



UniSuper in review 2021-22



Look forward.
Think great.

We're one of Australia's most awarded super funds.

We're recognised as a fund that delivers the very best in value and member services by the country's top ratings and research agencies.



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2021-22 Fund highlights



\$3.43 billion
rollovers in

\$102 billion
in funds under management*




69,428
new member accounts
since 1 July 2021



270k
unique members
logged in to
Member Online




Personal Account
grew to
50,307
members*



3rd
in organic search ranking
for Australian super funds



6.3 million
visits to the website



523,902
member accounts*

Over
43,500
online seminar and
webcast registrations



Over
\$2.23 billion
rolled into Personal Account*

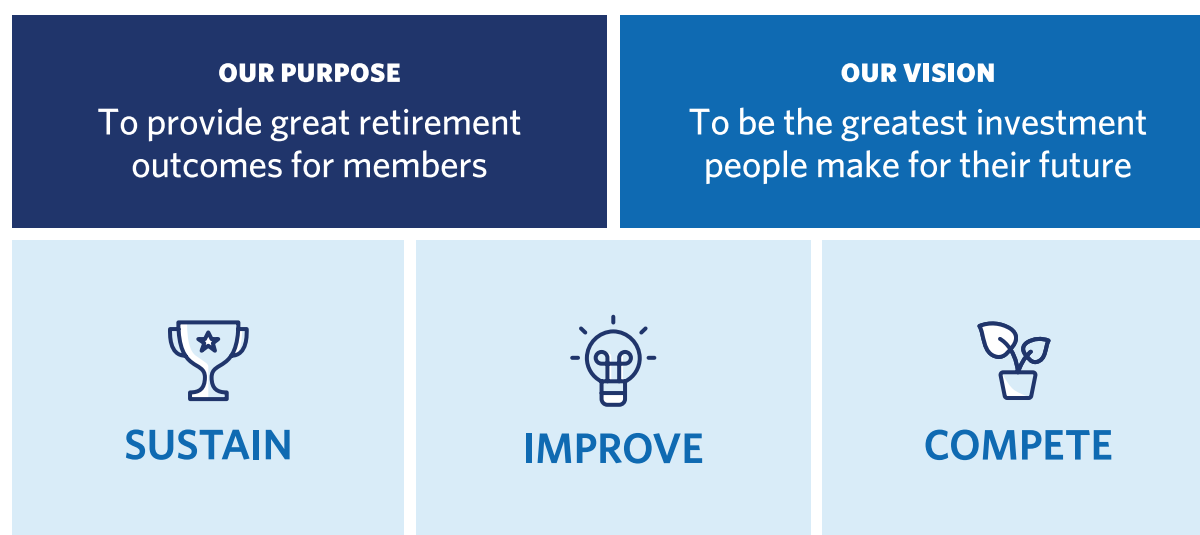


* As at 30 June 2022

UniSuper at a glance

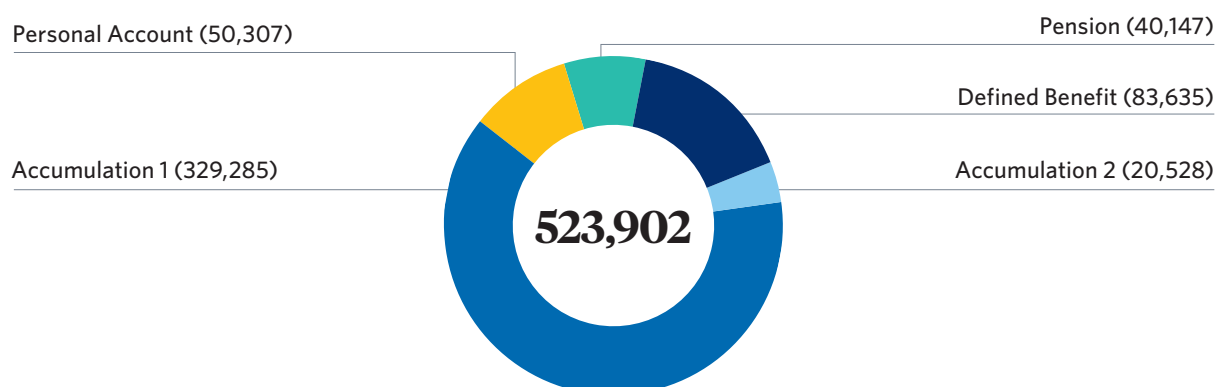
UniSuper is one of Australia's largest super funds with more than 500,000 members and \$102 billion* in funds under management. Our sole purpose is providing greater retirement outcomes for members. As an industry super fund we act in members' best interests at all times. Everything we do is for our members including our focus on sustaining our record of strong long-term investment returns^{#2} and low fees.

Our purpose and vision



Membership by product*

UniSuper's funds under management continued to increase during 2021-22 with steady contributions and rollover flows. We have a range of different super products to cater for members' needs and circumstances.



* As at 30 June 2022

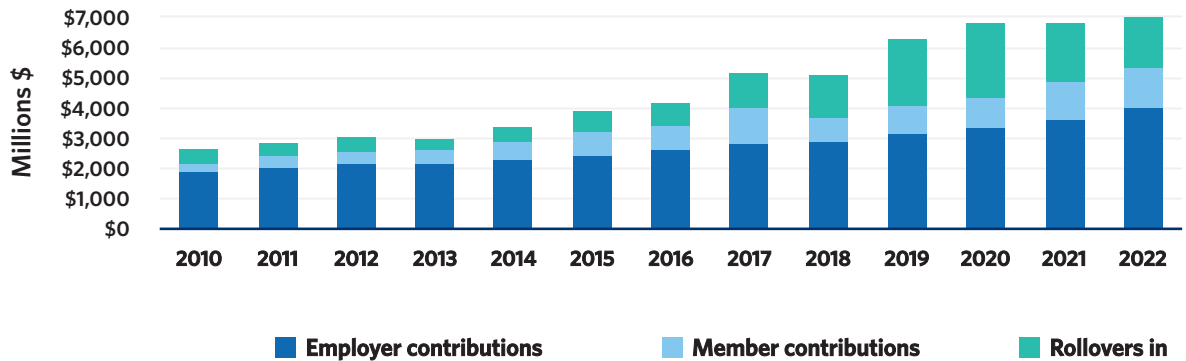
Past performance is not an indicator of future performance.

Steady growth

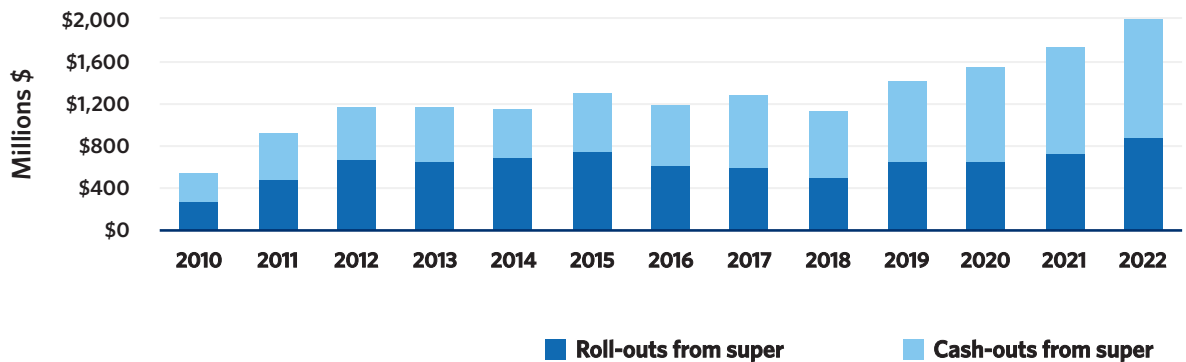
UniSuper's net funds under management was \$102 billion as at 30 June 2022 and UniSuper was ranked as Australia's fifth largest super fund[^] by funds under management as at this date.

Contributions and rollovers into the fund were similar to last year as shown in the chart below. Employer and member contributions were slightly higher compared to previous years.

CONTRIBUTIONS OVER TIME



ROLL-OUTS AND CASH-OUTS OVER TIME



Industry shifts and UniSuper's response

Regulatory change and industry consolidation will significantly reshape the super sector in coming years. Given the changing landscape and the lingering effects of the COVID-19 pandemic, both the higher education sector and the super industry are undergoing significant disruption. In this environment, scale is increasingly critical in delivering strong performance and competitive fees for the benefit of all members. The environmental shifts have heightened the competitive landscape and UniSuper has responded to ensure our continued industry prominence, leading position and secure long-term growth.

On the 5th July 2021, UniSuper opened the doors to all Australians. However, we continue our strong affinity with, and deep knowledge of, the higher education and research sector. Opening more broadly enables UniSuper members to benefit from even greater scale. As we open to all Australians, our purpose remains the same: to deliver greater retirement outcomes for all members. We are focused on, and driven by, members' best interests in everything we do. That singularity of focus is embedded deep in our purpose and culture.

[^] <https://www.apra.gov.au/annual-fund-level-superannuation-statistics>, <https://www.canstar.com.au/superannuation/largest-super-funds>

Our Fund

We are passionate about securing the future for Australia's thinkers, creators and investigators who are shaping a better tomorrow.

57%
ARE WOMEN

43%
ARE MEN



62%
GENERAL
MEMBERS

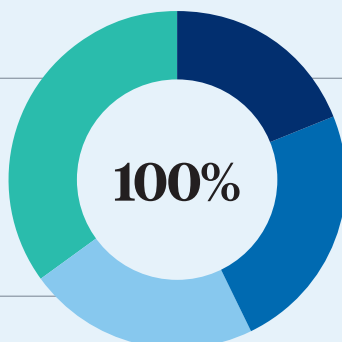
38%
ACADEMIC
MEMBERS

AGE OF UNISUPER MEMBERS*

Over half of UniSuper's members are in their 40s and over, with just over 20% under 30 years old.

Over 50 years (36%)

Under 30 years (19%)



30 to 40 (24%)

40 to 50 years (21%)

| | |
|----------|-----|
| 1. VIC | 29% |
| 2. NSW | 29% |
| 3. QLD | 17% |
| 4. WA | 9% |
| 5. SA | 7% |
| 6. ACT | 4% |
| 7. TAS | 2% |
| 8. NT | 1% |
| Overseas | 2% |



Average length
of membership

9.6 years





▶ Ian Martin and Peter Chun

Message from our Chair and CEO

On behalf of UniSuper's Board and Executive team, we are pleased to present this year's annual report for the financial year ending 30 June 2022. We invite you to read this report alongside information on [UniSuper's website](#).

The challenging market conditions of the past 12 months have seen substantial shifts in the superannuation sector, as UniSuper celebrates one year as a public offer fund, open to all Australians. UniSuper remains confident in our strategy of investing for strong long-term returns for our members - an evidence-led approach that aligns with our proud heritage in the higher education sector.

Last year, the Australian Prudential Regulation Authority (APRA) Performance Test survey ranked UniSuper number one with 1.5% p.a. outperformance over the benchmark*, and one of only four 'large' funds growing on all of three of their sustainability metrics.

This puts us in a very select group. We were also ranked as the number one public offer fund for employers on the 2021 Performance Test results, and the Fund has also passed the 2022 Performance Test.

Reflecting our scale and business model, UniSuper's fees are among the lowest in the industry. Our super and pension products invested in the Balanced investment option ranked in the top 5 (as at December 2021)# for lowest fees across a range of account balances, according to external research firm Chant West.

* For MySuper products which are open to the public

MESSAGE FROM OUR CHAIR AND CEO

Investment performance

While financial market conditions have been difficult over the past 12 months, UniSuper's long term performance has been strong. Over the last decade, our Balanced investment option has returned 8.90% p.a. and has outperformed the industry super fund median and the overall industry median in average yearly investment returns to 30 June 2022.*

It has, however, been a challenging year of ups and downs with market volatility impacting superannuation balances. Our investment in the technology sector, and low exposure to the energy sector, has impacted results, as has our exposure to the bond market.

For UniSuper members, this is only the fourth time in 33 years that the Balanced option has experienced a negative annual return. Despite short term volatility, the Balanced option delivered top quartile returns over three, five, seven and 10 years to 30 June 2022.*

Members in our Defined Benefit Division (DBD) can rest assured our position is strong and benefits continue to be very well funded.

Superannuation is a long-term investment. We believe our portfolios are well positioned to meet the challenges over the coming years and our performance over the medium and long term remains strong. Members should feel confident that our industry-leading in-house investments team are laser focussed on long-term results for our members.

We manage Australia's largest sustainable investment options# and we believe that our decision to integrate environmental, social and governance (ESG) factors into all our portfolios is what sets us apart. UniSuper strives to be at the forefront of the superannuation sector as we transition to a low carbon world, and we remain confident of achieving our goal to be a net zero emissions fund by 2050.

Merger with Australian Catholic Super

In December 2021, we announced our intention to enter a merger with Australian Catholic Superannuation and Retirement Fund (ACS). ACS has more than 85,000 members, 15,000 participating employers and over \$10 billion in funds under management.

The ACS and UniSuper merger will bring together two funds who share a commitment to maximising their members' savings, and helping all members achieve better retirement outcomes. The merger will better enhance our scale and competitiveness, and scale is critical to the successful delivery of positive and enduring outcomes for members.

With the merger due to take place in December 2022, we're looking forward to welcoming ACS members to enjoy the benefits of scale that UniSuper offers, including our low fees and acclaimed advice services.

As we bring the funds together, we'll become a larger fund, in fact the 6th largest in the market with more than \$110 billion in funds under management (UniSuper \$102 billion, ACS more than \$10 billion – combined over \$110 billion). This scale will drive greater scope to manage costs efficiently, drive investments that contribute to stronger long-term returns, and provide access to innovative products and services.

As we continue to drive our strategy and grow our fund, our purpose remains the same – we will always be UniSuper, and we will continue to deliver great retirement outcomes for our members.

UniSuper Mobile app

After an extensive period of market and customer research, the UniSuper Mobile App was launched in June 2022. The app offers key features like investment and transaction overviews, the ability to download statements and a daily account balance. Additional features and functions will continue to be added to improve and evolve the experience for members.

Source: © Zenith CW Pty Ltd (Chant West) (ABN 20 639 121 403) 2022. Fees may change in the future which may affect the outcome of the comparison in this document. – UniSuper Accumulation products invested in UniSuper's Balanced investment option as ranked in Chant West's Growth [61-80%] investment category – Chant West Super Fund Fee Survey December 2021. The above ranking and fee comparison is for the Balanced investment option only – both ranking and fees may differ for other investment options. Administration and investment fees and costs data is adjusted by Chant West so like comparisons can be made. Adjustments result in fees being gross of income tax, administration fees include fees and any indirect costs, investment fees and costs include fees charged (including performance fees) and any indirect costs and accordingly data contained in the research may differ from data shown in other published materials.

