



# Annual Report 2019/20

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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). 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.





# MTAA Super at a glance

as at 30 June 2020

**\$12.5b**

Funds under  
management

MTAA Super was established as 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.



**50,961**

Active employers



**\$71.2m**

Member contributions



**6,032**

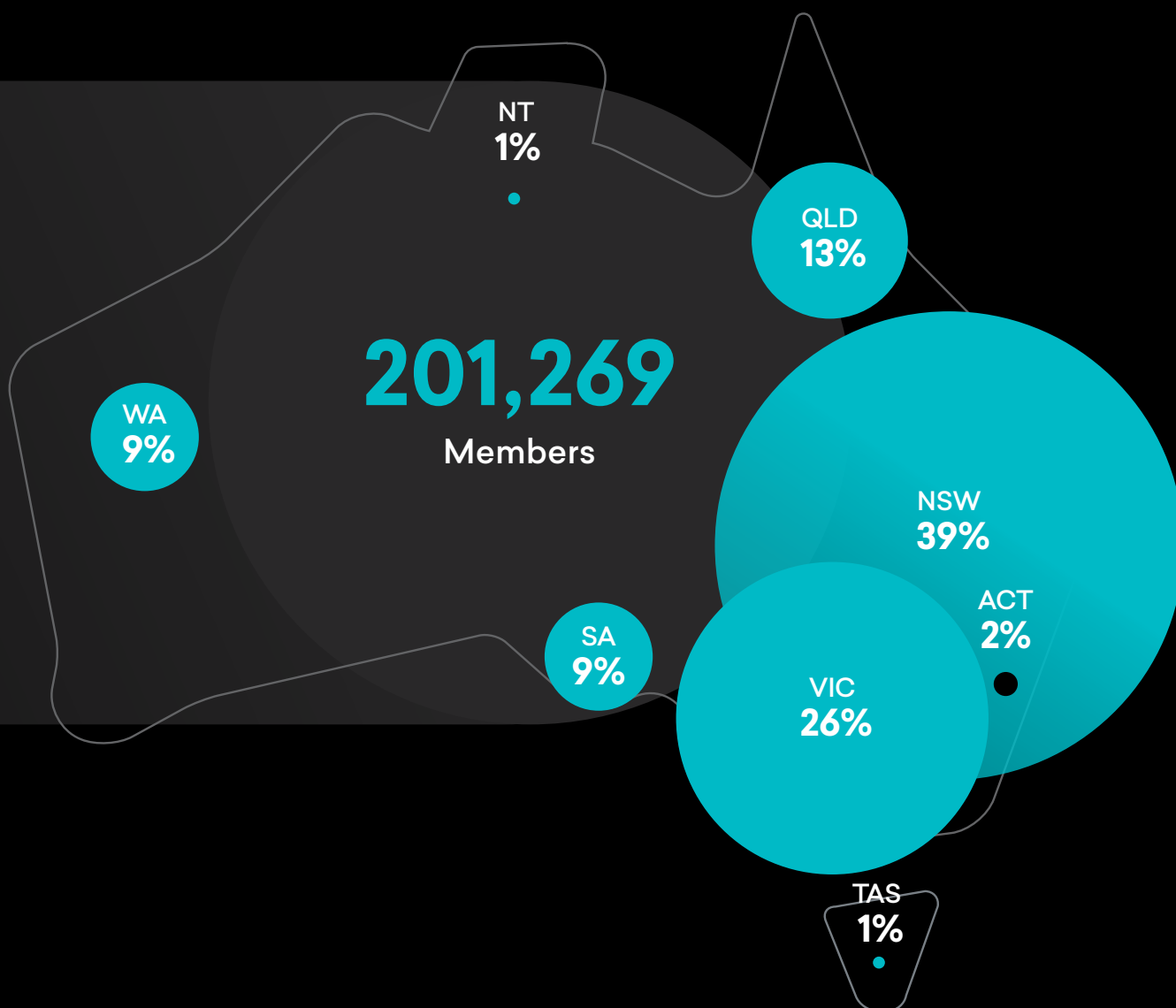
Members who received  
advice



**\$784m**

Employer contributions





**\$68.7m**

in Death and TPD insurance  
claims paid



**\$62k**

Average account balance



**912,054**

Website visits

# CEO's message

## A year of change and challenge

Twenty-twenty will no doubt go down as one of the most challenging in recent history.

After a summer of bushfires, floods and drought, the COVID-19 pandemic introduced further pressure to households and business across Australia and the world.



Many people have lost their jobs. Businesses have suffered. Social distancing and lockdowns have made it hard for communities to stay connected.

Despite the challenges, our commitment to you and your super has remained steadfast.

We have worked hard to steer our investments through turbulent share markets, redeployed resources to get you the service and advice you need and introduced new online avenues to keep you informed about super changes.

It's been a year of change and adaptation, and while there is likely more change to come in the year ahead, it's not all negative.

In March 2021 we will be finalising our merger with Tasmanian-based fund Tasplan.

For members and employers, the first change you will notice will be our new name and corporate brand, but the benefits of the merger go far beyond a facelift.

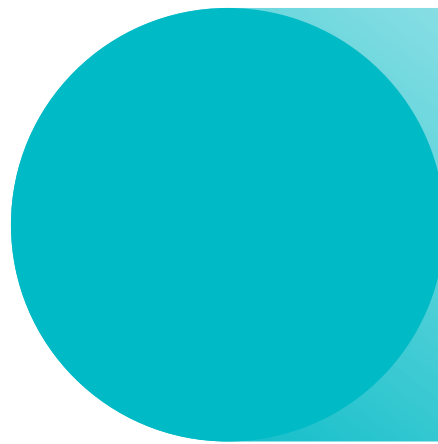
A combined fund will provide greater efficiencies, improved products and services, and increased capability. It will also put us in a strong position for continued growth and competitiveness.

This means better value for you and your super for years to come.

While leaving the MTAA Super name behind after 30 years will be bittersweet, we are excited about the next chapter for the fund.

A new name represents more than a new beginning. It shows a renewed commitment to providing service excellence and quality retirement outcomes.

With countless hours of preparation and planning behind us, we expect the merger will go ahead with minimal impact to members and employers. You can keep up to date with the merger progress on our website.



## A challenging year for investors

The impacts of the global COVID-19 pandemic significantly impacted returns and funds under management for all investors this year.

As of 30 June 2020, we achieved returns of -0.94% p.a. for the My AutoSuper (Balanced) investment option and -1.18% p.a. for our Pension Balanced investment option.

Importantly, SuperRatings also has our My AutoSuper (Balanced) option earning risk-adjusted returns of 8.0%\* over 7 years, putting us in the top ten for Australian funds in this category.

This means we have been able to deliver strong long-term returns within an acceptable level of risk, which is critical as we continue to navigate persistent market volatility and unpredictability.

Assets under management were \$12.5 billion as of 30 June 2020. This is about 11% below our peak of \$13.9 billion in February 2020 and a significant rebound from a low of \$11.45 billion in March.

Overall, it was a year of two halves for investments. Despite persistent market volatility, 2019 provided some of the best investment returns in almost a decade. However, the COVID-19 pandemic introduced a very different investment environment in early 2020.

With containment measures restricting the movement of people and the sales of certain goods and services, economic growth across global markets came to a standstill and share prices plummeted.

By 23 March 2020, US equities (S&P 500) had dropped nearly 34% from its February peak. By 31 March 2020, Australian equity markets had fallen nearly 37%.

Despite markets rallying to be near pre-COVID-19 highs throughout the June quarter due to unprecedented government stimulus and supportive central banks policies, market volatility remains high.

The threat of further COVID-19 outbreaks is ever-present, borders are closed, unemployment is elevated, and entire industries and geographies are suffering from a lack of trade activity.

This will likely mean reduced investment returns in the short to medium term. It may also mean further short-term losses.

Despite this, we remain positive about the fund's long-term outlook.

Solid returns in recent years and a significant increase in funds through our merger with Tasplan have us well placed to ride out the storm and to take advantage of investment opportunities as markets recover.

\* Source: SuperRatings. Returns to end June 2020. Risk and return ranking based on Sharpe Ratio.

## New super rules to deal with COVID-19


The Australian Government made several changes to super as part of its economic response to the COVID-19 pandemic. The most notable was a temporary change to the early release of super rules.

Under the new rules, individuals affected by COVID-19 could apply to access up to \$10,000 of their super in 2019-20 and have a further opportunity to access up to \$10,000 in 2020-21.

Pleasingly, we entered 2020 in good shape in terms of liquidity and cash. This ensured we had sufficient cash to meet all member payment requests, including investment switches and early release payments.

As of 30 June 2020, we have processed over 37,500 COVID-19-related early release applications and paid out over \$314 million in benefits.





