



Making a **difference**

**Product Performance
Report 2021**
VicSuper



How we report

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

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

Part of the Annual Report



Annual Report 2021



Aware Super Product Performance Report 2021



Governance Report 2021

Additional reports



Destination Net Zero Report



Stewardship Report 2021

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

Important information and disclaimer

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

Issued October 2021.



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



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

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

corporateresponsibility@vicsuper.com.au

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Looking to the future, our commitment to Victoria remains as strong as ever. We're supporting jobs growth with a co-investment in the \$200m Victorian Business Growth Fund, and investing in key community and urban regeneration projects, including Bendigo Hospital and Two Melbourne Quarter.

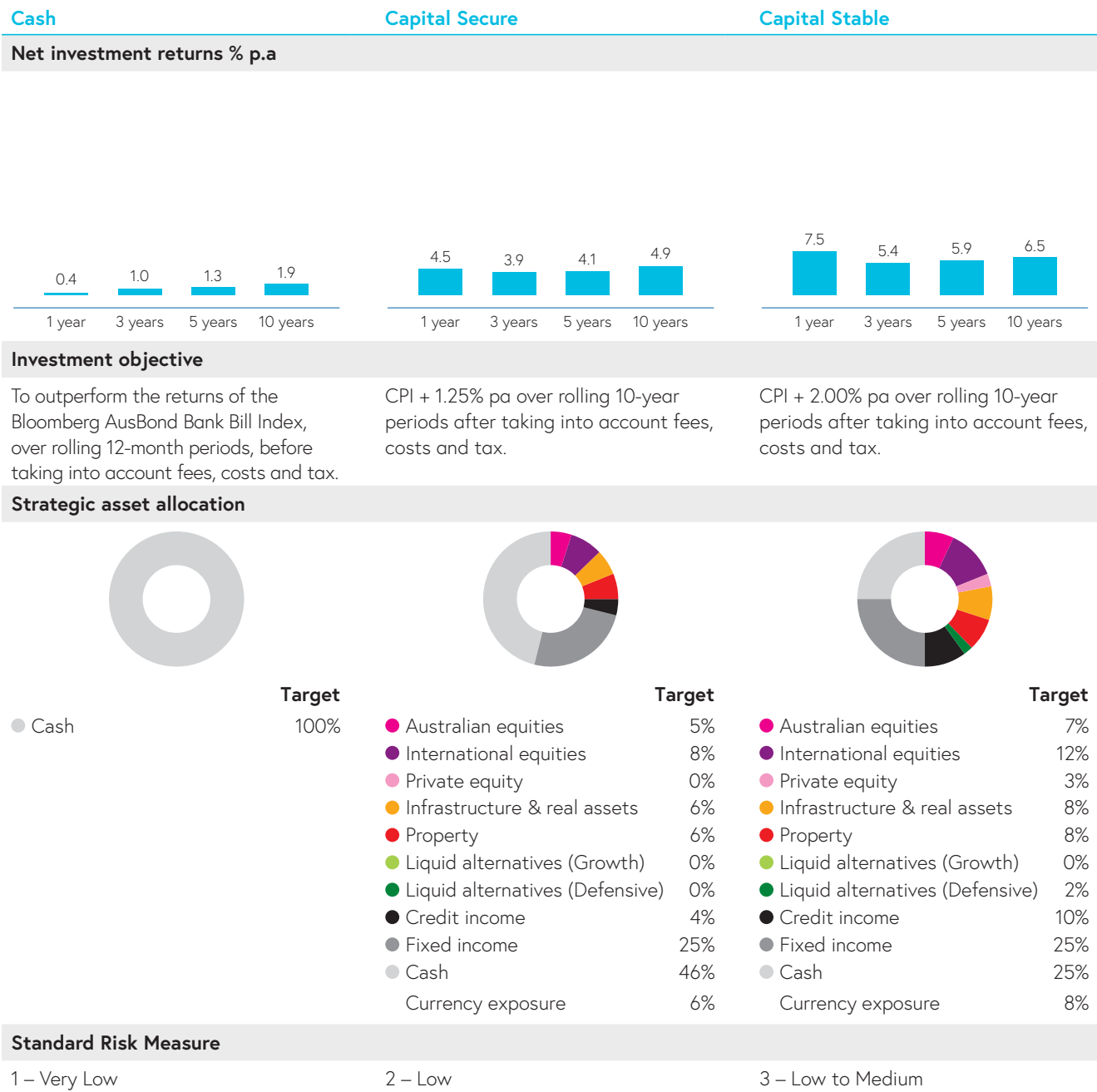


Investment objectives and performance

for the year ended 30 June 2021

VicSuper FutureSaver and Flexible Income with Transition to Retirement Feature

Investment options for members building their super



Investment objective

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

CPI + 1.25% pa over rolling 10-year periods after taking into account fees, costs and tax.