* SuperRatings Pty Ltd's Fund Crediting Rate Survey June 2022_SR Balanced (60-76) option, published 20 July 2022 (without taking into account any subsequent revisions).

Based on money in super products branded as sustainable or environmental options. Read our website to find out what sustainable and environmental investing means to us and what our investment options can invest in. Different products have different approaches.

Uniseed investment

Our investment with Uniseed – Australia’s longest-running early-stage commercialisation fund – gives us first pick of some of the most promising medical, sustainable and environmental technologies and methodologies in the world – and they’re home grown.

Established in 2000 and now owned by the Universities of Melbourne, Queensland, Sydney, New South Wales and the CSIRO, Uniseed provides seed funding for early-stage research and technology.

This is an opportunity for UniSuper to actively participate in the development and commercialisation of research and technology that will shape the future. We look forward to seeing this investment blossom and grow over time.

Retirement outcomes

We want people to turn to UniSuper for their retirement needs. And for members to have absolute confidence that we will always act in their best interests. Having long been an advocate for a retirement income framework, we welcomed the implementation of the Retirement Income Covenant that will help all Australians secure a future worth retiring for. We look forward to working with government on further sector reform.

We also recognise that retirement looks different for everyone, and so UniSuper has developed a unique and robust advice service that ensures members can retire in a way that suits their lifestyle and aspirations.

Changes to the team

For us to remain a great fund, we must employ great talent and continue to build a diverse executive team. That’s why UniSuper has welcomed three highly accomplished executives to our team over the past year.

Dani Murrie joined our fund as Chief Marketing and Growth Officer, Danielle Mair was appointed as Chief Member and Advice Officer, and Anastasia Crisafi is the new Chief Financial Officer for our fund.

We look forward to working with them to set the fund up for continued success and drive forward our purpose – delivering great retirement outcomes for members.

There was also a change of Directors with Emeritus Professor Sandra Harding, AO replacing Dr Jane Den Hollander AO, Professor Emerita, who retired on 25 October 2021. On behalf of the Board, the executive, and staff, a sincere thank you to Dr Den Hollander for her exceptional service.

We also extend a warm welcome to Emeritus Professor Sandra Harding, AO. Professor Harding has extensive academic leadership experience. An economic sociologist by training, she brings a wealth of knowledge of both economics and public policy.

Guidance and advice

UniSuper has been recognised for our industry-leading financial advice service. In addition to our Best Super Fund awards, we were proud to be awarded Best Fund: Advice Services 2022 by Chant West.

It is wonderful to be recognised this way, and we are extremely proud of our dedicated expert advice team for supporting our members in planning for their financial future.

Strong ratings and award recognition

This year saw UniSuper secure three industry awards. We were voted as SuperRatings’ Fund of the Year for 2022, as well as Money magazine’s Best Super Fund 2022 in their Best of the Best awards, with 5 total awards, the most of any super fund, and the third award is Super Fund of the Year 2022 from Chant West.

These awards cement our position as one of Australia’s best value super funds and demonstrate that we’re delivering on our purpose, ‘delivering great retirement outcomes for our members’. At a time when the industry is undergoing fundamental change and becoming more competitive, it’s pleasing to see that our efforts to always work in our members best financial interests have been acknowledged.

With thanks

Each financial year brings its own unique challenges and opportunities to the fund, and each year UniSuper’s team rises to the occasion.

We are focused on providing excellent retirement outcomes for our 500,000 members, as well as helping them to build a future worth retiring for, that doesn’t cost the earth. We are grateful for the continued support we enjoy from our university shareholders and employers, and we are excited to grow the fund over the coming year.

IAN MARTIN

Chairman
UniSuper Limited

PETER CHUN

Chief Executive Officer
UniSuper

Year in review

The past 12 months have seen some fundamental changes in the superannuation industry, however UniSuper remains steadfast in its mission to help Australians create a future worth retiring for.



Key superannuation measures passed

YOUR SUPERANNUATION, YOUR CHOICE

In August 2020, legislation was passed to allow employees under workplace determinations or enterprise agreements made on or after 1 January 2021, with the right to choose their superannuation fund. Defined Benefit products are exempt from this legislation change.

YOUR FUTURE, YOUR SUPER

The government's Your Future, Your Super reforms were passed in June 2021. They are:

- From 1 November 2021, stapling of a superannuation account became effective. This means super accounts will follow members when they change jobs to reduce the incidence of members having (and paying for) multiple, unnecessary accounts and fees.
- From 1 July 2021, the introduction of best financial interest duty (BFID) on trustees including new record keeping obligations and changes to the evidential burden of proof for the BFID on the trustee.
- Funds are now subject to annual historical performance testing, starting with MySuper products from September 2021.

MORE FLEXIBLE SUPERANNUATION

Legislation was passed in June that improves super flexibility for older Australians. Measures announced in the 2019 budget extend the bring forward rule by enabling individuals aged 65 and 66 to make up to three years of non-concessional contributions, started in the 2020-21 financial year. From 1 July 2021, Individuals can re-contribute amounts they withdrew under the COVID-19 early release of super program without it counting towards their non-concessional contributions cap. The ATO can make written determinations on excess concessional contributions. The excess concessional contributions charge will no longer apply from 1 July 2021.

ENHANCING SUPERANNUATION OUTCOMES

Giving effect to key superannuation announcements in the 2021 Budget, legislation was passed in February 2022 that repealed the work test from 1 July 2022 and also allows members aged 67 and 75 to make non-concessional superannuation contributions under the bring-forward rule. The legislation also lowered the eligibility age to 60 to make downsizer contributions and from 1 July 2022 members may be able to release up to \$50,000 in eligible super contributions, plus deemed earnings, to help buy their first home with the first home super saver (FHSS) scheme.

From 1 July 2021, the \$450 per month minimum income threshold for superannuation guarantee (SG) payments has been removed. Previously, members had to be earning a minimum \$450 in pre-tax income per month to be eligible for the SG payments.

Visibility of superannuation in family law proceedings

Legislation was passed that aims to make super more visible during family law proceedings. The new rules allow parties involved in family law proceedings to apply to the court to request a former partner's super information from the ATO. It applies to married and de facto couples, both heterosexual and same-sex - except in Western Australia where de facto couples are not yet covered.

Retirement Income Covenant legislation

Legislation introduced a new obligation for superannuation funds to have a retirement income strategy that outlines how they plan to assist their members in retirement. The strategy must consider how the trustee will assist their members to balance maximising their retirement income, managing risks, and have some flexible access to savings.

Since the government's introduction of the retirement income covenant, UniSuper is required to outline a summary of our Retirement Income Strategy (RIS) to improve retirement outcomes for our members. This is an opportunity for us to showcase our range of products and services to help members achieve great retirement outcomes. A summary of the strategy has been published on our [website](#).

SMSF legislation

From 1 July 2021, legislation was passed that increases the maximum number of members for self-managed superannuation funds (SMSFs) and small Australian Prudential Regulation Authority (APRA) funds from four to six members.

Super changes from 1 July 2021

A number of other non-legislative changes have been made effective from 1 July 2021. They can be found on our website under [news and insights](#). These include:

- The general transfer balance cap has been increased due to indexation from \$1.6 to \$1.7 million.
- The concessional contributions cap (before-tax) has been increased from \$25,000 to \$27,500.
- The non-concessional contributions cap (after-tax) has been increased from \$100,000 to \$110,000.
- The temporary 50% reduction in pension members' minimum drawdown rates were due to end on 1 July 2021 but have been extended for a further 12 months.

Insurance changes

Partly as a consequence of the government's Putting Members' Interests First (PMIF) legislation, insurance premiums changed from 1 October 2020. Premiums increased by 12% for Death and TPD cover, and Income Protection cover pricing also changed so that the premium charged takes account of the respective claims experience. This resulted in a premium decrease of 40.9% for Income Protection cover with a two-year benefit period, and premium increase of 11.8% and 133.3% for the five year and 'to age 65' benefit periods respectively.

Defined Benefit Division (DBD) maintains its strong financial position

The Vested Benefits Index (VBI) and Accrued Benefits Index (ABI) – key actuarial funding measures we use to monitor the DBD's performance – maintained strong positions in 2021-22. For more information, read the detailed update on page 58.

Mobile app

In June 2022, the UniSuper mobile app was launched to the Apple App Store and Google Play Store. Prior to the launch, extensive market and customer research was undertaken to guide the design, feature selection and usability. Pre-launch activities included a significant beta phase with 500+ members participating. This work culminated in a member app that is engaging and easy to use.

Responding to change

The UniSuper website continued to be improved over the last 12 months, with a particular focus on building capability to drive Search Engine Optimisation (SEO). Focusing on key user improvements we saw improvements in site speed, content indexing as well as a significant uplift in our search engine ranking for key superannuation search terms.

To support the opening of the fund, we made significant improvements to our digital join process for new Personal Account members. Automatic digital registration at the time of onboarding has simplified the process, leading to greater digital uptake. The digital sign-up improvements in combination with the brand and marketing rollout has seen Personal Account members more than double when compared to the year prior.

In response to legislative changes from the Your Future, Your Super reforms, a digital election solution was codesigned with our university partners to support the 'Choice of Fund' step. The digital election enables new university employees to select their choice of fund quickly and simply, with participating employers able to securely download their employee's superannuation election via the Employer Online platform. Adopted by the majority of universities, UniSuper continues to secure the bulk of new staff joining partner universities.

Improving members' digital experience

Digital continued to be a strong focus for UniSuper. Over the year we delivered key improvements which made it easier for new members to join and existing members to self-serve. Building on a strong foundation of customer research, we were well positioned to maintain the excellent experiences we deliver to our members and overcome the challenges posed by the introduction of choice, stapling and the opening of the fund.

In the year ahead we will further extend self-service on Member Online and the UniSuper App to ensure members get the most out of their super and pension.

Keeping our members, employers and company information safe

We continue to invest in information technology and cyber security to provide the capabilities that are crucial in meeting the needs of members, employers and the Fund while keeping information protected from cyber threats.

Our investment in scalable and modern technology has proven valuable, enabling a secure work from anywhere model.

In the ever-changing landscape of cyber security threats and vulnerabilities, UniSuper continues its vigilant approach to protect our members' and company information. Our Information Security team has enhanced its threat detection and rapid response capabilities to keep UniSuper cyber safe.

New Chief Executive Officer

Peter Chun joined UniSuper as Chief Executive Officer on 6 September 2021. With almost 30 years' experience in financial services across both the retail and industry fund sectors, particularly in roles spanning business development, marketing, product development, digitisation, client services and business transformation, Peter is the right leader to take the helm at UniSuper. Most recently, Peter was Group Executive, Member Growth at Aware Super, with responsibility for leading the Brand, Marketing, Digital, Product and Business Development functions. Prior to Aware, he spent over a decade at Colonial First State in roles spanning product, distribution, and investments. His deep superannuation knowledge, skill and respect in the industry are an asset to the Fund. UniSuper welcomes Peter to the role.

The Board extends its gratitude to Kevin O'Sullivan for his distinguished service to UniSuper over the last 8 years, as a champion of ESG investments, greater equality and award-winning performance and products, the Board wishes Kevin all the very best.

Opening to all Australians

In one of the biggest changes in the Fund's 40-year history, UniSuper was opened to new members from outside the higher education and research sectors on 5 July 2021. Since then, there have been more than 27,000 new Personal Account members, and over 69,000 members join the Fund. This increasing growth and scale will ensure ongoing benefits for current and future members.

The higher education sector and the superannuation industry are undergoing significant disruption. Legislative changes, industry consolidation and market volatility are just some of the factors making it more important than ever for superannuation funds like UniSuper to evolve. By welcoming a broader audience, UniSuper will be able to continue to act in the best financial interests of all members, new and old, and enable members to benefit from even greater scale in the future. This has been a momentous and exciting time for UniSuper, its members and prospective members, and there's more to come. Ultimately, UniSuper's members will be the winners from this change.

Industry recognition

UniSuper has been formally recognised as a leader in delivering greater retirement outcomes for members. Australia's top ratings and research agencies have awarded UniSuper with a trifecta of Fund of the Year awards: the 2022 Chant West Super Fund of the Year; *Money* magazine's Best Fund of the Year 2022; and SuperRatings Fund of the Year 2022.

At the *Money* magazine awards for 2022, UniSuper also took out top spot in another five categories - the most any super fund has ever won in a year: Best Super Fund, Best Growth Pension Fund, Best Equities ESG Super Product, Best Growth Super Product and Best International Share Super product. The Fund's Sustainable High Growth investment option also won *Money* magazine's Best Growth Super Product 2021.

UniSuper was awarded five stars for 'Outstanding Value' by Australia's biggest financial comparison site, Canstar at their 2022 Superannuation Awards and 2021 Account Based Pension Awards. The Fund continues to hold a AAA rating from Rainmaker's quality assessment and has received Rainmakers ESG Leader rating. UniSuper has also taken out a suite of Mozo Peoples' Choice Awards, including Most Recommended, Outstanding Customer Satisfaction, Competitive Fees, Investment Choices, Insurance Cover and Highly Trusted.

As a Fund that prioritises the retirement outcomes of its members, UniSuper is dedicated to providing the best financial advice and guidance to Australians. It is an honour to be recognised within the industry and these awards and accolades confirm UniSuper's leadership position in the superannuation sector.

“It is an honour to be recognised within the industry and these awards and accolades confirm UniSuper's leadership position in the superannuation sector.”



Delivering great value to members

Our commitment to delivering great value and excellent service to our members underpins everything we do.

Keeping our fees competitive

UniSuper proudly continued its position as one of the lowest fee providers in both superannuation and pension products in 2021-22. This reflects our significant scale and the cost efficiencies delivered through the significant proportion of assets being managed in-house

From 1 October 2020, UniSuper commenced disclosing fees and costs under the revised RG97 fee disclosure regime introduced by the Australian Securities and Investment Commission (ASIC). The revised RG97 changes how superannuation funds disclose fees and costs to members, seeking to provide greater transparency and comparability across products.

We're proud to have been an early adopter of disclosing our fees and costs under the revised RG97 requirements, as many large funds were to still to move to this new regime by 30 June 2022.

