce.

Keith Barnett, maths teacher at Epping North Public School and scholarship winner in 2018, is passionate about finding innovative, meaningful ways to teach financial literacy.



It would be great if I could play a part in financial literacy becoming more accessible to students, resulting in them making informed financial decisions when it mattered.

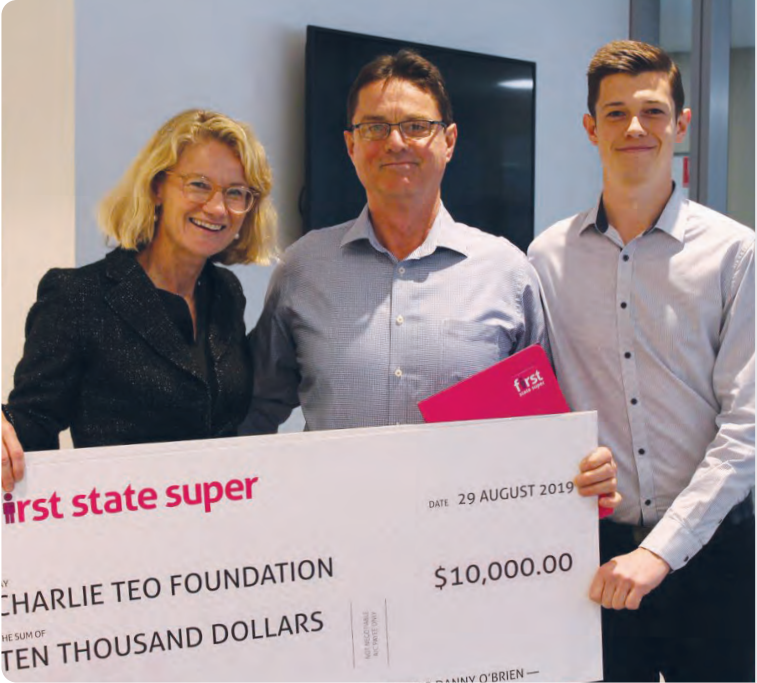
Keith Barnett, maths teacher



Giving back to members and the community

From time to time we run competitions as a way of helping to give back to our members and our communities. In July 2019 we were delighted to announce three lucky competition winners. Each winner received a \$10,000 prize, plus an additional \$10,000 donation from Aware Super to a registered charity of their choice.

Father and son winners Danny and Daniel O'Brien chose the Charlie Teo Foundation and Cure for MND Foundation to each receive a \$10,000 donation.



I am hoping the \$10,000 donation to the Charlie Teo Foundation will assist in the vital research required to unlock the mystery around the cause of brain cancer and ultimately improve survival rates in the future.

Daniel O'Brien, member

Fellow competition winner Kerrie O'Keeffe directed her donation to a cause that's close to her heart.



My husband passed away 3 years ago from lung cancer and 6 months later I was diagnosed with breast cancer, so I would like to donate the other \$10,000 to the Olive McMahon Lodge & Cancer Council Queensland Toowoomba where I stayed for 6 weeks of radiation therapy.

Kerrie O'Keeffe, member

Investments update

Despite volatile and uncertain investment market conditions this year, the fund delivered positive 1-year returns for our default Growth and Balanced investment options, and continues to be one of the top-performing super funds in Australia.*



The year in review

The year to 30 June 2020 delivered unprecedented and challenging market conditions. The sense of optimism that heralded the start of 2020 was short-lived. Devastating Australian bushfires closed down a number of industries, the global COVID-19 pandemic forced many countries to put much of their social and economic activity on hold in order to dampen its spread, and geopolitical tensions between the USA and China simmered throughout.

The global spread of COVID-19 dominated markets for most of the six months to 30 June 2020. Lockdowns of entire populations initiated an unprecedented collapse in economic activity across the globe. But despite this plunge in economic activity and even depression-like data, coordinated monetary and fiscal support has brought with it some confidence and a willingness from markets to view the weakness in 2020 as temporary.

Economic data started to show signs of rapid recovery as economies re-opened, and in the three months to 30 June we saw a swift rebound in equity markets from the lows of March.



Delivering steady returns for members

Despite volatile and uncertain conditions, we delivered positive 1-year returns for members in most of our diversified options. This included our default MySuper Life Cycle options, with the Growth option returning 1.6% and Balanced Growth option returning 1.3% for the year to 30 June 2020.

Superannuation is about the long-term, and importantly, over longer periods of 7 and 10 years to 30 June 2020, we continue to deliver strong, positive returns to our members.

While headlines can be distracting, and at times unsettling, it's important to remember that super is a long-term investment. We manage our investments to take account of short-term risks, but also have a longer-term risk-adjusted strategy that aims to maximise our members' long-term savings. This strategy has contributed to our strong investment performance results for the year.



Looking ahead

As we enter the 2020-21 financial year, a number of uncertainties remain. Markets are focusing their attention on the likes of Brexit, the US election, a deteriorating geopolitical backdrop, and the ongoing impacts of the global pandemic, including the potential for the reintroduction of lockdown restrictions resulting from second or even third waves.

Countering these dynamics, fiscal and monetary policy continue to provide unprecedented support and stimulus – support that could yet lead to further upside. Overall, given continuing high levels of uncertainty, we expect market volatility will remain heightened, particularly over the remainder of 2020.

For more on investment returns

For detailed information on the investment objectives and performance for the Aware Super investment options to 30 June 2020, as well as additional investment information, turn to the *Investment appendix* on page 45 of this report. You can also find the latest returns on our website: aware.com.au/returns

Information on the VicSuper investment options to 30 June 2020 can be found in the VicSuper Annual Report Summary on our website: aware.com.au/reports



* Our Growth and Balanced Growth Accumulation and Retirement Income products achieved top quartile returns (50 funds), for the 12-months ending 30 June 2020 SuperRatings Fund Crediting Rate Survey, SR50 Balanced (60-76) Index. Past performance is not indicative of future performance. For the latest investment returns, please visit our website: aware.com.au/returns

Our investment approach

We invest in a way that's designed to improve our members' retirements with strong, long-term returns, while also having a positive impact on our communities and society as a whole. Because our members shouldn't have to choose between doing well and doing good.

Growing members' savings

We take care when choosing investments to ensure we only take on risk that we believe will be adequately rewarded. We also incorporate environmental, social and governance considerations into all our investment decision-making processes. Our focus is on investing in a diversified mix of good quality assets that can grow our members' retirement savings over time.

Streamlining our investment portfolios

During the year we also completed our annual review of the investment options we offer and made some changes as a result. The StatePlus Retirement Fund merged with Aware Super (previously known as First State Super) on 1 July 2019 via a Successor Fund Transfer. In December 2019 we restructured the old StatePlus Retirement Fund investments and moved the funds to sit within the Aware Super structure.

The restructure increased operational efficiencies between the two and reduces costs to members by streamlining our underlying investment structures across the two sections of Aware Super. For ex-StatePlus Retirement Fund members, the restructure also increased the diversification and provided access to new investment opportunities.

Tailoring our approach for retiring and retired members

Aware Super is now one of the largest and longest-standing providers of dedicated retirement solutions in Australia, with a strong track record of delivering retirement outcomes for members. We understand the financial needs of retirees and pre-retirees are different.

For our more conservative options, and options typically used by members nearing (or in) retirement, we tailor our investments to have a greater focus on risk management. For example, in our equities portfolios for these options, our approach to investing favours companies with more stable earnings and less volatile share prices, which tend to generate market returns over the medium to long term with less volatility. These strategies aim to balance strong long-term returns while experiencing fewer falls in falling markets.

In our diversified options, we tailor the way we manage money to meet the differing needs of our members.

Growth-focused options

These options are typically used by members during the initial phase of their superannuation journey, and our investment strategy for these options is focused on generating strong capital growth.

Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream: High Growth and Growth

Aware Super Personal Retirement Plan, Allocated Pension and Term Allocated Pension: Growth Plus

Options with a focus on risk management

These options are more conservative in nature and typically used by members in the lead up to retirement. Our investment approach for these options aims to provide growth and protection from the effects of inflation, while also aiming to reduce the impact of large share market falls.

Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream: Balanced Growth and Conservative Growth

Aware Super Tailored Super Plan, Flexible Income Plan, Transition to Retirement Pension, Personal Retirement Plan, Allocated Pension and Term Allocated Pension: Balanced, Moderate, Capital Stable

Our strong governance

Managing the superannuation and retirement savings of more than one million Australians is an enormous responsibility. Our strong governance framework and our commitment to transparency are essential. Not just to safeguard those savings, but also to uphold the trust that our members place in us.

Acting ethically and with integrity

Our members trust us to manage their super and retirement savings. We respect and value that trust. We hold ourselves to a high ethical standard and we operate with transparency and integrity. It's what our members and employers and other important stakeholders expect from us.

Important fund documents and the policies that guide us – including our Trust Deed and Constitution, Privacy Policy, Whistleblowing Policy, and Conflicts of Interest Policy – are published on our website: [aware.com.au/policies](https://www.aware.com.au/policies)

Governance framework

To safeguard the benefits of our members and clients, we aim to achieve best practice in all areas of governance.

Our governance framework includes policies and procedures that ensure our board has the appropriate skills, structure and composition to properly oversee and exercise its authority in relation to the activities of the fund.

FSS Trustee Corporation was the trustee of the First State Superannuation Scheme at the close of the reporting period on 30 June 2020. Effective 14 September 2020, FSS Trustee Corporation changed its name to Aware Super Pty Ltd, as trustee of Aware Super.

The board of the trustee consists of an independent chairman, Neil Cochrane, together with six employer representative directors and six member representative directors. The board is the highest governance body at Aware Super and its responsibilities are outlined in the Aware Super Trust Deed and Rules and the constitution of Aware Super Pty Ltd.

Board composition and nomination

Board appointments

Nominating entities representing both employers and employees must consider the requirements of our Fit and Proper Policy when assessing a person's eligibility for appointment as a director to the board. This board-approved policy determines the skills and qualities a person must possess to hold the position of director.

