

VicSuper Product
Performance Report 2022

There for
our members



How we report

Our purpose is to be a force for good in super and retirement, shaping the best outcomes for our members, their families and communities, and our industry.

Our 2021–22 Annual Report is only one of the many ways in which we live up to this purpose by communicating to our members and other stakeholders on our performance during the year, key outcomes achieved and our outlook for the future.

Our annual reporting documents include:



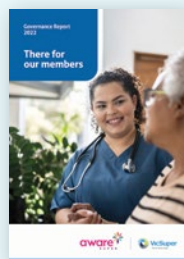
Annual Report 2022



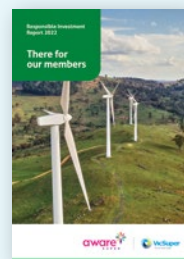
Aware Super Product Performance Report 2022



VicSuper Product Performance Report 2022



Governance Report 2022

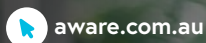


Responsible Investment Report 2022

Additional report

Disclaimer

For more information or to request a printed copy free of charge, call 1300 650 873.



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 November 2022.

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Investment objectives and performance

For the year ended 30 June 2022



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Other investment disclosures

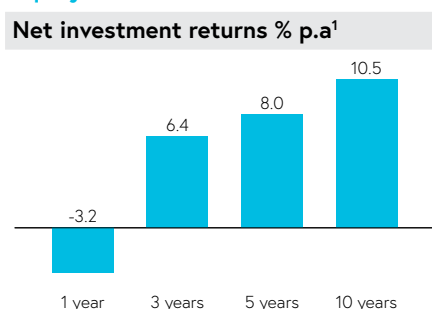


Investment objectives and performance

For the year ended 30 June 2022

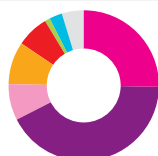
VicSuper FutureSaver and Flexible Income with Transition to Retirement feature Diversified investment options for members building their super

Equity Growth



Investment objective²
CPI + 4.00% p.a. over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation³



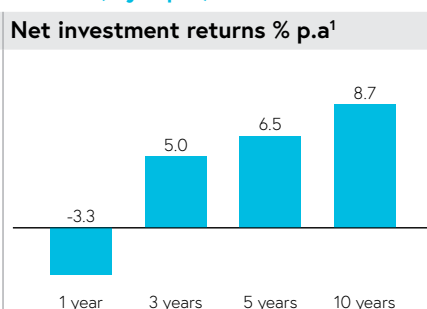
Target %

● Australian equities	25.5
● International equities	42.0
● Private equity	8.0
● Infrastructure & real assets	9.0
● Property	7.0
● Liquid alternatives (Growth)	1.0
● Liquid alternatives (Defensive)	0.0
● Credit income	3.0
● Fixed income	0.0
● Cash	4.5
● Currency exposure ⁴	27.0

Standard risk measure⁵

6 – High

Growth (MySuper)



Investment objective²
CPI + 3.75% p.a. over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation³



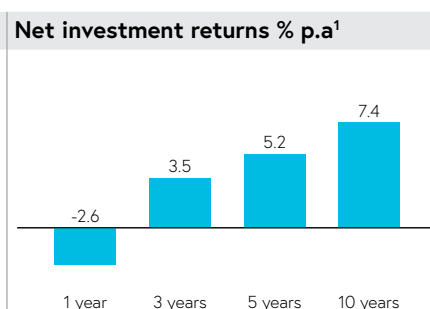
Target %

● Australian equities	21.5
● International equities	35.0
● Private equity	6.0
● Infrastructure & real assets	9.0
● Property	7.0
● Liquid alternatives (Growth)	1.0
● Liquid alternatives (Defensive)	0.0
● Credit income	5.0
● Fixed income	10.0
● Cash	5.5
● Currency exposure ⁴	22.0

Standard risk measure⁵

6 – High

Balanced



Investment objective²
CPI + 3.00% p.a. over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation³