Personal Account growth

During the financial year, more than 27,000 Australians joined our Personal Account product and increased funds under management to over \$5 billion at 30 June 2022.

There are now more than 50,000 Personal Account members and the product continues to provide strong performance, lower fees, and sustainable branded investment options. In recognition of these values Canstar gave our Personal Account their 2022 Outstanding Value Award - Superannuation. Read more at [unisuper.com.au/awards](https://www.unisuper.com.au/awards)



Delivering greater service

We put our members and employers at the core of everything we do.

Putting members first

UniSuper's contact centre supports and educates existing and prospective members through a variety of communication channels: inbound calls, email and live chat on UniSuper's website and Member Online.

During the financial year, the overall volume of member interactions with UniSuper was slightly higher (+13%) than during the previous year. Phone remained the preferred channel for contacting UniSuper, with 75.5% of member enquiries coming from phone calls, 17% via email, and 7.5% via live chat.

Inbound calls achieved 86% in customer satisfaction and 86% in first contact resolution, and Net Promoter Score (NPS) average of +49 for the year. Web chat channel achieved 86% in customer satisfaction, 78% in first contact resolution, and NPS average of +57 for the year.

Note: Data was only available up to May 2022 due to system changes.

Customer experience

This year Customer Experience (CX) continued its primary objective of ensuring we deliver customer-centric experiences for our members and employers. CX played a key role in providing insights to inform the Fund's strategic objectives and will continue to proactively conduct research and provide insights to support and guide the Fund to meet those objectives.

To support the opening of the Fund, CX led extensive research and service design activities to inform marketing initiatives and digital and process improvements.

CX continued to help the Fund ensure changes as a result of Your Super, Your Future reforms had a customer-lead approach. Particularly to understand the impacts of the legislative changes for employers and using research insights to design solutions that meet their needs.

Inclusivity continues to be a very important focus for UniSuper, and CX conducted research and service design mapping to ensure we approach this in a considered and holistic way.

“Inclusivity continues to be a very important focus for UniSuper, and CX conducted research and service design mapping to ensure we approach this in a considered and holistic way.”

Through extensive research and design activities, CX played a pivotal role in shaping the design of the member mobile app to achieve an engaging and frictionless member experience. An upfront discovery research phase delivered deep insights into members' needs and expectations, as well as understanding the external landscape.

Service delivery experience

Operations service for members during their accumulation and pension phase remained strong throughout 2021-22, with 98.3% of transactions completed within three days and 99.4% completed within five days.

Operations continues to drive service uplift via increased engagement through digital self-services to increase convenience and automation. Over the year, the ability for members to self-serve has increased with 100% of new Personal Account members, 97% of rollovers into the fund, 90% of investment switches and 70% of Notice of Intent to claim tax deductions all completed online. The release of a mobile app will also provide the ability to transact online improving convenience and automated services.

Operations continue to focus on strengthening data integrity across our administration platforms. In 2021-22 the suite of data validation rules increased by over 450 to 786 rules, with continued refinement of rules based on changing legislation and other factors across the internal and external landscape. This continued investment is vital to ensure data accuracy and improve service.

Data accuracy also contributes to UniSuper's ability to deliver member benefit statements with speed. The increased electronic distribution of member benefit statements saw 99.5% of statements that could be sent electronically available on member online in less than 7 weeks from the end of the reporting period.

Electronic statements are sent for 65% of superannuation members and 25% of pension members. Continued activity to increase these numbers is ongoing.

Further improvements related to electronic communications has seen 55% of welcome kits delivered by email and member campaigns delivered to over 10,000 members via SMS. We will continue to drive higher electronic communication rates across the coming year. .

Claims and insurance administration service remained steady this year, with 98% of all activities being actioned within three days and 100% of actions completed within 5 days. Over 1,800 claims were managed throughout the financial year an increase of more than 600 claims compared to the previous year.

With a focus on improved quality and service across the claim and insurance processes, the complaints process has been decentralised. This is to ensure specialist expertise is allocated to claims and insurance related complaints so they are finalised as quickly as possible, with a view to learning and applying any improvements as a result.

During the year, UniSuper worked with our insurer to change the administration system integrations, to enable the ability to implement a Claims Assist function and improve reporting.

The next 12 months will see continued focus on automation and self-service options to deliver better outcomes for members. In addition, pensions and superannuation data will move to a single core registry system to reduce the cost of compliance and simplify administration.

Fund governance and risk management

We maintain strong frameworks of risk and compliance management to help achieve great retirement outcomes for our members.



FUND GOVERNANCE AND RISK MANAGEMENT

Our Risk Management Framework outlines how UniSuper identifies, assesses and responds to risks across the broad spectrum of financial and non-financial risks. Meanwhile our Compliance Management Framework describes how we keep abreast of and adhere to regulatory obligations.

Our Risk Management Framework adopts the three lines of accountability model that enables clear alignment of management accountabilities to risk and compliance management. This financial year an independent, triennial, review of our Risk Management Framework noted that our framework provides effective, appropriate, and timely information to inform management, Board and committees.

Managing regulatory change

Regulatory change continued at pace this year and the business has responded accordingly. Highlights included the implementation of the Choice of Fund legislation, a raft of regulatory reform driven by ASIC (including the Design and Distribution Obligations, requirements for breach reporting and complaints handling, and Anti Hawking legislation) and phase one of the APRA Super Data Transformation Project. It is a testament to UniSuper staff on how they have been able to respond to regulatory requirements and implement them efficiently and on time.

Change in strategic direction

This significant regulatory change coupled with the appointment of our new CEO resulted in a holistic review of UniSuper's strategy this financial year. This has already driven some significant decisions, most notably the opening of the Fund on 5 July 2021 and the announcement of the merger with ACS (Heads of Agreement signed May 2022). As one would expect, there has been a commensurate change in UniSuper's risk profile, something we prepared for by increasing risk and compliance resourcing in key business areas. We have been able to support this significant change while keeping our members safe.

Reviewing our material risks

Given the change to the strategy, a formal review was also conducted of UniSuper's material risk profile. The review ensured that the profile is fit for purpose, compliant with regulatory requirements and more appropriately mapped to our operating model. The new material risks were approved by the Board in June 2022 and are being implemented during the 2023 financial year.

Crisis management and business continuity

Our well-established Crisis Management and Business Continuity plans held us in good stead during the COVID-19 pandemic. As we emerged from the lockdowns associated with the pandemic, UniSuper took the opportunity to further enhance and test its capabilities in this area. Among other things, this involved running a crisis simulation with the executive team and conducting an independent review of our Business Continuity Plan. Some valuable learnings emerged from both these activities, which will be implemented during the 2023 financial year.

Cyber security

Cyber security remains a key focus for UniSuper. The threat from malicious actors continues to rise and an institution in our ecosystem was the victim of a data breach during the financial year. UniSuper was able to provide them with support and expertise during the incident. We continue to invest heavily in our cyber security capability and remain vigilant of pending threats.

Financial crime

Due to its financial size, online processes and low member interaction, the super industry continues to be a target of financial crimes. This was further compounded when early release of super was provided as a response to the COVID-19 pandemic. UniSuper has been through a program of work to enhance controls and uplift investigative capability within its financial crime function. Further initiatives will be implemented to deter criminals from targeting UniSuper, providing greater assurance to our members.

Ongoing focus on members' best financial interests

Acting in members' best interests has always been a core element of the culture at UniSuper. We have a dedicated team and strong process for managing regulatory change which has enabled us to comply and, in many cases, demonstrate best practice. We are proud to say that UniSuper performed well in the inaugural APRA performance test, making the list of top ten funds. In addition, this year we implemented the best financial interests duty (BFID), a piece of legislation that requires us to ensure our expenditures are in the best financial interest of our members.

How we empower members

We focus on delivering exceptional experiences at every touchpoint.

Enabling our members digitally

Digital continued to be a strong focus for UniSuper during the year. There were several key improvements delivered which made it easier for new members to join and existing members to self-serve. Building on a strong foundation of customer research, the Fund was able to maintain the excellent experiences for members, and overcome the challenges posed by the introduction of stapling legislation and the opening of the Fund.

Education seminars, webcasts and online learning

During 2021-22, we received 43,514 member registrations to UniSuper's educational seminars. The benefits of providing virtual education are highlighted by our increasing registration numbers. We are able to reach a broader audience with virtual delivery and we provide recordings of all live webcasts for on-demand viewing, allowing people who were unable to attend the opportunity to catch up in their own time.

While the total number of seminars delivered during 2021-22 decreased, the average number of registrations per event increased from 241 in 2020-21 to 356 per seminar in 2021-22. The number of members seeking further advice as a result of attendance at an educational seminar also increased. During 2021-22, 1317 Super Consultant appointments were made as a result of attendance at an educational seminar, in addition, 687 members requested a follow up call from a member of the UniSuper Advice Team.

UniSuper was delighted to present a series of wellbeing seminars in conjunction with SuperFriend, the mental health partner for the superannuation and insurance industries. Seminars addressed the challenges of transitioning back to the office, managing pandemic fatigue and retiring well, and attracted over 3000 registrations.

Engaged members

Each month we survey members to determine our net promoter score (NPS), Contestable Loyalty, Member Satisfaction and Ease of Interaction. NPS is deemed an acquisition metric; Contestable Loyalty is a retention metric, while Member Satisfaction and Ease of Interaction reflect the member's experience during their relationship with UniSuper.

During 2021-2022, we reported record breaking monthly scores for NPS, Member Satisfaction and Ease of Interaction. Over the 12 months, Member Satisfaction remained high with an average of 8.6 and NPS increased to an average of 32.4. Ease of Interaction and Contestable loyalty remained stable with consistently strong scores.

“Pleasingly, high member satisfaction levels were either maintained or improved across all Advice services.”

Evolving advice services

In the 2021-22 financial year, member demand for Select Advice (intra-fund advice) was the strongest it's ever been, with a 43% increase in the volume of advice provided compared to the previous financial year. This was due to a significant reduction in Select Advice fees in October 2021.

On the other hand, demand for Comprehensive Advice was down just over 9% compared with the previous financial year. This was partly due to the impact of COVID-19, and because the previous year was the strongest year to date because of significant workforce planning in the higher education and research sector. Demand for Comprehensive Advice returned to normal levels toward the end of the financial year.

Activity at university campuses decreased by 5% for super consultants, partly due to the impact of COVID-19, but also due to Stapling legislation which commenced in November 2021.

Pleasingly, high member satisfaction levels were either maintained or improved across all Advice services, the largest improvement being Select Advice with the Net Promoter Score increasing 5 points to +84.

Annual Members' Meeting

The 2020-21 Annual Members' Meeting was held on Tuesday, 8 March 2022 as a livestream event. UniSuper's Chief Marketing & Growth Officer hosted the meeting where the Chair and Chief Executive Officer provided an overview of the Fund's performance over the past 12 months. The Chief Investment Officer provided an investment update to members, speaking to market conditions and movements motivated by COVID-19 and other factors. More than 1,500 members tuned into the virtual event.

The Annual Members' Meeting minutes and recording are available on the [Annual Members' Meeting webpage](#).



Consultative Committee Meeting

The Consultative Committee (CC) meeting was held virtually on Friday, 19 November 2021 with 99 Committee members in attendance. It was Chief Executive Officer, Peter Chun's first CC meeting. In addition to providing an update, Peter also shared his reflections on his professional background before joining the Fund, as well as his strategic vision for UniSuper. There were no Trust Deed amendments presented to this meeting.

In a session held the day before the CC meeting, senior leaders from across UniSuper provided strategic and operational updates. John Pearce, Chief Investment Officer, delivered an investment market update and Governance and Sustainability Manager, Sybil Dixon gave an update on UniSuper's progress towards its climate and emissions goals. Both John and Sybil also reaffirmed the Fund's commitment to align with Paris targets of net zero by 2050.

Brendan Donoghue, Head of Digital and Customer Experience, shared an update on the UniSuper Mobile App. Natalie Sneddon, Head of Marketing, provided an update on marketing the Fund and the progress made to re-launch the UniSuper brand. Finally, Peter Chun and Company Secretary Jane Panton hosted a session to welcome the new CC members to their roles.

Supporting the higher education community

We partner with the higher education and research community.



Strengthening our strategic partnerships

UniSuper's Employer Partnership team continued their strong partnership with employers during 2021-22. Overall employer satisfaction continued to increase to 8.8 in November 2021 (up from 8.7 in November 2020), NPS rose to +62 from +58 in 2020.

Late in 2021, 'Stapling' was introduced as part of the Your Future, Your Super legislation package. The new legislation supports the reduction of Australians having more than one superannuation account and paying multiple fees, however, this reform caused additional administration and resourcing for all employers across the country. In the lead up to 1 November 2021, the Employer Partnerships team worked closely with employers to identify support channels for the change. UniSuper designed and implemented a new digital choice of fund form that employers can use as part of their new employee onboarding process. This new digital form along with employer training webcasts and regular communication was widely praised among employers who provided feedback that this support lessened the impact of the new legislation's processing requirements.

Webcasts dominated the education space. During the 2021-22 financial year, UniSuper delivered 163 live webcasts resulting in requests for adviser and super consultant appointments. In particular, UniSuper was proud to partner once again with SuperFriend, our mental health partner, to deliver three tailored webcasts. This strategic partnership compliments our financial wellbeing education offering which support our employers and their staff.

We have continued to provide workshops for key university staff responsible for superannuation administration with a focus on insurance and claims in the latter half of the year, and also developed a training calendar that participants can opt in to learn about superannuation processes.

Partnering with the higher education community

Throughout the year, UniSuper actively supported events to recognise our members' achievements, uplift or showcase their knowledge, and celebrate their contribution to the higher education and research sector. Although some in person events were cancelled, we continued our support through various university awards, celebrations and sponsorship opportunities. Now that we've opened our doors to all Australians, we were delighted to participate in a number of O-Week events this year, to engage with students, and start conversations about their financial future. It represented a great opportunity to explore what students think about super, and what might attract their attention. They certainly valued our sustainable investments approach!

The Fund continued its national Committee of Economic Development of Australia (CEDA) membership, sponsoring a variety of premium events with CEDA, including the Vice-Chancellor panel, in NSW. These events provide valuable discussion and education on subjects that are important to the success of the higher education and research sector, and more broadly our nation.

We also supported other key industry events during the year including the Australian Higher Education Industrial Association (AHEIA) HR/IR Conference and HR Benchmarking Conference, the Universities Australia Conference, and the Association for Tertiary Education Management (ATEM) Middle Managers Conference.

