



FIRST SUPER  
ANNUAL REPORT  
2020/21



**FIRST**  
super

PUTTING MEMBERS FIRST



An Industry  
SuperFund



Cover image:  
**Gordon Allingham**, Hazelwood & Hill,  
First Super member

**Campbell Sawmills, NSW**

The background of the page features a photograph of a gravel path leading through a forest of tall, thin trees. The path is in the foreground, and the trees are in the background, creating a sense of depth. The overall color palette is natural and earthy.

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# 2020/21 AT A GLANCE

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WE MANAGED OVER

**\$3.6 billion**

in funds for more than

**46,000**

members



**14,984**



employers paid super contributions to First Super members

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MEMBERS RECEIVED OVER

**\$146 million**

in Super Guarantee contributions and contributed around

**\$98 million**

extra in salary sacrifice, voluntary and roll-in contributions



WE PAID COVID-19 EARLY RELEASE PAYMENTS

to **7,915** members, with an

average payment of more than **\$8,200**



WE PAID RETIREMENT BENEFITS OF OVER

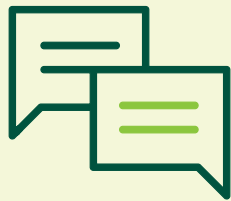
**\$153 million**



AND PAID OUT INSURANCE CLAIMS OF AROUND

**\$30 million**

(that's 88% of all claims)



FIRST SUPER FINANCIAL PLANNERS PROVIDED

**134** Statements of Advice and helped members save almost

**\$315,000** in tax

OUR MEMBER SERVICES TEAM MADE OVER

**42,000** outbound calls to members and received

**33,000** calls, **16,000** emails and **12,000** letters

MEMBERS WHO CALLED FIRST SUPER ONLY WAITED



**90 seconds**

before being put through to a real person



# CO-CHAIRS' MESSAGE



WELCOME TO FIRST SUPER'S 2020/21 ANNUAL REPORT.



**The COVID-19 pandemic had different impacts on our members and the industries they are employed in. Lockdowns made it very difficult at times for members, particularly those employed in Victoria.**

However, many employers and their employees were never busier. The timber processing industry went from preparing for closures to desperately searching for log supply. Housing construction powered ahead, as did manufacturing of home furnishings.

## INVESTMENTS

Heading into the new financial year, First Super's Board positioned investments defensively because of concerns about how investment markets would react to the COVID-19 uncertainty.

What we and many other investors didn't anticipate was a record year. Outstanding equity market returns contributed significantly to the highest investment returns received by members (other than those invested in Cash) since First Super was created in 2008. Accumulation members in the default option received 14.73% and pension members received 16.22% (to 30 June 2021). Details of all investment returns are presented later in this report.

The Fund paid \$66.5m to 7,915 members in round two of the Federal Government's Temporary Early Release of Superannuation Scheme. Unfortunately, total early release payments of \$126.3 million meant a loss of at least \$17 million in investment earnings for those members who had to access their super through this scheme.

By contrast, a superannuation Balanced option member with a \$100,000 account balance, earning \$50,000, earned more than three years' worth of Super Guarantee contributions last year.

During the year, the Fund undertook its first Member Outcomes Assessment, which assessed how First Super went during 2019/20 in delivering members a dignified retirement. You can find a summary of this review on the First Super website by going to [firstsuper.com.au/about-us](https://firstsuper.com.au/about-us) and looking under Governance.

We were pleased to see the success of Industry Super Australia's (ISA) campaign to lock in the 0.5% superannuation contribution rise, effective 1 July 2021. This campaign was necessary, given mixed messages from the Federal Government on whether this legislated increase would proceed.

First Super will continue to support ISA's campaigns to ensure that we get to 12% superannuation contributions. Each increase takes each of our members closer to a dignified retirement.



**Michael O'Connor**  
Co-Chair, First Super



**Mike Radda**  
Co-Chair, First Super

## GOVERNANCE

The Board continued with its Board Renewal Program.

Lisa Marty stepped down as an employer-nominated Director on 31 December 2020 and was replaced by Dean Brakell, CEO of the Australian Cabinet and Furniture Association.

Lisa joined the First Super Board in August 2012 when she was CEO of VAFI, and has contributed significantly to the sound governance of the Fund and delivery of investment returns. Over the years, she served on all Board committees, chaired the Administration and Marketing Committee, and co-chaired the Board with Michael O'Connor.

Alex Miller, a member-nominated Director, also stepped down and was replaced by Anthony Pavey, who is employed at Australian Paper. Alex was one of the Fund's pioneers, joining the Board on 1 July 2008 following the Fund's merger. Alex's leadership in keeping First Super, its Trustee Office and service providers focused on putting members first cannot be understated.

In addition, Casey Thompson was appointed as a member-nominated Associate Director. Appointment as an Associate Director allows this person to observe meetings, develop an understanding about how the Fund is governed and run, and thus, if appointed to the Board, is able to contribute from day one as a director.

Directors Janet Gilbert, Denise Campbell-Burns and Scott McDine were reappointed for further four-year terms. Independent Director Candy Broad had her term extended by six months, with the Board desiring stability during the pandemic-induced uncertainty.

## ACKNOWLEDGEMENTS

Finally, we wish to acknowledge First Super's service providers and the support provided to the Board and members by the Trustee Office staff.