While the ability to access super early has provided important financial aid during these difficult times, you should carefully consider all options before accessing your super prematurely.

Withdrawing super early can have a big impact on your retirement savings in the long run. For low-balance accounts, it can also affect your insurance cover.

You should also make sure you meet the ATO's required eligibility criteria before proceeding.

The ATO is taking a tough stance towards anyone trying to deliberately exploit the system to access super they are not entitled to. Any person who provides false or misleading information to the ATO could face penalties of more than \$12,000 for each false and misleading statement.

Regardless of how and when you access your super, you should always seek financial advice to make sure it's the best option for your specific situation.

The Government also reduced the minimum drawdown rates for account-based pensions by 50% for the 2019-20 and 2020-21 financial years. This reduction allows pension members to preserve capital in their account while still drawing an income.

For details about the Government's response to COVID-19 and its impact on super, see page 12.

## **Merger timeline extended and a focus on support**

In early 2020, we extended the timeline for our merger with Tasplan from 1 October 2020 to 1 April 2021 due to ongoing market volatility and concerns about access to specialist services to facilitate the merger.

The decision also allowed us to redeploy resources to get you the service, advice, and support you need during the COVID-19 crisis.

In March 2020, we launched a dedicated COVID-19 information hub on our website to keep you up to date with issues affecting your super. This included video updates, details about Government assistance schemes, and updates about super changes.

We also launched a series of online education webinars to explain issues affecting your super. Hosted by our expert Education Specialists, these webinars cover topics such as market performance, investment options, and insurance considerations.

As at 30 June 2020, our team hosted over 40 regional and national online education sessions, with almost 400 members registering to take part.

After receiving fantastic feedback about the sessions, we look forward to continuing to expand and explore new digital support options in the future.

## **New insurance laws**

In 2019, the Government introduced new laws that significantly changed the way we offer insurance—particularly for young members and those with low-balance or inactive accounts.

Known as the Protecting Your Super (PYS) and Putting Members' Interests First (PMIF) reforms, the changes aim to protect super balances from unnecessary fee erosion and to make sure you don't pay for insurance cover you may not need or want.

While these changes will protect the super balances of many Australians, everyone's insurance needs are different.

As always, we encourage you to regularly review your cover to make sure it's appropriate for your needs and providing the financial security you may need.

If you're not sure about your cover needs, we recommend you get financial advice from a qualified adviser. Our MTAA Super Advisers are a good place to start. To get in touch, phone **1300 362 415**.

## Thanking our team

After a year punctuated by change and disruption, I'd like to thank our Board, Executive Team and staff, and our service providers, for their hard work, dedication, and professionalism over the last 12 months.

I'd especially like to acknowledge the considerable contributions of the Directors and Executive Team members who will be departing the fund after completion of the merger.

From the Executive Team, we will farewell Michael Sykes, Philip Brown, Chris Porter, and Michael Irving.

And from the Board, we will farewell John Brumby (Chair since 2011), Don Rowland (Employer Representative since 2009) and Susan Walpole (Member Representative since 2013).

Apart from being an integral part of the merger process, all these individuals have been key drivers behind our success for many years. On behalf of the

Board and Management – and you, our members – I sincerely thank each and every one of them for their dedication and longstanding commitment to deliver the best possible returns and services to you. I also wish them all the best with their future endeavours.

I'd also like to acknowledge the extraordinary leadership of our Chair, John Brumby, who will step down from his position on 1 April 2021 after nine years in the role.

John's leadership has been instrumental in shaping us into the resilient, strong performing fund we are today. I have no doubt that post-merger, the fund will benefit from his decisive vision for many years to come.

And finally, I thank you, our members and employers for your continued loyalty and support. You are the foundation of the fund and the reason for everything we do.

We look forward to continuing to support you and your super as we embark on this exciting new era.



**Leeanne Turner**  
**CEO**

# A legacy of resilience: a farewell from John Brumby

On 1 April 2021, as MTAA Super and Tasplan merge to become one of Australia's newest super funds, I will be stepping down as Chair of MTAA Super after almost ten years of service.

To say my time here has been transformative would be an understatement.

When I was appointed Chair in 2011, MTAA Super faced some big challenges. Like all super funds, we were still feeling the effects of the Global Financial Crisis. Returns had fallen sharply. Funds under management had taken a hit. Uncertainty was high.

In an industry dealing with unprecedented change and disruption, it was clear that we too needed to change if we were going to continue providing great value to our members.

In response, we made significant governance, portfolio and reporting changes to help us recover and reset.

Working closely with APRA, we became one of the first industry funds to adopt the 3x3x3 board model with equal representation from employers, employees, and independents.

This change brought a broader range of skills, experience and diversity to the board and allowed us to create a better gender balance in board representation. It's a model that has served us exceptionally well.

We realigned the fund's strategic asset allocations and enhanced our investment and risk management capabilities.

We also worked hard to reinvigorate our services by introducing a new, expanded education and advice team.

Our re-emergence as a fund on the move didn't go unnoticed.

By 2012-2013 we were once again providing members with returns above 10 per cent for our Balanced and Growth investment options.

In 2014, we were acknowledged with three prestigious industry awards:

- Fund Executive of the Year for CEO Leeanne Turner
- AIST Trustee of the Year for Chair John Brumby
- AIST Super Investment Award for Excellence to Executive Manager Investments Philip Brown

In 2015 and then again in 2017, we took out Medium Fund of the Year at the Conexus Financial Superannuation Awards.

Once again, we were industry leaders. Most importantly, we were able to achieve these results while keeping downward pressure on fees and costs. This meant improved value for members.

In 2016, we embarked on a bold new vision to be the most inspiring super fund in Australia. We adopted a new brand identity to reflect our increasingly diverse member base and further embraced new digital technologies to provide more personalised and efficient services.

And last year, to ensure the best possible communication with our members, we provided industry leadership by holding our first Annual Members Meeting, with our second to be held this year in October.

I am proud to say that we now have a robust, resilient, and strongly performing fund – a fund for the future. And the future looks bright.

Our merger with Tasplan in early 2021 is another step on our journey as one of Australia's leading super funds.



The merger will 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.

Furthermore, it feeds directly into our long-term key strategic objective: growth.

Today more than ever, super funds face immense scrutiny and pressure to merge to ensure members get better outcomes through economies of scale. I have no doubt consolidation will become more common as funds seek to position themselves to best provide increased value and competitiveness.

By merging with Tasplan now, we are ensuring greater certainty and stability for the fund and are taking greater control of your retirement outcomes.

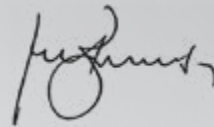
I am proud to have been the Chair of this terrific fund for the last nine years and proud of the amazing results we have been able to deliver to our members.

I'd like to thank my fellow Trustees, CEO Leeanne Turner, the MTAA Super Executive team, and all the MTAA Super staff for their hard work and dedication over the years. It has been a pleasure getting to know you all and I wish you all the success for the future.

I'd also like to thank our automotive industry partners, service providers, and corporate supporters who have helped grow and shape this fund over the last 30 year and more.

Last, but certainly not least, I thank all our members and employers for your continued loyalty and support to this great fund.

The MTAA Super name may be set for retirement, but it's proud history, legacy, and motoring spirit will continue to work for generations yet.



**John Brumby**  
**Chair**

# Super changes

The Federal Government introduced several changes to super this year. This included significant changes to the early release of super rules as part of its economic response to the impacts of COVID-19.

We also saw more changes to the way we offer insurance to young members and members with low-balance or inactive accounts. This was the result of the Government's new Putting Members Interest First (PMIF) and Protecting Your Super (PYS) laws, which are designed to ensure you're not paying insurance fees for cover you may not need or want and to protect your account balance from unnecessary erosion by fees and insurance fees.

## Summary of super changes implemented this financial year

### Temporary changes to the early release of super rules

The Government is temporarily allowing people financially affected by COVID-19 to access up to \$10,000 of their super in 2019-20 and a further \$10,000 in 2020-21. This is a temporary measure available until 31 December 2020.

### Salary sacrificed amounts do not count towards super guarantee obligations

From 1 January 2020, salary sacrificed super contributions can't be used by your employer to reduce their superannuation guarantee obligations, regardless of how much you salary sacrifice.

This means your salary sacrificed amount does not count towards your employer's superannuation guarantee obligation.

### Work Test age limit increased

On 1 July 2020, the age at which the Work Test applies increased from 65 to 67. The work test is used to determine if you are 'gainfully employed' (work enough hours) to be eligible to make voluntary contributions into your super.

### Spouse contributions age limit increased

On 1 July 2020, the cut-off age at which a person can receive spouse contributions increased from 70 to 75. Previously, anyone over 69 could not receive contributions from spouses.