Reflections on the past financial year

OUR INVESTMENT RETURNS

It's been a difficult year so far with markets impacted by higher-than-expected inflation and rising interest rates. Like most superannuation funds, UniSuper has been impacted with a number of our investment options delivering negative returns for the year to 30 June 2022.

Image: Brookfield Place Sydney, courtesy AMP Capital, newly constructed with a 6 Star Green Star office design rating



REFLECTIONS ON THE PAST FINANCIAL YEAR**OUR INVESTMENT RETURNS**

With global share and bond markets down around 10% on average, the 2022 financial year was generally a poor one for superannuation returns. Our (default) Balanced option recorded its first loss (-4.2%) since the Global Financial Crisis. It was only the fourth loss since the inception of the Balanced option 20 years ago and followed a record 17.6% posted in the 2021 financial year.

As we do every year, the following takes a look at the highlights and lowlights across individual companies and investment options. In a year that had many lowlights, there were still some silver linings to be found.

**Best performing companies
(of significance to UniSuper)**

With our funds under management now topping \$102 billion, our big investments are usually confined to large companies. Our three top performing companies, where we have invested at least \$1 billion are Sydney Airport, APA, and BHP.

SYDNEY AIRPORT

After a round of rejections a consortium led by IFM Investors and Global Infrastructure Partners were ultimately successful in leading a takeover of Sydney Airport at a price of \$8.75 per share. The price represented a significant 50% increase on the price at which the airport was trading before the bid was announced. With a 15% holding, UniSuper was the largest single owner of Sydney Airport and the takeover offer was conditional on UniSuper agreeing to maintain its holding in an unlisted structure. Of course we were very comfortable to maintain our position in what we believe to be one of the best infrastructure assets in the world.

APA GROUP

APA, Australia's largest natural gas infrastructure business, performed strongly through the financial year with the share price rising 33%. This represented a welcome bounce from the prior year when it was one of our worst performers. The company is benefitting from the increasing recognition that natural gas will be required as a transitional fuel as Australia reduces its reliance on coal fired generation and progressively shifts to renewables. APA also benefits in the current environment of rising inflation as over 80% of group revenue is linked to increases in the Consumer Price Index.

As an aside our Defined Benefit Division (DBD) has very significant holdings in both Sydney Airport and APA. The strong performance of both companies is a key factor underpinning the very healthy surplus of the DBD.

BHP

BHP benefited from high commodity prices as supply constraints were further impacted by the war in Ukraine. Furthermore, BHP's strong operational and financial position (which is historically not typical of mining companies at this point in the cycle), resulted in a record US\$17.7bn in declared dividends paid to shareholders. To put this number in perspective, it is equivalent to the total dividends paid by Microsoft, a company whose market capitalisation is more than 10 times BHP's. BHP management also made structural changes to the business, unifying its corporate structure and sale (via merger) of its Petroleum business to Woodside Energy. These changes should see BHP well positioned to take advantage of the trend towards electrification.

Best performing investment option

In a sign of just how tough the last year was, the best performing option was Australian Equity Income (AEI) with +4.5%. It was certainly a far cry from the 48.9% posted by Global Environmental Opportunities over the prior year. The return did, however, compare favourably to the return of the broader Australian share market which fell -5.4% on an after-tax basis. AEI focuses on dividend paying stocks and benefitted from holdings in Macquarie Group, APA and BHP while avoiding many of the high-flying growth companies that fell with a thud during the year.

Worst performing companies (of significance to UniSuper)

GPT

Coming off a strong return (+24%) over the prior year, GPT recorded a total return of -9.6%. The listed property sector was one of the hardest hit by the sharp increase in interest rates. GPT also suffered from its significant exposure to the Melbourne CBD which has been impacted by COVID restrictions and delayed return to office of CBD workers. Whilst GPT's earnings growth is expected to be dampened by rising debt costs in coming years we remain confident about our investment. The company has a quality diversified asset base, a strong balance sheet, and excellent management.

CSL

Built on home grown scientific excellence CSL could arguably lay claim to being Australia's greatest company and has been a great investment for long term holders. Last financial year saw a rare negative performance of -4.6% as the company undertook a large capital raising to fund the acquisition of Swiss company, Vifor Pharma. The company also suffered from shortages of plasma collections (the building block of its major product lines), due to Covid restrictions.

COMMONWEALTH BANK AUSTRALIA

Against the backdrop of a rising interest rate environment, falling house prices, and the threat of higher defaults banks generally performed poorly over the year. CBA shares were down -4.5% which placed it in the middle of the pack. While we hold reasonably large positions in other banks, CBA is the only one in which our holding exceeds \$1 billion.

We remain comfortable with the medium term outlook for Australian banks, as we do for the Australian economy. It's also worth noting that one should avoid drawing comparisons between the COVID crisis and GFC in relation to impact on the banking system. By definition the GFC was basically a banking crisis, and the regulatory response has been one of strengthening banks capital and liquidity positions. Suffice to say they are now in a strong position to withstand a downturn in economic conditions.

Worst performing investment option

Following a decade of very strong performance (14.1% per annum to June 2021), the International Shares option had a poor year returning -16.7%. The option has a strong bias to the (previously high flying) technology sector which has been brought back to earth with the rise in interest rates. While UniSuper's in-house portfolios tend to focus on large companies with high profit generation, some of our external managers were exposed to the smaller (and less profitable) tech companies. In aggregate the exposure to small unprofitable companies is very low but with many of them experiencing losses the impact was still high - some of these companies experienced losses in excess of 50%.

The option also has a very small exposure to the energy sector given our long term (negative) outlook for fossil fuel related companies. As it turned out, energy was the strongest performing sector - up more than 30% for the year. This also led to the option lagging the broader equity market indices.



Concluding comment

As is always the case when markets experience steep losses there is no shortage of doom and gloom. And with central banks determined to aggressively hike rates until inflation is under control, it's easy to make a case that the remainder of 2022 could be rocky. However, there are good reasons to be positive in the medium term. Ultra-low interest rates were required in an emergency, but their unintended consequences are a build-up of excesses and bubbles. Many bubbles have now been deflated and markets find themselves on a much more solid footing.

For more on how the economic cycle has played out and our short to medium term outlook, watch Chief Investment Officer, John Pearce's latest investment update.

Please note that past performance is not a reliable indicator of future performance. The information above is of a general nature and may include general advice. It doesn't take into account your personal financial situation, needs or objectives. Before making any decision in relation to your UniSuper membership, you should consider your circumstances, the PDS and TMD relevant to you (these are on our website), and whether to consult a qualified financial adviser. Comments on the companies we invest in aren't intended as a recommendation of those companies for inclusion in personal portfolios.

Progress on climate commitments

The Paris Agreement brings together all signatory nations to combat climate change and adapt to its effect. We consider alignment with the Paris Agreement, in aggregate, across all the companies we invest in. Climate risk is an explicit risk that we consider across our investments. Our annual *Climate risk and our investments report* includes our exposures, our approach to managing climate risks and our engagement with investee companies. This is the 5th year we have released this report and our 2022 report shows that at 30 June 2022:

- During the year to 30 June we engaged with 266 on climate issues.
- 44 of our 50 largest Australian investments had set Paris-aligned net-zero 2050 targets, up from 40 last year.
- Our look-through exposure to fossil fuels was 2.80%.
- Our investment in green themes and companies providing infrastructure and materials that support decarbonisation was more than four times greater than our fossil fuel exposure.
- We'd eliminated companies that generate greater than 10% of their reported revenue from the extraction and production of thermal coal.
- Our wholly owned direct property portfolio was net zero.
- The carbon intensity of our pre-mixed investment options was below market benchmark.
- We incorporated a shadow carbon price into our analysis of major holdings.
- Our corporate operations were carbon neutral.

We're proud of the progress we've made and believe the level of disclosure, and our commitment to the ultimate goals of the Paris Agreement, are as extensive as you will find among leading super funds. For more information please refer to our 2022 *Climate risk and our investments report*.

Investment returns

Super members

ANNUAL ACCUMULATION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE 2022

| INVESTMENT OPTION | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|------------------------------------|---------|---------|---------|---------|---------|
| Conservative ¹ | 0.74% | 4.68% | 1.59% | 6.37% | 4.70% |
| Conservative Balanced | 1.30% | 7.45% | 0.04% | 8.53% | 6.18% |
| Balanced | -4.17% | 17.60% | 0.87% | 9.88% | 10.45% |
| Sustainable Balanced | -8.89% | 17.08% | 5.46% | 10.59% | 8.18% |
| Growth | -7.74% | 23.48% | 1.64% | 8.19% | 12.79% |
| High Growth | -8.38% | 27.95% | 1.71% | 8.84% | 15.18% |
| Sustainable High Growth | -10.75% | 24.57% | 6.91% | 11.07% | 10.96% |
| Sector | | | | | |
| Cash | 0.33% | 0.09% | 0.97% | 1.88% | 1.66% |
| Australian Bond | -9.37% | -1.13% | 3.82% | 8.71% | 2.53% |
| Diversified Credit Income | -3.54% | 4.05% | -0.53% | 3.35% | 1.56% |
| Listed Property | -7.84% | 26.99% | -16.13% | 14.48% | 9.68% |
| Australian Shares | -2.15% | 28.59% | -2.72% | 10.32% | 18.12% |
| International Shares | -16.66% | 32.04% | 8.12% | 9.06% | 12.26% |
| Global Environmental Opportunities | -9.84% | 48.89% | 13.73% | 8.60% | 11.83% |
| Australian Equity Income | 4.46% | 18.21% | -8.16% | 14.60% | 8.60% |
| Global Companies in Asia | -8.90% | 28.75% | 8.07% | 14.87% | 15.81% |

¹ Capital Stable was renamed Conservative on 1 July 2017.

The value of investments can rise and fall. Past performance of an investment option is not an indicator of future performance. Returns are calculated after Fund taxes and after investment expenses (before deducting account-based fees). You should be aware that the returns applied to your account will depend on the investment option(s) you invest in, the period of time you were invested in the option(s) and the timing of cash flows into and out of your account.

INVESTMENT RETURNS

ANNUALISED ACCUMULATION INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2022

| ACCUMULATION OPTION | 5-YEAR ANNUALISED RETURNS | | 7-YEAR ANNUALISED RETURNS | |
|--|---------------------------|----------------------------|---------------------------|----------------------------|
| | INVESTMENT RETURN | SURVEY MEDIAN ¹ | INVESTMENT RETURN | SURVEY MEDIAN ¹ |
| <i>Pre-Mixed</i> | | | | |
| Conservative ² | 3.59% | 3.01% | 4.07% | 3.35% |
| Conservative Balanced | 4.65% | 4.20% | 5.22% | 4.54% |
| Balanced | 6.65% | 5.73% | 6.96% | 5.87% |
| Sustainable Balanced | 6.12% | 5.90% | 6.25% | 5.85% |
| Growth | 7.16% | 6.42% | 7.41% | 6.54% |
| High Growth | 8.37% | 6.59% | 8.55% | 6.66% |
| Sustainable High Growth | 7.93% | n.a. | 7.96% | n.a. |
| <i>Sector</i> | | | | |
| Cash | 0.98% | 0.94% | 1.25% | 1.19% |
| Australian Bond | 0.73% | n.a. | 1.37% | n.a. |
| Diversified Credit Income ³ | 0.94% | n.a. | 1.59% | n.a. |
| Listed Property | 4.27% | n.a. | 5.22% | n.a. |
| Australian Shares | 9.79% | 6.92% | 8.64% | 7.04% |
| International Shares | 7.81% | 7.45% | 8.23% | 7.39% |
| Global Environmental Opportunities | 13.14% | n.a. | 11.83% | n.a. |
| Australian Equity Income | 7.14% | n.a. | 7.39% | n.a. |
| Global Companies in Asia | 11.02% | n.a. | 10.49% | n.a. |

¹ Source SuperRatings Pty Ltd's Fund Crediting Rate Survey June 2022 and SuperRatings Pty Ltd's Sustainable Survey June 2022 published on 20 July 2022, www.superratings.com.au. Past performance is not an indicator of future performance. The SuperRatings data does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members. A survey median was not available for all categories of investment options. Information provided is of a general nature and is not guaranteed to be accurate or complete. This is not financial product advice; independent professional advice should be obtained from a licensed financial adviser before making any financial decision.

² Capital Stable was renamed Conservative on 1 July 2017.

³ The investment option commenced on 1 September 2014, therefore returns for prior financial years are not available.