Target %

● Australian equities	15.0
● International equities	24.5
● Private equity	5.0
● Infrastructure & real assets	8.0
● Property	8.0
● Liquid alternatives (Growth)	1.0
● Liquid alternatives (Defensive)	0.0
● Credit income	7.0
● Fixed income	17.0
● Cash	14.5
● Currency exposure ⁴	16.0

Standard risk measure⁵

4 – Medium

1 All data as at 30 June 2022. 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.

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3 We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. For information on the current asset allocations, see vicsuper.com.au/assetallocations

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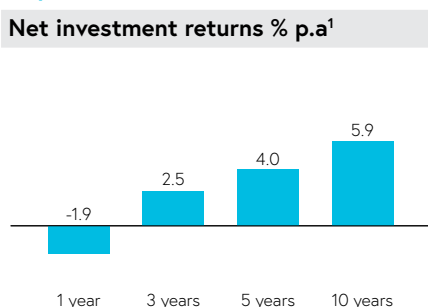
5 For information on the methodology used to determine risk measures, see vicsuper.com.au/understanding-risk



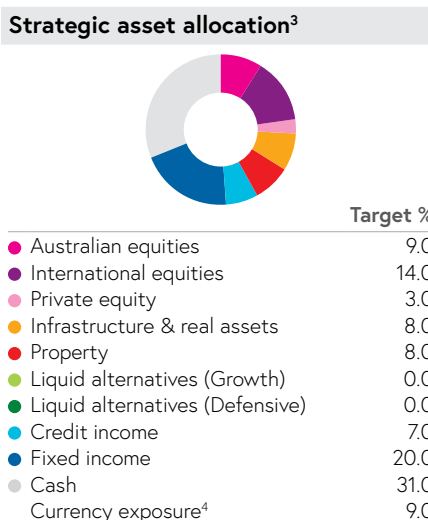
The Certification Symbol signifies that a product or service offers an investment style that takes into account certain environmental, social, governance or ethical considerations. The Symbol also signifies that the Aware Super Australian Equities SRI option adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superfund Option. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Aware Super's methodology and performance can be found at responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.



Capital Stable



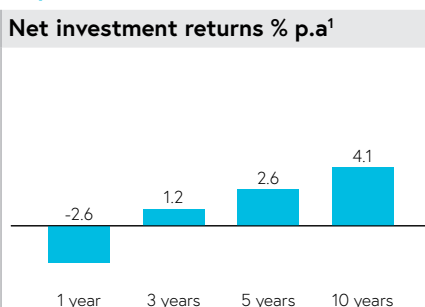
Investment objective²
CPI + 2.00% p.a. over rolling 10-year periods after taking into account fees, costs and tax.



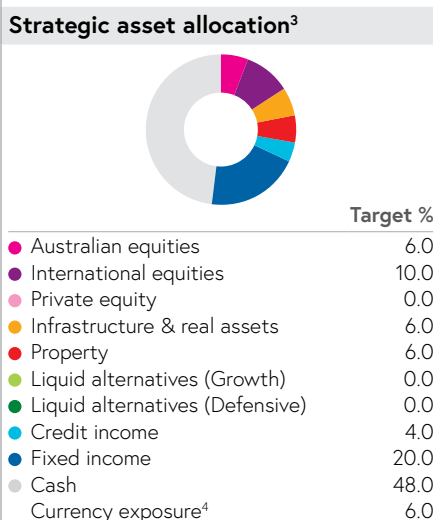
Standard risk measure⁵

3 – Low to medium

Capital Secure



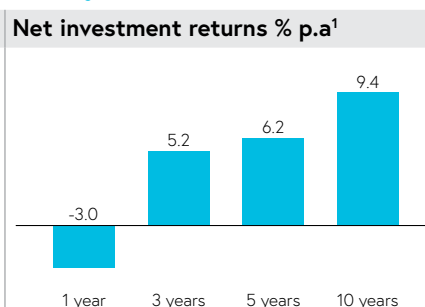
Investment objective²
CPI + 1.25% p.a. over rolling 10-year periods after taking into account fees, costs and tax.



