

# Annual Report 2018/19



Supporting members for  
**30 YEARS**

# Contents

**04**

**MTAA Super at a glance**

**06**

**Chairman and CEO's message**

**10**

**MTAA Super: the journey so far**

**14**

**Super changes**

**28**

**Investments and performance**

**44**

**Governance**

This Annual Report is issued by the Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628, AFSL 238 718) the Trustee of the MTAA Superannuation Fund (ABN 74 559 365 913, USI MTA0100AU).

The information provided is of a general nature and does not take into account your specific financial needs or personal situation. You should assess your financial position and personal objectives before making any decision based on this information.

We also recommend that you seek professional advice from a licensed financial adviser.

MTAA Super holds an interest in each of the properties pictured in the report.

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Putting our  
members

# first

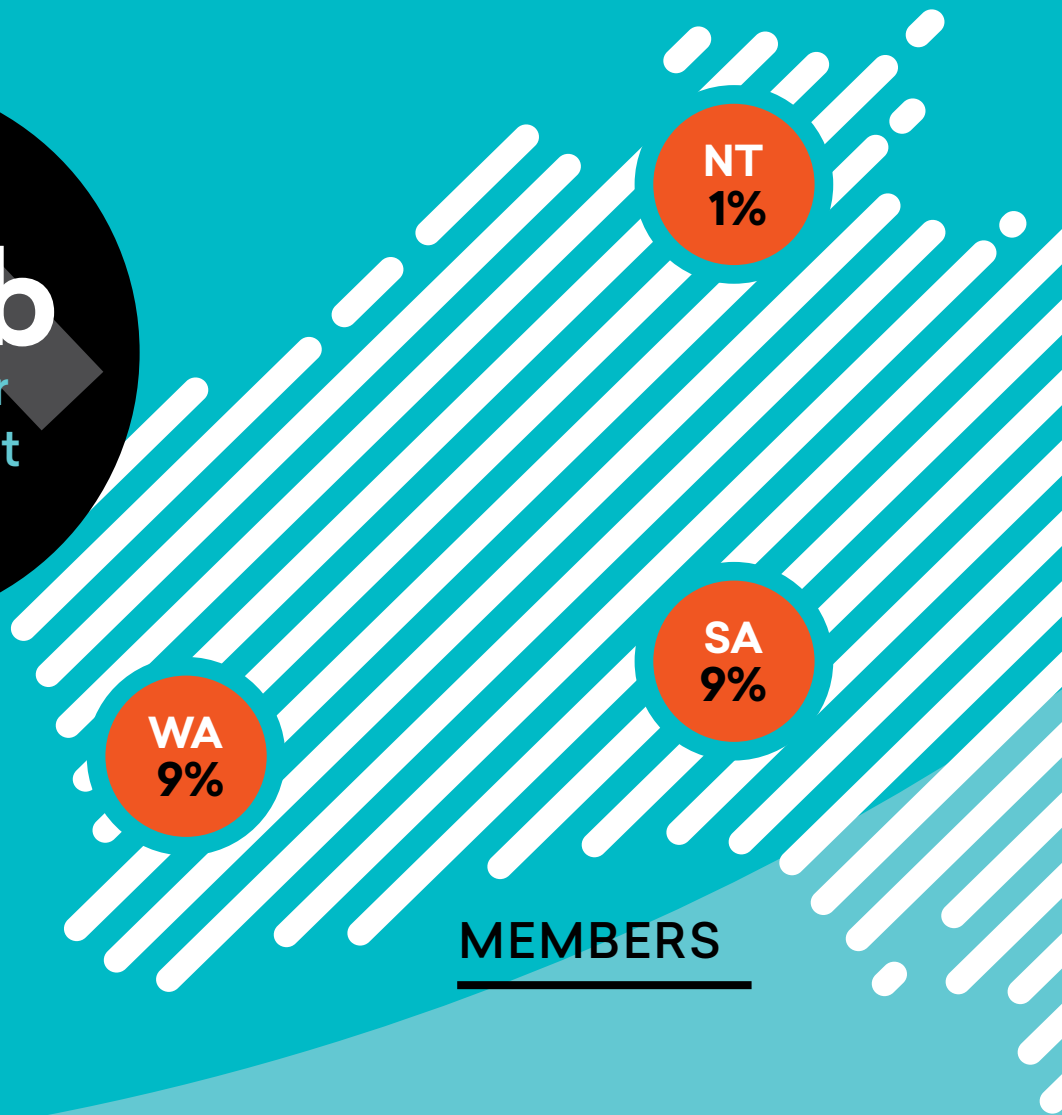
since 1989

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Sydney Airport, NSW

# MTAA Super

MTAA Super is the national super fund for the automotive industry. Since 1989, we've grown to become one of Australia's largest super funds and now drive the financial future of professionals from many trades and industries.



**MEMBERS**



# at a glance

as at 30 June 2019

**50,425**  
Active  
employers

**6,829**  
Members who  
received advice

**203,563**  
Members

**\$68.5m**  
Member  
contributions

**\$750.6m**  
Employer  
contributions

**\$28.3m**  
in TPD insurance  
claims paid

**\$41.3m**  
in Death  
insurance claims  
paid

**644,333**  
Website  
visits

**QLD**  
**13%**

**NSW**  
**39%**

**ACT**  
**2%**

**VIC**  
**26%**

**TAS**  
**1%**

# 30 years strong

## Chairman and CEO's message



This year MTAA Super has reached another significant milestone – 30 years of service to members. We're proud to report that we are as strong as ever.

Funds under management have grown to almost 13 billion – an increase of 60% in the last five years. Investment returns continue to be above the industry median. Fees have stayed low. Member services continue to improve and expand, making it easier for you to keep in touch with and manage your super.

At MTAA Super, we keep getting better.

While milestones are a perfect time to reflect on the past, they also provide an opportunity to look to the future.

With a strong foundation in place, we recently entered a binding Memorandum of Understanding (MOU) with Tasmania-based fund Tasplan, to investigate the possibility of merging the funds.

If successful, the merger would create a national super fund with more than \$22 billion in funds under management and approximately 330,000 members.

This would significantly increase our scale and let us deliver greater efficiencies to members through more competitive fees and returns, as well as improvements to our products and services.

The MOU allows both parties to thoroughly assess the potential merger, with the best interests of members being the key deciding factor.

While it's early days, we are excited about the potential opportunity at hand. Both MTAA Super and Tasplan are award-winning funds with a strong focus on excellence and providing quality, customised member and employer services. Together, we have an amazing opportunity to improve retirement outcomes for members of both funds, now and well into the future.

Furthermore, while growth has always been one of our key strategic objectives, it is perhaps more important now than ever. Recently, super funds have faced immense scrutiny and pressure to merge to ensure members get better outcomes through economies of scale.

While this pressure has not driven our decision to consider a merger with Tasplan — member outcomes are at the heart of every decision we make — doing so now may provide greater certainty and stability for the future.

We will keep all members updated on developments as they come to hand.

## A year of strong returns

We've continued to deliver strong investment returns for members with 7.66% p.a. for the My AutoSuper (Balanced) investment option and 8.63% p.a. for our Pension Balanced investment option as at 30 June 2019.

Assets under management continued to grow, despite volatile and unpredictable markets, with funds under management now over \$12.8 billion as at 30 June 2019.

This year's investment highlight was the sale of the Deepwater Container Terminal in Gdansk, Poland. As one of a handful of seed investors, we played a vital role in the port's construction, development and enhancement over more than a decade.

The sale of the port represents a 15% per annum return over fourteen years — more than seven times the initial cost of the investment.

This is a fantastic result for members and exemplifies the strategic work of our investment managers to protect and enhance the value of investments over the long-term.

## Reducing fees

As a profit-to-member fund, keeping fees as low as possible has always been a key priority.

On 1 February 2019, we reduced all member and pension administration fees from \$1.60 per week to \$1.50 per week — a saving of 6% per year.

For pension accounts, we dropped our asset fee to 0.10% for the first \$450,000 of your account balance. Previously fees were 0.15% for the first \$300,000. This change means significant savings for members with lower pension account balances, without the need to increase fees for members with higher balances.

## Enhancing services

Over the last few years, we've rolled out significant improvements to our education and advice services, digital systems, and insurance offerings. It's starting to pay off.

In the last 12 months, our super advisers provided over 6,800 pieces of advice, the MTAA Super app has been downloaded 5,606 times, and we have seen a significant improvement in processing times for insurance claims.

In May 2019, we launched the first of our *Understanding Your Super* videos — a series of short educational videos designed to demystify how super works and give you an overview of the full range of products and services you can access through your super.

We also introduced our first *Super Essentials for Women* workshops to provide practical super advice to help women achieve security and dignity in retirement.

## Supporting our industry

We have a long and close relationship with the motor trades and take pride in supporting its evolution and growth.

This year we have continued to support the Apprentice of the Year program and recognise the outstanding achievements of those who have excelled in their apprenticeships.

Our ongoing partnership with the Virgin Australia Supercars Championship and Triple Eight Engineering Team allowed us to offer 17 apprentices the chance to work with the Red Bull Holden Racing Team across 16 Supercars events in 2018/19.

Apart from rewarding hard work and dedication, this unique experience is aimed at inspiring these amazing young men and women to continue pursuing excellence throughout their careers.

## New community partners

We're always looking to better support our members and the community they live in. This year we embarked on two new partnerships that focus on men's health and reconnecting Indigenous communities with their super.

In June 2019, we signed an agreement with the Australian Prostate Centre (APC). The APC is a centre like no other, uniting research, education, treatment and support in a one of a kind, world-class facility. Our partnership will allow us to provide education and support to members for the early identification and treatment of prostate cancer.

We also teamed up with the Big Super Day Out – an Indigenous community event to help first Australians find their lost super, consolidate accounts, and become educated about the benefits that super offers. Our support enabled MTAA Super Adviser Craig Buchanan to visit Indigenous communities in Western Australia and East Arnhem Land to help them reconnect with their super.

These new initiatives will only enhance the good work we already do through support of the Mother's Day Classic, Road Safety Education, R U OK?, and the Australian National University's solar car team, *Sol Invictus*.

## Industry changes

2018/19 was a big year for super reforms, with several significant reports, recommendations and legislative changes set to reshape the industry.

In February 2019, the final report from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was released. The report was a damning indictment on the banks and their super funds, financial advisers, insurance companies and mortgage brokers.

Encouragingly, the findings highlighted that most industry super funds, including MTAA Super, were delivering positive outcomes to members. This is largely because, as a profit-to-member fund, we are not burdened by the demands of shareholders.

While confronting, the Commission's findings provide an opportunity for the industry to identify and eliminate unwanted elements in the financial sector. This will result in changes to the super industry, but that's a small price to pay for Australians to know their financial institutions are acting in their best interests.

For us, this will mean reviewing and updating policies, procedures, and systems to continue to remain compliant, whilst also maintaining our high customer service standards.

Given our history of strong leadership, governance and compliance, we are confident we can implement any changes with minimal impact to members.

## Important changes to insurance and low-balance accounts

Early 2019 also saw the Government's 'Protecting Your Super' legislation passed into law to protect Australians' super savings from unnecessary erosion by fees and insurance costs.

Under these changes, super accounts that are inactive for 16 months or more will automatically lose insurance cover, and inactive accounts under \$6,000 will be automatically transferred to the ATO.

While these changes will protect the super balances of many Australians, it may also leave many without insurance cover they need.

We started contacting affected members about this change in early 2019. So far over 8,000 people have already taken steps (opted-in or reactivated their account) to ensure they keep their cover.



Now, more than ever, we encourage all members to pay close attention to any correspondence you receive about your insurance cover. It may make a big difference to your financial security in the future.

## Looking ahead

No doubt the second half of 2019 will be focussed on due diligence on our potential merger. However, that will not distract us from continuing to deliver quality products and services to members with enhancements to our website, interactive statements and online tools and resources.

In the insurance space, we'll continue to implement our Insurance in Super Voluntary Code of Practice transition plan. Despite changes to accommodate recent *Protecting Your Super* measures, we remain on target to meet the 30 June 2021 deadline.

We'll also be introducing a new eClaims system to give you more options when making an insurance claim. Through eClaims, you will be able to upload claims documents directly from your smartphone or tablet, saving time and resources.

## Recognising our team

It takes a committed and hardworking team of people to serve our members and we'd like to thank our fellow Board members, the Executive Team, and MTAA Super staff for their significant efforts over the last 12 months.

We'd also like to acknowledge Bruce Hatcher who, after 7 years of service, resigned as an Employer Representative Director in early 2019.


Replacing Bruce is Geoff Lowe, who was appointed to the Trustee Board on 1 March 2019. With his extensive experience in the automotive industry, compliance, finance and accounting, marketing, and business management, Geoff will play a key role in helping our members secure positive retirement outcomes.

Of course, our continued success would not be possible without the loyalty of our members and employers, and the support of our service partners.

Thank you for your support and loyalty over the last 30 years. We look forward to supporting you for many more.