Board remuneration and review

The performance of the board is evaluated annually. The assessment process includes a review against the board's skills matrix and an assessment of performance against the requirements of each Board Committee Charter. In addition, a comprehensive independent and external evaluation of board effectiveness is conducted at least every three years, with the next independent assessment to take place in February 2021.

The performance of individual directors is evaluated in an annual performance review conducted by the Chairman. Collectively the board meet the skills, experience and diversity requirements set by the skills matrix.

Our directors are remunerated with regard to the skills, experience and responsibilities required for our fund. Director remuneration is determined on the basis of an appropriate benchmarking review conducted by an independent remuneration consultant.

Details of our board and executive officer remuneration for the year ended 30 June 2020 are published on our website. We also disclose information on how directors are appointed and removed, and board meeting attendance for the year.

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



Indemnity

The fund, the trustee and the directors and officers of the trustee are covered by professional indemnity insurance. The trustee holds all fund assets in trust and is required by law to act in the best interests of members.

Board committees

The Board has set up a number of committees to review and implement policy decisions. You can find more information on our board committees, including membership changes and key areas of focus for the year to 30 June 2020, on our website: [aware.com.au/policies](https://www.aware.com.au/policies)

| Board committee | | Members during the year to 30 June 2020 | |
|--|--|---|--|
| Audit, Risk and Compliance Committee Oversees the operation of the group's financial and risk and compliance functions | | Glenn Bunney, Sue Carter, John Dixon, Ralph Kelly, Bob Lipscombe, Roslyn Ramwell | |
| Direct Assets Committee Advises and assists the Investments Committee on matters relating to direct assets | | Glenn Bunney, Michael Cole, John Hughes, Ralph Kelly, Rosemary Kelly, Cameron Robertson, Kerry Schott, Tim Spencer | |
| Governance and Nominations Committee Advises the board on key governance initiatives | | Neil Cochrane, Jocelyn Furlan, Rod Harty, Rosemary Kelly, Mark Morey, Naomi Steer, Tom Symondson | |
| Investments Committee Oversees key aspects of our investment framework | | Glenn Bunney, Neil Cochrane, Michael Cole (Non-FTC Director), Jocelyn Furlan, Ralph Kelly, Rosemary Kelly, Philip Moffitt | |
| Member Services Committee Oversees key member-facing services and all member communications | | Pip Carew, Jocelyn Furlan, Bob Lipscombe, Mark Morey, Naomi Steer, Tom Symondson | |
| Remuneration and Human Resources Committee Oversees key elements of the group's staff and remuneration arrangements | | Paula Carew, Rod Harty, Rosemary Kelly, Naomi Steer, Tom Symondson | |

Our board as at 30 June 2020

Neil Cochrane

Chairman
Independent director



Appointed by the employer and employee board representatives

Glenn Bunney

Employer representative



Appointed by Leading Age Services Australia

Pip Carew

Member representative



Appointed by the Australian Nursing and Midwifery Federation (ANMF) – Victorian Branch

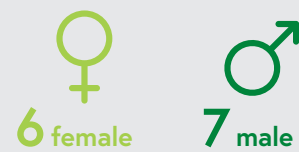
Sue Carter

Employer representative

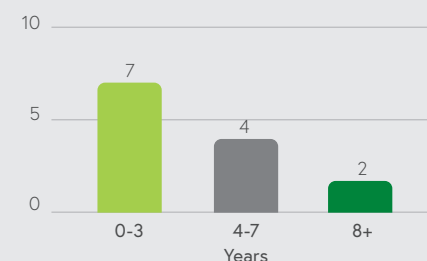


Appointed jointly by the Secretary of the Department of Premier and Cabinet of NSW and the Secretary of the Treasury of NSW (Resigned from the board effective 1 July 2020)

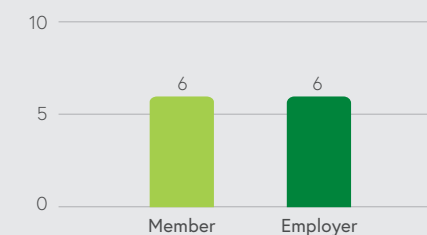
Board diversity as at 30 June 2020



Board tenure as at 30 June 2020



Board representation as at 30 June 2020



John Dixon

Member representative



Appointed by Unions NSW

Rod Harty

Member representative



Appointed by Unions NSW
(Resigned from the board effective 1 July 2020)

Jocelyn Furlan

Employer representative



Appointed jointly by the Secretary of the Department of Premier and Cabinet of NSW and the Secretary of the Treasury of NSW

Dr Rosemary Kelly

Member representative



Appointed by the Health Services Union

Philip Moffitt

Employer representative



Appointed jointly by the Secretary of Premier and Cabinet and the Secretary of Treasury

Mark Morey

Member representative



Appointed by Unions NSW

Roslyn Ramwell

Employer representative



Appointed jointly by the Secretary of the Department of Premier and Cabinet of NSW and the Secretary of the Treasury of NSW

Naomi Steer

Member representative



Appointed by Unions NSW

Tom Symondson

Employer representative



Appointed by the Victorian Healthcare Association

Appointed to the board

on 1 July 2020

Travis Bates

Member representative

Appointed by the Community and Public Sector Union



Gabrielle Bell

Member representative

Appointed by the Victorian Public Sector Commission



Patricia Faulkner

Employer representative

Appointed by the Department of Education and Training



Antoinette Masiero

Member representative

Appointed by the Australian Education Union



You'll find more information about our board on our website, including board meeting and committee attendance, board skills and remuneration disclosures:

aware.com.au/policies



Our financial reports



Aware Super annual financial statements

These tables contain information extracted from the fund’s audited financial statements. A hard copy can be obtained free of charge by calling us on **1300 650 873**. Alternatively, you can view a copy of the audited financial statements on our website: aware.com.au/reports

Statement of financial position as at 30 June 2020

| | 2020 \$'m | 2019 \$'m |
|--|----------------|----------------|
| Assets | | |
| Cash and cash equivalents | 786 | 489 |
| Receivables | 1,460 | 1,098 |
| Financial assets | 123,252 | 101,312 |
| Investment in Service Entities | 332 | – |
| Plant and equipment | 51 | 1 |
| Deferred tax assets | 430 | 237 |
| Total assets | 126,311 | 103,137 |
| Liabilities | | |
| Benefits payable | 73 | 76 |
| Accounts payable | 813 | 1,245 |
| Financial liabilities | 303 | 3,090 |
| Deferred tax liabilities | 1,790 | 1,776 |
| Total liabilities excluding member benefits | 2,979 | 6,187 |
| Net assets available for members benefits | 123,332 | 96,950 |
| Defined contribution member liabilities | 121,223 | 95,158 |
| Defined benefit member liabilities | 1,076 | 1,066 |
| Total member liabilities | 122,299 | 96,224 |
| Net assets | 1,033 | 726 |
| Equity | | |
| Reserves | 992 | 635 |
| Defined benefit surplus | 41 | 91 |
| Total equity | 1,033 | 726 |

Income statement for the year ended 30 June 2020

| | 2020 \$'m | 2019 \$'m |
|--|--------------|--------------|
| Investment revenue | | |
| Interest – investments carried at fair value | 575 | 533 |
| Interest – bank deposits | 3 | 6 |
| Dividends | 1,203 | 1,662 |
| Distributions from unit trusts | 1,083 | 987 |
| Securities lending income | 37 | 25 |
| Other income | 73 | 12 |
| Changes in fair value of investments | (1,640) | 2,792 |
| Total revenue | 1,334 | 6,017 |
| Investment expenses | (345) | (323) |
| Administration expenses | (277) | (154) |
| Total expenses | (622) | (477) |
| Operating result before income tax expense | 712 | 5,540 |
| Income tax benefit/(expense) | 488 | (160) |
| Operating result after income tax expense | 1,200 | 5,380 |
| Net benefits allocated to defined contribution member accounts | (968) | (5,090) |
| Net change in defined benefit member accounts | (34) | (80) |
| Operating result | 198 | 210 |

Statement of changes in member benefits

| | Defined Contribution Member Benefits \$'m | Defined Benefit Member Benefits \$'m | Total \$'m |
|---|---|--|---------------|
| Opening balances as at 1 July 2018 | 69,956 | 1,082 | 71,038 |
| Employer contributions | 4,146 | 16 | 4,162 |
| Member contributions | 996 | – | 996 |
| Transfer from StatePlus Retirement Fund | 18,653 | – | 18,653 |
| Transfers from other superannuation funds | 1,583 | – | 1,583 |
| Superannuation co-contributions | 25 | – | 25 |
| Income tax on contributions | (583) | (1) | (584) |
| Net after tax contributions | 24,820 | 15 | 24,835 |
| Benefits to members | (4,384) | (90) | (4,474) |
| Insurance premiums charged to members' accounts | (324) | – | (324) |
| Transfer (to)/from reserves | – | – | – |
| Net benefits allocated to members | 5,090 | 80 | 5,170 |
| Net change in member Defined Benefits | – | (21) | (21) |
| Closing balances as at 30 June 2019 | 95,158 | 1,066 | 96,224 |
| Opening balances as at 1 July 2019 | 95,158 | 1,066 | 96,224 |
| Employer contributions | 4,401 | 15 | 4,416 |
| Member contributions | 1,853 | – | 1,853 |
| Transfer from VicSuper Fund | 24,189 | – | 24,189 |
| Transfers from other superannuation funds | 3,226 | – | 3,226 |
| Superannuation co-contributions | 24 | – | 24 |
| Income tax on contributions | (622) | (2) | (624) |
| Net after tax contributions | 33,071 | 13 | 33,084 |
| Benefits to members | (7,662) | (87) | (7,749) |
| Insurance premiums charged to members' accounts | (312) | – | (312) |
| Transfer (to)/from reserves | – | – | – |
| Net benefits allocated to members | 968 | 34 | 1,002 |
| Net change in member Defined Benefits | – | 50 | 50 |
| Closing balances as at 30 June 2020 | 121,223 | 1,076 | 122,299 |

Statement of changes in equity/reserves

| | Investment Reserve ¹ \$'m | Operational risk financial reserve ² \$'m | Insurance reserve ³ \$'m | Administration reserve ⁴ \$'m | Total \$'m |
|--|--|--|---|--|---------------|
| Opening balances as at 1 July 2018 | 24 | 178 | 10 | 151 | 363 |
| Operating result | 142 | 16 | – | 52 | 210 |
| Transfer to defined contribution member accounts | – | – | – | – | – |
| Transfer to defined benefit member accounts | – | – | – | – | – |
| Transfer from StatePlus Retirement Fund | – | 46 | – | 16 | 62 |
| Closing balances as at 30 June 2019 | 166 | 240 | 10 | 219 | 635 |
| Opening balances as at 1 July 2019 | 166 | 240 | 10 | 219 | 635 |
| Operating result | 161 | 5 | (7) | 37 | 196 |
| Transfer to defined contribution member accounts | – | – | – | – | – |
| Transfer to defined benefit member accounts | – | – | – | – | – |
| Transfer from VicSuper Fund | – | 60 | – | 101 | 161 |
| Closing balances as at 30 June 2020 | 327 | 305 | 3 | 357 | 992 |

¹ The Investment Reserve is an unallocated reserve being the difference between the cumulative amount of investment income (net of investment expenses) allocated to members' accounts compared to the cumulative income (net of expenses) earned, after any transfers to ORFR Reserve, Insurance Reserve, and Administration Reserve.