CPI + 2.00% pa over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation

● Cash

Target 100%

● Australian equities 5%

● International equities 8%

● Private equity 0%

● Infrastructure & real assets 6%

● Property 6%

● Liquid alternatives (Growth) 0%

● Liquid alternatives (Defensive) 0%

● Credit income 4%

● Fixed income 25%

● Cash 46%

● Currency exposure 6%

● Australian equities 7%

● International equities 12%

● Private equity 3%

● Infrastructure & real assets 8%

● Property 8%

● Liquid alternatives (Growth) 0%

● Liquid alternatives (Defensive) 2%

● Credit income 10%

● Fixed income 25%

● Cash 25%

● Currency exposure 8%

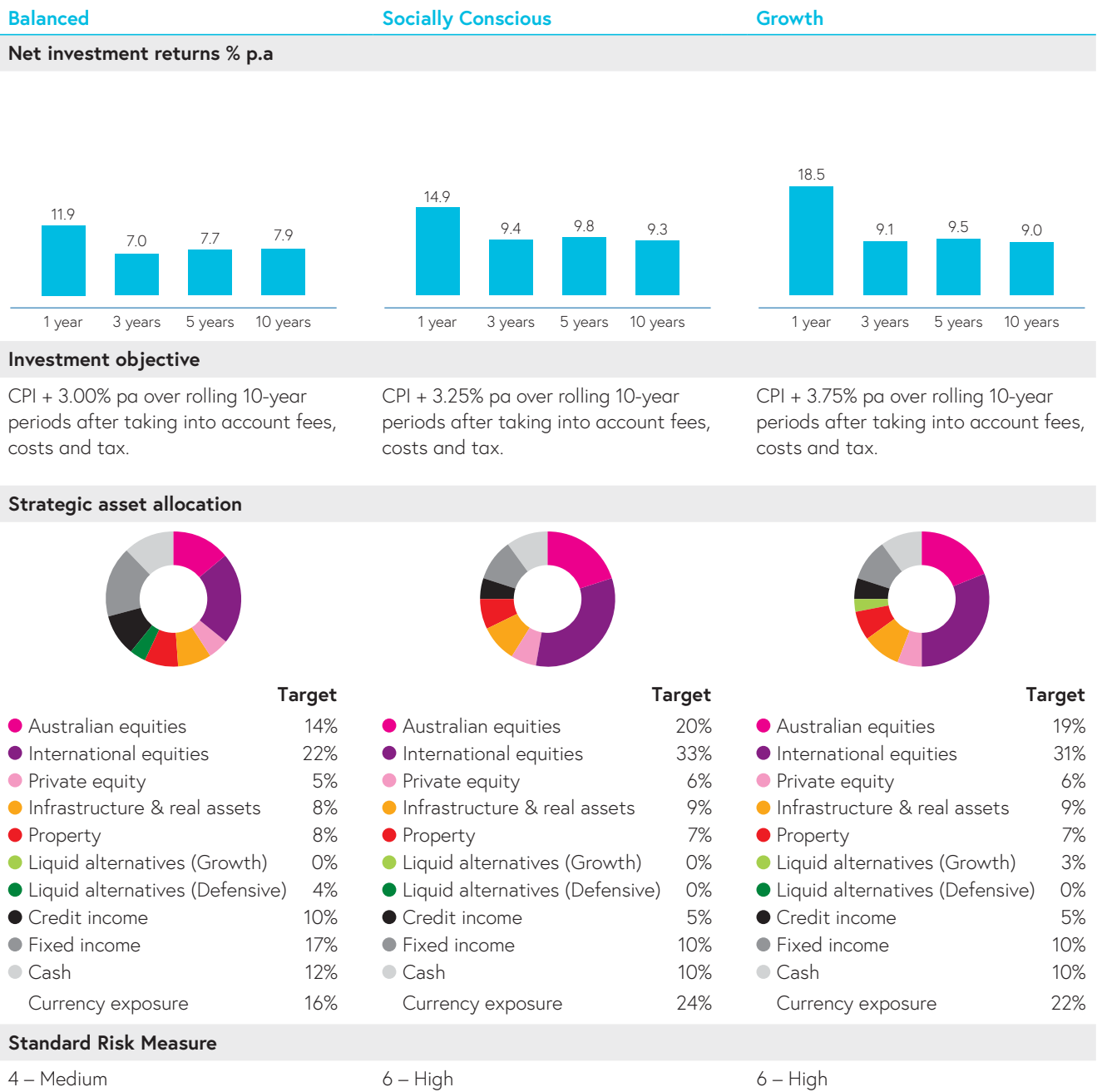
Standard Risk Measure

1 – Very Low

2 – Low

3 – Low to Medium

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



Investment objective

CPI + 3.00% pa over rolling 10-year periods after taking into account fees, costs and tax.

CPI + 3.25% pa over rolling 10-year periods after taking into account fees, costs and tax.

CPI + 3.75% pa over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation

● Australian equities 14%

● International equities 22%

● Private equity 5%