Leeanne Turner  
CEO



John Brumby  
Chairman

670 Chapel Street, VIC



# MTAA Super:

## the journey so far

1989

MTAA Super is established



1994

MTAA Super's membership rises by 23%. We become the 7th largest industry fund with 135,000 members.

1998

We become a 'public offer' fund and are now available to workers outside the auto industry.

1999

MTAA Super grows to 175,452 members with \$912m funds under management.

2003

We are one of the first industry funds to introduce My Choice investment options.

2012

Balanced and Growth investment options returns climb back above 10%.

2013

We launch the Pathways program to celebrate and promote the many and varied career paths in the auto industry.

2014

MTAA Super wins three prestigious industry awards: Fund Executive of the Year, AIST Trustee of the Year, and AIST Super Investment Award for Excellence. We become My AutoSuper authorised and have over 265,000 members and \$7.5b funds under management.

2015

MTAA Super wins Medium Fund of the Year at the 2015 Conexus Financial Superannuation Awards.

2016

We launch a bold new brand identity to better represent our diverse member base and embrace a new vision to be "Australia's most inspiring super fund".

# 1989–2019

The year was 1989. A standard postage stamp cost 41c. A litre of milk cost 85c. The average weekly rent was just \$125. Fuel prices peaked at 56.5c per litre.

More importantly, it was the year MTAA Super was established to support the retirement of those employed in the motor trades and allied industries.

In 1989, few Australians had super. Those who did were mainly white-collar public servants or high-paid private sector managers. Now, three decades later, most Australians have accumulated retirement savings throughout their lives.

In fact, as at September 2018, there was over \$2.8 trillion dollars invested in Australian super funds — more than double the national GDP.

Today, super doesn't just shape the retirement of Australians, it shapes many aspects of our everyday lives.

As one of Australia's leading super funds, we're proud to support the future of everyday Australians. Low fees and costs, advice to suit your needs, flexible investment options, motoring spirit. We put members first — always.

## 2004

We team up with Lifeline Australia to launch the readthesigns program aimed at reducing the impact of mental illness and suicide in the industry.

## 2005

MTAA Super was named Fund of the Year, the highest accolade from the independent ratings agency, SuperRatings.

## 2006

MTAA Super is one of the first industry funds to launch a pension product.

## 2008

MTAA Super wins Selecting Super's 2008 Fund of the Year. Our Balanced investment option is ranked #1 by SuperRatings for the previous ten, seven, five and three years (as at end of June 2008).

## 2009

The effects of the GFC hit the Fund. In response, we embark on a regime of change. We realign our asset allocations and become one of the first funds to adopt the '3x3x3' board model with equal representation from employers, members and independents.

## 2017

MTAA Super wins Medium Fund of the Year for a second time at the 2017 Conexus Financial Superannuation Awards. We sponsor Sol Invictus, the Australian National University's car entered in the World Solar Challenge.

## 2018

We launch the MTAA Super app and roll out expanded education and advice teams across the country. We launch two new insurance claims support services — tele-claims and claims tracker. We team up with suicide prevention charity R U OK? to launch the 'It takes a real workmate to ask R U OK?' campaign.

## 2019

MTAA Super grows to more than \$12b funds under management. We enter a Memorandum of Understanding with Tasplan to investigate a possible merger. If successful, it will create a national super fund with more than \$22b funds under management and 328,000 members.





# George Altomonte

## A look back with one of MTAA Super's founding fathers

Uniquely for an industry fund, MTAA Super grew out of an employer association – the Motor Trades Association of Australia (MTAA). One of the MTAA's major achievements was the sponsorship of MTAA Super, which formally commenced operations on 29 May 1989 as the result of the vision of the fund's ambitious founders.

To learn more about MTAA Super's early days, we spoke to one of the motor industry's most respected and influential figures— MTAA founding President and inaugural MTAA Super Chair, George Altomonte.

### **How did MTAA Super start?**

Back in the late 80s, I was the President of Motor Trades Association of NSW (MTA NSW) and I established a super fund to provide superannuation for member's employees. The Victorian Automobile Chamber of Commerce (VACC) did much the same thing.

Then, of course, in the early 90s, the Hawke/Keating government introduced compulsory superannuation. By this time, I had also established the MTAA.

So, the VACC and MTA NSW agreed to pool our funds to form a national superannuation fund – which became the MTAA Superannuation Fund.

### **How did employers view super at that time?**

I think there was a feeling in those days that if the employer could offer a super fund for an employee there was a greater ability to keep that employee. So, it had a lot to do with retaining good employees.

But I've always been a great supporter of super. I always thought that if you could save early in your working life for your retirement and you had a bit of money, you were probably a lot better off. I think that's still the case.

### **How would you describe the early days of MTAA Super?**

As an employer fund, we ran it very economically – we didn't have a lot of fees. On the fund management side, we were very diligent about making sure fund managers kept fees low too. I think that was one of our strengths.



### **What was the biggest challenge you faced as MTAA Super Chair?**

The biggest challenge came about four years into the fund. We were getting too large to manage and our administrators didn't have the computer systems needed at the time to handle it.

Originally the fund's management was run by AIM — a group insurance company that looked after VACC's insurance. John van Herwerden was the CEO there. He was a great man and was instrumental in establishing the fund in terms of management.

But we were getting too big too fast. So, we moved away from AIM and started managing it ourselves. We employed our own fund manager and administrators. It was quite a challenge and probably took about 12 months to restructure and reorganise, but I think it was the best thing we ever did. It created a lot of organisational efficiencies.

I owe a lot to the people who helped us through that time, especially the other directors like Bob Davidson, Sanny Morrison, Ken Cruise, Donald (Don) Holstock and Michael Delaney, who was the director of MTAA.

### **What do you think MTAA Super's biggest success has been?**

We always made sure that employers were well informed — particularly the smaller employers. We had reps out on the road who would go around and talk to the employers, so they were abreast with what was happening with the fund. I think they appreciated that. I'm glad to hear that still happens today.

### **Did you think the fund would grow as large as it has?**

Yes, I did. I stepped down from MTAA Super in '96 when we were just a shade under a billion funds under management. But I knew that as long we serviced members properly and kept fees under control, it was always going to grow significantly.

### **Where do you see MTAA Super in 30 years?**

Super will continue getting bigger. In another 20 years, it'll probably more than double what is it now. I think it's important that MTAA Super keep serving the industry well. Having the reps out on the road is a good thing. That means you're always in touch with your members — which is the most important thing.



# Super changes

## Regulatory changes

Several changes to super were passed into legislation during the year, including the Government's 'Protecting Your Super' reforms to protect account balances from unnecessary erosion by fees and insurance fees.

The following changes came into effect as of 1 July 2019.

### **Insurance cover to be cancelled on inactive accounts**

Insurance cover on all inactive super accounts will be automatically cancelled unless you notify us in writing that you want to keep your cover. For insurance purposes, accounts are considered inactive if we haven't received any contributions into your account in the last 16 months.

### **Inactive low-balance accounts to be transferred to the ATO**

Inactive accounts with a balance less than \$6,000 will automatically be transferred to the ATO. Where possible, the ATO will consolidate this balance into an active account you hold with another super fund.

For ATO purposes, your account is inactive if, in the last 16 months, we have not received a contribution into your account and you haven't made any updates to your account details, such as changing investment options, insurance cover, or making or amending a binding beneficiary nomination.

### **Removal of exit fees**

Super funds can no longer charge an exit fee when members change funds. MTAA Super implemented this change on 1 February 2019.

### **Cap on admin and investment fees for low-balance accounts**

Administration and investment fees and costs are now capped at 3% for all accounts with less than \$6,000. This will reduce fee erosion on low-balance accounts.

### **Carry-forward of unused concessional contributions**

If you have less than \$500,000 total in super, you can now increase your concessional contribution cap by carrying forward your unused concessional cap space amounts from the previous five years (on a rolling basis). Amounts carried forward amounts that have not been used after five years will expire.

### **Increase to pension work bonus**

The pension Work Bonus has increased to \$300 per fortnight, up from \$250. This means pensioners can now earn up to \$300 each fortnight without reducing their Age Pension payments. This measure also applies to self-employed members.

### **Work test exemption**

As of 1 July 2019, people aged 65-74 with a super balance of under \$300,000 will be able to make voluntary contributions to super for the first year that they don't meet the work test requirement. Previously, people aged 65-75 needed to work at least 40 hours within 30 consecutive days in a financial year before we could accept any voluntary contributions from you.

### **Need more information?**

If you have any questions on the super changes and how they may affect you, call us on **1300 362 415**.



# Better service for members

At MTAA Super, we're always getting better. With helpful tools, resources and advice, our goal is to help you reach your financial goals now and in the future.

## Better value through reduced fees

On 1 February 2019, we cut our flat rate administration fee from \$1.60 to \$1.50 per week for all members across the fund.

For pension accounts, we dropped our asset fee to 0.10% for the first \$450,000 of your account balance. Previously fees were 0.15% for the first \$300,000.

These changes will save an accumulation member \$5 per year in fees, and a pension member up to \$105 per year.

In addition, we also removed exit fees on amounts rolled out of the fund.

## Improved education and advice services

Over the last few years, we've worked hard to roll out significant improvements to our advice and education services. Key improvements include:

### Expanded Field Force

We now have more boots on the ground than ever to provide hands-on support to members and employers throughout Australia. Our Field Force consists of three teams:

1. **Regional Growth Managers** — who identify growth opportunities and engage with new employers and members to help them join MTAA Super.
2. **Superannuation Advisers** — who provide general and limited face-to-face advice to members and support services to our employers.
3. **Education Specialists** — who run workshops throughout Australia to educate our members about a range of super and retirement topics.

### Flexible advice options

We now have a fully integrated, multi-channel advice model that gives you the option to receive factual super information, general or personal advice in the workplace, through public workshops, over the phone or face to face.

No matter how big or small your financial goals, or how simple or complex your circumstances are, we can provide you with advice to suit your needs.

### Bringing super education to you

We run regular public and workplace super education workshops around the country so you can make informed decisions about your super. More crucially, we also help you know when you need to make those decisions.

These workshops are at no additional cost to you (they are covered by your member fees) and are facilitated by our dedicated Education Specialists.



#### Average workshop rating for 2018/19

- 4.52 out of 5 for satisfaction
- 4.31 out of 5 for likelihood to recommend

#### New education videos

We have launched the first of our new *Understanding Your Super* videos — a series of short educational videos designed to demystify how super works and give you an overview of the full range of products and services you can access through your super.

Each *Understanding Your Super* video is hosted by a member of our Field Force and cover topics such as *What is superannuation*, *Insurance in Super* and *How to boost your super contributions*. More videos and topics will be released in the coming year.

#### Super Essentials for Women

Currently, women retire with an average of 47% less super than men. This can seriously diminish their ability to be financially secure and independent in retirement.

To help close this gap, we have launched a new *Super Essentials for Women* education workshop aimed at providing useful and practical information to help women achieve better retirement outcomes.

We also continue to support the *Women in Super* network — a national advocacy and networking group dedicated to improving women's retirement outcomes.

#### Making super simple

Life is busy, so we embrace technology to make sure you can track and manage your super as quickly and easily as possible.

#### MTAA Super app

The launch of the first MTAA Super app last year was a great success, with over 5,000 installations of the app onto mobile phones or smart devices.

You can use the MTAA Super app to view your balance, update your details, consolidate super, switch investment options and more. Get it from the App Store or Google Play.

#### Online statements

We have continued to enhance and refine our interactive annual statements. These personalised statements help you keep track of your super and give you easy to read details about the fees you pay, your insurance cover, investment options, transaction history and more.

#### Insurance improvements

We work hard to ensure the insurance cover we offer provides good value for money and affords appropriate protection for your needs.

#### Insurance in Superannuation Voluntary Code of Practice

Last year we were one of the first superannuation providers to sign up for the Insurance in Superannuation Voluntary Code of Practice. The code aims to give clarity and certainty about your insurance arrangements to make sure the cover we offer is good value and suitable for your needs.

While we meet or exceed many of the code's standards, we have started implementing a transition plan to help us meet all of the standards. Changes were required to accommodate recent *Protecting Your Super* measures, but we remain on target to meet the 30 June 2021 deadline.

### Improved access for additional cover applications

To make it easier for you to access and apply for additional insurance cover, we have implemented a new single sign-in function in our insurance portal. This has resulted in significant increases in the number of online applications for additional cover while decreasing processing times for applications.

### Improved insurance claims times

Last year we launched two new support services to make it easier for you to track your claims online and lodge them over the phone — Tele-claims and Online claims tracker.

Uptake and feedback for both services have been very positive, with a significant decrease in processing times for all claim types — particularly for Total and Permanent Disablement claims.

#### Online cover applications 2018/19

- 70% of applications were made online (up from 58% for 2017/18)
- 83% of applications were processed within 5 days (up from 73% in 2017/18)





# Supporting employers

We made our name as the super fund for the motor trades and allied industries. Now we support members and employers from all industries and professions.

For employers, we aim to make administering super simple, because we know you have more important things to be doing — like running your business.

## Easy online contributions

QuickSuper, our electronic Clearing House solution, allows you to pay contributions to multiple super funds with a single payment and data file.