² The Operational Risk Financial Requirement Reserve is an unallocated reserve which is maintained separately to the unitised assets of the fund for use by the Trustee in accordance with the requirements of Superannuation Prudential Standard 114 Operational Risk Financial Requirement and the fund's Operational Risk Financial Requirement Reserving Policy.

³ The Insurance Reserve is an unallocated reserve which is maintained separately to the unitised assets of the fund for use by the Trustee in accordance with the Insurance Reserve Policy.

⁴ The Administration Reserve is an unallocated reserve which is maintained separately to the unitised assets of the fund for use by the Trustee in accordance with the Trust Deed.

Other information and disclosures

Statement of cash flows for the year ended 30 June 2020

| | 2020 \$'m | 2019 \$'m |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Investment income | 2,997 | 3,220 |
| Investment expenses | (345) | (321) |
| Administration expenses | (639) | (136) |
| Income tax paid | 122 | (38) |
| Net inflows from operating activities | 2,135 | 2,727 |
| Cash flows from investing activities | | |
| Purchase of investments | (55,731) | (97,388) |
| Proceeds from sale of investments | 53,077 | 93,337 |
| Net outflows from investing activities | (2,654) | (4,051) |
| Cash flows from financing activities | | |
| Contributions received | 8,788 | 6,160 |
| Benefits paid | (7,752) | (4,465) |
| Insurance premiums paid | (312) | (324) |
| Transfer from VicSuper Fund | 92 | – |
| Net inflows from operating activities | 816 | 1,371 |
| Net increase/(decrease) in cash held | 297 | 47 |
| Cash at the beginning of the financial year | 489 | 442 |
| Cash at the end of the financial year | 786 | 489 |

Unclaimed super is paid to the ATO

Under the superannuation rules, we must report and pay unclaimed super money to the Australian Tax Office (ATO). Unclaimed super money includes the following:

- an account balance under \$6,000 held by a member who is uncontactable. You are 'uncontactable' if we can't contact you by mail or email at the address(es) we hold for you and you haven't been in contact with us or contributed in the last 12 months.
- an inactive low-balance account under \$6,000 held by a member under age 65. This applies if we haven't received any contributions or rollovers for you in the last 16 months or more, and you haven't notified us that you want to remain in the fund.
- an inactive account held by a member who is 65 years of age or more. This applies if we haven't received any contributions or rollovers for you in the last two years and it's been five years or more since you last contacted us and we're unable to make contact with you. Once you reach 65, you can start an income stream or access your benefit in cash at any time.

Benefits for the following people may also be transferred to the ATO:

- members with inactive low-balance accounts with a balance less than \$6,000 after 16 months of inactivity, such as not receiving a contribution or rollover

- lost or uncontactable members
- former temporary resident members who have departed Australia
- deceased members whose benefits cannot be paid following death
- a spouse who is entitled to a benefit split under the Family Law Act and cannot be paid.

In most circumstances, simply contacting us will avoid the possibility of your account being transferred to the ATO. If your account is transferred to the ATO, any insurance cover you may have will cease. You can claim the money from the ATO at any time. Generally, you will need to meet a condition of release to have this money paid to you in cash. Otherwise, it will need to be transferred to an eligible superannuation fund, such as Aware Super. Interest may also be payable by the ATO at the time the money is claimed. To find out how to keep your Aware Super account active, visit aware.com.au/pys

Insurance

Death, total and permanent disablement (TPD) and income protection insurance cover offered to Aware Super personal and employer-sponsored members is provided under insurance policies issued to the trustee by TAL Life Limited. The VicSuper FutureSaver death, TPD and income protection insurance cover is provided under insurance policies issued to the trustee by MetLife Insurance Limited.

Insurance premium adjustments

Aware Super maintains two different premium adjustment mechanisms related to the insurance provided to members. These premium adjustment mechanisms are sometimes known as profit shares or experience adjustments. The intent of these arrangements is to return a portion of premiums where the number or value of claims is better than the Insurer expected in their pricing.

For the Aware Super insurance arrangements, any entitlement to a premium adjustment amount is paid into the Insurance Reserve maintained by the fund and used to reduce premiums for relevant members or refund overpaid insurance premiums. At 1 July 2019, the opening balance of the Insurance Reserve was \$9.849m. During this period insurance administration remediation costs of \$6.574m were drawn down. As at 30 June 2020, the balance of the Insurance Reserve was \$3.275m.

For the Police Blue Ribbon Insurance (PBRI) arrangements, the amount, if any, is used to reduce future premiums by offsetting against premiums that would otherwise be payable. During this period, a premium adjustment of \$2.041m was payable in relation to the insurance period 1 October 2016 to 30 September 2017.

For the VicSuper insurance arrangements, no premium adjustment mechanism applies.

Temporary residents

If you are a temporary resident, you can usually receive your super when you leave Australia and your visa expires or is cancelled. If you intend to claim your superannuation benefit directly from us, when you depart, you should request a port and date stamp for your passport from Australian Customs, otherwise you can apply online through the Australian government. For more information on how to claim your super in these circumstances, please refer to our website: aware.com.au/leaving-australia

Six months after your temporary residence visa has expired, the Australian Taxation Office (ATO) may require us to transfer your super to them as unclaimed monies. We are not obliged to notify a member who was a temporary resident if we transfer their superannuation to the ATO following their departure from Australia.

Administrator

Mercer Administration Services (Australia) Pty Limited is responsible for overseeing the daily operations of the fund. Mercer manages the processing of member and employer contributions, maintaining member records, and paying benefits. Mercer is also the custodian for the fund's Australian trust bank accounts.

Compliance

Aware Super (ABN 53 226 460 365) is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and a complying superannuation fund for the purposes of the Income Tax Assessment Act.

We can accept transfers and rollovers under Aware Super's trust deed and rules, and the fund is authorised under MySuper legislation. Upon receipt of the transfers and rollovers, we'll maintain and preserve the benefits in Aware Super to the extent required by the SIS Act and its regulations.

Surcharge

The contributions surcharge tax, which was payable by high-income earners on employer contributions and termination payments, was abolished from 1 July 2005. We may be able to receive further assessments for the 2004-05 financial year and earlier years if a member has rolled over money into Aware Super before the surcharge was deducted in the member's previous super fund. Any surcharge will be debited from the member's superannuation account.



Investment
appendix

Portfolio management

Investment managers

Our in-house investment team manages investments in cash, Australian equities, infrastructure, credit income, unlisted property and private equity. The team also performs a cash flow and portfolio rebalancing function for the diversified investment options to help make sure each option is invested as closely as possible in line with the target asset allocations.

We also partner with external investment managers. Our investment partners for the year ended 30 June 2020 are shown in the table below.

Please note, this list may have changed since 30 June 2020. You'll find the most up-to-date list of our investment partners on our website: aware.com.au/investmentmanagers



Portfolio holdings

For a list of our top 50 listed equity holdings, and top 50 unlisted assets, please refer to our website: aware.com.au/our-investments



Australian equities

Acadian Asset Management (Australia) Limited
Eley Griffiths Group Pty Limited
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Hyperion Asset Management Limited
Investors Mutual Limited
Nikko AM Limited
Northcape Capital Pty Ltd
Plato Investment Management Limited
Redpoint Investment Management Pty Ltd
Selector Funds Management Limited
Vanguard Investments Australia Ltd
Vinva Investment Management Ltd
Yarra Capital Management Ltd

International equities

Acadian Asset Management LLC
Ardevora Asset Management LLP
Artisan Partners Limited Partnership
Baillie Gifford Overseas Ltd
BlueBay Asset Management LLP
EAM Global Investors LLC
Fidelity International Investment

Management (Australia) Limited
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Hermes Investment Management Ltd
HSBC Global Asset Management (UK) Limited
Macquarie Investment Management Australia Limited
Neo-Criterion Capital Limited
Sanders Capital LLC
Southeastern Asset Management, Inc.
Sustainable Growth Adviser LP
Vanguard Investments Australia Ltd
Veritas Asset Management LLP
Wellington Management Australia Pty Ltd

Fixed income

Challenger
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Vanguard Investments Australia Ltd

Cash

First State Super Trustee Corporation (now known as Aware Super Pty Ltd).
Flag Asset Management Pty Ltd
Perpetual Limited

Property

Altis Property Partners Pty Ltd
AMP Capital Investors Limited
BlackRock Investment Management (Australia) Limited
Brookfield Asset Management Private Institutional Capital Adviser US, LLC
Dexus Wholesale Property Limited
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Franklin Templeton Investments Australia Limited
Goodman Brazil Logistics GP, LLC
Goodman Funds Management Australia Limited
GPT Funds Management Limited
Hillwood Investment Properties
Lendlease (US) Investment Management LLC
Lendlease Real Estate Investments Limited