### Cover for members with balances less than \$6,000 ceased on 1 April 2020

If your account balance did not reach at least \$6,000 at any time between 1 November 2019 and 31 March 2020, your insurance cover ceased on 1 April 2020, unless you let us know you wanted to keep it. If your cover was affected by this change, we will have contacted you directly to let you know your options.

### Default cover is now opt-in for new members under 25 or with low balances

From 1 April 2020, default insurance cover is only offered to members who are over age 25 and have a balance of \$6,000 or more. If a member joins before they are 25, default insurance cover will commence when they turn 25 and they have at least \$6,000 in their account. You can also choose to opt-in for insurance any time before you turn 25 or have a balance of less than \$6,000.

## Insurance cover cancelled on inactive accounts on 1 July 2019

On 1 July 2019, insurance cover on inactive super accounts was automatically cancelled, unless you notified 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 for 16 months.

## Insurance fee changes

On 3 February 2020, insurance fees for Death and Total and Permanent Disablement (TPD) cover increased for members aged 26–54. Insurance fees for Income Protection (IP) cover increased for all members.

The fee rise was a result of a significant decrease in the number of members covered by our group insurance policy due to recent legislative reforms, changes to our membership demographics, and past claims activity.

## Changes to recommencement of cover rules

From 3 February 2020, insurance cover that recommences because of an employer contribution will restart from the date we receive the contribution at the amount of default cover applicable on that date. Previously, the recommencement date depended on the amount of time that had passed between your cover stopping and when we received a new employer contribution.

## Reduced minimum drawdown rates

The Government has temporarily reduced the required drawdown rates for super pensions by 50% for the 2019/20 and 2020/21 financial years.

| Age        | Minimum drawdown for FY 2019/20 and FY 2020/21 (% of balance) |
|------------|---|
| Under 65   | 2   |
| 65–74      | 2.5   |
| 75–79      | 3   |
| 80–84      | 3.5   |
| 85–89      | 4.5   |
| 90–94      | 5.5   |
| 95 or more | 7   |

By reducing how much you are drawing down on your pension, you can preserve capital in your account while still drawing an income. This may benefit retirees with account-based pensions by reducing the need to sell investment assets to fund minimum drawdown requirements.

## Reduced social security deeming rates

On 1 May 2020, the Government reduced the upper and lower social security deeming rates by 0.25 percentage points. This is in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020.

As of 1 May 2020, the upper deeming rate is 2.25% and the lower deeming rate is 0.25%.

## Amnesty on unpaid super

The Government is offering employers a one-off super guarantee amnesty to make a voluntary disclosure about any unpaid superannuation contributions relating to the period from 1 July 1992 to 31 March 2018.

The amnesty period started from 24 May 2018 and ends on 7 September 2020.

## Proposed super changes

The following proposed super changes will not become active until passed into law.

### Extending bring-forward rule

The Government is proposing to extend the non-concessional contribution bring-forward rule to people aged 65 and 66. Currently those aged less than 65 years can make three years' worth of non-concessional contributions (capped at \$100,000 a year) into their super in a single year.

## Need more information?

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

### No change to scheduled super guarantee increase

The Federal Budget 2019 did not make any changes to the legislated increase in the super guarantee. Currently, the guarantee is set to increase from 9.5% to 10% on 1 July 2021. By 2024, it is set to be 12%.



# Better service for members

COVID-19 has reshaped the way we do business and connect with you, but we are still providing excellent service and advice.

## Bringing support online

### COVID-19 information hub

Our new COVID-19 information hub provides details about our response to the pandemic, important information about Government initiatives affecting super, and links to useful education and advice resources.

Importantly, it also includes links to several mental health support services which can provide assistance to anyone struggling to cope through these difficult times.

With over 50,000 page views between March and May 2020, this resource has played a vital role in helping you, our members make informed decisions about your super as the COVID-19 pandemic has evolved.

You can find the hub at [mtaasuper.com.au/coronavirus](https://mtaasuper.com.au/coronavirus)

### Advice to suit you

We've always been committed to providing you the right super advice at the right time. This year, market volatility, job losses and heightened uncertainty made getting you advice to suit your needs more important than ever.

To help, we kicked our advice services into high gear. Our Super Advisers spoke to over 6,000 of you and provided 1,252 statements of advice to help you get the most out of your super.

We also continue to offer our 'request a call back' appointment option, allowing you to get the advice you need at a time that suits you.

### Bringing super education to you

We don't just protect and grow your super, we help you understand and take control of it.

In the second half of 2019, our Education Specialists ran over 69 member workshops to educate members about their super and retirement options. They also visited over 20 workplaces to offer super presentations.

With COVID restrictions coming into place in early 2020, we were quick to embrace new digital platforms to keep you informed about super changes and their impact on your account.

As of 30 June 2020, we had hosted over 40 regional and national interactive Super Webinars covering topics such as market volatility, investment options, government stimulus and early access to super options, and insurance.

We also introduced some new "how-to" videos to assist you to log into or reset passwords for Member SuperSite and ePension.



## Improving our insurance

### **Insurance in Superannuation Voluntary Code of Practice update**

This year we made good progress on implementing our transition plan for the Insurance in Superannuation Voluntary Code of Practice.

The Code aims is to give clarity and certainty about your insurance arrangements to make sure the cover we offer is good value and suitable for your needs.

As at 30 June 2020, we have implemented approximately 95% of all requirements. We intend to be fully compliant with the Code well ahead of the 30 June 2021 deadline.

A copy of the Code and our transition plan is available on our website.

## Helping you at tax time

Tax time can be stressful. This year we released a suite of “Tax Time Super Tips” to help you get your super sorted for the end of the financial year. It included information about claiming super related tax-deductions and how to make tax-savvy voluntary contributions.

# Supporting employers

Established as the national super fund for the automotive industry, MTAA Super now supports over 50,000 employers from all trades and industries.

With a national team of field representatives and support services, we make administering super simple and efficient so you can focus on more important things, like running your business.

## Simple super solutions

Participating employers receive access to a range of super services and solutions, including:

- QuickSuper — our electronic Clearing House solution, allows you to pay contributions to multiple super funds with a single payment and data file
- Employer workshops — to help you understand and meet your super obligations
- Regulatory updates — we keep you informed about the latest super changes so you're always up to date with your super obligations.

## Supporting your business

We provide tailored super information and solutions 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.

## Educating your employees

We work with you to provide your employees access to helpful and practical super educational tools and resources.

Our dedicated team of Education Specialists provide education workshops nationally on a range of super and retirement topics. These sessions are available onsite and online and can be tailored to suit your business needs.

## Advising your employees

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 and can be included within your workplace financial wellbeing program.

Members also have access to comprehensive financial advice through Industry Fund Services (IFS). All advice is provided on a strictly fee-for-service basis. Fees charged will depend on the complexity of the advice required.

## Here to help

Our Customer Service Centre is always on hand to answer general enquiries about all things super. Call us on **1300 362 415** between 8am and 7pm, Monday to Friday.





## Employer changes in 2021

As we approach our merger with Tasplan on 1 April 2021, there will be some changes required as we consolidate systems and processes.

Before 1 April 2021, employers currently making payments via the MTAA Super clearing house (Quick Super) will need to register for access to a new payments system.

Employers making payments via Employer SuperSite will also need to register for the new payments system or will need to make payments through an alternative system.

Employer SuperSite is set to close in the first quarter of 2021.

We will contact all employers in the coming months to let you know your options and what action is needed.

For more details about the merger, go to **[mtaasuper.com.au/news](https://mtaasuper.com.au/news)**

# Partnerships with purpose

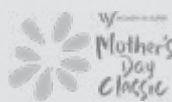
We take pride in supporting our members and the communities they live in. Here are some of the national causes and events that have inspired us to get involved this year.



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

Since 2018, we have been the campaign partner of Australian suicide prevention charity, R U OK?

We joined forces with R U OK? to create a campaign to encourage workers in the motor industry to better support each other during tough times. This campaign offers members and employers useful tools and advice to encourage important conversations.



## Mother's Day Classic

We've always got behind the Mother's Day Classic, Australia's largest breast cancer research fundraiser, and continue to be the proud official partner of the Canberra event.

This year, tens of thousands of Australians came together as a virtual community to continue their support for the Mother's Day Classic tradition. Despite the challenges of the pandemic, our team of staff, friends, and family raised over \$2,600 to support this important cause.



## Australian Prostate Cancer

With one in five Australian men likely to be diagnosed with prostate cancer, we are proud supporters of the Australian Prostate Centre (APC).

The APC unites prostate cancer research, education, treatment, and support in a one of a kind, world-class facility right in the heart of Melbourne.