QuickSuper is SuperStream compliant and secure.

## Support for your business

Our team of Regional Growth Managers and Superannuation Advisers are located throughout Australia to help you understand and meet your super obligations. They offer education, advice, and customised solutions to suit your business structure and needs – no matter how big or small.

## Supporting your employees

We know many people look to employers for guidance about super. That's why we work with you to provide your employees access to informative and practical super educational tools and resources, such as super workshops, fact sheets, calculators, and access to financial advice.

Our education workshops are run onsite by our dedicated Education Specialists and can be tailored to suit your employee and workplace needs.

Our Superannuation Advisers are qualified to give general and limited advice directly to your employees. This advice is provided at no additional cost to members or employers.

Members also have access to comprehensive financial advice through Industry Fund Services.

## Keeping you up to date

We keep you informed about the latest super changes so you're always up to date with your super obligations. This is done face-to-face and through regular reports and fund updates.

## We're here to help

Our Customer Service Centre is always on hand to answer general enquiries about all things super.



### **Employer Update: Single Touch Payroll (STP) now mandatory for all employers**

From 1 July 2019, STP reporting is now mandatory for all employers with 19 or fewer employees. The ATO has stated that small employers can start reporting at any time from 1 July 2019 to 30 September 2019.

If you have not already commenced STP reporting, you should contact your payroll software or service provider to find out if your payment solution is suitable. You may also need to consider getting a deferral from the ATO.

STP has been mandatory for employers with 20 or more employees since 1 July 2018.

For details, go to the ATO website ([ato.gov.au](http://ato.gov.au)) or call the ATO on **13 10 20**.





# Working with our

At MTAA Super, we take pride in supporting our members and the communities they live in. Here are some of the causes we got passionate about this year.



## **R U OK?** R U OK?

A conversation could change a life.

We are the campaign partner of suicide prevention charity, R U OK?. R U OK?'s mission is to inspire and empower everyone to connect with the people around them and support those who are struggling with life.

In late 2018 we helped R U OK? launch a new 'It takes a real workmate to ask R U OK?' campaign to encourage people in the motor industry to better support each other during life's tough times. The campaign allowed us to offer members and employers useful tools, resources, and advice to help them start important conversations with their family, friends and work colleagues.



## **RYDA program**

We support Road Safety Education Limited's (RSE) flagship road safety education program, RYDA. RYDA is a series of practical and powerful workshops for high school students designed to change the way young people think about road safety. By supporting RYDA, we can make sure as many young people as possible can access the program to learn skills they will draw on throughout their lives.



## **Mother's Day Classic**

We've always been a strong supporter of the Mother's Day Classic — Australia's largest breast cancer research fundraising event. This year we were once again the official partner of the Canberra event which took place around Lake Burley Griffin, just a couple of kilometres from our head office.

Led by Deputy CEO Michael Sykes and supported by friends, family and business partners, the MTAA Super team raised almost \$7,000 for breast cancer research.

# community



## Big Super Day Out

This year we took part in our first Big Super Day Out – an Indigenous community event to help first

Australians find their lost super, consolidate accounts, and become educated about the benefits that super offers. In July 2019, MTAA Super Adviser Craig Buchanan visited indigenous communities in Western Australia and East Arnhem Land to help them reconnect with their super



## Sol Invictus

MTAA Super is the naming sponsor for the Australian National University (ANU)

solar car team, MTAA Super Sol Invictus. In October 2019, the team will embark on its second Bridgestone World Solar Challenge event, travelling 3,000 km from Darwin to Adelaide using only solar power.

This partnership aligns with our commitment to innovation and environmental sustainability. It also gives us the chance to support research in motor technology, such as data diagnostics, regenerative braking, power storage and engine efficiencies.



## Australian Prostate Cancer

In June 2019, we signed an agreement with the Australian Prostate Centre (APC). The APC is a centre that unites prostate cancer research, education, treatment and support in a one of a kind, world-class facility. This partnership will allow us to provide education and support to members for the early identification and treatment of prostate cancer.



## Movember

MTAA Super staff again took part in raising awareness for Men's health by raising money for the Movember Foundation. This year we raised just over \$1,829 for this great initiative.

# Supporting our industry

As the industry fund for the motor trades, we take pride supporting and promoting the industry that has supported us for the last 30 years.

## Industry awards

MTAA Super is a long-time supporter of the national and state motor trades associations. Each year we sponsor industry awards throughout the country to recognise excellence and innovation in the motor trades.

## Apprentice of the Year Awards

We continue to support the Motor Trade Associations' Apprentice of the Year Awards to celebrate and reward the hard work and dedication of young men and women throughout Australia who have excelled at their apprentice mechanic training.

## Virgin Australia Supercars Championship

Our longstanding sponsorship of the Virgin Australia Supercars Championship has continued throughout 2018/19. The Championship is Australia's premier motorsport category and one of Australia's most-watched sporting events. It provides us with an important avenue for us to engage with new and existing members across Australia.

## Red Bull Holden Racing Team

Despite retiring from fulltime racing last season, we have maintained a close relationship with Supercar legend Craig Lowndes and continued our sponsorship of the Red Bull Holden Racing Team.

In mid-2019 Craig featured in our new 'Retire with Us' television campaign to promote our suite of retirement products, including our Transition to Retirement pension option.

Our partnership with the Red Bull Holding Racing Team continues to provide us with the chance to offer promising apprentices real-world, hands-on experience with the team during a race weekend.

This year we placed 17 apprentices in pit lanes across 16 Supercars events. This included placing our first ever apprentice in the ITM Auckland Supersprint in New Zealand.





# Leaders in the super industry

As an industry leader, we take our role in helping shape the super industry seriously.

We actively engage with peak industry bodies, regulators, and legislators to ensure the super system continues to improve and serve the best interests of all Australians.

We are a member of the Australian Council of Superannuation Investors (ACSI), Industry Super Australia (ISA), the Australian Institute of Superannuation Trustees (AIST) and the Association of Superannuation Funds of Australia (ASFA).

In addition, our CEO is a member of the Superannuation Complaints Tribunal Advisory Council, is a Director of the Fund Executives Association Ltd (FEAL), the ISA Board, and ASFA Board.

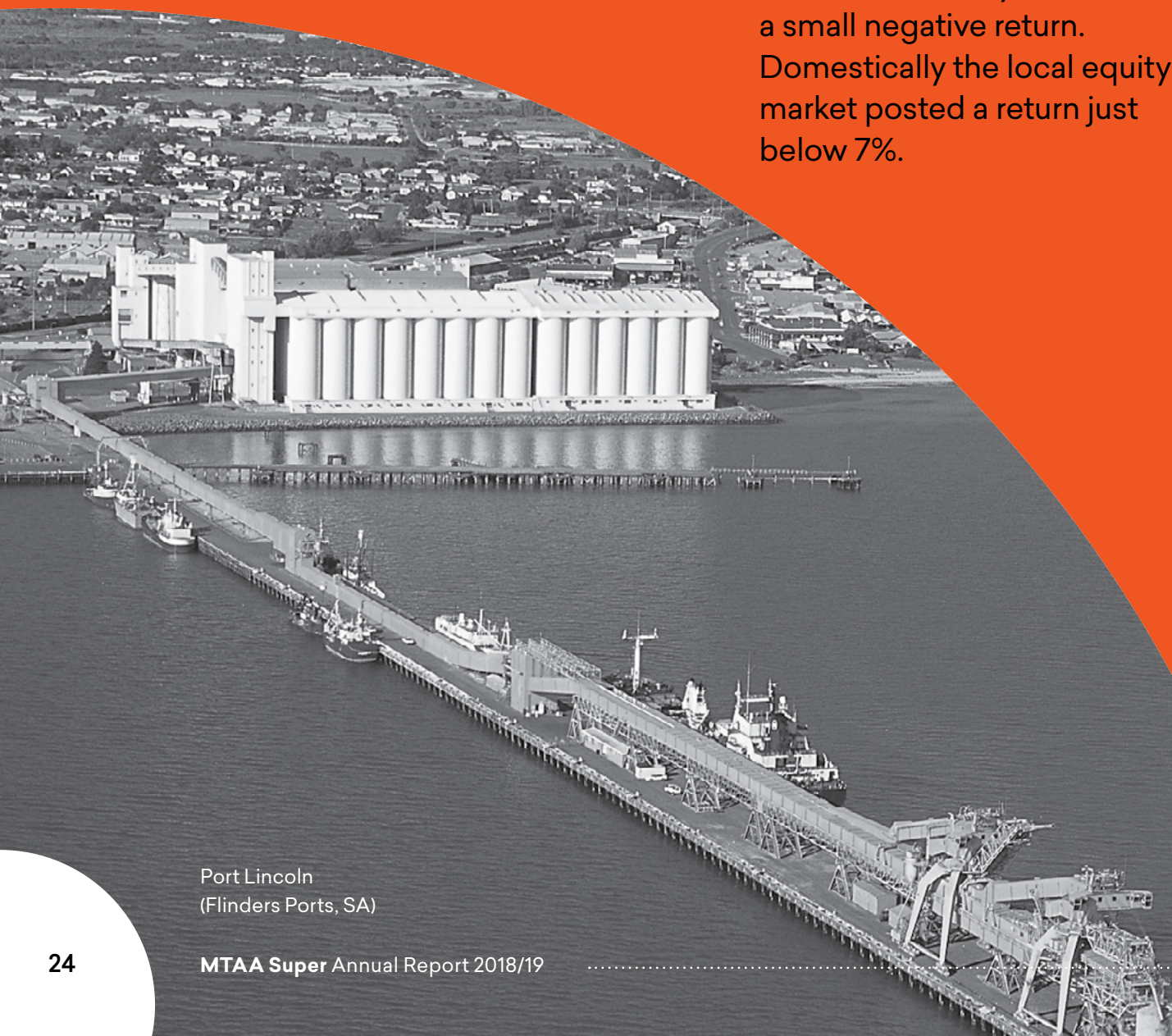


# Investment market update

## Investment market performance

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Despite being a volatile year with many twists and turns, 2018/19 was a good one for investors. Returns across most equity markets were positive, except for emerging markets which collectively delivered a small negative return. Domestically the local equity market posted a return just below 7%.



Port Lincoln  
(Flinders Ports, SA)



## The first six months

The first half of the financial year saw a dramatic decline in equity markets, reversing the trend of 2017/18.

The December quarter proved most challenging with share markets losing considerable ground as central banks sought to tighten monetary policies that had been in place for close to a decade.

In the US, interest rates rose from 0.5% in early 2017 to just under 2.5% in late December 2018.

In Europe, the European Central Bank began to wind back supportive policy activities, such as Quantitative Easing, and indicated it may raise interest rates for the first time in years.

Adding to these headwinds was a slowdown in the global economy.

Tax cuts and fiscal spending previously implemented by the US Government began to wane and the ongoing trade tensions between the US and China put pressure on global trade.

## The second six months

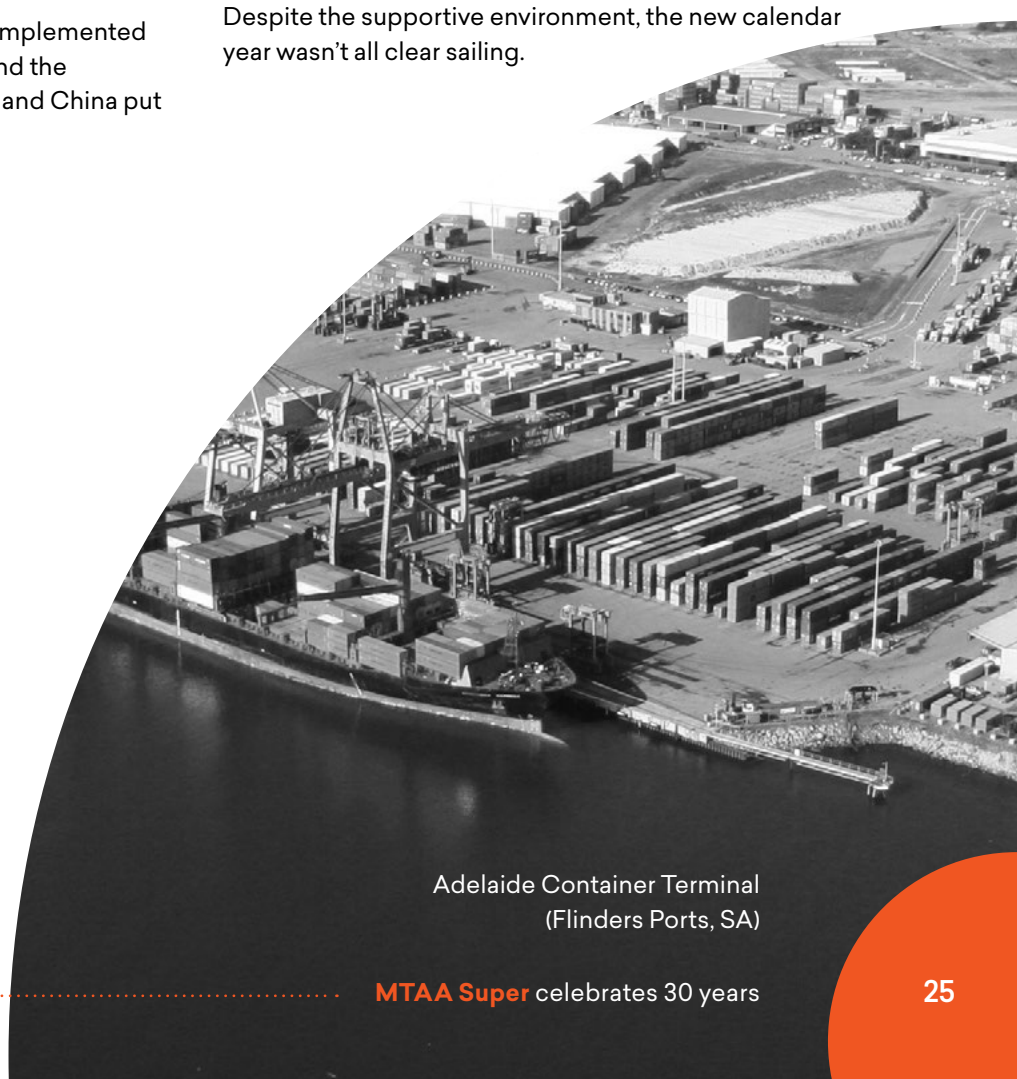
Following the lows of late 2018, share markets rallied as economic activity stabilised.