Private equity

Adamantem Capital
AE Industrial Partners
Allegro Funds
Blackbird Ventures
Bridgepoint Advisers
Castik Capital Partners
Continuity Capital Partners

Crescent Capital Partners
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Foundry Group Next
FTV Management Company
GHO Capital Partners
Kohlberg Kravis Roberts (KKR)
LYFE Capital
New 2ND Capital
Nexus Point Partners
Northlane Capital Partners
Odyssey Private Equity
Openspace Ventures
Potentia Capital
OC Capital Pty Ltd
Searchlight Capital Partners
Solace Capital Partners
StepStone Group LP
Sterling Capital Partners

Udata Partners
Warburg Pincus
Webster Capital Management
Wilshire Australia

Infrastructure and real assets

Argyle Capital Partners
Brookfield Asset Management Inc
Capella Capital
Darby Servtec Energia GP, LLC
Equis Funds Pty Ltd
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Maple-Brown Abbott
Morgan Stanley Investment Management Ltd
Orion Energy Partners LLC
QIC Limited
ROC Capital Pty Ltd
StepStone Group Real Assets

Credit income

Ares Management
Bain Capital Credit, LP
First State Super Trustee Corporation (now known as Aware Super Pty Ltd)
Flag Asset Management
Intermediate Capital Group (ICG)
Oaktree Capital Management
Quadrant Real Estate Advisors LLC
Westbourne Credit Management Ltd

Liquid alternatives

36 South Capital Advisors LLP
AQR
Bridgewater Associates Inc
GMO LLC
GSA Capital Partners LLP
Insight Investment Management Global Ltd
Invesco

Consultants

We appoint asset consultants to advise on appropriate asset allocation for each of the investment options and provide research on managers in each of the asset sectors, including an evaluation of the manager's investment style and its suitability to complement other current and potential managers.

We also engage specialist consultants as required to assist in providing the trustee board with specific advice relating to various asset sectors. You can find the list of consultants we engage with on our website: aware.com.au/consultants

Other investment disclosures

Investment fees

Investment fees reflect a broad range of fees and costs associated with the purchase/sale and ongoing management of investments of the fund and underlying investment vehicles. This includes fees paid to investment managers, as well as amounts paid to a variety of third parties such as our custodian, brokers and government authorities. These amounts are paid from the assets of the investment option before we calculate the unit price and aren't deducted directly from member accounts.

Aware Super Accumulation and Transition to Retirement Income Stream

The investment fees for each of the diversified investment options (i.e. the High Growth, Growth, Diversified SRI, Balanced Growth and Conservative Growth investment options) also include the trustee's charge of 0.04% per year. This is a component of 'Other fees and costs'.

Aware Super Retirement Income Stream

The investment fees for these accounts include a management fee, which was introduced on 1 April 2020. From 1 April 2020 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) will be charged. This replaced the trustee charge which was previously included as part of 'Other fees and costs'. 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).

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

On 1 April 2020, the investment fee was changed to be made up of three components, a management fee, investment-related costs and

performance-related costs. This split out the investment-related costs from the old management fee. The change was made to improve transparency on the fees and costs charged to members.

The management fee changed on 1 April 2020 to be 0.15% per year for diversified options, 0.06% per year for single asset class options (excluding the cash option) and 0.20% for the Fixed Term Fund. This 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. Estimated investment fees for Aware Super can be found on our website: [aware.com.au/fees](https://www.aware.com.au/fees)

Investment fees for some accounts have changed since 30 June 2020. Please see the latest Product Disclosure Statement for more information on investment fees.

Investment reserves

We have determined that no investment earnings will be placed in an investment reserve to smooth member investment returns. All investment earnings or losses in the various investment options, after providing for taxes and investment expenses, are reflected in our current unit prices.

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.

Use of derivatives

Derivatives are investment products whose value is derived from other assets, liabilities or indices (the underlying asset). They include a number of instruments such as futures, options, swaps, forwards, warrants and other related instruments.

At Aware Super, we do not consider the use of derivatives in isolation but rather as part of the overall investment strategy of the fund and investment options.

Derivatives may be used:

- to manage risk (e.g. hedge against changes in foreign currency)
- for asset allocation purposes
- as a way to implement investment positions efficiently.

The derivatives charge ratio did not exceed 5% of the total market value of the fund's assets at any time during the reporting period. 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

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



Risk label

For each investment option we assign a risk band, risk label and estimated number of negative annual returns over any 20-year period. This is known as the Standard Risk Measure, or SRM, and is based on a methodology developed by the industry so consumers can compare investment options within and across funds. The risk measures range from Band 1 (being the lowest risk) to Band 7 (being the highest risk). The SRM of an investment option depends on the risk profile of the asset classes and investments that make up the option.

Additional information regarding the application of the standard risk measure is available on our website: [aware.com.au/measuring-risk](https://www.aware.com.au/measuring-risk)

How are the returns calculated?

Investment returns can be positive or negative depending on the performance of investment markets, which is reflected in unit price movements. At the end of each NSW business day (including the NSW Bank Holiday), we value the assets in each of the investment options. Tax and investment fees (but not administration fees) are deducted

which gives us the net value for each investment option. This figure is divided by the number of units issued for that investment option, which gives us the unit price. We multiply the number of units a member has by that day's unit price to determine the daily value of a member's account.

The value of a member's account goes up and down depending on whether the unit price has gone up or down that day. You can view the current and historical unit prices for all the fund's investment options on our website: [aware.com.au/unit-prices](https://www.aware.com.au/unit-prices)

Holdings over 5% of total fund assets

At 30 June 2020, our exposure to the Commonwealth Bank of Australia (including a combination of ordinary shares, cash and other short-term deposits, and fixed income securities from subsidiaries) represented 5.08% of total fund assets. In addition, our exposure to the Commonwealth of Australia (including a combination of fixed income securities from subsidiaries, for example Australia Post) represented 6.83% of total fund assets.



More information

Our *Member Booklet Supplement: Investments* (for accumulation members) and the *Member Booklets* (for income stream members) have more information about the risk profile for each option. You can call us on **1300 650 873** for a paper copy free of charge. They are also available on our website: [aware.com.au/pds](https://www.aware.com.au/pds)

We do not guarantee the performance of the investment options and the value of member account balances can go up or down. Past performance is not a reliable indicator nor is it a guarantee of future performance.

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 will notify members and set out a restoration plan to return the fund to a satisfactory financial position. We received the actuarial report for the year to 30 June 2020 on 17 August 2020. The report shows that the fund was in a satisfactory financial position.

The defined benefit fund position with assets of \$1,118.3 million exceeded the vested benefits liabilities by \$43.1 million (4%). The actuary also found that current employer contribution rates meet the recommended level for the Defined Benefit Fund.

Investment returns for defined and deferred benefit members

Member benefit entitlements are determined by a formula in the trust deed based on salary and length of service and as such, investment returns do not generally affect a defined benefit entitlement. There are some limited instances where benefit entitlements are calculated with reference to investment returns. Members should refer to the explanatory notes in their 2019-20 annual statement pack for information about returns that may be relevant to their benefits. Employers bear the risk of negative investment performance affecting the financial position of the fund.

How the defined benefit pension grows

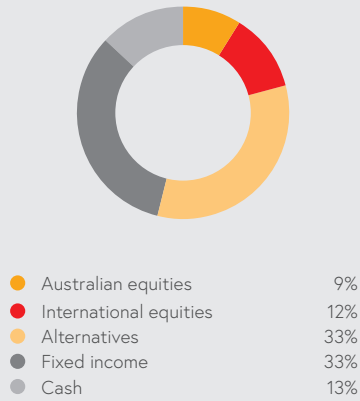
We adjust the defined benefit lifetime pension and (pre-1988) transition to retirement pension twice a year in accordance with movements in the Consumer Price Index (CPI). The update is reflected in the first pension payment in June and December each year. The defined benefit lifetime pension and (pre-1988) transition to retirement pension do not have investment returns allocated to them in the same way as other superannuation products, which are based on the performance of the underlying assets in which the product is invested.

Investment objectives and strategy

The investment objectives for the Defined Benefit Fund are to:

- maintain a ratio of assets to vested benefit liabilities at a minimum target level of 110% 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
- generate sufficient liquidity to provide for the cash flow requirements of the fund.