● Infrastructure & real assets 8%

● Property 8%

● Liquid alternatives (Growth) 0%

● Liquid alternatives (Defensive) 4%

● Credit income 10%

● Fixed income 17%

● Cash 12%

● Currency exposure 16%

● Australian equities 20%

● International equities 33%

● Private equity 6%

● Infrastructure & real assets 9%

● Property 7%

● Liquid alternatives (Growth) 0%

● Liquid alternatives (Defensive) 0%

● Credit income 5%

● Fixed income 10%

● Cash 10%

● Currency exposure 24%

● Australian equities 19%

● International equities 31%

● Private equity 6%

● Infrastructure & real assets 9%

● Property 7%

● Liquid alternatives (Growth) 3%

● Liquid alternatives (Defensive) 0%

● Credit income 5%

● Fixed income 10%

● Cash 10%

● Currency exposure 22%

Standard Risk Measure

4 – Medium

6 – High

6 – High

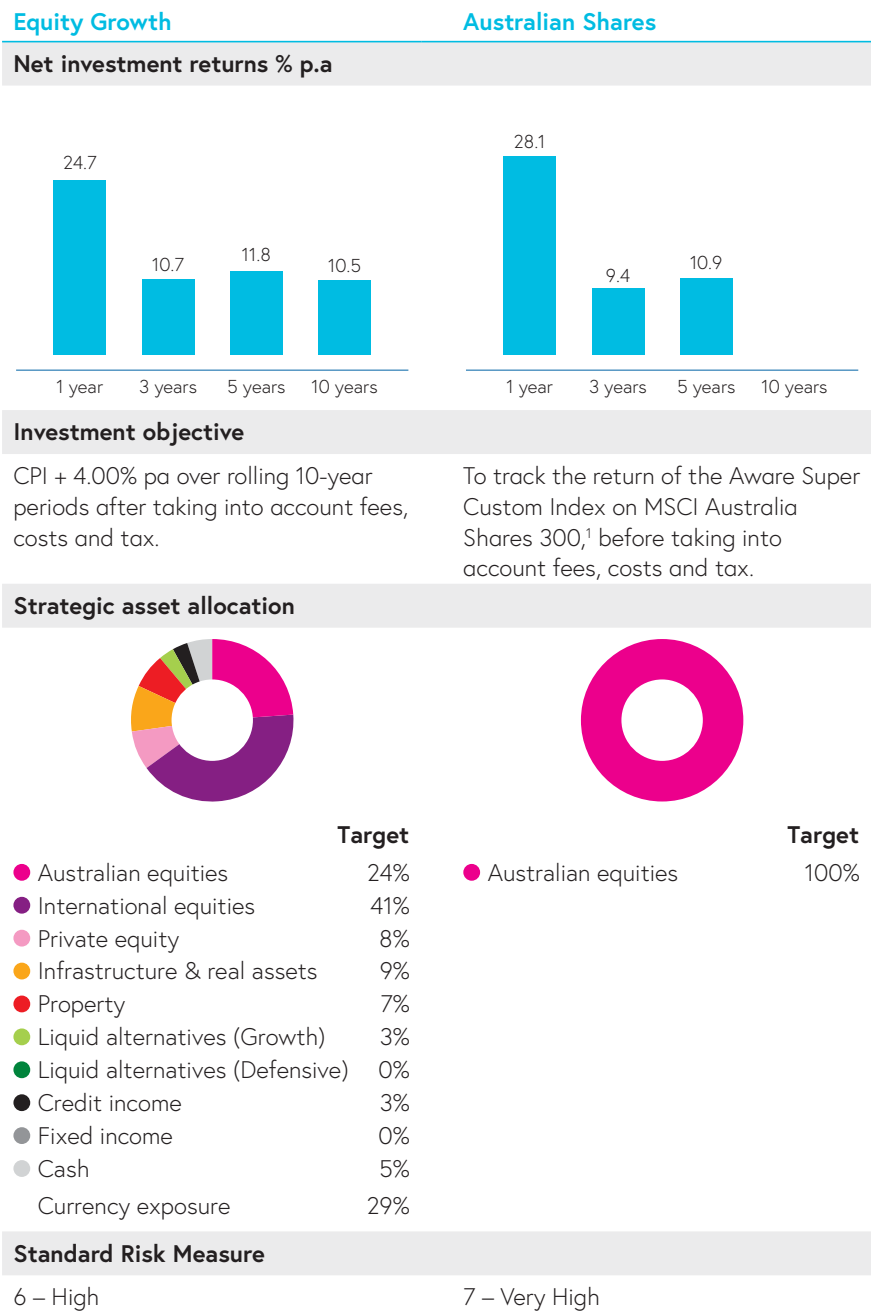
All data as at 30 June 2021. Net investment returns are compound average returns after allowance for tax (accumulation options only) and investment management expenses, but before the deduction of administration fees. We do not guarantee the performance of the investment options and the value of your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