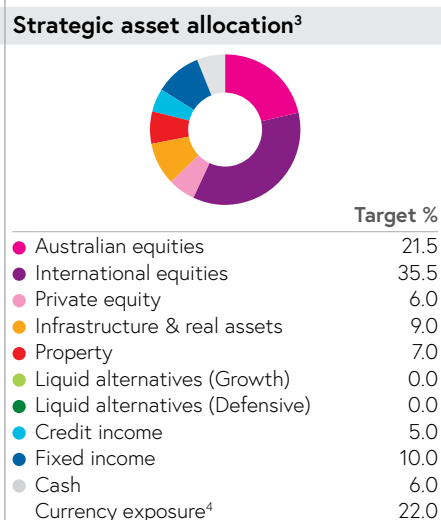
Standard risk measure⁵

2 – Low

Socially Conscious



Investment objective²
CPI + 3.25% p.a. over rolling 10-year periods after taking into account fees, costs and tax.



Standard risk measure⁵

6 – High

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Investment objectives and performance

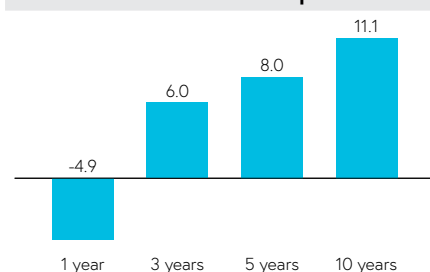
For the year ended 30 June 2022

VicSuper Flexible Income

Diversified investment options for retired members

Equity Growth

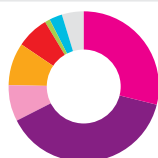
Net investment returns % p.a.¹



Investment objective²

CPI + 4.50% p.a. over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation³



Target %

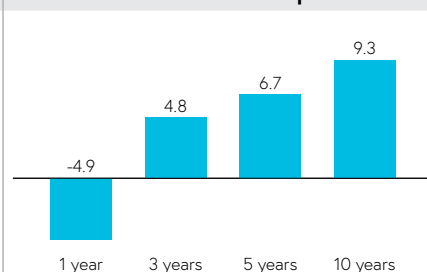
Australian equities	29.0
International equities	38.5
Private equity	8.0
Infrastructure & real assets	9.0
Property	7.0
Liquid alternatives (Growth)	1.0
Liquid alternatives (Defensive)	0.0
Credit income	3.0
Fixed income	0.0
Cash	4.5
Currency exposure ⁴	25.0

Standard risk measure⁵

6 – High

Growth (default option)

Net investment returns % p.a.¹



Investment objective²

CPI + 4.25% p.a. over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation³



Target %

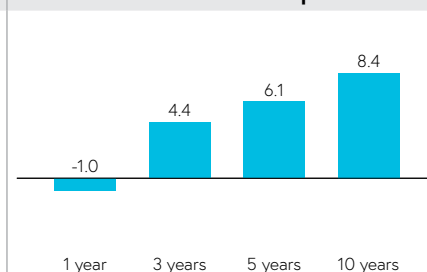
Australian equities	24.5
International equities	32.0
Private equity	6.0
Infrastructure & real assets	9.0
Property	7.0
Liquid alternatives (Growth)	1.0
Liquid alternatives (Defensive)	0.0
Credit income	5.0
Fixed income	10.0
Cash	5.5
Currency exposure ⁴	20.0

Standard risk measure⁵

6 – High

Balanced

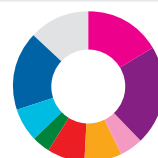
Net investment returns % p.a.¹



Investment objective²

CPI + 3.50% p.a. over rolling 10-year periods after taking into account fees, costs and tax.