Strategic allocation as at 30 June 2020

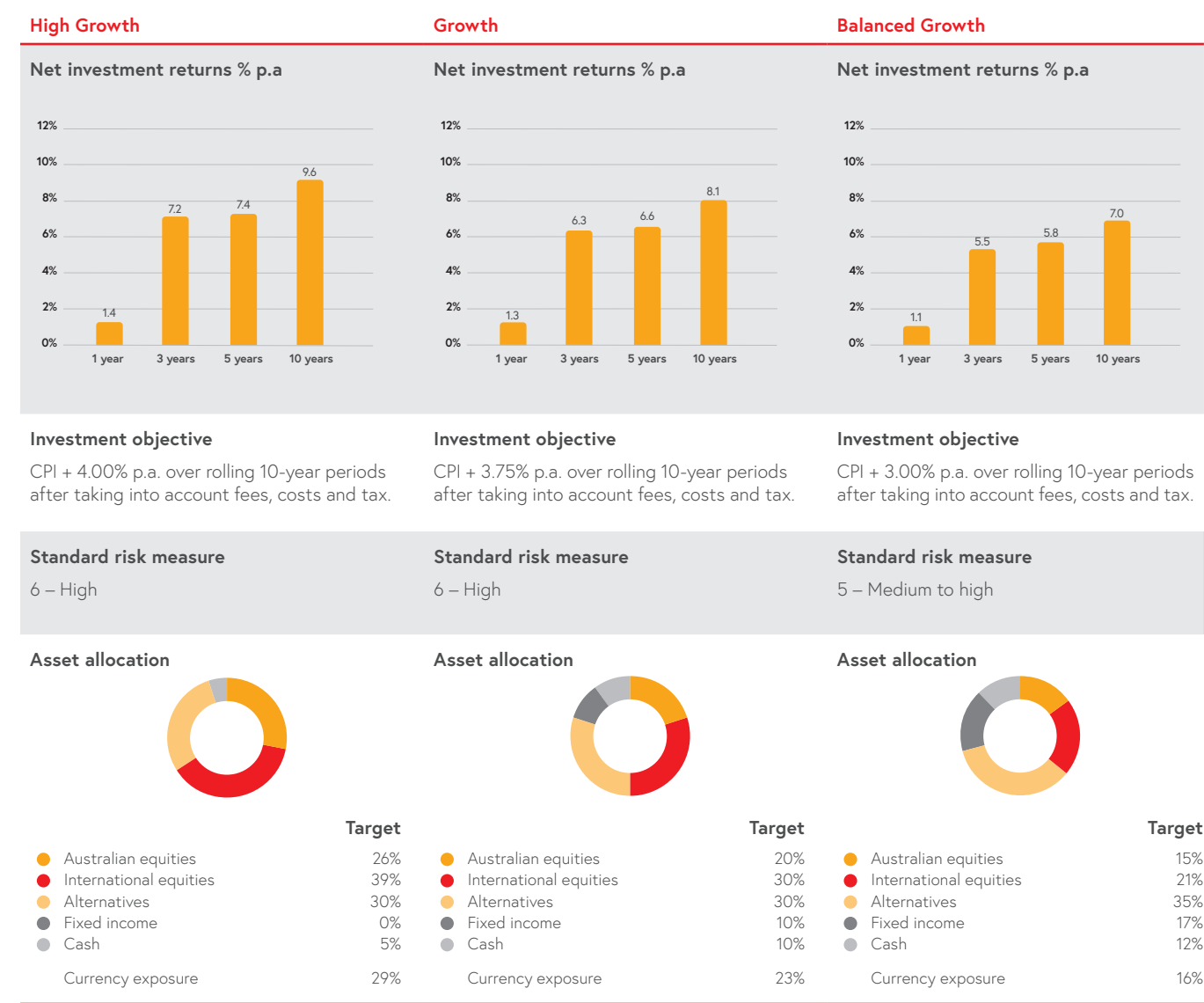


Investment objectives and performance

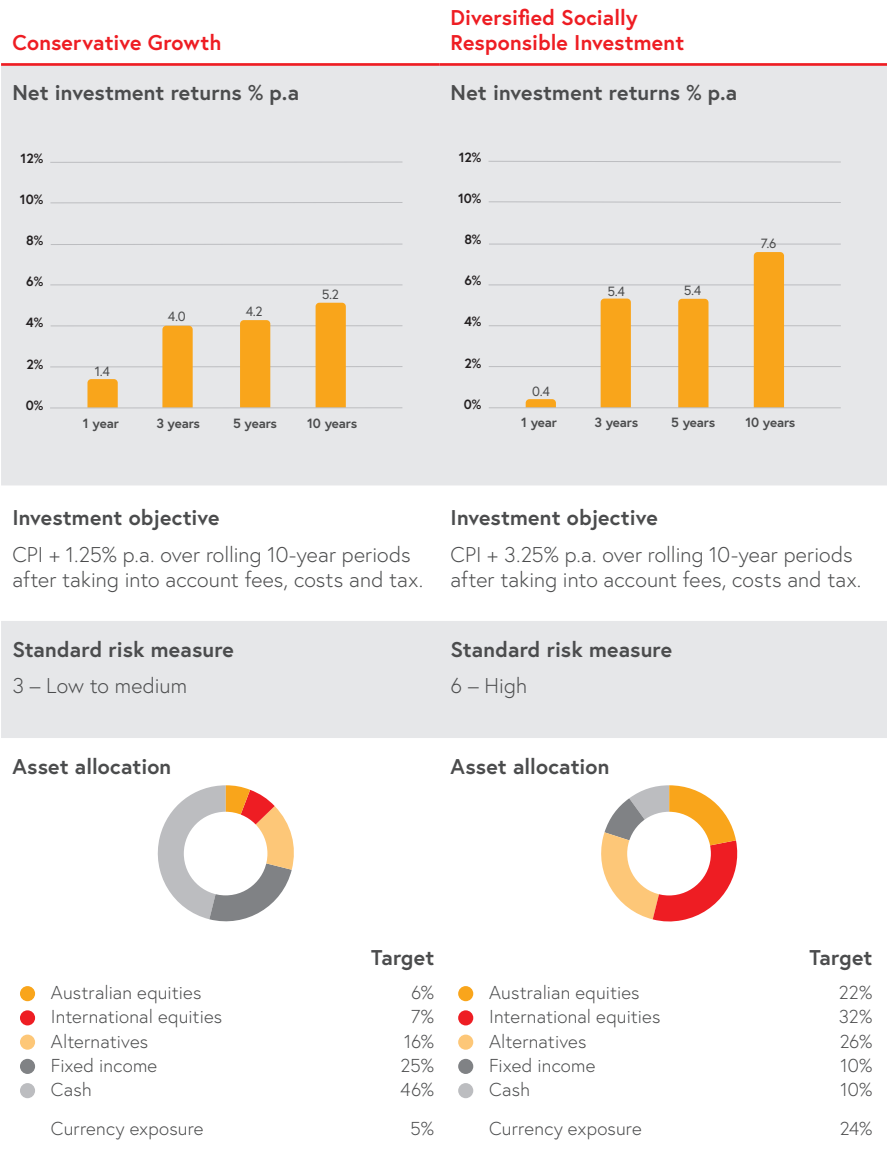
for the year ended 30 June 2020

Aware Super Accumulation and Transition to Retirement Income Stream

Diversified options



All data as at 30 June 2020. 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 more information

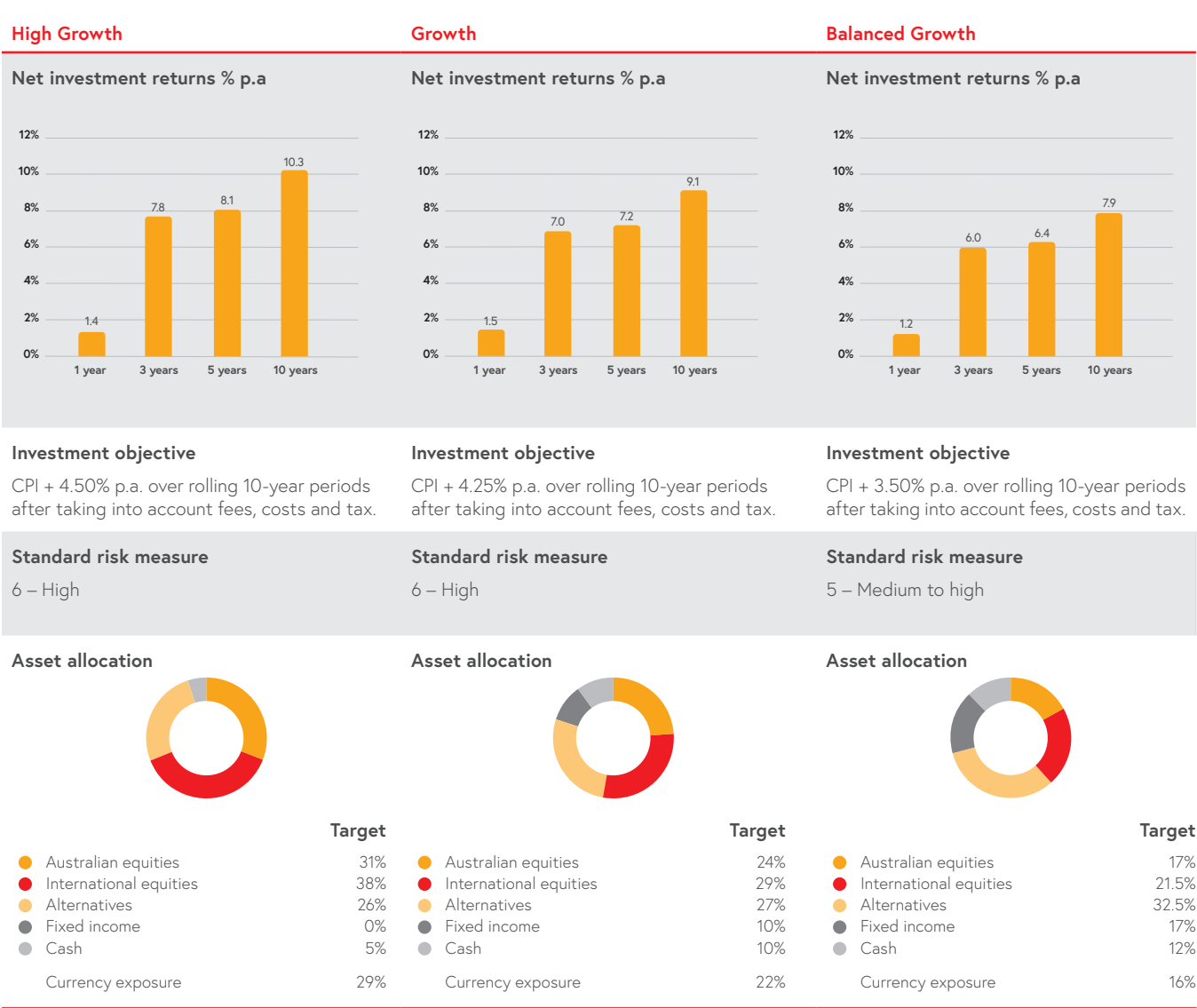
Our *Member Booklet Supplement: Investments* (for accumulation members), and the *Member Booklets* (for income stream members), have more information about the risk profile for each investment option.

You can call us on **1300 650 873** for a paper copy free of charge. They are also available on our website.