Investment objectives and performance

for the year ended 30 June 2021

VicSuper FutureSaver and Flexible Income with Transition to Retirement Feature

Investment options for members building their super



Other investment disclosures

Investment fees

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

VicSuper FutureSaver and VicSuper Flexible Income with TTR feature

On 1 November 2020, we reduced the administration fees and fee cap for these products. The account keeping fee changed from \$78.21 per year (\$1.50 per week) to \$52.00 per year (\$1.00 per week). The Administration fee changed from 0.19% per year to 0.15% per year, and the administration fee cap reduced from \$1,500 per year to \$750 per year.

On 1 November 2020, we aligned the investment fee structure and the way we disclose these fees. We removed the indirect cost ratio (ICR) to show all investment-related fees and costs under the heading "investment fee" instead of showing indirect costs as a separate ICR (as was the approach previously). The investment fees for each of the diversified investment options now include the trustee's charge of 0.04% per year, as a component of 'Other fees and costs'.

VicSuper Flexible Income without TTR feature

On 1 November 2020 we reduced the account keeping fee from \$78.21 per year (\$1.50 per week) to \$52.00 per year (\$1.00 per week), and the administration fee changed from 0.22% per year to 0.20% per year.

On 1 November 2020 we also aligned the investment fee structure and the way we disclose these fees. We removed the indirect cost ratio

(ICR) to show all investment-related fees and costs under the heading 'investment fee' instead of showing indirect costs as a separate ICR (as was the approach previously). We introduced a management fee for each of the diversified investment options of 0.15% per year and for the Australian Shares investment option, a management fee of 0.06% per year. The management fee is not charged on Term Deposits or the Cash investment option.

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

vicsuper.com.au/fees

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

Investment reserves

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

Hedging

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

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

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

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

Derivatives

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

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

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

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

Custodian

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

Risk label

The Standard Risk Measure (SRM) allows consumers to compare investment options within and across funds. This methodology is based on one developed by the industry. We use it to assign a risk band, risk label and estimated number of negative annual returns,

over any 20-year period, to different investment options for comparison purposes. Band 1 is the lowest risk measure while Band 7 is the highest. The investments that make up the option and the risk profile of the asset classes determine the SRM of an investment option.

More information about the application of the standard risk measure can be found in the Standard Risk Measures sections of the following documents:

FutureSaver - How we invest your money

vicsuper.com.au/memberguide

Flexible Income

vicsuper.com.au/fipds

Calculating our members' returns

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

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

vicsuper.com.au/unit-prices

Holdings over 5% of total fund assets

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

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

vicsuper.com.au/investmentoptions

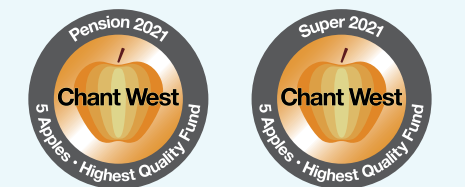
We do not guarantee the performance of the investment options. Past performance is not a reliable indicator nor is it a guarantee of future performance.

Recognition and awards

Canstar Rating



Chant West Awards



Money Magazine



SuperRatings Awards





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