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Flexi Pension and Term Allocated Pension members

ANNUAL PENSION INVESTMENT RETURNS FOR FINANCIAL YEARS ENDING 30 JUNE 2022

| INVESTMENT OPTION | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|------------------------------------|---------|---------|---------|---------|---------|
| Conservative ¹ | 0.84% | 5.25% | 2.02% | 7.45% | 5.67% |
| Conservative Balanced | 1.27% | 8.36% | 0.31% | 9.80% | 7.25% |
| Balanced | -4.99% | 19.43% | 1.08% | 11.28% | 11.68% |
| Sustainable Balanced | -10.37% | 18.96% | 6.39% | 11.87% | 9.25% |
| Growth | -8.88% | 25.80% | 1.77% | 9.35% | 13.91% |
| High Growth | -9.48% | 30.60% | 1.70% | 10.20% | 16.52% |
| Sustainable High Growth | -11.98% | 26.85% | 7.89% | 12.16% | 12.03% |
| Sector | | | | | |
| Cash | 0.39% | 0.12% | 1.16% | 2.30% | 2.12% |
| Australian Bonds | -10.99% | -1.30% | 4.46% | 10.31% | 3.17% |
| Diversified Credit Income | -3.93% | 4.76% | -0.52% | 3.98% | 1.98% |
| Listed Property | -8.77% | 29.73% | -17.62% | 15.58% | 10.59% |
| Australian Shares | -2.29% | 31.69% | -2.60% | 12.41% | 20.45% |
| International Shares | -18.04% | 34.89% | 8.06% | 9.66% | 13.65% |
| Global Environmental Opportunities | -11.15% | 54.66% | 14.93% | 9.32% | 13.09% |
| Australian Equity Income | 4.51% | 19.51% | -8.28% | 16.21% | 9.71% |
| Global Companies in Asia | -9.63% | 30.81% | 8.78% | 16.18% | 17.41% |

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INVESTMENT RETURNS

ANNUALISED PENSION INVESTMENT RETURNS FOR 5 AND 7-YEAR PERIODS TO 30 JUNE 2022

| UNISUPER PENSION OPTION | 5-YEAR ANNUALISED RETURNS | | 7-YEAR ANNUALISED RETURNS | |
|--|---------------------------|----------------------------------|---------------------------|----------------------------------|
| | INVESTMENT RETURN %P.A. | SURVEY MEDIAN %P.A. ¹ | INVESTMENT RETURN %P.A. | SURVEY MEDIAN %P.A. ¹ |
| <i>Pre-Mixed</i> | | | | |
| Conservative ² | 4.22% | 3.30% | 4.75% | 3.69% |
| Conservative Balanced | 5.33% | 4.74% | 5.98% | 5.28% |
| Balanced | 7.35% | 6.23% | 7.71% | 6.41% |
| Sustainable Balanced | 6.75% | n.a. | 6.96% | n.a. |
| Growth | 7.76% | 7.14% | 8.07% | 7.56% |
| High Growth | 9.07% | 7.37% | 9.31% | 7.24% |
| Sustainable High Growth | 8.65% | n.a. | 8.73% | n.a. |
| <i>Sector</i> | | | | |
| Cash | 1.21% | 1.11% | 1.55% | 1.41% |
| Australian Bond | 0.87% | n.a. | 1.65% | n.a. |
| Diversified Credit Income ³ | 1.20% | n.a. | 1.97% | n.a. |
| Listed Property | 4.50% | n.a. | 5.48% | n.a. |
| Australian Shares | 11.16% | 7.82% | 9.96% | 7.99% |
| International Shares | 8.29% | 8.04% | 8.75% | 7.88% |
| Global Environmental Opportunities | 14.32% | n.a. | 12.85% | n.a. |
| Australian Equity Income | 7.87% | n.a. | 8.52% | n.a. |
| Global Companies in Asia | 11.90% | n.a. | 11.28% | n.a. |

¹ Source: SuperRatings Pty Ltd's Pension Fund Crediting Rate Survey June 2021 published on 20 July 2021, www.superratings.com.au. It does not take into account any subsequent revisions or corrections made by SuperRatings. At the time of preparation, UniSuper was not aware of any revisions or corrections which would be materially adverse to members. A survey median was not available for all categories of investment options. Information provided is of a general nature and is not guaranteed to be accurate or complete. This is not financial product advice; independent professional advice should be obtained from a licensed financial adviser before making any financial decision.

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The value of investments can rise and fall. Past performance of an investment option is not an indicator of future performance. Returns are calculated after Fund taxes and after investment expenses (before deducting account-based fees). You should be aware that the returns applied to your account will depend on the investment option(s) you invest in, the period of time you were invested in the option(s) and the timing of cash flows into and out of your account.

Our assets

UniSuper had approximately \$102 billion in net funds under management (funds under management, gross of tax) as at 30 June 2022. For more information about our investments and shareholdings, please see unisuper.com.au/investments



INVESTMENT RETURNS

Our investment managers

We manage 77% of assets internally through our in-house investment team and outsource management of 23% of our assets to external investment managers.*

We monitor all external managers constantly and we undertake a formal detailed review of our external managers at least once a year.#

AUSTRALIAN SHARE MANAGERS

- Ausbil Investment Management Ltd
- ECP Asset Management Pty Ltd
- Janus Henderson Investors (Australia) Institutional Funds Management Limited
- Kinetic Investment Partners Pty Ltd
- Lennox Capital Partners Pty Ltd
- Magellan Asset Management Limited
- Pental Fund Services Limited
- Quest Asset Partners Pty Ltd
- Selector Funds Management Ltd
- Schroder Investment Management Australia Limited
- State Street Bank and Trust Company
- Tribeca Investment Partners Pty Ltd

INTERNATIONAL SHARE MANAGERS

- Arrowstreet Capital Limited Partnership
- Baillie Gifford Overseas Limited
- First Sentier Investors (Australia) IM Limited
- Janus Henderson Investors US LLC
- Mirae Asset Global Investments (Hong Kong) Limited
- Polar Capital LLP
- Sands Capital Management LLC
- Schroder Investment Management Australia Limited
- State Street Bank and Trust Company
- T. Rowe Price Australia Limited
- Wellington Management Australia Pty Ltd

DIRECT PROPERTY MANAGERS/FUNDS

- AMP Capital – UniSuper Portfolio
- AMP Capital Wholesale Office Fund
- Goodman Australia Industrial Partnership
- GPT Wholesale Office Fund
- GPT Wholesale Shopping Centre Fund
- ISPT 50 Lonsdale Street Property Trust
- ISPT Core Fund
- Lendlease Australian Prime Property Fund Industrial
- Lendlease Australian Prime Property Fund Retail

AUSTRALIAN PRIVATE EQUITY

- The Growth Fund 1
- Catalyst Buyout Fund 2
- Industry Super Holdings (ISH)
- Members Equity Bank

INTERNATIONAL PRIVATE EQUITY

- Apax Europe Fund 6
- Apax Europe Fund 7
- Azure Fund 2
- Calvert Street Fund 3
- Clarus Lifesciences 1
- Clarus Lifesciences 2
- Commonwealth Capital Venture 4
- GB Deutschland Fund
- Global Emerging Markets Fund 3
- Hancock Park 3
- IFM International Fund 1
- Polaris Venture Partners Fund 5
- Wilshire Private Markets Asia Fund 1
- Wilshire Private Markets Asia Fund 2

INFRASTRUCTURE

- First Sentier Investors (Australia) Infrastructure Holdings Limited
- Macquarie Specialised Asset Management Limited
- Manulife Investment Management Timberland and Agriculture (Australasia) Pty Limited

FIXED INTEREST MANAGERS

- Blackrock Investment Management (Australia) Limited
- Capital Four AIFM A/S
- Coolabah Capital Institutional Investments Pty Limited
- First Sentier Investors (Australia) IM Limited
- JamiesonCoote Bonds Pty Ltd
- Macquarie Investment Management Global Limited
- Morgan Stanley Investment Management (Australia) Pty Limited
- Oak Hill Advisors LP
- Oaktree Capital Management LP
- PGIM, Inc.
- State Street Bank and Trust Company
- Tanarra Credit Partners

CASH MANAGERS

- First Sentier Investors (Australia) IM Limited

* These funds are invested directly by the Trustee (or on its behalf, by UniSuper Management Pty Ltd) in a range of investments including shares, property, fixed interest, cash and infrastructure.

As at 30 June 2022. Some managers may have been appointed or terminated since this date. Listings for direct property and alternative investments include pooled funds in which UniSuper has invested, which are managed externally

How we manage investments

ACCUMULATION SUPER AND PENSION MEMBERS

If you have an Accumulation 1, Accumulation 2, Personal Account or an accumulation component through your Defined Benefit Division (DBD) membership, you can choose to invest in a range of investment options. Flexi Pension and Term Allocated Pension members can choose from the same suite of options. Net earnings on each of the investment options are allotted to members' accounts via a crediting rate.

Each investment option has a performance objective and risk objective, or level of return it aims to achieve over a recommended investment time frame, after taking into account its risk and return characteristics. Read more about each option on pages 35 to 41 of this report. We allot net earnings on each of the investment options to members' accounts via a crediting rate.

All options invest in a diverse mix of assets:

- Pre-Mixed options invest in a mix of asset classes, and
- Sector options generally invest in a diverse mix of investments within a particular asset class.

Within these options are three sustainable and environmental branded investment options – Sustainable High Growth, Sustainable Balanced and Global Environmental Opportunities. These three options are certified by the Responsible Investment Association of Australia (RIAA), an independent third party, to validate that the investment intentions and processes are consistent with UniSuper's responsible investment claims.

DEFINED BENEFIT DIVISION MEMBERS

If you're in the DBD, the bulk of your benefit is calculated using a formula that takes into account your age, benefit salary, period of service, average service fraction and level of contributions. All DBD member and employer contributions are pooled and invested in a diversified portfolio. The Trustee continually monitors and reviews this portfolio and may vary its asset allocation from time to time.

WHEN DO WE USE DERIVATIVES?

Derivatives (e.g. options, futures and warrants) are a type of financial instrument commonly used as a risk management tool. Some investors may also use derivatives to earn extra income on their shareholdings. The main purposes we use derivatives for are:

- using futures for equitisation of cash, and
- using forward contracts, futures and options to hedge our international currency exposures.

Our investment managers (including UniSuper Management Pty Ltd) are authorised to use derivatives within the guidelines set out in our Derivative Risk Statement, which—among other things—prohibits the use of derivatives for speculative purposes. The derivatives charge ratio (i.e. the percentage of Fund assets being used as security for derivative investments) was less than 5% at the reporting period.

VALUATION INFORMATION

In line with our Unlisted Asset Valuation Policy, assets comprising the infrastructure portfolio and unlisted private equity are valued at least once every six months or if we consider there has been a significant change in circumstances.

TAX ON INVESTMENT EARNINGS

UniSuper considers the expected tax consequences relating to each investment strategy.

Investment earnings of complying superannuation funds are generally taxed up to 15%. In some cases, this rate may be lower because of any tax deductions and tax credits UniSuper may qualify for. This tax is deducted from the Fund's investments earnings before they are allocated to accounts. Different taxes apply to members in retirement phase. For more information refer to the relevant PDS.



Our investment options

We give our members flexibility to choose from a range of investment options, including pre-mixed options and sector specific options.

Each of our investment options has a unique, targeted mix of investments—referred to as its strategic asset allocation—to ensure it meets its individual performance objective. We regularly review the asset mix of each option to make sure actual allocations are within an approved range of the relevant strategy's asset allocation. Generally, these strategic asset allocations remain fixed. However, we may change the underlying mix of assets and allocations to optimise investment option performance.

The following information about our investment options—except for the Balanced (MySuper) option—cover both accumulation and pension versions of the options. The following information was correct as at 30 June 2022.

PRE-MIXED INVESTMENT OPTIONS

Conservative[^]PERFORMANCE OBJECTIVES^o

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 1.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Two to less than three in 20 years

SUMMARY RISK LEVEL

Medium

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 3.0 |
| 30 June 2021 | 2.8 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 9 | 11 |
| International Shares | 7 | 9 |
| Property | 8 | 5 |
| Infrastructure and Private Equity | 6 | 5 |
| Cash & Fixed Interest | 70 | 70 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of mainly assets like fixed interest and cash, and some assets like shares, property, infrastructure and private equity.

Conservative
BalancedPERFORMANCE OBJECTIVES^o

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 2.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Three to less than four in 20 years

SUMMARY RISK LEVEL

Medium to high

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 5.9 |
| 30 June 2021 | 5.1 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 19 | 22 |
| International Shares | 17 | 18 |
| Property | 8 | 5 |
| Infrastructure and Private Equity | 6 | 5 |
| Cash & Fixed Interest | 50 | 50 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of assets like fixed interest and cash, shares, property, infrastructure and private equity.

Balanced

PERFORMANCE OBJECTIVES^o

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

10 years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|------|
| 30 June 2022 | 29.4 |
| 30 June 2021 | 29.3 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 30 | 33 |
| International Shares | 33 | 27 |
| Property | 3 | 5 |
| Infrastructure and Private Equity | 4 | 5 |
| Cash & Fixed Interest | 30 | 30 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of mainly assets such as Australian and international shares, property, infrastructure and private equity, with some fixed interest and cash investments.

[^] The Capital Stable option was renamed 'Conservative' on 1 July 2017.

^o These are not promises or predictions of any particular rate of return.

INVESTMENT RETURNS

PRE-MIXED INVESTMENT OPTIONS

Sustainable Balanced

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Six years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 5.0 |
| 30 June 2021 | 5.2 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 25 | 38.5 |
| International Shares | 44 | 31.5 |
| Infrastructure and Private Equity | 1 | 0 |
| Cash & Fixed Interest | 30 | 30 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of Australian and international shares that are selected on the basis of sustainable investment criteria (and the application of some negative screens) together with Australian Listed Property, fixed interest, infrastructure, private equity and cash assets.

Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.5% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

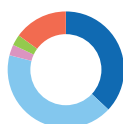
SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 6.4 |
| 30 June 2021 | 7.1 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 37 | 41 |
| International Shares | 42 | 34 |
| Property | 3 | 5 |
| Infrastructure and Private Equity | 3 | 5 |
| Cash & Fixed Interest | 15 | 15 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of mainly assets such as Australian and international shares, property, infrastructure and private equity, with some fixed interest and cash investments.

High Growth

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

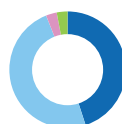
SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 5.4 |
| 30 June 2021 | 5.9 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 45 | 49.5 |
| International Shares | 49 | 40.5 |
| Property | 3 | 5 |
| Infrastructure and Private Equity | 3 | 5 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of mainly assets such as Australian and international shares, property, infrastructure and private equity with some fixed interest and cash investments.

* These are not promises or predictions of any particular rate of return.

PRE-MIXED

Sustainable
High Growth

PERFORMANCE OBJECTIVES#

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 4.6 |
| 30 June 2021 | 4.2 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 40 | 55 |
| International Shares | 59 | 45 |
| Infrastructure and Private Equity | 1 | 0 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to securities) comprising Australian and international shares (including Australian listed property) selected on the basis of sustainable investment criteria (and the application of some negative screens), together with infrastructure and private equity, property with some fixed interest and cash investments.

SECTOR INVESTMENT OPTIONS

Cash

PERFORMANCE OBJECTIVES#

To achieve the RBA cash rate (before taxes and investment expenses, before deducting account-based fees) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Minimum of one year

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Less than 0.5 years in 20 years

SUMMARY RISK LEVEL

Very low

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 3.6 |
| 30 June 2021 | 2.4 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|------|------|------|
| Cash | 100 | 100 |

INVESTMENT STRATEGY

This option may invest in a diversified portfolio of cash and money-market securities, including (but not limited to) at-call and term bank deposits, bank bills, negotiable certificates of deposit, notice accounts and other short-term fixed income securities out to a maximum maturity of around one year. However, from December 2021, where your funds are invested in this option, they will be placed in an at call deposit product with National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 pursuant to an arrangement UniSuper has with National Australia Bank Limited. This option is not a deposit by you in a bank account and your balance is not guaranteed under the Australian Government bank deposit guarantee scheme.

Australian Bond

PERFORMANCE OBJECTIVES#

To achieve returns that match the relevant bond index (before fees and taxes) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Five years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six years in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.7 |
| 30 June 2021 | 0.8 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|------------------|------|------|
| Australian Bonds | 100 | 100 |

INVESTMENT STRATEGY

To predominantly invest in securities (including but not limited to) securities issued or guaranteed by the Australian (Federal and State) governments and cash.