Our support can help increase the chances of early detection of prostate cancer and can improve the quality of life for the men and their families affected by the disease.



## Big Super Day Out

The Big Super Day Out is a community event to help first Australians find their lost super, consolidate accounts, and become educated about the benefits that super offers.

At the start of the financial year, 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 2019, MTAA Super Sol Invictus competed in its second prestigious Bridgestone World Solar Challenge, successfully driving their custom-designed solar car from Darwin to Adelaide – a journey of some 3000km!

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.



## 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.



# Backing our industry

We take pride supporting and promoting the motor trades and allied industries that have supported us for the last 31 years. We get behind many industry bodies, organisations, and special events to support future growth, create employment opportunities and increase economic productivity. With COVID-19 cancelling many industry events this year, supporting our industry has never been more important.

## Motor Trade Associations 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.

Our ongoing support and partnership of the industry provides direct impact and development opportunities to those working in the motor trades.

## Motor Trade Associations 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.

In February 2020, CEO Leeanne Turner travelled to Darwin present the TIO Automotive NT Apprentice of the Year Award to Waylon Tully from Cummins Darwin. As reward for his hard work and dedication, Waylon will enjoy a full week of work experience with a Triple 8 Racing at an upcoming Virgin Australia Supercars Championship event.

## Virgin Australia Supercars Championship

Our longstanding partnership with the Virgin Australia Supercars Championship continued throughout this financial year.

The Championship is Australia's premier motorsport category and one of Australia's most-watched sporting events. The national schedule of events and broadcasting provides us with an important avenue to engage with new and existing members across Australia.

## Craig Lowndes and the Red Bull Holden Racing Team

We have maintained a close relationship with Supercar legend Craig Lowndes and continued our support of the Red Bull Holden Racing Team.

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.

## Leaders in the super industry

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 Director of the Fund Executives Association Ltd (FEAL), the ISA Board, and ASFA Board.



# Investment market update

## Investment market performance

It's been a tough year for investors. After a positive finish to the 2019 calendar year, the COVID-19 pandemic has had a devastating effect on global markets and economies, ending the strong run of positive returns witnessed over recent years.

Investment returns were marginally positive for world equity markets, delivering returns of 2.11% (not including dividends.)

Domestically, the local equity market lagged and delivered a return of -10.8% (not including dividends).

With the last four to five years featuring historic levels of market volatility, heightened instability now appears to be the norm rather than the exception for investment markets.

## The first six months

The first six months of the 2019-20 financial year were characterised by negative economic growth expectations and continued geopolitical risks and uncertainty.

In July and August, market commentators were focused on the potential for a global recession. Many regions were suffering a manufacturing-led slow-down, in part driven by the trade war between the US and China.

Stifled trade led to lower business investment and weaker consumer spending. There were also fears that the UK would exit the European Union without a trade deal, which at the time of writing is still to be concluded.

Despite this uncertainty, a more positive outlook emerged towards the end of the calendar year as the Chinese economy appeared to form a trough and a positive outcome to the US-China trade war seemed possible.

## The second six months

While 2020 started well, things changed rapidly as the COVID-19 pandemic emerged.

While the virus appeared to be contained in China, equity markets continued to rally on the positive sentiment seen leading into the new year.

However, as cases emerged in other regions – such as Italy, South Korea and Iran – societal shutdowns were put in place across the world to slow the spread of the virus.

This had disastrous economic consequences.

The US lost over 30 million jobs through the initial lock-down. Globally, governments implemented spending programs to support their economies as central banks lowered interest rates and implemented programs to support lending.

By late February 2020, markets started to sell-off. By mid to late March, many equity markets around the world had fallen by more than 30%.

To date, global government spending to battle the economic impacts of COVID-19 has surpassed \$9 trillion. This includes direct budget support

estimated at \$4.4 trillion with another \$4.6 trillion in public sector loans, equity injections and guarantees. Together, this equates to just under 10% of G20 GDP.

Due to the severity of the economic damage from the lockdowns, there has been political pressure to re-open economies as fast as possible. However, this increases the risk of secondary outbreaks, such as those seen in the US and here in Australia. Meanwhile, some regions are still in the throes of their first wave of cases, such as India, Russia, and Brazil.

Markets are seeking to assess the type of recovery from lockdowns, and the affect of government support and what affect this may have on consumer confidence in case of secondary lockdowns. Will impacted consumers have the confidence to spend as freely as they had before the lockdown?

All of this leaves a high degree of uncertainty for the future, despite the strong rebound in markets.

The COVID-19 pandemic has also caused several major trends to accelerate, such as remote working and other technologies. These changes will likely affect both economies and markets over the coming years. In fact, in the US, there has already been strong investor support for the top 5 technology stocks, which has masked a decline in the US market overall.

## The Australian economy

The Australian economy started the financial year in a relatively weak position. While exports were strong, weakening business conditions, low wage growth and slow credit formation had constrained economic growth. The unprecedented bushfires also took their toll with many regions losing property, deaths, and livelihoods. Economic growth suffered as a result.

In many ways, the Australian economy mirrored the pressures felt across the globe in 2019.

Positive sentiment grew as interest rates lowered throughout 2019. This offered support to the domestic property market. However, post-Christmas, all attention turned to the COVID-19 pandemic.

Initially, Australia performed well in suppressing the spread of the virus. This saw lock-down conditions ease earlier than expected.

The government enacted several stimulus programs, including JobKeeper and JobSeeker. These are expected to support the economy until December with extensions likely for some of the hardest hit industries, such as tourism. Industries not as affected will likely see support ease off in coming months.

However, the local equity market did not rebound as strongly as most developed markets after the widespread panic selling in February and March. This was in part due to a strong rise in global technology companies in the ensuing market rebound compared to the relative underrepresentation of technology stocks on the Australian market and underperformance of Australian Financials and Materials.

Apart from COVID-19, recent trade tensions with China have also raised concerns.

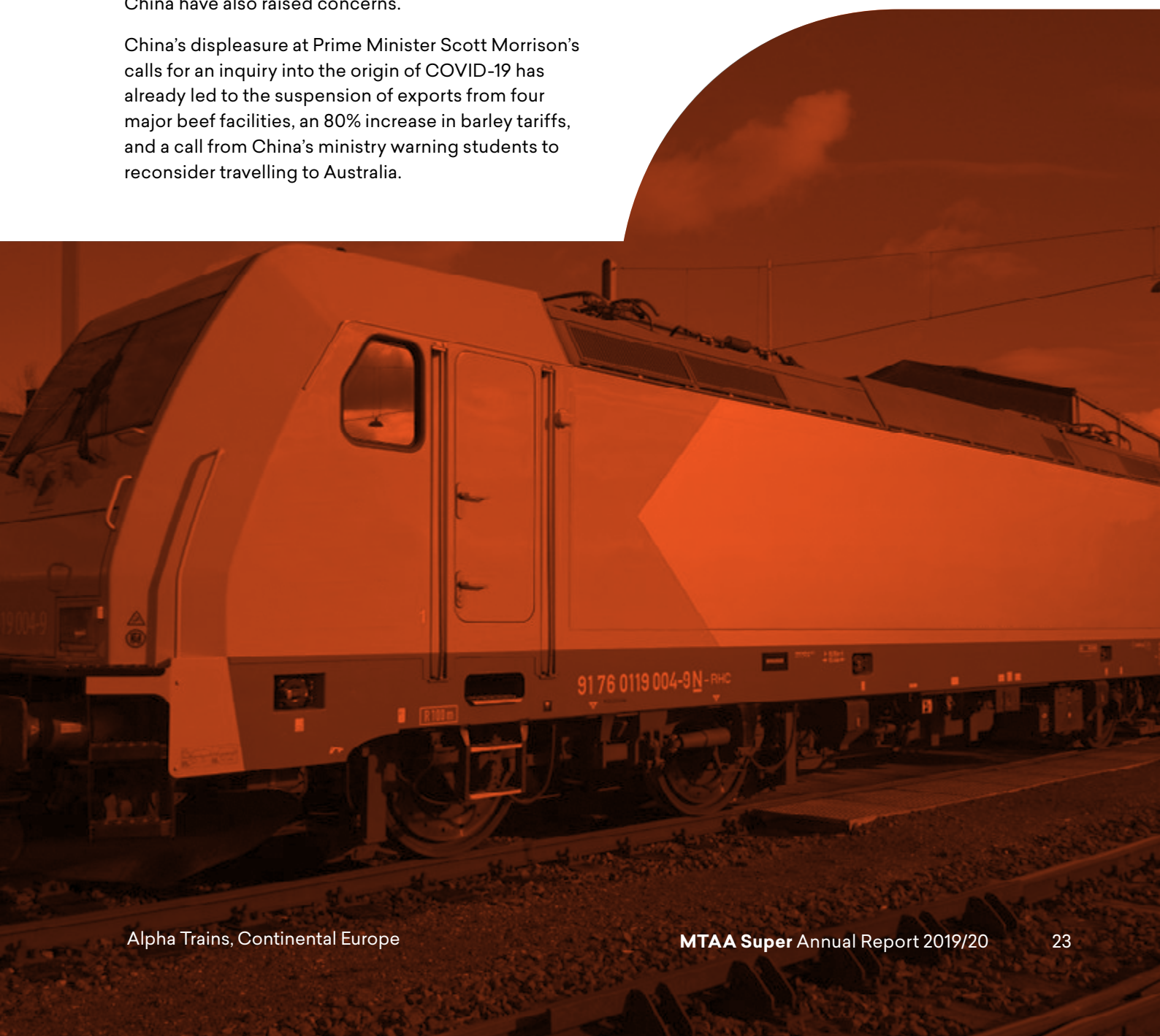
China's displeasure at Prime Minister Scott Morrison's calls for an inquiry into the origin of COVID-19 has already led to the suspension of exports from four major beef facilities, an 80% increase in barley tariffs, and a call from China's ministry warning students to reconsider travelling to Australia.