Economic data out of Europe, Japan, US and China proved better than expected, in part due to inventories built up in response to the US-China trade issues.

Bond markets began to price in a greater chance of interest rate cuts, as inflationary pressures began to ease.

Boosting equity markets was a shift from central banks to reverse the tightening of monetary policies. Previous calls to 'normalise' interest rates changed focus to place more emphasis on the need to support economic activity in the face of weak and declining inflation and the apparent slowdown of economic activity.

Despite the supportive environment, the new calendar year wasn't all clear sailing.



Adelaide Container Terminal  
(Flinders Ports, SA)

By May markets declined considerably, highlighting that slowed global trade was still affecting economic growth. Business surveys fell in the US and China, with European data remaining weak.

Added to this was the increasingly tough talk from President Trump on trade issues — an area the market had assumed would be resolved quickly.

Despite this, share markets ended the year on a positive note, with the hope that talks between the US and China at the next G20 summit could lead to a more positive or benign outcome.

## The Australian economy

The Australian economy weakened over the year as house prices continued to fall. While exports were strong, weakening business conditions, low wage growth and slow credit formation constrained economic growth.

The federal election also took its toll as consumers and business put spending on hold until the uncertainty passed. However, this was not unusual considering the large differences in the policy agenda of the Labor and Liberal parties.

Under weak economic conditions and with inflationary pressures declining, the Reserve Bank of Australia cut interest rates in June and July. With inflation falling below the RBA's target range of 2% to 3%, the impediment to reducing interest rates has been removed.

While it's early days, the recent lowering of interest rates and the non-introduction of Labor's housing policies seems to have stabilised house prices. Business confidence has also been given a shot in the arm post-election, though the initial lift does not seem to have persisted in July.

Economic growth remains relatively weak, though there are some signs of stabilisation moving forward.







670 Chapel Street, VIC

MTAA Super celebrates 30 years





# Investments and performance

## Our investment strategy

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MTAA Super's objective is to grow and protect our members' retirement savings over the long term. We aim to deliver solid returns with an acceptable level of risk.

Port Pirie  
(Flinders Ports, SA)



## Diversification

Our investment strategy is to build a diversified portfolio of assets that balances investment risk and return. We achieve this by investing in a combination of growth investments (shares, infrastructure and property), where we expect to see growth in the capital value of the investments over time, and defensive investments (cash and fixed interest), where we focus on generating stable and predictable cash flows with a relatively low level of risk.

## Asset classes

Our investment options are exposed to assets traded frequently in domestic and international markets, as well as alternative assets, which are unlisted and less frequently traded.

Examples of asset classes held include:

- **Cash and fixed interest** — these assets include both corporate and government debt as well as short term money market securities and cash deposits. Returns are sought with minimal relative risk and cost which seek to match the performance of the key market indices.
- **Listed shares** — which are listed on major stock market exchanges. Returns are subject to the usual market fluctuations and largely reflect the performance of the share market. These assets seek to out-perform the key market indices with low relative risk and cost.
- **Infrastructure** — such as equity ownership in airports, tollways, ports and energy assets.
- **Property** — for example, equity ownership of landmark commercial office buildings, retail shopping centres.
- **Private equity** — held in private companies, directly and through funds.
- **Alternatives credit** — for example, infrastructure debt.

Both property and infrastructure have long term leases which provide sound income streams for the Fund. These assets are not directly linked to listed share markets, so they are expected to provide a buffer against the short-term fluctuations experienced in listed share markets.

## Annual Investment Strategy Review

We closely monitor the performance of the investment strategy on an ongoing basis and conduct a comprehensive review at least once every year. The investment strategy review considers expected risks and returns for the various assets classes in which we invest in light of the outlook for economic and financial market conditions. We seek to ensure the Fund's various Member Investment Choice (MIC) options are appropriately positioned to achieve the investment return objectives within risk targets.

The investment strategy review considers all relevant aspects of the MIC options, including the strategic asset allocation, risk and return objectives, the portfolio construction approach for each asset class and the currency hedging strategy.

## Lower return, higher risk environment

Despite the strong investment returns enjoyed by several asset classes, and consequently several of the Fund's investment options in 2018/19, we remain of the view that we are in a lower return, higher risk environment. However, it has become apparent the spread of potential outcomes has increased, both to the upside as well as the downside. This has lowered our confidence in the probability of us meeting our base case forecast. Recent economic weakness, in conjunction with weaker inflationary outcomes has seen central banks demonstrate a strong

preparedness to step in to support markets. This could see strong market outcomes prevail for a further period should central banks provide a large degree of accommodation, through to a negative outcome should inflation take hold through the present stimulus and markets pre-empt interest rate increases. In this regard, the positive investment returns of the past year, while approximately aligning with our central case modelling, are likely to diverge from this outcome and potentially by a large margin.

The key focus over the 2018/19 financial year, and in our investment strategy review for the coming year, was determining the best investment approach to take in an environment where there is a much wider dispersion of expected outcomes. Through the review process, we have refined the asset allocation of our investment options effective 1 July 2019.

We continue to believe that short to medium term investment returns are likely to be lower than investors expect to achieve over the longer term.

We have also re-assessed the estimated level of investment risk expected in each investment option, measured as the number of negative annual returns that may occur over a 20-year period. Our assessment for each of the Pre-mixed options is as follows:

- **Conservative:** Negative returns expected in 1.8 years in 20
- **Income-Focussed:** Negative returns expected in 3.7 years in 20
- **My AutoSuper (Balanced):** Negative returns expected in 3.9 years in 20
- **Growth:** Negative returns expected in 4.6 years in 20.

## Investment strategy changes

Following the conclusion of the investment strategy review, we have made minor changes to the strategic asset allocations of our diversified investment options. From 1 July 2019, these changes include:

- For the My AutoSuper (Balanced) Option, an increase in the allocation to Property (from 9.5% to 10.5%), Infrastructure (from 14% to 15.5%), Australian Equity (from 22% to 22.5%) and International Equity (from 28.5% to 29%) offset by a decrease in exposure to Private Equity (from 3.5% to 3%) and Cash (from 9% to 6%).

- For the Conservative Option, an increase in the allocation to Property (from 5.5% to 8%) and Infrastructure (from 8.5% to 12%) offset by a decrease in exposure to International Equity (from 8.5% to 7.5%) and Cash (from 37% to 32%).
- For the Growth Option, an increase in the allocation to Cash (from 2% to 5%) offset by a decrease in exposure to International Equity (from 38% to 35%).
- For the Australian Shares Option, an increase in Smaller Capitalisation stock exposure (from 8% to 9%) offset by a decrease in Large Capitalisation stock exposure (from 92% to 91%).
- For the International Shares Option, an increase in allocation to Developed Overseas Equities (from 87.5% to 92.5%) offset by a decrease in exposure to Emerging Markets Equities (from 12.5% to 7.5%).

See pages 32 to 37 for our investment option performance for 2018/19.

## Engaging in sustainable investment

As global investors, we understand the impact our investments can have on the environment and communities.

We are committed to sustainable investment practices. We take an integrated approach to managing Environmental, Social and Governance (ESG) factors throughout our investment process. This includes how we select, retain, and realise investments.

Monitoring and managing ESG factors allow us to make better risk-based judgements to protect and grow the value of our investments and, by extension, your retirement savings.

It also allows us to have a positive influence on the governance, policies, practices, and management of these investments to ensure they are run ethically and responsibly. This gives us the opportunity to champion positive outcomes for the environment and your community.

MTAA Super is a signatory to the United Nations Principles for Responsible Investment (UNPRI). When engaging investment managers, their ability to integrate ESG risks into their investment process is a key criterion for their appointment and retention.





# Our investment options

121 Marcus Clarke Street, ACT

MTAA Super celebrates 30 years

# Pre-mixed options

Pre-mixed options invest in a range of asset options. The objectives are different for each option, allowing you to create an investment portfolio that suits your circumstances.

You can select one option or a mix of options, including the Asset Class options. You can switch investment options at any time. The following tables provide the asset class mix for each investment option.

Actual asset allocations may vary from the Strategic Asset Allocations shown on the following pages, due to market conditions or investment strategy decisions. Actual asset allocations are published on the MTAA Super website at the end of each month.

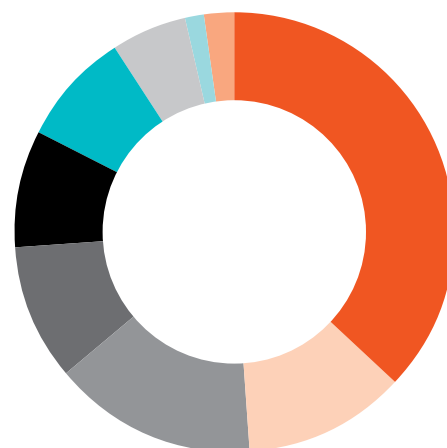
## Conservative option

### Asset allocation as at 30 June 2019

Asset	Strategic %	Range %	Actual %
● Cash	37.0	20.0 – 50.0	37.8
● Australian Fixed Interest	12.0	5.0 – 25.0	12.0
● Overseas Fixed Interest	15.0	0.0 – 25.0	14.9
● Australian Equities	10.0	0.0 – 20.0	9.9
● International Equities	8.5	0.0 – 20.0	7.5
● Infrastructure	8.5	0.0 – 17.5	8.7
● Property	5.5	0.0 – 12.5	5.7
● Alternatives Credit	1.5	0.0 – 7.5	1.5
● Private Equity	2.0	0.0 – 7.5	2.1
● Other+	0.0	0.0 – 5.0	0

+ Investments in this asset class may include natural resources and other alternative investments deemed appropriate.

\* Figures may not total 100% due to rounding.



The Conservative option seeks stable returns over the short and medium term and may suit members who are taking a medium term (at least 4 years) view regarding their super. The option seeks stability and moderate returns through a high exposure to assets with less volatility, such as cash and fixed interest.

The risk profile for the Conservative option is described as low to medium, with a moderate exposure to the alternatives portfolio and listed equities. This option is expected to produce negative returns from time to time. However, return volatility is generally expected to be lower when compared to the My AutoSuper (Balanced) and Growth options.

The objective for the 2018/19 year was to out-perform (after fees and tax) the Consumer Price Index by 1.25% p.a. over rolling 4-year periods. The option returned 5.36% p.a. over the 4-year period to 30 June 2019 against an investment objective of 2.94%.

**Note:** A new Strategic Asset allocation for the Conservative option was adopted effective 1 July 2019. Please refer to the PDS for further information.



## Income-Focussed option

### Asset allocation as at 30 June 2019

Asset	Strategic %	Range %	Actual %
● Cash	20.0	0.0 – 30.0	19.9
● Australian Fixed Interest	0.0	0.0 – 30.0	0
● Overseas Fixed Interest	22.5	0.0 – 30.0	22.4
● Australian Equities	22.5	0.0 – 40.0	22.3
● International Equities	12.5	0.0 – 40.0	12.5
● Infrastructure	7.5	0.0 – 20.0	7.7
● Property	7.5	0.0 – 20.0	7.8
● Alternatives Credit	7.5	0.0 – 20.0	7.5
● Private Equity	0.0	0.0 – 0.0	0
● Other+	0.0	0.0 – 0.0	0

+ Investments in this asset class may include natural resources and other alternative investments deemed appropriate.

\* Figures may not total 100% due to rounding.

The Income-Focussed option may be suitable for members primarily seeking to generate income from a portfolio of listed equities, fixed interest, the alternatives portfolio and cash. This option represents a balance between stable yield and capital growth, with medium to high risk. Returns for this option will likely fluctuate over the short term, and produce negative returns from time to time. The objective

for the 2018/19 year was to provide an income yield equivalent to the RBA Cash Rate plus 2% per annum primarily. The option returned 4.57% over the period 1 November 2014 (its inception date) to 30 June 2019 against an investment objective of 3.71%. This return was comprised of both income and capital gains.