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

Aware Super Retirement Income Stream

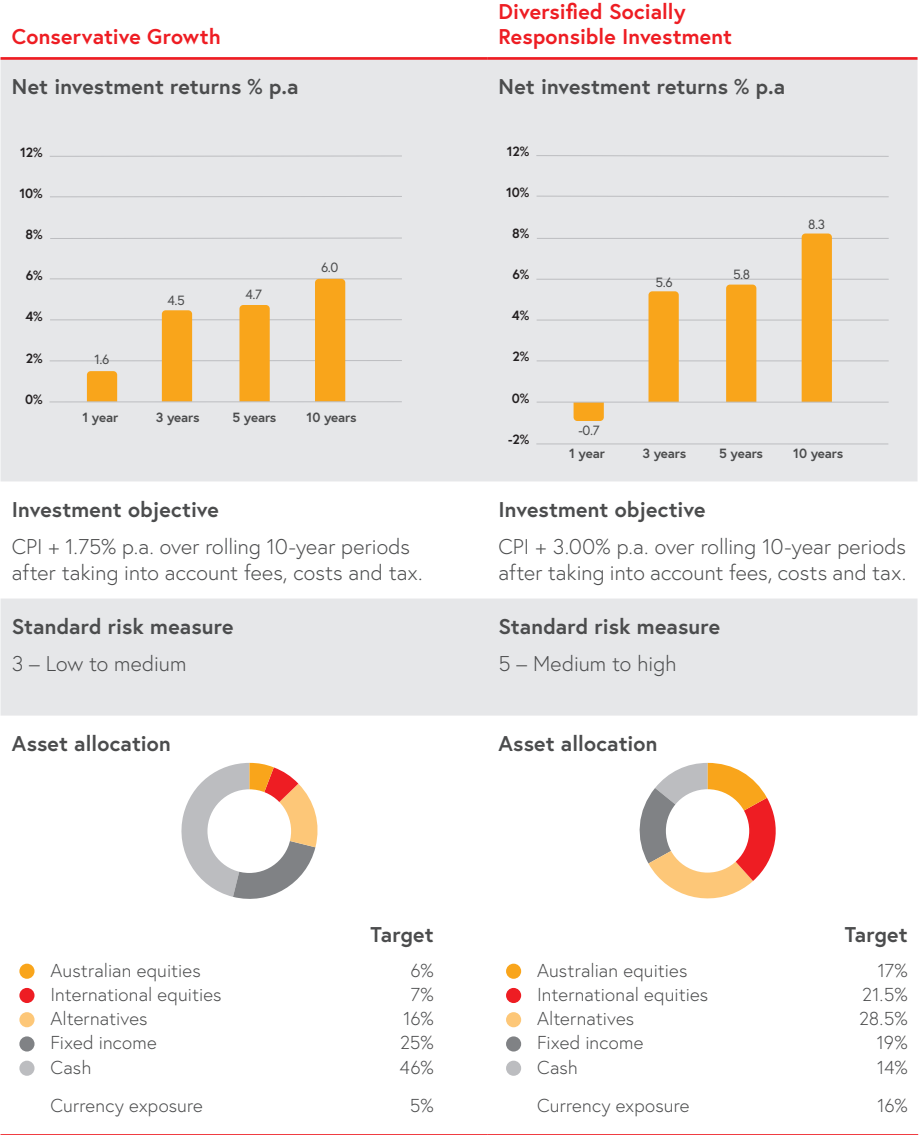
Diversified options



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Aware Super Retirement Income Stream

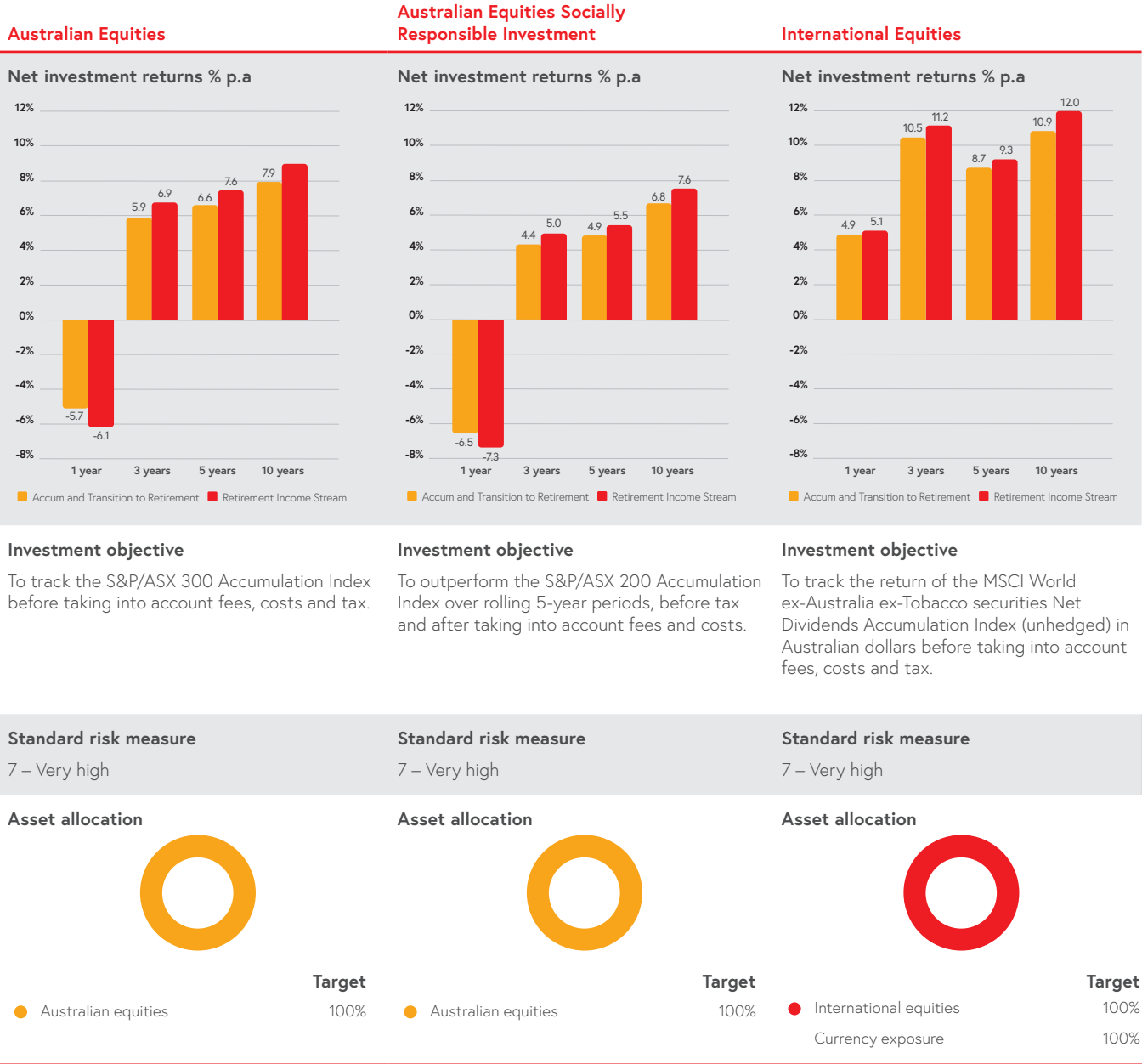
Diversified options



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Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream

Single asset class options



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Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream

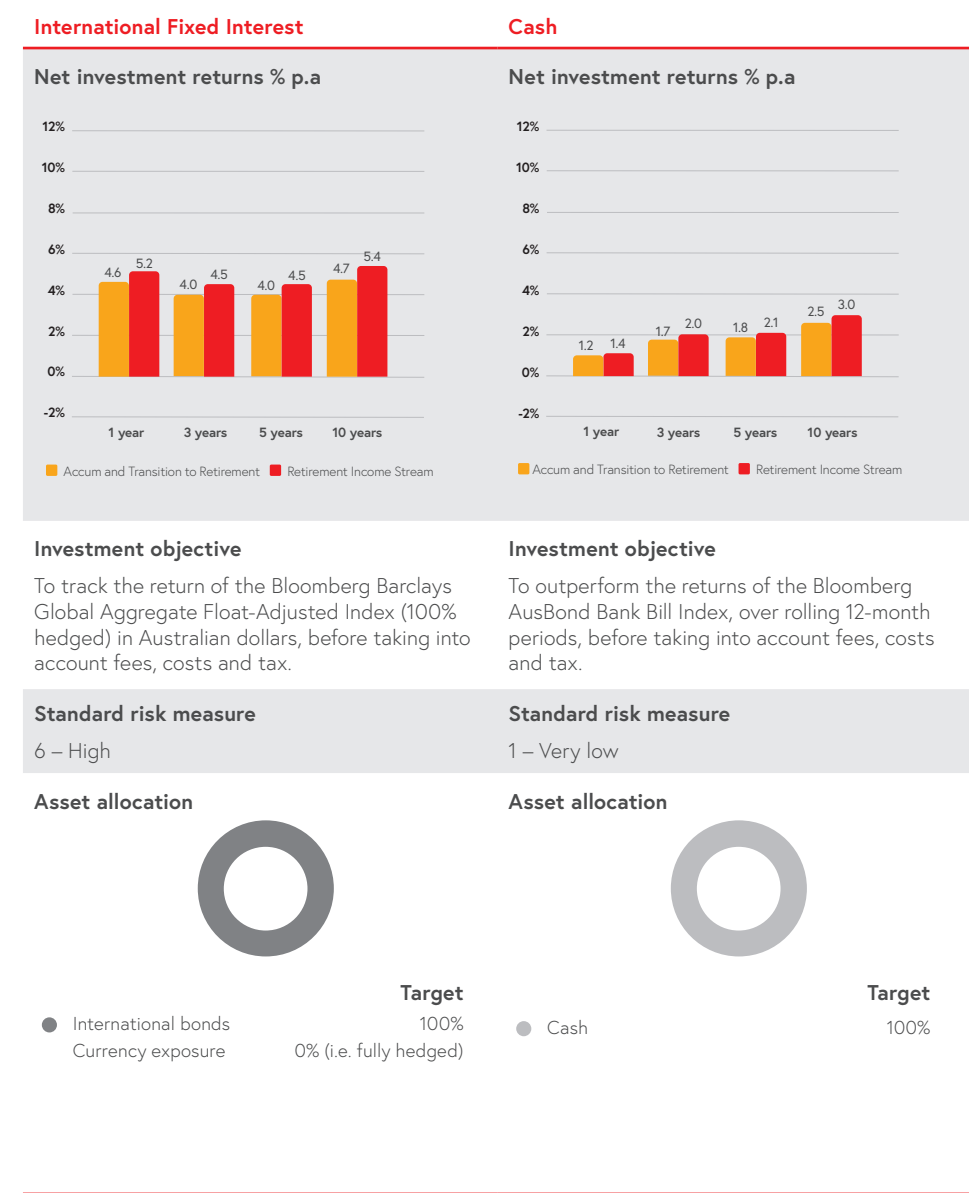
Single asset class options



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Aware Super Accumulation, Transition to Retirement Income Stream and Retirement Income Stream