As with the global economy, will domestic support measures provide enough of a cushion as the economy moves out of lock-down?

The effectiveness of suppression measures to limit the spread of the virus will also be a major consideration. As lock-down measures ease, the economy will improve. However, there may be setbacks, as witnessed with Victoria's recent second round of lock-downs.

This all adds to the general level of uncertainty for markets moving forward.

As a result, MTAA Super is ensuring that its portfolio settings are positioned for a wider array of outcomes than would normally be the case.







# Investments and performance

## **Our investment strategy**

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.



## 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, communications, 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. However, these assets are still subject to the longer term risks associated with investing.

## 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.

The Fund has also introduced a new process whereby a formal re-assessment of the Annual Investment Strategy is conducted quarterly to determine if the portfolio settings remain appropriate for the current state of markets. This process goes beyond the continual oversight processes and activities that have always been conducted. This process has seen the Fund remain in a strong position despite such issues as the recent COVID-19 market sell-down and unexpected changes to the superannuation legislative framework. This has allowed members to withdraw funds if they were under financial distress as a result of the COVID-19 economic lock-downs.

## Lower return, higher risk environment

Global events over the past twelve months have lifted uncertainty and volatility across markets. Under the current circumstances the spread of potential outcomes has increased dramatically. This is both to the upside and downside. The unprecedented stimulus may be enough to start the global economy back onto a stronger footing, although unsuccessful attempts to suppress the virus may see continual outbreaks. This may impact consumer behaviour negatively or even see further lock-downs. For the time being, markets are responding positively to the support provided by governments and central banks. Jobs have rebounded after economies reopened, though we are yet to see whether there are any lasting effects on both the job market and consumer behaviour. The viral outbreak has also seen economies transform rapidly to enable a continuation of economic activity despite limited physical mobility. This has both started and hastened trends which are likely to see increased economic disruption. Under these conditions, it becomes more difficult than usual to design a base economic case from which to construct a portfolio.

The key focus over the 2019/20 financial year, and in our investment strategy review for the coming year, remains the need to determine the best investment approach to take in an environment where there is a much wider dispersion of expected outcomes. The settings put in place have proven to be resilient and we continue to seek out increased levels of diversification and resilience across the portfolio while cognisant of the strong levels of support that have been enacted since COVID-19 first started impacting economies and markets.

This year we reviewed and updated the Standard Risk Measure for each of our investment options. This is the measure of expected negative annual returns that may occur over a 20-year period for each investment option.

The new Standard Risk Measures for our pre-mix options are:

**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.

## 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.

MTAA Super is also working towards its first Modern Slavery Statement, having conducted an intensive assessment of both its investment portfolio and supply chains in line with the recent Modern Slavery Legislation.







# Our investment options

670 Chapel Street, VIC

## 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 2020



| Asset                       | Strategic % | Range %     | Actual % |
|-----------------------------|-------------|-------------|----------|
| ● Cash                      | 32.0        | 20.0 – 50.0 | 31.95    |
| ● Australian Fixed Interest | 12.0        | 5.0 – 25.0  | 11.99    |
| ● Overseas Fixed Interest   | 15.0        | 0.0 – 25.0  | 14.98    |
| ● Australian Equities       | 10.0        | 0.0 – 20.0  | 10.13    |
| ● International Equities    | 7.5         | 0.0 – 20.0  | 7.6      |
| ● Infrastructure            | 12.0        | 0.0 – 17.5  | 11.94    |
| ● Property                  | 8.0         | 0.0 – 12.5  | 7.94     |
| ● Alternatives Credit       | 1.5         | 0.0 – 7.5   | 1.5      |
| ● Private Equity            | 2.0         | 0.0 – 7.5   | 1.98     |
| ● 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.

Note: Past performance should not be taken as an indication of future performance.

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 2019/20 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 4.29% p.a. over the 4-year period to 30 June 2020 against an investment objective of 3.16%.



## Income-Focussed option

Asset allocation as at 30 June 2020



| Asset                       | Strategic % | Range %    | Actual % |
|-----------------------------|-------------|------------|----------|
| ● Cash                      | 20.0        | 0.0 – 30.0 | 20.07    |
| ● Australian Fixed Interest | 0.0         | 0.0 – 30.0 | 0.0      |
| ● Overseas Fixed Interest   | 22.5        | 0.0 – 30.0 | 22.58    |
| ● Australian Equities       | 22.5        | 0.0 – 40.0 | 22.1     |
| ● International Equities    | 12.5        | 0.0 – 40.0 | 12.73    |
| ● Infrastructure            | 7.5         | 0.0 – 20.0 | 7.5      |
| ● Property                  | 7.5         | 0.0 – 20.0 | 7.49     |
| ● Alternatives Credit       | 7.5         | 0.0 – 20.0 | 7.53     |
| ● 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.

Note: Past performance should not be taken as an indication of future performance.

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 2019/20 year was to provide an income yield equivalent to the RBA Cash Rate plus 2% per annum primarily. The option returned 4.41% over the period 1 November 2014 (its inception date) to 30 June 2020 against an investment objective of 3.42%. This return was comprised of both income and capital gains.

## My AutoSuper (Balanced) option

Asset allocation as at 30 June 2020



| Asset                       | Strategic % | Range %    | Actual % |
|-----------------------------|-------------|------------|----------|
| ● Cash                      | 6.0         | 0.5 – 20.0 | 7.37     |
| ● Australian Fixed Interest | 3.0         | 0.0 – 15.0 | 3.59     |
| ● Overseas Fixed Interest   | 7.5         | 0.0 – 15.0 | 8.62     |
| ● Australian Equities       | 22.5        | 5.0 – 35.0 | 23.49    |
| ● International Equities    | 29.0        | 5.0 – 35.0 | 30.56    |
| ● Infrastructure            | 15.5        | 0.0 – 35.0 | 10.94    |
| ● Property                  | 10.5        | 0.0 – 22.5 | 9.0      |
| ● Alternatives Credit       | 3.0         | 0.0 – 17.5 | 1.32     |
| ● Private Equity            | 3.0         | 0.0 – 12.5 | 1.85     |
| ○ Multi Asset+              | 0.0         | 0.0 – 10.0 | 0.00     |
| ● Other++                   | 0.0         | 0.0 – 17.5 | 3.27     |

+ Investments in this asset class are dynamically managed funds designed to target returns (before fees) above Australian inflation.

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

Note: Past performance should not be taken as an indication of future performance.

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 2019/20 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 7.99% p.a. over the 7-year period to 30 June 2020 against an investment objective of 5.07%.

## Growth option

Asset allocation as at 30 June 2020



| Asset                     | Strategic % | Range %     | Actual % |
|---------------------------|-------------|-------------|----------|
| Cash                      | 5.0         | 0.0 – 15.0  | 4.97     |
| Australian Fixed Interest | 0.0         | 0.0 – 10.0  | 0        |
| Overseas Fixed Interest   | 3.0         | 0.0 – 10.0  | 2.98     |
| Australian Equities       | 32.0        | 20.0 – 50.0 | 32.24    |
| International Equities    | 35.0        | 20.0 – 50.0 | 35.08    |
| Infrastructure            | 11.5        | 0.0 – 30.0  | 11.38    |
| Property                  | 8.0         | 0.0 – 17.5  | 7.9      |
| Alternatives Credit       | 2.5         | 0.0 – 7.5   | 2.48     |
| Private Equity            | 3.0         | 0.0 – 10.0  | 2.96     |
| 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.

Note: Past performance should not be taken as an indication of future performance.