**Note:** A new Strategic Asset Allocation for the Income-Focussed Option was adopted effective 1 July 2019. Please refer to the PDS for further information.



## My AutoSuper (Balanced) option

### Asset allocation as at 30 June 2019

Asset	Strategic %	Range %	Actual %
● Cash	9.0	0.5 – 20.0	9.7
● Australian Fixed Interest	3.0	0.0 – 15.0	3.1
● Overseas Fixed Interest	7.5	0.0 – 15.0	7.4
● Australian Equities	22.0	5.0 – 35.0	22.3
● International Equities	28.5	5.0 – 35.0	27.6
● Infrastructure	14.0	0.0 – 35.0	11.3
● Property	9.5	0.0 – 22.5	8.5
● Alternatives Credit	3.0	0.0 – 17.5	1.7
● Private Equity	3.5	0.0 – 12.5	1.5
● Other+	0.0	0.0 – 17.5	6.8

+ Investments in this asset class may include natural resources and other alternative investments deemed appropriate.

\* Figures may not total 100% due to rounding.



The My AutoSuper (Balanced) option is the Fund's default option for super (non-pension) members. This means if a member has not made a choice regarding their investment option, they will be invested in the My AutoSuper (Balanced) option. This option may be suitable for members who have a long-term investment horizon of at least seven years.

This option represents a wide range of asset types, with a high percentage in the alternatives portfolio which invests predominately in unlisted assets. The level of risk could be described as medium to high. Returns for this option will fluctuate over the short term and are expected to produce negative returns from time to time.

The objective for the 2018/19 year was to out-perform (after fees and tax) the Consumer Price Index by 3.0% p.a. over rolling 7-year periods. The option returned 9.68% p.a. over the 7-year period to 30 June 2019 against an investment objective of 5.26%.

**Note:** A new strategic asset allocation for the My AutoSuper (Balanced) option was adopted effective 1 July 2019. Please refer to the PDS for further information

## Growth option

### Asset allocation as at 30 June 2019

Asset	Strategic %	Range %	Actual %
● Cash	2.0	0.0 – 15.0	5.0
● Australian Fixed Interest	0.0	0.0 – 10.0	0
● Overseas Fixed Interest	3.0	0.0 – 10.0	3.0
● Australian Equities	32.0	20.0 – 50.0	31.5
● International Equities	38.0	20.0 – 50.0	34.9
● Infrastructure	11.5	0.0 – 30.0	11.7
● Property	8.0	0.0 – 17.5	8.3
● Alternatives Credit	2.5	0.0 – 7.5	2.5
● Private Equity	3.0	0.0 – 10.0	3.1
● Other+	0.0	0.0 – 5.0	0

+ Investments in this asset class may include natural resources and other alternative investments deemed appropriate.

\* Figures may not total 100% due to rounding.



The Growth option may be suitable for members who are comfortable with above-average risk and are willing to take a long-term investment view of 10 years or more. The level of risk is high for the Growth option, and it is likely to exhibit a high level of return volatility in the short term and produce negative returns from time to time.

The objective for the 2018/19 year was to out-perform (after fees and tax) the Consumer Price Index by 3.5% p.a. over rolling 10-year periods. The portfolio is constructed with a controlled exposure to risk, mainly via listed equities and the alternatives portfolio. The option returned 7.92% p.a. over the 10-year period to 30 June 2019 against an investment objective of 6.50%.

**Note:** A new strategic asset allocation for the Growth option was adopted effective 1 July 2019. Please refer to the PDS for further information.



# Asset Class options

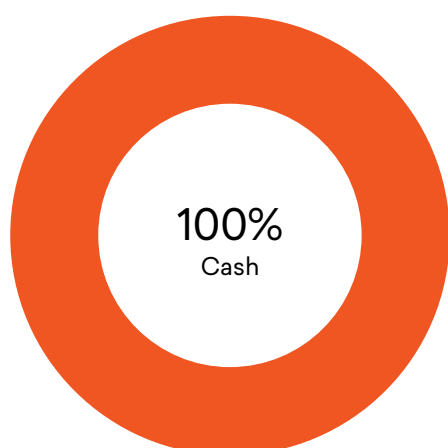
Asset Class options let you build your investment portfolio based on asset classes.

You can select any combination of these options or choose to combine them with the pre-mixed options. The Asset Class options are designed to give maximum flexibility.

## Cash option

### Strategic Asset Allocation

As at 30 June 2019



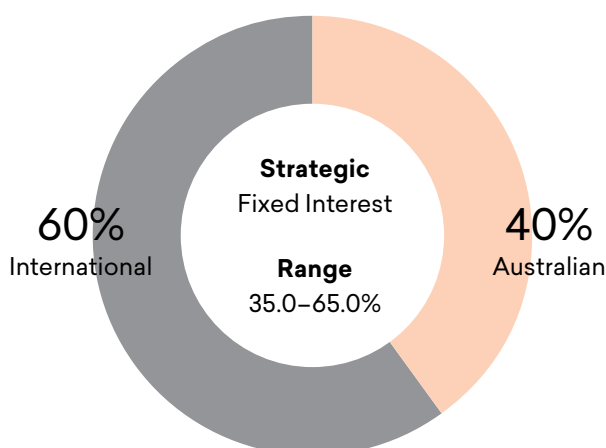
The Cash option seeks stable returns through low exposure to risk. It aims to perform in line with the Bloomberg AusBond Bank Bill Index (before fees and tax). It invests in term deposits, saving deposits, bank bills, commercial paper and other money market instruments. This option avoids higher risk 'enhanced cash' products.

The option returned 2.10% (before fees and taxes) over the 1-year period to 30 June 2019 against a benchmark of 1.97%.

## Diversified Fixed Interest option

### Strategic Asset Allocation

As at 30 June 2019



The Diversified Fixed Interest option contains a mix of Australian and international government and corporate bonds, as well as other credit securities. This option seeks stable returns in the short to medium term. International bonds are fully hedged against foreign exchange rate fluctuations. The Diversified Fixed Interest option aims to perform (before fees and taxes) in line with a weighted average of the Bloomberg AusBond Treasury 0+Year Index, the Citigroup M1 Global Bond (ex-Australia) Index hedged to Australian dollars and global floating rate credit targeting a return of 0.8% p.a. above the Bloomberg AusBond Bank Bill Index.

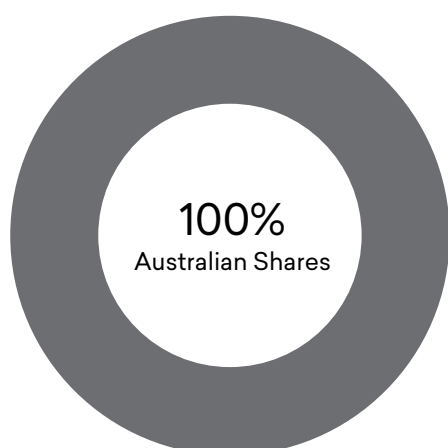
The option returned 3.69% (before fees and taxes) over the 3-year period to 30 June 2019 against a benchmark of 3.4%.

**Note:** A New investment objective and strategic asset allocation is to be adopted effective 1 July 2019.

## Australian Shares option

### Strategic Asset Allocation

As at 30 June 2019



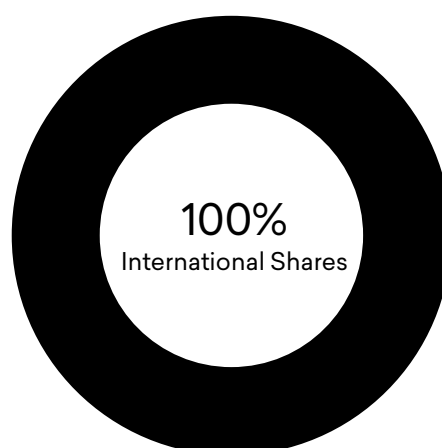
The Australian Shares option seeks high returns over the long term through an investment in shares listed on the Australian Securities Exchange. The allocation includes exposure to small cap shares. The option aims to out-perform the return of the S&P/ASX 300 Accumulation Index including franking credits (before fees and tax). MTAA Super employs a range of managers and investment strategies to diversify exposure to Australian equity market risk.

The option returned 11.93% p.a. (before fees and taxes) over the 10-year period to 30 June 2019 against a benchmark of 11.53%.

## International Shares option

### Strategic Asset Allocation

As at 30 June 2019



The International Shares option seeks high returns over the long term through an investment in shares listed on global stock exchanges outside Australia. The allocation includes exposure to both developed markets and emerging markets. The percentage allocated to each is set equal to the weights of developed market and emerging market shares in the MSCI All Countries World (ex-Australia) Index.

The International Shares option's objective is to out-perform the MSCI All Countries World (ex-Australia) Index (before fees and taxes). MTAA Super employs a range of managers and investment strategies to diversify exposure to global equity market risk.

The option returned 12.19% p.a. (before fees and taxes) over the 10-year period to 30 June 2019 against a benchmark return of 12.21%.

# Investment – summary of assets

Summary of Assets	June 2018 (\$ million)	June 2019 (\$ million)
<b>CASH/SHORT TERM DEPOSITS</b>		
Cash at Account	35.70	21.96
Macquarie Cash	779.90	689.95
CBA Capital Growth Account	621.10	731.36
<b>FIXED INTEREST</b>		
Macquarie Global Bond Fund	113.30	121.40
BlackRockAustralian Indexed Bond Fund	375.80	418.23
Wellington Global Floating Rate Credit	390.20	419.61
Alliance Bernstein Global Floating Rate Credit	389.70	418.89
ORFR Deposits	29.70	33.24
<b>AUSTRALIAN SHARES</b>		
Ausbil Australian Equities	437.40	471.07
BlackRockAustralian Equities	602.80	654.64
DNR Australian Equities	260.80	279.32
Avoca Australian Small Caps	240.00	245.68
Bennelong Funds Management	321.00	339.29
VINVA Investment Management	876.90	955.16
Nikko Australian Share Income Fund	10.90	12.61
<b>INTERNATIONAL SHARES</b>		
Blackrock Indexed Emerging Markets IMI Equity Fund	668.40	756.04
AQR Global Equity	840.00	1,051.81
MFS Global Equity	364.30	578.55
PanAgora Dynamic Global Equity	851.10	-
RealIndex Global Equities	363.90	566.79
Capital World Dividend Growers Hedged	7.80	-
Wellington Global Equity	-	452.60
<b>MULTI-ASSET REAL RETURN</b>		
Pinebridge Global Dynamic Absolute Return Fund	177.20	298.82
Schroders Real Return Fund	271.90	444.11
<b>ALTERNATIVES PORTFOLIO – PRIVATE EQUITY</b>		
Allegro Private Equity Fund I	0.40	0.04
ANU Connect Ventures	11.60	23.36
CM Capital Venture Trust Nos 3 & 4	10.70	10.72
Directly Managed <sup>1</sup>	1.60	1.41
GBS Venture Partners	0.60	-
Industry Super Holdings <sup>2</sup>	84.50	94.55
Stafford Sustainable Capital Fund	21.50	16.38



Summary of Assets	June 2018 (\$ million)	June 2019 (\$ million)
ROC Partners Private Opportunities Fund	46.30	33.52
South Australian Life Science Advancement Fund	5.60	0.49
Starfish Ventures	11.10	0.00
Adams Street Partners PE Fund	-	10.57
<b>ALTERNATIVES PORTFOLIO – PROPERTY</b>		
Blackstone Real Estate Partners VI	4.20	7.03
Directly Managed Property Portfolio <sup>3</sup>	635.50	684.06
Gresham Property Mezzanine Fund No. 3	0.70	0.31
Investa Commercial Property Fund	144.90	181.10
Charter Hall Prime Retail Fund	80.80	149.83
<b>ALTERNATIVES PORTFOLIO – INFRASTRUCTURE</b>		
Directly Managed <sup>4</sup>	1,263.80	1,244.16
Latin Power III Fund	1.40	0.31
Macquarie Global Infrastructure Funds II	85.10	111.90
Macquarie Infrastructure Partners	84.80	14.64
<b>ALTERNATIVES PORTFOLIO – ALTERNATIVES CREDIT</b>		
Alpha Trains Junior Debt	50.20	50.95
TDF Term Loan	48.00	49.29
Super Loans Trust	2.00	1.74
Calvin Capital	62.80	-
Yorkshire Water	55.10	56.04
Green Investment Bank	79.60	60.75
CURRENCY HEDGE <sup>5</sup>	-	42.20
<b>TOTAL</b>	<b>11,780.40</b>	<b>12,759.64</b>

**1. Includes the Fund's investment in:**

- BT Imaging Pty Limited, NSW
- Mantara Inc, USA

**2. Includes the Fund's interests in:**

- Members Equity Bank Pty Limited
- Industry Funds Services

**3. Includes the Fund's investment in:**

- Alkimos Estates, WA
- Flagstone City, QLD
- Flagstone Rise, QLD
- Spring Mountain Estate, QLD
- Flinders Ports Wine Shed, SA
- 121 Marcus Clarke Street, ACT
- The R.G. Casey Building, ACT
- 40 Market Street, VIC
- 670 Chapel Street, VIC
- Ferntree Business Park
- 100 Broadway Property Trust, NSW

**4. Includes the Fund's investment in:**

- Arqiva, UK
- Brisbane Airport, QLD
- DCT Gdansk Port, Poland
- Flinders Ports, SA
- Southern Water, UK
- Sydney Airport, NSW
- Worsley Co-gen, WA
- Sustainable Energy Infrastructure, Australia

**5. Foreign currency hedge managers:**

- Pareto Investment Management Limited
- Macquarie Investment Management Limited

As at 30 June 2019, the following investment managers were engaged to manage investments that were in excess of 5% of total Fund assets:

- Macquarie Investment Management Limited
- BlackRock Investment Management (Australia) Limited
- VINVA Investment Management Limited
- AQR Capital Management
- MFS Investment Management
- Wellington Management
- Commonwealth Bank of Australia.