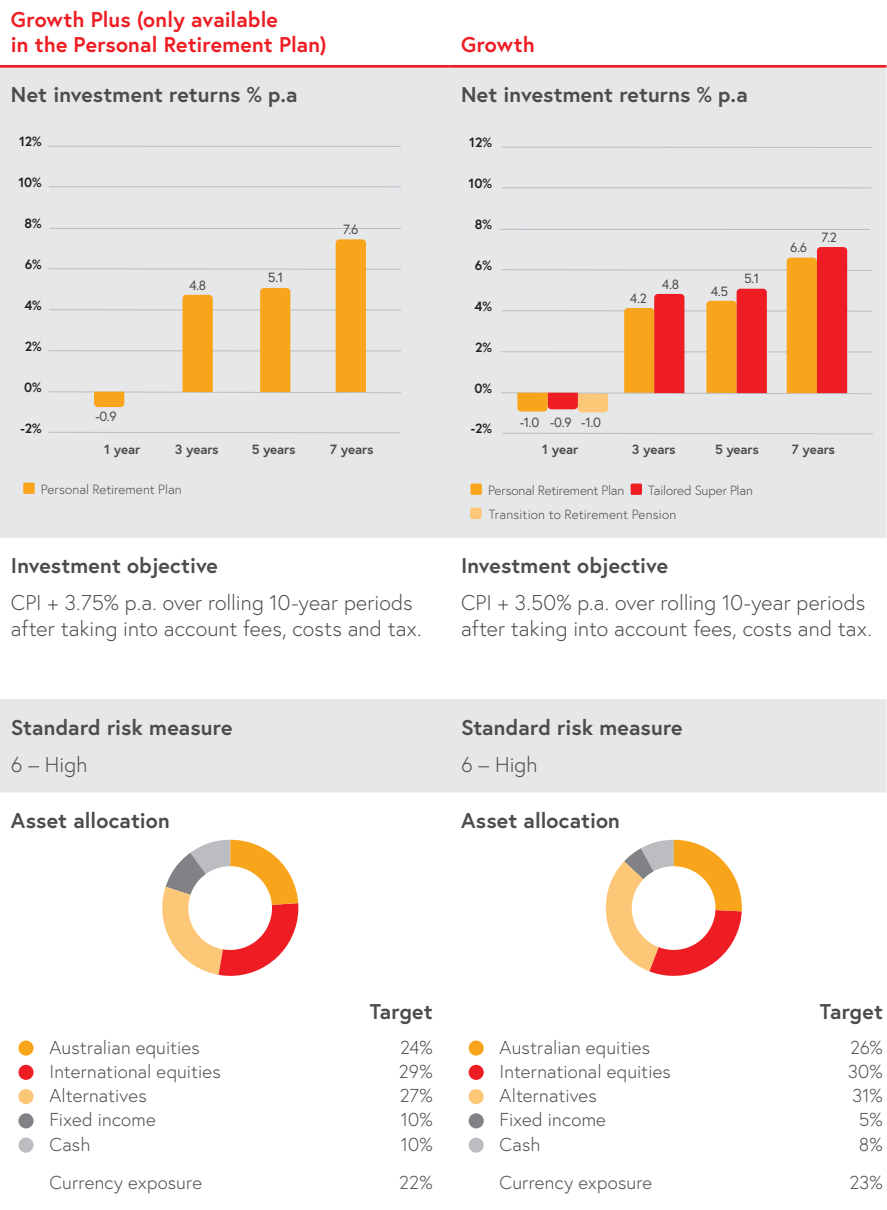
Single asset class options



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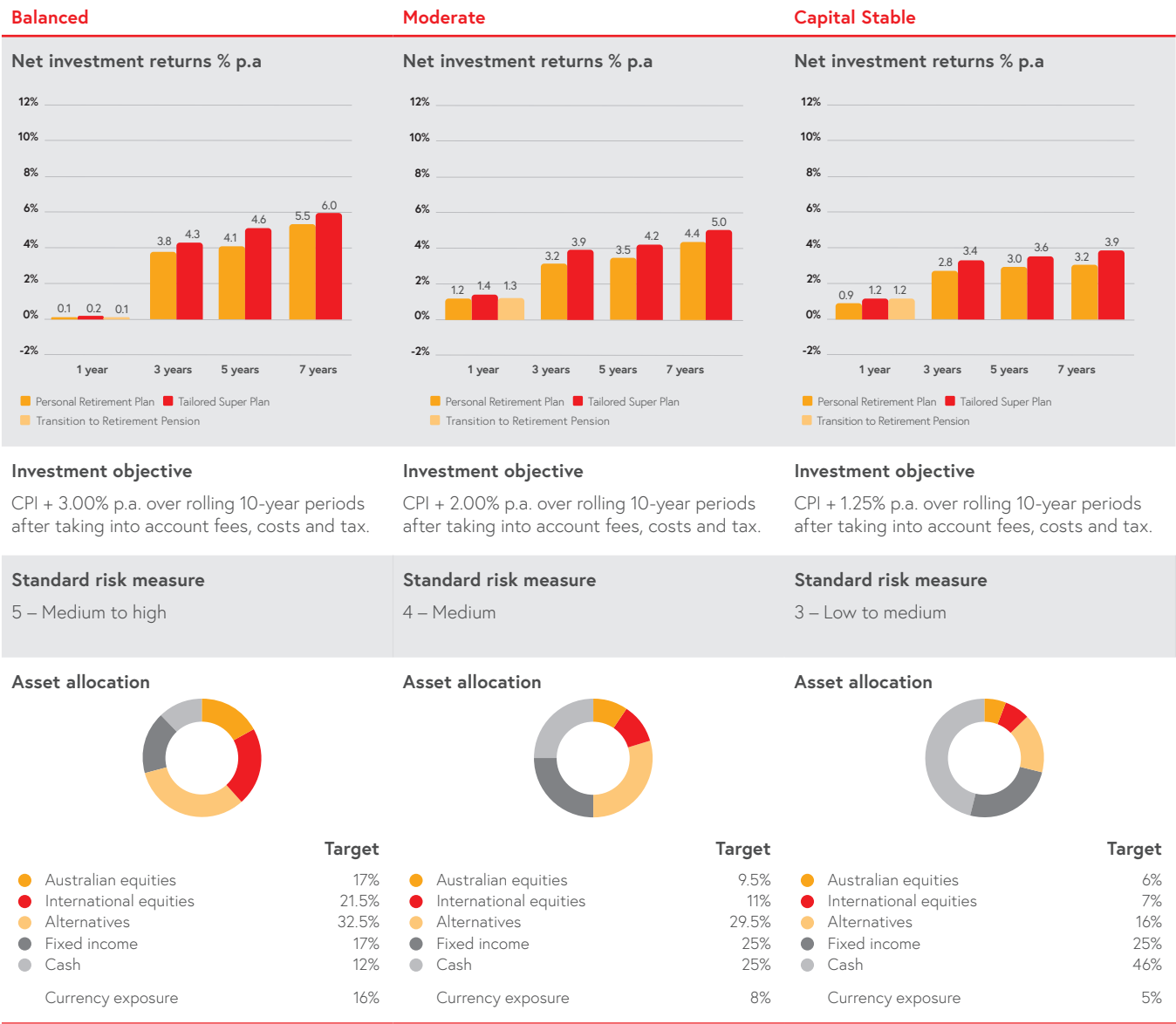
Aware Super Tailored Super Plan, Personal Retirement Plan and Transition to Retirement Pension

Diversified options



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

Diversified options



All data as at 30 June 2020. 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 more information