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 2019/20 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 7.38% p.a. over the 10-year period to 30 June 2020 against an investment objective of 6.27%.

## Asset Class options

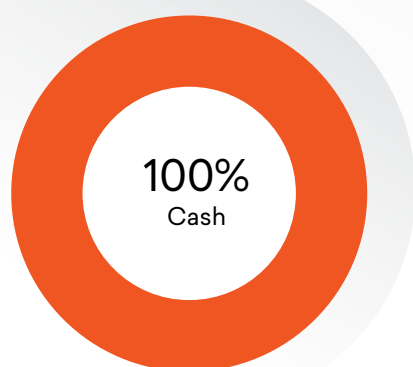
Asset Class options let you build our investment portfolio based on asset classes.

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 2020

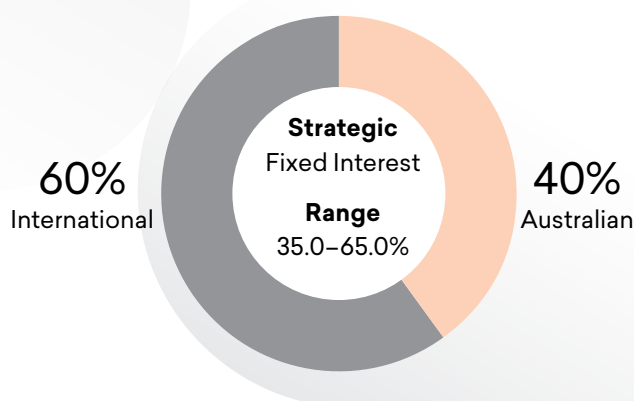


The Cash option seeks stable returns through low exposure to risk. It aims to perform in line with the Bloomberg AusBond Bank Bill Index (before fees and tax). It invests in term deposits, saving deposits, bank bills, commercial paper and other money market instruments. This option avoids higher risk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

The option returned 1.17% (before fees and taxes) over the 1-year period to 30 June 2020 against a benchmark of 0.85%.

### Diversified Fixed Interest option

Strategic asset allocation as at 30 June 2020



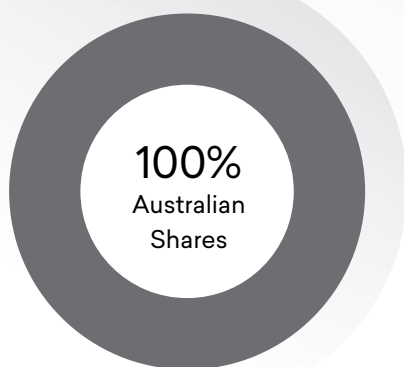
The Diversified Fixed Interest option contains a mix of Australian and international government and corporate bonds, as well as other credit securities. This option seeks stable returns in the short to medium term. International bonds are fully hedged against foreign exchange rate fluctuations. The Diversified 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 J.P. Morgan Government Bond Index - Global 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 3.95% (before fees and taxes) over the 3-year period to 30 June 2020 against a benchmark of 4.03%.



### Australian Shares option

Strategic asset allocation as at 30 June 2020

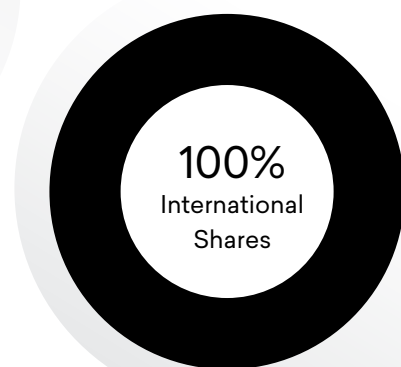


The Australian Shares option seeks high returns over the long term through an investment in shares listed on the Australian Securities Exchange. The allocation includes exposure to small cap shares. The option aims to out-perform the return of the S&P/ASX 300 Accumulation Index including franking credits (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 10.08% p.a. (before fees and taxes) over the 10-year period to 30 June 2020 against a benchmark of 9.29%.

### International Shares option

Strategic asset allocation as at 30 June 2020



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 11.16% p.a. (before fees and taxes) over the 10-year period to 30 June 2020 against a benchmark return of 11.73%.

# Investment – summary of assets

| Summary of Assets   | June 2019<br>(\$ million) | June 2020<br>(\$ million) |
|---|---------------------------|---------------------------|
| <b>CASH/SHORT TERM DEPOSITS</b>                               |                           |                           |
| Cash at Account   | 21.96                     | 36.27                     |
| Macquarie Cash  | 689.95                    | 839.44                    |
| CBA Capital Growth Account                                    | 731.36                    | 439.58                    |
| <b>FIXED INTEREST</b>   |                           |                           |
| Macquarie Global Bond Fund                                    | 121.40                    | 149.90                    |
| BlackrockAustralian Indexed Bond Fund                         | 418.23                    | 462.97                    |
| Wellington Global Floating Rate Credit                        | 419.61                    | 438.99                    |
| Alliance Bernstein Global Floating Rate Credit                | 418.89                    | 466.30                    |
| ORFR Deposits   | 33.24                     | 33.59                     |
| <b>AUSTRALIAN SHARES</b>                                      |                           |                           |
| Ausbil Australian Equities                                    | 471.07                    | 466.42                    |
| BlackRockAustralian Equities                                  | 654.64                    | 704.69                    |
| DNR Australian Equities                                       | 279.32                    | 286.59                    |
| State Street Global Advisers Australian Value Small Cap Index | 245.68                    | 246.33                    |
| Bennelong Funds Management                                    | 339.29                    | 292.22                    |
| VINVA Investment Management                                   | 955.16                    | 931.71                    |
| Nikko Australian Share Income Fund                            | 12.61                     | 15.29                     |
| <b>INTERNATIONAL SHARES</b>                                   |                           |                           |
| Blackrock Indexed Emerging Markets IMI Equity Fund            | 756.04                    | 700.14                    |
| AQR Global Equity   | 1,051.81                  | 1,080.99                  |
| MFS Global Equity   | 578.55                    | 621.49                    |
| RealIndex Global Equities                                     | 566.79                    | 596.86                    |
| Wellington Global Equity                                      | 452.60                    | 521.56                    |
| <b>MULTI-ASSET REAL RETURN</b>                                |                           |                           |
| Pinebridge Global Dynamic Absolute Return Fund                | 298.82                    | 95.50                     |
| Schroders Real Return Fund                                    | 444.11                    | 250.24                    |
| <b>ALTERNATIVES PORTFOLIO – PRIVATE EQUITY</b>                |                           |                           |
| Allegro Private Equity Fund I                                 | 0.04                      | 0.03                      |
| ANU Connect Ventures  | 23.36                     | 24.82                     |
| CM Capital Venture Trust Nos 3 & 4                            | 10.72                     | 12.86                     |
| Directly Managed <sup>1</sup>                                 | 1.41                      | 1.37                      |
| Industry Super Holdings <sup>2</sup>                          | 94.55                     | 90.64                     |
| Stafford Sustainable Capital Fund                             | 16.38                     | 12.28                     |
| ROC Partners Private Opportunities Fund                       | 33.52                     | 29.93                     |
| South Australian Life Science Advancement Fund                | 0.49                      | 0.32                      |
| Adams Street Partners PE Fund                                 | 10.57                     | 48.22                     |

| Summary of Assets                                   | June 2019<br>(\$ million) | June 2020<br>(\$ million) |
|---|---------------------------|---------------------------|
| <b>ALTERNATIVES PORTFOLIO – PROPERTY</b>            |                           |                           |
| Blackstone Real Estate Partners VI                  | 7.03                      | 2.89                      |
| Directly Managed Property Portfolio <sup>3</sup>    | 684.06                    | 725.96                    |
| Gresham Property Mezzanine Fund No. 3               | 0.31                      | 0                         |
| Investa Commercial Property Fund                    | 181.10                    | 187.20                    |
| Charter Hall Prime Retail Fund                      | 149.83                    | 126.23                    |
| <b>ALTERNATIVES PORTFOLIO – INFRASTRUCTURE</b>      |                           |                           |
| Directly Managed <sup>4</sup>                       | 1,244.16                  | 1,269.01                  |
| Latin Power III Fund                                | 0.31                      | 0.05                      |
| Macquarie Global Infrastructure Funds II            | 111.90                    | 4.24                      |
| Macquarie Infrastructure Partners                   | 14.64                     | 0.05                      |
| <b>ALTERNATIVES PORTFOLIO – ALTERNATIVES CREDIT</b> |                           |                           |
| Alpha Trains Junior Debt                            | 50.95                     | 51.81                     |
| TDF Term Loan                                       | 49.29                     | 49.00                     |
| Super Loans Trust                                   | 1.74                      | 0.69                      |
| Yorkshire Water                                     | 56.04                     | 58.2                      |
| CURRENCY HEDGE <sup>5</sup>                         | -4.63                     | 62.86                     |
| EQUITY HEDGE <sup>6</sup>                           |                           | 45.44                     |
| <b>TOTAL</b>  | <b>12,759.64</b>          | <b>12,447.62</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
- Flinders Ports, SA
- Southern Water, UK
- Sydney Airport, NSW
- Worsley Co-gen, WA
- Sustainable Energy Infrastructure, Australia
- ITE College West, Singapore
- Pioneer Public Properties, Norway