As at 30 June 2019, the following single assets were in excess of 5% of total Fund assets:

- CBA Capital Growth Account

# Top 20 Australian shareholdings

MTAA Superannuation Fund – Top 20 listed Australian shareholdings as at 30 June 2019			
Rank	Asset	Security name	% Total*
1	BHP	BHP Group Ltd	7.26
2	CBA	Commonwealth Bank of Australia	6.48
3	CSL	CSL Ltd	5.36
4	NAB	National Australia Bank Ltd	4.64
5	WBC	Westpac Banking Corp	4.19
6	ANZ	Australia & New Zealand Banking	3.58
7	RIO	Rio Tinto Ltd	2.78
8	ALL	Aristocrat Leisure Ltd	2.67
9	MQG	Macquarie Group Ltd	2.33
10	TLS	Telstra Corp Ltd	2.27
11	GMG	Goodman Group	2.12
12	WOW	Woolworths Group Ltd	2.08
13	BXB	Brambles Ltd	1.69
14	QBE	QBE Insurance Group Ltd	1.58
15	STO	Santos Ltd	1.44
16	WES	Wesfarmers Ltd	1.40
17	AZJ	Aurizon Holdings Ltd	1.35
18	TWE	Treasury Wine Estates Ltd	1.34
19	DXS	Dexus	1.28
20	WPL	Woodside Petroleum Ltd	1.26

\* The percentage of each company held within MTAA Super's total listed Australian shares portfolio.

# Returns and investment performance

The MTAA Super Fund is a pool of members' money held in trust. One of the most important tasks of the Trustee is to ensure the Fund's net assets and investment earnings are equitably attributed to our members.

Members have a beneficial interest in those assets which we have summarised on pages 38 and 39.

At any point in time each member's share of the net assets of the Fund will vary because of:

- the investment option(s) selected by the member (each investment option represents a different mix of asset classes);
- the timing of and the amounts contributed by a member to the selected investment option(s);
- the length of time a member has been invested in the option(s); and
- whether the member is a superannuation member or a pension member and the associated tax implications for underlying assets and earnings.

## Unit pricing

In unit pricing each investment option is divided into units, with each 'unit' representing a share of the assets in the option. The unit price represents the value of assets per unit in the option.

Every unit you own in that investment pool represents your share of that investment option. Each time you invest in an investment option (e.g. by making contributions or switching to an option), you buy units

and each time you reduce your investment in an option (e.g. by making a withdrawal or switching out of an option) you sell units.

Daily unit prices are calculated for each investment option and represent the Net Asset Value (NAV) for a particular investment option divided by the number of units issued for that option at a point in time. The estimated value of your account balance at any point in time will be the number of units you hold multiplied by the sell price for the relevant investment option/s at that point in time. Unit prices for each investment option and estimated returns are typically published on our website on each business day.

## Risk-adjusted returns

Risk-adjusted returns refine the expression of an investment option's return by measuring how much risk was involved in achieving that return. This additional dimension is intended to assist in comparing the performance of various investment options over a given time.

For example, if two or more investment options give the same return over the same period, the investment option that achieved that return while taking on less risk will have the better risk-adjusted return.

Risk-adjusted returns will help you choose the best investment option to suit your personal needs and risk tolerance.

For more information about investment risks, see our *Investment Guide* at [mtaasuper.com.au/member-handbooks](https://mtaasuper.com.au/member-handbooks)



## Annual earning rates for super and pension members

Investment option	2015/16		2016/17		2017/18		2018/19	
Pre-mixed options	Super	Pension	Super	Pension	Super	Pension	Super	Pension
Conservative	4.77	5.64	5.68	6.51	5.33	5.89	5.65	6.40
Income-Focussed*	6.69	7.67	6.76	7.64	5.01	5.58	5.70	6.62
Growth	4.23	4.90	13.51	15.16	11.60	12.41	8.42	9.11
My AutoSuper (Balanced)	5.53	6.29	10.98	12.47	9.39	10.13	7.66	8.63
Asset class options								
Cash	1.87	2.21	1.69	2.02	1.67	1.92	1.78	2.14
Diversified Fixed Interest	4.43	5.32	1.47	1.73	2.16	2.43	5.51	6.42
Australian Shares	3.95	4.83	14.16	15.91	14.94	16.39	7.81	8.49
International Shares	-3.23	-3.83	17.20	18.94	10.99	11.37	7.51	7.90

\* The Income-Focussed option's earning rates are based on the commencement date of 1 November 2014.

## Compound returns for super and pension members

Investment option	1 year %		3 years %		5 years %		10 years %		Since inception		Year of inception	
Pre-mixed options	Super	Pension	Super	Pension	Super	Pension	Super	Pension	Super	Pension	Super	Pension
Conservative	5.65	6.40	5.55	6.27	5.52	6.32	5.27	6.12	4.70	4.07	1998	2006
Income-Focussed*	5.70	6.62	5.82	6.61	n/a	n/a	n/a	n/a	6.19	7.08	2014	2014
Growth	8.42	9.11	11.16	12.20	9.87	10.93	7.92	8.98	6.97	6.18	1998	2006
My AutoSuper (Balanced)	7.66	8.63	9.33	10.40	9.04	10.09	7.51	8.57	6.53	5.28	1989	2006
Asset class options												
Cash	1.78	2.14	1.72	2.03	1.83	2.17	2.58	3.04	3.41	3.76	2003	2006
Diversified Fixed Interest	5.51	6.42	3.03	3.51	3.34	3.99	4.61	5.50	4.83	5.90	2003	2006
Australian Shares	7.81	8.49	12.26	13.54	9.29	10.48	9.82	11.47	9.83	7.97	2003	2006
International Shares	7.51	7.90	11.83	12.64	9.50	10.12	10.33	11.76	6.21	4.98	2003	2006

\* The Income-Focussed Option's compound returns are based on the commencement date of 1 November 2014. Past performance is not necessarily an indication of future performance. Investment returns are net of fees and any applicable taxes.



Flinders Ports, SA



# Governance

## Our Board of Directors

Our Board is responsible for the governance and strategic direction of MTAA Super. It is the Board's job to make sure MTAA Super is managed in the best interests of our members.







**The Hon.  
John Brumby**

**Independent Chair**

**Joined our Board  
4 April 2011**

John served in the Federal and Victorian Parliaments and for more than 10 years, was Treasurer and then Premier of Victoria. As Treasurer, he delivered strong financial results including seven consecutive Budget surpluses, all AAA rated. Since retiring from Parliament, John has joined a number of not-for-profit and private sector Boards.

**Qualifications:**

- Bachelor of Commerce, University of Melbourne
- Diploma of Education, State College of Victoria, Rusden
- GAIST (Adv)
- Fellow, AICD



**Anne O'Donnell**

**Independent  
Director**

**Joined our Board  
1 March 2017**

Anne is a professional Non-Executive Director and was previously a senior executive in the financial industry. Her past executive roles include nine years as the CEO of Australian Ethical Investment Ltd and 20 years with the ANZ Banking Group Ltd.

Anne is currently Chair of the CPS Credit Union (Beyond Bank) and is a Director of Equity Trustees Ltd, Eastwoods Wealth Management and the Winston Churchill Memorial Trust. Anne is also a member of the Compliance Committee of UBS Global Asset Management (Australia) Ltd and Chair of the Audit Committee of IP Australia.

**Qualifications:**

- Master of Business Administration, University of Canberra
- Bachelor of Banking and Finance, University of Canberra
- Senior Fellow, FINSIA
- Fellow, AICD
- Member, AMI



**Susanne Dahn**

**Independent  
Director**

**Joined our Board  
1 January 2012**

Susanne has extensive experience in superannuation and financial services, including 17 years as a non-executive Director on three superannuation boards. Susanne is an investment specialist having founded the Investment Advisory practice of Pitcher Partners Melbourne where she is also currently a partner and Chair of the Investment Committee. She also serves on the Investment Committees of Trinity College, University of Melbourne and the Australian Communities Foundation and is a Non-Executive Director of two listed companies.

**Qualifications:**

- Bachelor of Commerce, University of Melbourne
- Master of Business Administration (MBA), University of Melbourne
- Graduate Diploma of Applied Finance and Investment, SIA
- Certified Financial Planner
- Company Directors Diploma, AICD



## Geoffrey Lowe

**Employer Representative  
Director**

**Joined our Board  
1 March 2019**

Geoff was nominated to the Board by MTAA Ltd and has extensive experience in the automotive industry, compliance, finance and accounting, marketing and business management. Geoff is a Board Member of the Motor Traders Association of NSW and has held the positions of President and Treasurer and is currently a Vice President. Geoff's previous roles included Member of Minister of Fair Trading's Motor Vehicle Advisory Council. Geoff is the owner and CEO of Proven Products Pty Ltd. Proven Products supports a number of local charitable initiatives.

### **Qualifications:**

- Master of Business Administration, AIB
- Graduate Diploma of Management, AIB
- Finance and Governance Training, AICD and Western Woodley Robertson
- Equivalent of a Bachelor of Science in Industrial Management – certified by the Trustforte Corporation, New York



## Don Rowland

**Employer Representative  
Director**

**Joined our Board  
23 November 2009**

Don was nominated to the Board by MTAA Ltd and has over 40 years' experience in the finance and motor industries. Don's previous roles at AGC Ltd included Senior Manager for NSW (major financier to the motor trade), Operations Manager Property Finance NSW and Member of the Top Team Westpac Bank NSW. Other roles included General Manager Jubilee Ford, Lansvale Holden and Delforce Motor Group (Newcastle), General Manager Waxgard P/L and Motor One NSW.

### **Qualifications:**

- Commerce (Accounting Procedure) Certificate Course
- Advanced Management Programme, University of Hawaii
- The Colgate Darden Graduate School of Business Administration, University of Virginia Executive Course (in Australia)



## Peter Savige

**Employer Representative  
Director**

**Joined our Board  
1 January 2018**

Peter was nominated to the Board by MTAA Ltd and is a highly experienced Director with extensive knowledge and involvement in the motor industry. He remains active in the industry as principal of the Hilton Motor Company and is a licensed motor car trader.

Through his involvement in the Victorian Automobile Chamber of Commerce (VACC), Peter has held a variety of Director and Chair roles and is a former President. Peter is presently a member of the VACC Executive Board and chairs the Used Car Traders Committee, Finance Committee and Investment Committee. He is also Deputy Chairman of Motor Trades Association of Australia, the national body representing the state and territory motor trades associations and the interests of over 100,000 Australian motor trade businesses.

Peter was a long standing industry representative on the Motor Car Traders Claims Committee (Vic), a statutory body that considers and determines claims made by consumers against motor car traders.

Peter is also a member of, and fund raiser for, Variety Victoria, The Children's Charity.



**Rhonda O'Donnell**

**Member Nominated  
Director**

**Joined our Board  
25 May 2015**

Rhonda has extensive local and global experience in telecommunications, information technology, education, government and utilities. Rhonda has been an executive and board member in both the private and public sectors. Rhonda has received several industry awards including the Victorian Telstra Business Woman of the Year in 1999.

**Qualifications:**

- Masters Degree in Applied Science, Royal Melbourne Institute of Technology
- Graduate Diploma in Innovation and Service Management, Royal Melbourne Institute of Technology
- Executive Management Program, Babson College, USA
- MBA Executive Development Program, University of Melbourne



**Susan Walpole**

**Member Nominated  
Director**

**Joined our Board  
3 December 2013**

Susan has been a Director on four boards, including the Victorian Legal Aid Commission, held executive management roles in SuperPartners, UniSuper and the Legal Practice Board and was a Member of the Superannuation Complaints Tribunal. Sue has experience in governance, investment, administration, law and compliance. Sue was admitted as a Solicitor and Barrister in Victoria.