Strategic asset allocation³



Target %

Australian equities	16.5
International equities	21.5
Private equity	5.0
Infrastructure & real assets	8.0
Property	8.0
Liquid alternatives (Growth)	0.0
Liquid alternatives (Defensive)	4.0
Credit income	7.0
Fixed income	17.0
Cash	13.0
Currency exposure ⁴	14.0

Standard risk measure⁵

4 – Medium

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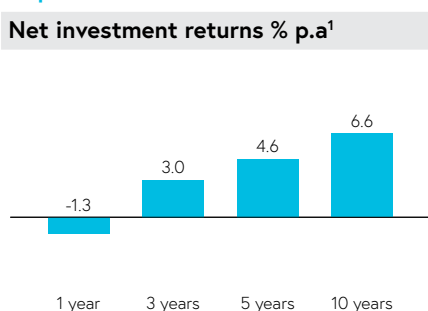
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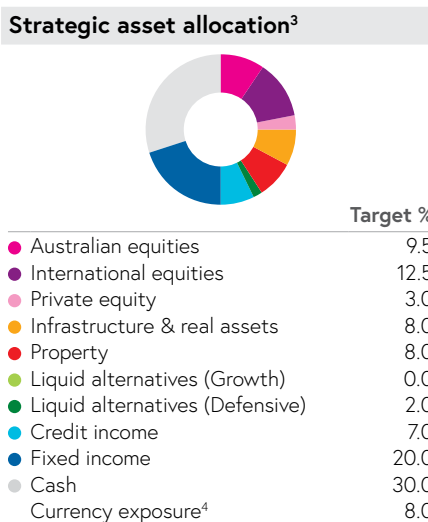
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Capital Stable



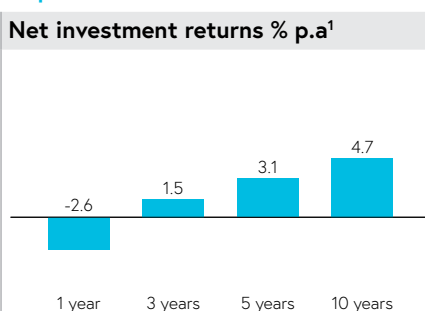
Investment objective²
CPI + 2.50% p.a. over rolling 10-year periods after taking into account fees, costs and tax.



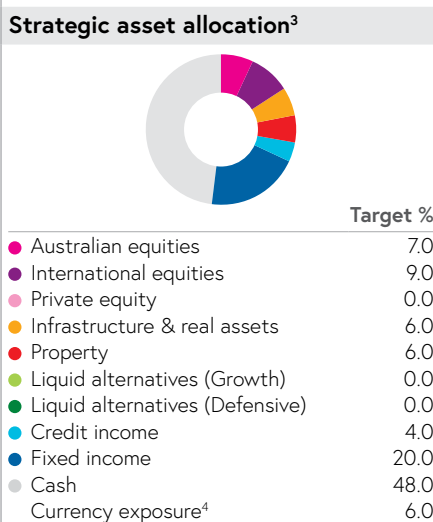
Standard risk measure⁵

3 – Low to medium

Capital Secure



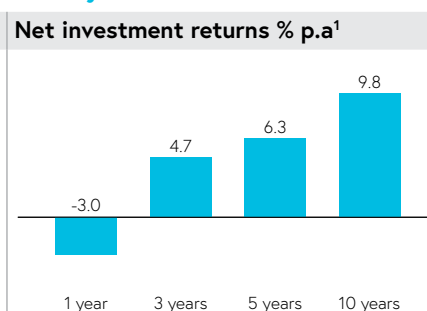
Investment objective²
CPI + 1.75% p.a. over rolling 10-year periods after taking into account fees, costs and tax.



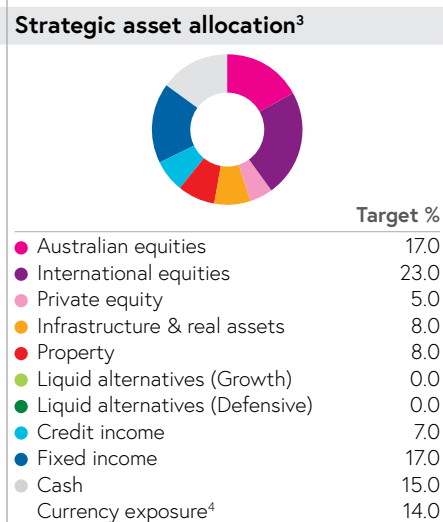
Standard risk measure⁵

2 – Low

Socially Conscious



Investment objective²
CPI + 3.00% p.a. over rolling 10-year periods after taking into account fees, costs and tax.