These are not promises or predictions of any particular rate of return.

INVESTMENT RETURNS

SECTOR INVESTMENT OPTIONS

Diversified Credit Income

PERFORMANCE OBJECTIVES*

To achieve returns (before fees and taxes) that exceed the RBA cash rate by 1.0% p.a. more than CPI over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Four years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.1 |
| 30 June 2021 | 0.1 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|---------------------------------|------|------|
| Global Credit | 65 | 65 |
| Australian & New Zealand Credit | 35 | 35 |

INVESTMENT STRATEGY

To invest in a range of global, Australian and New Zealand corporate bonds with some flexibility to consider allocations to other securities (including but not limited to) hybrids, emerging market debt, residential mortgage-backed securities, commercial mortgage-backed securities, cash (including short dated government securities) and municipal bonds when appropriate. Although unlikely, equity holdings may arise in the event of a default, restructure or conversion of an existing credit security.

Listed Property#

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 3.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Six years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.5 |
| 30 June 2021 | 0.6 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|---------------------------------------|------|------|
| Australian Listed Property (REITs) | 50 | 50 |
| International Listed Property (REITs) | 50 | 50 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of listed property securities (including but not limited to) listed property securities.

Australian Shares

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.9 |
| 30 June 2021 | 0.8 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-------------------|------|------|
| Australian Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) Australian shares.

* These are not promises or predictions of any particular rate of return.

Returns from listed property investments are typically more volatile than returns experienced from unlisted property investments.

SECTOR INVESTMENT OPTIONS

International Shares

PERFORMANCE OBJECTIVES[^]

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.9 |
| 30 June 2021 | 1.2 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|----------------------|------|------|
| International Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) international shares.

Global Environmental Opportunities

PERFORMANCE OBJECTIVES[^]

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested investment time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Six or greater in 20 years

SUMMARY RISK LEVEL

Very high

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 2.5 |
| 30 June 2021 | 3.0 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|----------------------|------|------|
| International Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) international companies whose business activities seek to address current and emerging environmental issues and opportunities.

Australian Equity Income

PERFORMANCE OBJECTIVES[^]

To achieve a gross yield which exceeds the dividend yield of the Australian equity market and provide potential for capital growth over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.5 |
| 30 June 2021 | 3.0 |

STRATEGIC ASSET ALLOCATION (%)^o

| | 2022 | 2021 |
|-------------------|------|------|
| Australian Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a portfolio of securities (including but not limited to) Australian shares and up to 30% in income securities (i.e. not ordinary shares, such as debt securities), that are expected to be high yielding.

[^] These are not promises or predictions of any particular rate of return.

^o This option predominantly invests in Australian Shares. Up to 30% of this option's assets can be invested in Australian Income securities such as credit and debt securities, hybrid and Australian high-yield credit instruments.

INVESTMENT RETURNS

SECTOR

Global Companies
in Asia

PERFORMANCE OBJECTIVES*

To achieve returns (after Fund taxes and investment expenses, before deducting account-based fees) that are at least 4.0% p.a. more than inflation (CPI) over the suggested time frame.

MINIMUM SUGGESTED INVESTMENT
TIME FRAME

Seven years

EXPECTED FREQUENCY OF NEGATIVE
ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)

| | |
|--------------|-----|
| 30 June 2022 | 0.7 |
| 30 June 2021 | 3.0 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|----------------------|------|------|
| International Shares | 100 | 100 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of securities (including but not limited to) international shares that seeks to take advantage of the expected growth in consumption of emerging Asian economies by investing in well-established global brands.

MY SUPER - ACCUMULATION MEMBERS ONLY

Balanced (My Super)

RETURN ON TARGET*

CPI +3.8% p.a. over 10 years (after fees, costs and fund taxes) for a member who has a constant \$50,000 balance and who does not incur any activity-based fees.##

MINIMUM SUGGESTED INVESTMENT
TIME FRAME

10 years

EXPECTED FREQUENCY OF NEGATIVE
ANNUAL RETURN

Four to less than six in 20 years

SUMMARY RISK LEVEL

High

OPTION SIZE (\$B)^

| | |
|--------------|------|
| 30 June 2022 | 24.6 |
| 30 June 2021 | 3.0 |

STRATEGIC ASSET ALLOCATION (%)



| | 2022 | 2021 |
|-----------------------------------|------|------|
| Australian Shares | 30 | 33 |
| International Shares | 33 | 27 |
| Property | 3 | 5 |
| Infrastructure and Private Equity | 4 | 5 |
| Cash & Fixed Interest | 30 | 30 |

INVESTMENT STRATEGY

To invest in a diversified portfolio of mainly assets such as Australian and international shares, property, infrastructure and private equity, with some fixed interest and cash investments.

Defined Benefit
Division (DBD)

PERFORMANCE OBJECTIVES*

To maximise the probability of generating sufficient returns to meet future commitments.

FUNDS UNDER MANAGEMENT (\$B)

| | |
|--------------|------|
| 30 June 2022 | 31.1 |
| 30 June 2021 | 29.0 |

STRATEGIC ASSET ALLOCATION

The asset allocation for the DBD is managed using a dynamic process. A Forward Allocation Range for each asset class group is set and approved by the Board at regular intervals. Asset allocations for each asset class group may then deviate within the limits of the Forward Allocation Range at Management's discretion.

INVESTMENT STRATEGY

To invest in a diversified portfolio, comprising mainly assets such as Australian and international shares, property, infrastructure and private equity, and with some bond investments.

* These are not promises or predictions of any particular rate of return.

The return target for the Balanced (MySuper) option has been calculated in accordance with requirements that apply to MySuper. The performance objective that is published elsewhere for the Balanced option may differ to the above figure because it is calculated differently (and we have a greater degree of confidence of achieving it). Note that the investment strategies for the Balanced (MySuper) option and the Balanced option are the same. For more information visit the MySuper dashboard.

^ Option size data includes all assets in the Balanced option, including members who are not MySuper members.

Taking a responsible approach

We're committed to building a better tomorrow.

Improving outcomes for Aboriginal and Torres Strait Islander members

UniSuper's first Reconciliation Action Plan (RAP) concluded in September 2021, bringing with it a successful completion of our commitment to improve outcomes for First Nations UniSuper members.

Our RAP provided us with the opportunity to gain a deeper awareness and understanding around First Nations culture, heritage, and the ongoing challenges faced within this community. Our employees committed to this by attending cultural awareness training throughout the year, hearing directly from many First Nations guest speakers over a series of Lunch 'n' Learn events, and participating in numerous activities and celebrations around National Reconciliation Week and NAIDOC Week.

From an external perspective, we continue to focus our efforts on increasing financial literacy and engagement. Our First Nations-tailored webcast was launched and aimed at building awareness and education around super and savings towards a greater retirement.

In March 2022, UniSuper's second RAP was successfully endorsed by Reconciliation Australia. Through this updated commitment, we intend to build on the successes of our first RAP via the following initiatives:

- Working with CareerTrackers to lift the number of First Nations UniSuper employees
- Plan on-site events around NAIDOC Week and National Reconciliation Week to better engage staff around First Nations culture (events of this nature were all virtual in the past two years due to COVID-19)
- Producing more tailored webcasts, seminars and/or workshops
- Encouraging use of volunteer leave to support First Nations related initiatives
- Expanding use of existing leave categories to support:
 - First Nations UniSuper employees to attend culturally significant events, and
 - All UniSuper employees to attend events during NAIDOC and National Reconciliation Weeks.

UniSuper is committed to improving outcomes for First Nations Peoples and we look forward to communicating this with our members.



Our commitment to carbon neutral operations and sustainability

UniSuper is committed to carbon neutral operations and has already made progress through several emission reduction initiatives to date. These are incorporated into everyday practices such as:

- purchasing a portion of 'green energy' to supply office spaces
- environmentally conscious decision-making in the office spaces that are leased and occupied, favouring those with National Australian Built Environment Rating System (NABERS) star ratings - UniSuper's head office at 385 Bourke Street attracts a 5 star NABERS rating
- reducing air travel and transport-related emissions through facility investment to support video and teleconference meetings and support for flexible working arrangements, which allows employees to work remotely and reduce office space and energy usage
- prioritising sustainable sourcing via updates to the procurement policy. For example, considering the sustainability of materials, lighting systems and furniture in UniSuper office fit-outs and refurbishments
- transitioning from paper to digital formats - including paperless Board and committee meetings, default member statements via email rather than mail, and a reduction in physical printers at head office, and
- supporting resource circularity through e-waste collection and battery recycling to ensure sustainable recycling and disposal of electrical equipment.

UniSuper is striving to reduce and offset emissions and has achieved carbon neutral status for our own operations. We recognise there is more to do and we're committed to pursuing additional strategies to reduce our emissions footprint further. This includes increasing the amount of energy procured from renewable energy sources, a key lever in decarbonising operations, as well as greater internal engagement and training on UniSuper's sustainability performance and priorities, including actions that can be taken as a group and by individual employees to reduce our transport and office-related emissions.

Social sustainability

We are committed to ensuring that we role model our beliefs and weave corporate and social sustainability into many aspects of our employee experience. From focussing on their individual wellbeing, donating blood, supporting community work - volunteering to fundraising, working towards gender equity, being carbon neutral and embedding our RAP, we have a number of ways in which we 'walk the talk'.

Our people

An adaptive culture.

We're proud of our culture at UniSuper. It's what makes us a winning combination.

This year we have refreshed our Vision and Values to make them focussed, memorable and focussed on delivering our strategy. Genuine Care, Better Together and Passion for Outcomes are what we show up with every day.

We challenge ourselves to ensure we have our members' best interests at the core of our decisions and focus on continuous improvement to solve problems and improve the member experience. Our simple but meaningful purpose, values and behavioural expectations provide us with the direction we need and help us employ great people.

Supporting our people through a pandemic

Our people have stepped up to the challenge of managing different ways of working during the pandemic, and as we've transitioned to COVID normal. They continue to keep their eyes firmly on ensuring a great member experience, delivering on our goals, and supporting each other. We have maintained a strong focus on supporting employee hygiene and safety, transitioning between remote working and into the office, as well as helping employees stay connected, productive and healthy.

We're continuing to offer flexibility and building momentum for more face to face opportunities with members and employees to create connection. We're proud of the way our people have managed the challenges brought about by the pandemic and that they continue to raise the bar on performance and genuine care.

Attracting and engaging the best talent

Our people continue to be behind the success of UniSuper, attracting those who can think and create great has been critical in a market where talent is highly sought after. Our in-house recruitment team are closely aligned with each business unit to help leaders to shape roles and attract great candidates. Around 85% of our roles are filled by this team each year and after paying their salaries, the team is saving the organisation more than \$1million in recruitment fees every year.

We focus on creating an environment that rewards people for their contributions in a meaningful way, and we respect their need for flexibility and desire to develop professionally and personally. We have been awarded with FlexCareers' FlexReady Certification, receiving the highest score and level of certification for any employer to date. We also offer a wide range of initiatives and benefits to ensure our people are fully engaged so they will stay with us and strive to do the best they can for our members.

Our workplace is shaped by our commitment to providing:

- purposeful work
- growth and career opportunities
- learning and development activities
- flexibility, all roles can flex with 11 types of flexibility available to our people
- wellbeing and volunteering programs, and
- opportunities to give back to charities and the community.

In a year of many changes, our engagement score remained stable at 70%, with 88% of our people participating. This is the greatest result since the survey's inception in 2018. Our areas of strength are still; 'clarity on purpose' and 'understanding how my work contributes to the goals of UniSuper'. This year the standout was in 'Day-to-day decisions demonstrate that quality outcomes for members is important' - 19 points higher than others in our benchmark category. Our focus will be meaningful reconnection to ensure we retain the culture that attracted people to UniSuper, and further investment in our leaders and employees.

OUR PEOPLE

Evolving the way we work

This financial year we continued our 'Better Together' program which focusses on building trust by uplifting our people's skills to confidently have open, two-way conversations. We've implemented a new human capital management system to make it easy for employees to manage their employment administration and onboarding.

Building leadership capability

Recognising that our leaders set the tone and are key to driving business outcomes, we have continued our commitment to building leadership capability at all levels. Key initiatives in leadership development include:

- Introduction of monthly Senior Leader group forums to build enterprise-wide collective leadership and to ensure clarity on strategy, prioritisation and sequencing of organisational goals.
- 360 leadership surveys for all members of the ELT and Senior Leaders began in March and will continue to year end. As an outcome, leaders identify their professional and personal strengths and create a targeted personalised development plan.
- Transformational change masterclasses and self-serve change toolkits were introduced across the Fund.

Our values



**GENUINE
CARE**



**BETTER
TOGETHER**



**PASSION FOR
OUTCOMES**



Our 'genuine care' and 'better together' culture means respect for all aspects of diversity and inclusion. We encourage our leaders to both create and ensure an inclusive environment exists within their teams to empower others, share ideas, and work collaboratively. This year we have achieved the 'Innovate' stage of our Reconciliation Action Plan. As part of our commitment to building awareness with employees, we continue to deliver cultural awareness sessions and explore steps we can take to create meaningful opportunities for First Nations peoples. As part of our first major in-person event in June, we had a Senior Wurundjeri Elder, perform a Welcome to Country.

This year we've also joined the Diversity Council Australia with our CEO taking a role on the Board, displaying his passion, and demonstrating our commitment to Diversity, Equity & Inclusion (DEI).

We wholeheartedly support flexibility and believe that hybrid working has many benefits to our business and employees. Employees have multiple ways to work flexibly, to enable them to balance how and where they work according to personal circumstances and the needs of our customers.

UniSuper reports annually to the Workplace Gender Equality Agency (WGEA) - the report outlines workforce participation, remuneration and the practices in place to promote gender equality in the workplace. But we don't stop there; we conduct our own pay equity analysis and participate in research and action groups to look at closing any gaps.

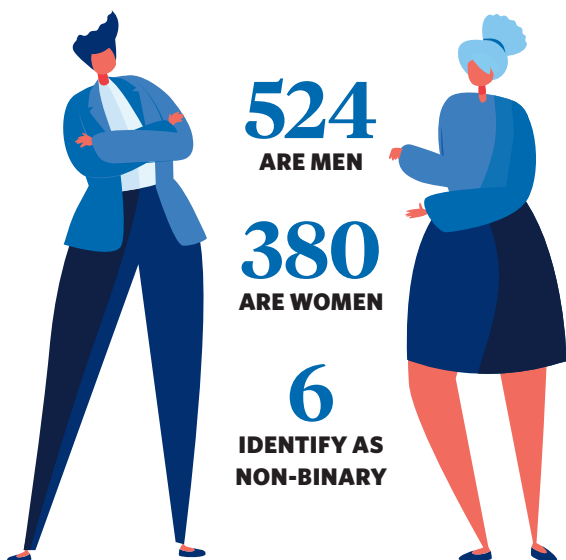
Health, wellbeing and giving back to the community

As we've emerged from tight COVID restrictions, our focus on the health and wellbeing of our people continues to be holistic; encouraging everyone to participate in a range of initiatives and activities focussed on physical, mental, and financial wellbeing.