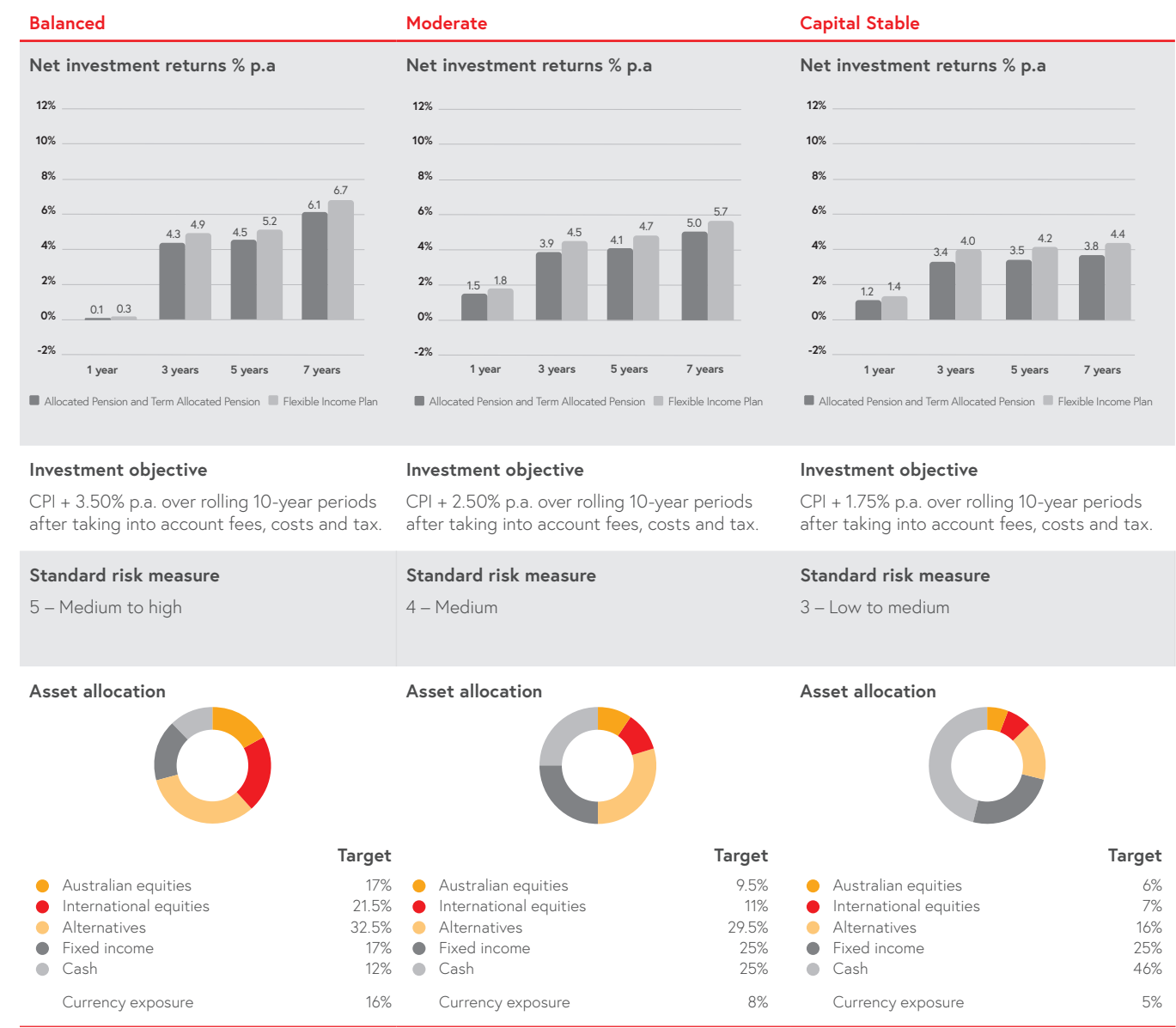
Our *Product Disclosure Statement* (for Transition to Retirement Pension, Flexible Income Plan and Allocated Pension/Term Allocated Pension members) has more information about the risk profile for each investment option.

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

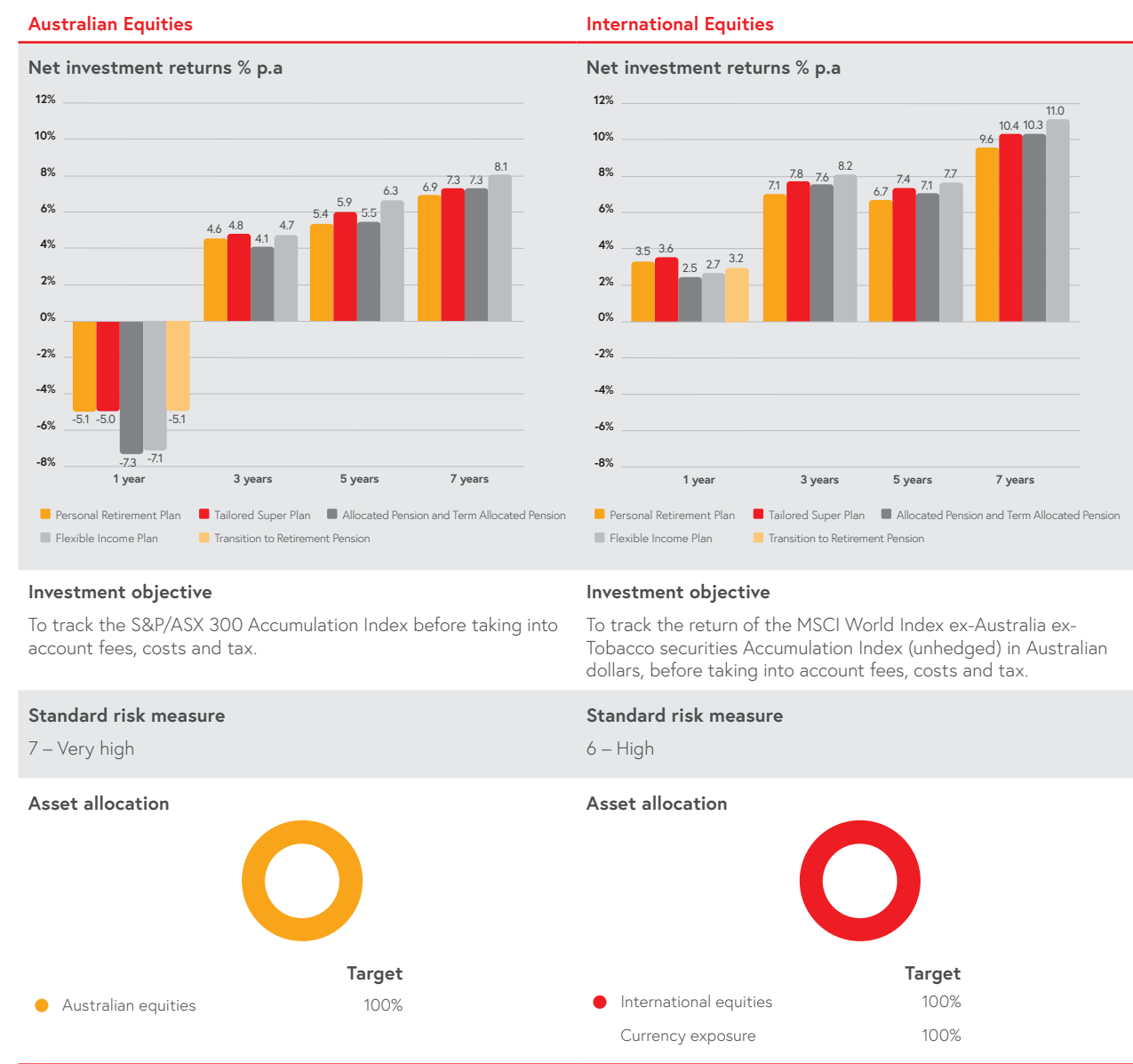
Diversified options



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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

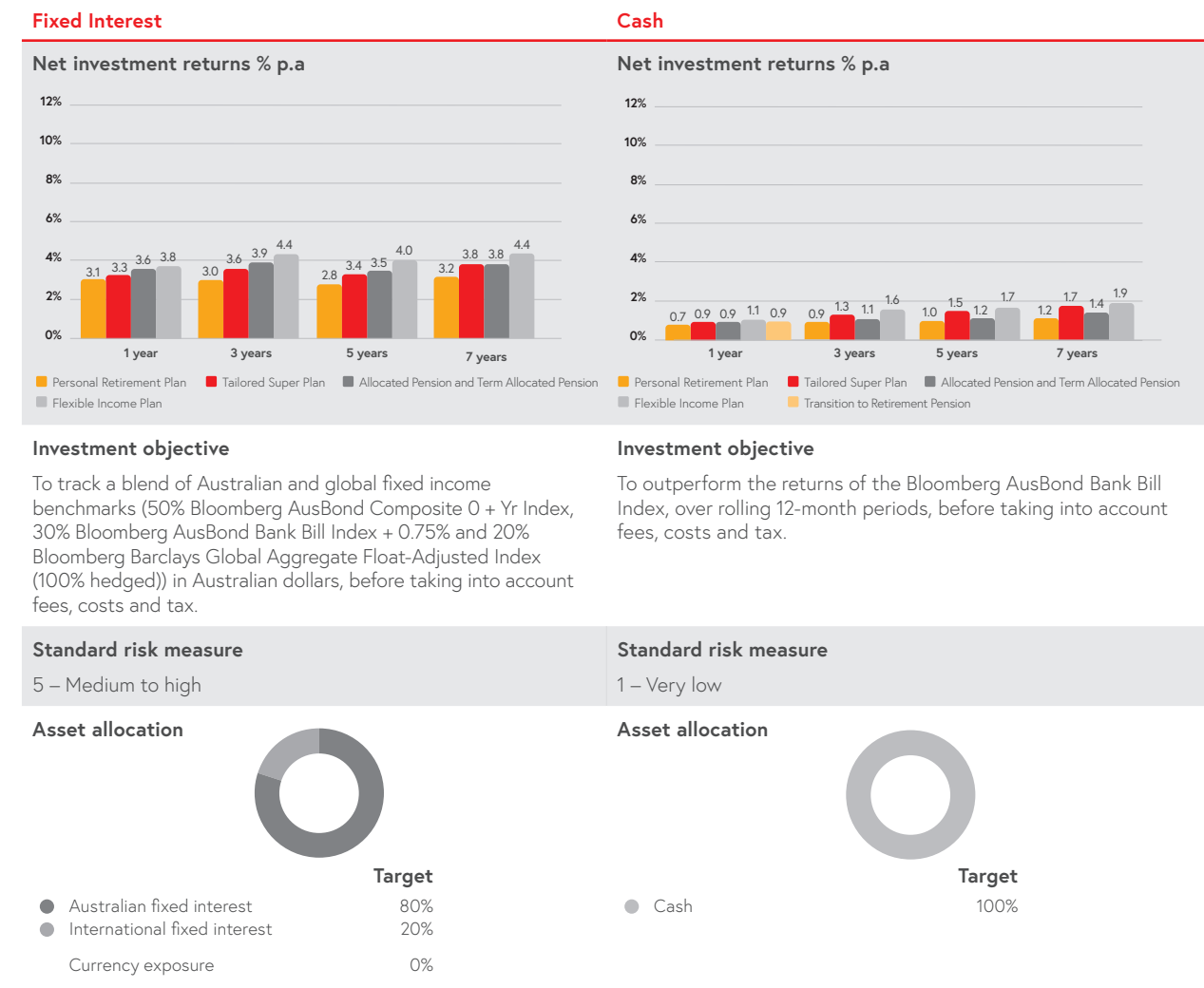
Single asset class options



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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





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