**Macquarie Infrastructure Partners**

**5. Foreign currency hedge managers:**

- Indight Investment Management Limited
- Macquarie Investment Management Limited

**6. Equity Hedge overlay managers:**

- Perennial Value Management
- State Street Global Markets

As at 30 June 2020, 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
- Realindex Investments

# Top 20 Australian shareholdings

| MTAA Superannuation Fund – Top 20 listed Australian shareholdings as at 30 June 2020 |       |                                 |          |
|--|-------|---------------------------------|----------|
| Rank   | Asset | Security name                   | % Total* |
| 1  | CSL   | CSL Ltd                         | 7.18     |
| 2  | BHP   | BHP Group Ltd                   | 6.68     |
| 3  | CBA   | Commonwealth Bank of Australia  | 5.25     |
| 4  | NAB   | National Australia Bank Ltd     | 3.50     |
| 5  | RIO   | Rio Tinto Ltd                   | 2.84     |
| 6  | WBC   | Westpac Banking Corp            | 2.53     |
| 7  | ANZ   | Australia & New Zealand Banking | 2.42     |
| 8  | MQG   | Macquarie Group Ltd             | 2.40     |
| 9  | WES   | Wesfarmers Ltd                  | 2.16     |
| 10   | WOW   | Woolworths Group Ltd            | 2.14     |
| 11   | TLS   | Telstra Corp Ltd                | 2.05     |
| 12   | ALL   | Aristocrat Leisure              | 2.01     |
| 13   | GMG   | Goodman Group                   | 2.00     |
| 14   | FMG   | Fortescue Metals Group          | 1.65     |
| 15   | JHX   | James Hardies Industries        | 1.63     |
| 16   | TCL   | Transurban Group                | 1.46     |
| 17   | COL   | Coles Group                     | 1.26     |
| 18   | LLC   | Lendlease Group                 | 1.24     |
| 19   | STO   | Santos Ltd                      | 1.11     |
| 20   | RHC   | Ramsay Health Care Ltd          | 1.01     |

\* 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 34 and 35.

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          | 2016/17 |         | 2017/18 |         | 2018/19 |         | 2019/20 |         |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Pre-mixed options          | Super   | Pension | Super   | Pension | Super   | Pension | Super   | Pension |
| Conservative               | 5.68    | 6.51    | 5.33    | 5.89    | 5.65    | 6.40    | 0.57    | 0.57    |
| Income-Focussed*           | 6.76    | 7.64    | 5.01    | 5.58    | 5.70    | 6.62    | -1.17   | -1.41   |
| Growth                     | 13.51   | 15.16   | 11.60   | 12.41   | 8.42    | 9.11    | -1.14   | -1.41   |
| My AutoSuper (Balanced)    | 10.98   | 12.47   | 9.39    | 10.13   | 7.66    | 8.63    | -0.94   | -1.18   |
| Asset class options        |         |         |         |         |         |         |         |         |
| Cash                       | 1.69    | 2.02    | 1.67    | 1.92    | 1.78    | 2.14    | 0.96    | 1.14    |
| Diversified Fixed Interest | 1.47    | 1.73    | 2.16    | 2.43    | 5.51    | 6.42    | 2.18    | 2.58    |
| Australian Shares          | 14.16   | 15.91   | 14.94   | 16.39   | 7.81    | 8.49    | -4.52   | -4.86   |
| International Shares       | 17.20   | 18.94   | 10.99   | 11.37   | 7.51    | 7.90    | -1.99   | -1.55   |

\* 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               | 0.57     | 0.57    | 3.82      | 4.25    | 4.38      | 4.98    | 4.82       | 5.58    | 4.52            | 3.85    | 1998              | 2006    |
| Income-Focussed*           | -1.17    | -1.41   | 3.13      | 3.54    | 4.55      | 5.16    | n/a        | n/a     | 4.89            | 5.58    | 2014              | 2014    |
| Growth                     | -1.14    | -1.41   | 6.15      | 6.54    | 7.19      | 7.87    | 7.38       | 8.31    | 6.59            | 5.64    | 1998              | 2006    |
| My AutoSuper (Balanced)    | -0.94    | -1.18   | 5.27      | 5.74    | 6.44      | 7.16    | 6.93       | 7.86    | 6.19            | 4.85    | 1989              | 2006    |
| Asset class options        |          |         |           |         |           |         |            |         |                 |         |                   |         |
| Cash                       | 0.96     | 1.14    | 1.47      | 1.73    | 1.60      | 1.88    | 2.35       | 2.77    | 3.27            | 3.57    | 2003              | 2006    |
| Diversified Fixed Interest | 2.18     | 2.58    | 3.27      | 3.80    | 3.14      | 3.68    | 4.09       | 4.89    | 4.68            | 5.65    | 2003              | 2006    |
| Australian Shares          | -4.52    | -4.86   | 5.77      | 6.31    | 7.02      | 7.86    | 8.07       | 9.52    | 8.94            | 7.00    | 2003              | 2006    |
| International Shares       | -1.99    | -1.55   | 5.36      | 5.76    | 5.81      | 6.23    | 9.35       | 10.71   | 5.17            | 4.50    | 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.



# 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. She is a member of the Audit Committee for the National Capital Authority.

#### 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 the listed company McMillan Shakespeare Ltd.

#### 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. He has extensive experience in the automotive industry, particularly in 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. and 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)
- 

## 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

## 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, insurance, 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

## Peter Savage

### 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 the Children's Charity – Victoria.

# 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 the employer organisation which nominates Employer Representative Directors to the Board or of any organisation or body related to the employer organisation.

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 based on 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 are 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 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 and the independent director definition in sub-section 10(1) of the Superannuation Industry (Supervision) Act 1993.

## Rules relating to the removal of Directors

### Member Nominated Directors

A majority of the Member Representative 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 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 2019/20 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.

### 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:** Geoff Lowe (Chair), Don Rowland, Anne O'Donnell, Susanne Dahn 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 Savige 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 2019/20 the performance of the Board and of the directors was assessed as part of its annual performance review.

### Director's attendance at Board and Committee meetings for financial year ended 30 June 2020

| Director             | Trustee Board | Investment Committee | Finance, Audit and Compliance Committee | Risk Committee | Operations and Insurance Committee | Marketing Committee | Remuneration & Nominations Committee |
|----------------------|---------------|----------------------|---|----------------|------------------------------------|---------------------|--------------------------------------|
| Chair<br>John Brumby | 10/10         | 8/10                 |   |                |                                    | 4/4                 | 3/3                                  |
| Anne O'Donnell       | 9/10          | 8/10                 | 4/4                                     | 4/4            |                                    |                     |                                      |
| Susanne Dahn         | 10/10         | 10/10                | 4/4                                     | 4/4            |                                    |                     |                                      |
| Geoff Lowe*          | 10/10         | 10/10                | 4/4                                     |                | 6/6                                |                     |                                      |
| Peter Savige         | 9/10          | 9/10                 | 4/4                                     |                |                                    | 4/4                 | 3/3                                  |
| Don Rowland          | 9/10          | 10/10                | 4/4                                     | 4/4            |                                    |                     |                                      |
| Susan Walpole        | 9/10          | 9/10                 |   | 4/4            | 6/6                                |                     |                                      |
| Rhonda O'Donnell     | 10/10         | 10/10                |   |                | 5/6                                | 3/4                 | 3/3                                  |
| David Smith          | 9/10          | 9/10                 |   | 3/4            | 5/6                                | 4/4                 |                                      |

Includes face-to-face meetings and telephone conferences

## 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



In addition to being Deputy CEO, Michael is the executive responsible for Strategy and Risk Management of the Fund. Over the last financial year he has also acted as MTAA Super's Project Director on the merger with Tasplan. Prior to that Michael was Executive Manager, Finance and Accounting at MTAA Super. He has over 25 years' experience in financial services, across banking, insurance, and superannuation.

#### 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



## 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
- 

## Grace Angeles

**Acting Executive Manager,  
Finance**  
Appointed December 2019



Grace was General Manager, Finance at MTAA Super before being promoted to Acting Executive Manager, Finance. She has over 13 years' experience in financial services, property and technology in both listed and not-for-profit organisations.