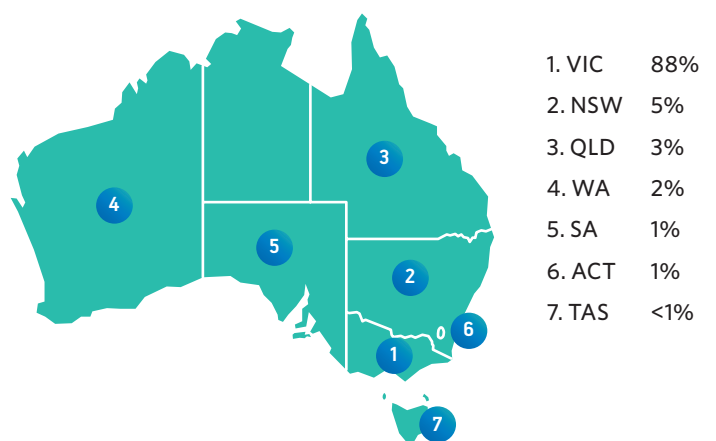
We've continued to promote awareness and education on mental wellbeing and resilience including tailored learning for leaders and employees, partnering with enMasse, Converge, Benestar and celebrating RU OK? Day. To support the physical wellbeing of our people, we've collectively covered thousands of kilometres participating in the Mother's Day Classic and September, offered flu vaccinations and access to Nutrition and Lifestyle assist.

There are several ways employees can give back as part of our 'giving' program run by committee, uConnect. To focus attention and maximise our efforts, the committee promotes three key areas of giving: donations of money, time, or blood. Via Good2Give platform employees have donated over \$55,000 - to an average of 80 different charities. We have also seen an increase in people organising volunteer days.

GENDER SPLIT AS AT 30 JUNE 2021 HEADCOUNT: 904



BREAKDOWN OF UNISUPER EMPLOYEES



OUR PEOPLE

Our Board

UniSuper is governed by a corporate trustee, UniSuper Limited — a company whose shareholders are 37 Australian universities.

The Trustee acts through its Board. The Board determines the Fund's strategic direction and governs the Fund's operations to ensure it is administered in accordance with the Trust Deed and to deliver outcomes in the best interest of members.

In addition to the governance systems implemented to meet legislative obligations and the requirements of prudential standards, the Board has formally adopted the Australian Institute of Superannuation Trustees' (AIST) Governance Code, a principles-based framework consisting of eight principles and 21 requirements. The Code is aimed to improve accountability and transparency and protect and improve outcomes for superannuation fund members. Compliance with the requirements of the Code is reported annually and is independently assessed.

HOW THE BOARD IS STRUCTURED

The Board of Directors is made up of people from different backgrounds with complementary skills and experience. It represents, serves, and remains accountable to UniSuper members and participating employers. All directors of the Trustee Board are non-executive and independent of management and must be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Fund and its members. All directors bring knowledge and expertise to the Board and together complement and balance the various interests represented.

Eight directors are nominated with equal numbers representing employers and members. These directors then appoint three independent directors.

Of the directors nominated by employers, two are nominated by Vice Chancellors of the shareholder universities and two are nominated by Consultative Committee members representing employers.

Of the directors nominated by members, two are nominated by Consultative Committee members — one by academic staff, one by professional staff — and two are nominated by national unions who represent a significant number of UniSuper members.

If a director retires or resigns mid-term, a replacement is appointed in accordance with the Constitution, to serve the remainder of the term. The Constitution also sets out the process to remove a director from the Board and will differ depending on whether the director represents members or employers or is an independent. In general terms:

- The Consultative Committee, or other bodies responsible for their appointment, can recommend the removal of directors representing members or employers.
- Independent directors can be removed by a resolution of the directors representing members and employers.

The Consultative Committee

The Consultative Committee is a key forum for members and employers to participate in the Fund's ongoing development and governance. It reviews and approves changes to the Trust Deed and is responsible for nominating four directors to the Board. Half of the Committee is made up of members representing the 37 shareholder universities, and the other half represents academic staff and professional staff (equally) who are employed by the shareholder universities.

GETTING TO KNOW THE BOARD**INDEPENDENT DIRECTORS****Ian Martin AM**

*BEd (Hons), Adv Diploma,
AICD FAICD Chair*

Appointed to the Board as an Independent Director on 18 April 2013 and elected as Chair on 1 July 2017.

**Nicolette Rubinsztein**

*BBus (Hons), EMBA
(AGSM), GAICD, FIAA*

Appointed to the Board as an Independent Director on 1 December 2015.

**Mark Armour**

BEd (Hons)

Appointed to the Board as an Independent Director on 1 July 2017.

DIRECTORS NOMINATED BY MEMBERS

Nominated by the Consultative Committee

**Professor Lelia Green**

*BA (Hons), MA, MA
(Communications), PhD, MEd,
MA (Creative Writing), GAIST*

Elected to the Board by members of the Consultative Committee representing academic staff on 4 November 2015.

**Amy Griffiths**

BA, AAICD

Elected to the Board by members of the Consultative Committee representing professional staff on 11 November 2019.

NOMINATED BY NATIONAL UNIONS**Grahame McCulloch**

Deputy Chair

Appointed to the Board on 14 February 2013 by national unions who represent a significant number of UniSuper members.

**Sarah Roberts**

*BA LLB (Hons), Master of Public
Policy, Grad Dip - Labour Relations
Law, GAIST, GAICD*

Appointed to the Board on 18 May 2020 by national unions who represent a significant number of UniSuper members.

OUR PEOPLE

DIRECTORS NOMINATED BY EMPLOYERS

Nominated by Vice-Chancellors



Emeritus Professor Sandra Harding AO

BSc (Hons) ANU, MPubAdmin UQ, PhD NCSU, Hon Doc JIU, FACE, FQA, FAICD
Nominated by the Shareholder Universities and appointed to the Board on 25 October 2021.



Stephen Somogyi

MSc (Melbourne), SM (MIT), FAICD, FIAA, FFin
Elected to the Board by members of the Consultative Committee representing employers on 27 October 2014.



Professor Peter Dawkins AO

BSc (Hons) (Lough), MSc (Lon), PhD (Lough), FASSA, FIPAA, FACEL
Appointed to the Board on 4 November 2015 by the Shareholder Universities.



Nicole Gower

BA LLB (Hons)
Elected to the Board by members of the Consultative Committee representing employers on 30 October 2017.

More information about the Board's experience, expertise and responsibilities is available on our [website](#)

CHANGES TO THE BOARD

In the year 2021-22 there was one change to the Board composition. Emeritus Professor Sandra Harding, AO was nominated by the Shareholder Universities and appointed to the Board on 25 October 2021. Professor Harding replaced Dr Jane Den Hollander AO, Professor Emerita, who retired on 25 October 2021.

THE BOARD COMMITTEES

The Board Committees as at 30 June 2022 are:

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is responsible for:

- financial reporting
- monitoring the effectiveness of the Risk Management Framework and making recommendations in respect of risk management policy and practice
- ensuring appropriate assurance arrangements are in place including overseeing the performance and independence of the internal and external audit functions
- monitoring the adequacy and effectiveness of the compliance and internal controls frameworks to support compliance of the Fund with all applicable laws and regulations
- corporate governance, and
- adequacy of the Trustee's insurance program.

Members include:

- Stephen Somogyi (Chair)
- Nicolette Rubinsztein
- Grahame McCulloch

The Committee is assisted by two independent consultants:

- Sarah Woodhouse
- Fiona Rowland

The CEO also attends meetings of this Committee.

People and Remuneration Committee

The People and Remuneration Committee is responsible for:

- reviewing the effectiveness of the remuneration framework and remuneration policy
- assessing the compliance of remuneration arrangements with Australian Prudential Regulation Authority (APRA) Prudential Standard SPS 510: Governance, and
- making annual recommendations to the Board in respect of remuneration of -
 - responsible persons and other persons whose activities may, in the Committee's opinion, affect the financial soundness of UniSuper's operations
 - any category of person covered by the UniSuper Limited (USL) Remuneration Policy.

Members include:

- Nicole Gower (Chair - effective from 1 July 2022)
- Grahame McCulloch (Chair from October 25 until 1 July 2022)
- Ian Martin

The CEO attends all meetings of the People and Remuneration Committee, except when the CEO's own remuneration package is being discussed.

Insurance Committee

The Insurance Committee is responsible for:

- facilitating the timely determination of claims made under the Fund's inbuilt benefit provisions and insurance cover
- implementing and reviewing the Insurance Framework and Strategy
- monitoring and overseeing the Insurance Management Committee
- monitoring the performance of the external insurer, and
- monitoring the services and functions outsourced to the Administrator.

The Insurance Committee has the authority to:

- consider and determine declined claims made under the Fund's inbuilt benefit provisions, and
- approve the appointment or termination of the Fund's Chief Medical Officer.

Members include:

- Nicolette Rubinsztein (Chair)
- Professor Lelia Green
- Emeritus Professor Sandra Harding
- Susan Gould (consultant)
- Jennifer Lang (consultant)
- Peter Chun (CEO UniSuper, Ex-Officio)

Investment Committee

The Investment Committee is responsible for:

- investing funds in a manner consistent with the investment objectives set by the Board, and
- other investment matters, including -
 - investment policy
 - making investment strategy recommendations to the Board
 - monitoring asset allocations
 - monitoring investment performance.

Members include:

- Mark Armour (Chair)
- Professor Peter Dawkins
- Ian Martin
- Christopher Cuffe (independent consultant)
- Anthony FitzGerald (independent consultant)
- Felicity Gates (independent consultant)
- Peter Chun (CEO UniSuper, Ex-Officio)

OUR PEOPLE

Technology and Projects Committee

The Technology and Projects Committee is responsible for:

- reviewing key technology changes, innovations and trends in the industry
- reviewing the technology strategy
- reviewing the technology and program management governance frameworks.

Members include:

- Mark Armour (Chair)
- Amy Griffiths
- Peter Chun (CEO UniSuper, Ex-Officio)
- Sarah Roberts
- Julie Fahey (consultant)
- Margaret Wright (consultant)

The Executive Leadership Team

The day-to-day administration of UniSuper is managed by a wholly owned company, UniSuper Management Pty Ltd (USM). Under the leadership of the Chief Executive Officer, USM operates in line with performance objectives set every year. The Board regularly reviews these objectives, particularly in regard to providing greater retirement outcomes for members.

GETTING TO KNOW THE LEADERSHIP TEAM

Peter Chun
Chief Executive Officer



John Pearce
Chief Investment Officer



Julie Watkins
Chief People Officer



Andrew Raftis
Chief Risk Officer



Steven McGregor
Chief Delivery and Information Officer



Siva Sivakumaran
Strategic Adviser to CEO (*appointed 1 November 2021*)



Dani Murrie
Chief Marketing and Growth Officer (*appointed 14 January 2022*)



Danielle Mair
Chief Member and Advice Officer (*appointed 1 March 2022*)



Anastasia Crisafi
Chief Financial Officer (*appointed 28 March 2022*)

CEASED**Kevin O'Sullivan**

Chief Executive Officer
(*ceased 10 September 2021*)

Anand Thomas

Chief Strategy and Marketing Officer (*ceased 30 November 2021*)

Graham Eggins

Acting Chief, Finance Advice
(*ceased acting role 28 February 2022*)

Lee Scales

Chief Customer Officer
(*ceased 30 November 2021*)

Dharmendra Dayabhai

Acting Chief Operating Officer
(*ceased acting role 31 March 2022*)

Key super measures passed in 2021-22

During the year, several policy changes came into effect and the Federal Budget 2020 announced a number of changes to superannuation under a reform package entitled Your Future, Your Super.



Your Superannuation, Your Choice

In August 2020, legislation was passed to allow employees under workplace determinations or enterprise agreements made on or after 1 January 2021, with the right to choose their superannuation fund. Defined Benefit products are exempt from this legislation change.

Your Future, Your Super

The government's Your Future, Your Super reforms were passed in June 2021. This legislation introduced a number of changes. They are:

- From 1 July 2021, the introduction of best financial interest duty (BFID) on trustees including new record keeping obligations and changes to the evidential burden of proof for the BFID on the trustee.
- From 1 November 2021, stapling of a superannuation account became effective. This means super accounts will follow members when they change jobs to reduce the incidence of members having (and paying for) multiple, unnecessary accounts and fees.
- Funds will be subject to annual performance tests, starting with MySuper products in September 2021.

More flexible superannuation

Legislation was passed in June to partially implement improved super flexibility for older Australians. Measures announced in the 2019 budget, that specifically extend the bring forward rule by enabling individuals aged 65 and 66 to make up to three years of non-concessional contributions, started in the 2020-21 financial year. From 1 July 2021, individuals can re-contribute amounts they withdrew under the COVID-19 early release of super program without them counting towards their non-concessional contributions cap. The ATO can make written determinations on excess concessional contributions. The excess concessional contributions charge will no longer apply from 1 July 2021.

Superannuation changes from 1 July 2021

A number of other non-legislative changes have been made effective from 1 July 2021. Details can be found on the UniSuper website under [super and policy news](#). These include:

- the transfer balance cap has been increased due to indexation
- the concessional/non-concessional contributions caps have been increased
- the temporary reduction in pension members minimum drawdown rates due to end on the 1 July have been extended.

Enhancing superannuation outcomes

Giving effect to key superannuation announcements in the 2021 Budget, legislation was passed in February 2022 that repealed the work test from 1 July 2022 and also allows members aged 67 and 75 to make non-concessional superannuation contributions under the bring-forward rule.

The legislation also lowered the eligibility age to 60 to make Downsizer Contributions and from 1 July 2022 members may be able to release up to \$50,000 in eligible super contributions, plus associated earnings, to help buy their first home with the first home super saver (FHSS) scheme.

From 1 July 2021, the \$450 per month minimum income threshold for superannuation guarantee (SG) payments has been removed. Previously, members had to be earning a minimum \$450 in pre-tax income per month to be eligible for the SG payments.