**Qualifications:**

- Bachelor of Jurisprudence/ Bachelor of Laws, University of NSW
- Graduate Diploma in Media Management, Macquarie Graduate School of Management
- Certificate of Superannuation Administration, Association of Superannuation Funds of Australia



**David Smith**

**Union Nominee  
Director**

**Joined our Board  
13 September 2012**

David was nominated to the Board by the Vehicle Division of the Australian Manufacturing Workers Union (AMWU). David has over 20 years' experience as a union official and is the AMWU-Vehicle Division National Secretary and the Chairperson for the Federation of Vehicle Industry Unions.

**Qualifications:**

- Diploma of Business, Frontline Management, Victoria University
- Certificate IV in Assessment and Workplace Training, Victoria University



## The Trustee

Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628) is the corporate trustee of MTAA Super. As Trustee, it is responsible for the management and operation of MTAA Super.

### Rules relating to the nomination and appointment of Trustee Directors

The MTAA Super Board comprises:

- three Member Representative Directors (two Member Nominated Directors and one Union Nominee Director)
- three Employer Representative Directors, and
- three Independent Directors.

#### Member Nominated Directors

Nominations for appointment as a Member Nominated Director are advertised on the MTAA Super website.

A person wishing to be considered for appointment as a Member Nominated Director must:

- have been a member of the Fund for a continuous period of not less than 12 months prior to being nominated (unless the Board decides that the period of membership is not material to the nomination)
- be able to satisfy the Board that they have a substantial and relevant connection to the retail motor trades in Australia or another connection or qualification that the Board decides is valuable to the Fund
- be able to satisfy the 'fit and proper' standards required of directors of superannuation trustees, and
- not be, or have not been during the previous three years, a director, executive or staff member of Motor Trades Association of Australia Ltd (MTAA Ltd) or of any organisation or body related to MTAA Ltd.

Nominees for appointment are provided with a Nomination Kit which includes a copy of the Trustee's Fit and Proper Policy, an indication of the amount of time and commitment that may be required, an outline of the degree of responsibility associated with the role and a general overview of the management and operation of the Fund.

Nominations are independently assessed and ranked according to the nominee's capacity to meet the Trustee's eligibility and 'fit and proper' requirements as well as the skills and experience they would bring to the Board.

The independent assessment and ranking is provided to a committee of the Board which, after taking into account the independent assessment, determines the nominee to be recommended to the Board. The appointment of the successful nominee is made by the Board and generally takes effect at the expiry of the retiring director's term of office.

#### Union Nominee Director

The Vehicle Division of the Australian Manufacturing Workers' Union is entitled to nominate a person to be the Union Nominee Director on the Board.

If a person nominated by the Union meets the Trustee's eligibility requirements, including being able to satisfy the 'fit and proper' standards required of directors of superannuation trustees, that person may be appointed by the Board as the Union Nominee Director.

#### Employer Representative Directors

Motor Trades Association of Australia Ltd (MTAA Ltd) is the employer organisation responsible for nominating Employer Representative Directors to the Board.

If a person nominated by MTAA Ltd meets the Trustee's eligibility requirements, including being able to satisfy the 'fit and proper' standards required of directors of superannuation trustees, that person may be appointed to the Trustee Board as an Employer Representative Director.

#### **Independent Directors**

Independent Directors are appointed by the Board with the mutual consent of the Employer Representative Directors and the Member Nominated Directors.

A nominee for the position of Independent Director must be able to satisfy the Trustee's requirements relating to 'independence' as well as the 'fit and proper' standards required of directors of superannuation trustees.

## **Rules relating to the removal of Directors**

#### **Member Nominated Directors**

A majority of the Member Nominated Directors may, by notice in writing, indicate to the Board that they wish to remove a Member Nominated Director. Upon the receipt of such a notice (a copy of which must be provided to the affected Member Nominated Director) the Board may remove the Member Nominated Director.

#### **Union Nominee Director**

The Vehicle Division of the Australian Manufacturing Workers' Union may, by written notice to the Trustee, request the removal of the Union Nominee Director from the Board. Upon the receipt of such a notice the Board may remove the Union Nominee Director.

#### **Employer Representative Directors**

An Employer Representative Director may be removed from the Board by notice in writing from MTAA Ltd to the Trustee.

#### **Independent Directors**

An Independent Director may be removed from office by a resolution passed by a majority of the non-independent Directors.

#### **Loss of office**

The office of a Director will also become vacant if:

- the Director is subject to assessment or treatment under any mental health law and the Board resolves that the person should cease to be a Director
- the Director resigns
- the Director is disqualified from being a director
- the Director is removed from office by a regulator
- the term of appointment of the Director has expired and the Director has not been reappointed
- the Board declares the office to be vacant where the Director is directly or indirectly interested in a contract or proposed contract with the Trustee and has failed to declare the nature of such an interest
- the Board declares the office to be vacant in circumstances where the Director ceases to satisfy the Trustee's 'fit and proper' requirements.

#### **Gender Diversity on the Board**

The Trustee is committed to achieving a gender balance on the Board of 44% of each gender (that is, four out of a total of nine directors).

The gender balance of the Board during the 2018/19 financial year (five men and four women) met the Trustee's gender diversity commitment for membership of the Board.

## Committees

The Trustee Board has established Committees for certain functions. The Committees are made up of members of the Board and regularly report to the Board.

The Trustee changed the composition of the Finance, Audit and Compliance Committee, the Operations and Insurance Committee, the Remuneration and Nominations Committee and the Marketing Committee. These changes are reflected in the Director's attendance at meetings table on page 51.

### Investment Committee

Responsible for the Trustee's investment-related functions, it:

- reviews and sets the Fund's investment objectives and strategies
- determines the ongoing strategic and tactical asset allocations of the Fund's investment options
- approves the acquisition and sale of Fund assets (other than assets under external management), and
- approves the valuations of Fund assets.

**Committee members:** Susanne Dahn (Chair), all Board members are members of this Committee.

### Finance, Audit and Compliance Committee

Assists the Trustee to fulfil its responsibilities in relation to:

- the monitoring and assessment of the financial management of the Trustee and the Fund
- the compliance of the Trustee in managing the Fund, and
- the oversight of the Fund's auditors.

**Committee members:** Don Rowland (Chair), Anne O'Donnell, Susanne Dahn, Geoff Lowe, and Peter Savage.

### Risk Committee

Assists the Trustee to fulfil its responsibilities in relation to:

- monitoring, reviewing and assessing the management of risk in relation to the Trustee and the Fund, and
- providing oversight of the implementation and operation of the Trustee's Risk Management framework and to form an overall view of the strength of the Trustee's risk position relative to its risk appetite.

**Committee members:** Anne O'Donnell (Chair) Susanne Dahn, Don Rowland, David Smith and Susan Walpole.

### Operations and Insurance Committee

Assists the Trustee in its oversight of:

- the Fund's administration and member services, including insurance
- the application of the insurance management framework, and
- the Management Claims Panel.

**Committee members:** Susan Walpole (Chair), Geoff Lowe, David Smith and Rhonda O'Donnell.

### Remuneration and Nomination Committee

Assists the Trustee to:

- review and make recommendations for the remuneration of relevant persons including Directors
- assess fitness and propriety of new and existing Directors
- monitor and assess succession planning for the Trustee and its Committees, and
- facilitate and Implement annual and triennial Trustee Evaluation.

**Committee members:** Rhonda O'Donnell (Chair), John Brumby and Peter Savage.

### Marketing Committee

Assists the Trustee to:

- ensure marketing activities are effective and in alignment with the overall strategic plan
- oversee and review the digital marketing strategy and related initiatives, and
- facilitate the delivery of quality advice to members through effectively monitoring and reviewing the advice strategy and the suitability of selected advice channels.

**Committee members:** David Smith (Chair), John Brumby, Peter Savage and Rhonda O'Donnell.



## Performance Assessments of the Board and Directors

The Trustee's Governance Policy requires that the performance of the Board (as a collective) and of the directors (individually) be assessed each year. Every third year the performance assessment must be an independent assessment.

During 2018/9 the performance of the Board and of the directors was assessed as part of the triennial independent performance review.

### Director's attendance at meetings for FY ended 30 June 2019

Director	Trustee Board	Investment Committee	Finance, Audit and Compliance Committee	Risk Committee	Operations and Insurance Committee	Marketing Committee	Remuneration & Nominations Committee
Chair John Brumby	4/4	8/9				3/4	1/1
Anne O'Donnell	4/4	9/9		4/4	4/4		
Susanne Dahn	4/4	9/9	4/4	4/4			
Geoff Lowe*	1/1	2/2	1/1				
Peter Savage	3/4	9/9	4/4		4/4		0/1
Don Rowland	4/4	9/9	4/4	4/4			
Bruce Hatcher**	2/3	5/7	3/3				
Susan Walpole	4/4	8/9		4/4	4/4		
Rhonda O'Donnell	4/4	8/9			3/4	4/4	1/1
David Smith	4/4	7/9	4/4	4/4		3/4	

Includes face-to-face meetings and telephone conferences

\* Geoff Lowe was appointed on 1 March 2019

\*\* Bruce Hatcher resigned on 28 February 2019

## CEO and Executive team



**Leeanne Turner**

**Chief Executive Officer**

### **Appointed November 2011**

Leeanne has over 35 years' experience in superannuation. She was Deputy CEO at MTAA Super before being promoted to CEO. Prior to MTAA Super, Leeanne was CEO of AvSuper.

#### **Qualifications:**

- Diploma of Financial Services (Superannuation)
- Graduate, Australian Institute of Company Directors
- Graduate, Interpersonal Dynamics for High Performance Executive Program, Stanford Graduate School of Business Executive Education



**Michael Sykes**

**Deputy Chief Executive Officer**

### **Appointed September 2013**

Michael was Executive Manager, Finance and Accounting at MTAA Super before being promoted to Deputy CEO. He has over 25 years' experience in financial services, across banking, insurance and superannuation. In addition to being Deputy CEO, Michael is responsible for all financial processes including the Audit, Tax and Custody relationships of the Fund.

#### **Qualifications:**

- Certified Practising Accountant
- Certified Investment Management Analyst
- Master of Business Administration
- Bachelor of Economics (Hons)



**Philip Brown**

**Executive Manager, Investments**

### **Appointed July 2007**

Philip has more than 20 years' experience in the financial services industry across a range of roles primarily involving managing institutional investment portfolios for not-for-profit institutions.

#### **Qualifications:**

- Bachelor of Economics
- Graduate Diploma in Applied Finance and Investment
- Graduate, Australian Institute of Company Directors

## **Performance Assessments**

MTAA Super staff (including senior management) are covered by MTAA Super's Performance Review Development Program. This program aligns the goals and actions of individual staff members with the Trustee's values, strategic objectives and risk management objectives. The program is designed to reduce the risk of misconduct by linking risk measures with the management of non-financial risks and

compliance with relevant laws. Performance under the program by each employee is reviewed after six months and again at the end of the financial year. Outcomes of the performance evaluations are taken into account in setting remuneration levels.

In accordance with the program, an assessment of the performance of all staff (including senior management) was undertaken during 2018/19.



## Michael Irving

**Executive Manager,  
Marketing, Communications,  
Education and Advice**

### **Appointed April 2012**

Michael has over 30 years' experience within the superannuation industry in both retail and not-for-profit funds. Michael has broad management experience across a range of roles including operations, marketing, strategy and project management.

#### **Qualifications:**

- Master of Business Administration
- Graduate Certificate in Management



## Chris Porter

**Executive Manager,  
Operations**

### **Appointed May 2012**

Chris was Manager Administration and Operations at MTAA Super before being promoted to Executive Manager. He has over 35 years' experience in the superannuation industry and has held senior managerial positions in a range of organisations across both retail and not-for-profit funds.

#### **Qualifications:**

- Diploma in Superannuation Management
- Diploma in Life Insurance

## Remuneration

The remuneration practices are set out in the Trustee's Remuneration Policy. The information provided in this report summarises the objectives of MTAA Super's Remuneration Policy which are to:

- attract, retain and motivate the right talent for the Trustee's business operations
- align the activities of Relevant Officers to the interests of the Fund's beneficiaries, the long-term financial soundness of the Trustee and the Fund and the Trustee's risk management framework
- maintain fair and reasonable rates of pay for Relevant Officers, taking into account the remuneration practices of comparable super funds, and
- encourage, recognise and reward individual, team and business performance.

### Director remuneration

MTAA Super Directors are remunerated for their services to the Trustee and Fund. For 2018/19, the Chair and Directors were paid a fixed annual fee as compensation for their services on the Trustee Board and its Committees.

In recognition of the responsibilities and additional duties required, Board Committee Chairs received an additional flat fee. Directors are also reimbursed for any reasonable expenses incurred in carrying out their duties for the Trustee.

### Executive remuneration

Executive remuneration is reviewed annually against independent comparative salary benchmark data, and consideration is given to external economic indicators, individual performance and contribution to the Fund.

All Executives are remunerated by way of fixed salary packages.