Standard risk measure⁵

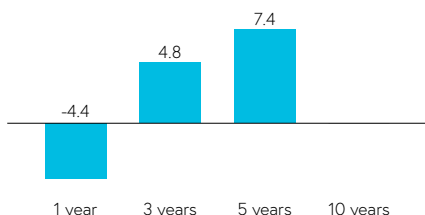




5 – Medium to High

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- For information on the methodology used to determine risk measures, see vicsuper.com.au/understanding-risk

Investment objectives and performance

For the year ended 30 June 2022

VicSuper FutureSaver, Flexible Income and Flexible Income with Transition to Retirement feature Single asset class options

Australian Shares	Cash	Term Deposit														
Net investment returns % p.a¹	Net investment returns % p.a¹															
																
Investment objective²	Investment objective²	Investment objective²														
To track the return of the Aware Super Custom Index on MSCI Australia Shares 300 ³ , before taking into account fees, costs and tax.	To meet or exceed the return of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.														
Strategic asset allocation⁴	Strategic asset allocation⁴	Strategic asset allocation⁴														
 <table><tr><td></td><td>Target %</td></tr><tr><td>● Australian equities</td><td>100.0</td></tr><tr><td>● Cash</td><td>0.0</td></tr></table>		Target %	● Australian equities	100.0	● Cash	0.0	 <table><tr><td></td><td>Target %</td></tr><tr><td>● Cash</td><td>100.0</td></tr></table>		Target %	● Cash	100.0	 <table><tr><td></td><td>Target %</td></tr><tr><td>● Cash</td><td>100.0</td></tr></table>		Target %	● Cash	100.0
	Target %															
● Australian equities	100.0															
● Cash	0.0															
	Target %															
● Cash	100.0															
	Target %															
● Cash	100.0															
Standard risk measure⁵	Standard risk measure⁵	Standard risk measure⁵														
7 – Very high	1 – Very low	1 – Very low														

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2 The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option.

3 A custom Index calculated by MSCI based on the responsible ownership criteria provided by Aware Super.

4 We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. For information on the current asset allocations, see vicsuper.com.au/assetallocations

5 For information on the methodology used to determine risk measures, see vicsuper.com.au/understanding-risk

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.

While the trustee does not charge performance fees, we have performance fee arrangements with certain investment managers. Under these arrangements, performance fees are paid if the manager delivers performance above an agreed level. As these fees are dependent on the performance of the underlying managers, they can vary from year to year. However, most of these performance fees are accrued and only paid on the realisation of an investment, so it's possible not all these costs will end up getting paid.

The strong returns in the 2020–21 financial year resulted in an increase in performance-related costs, particularly for options with higher allocations to unlisted asset classes, such as private equity, property and infrastructure and real assets. Performance fee arrangements are common for these asset classes and it would be difficult to access certain investment opportunities without having performance fee arrangements in place with our investment managers. Performance fees can be used to align the investment outcomes of our members with the interests of our investment managers, by giving them an incentive to deliver strong performance. In other words, they get paid more when performance is high.

While we try to keep our fees and costs as low as possible, we believe investments in these asset classes are

important as they help diversify risk and enhance returns for our members over the long term (even after taking into account the total fees paid).

Our fees for the 2021–22 financial year, which are disclosed in the Product Disclosure Statement dated 30 September 2022, are generally lower than the fees in the 2020–21 financial year. In some cases, such as in our higher risk diversified options, we have seen a sizeable reduction in the investment fees for the 2021–22 financial year. The reduction in investment fees can broadly be attributed to the removal of the management fee/trustee charge, the change to disclose performance fees using a five-year average rather than a one-year amount and strong negotiation on fees with our external managers. We've also increased the proportion of assets we manage ourselves in some asset classes (for example, cash, credit income, property and infrastructure) and this has helped to further drive down costs.