VISIBILITY OF SUPERANNUATION IN FAMILY LAW PROCEEDINGS

Legislation was passed that aims to make super more visible during family law proceedings. The new rules allow parties to family law proceedings to apply to the court to request a former partner's super information from the ATO. It applies to married and de facto couples, both heterosexual and same-sex - except in Western Australia where de facto couples are not yet covered.

RETIREMENT INCOME COVENANT LEGISLATION

Legislation introduced a new obligation for superannuation funds to have a retirement income strategy that outlines how they plan to assist their members in retirement. The strategy must consider how the trustee will assist their members to balance maximising their retirement income, managing risks, and have some flexible access to savings.

Since the government's introduction of the retirement income covenant, UniSuper is required to outline a summary of our Retirement Income Strategy (RIS) to improve retirement outcomes for our members. This is an opportunity for us to showcase our range of products and services to help members achieve greater retirement outcomes. [A summary of the strategy](#) has been published on our website.

SMSF LEGISLATION

From 1 July 2021, legislation was passed that increases the maximum number of members for self-managed superannuation funds (SMSF) and small Australian Prudential Regulation Authority (APRA) funds from four to six members.

Superannuation Guarantee (SG) increase

On 1 July 2021, the SG rate increased from 9.5% to 10%. Rates will continue to increase each year until it reaches 12% on 1 July 2025 in line with government legislation under the *Superannuation Guarantee Act (Administration) 1992*. The SG is generally the minimum amount that an employer must contribute to an employee's super.

Defined Benefit Division (DBD) update

DEFINED BENEFIT DIVISION FUNDING

There are two key actuarial funding measures used by the Trustee to monitor the financial position of the Defined Benefit Division (the DBD), namely the Vested Benefits Index and Accrued Benefits Index. Both measures were maintained at healthy levels during the financial year.

VESTED BENEFITS INDEX (VBI)

A VBI of greater than 100% means that the value of the assets supporting the DBD are more than sufficient to cover the vested benefit liabilities at that date. The vested benefit liability of the DBD is equal to the value of the total benefits that would be payable by the DBD if all the members voluntarily terminated their service with their employer at that date.

As at 30 June 2022, the estimated VBI was 121.0% (compared to 121.3% as at 30 June 2021). As a result, the DBD assets were more than adequate to cover the vested benefit liabilities as at 30 June 2022.

ACCRUED BENEFITS INDEX (ABI)

UniSuper's DBD is a multi-employer defined benefit product for the higher education sector, with low risk of having to pay all members' benefits at any one time. Hence, the ABI is the measure that the Trustee believes is the most relevant in determining the ability of the DBD to pay, over the long term, all defined benefits that have accrued to the date that the measure is calculated.

An ABI of greater than 100% means the assets supporting the DBD are expected to be more than sufficient to meet future payments in respect of benefits accrued up to that date.

As at 30 June 2022, the estimated ABI was 135.7% (compared to 134.2% as at 30 June 2021). As a result, the DBD assets were more than adequate to meet future payments in respect of benefits accrued up to 30 June 2022.

These VBI and ABI figures as at 30 June 2022 are provisional results and are subject to final confirmation within the 30 June 2022 actuarial investigation report.

Removal of the excess concessional contributions charge

From 1 July 2021, all contributions above the concessional contributions cap will no longer attract the concessional contributions charge. The ATO will send a determination letter to anybody impacted. Contributions above the cap will still be taxed at your marginal tax rate. A 15% tax offset to account for the contributions tax, already paid to the super fund, continues to apply.

New super comparison tool

From 1 July 2021, the government introduced the YourSuper comparison tool on the [ATO website](#). The tool is intended to empower people to compare and select superannuation providers.

MySuper Products to be performance tested annually

From 1 July 2021, the Australian Prudential Regulatory Authority (APRA) introduced an annual performance test for MySuper products. Results are published on the APRA website indicating either a pass or fail against the performance test benchmark. Any fund that fails the performance test must advise its members within 28 days of receiving the result. Failing two consecutive annual performance tests will result in a fund not being permitted to accept new members until their performance improves.

How we manage your super

How UniSuper is administered

UniSuper is managed by a corporate Trustee, UniSuper Limited (USL), which has delegated the day-to-day administration of the Fund to a wholly owned company, UniSuper Management Pty Ltd (USM). The executive leadership team reports to the Boards of USL and USM.

USM operates in line with a set 2021-22 strict performance objectives, against which the Board of USL regularly monitors its performance.

The Trustee has taken out professional indemnity insurance.



Error rectification

UniSuper's Incidents, Breaches and Error Management Policy provides for exited members to be reinstated for errors affecting their account by more than \$20.

Claiming your super benefit if you're a temporary resident

A temporary resident whose visa period has ended can generally claim their UniSuper benefit as a lump sum once they've left Australia. If a temporary resident doesn't claim their super when they leave Australia, UniSuper will generally be required to transfer the balance of their super account to the ATO as an unclaimed benefit after a period of six months from the date the visa ceased to be in effect, or they left Australia (whichever occurs later). If this happens to you, you can claim super benefits directly from the ATO. Please contact the [ATO](#) for further details.

If a temporary resident's benefit is transferred to the ATO, UniSuper relies on ASIC relief to the effect that UniSuper is not obliged to notify or provide the non-resident with an exit statement. However, a temporary resident can contact UniSuper to receive information about the transfer that will enable them to apply to the ATO to claim their benefit. For more information, refer to the Departing Australia Superannuation Payment (DASP) fact sheet, which is available at [unisuper.com.au](https://www.unisuper.com.au) or by calling us on **1800 331 685**.

Superannuation surcharge

The government's superannuation surcharge was abolished on 1 July 2005. However, surcharge deductions for prior years may still appear on your latest statement as a deduction from your account. If we received a surcharge assessment from the ATO in relation to your super, we will have paid the assessment and there will be a deduction or adjustment made to your account to reflect this. Full details of any surcharge deductions if applicable are on your statement.

Service providers we use

The Trustee draws on the services and expertise of a number of professional service providers and organisations. During the financial year, our main service providers were:

- Actuary: Travis Dickinson, FIAA, Willis Towers Watson (appointed 31 March 2021)
- Chief Medical Consultants: Diel Felman from Work Life Well and Pramodh Nathaniel from Matrix Health
- Tax Consultant: KPMG
- Auditor: Ernst & Young (external), PricewaterhouseCoopers (internal)
- Bankers: Commonwealth Bank of Australia

- Insurance underwriter: TAL Life Limited (TAL), and
- Investment Master Custodian: BNP Paribas Securities Services

Managing our finances

UniSuper holds modest amounts in reserve for specific items. The reserves include:

- an administration reserve to help manage the operation of the Fund
- an external insurance reserve used to fund improvements in the external insurance offering
- a self-insurance reserve for the death and disablement benefits provided by UniSuper to Accumulation 2 members. The insurance products covered by this reserve were outsourced to an external insurer from 3 January 2015, so the reserve is now in 'run-off' mode
- an operational risk reserve to cover losses, costs and expenses that may be incurred in the event of an operational risk. On 30 June 2022, the reserve balance represented 0.29% of funds under management, which is above the Fund's Operational Risk Financial Requirement of 0.25%
- an investment fee reserve to cover future investment expenses associated with the running of the Fund as well as costs associated with USL as trustee of the Fund.

All of the reserves, except for the administration reserve, are invested in a diversified portfolio with an asset allocation that mirrors that of UniSuper's DBD. The assets backing the administration reserve include an investment in the Fund's administrator, USM. The total of the reserves as at 30 June for the past three years was \$447 million in 2020, \$520 million in 2021 and \$619 million in 2022.

Complaints handling

Over the 2021-22 financial year the Customer Care team, acting in accordance with UniSuper's governing rules and regulations, sensitively managed responses to approximately 2,300 member complaints.

This was greater than in previous years due to changes implemented in October 2021 where more complaints could be captured that were previously considered 'first contact resolution'. This allows us to dive deeper into the member experience and produce richer insights based on the feedback. The complaints recorded ranged from customer service failures to complex issues which required a significant amount of investigation and input from our Legal and Product teams to arrive at a fair and equitable outcome for the member. 62% of complaints were resolved on the spot, 20% resolved within the first 5 days and the remainder were more complex, not exceeding 45 days.

Our financial results

Statement of financial position

AS AT 30 JUNE 2022

| ASSETS | NOTES | 2022 \$'M | 2021 \$'M |
|--|----------|----------------|----------------|
| <i>Cash and receivables</i> | | | |
| Cash assets | 10 | 183 | 277 |
| Sundry debtors and prepayments | | 10 | 3 |
| Income tax receivable | | 200 | - |
| Total cash and receivables | | 393 | 280 |
| <i>Investments – financial assets</i> | | | |
| Equities - local | | 36,515 | 39,036 |
| Equities - overseas | | 26,476 | 30,022 |
| Interest bearing securities - local | | 15,154 | 13,639 |
| Interest bearing securities - overseas | | 2,470 | 2,560 |
| Others, including short term deposits | | 7,787 | 7,330 |
| Derivative assets | 8 | 130 | 78 |
| Total investments – financial assets | | 88,532 | 92,665 |
| <i>Non-financial assets</i> | | | |
| Direct property | | 6,296 | 5,033 |
| Infrastructure | | 7,947 | 4,206 |
| Total non-financial assets | | 14,243 | 9,239 |
| Total assets | | 103,168 | 102,184 |
| LIABILITIES | | | |
| Benefits payable | | 15 | 2 |
| Sundry creditors | | 114 | 74 |
| Derivative liabilities | 8 | 455 | 252 |
| Income tax payable | | - | 340 |
| Deferred tax liabilities | 13 | 1,515 | 2,303 |
| Total liabilities excluding member benefits | | 2,099 | 2,971 |
| Net assets available to pay benefits | | 101,069 | 99,213 |
| <i>Member benefits</i> | | | |
| Defined contribution member liabilities | 4 | 70,142 | 69,587 |
| Defined benefit member liabilities | 4 | 22,110 | 21,485 |
| Total member liabilities | 4 | 92,252 | 91,072 |
| Total net assets | | 8,817 | 8,141 |
| EQUITY | | | |
| Reserves | 9 | 618 | 520 |
| Defined benefits that are over or (under) funded | 4 | 8,199 | 7,621 |
| Total equity | | 8,817 | 8,141 |

Income statement

AS AT 30 JUNE 2022

| | NOTES | 2022 \$'M | 2021 \$'M |
|---|-------|----------------|---------------|
| Investment revenue | | | |
| Interest | | 285 | 298 |
| Dividends and distributions | | 2,894 | 1,811 |
| Other income | | 57 | 53 |
| Movement in net market value of assets | 7 | (6,649) | 12,075 |
| Total investment revenue/(loss) | | (3,413) | 14,237 |
| Expenses | | | |
| Direct investment expense | | 419 | 360 |
| Administration expenses | 16 | 80 | 70 |
| Total expenditure | | 499 | 430 |
| Net operating result before income tax expense | | (3,912) | 13,807 |
| Less Income tax expense/(benefit) | 12 | (1,020) | 866 |
| Net operating result after income tax expense | | (2,892) | 12,941 |
| Net losses/(benefits) allocated to defined contribution member accounts | | 4,240 | (10,243) |
| Net change in defined benefit member benefits | | (756) | (584) |
| Net profit after income tax expense | | 592 | 2,114 |

Statement of changes in member benefits

FOR THE YEAR ENDED 30 JUNE 2022

| | DEFINED CONTRIBUTION \$'M | DEFINED BENEFITS \$'M | TOTAL \$'M |
|--|------------------------------|--------------------------|---------------|
| Opening Balance 1 July 2021 | 69,587 | 21,485 | 91,072 |
| Employer contributions | 2,496 | 1,538 | 4,034 |
| Member contributions | 1,116 | 221 | 1,337 |
| Rollovers/Transfers in | 3,475 | - | 3,475 |
| Rollovers/Transfers out | (863) | (38) | (901) |
| Income tax on contributions | (374) | (226) | (600) |
| Net after tax on contributions | 5,850 | 1,495 | 7,345 |
| Benefits paid | (2,021) | (533) | (2,554) |
| Transfers from defined benefit to defined contribution | 1,060 | (1,060) | - |
| Death/ disability benefits credited | 23 | - | 23 |
| Insurance premiums charged to members net tax | (66) | - | (66) |
| <i>Reserve transfers to/(from) members:</i> | | | |
| Operational Risk reserve | (6) | (1) | (7) |
| Administration reserve | (41) | (32) | (73) |
| Investment reserve | - | - | - |
| Self Insurance | - | - | - |
| Optional Insurance | (4) | - | (4) |
| <i>Net benefits allocated to members' accounts, comprising:</i> | | | |
| Net investment income/(loss) | (4,240) | - | (4,240) |
| Net change in DB members benefits | - | 756 | 756 |
| Closing Balance 30 June 2022 | 70,142 | 22,110 | 92,252 |

OUR FINANCIAL RESULTS

| | DEFINED CONTRIBUTION \$'M | DEFINED BENEFITS \$'M | TOTAL \$'M |
|--|---------------------------------|-----------------------------|---------------|
| Opening Balance 1 July 2020 | 55,982 | 21,288 | 77,270 |
| Employer contributions | 2,044 | 1,592 | 3,636 |
| Member contributions | 1,053 | 223 | 1,276 |
| Rollovers/Transfers in | 1,925 | - | 1,925 |
| Rollovers/Transfers out | (728) | (44) | (772) |
| Income tax on contributions | (307) | (231) | (538) |
| Net after tax on contributions | 3,987 | 1,540 | 5,527 |
| Benefits paid | (1,920) | (508) | (2,428) |
| Transfers from Defined Benefit to Defined Contribution | 1,388 | (1,388) | - |
| Death/ Disability benefits credited | 11 | - | 11 |
| Insurance premiums charged to members net tax | (60) | - | (60) |
| Reserve transfers (to)/ from members: | | | |
| Operational Risk reserve | (5) | 1 | (4) |
| Administration reserve | (35) | (32) | (67) |
| Investment reserve | - | - | - |
| Self Insurance | - | - | - |
| Optional Insurance | (4) | - | (4) |
| Net benefits allocated to members' accounts: | | | |
| Net investment income/(loss) | 10,243 | - | 10,243 |
| Net change in DB members benefits | - | 584 | 584 |
| Closing Balance 30 June 2021 | 69,587 | 21,485 | 91,072 |

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October 2022

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