#### MTAA Super Director remuneration for 1 July 2018 to 30 June 2019

Director	Short-term benefits		Post-employment benefits	
	Cash and monetary benefits <sup>1</sup> \$	Non-monetary benefits \$	Superannuation <sup>2</sup> \$	Total remuneration \$
Chairman John Brumby	140,039	0	13,304	153,343
Anne O'Donnell	84,823	0	8,058	92,881
Susanne Dahn	94,131	0	8,942	103,073
Peter Savige	73,751	0	7,006	80,757
Don Rowland	84,823	0	8,058	92,881
Geoffrey Lowe <sup>3</sup>	24,584	0	2,335	26,919
Bruce Hatcher <sup>4</sup>	52,120	0	4,951	57,071
Rhonda O'Donnell	82,609	0	7,848	90,457
Susan Walpole	82,609	0	7,848	90,457
David Smith	76,703	0	7,287	83,990

<sup>1</sup> Includes all salary sacrifice amounts.

<sup>2</sup> Includes superannuation guarantee contributions only.

<sup>3</sup> Commenced 1 March 2019.

<sup>4</sup> Ceased 28 February 2019.



## MTAA Super Executive Team remuneration for 1 July 2018 to 30 June 2019

	Short-term benefits		Post-employment benefits	
	Cash and monetary benefits <sup>1</sup> \$	Non-monetary benefits <sup>2</sup> \$	Superannuation <sup>3</sup> \$	Total remuneration \$
Philip Brown	258,167	6,103	24,526	288,796
Michael Irving	205,614	6,734	19,533	231,881
Chris Porter	224,037	7,664	21,284	252,985
Michael Sykes	285,358	7,604	25,000	317,962
Leeanne Turner	415,246	17,419	24,359	457,024

1 Includes all salary sacrifice amounts.

2 Includes car parking, Group Salary Continuance and Group Life insurance plans.

3 Includes superannuation guarantee contributions.

### Changes to the Trust Deed

In 2018/19 the Fund's Trust Deed was amended by a Deed of Amendment dated 29 August 2018.

The changes effected by the Deed of Amendment reflect a number of legislative amendments:

- the introduction of a new external dispute resolution scheme (Australian Financial Complaints Authority) for the resolution of complaints
- restrictions on the provision of insurance cover through superannuation to various types of members
- the imposition of a cap on administration and investment fees for low balance accounts
- the banning of exit fees
- the transfer of inactive low balance accounts to the Australian Taxation Office.

The Deed of Amendment also makes a number of minor amendments, including the removal of redundant provisions.

A copy of the Fund's Trust Deed is available from MTAA Super's website at [mtaasuper.com.au](http://mtaasuper.com.au)

As an MTAA Super member you are also entitled to request a copy of the Fund's Trust Deed. For a copy, send your written request to:

MTAA Super  
Locked Bag 5134  
Parramatta NSW 2124

## Risk management

Our ability to manage risk is critical for us to deliver positive retirement outcomes to members.

At MTAA Super, we have a robust Risk Management Framework (RMF) to identify, assess, manage, mitigate, and monitor risks. We have embedded risk management into all areas of our organisation, including our systems, structures, policies, processes, and people.

Our Risk Committee is responsible for implementing the RMF and to make sure it aligns with our overall risk appetite.

The RMF is driven by a dedicated Risk Management Team which reports to the Board and Risk Committee.

### Promoting a positive risk culture

While the RMF establishes the rules, processes, and standards for managing risks, it is our risk culture that determines its success.

At MTAA Super, we are dedicated to creating and fostering a positive risk culture at all levels of our organisation.

We believe a positive risk culture encourages all employees to appropriately monitor and manage risk as an intrinsic part of their day-to-day work. It also supports open discussions about uncertainties and opportunities, encourages employees to express concerns, and maintains processes to escalate concerns to appropriate levels.

To ensure our risk culture remains positive and productive, we annually assess and evaluate our risk culture performance. We also train and support all MTAA Super employees to understand their risk management responsibilities and obligations.





RG Casey Building, ACT

# Financial statements

## Shortened statement of financial position as at 30 June 2019

	2018 (\$m)	2019 (\$m)
Investments	11,822.6	12,767.3
Other assets	32.1	33.1
<b>Total assets</b>	<b>11,854.7</b>	<b>12,800.4</b>
<b>Liabilities</b>		
Income tax payable/(receivable)	-6.7	-22.6
Deferred tax liability	212.0	230.8
Other liabilities	73.4	35.6
<b>Total liabilities</b>	<b>278.8</b>	<b>243.8</b>
<b>Net assets available for member benefits</b>	<b>11,575.9</b>	<b>12,556.6</b>
Members accounts	11,396.9	12,367.0
<b>Total Net Assets</b>	<b>179.0</b>	<b>189.6</b>
<b>Equity</b>		
Reserves	179.0	189.6
Reserves as a % of member balances	1.57%	1.53%

## Operating statement for year ended 30 June 2019

	2018 (\$m)	2019 (\$m)
<b>Revenue</b>		
Investment income	1,060.4	988.6
<b>Expenses</b>		
Investment expenses	36.9	79.9
Administration expenses	16.2	18.0
Operating expenses	20.6	21.1
Income tax expense	47.9	29.2
<b>Results from superannuation activities after tax</b>	<b>938.8</b>	<b>840.4</b>
Net benefits allocated to members' accounts	926.7	829.8
<b>Operating result after income tax</b>	<b>12.1</b>	<b>10.6</b>



## Statement of changes in member benefits for year ended 30 June 2019

	2018 (\$m)	2019 (\$m)
<b>Opening balance of member benefits</b>	<b>10,265.8</b>	<b>11,396.9</b>
<b>Contributions</b>		
Employer contributions	729.8	750.6
Member contributions	64.3	68.5
Transfers from other funds	146.2	206.3
Government co-contributions	0.7	0.7
Low Income Super contributions	8.6	7.3
Income tax on contributions	-97.0	-102.7
<b>Net after tax contributions</b>	<b>852.6</b>	<b>930.7</b>
Benefits to members or beneficiaries	-631.0	-779.3
Insurance premiums to members' accounts	-87.1	-80.6
Death and disability insurance benefits paid to members or beneficiaries	70.9	69.4
Anti-detriment expenses	-1.1	0.0
<b>Benefits allocated to members' accounts comprising:</b>		
Net Investment income	962.9	865.6
Administration Fees	-36.3	-35.7
<b>Closing balance of member benefits</b>	<b>11,396.9</b>	<b>12,367.0</b>

## Reserves for the three years to 30 June 2019\*

	2017 (\$m)	2018 (\$m)	2019 (\$m)
Reserves	\$166.9	\$179.0	189.6
% of members balance	1.63%	1.57%	1.53%

\* The Reserves comprise of an Administration Reserve, Investment Reserve and an Operational Risk Reserve.

## Reserves Policy

The Trustee's policy is to apply net investment earnings to members' balances in the year in which they are earned. However, it does maintain a small investment reserve in order to ensure that the Trustee can cover any unforeseen fluctuations in the Fund's net assets which might arise from taxation, valuation and other investment risks and to ensure solvency of the Fund. The cost of rectifying unit pricing errors or making unit pricing adjustments may be met from the investment reserve if, after considering the issue, the Trustee deems it to be the most appropriate, fair and equitable approach for members. Each issue will be considered on a case-by-case basis, but in all circumstances the Trustee must consider the most fair and equitable outcome for all members (including affected members).

The Trustee also maintains an Administration Reserve, from which to pay non-investment operating expenses that are incurred in administering Fund activities. The Reserve is also used to meet the ongoing regular funding of the Operational Risk Reserve and the cost of risk events that are unable to be met from the Operational Risk Reserve. Any tax benefits associated with expenditure met from the Reserve are applied back to the Reserve. The Trustee deducts an Administration Fee from members' accounts to ensure ongoing funding of this Reserve. The funding requirements of the Reserve are forecast on a rolling basis and regularly reviewed by the Trustee.

## Operational Risk Financial Requirement

Operational risks (as opposed to investment risks) represent the risk of loss to members from failures in internal controls, processes, people and systems, or from external events. RSE licensees are required to hold a separate reserve/provision to meet financial losses associated with operational risks which might arise within a super fund. The Trustee has determined it appropriate to target an amount equal to 0.275% of Fund net assets for this Reserve.

This Reserve has been fully funded since establishment in July 2013.

In the normal course of events, the ongoing funding of the Reserve is met from the General Reserve which is funded by Member Administration fees. The Trustee regularly reviews the level of the Reserve and annually assesses its target amount to ensure it remains adequate based on the size, business mix and complexity of the Fund's operations.

The reserve is invested in cash and cash equivalents and can only be used for operational risk events as defined under the Prudential Standard on Operational Risk Financial Requirement (SPS 114).

## Derivatives

MTAA Super allows some of its investment managers to use derivatives such as futures and options in order to manage risk and increase returns. Derivatives are employed to effect a currency hedge to manage foreign exchange rate risks. Strict parameters apply and at no time during 2018/19 did the derivative charge ratio exceed 5% of assets.

## Superannuation surcharge

For financial years until 30 June 2005, the Federal Government applied an additional surcharge tax to members whose adjusted taxable income (that is, taxable income plus gross fringe benefits plus deductible superannuation contributions) exceeded a specific limit. MTAA Super will deduct any surcharge due from your account for the relevant periods and will pay this to the Australian Taxation Office. The superannuation surcharge tax has been abolished for contributions received since 1 July 2005.

## Trustee indemnity insurance

The Trustee has taken out indemnity insurance to protect the Trustee from losses arising as a result of claims made against the Trustee. The Trustee has also taken out a directors' and officers' insurance policy to indemnify its directors and officers against certain liabilities.

# Other important information

## Transfers to Eligible Rollover Fund

Your account may be transferred to AUSfund (Australia's Unclaimed Super Fund). This usually occurs if you have a low account balance (up to \$6,000) or we have lost contact with you and MTAA Super has not received an employer contribution for you for more than 12 months.

We will write to you if we intend to transfer your benefit to AUSfund and will outline the full terms of the proposed transfer. If your account is transferred to AUSfund, you cease to be a member of MTAA Super and will not receive benefits such as insurance cover. AUSfund does not provide Death or Total and Permanent Disablement cover. The fees and costs and investment strategy will be different.

For further information, you contact:

### AUSfund

Locked Bag 5132  
Parramatta NSW 2124  
Telephone: **1300 361 798**

## Temporary Resident

If you earned super while visiting Australia on a temporary visa, you can apply to have this super paid to you as a departing Superannuation payment (DASP) after you leave. Generally, you can claim a DASP if you have accumulated super while working in Australia on a temporary resident visa, your visa has ceased to be in effect, you have left Australia and you are not an Australian or New Zealand citizen or a permanent resident of Australia.

If it has been six months or more since you left Australia and your visa has ceased to be in effect, we will transfer your super money to the Australian Taxation Office (ATO) as unclaimed super money. In these circumstances we are not required to notify you that your super money has been transferred to the ATO, nor are we required to provide you with an exit statement. When your super money is transferred to the ATO, any benefits of your membership with MTAA Super (including insurance cover) will stop. However, you still have the right to apply to the ATO to claim your super. For more information, go to the ATO website at **ato.gov.au**

## If you have a complaint

MTAA Super is committed to handling complaints promptly, fairly and in the strictest confidence. We care about our members. Complaints are taken seriously and dealt with as soon as practicable. If you have a complaint, call us on **1300 362 415** or write to us at:

### The Complaints Officer

MTAA Super  
Locked Bag 5134  
Parramatta NSW 2124  
contact@mtaasuper.com.au

The Complaints Officer will investigate your complaint and provide you with a written response.

If an issue has not been resolved to your satisfaction, or your complaint has not been resolved within 90 days, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

### Australian Financial Complaints Authority (AFCA)

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: **www.afca.org.au**  
Email: **info@afca.org.au**  
Telephone: **1800 931 678** (free call)

In writing to:

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

There are some time limits for lodging certain complaints. This includes complaints about the payment of a death benefits, which you must lodge with AFCA within 28 days of being given a written decision.

## Our contact details

Telephone: **1300 362 415**  
Email: **contact@mtaasuper.com.au**  
Website: **mtaasuper.com.au**

Postal address:  
Locked Bag 5134 Parramatta NSW 2124

Fund Trustee:  
Motor Trades Association of Australia Superannuation Fund Pty. Limited  
ABN 14 008 650 628, AFSL 238 718

Trustee office:  
MTAA Super House, 3rd Floor  
39 Brisbane Avenue, Barton ACT 2600







## External service providers

### **Fund administrator**

Australian Administration Services Pty Limited

### **Group life insurance**

MetLife Insurance Limited

### **Financial planning services**

Industry Fund Services

### **Internal auditor**

Deloitte Touche Tohmatsu

### **External auditor and tax adviser**

PricewaterhouseCoopers

### **Investment adviser**

Whitehelm Capital Pty Ltd

### **Property adviser**

JG Service Pty Limited

### **Master custodian**

NAB Asset Servicing (a division of the National Australia Bank)

### **Bank**

National Australia Bank



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1300 362 415  
contact@mtaasuper.com.au  
**mtaasuper.com.au**

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Parramatta NSW 2124

Trustee: Motor Trades Association of Australia  
Superannuation Fund Pty. Limited  
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MTAA Superannuation Fund  
ABN 74 559 365 913 | USI MTA0100AU