In the 2021–22 financial year, VicSuper transitioned into the new regulatory guidelines for fee disclosure. As part of these requirements, performance fees are reported as a five-year average. This will help reduce the volatility of investment fee reporting in future years.

VicSuper FutureSaver and VicSuper Flexible Income with TTR feature

As a component of 'Other fees and costs', the investment fees for each of the diversified options include the trustee's charge of 0.04% per year. The trustee charge will no longer apply from 30 September 2022.

VicSuper Flexible Income without TTR feature

The investment fees for these accounts include a management fee of 0.15% per year for diversified options and 0.06% per year for single asset class options (excluding the cash option). The management fee is payable for

expenses related to the development of enhanced retirement offerings, retirement specific product management strategies and expenses incurred by the trustee (e.g. fund governance). Note the management fee will no longer be charged from 30 September 2022.

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. For information about our latest estimated investment fees, see:

 vicsuper.com.au/fees

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 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.

Other investment disclosures (continued)



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 considered derivatives.

We consider the use of derivatives as part of our fund's overall investment strategy and for each investment option. Derivatives may be used to enhance returns, manage tactical investment decisions (e.g. asset allocation activities), improve transaction efficiency and reduce costs, and manage risk (e.g. hedging against foreign currency changes).

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.

For more information about the application of the standard risk measure, see the Standard Risk Measures sections of the following documents:

- FutureSaver – How we invest your money
vicsuper.com.au/membersguide
- 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. For more information about the current and historical unit prices for all our investment options, see:

vicsuper.com.au/unit-prices

Holdings over 5% of total fund assets

At 30 June 2022, there were no exposures over 5%. For more information about the portfolio holdings of each investment option, see:

[aware.com.au/
portfolioholdingsdisclosure](https://aware.com.au/portfolioholdingsdisclosure)

For more information about the risk profile of each investment option, see:

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



We'd love your feedback on our report

Let us know your thoughts on the content of our annual report by emailing us:

 corporate.responsibility@aware.com.au

Canstar¹



Chant West²



Money magazine³



SuperRatings⁴



1 Canstar Outstanding Value Award – Superannuation – 2022 awarded March 2022. The 5-Star Rating for Outstanding Value Superannuation 2020 was awarded in March 2020 when VicSuper FutureSaver was part of the Victorian Superannuation Fund. From 1 July 2020, it is offered as part of the VicSuper division in Aware Super. As the product features have not materially changed, the award continues to apply.

2 Chant West © Zenith CW Pty Ltd ABN 20 639 121 403 (Chant West), AR of Zenith Investment Partners Pty Ltd ABN 27 103 132 672, AFSL 226872/AFS Rep No. 1280401, 2022. Chant West ratings (assigned December 2021) are limited to General Advice only. Individuals should seek their own independent financial advice, read the PDS or offer document and consider the appropriateness of any financial product in light of their own circumstances and needs before making any investment decision. The advice has been prepared without considering the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the

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3 Money magazine's Best of the Best Award 2022 for Innovation and Investment Leader. The Award recognises the major role Aware Super plays in the superannuation industry and that we're one of Australia's most consistent funds for high risk-adjusted returns. It also reflects our recent innovations including the new lifecycle default product, our investment in affordable housing and our commitment to responsible ownership.

4 SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings), a third party company, has issued the Platinum rating to Aware Super. This rating is SuperRatings' highest rating; for details on their ratings, criteria and methodologies see superratings.com.au. Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Aware Super has received SuperRatings' Infinity recognition as an Australian superannuation fund leading the industry in sustainable behaviour, as well as having a genuine commitment to responsible investment principles. Past performance information is not indicative of future performance. © 2022 SuperRatings. All rights reserved.



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