### **Qualifications:**

- Chartered Accountant of Australia
- Masters of Business Administration (Executive)
- Bachelor of Commerce (Hons)

## 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 2019/20, 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.

During 2019/20 and in consideration of the economic difficulties being experienced as a result of the COVID-19 pandemic, the Directors resolved to take a 10% fee reduction for 6 months from 1 July 2020. The fees saved have been donated to establish through the Australian Communities Foundation, the MTAA Super Scholarship program. The purpose of the Scholarship program is to provide a number of scholarships for people needing to retrain as a result of lost work because of COVID-19.

### MTAA Super Director remuneration for 1 July 2019 to 30 June 2020

| Director         | Short-term benefits                           |                             | Post-employment benefits          |                          |
|------------------|---|-----------------------------|-----------------------------------|--------------------------|
|                  | Cash and monetary benefits <sup>1</sup><br>\$ | Non-monetary benefits<br>\$ | Superannuation <sup>2</sup><br>\$ | Total remuneration<br>\$ |
| John Brumby      | 143,259                                       | 0                           | 13,610                            | 156,869                  |
| Sue Dahn         | 96,296  | 0                           | 9,148                             | 105,444                  |
| Don Rowland      | 79,223  | 0                           | 7,526                             | 86,749                   |
| David Smith      | 84,509  | 0                           | 8,028                             | 92,537                   |
| Sue Walpole      | 84,509  | 0                           | 8,028                             | 92,537                   |
| Rhonda O'Donnell | 84,509  | 0                           | 8,028                             | 92,537                   |
| Anne O'Donnell   | 86,774  | 0                           | 8,244                             | 95,018                   |
| Peter Savige     | 75,447  | 0                           | 7,167                             | 82,614                   |
| Geoff Lowe       | 82,998  | 0                           | 7,885                             | 90,883                   |

## 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. In 2019/20, MTAA Super introduced a Short-Term Incentive (STI) program, whereby Executives would be eligible to earn a further variable remuneration component upon achieving set Key Performance Indicators (KPIs) which were endorsed by the Trustee. A review of the achievement of KPIs and the percentage of variable remuneration attained will be determined and paid in 2020/21.

### MTAA Super Executive Team remuneration for 1 July 2019 to 30 June 2020

|                             | Short-term benefits                           |  | Post-employment benefits          |                          |
|-----------------------------|---|--|-----------------------------------|--------------------------|
|                             | Cash and monetary benefits <sup>1</sup><br>\$ | Non-monetary benefits <sup>2</sup><br>\$ | Superannuation <sup>3</sup><br>\$ | Total remuneration<br>\$ |
| Leeanne Turner              | 459,772                                       | 8,176                                    | 26,579                            | 494,528                  |
| Michael Sykes               | 290,893                                       | 5,119                                    | 24,999                            | 321,011                  |
| Phil Brown                  | 287,070                                       | 4,543                                    | 24,999                            | 316,611                  |
| Chris Porter                | 234,917                                       | 4,816                                    | 22,317                            | 262,050                  |
| Michael Irving <sup>4</sup> | 225,210                                       | 9,732                                    | 21,395                            | 256,337                  |
| Grace Angeles <sup>5</sup>  | 207,840                                       | 4,676                                    | 19,745                            | 232,261                  |

1 Includes all salary sacrifice amounts.

2 Includes car parking, Group Salary Continuance insurance.

3 Includes superannuation guarantee contributions.

4 Includes a non-monetary accommodation allowance

5 Acting Executive Manager, Finance from August 2019.

## 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 2019/20.

## 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.

## Changes to the Trust Deed

During 2019/20 there were no amendments to the Fund's Trust Deed.

As a member of MTAA Super you are entitled to request a copy of the Fund's Trust Deed. If you would like a copy, please send your written request to:

MTAA Super  
Locked Bag 15  
Haymarket NSW 1236

A copy of the Fund's Trust Deed is also available on the MTAA Super Fund's website – [mtaasuper.com.au](https://mtaasuper.com.au)





# Financial statements

## Shortened statement of financial position as at 30 June 2020

|   | 2019 (\$m)      | 2020 (\$m)      |
|---|-----------------|-----------------|
| Investments                                     | 12,767.3        | 12,412.8        |
| Other assets                                    | 33.1            | 166.1           |
| <b>Total assets</b>                             | <b>12,800.4</b> | <b>12,578.9</b> |
| <b>Liabilities</b>                              |                 |                 |
| Income tax payable/(receivable)                 | -22.6           | (46.3)          |
| Deferred tax liability                          | 230.8           | 180.2           |
| Other liabilities                               | 35.6            | 44.6            |
| <b>Total liabilities</b>                        | <b>243.8</b>    | <b>178.5</b>    |
| <b>Net assets available for member benefits</b> | <b>12,556.6</b> | <b>12,400.4</b> |
| Members accounts                                | 12,367.0        | 12,238.3        |
| <b>Total Net Assets</b>                         | <b>189.6</b>    | <b>162.1</b>    |
| <b>Equity</b>                                   |                 |                 |
| Reserves  | 189.6           | 162.1           |
| Reserves as a % of member balances              | 1.53%           | 1.32%           |

## Operating statement for year ended 30 June 2020

|   | 2019 (\$m)   | 2020 (\$m)     |
|---|--------------|----------------|
| <b>Revenue</b>  |              |                |
| Investment income                                       | 988.6        | (155.3)        |
| <b>Expenses</b>   |              |                |
| Investment expenses                                     | 79.9         | 46.0           |
| Administration expenses                                 | 18.0         | 17.6           |
| Operating expenses                                      | 21.1         | 25.8           |
| Income tax expense                                      | 29.2         | (51.8)         |
| <b>Results from superannuation activities after tax</b> | <b>840.4</b> | <b>(193.0)</b> |
| Net benefits allocated to members' accounts             | 829.8        | (165.4)        |
| <b>Operating result after income tax</b>                | <b>10.6</b>  | <b>(27.5)</b>  |

## Statement of changes in member benefits for year ended 30 June 2020

|  | 2019 (\$m)      | 2020 (\$m)      |
|--|-----------------|-----------------|
| <b>Opening balance of member benefits</b>                                | <b>11,396.9</b> | <b>12,367.0</b> |
| <b>Contributions</b>   |                 |                 |
| Employer contributions   | 750.6           | 784.5           |
| Member contributions   | 68.5            | 71.2            |
| Transfers from other funds   | 206.3           | 313.1           |
| Government co-contributions  | 0.7             | 0.8             |
| Low Income Super contributions   | 7.3             | 7.1             |
| Income tax on contributions  | -102.7          | (110.4)         |
| <b>Net after tax contributions</b>                                       | <b>930.7</b>    | <b>1,066.3</b>  |
| Benefits to members or beneficiaries                                     | -779.3          | (1,033.3)       |
| Insurance premiums to members' accounts                                  | -80.6           | (64.9)          |
| Death and disability insurance benefits paid to members or beneficiaries | 69.4            | 68.7            |
| <b>Benefits allocated to members' accounts comprising:</b>               |                 |                 |
| Net Investment income  | 865.6           | (133.9)         |
| Administration Fees  | -35.7           | (31.5)          |
| <b>Closing balance of member benefits</b>                                | <b>12,367.0</b> | <b>12,238.3</b> |

## Reserves for the three years to 30 June 2020\*

|                      | 2018 (\$m) | 2019 (\$m) | 2020 (\$m) |
|----------------------|------------|------------|------------|
| Reserves             | \$179.0    | \$189.6    | \$162.1    |
| % of members balance | 1.57%      | 1.53%      | 1.32%      |

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

The Funds audited financial statements will be available from 31 August 2020 and will be available at [mtaasuper.com.au](http://mtaasuper.com.au) or by calling us on **1300 362 415**.

## Reserves Policy

The Fund maintains a General Reserve which represents that pool of funds required to meet the general operating and administration costs of the Fund and any unexpected or otherwise unforeseeable operating costs that may arise. Administration levies are deducted from members' accounts to fund the Reserve.

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 balance within the General 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 General 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 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 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 Funds under management 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 affect a currency hedge to manage foreign exchange rate risks. Strict parameters apply and at no time during 2019/20 did the derivative charge ratio exceed 5% of assets. MTAA Super may also use derivatives to manage the underlying portfolio exposures' risk from time to time.

## 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 may occur 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](http://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](mailto: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: [afca.org.au](http://afca.org.au)  
Email: [info@afca.org.au](mailto: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](mailto:contact@mtaasuper.com.au)  
Website: [mtaasuper.com.au](http://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](mailto:contact@mtaasuper.com.au)

**[mtaasuper.com.au](https://mtaasuper.com.au)**

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

MTAA Superannuation Fund  
ABN 74 559 365 913 | USI MTA0100AU