**Brett McNally, AKD,**  
First Super member

# CEO'S MESSAGE

**Bill Watson**  
Chief Executive Officer



“ IT'S BEEN AN INTERESTING YEAR... ”

**As reported by the Co-Chairs, the Fund undertook its first Member Outcomes Assessment. We've used this as a valuable opportunity to reflect on what the Fund did well in helping members achieve and maintain a dignified retirement and what areas we need to improve on.**

Our approach to undertaking this initial Member Outcomes Assessment was not to treat it as a box ticking exercise or as an opportunity to pat ourselves on the back. We engaged experts to critically appraise how we went about this task, and we also sought regulator feedback.

Even though travel was severely restricted between New Zealand and Australia, we welcomed almost 1,000 new members who used our ability to transfer their KiwiSaver accounts to an Australian superannuation fund.

Like many other businesses throughout Australia, the Trustee Office staff continued to work from home. This meant that member and employer servicing, provision of financial advice and member education seminars were severely constrained.

These constraints meant that we had to find different ways of continuing to provide the personal service that sets us apart from other funds. The Financial Advice team revealed hidden talents, demonstrated by the introduction of FirstTalk videos and online member education seminars. They also switched to providing advice via video conference. Thanks to Andrew Jewell, Peter Pallis and Jayson Bruce for this.

Also, thanks to you, our members, for joining us in this switch. We will continue to use the online environment to service members, but we are looking forward to resuming face-to-face contact when it is safe to do so.

We've never seen so much regulatory change as we experienced in the 2020/21 year and anticipate more in 2021/22 onward. Addressing regulatory change has put considerable strain on our Governance and Marketing and Communications teams. It is a source of pride that we've managed to address change in a way that moderates cost impact upon members. Simply put, each \$46,000 spent on advisors is a dollar less in each of our 46,000 members' accounts.

A number of staff left the Fund during the year. I'd like to thank Michael Kerrison, Liz Hunt, Annmarie Unwin, Melissa Hughes and Adam Campbell for their contributions to the Fund. Brad Weldon also resigned as Executive Manager Member and Employer Services and I'd like to thank Brad for his contribution too.

We were fortunate that Michelle Boucher joined us immediately after Easter as Deputy CEO, taking primary responsibility for member retention and growth. Michelle brings to the Fund an impressive record gained at Cbus, ESSSuper and the State Trustee Office.

In closing, I'd also like to thank my colleagues in the Trustee Office and welcome new colleagues to our team. It has been another big year, again working hard to put members first.



# ABOUT FIRST SUPER



**FIRST SUPER IS AN INDUSTRY SUPER FUND RUN TO BENEFIT MEMBERS. WE HAVE ONGOING AND VALUED RELATIONSHIPS WITH THE FURNITURE AND JOINERY, PULP AND PAPER, AND TIMBER INDUSTRIES, BUT ALSO WELCOME MEMBERS FROM ALL WALKS OF LIFE. WE MAINTAIN A STRONG LOCAL PRESENCE IN REGIONAL AUSTRALIA, WHERE MANY OF OUR MEMBERS WORK AND LIVE.**

## **SUPER IS ABOUT MORE THAN WHAT HAPPENS WHEN YOU STOP WORKING**

We know our members have more going on in their lives than super. So we believe it's our job to be there for them when and where they need us, with the right products, information and guidance for now and the future.

We're committed to providing members with high-quality, personalised service that includes:

- > Competitive fees
- > Five flexible options to suit any member
- > Insurance in super arrangements for peace of mind
- > General advice on First Super's super and retirement products, insurance, investment options and member benefits
- > Regular communications keeping members informed
- > Seminars, webinars and workplace visits
- > Secure, safe online account access, anytime.

## **GOING THE EXTRA MILE**

Super can be overwhelming, which is why First Super has a dedicated team of Member and Employer Services Coordinators. Our team takes super out of the too-hard basket and gets it working hard instead. Our Coordinators provide the necessary information to better understand and benefit from super. Meetings can take place one-on-one, in the workplace, over the phone or online.

## **RESOURCES FOR MEMBERS**

First Super has a range of resources for members online at [firstsuper.com.au](https://firstsuper.com.au), including 'how super works' information, fact sheets, calculators, articles and event sign-ups. Plus, by logging into First Super's online portal, firstonline, members can manage their own super in the following ways:

- > Change personal details
- > Roll in other super accounts
- > Change or add non-binding beneficiaries
- > Obtain an insurance quote
- > View current investment and insurance details
- > Check employer details and account transactions.

## **QUALITY FINANCIAL ADVICE**

We offer access to licensed financial planners\* who can help members plan for their desired retirement lifestyle and make the most of their super today. Our planners can help with both general and personal advice. Account-based advice is already covered by a member's standard fees, and for personal advice the first consultation is at no extra cost.



## **DID YOU KNOW?**

First Super was founded in 2008 when three industry super funds merged: Furniture Industry Retirement Superannuation Trust, Pulp & Paper Workers' Superannuation Fund, and Timber Industry Super Scheme.

\*First Super financial planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514).

# OUR STRATEGIC PLAN 2020-2022

**AS A PROFIT-TO-MEMBERS INDUSTRY FUND, WE AIM TO HELP OUR MEMBERS ACHIEVE A SUSTAINABLE AND FLEXIBLE RETIREMENT, WITH REAL VALUE, REAL SERVICE, AND REAL RETURNS. HERE'S HOW WE GO ABOUT IT.**

## FIRST SUPER STRATEGIC PLAN 2020 TO 2022

**Our Vision:** Enabling our members to attain and maintain a dignified retirement

**Our Purpose:** Building members' retirement savings by investing, growing and protecting their superannuation contributions

### Our Member Outcomes:

Members under age 40 are on track to achieve at least 80% of ASFA's Comfortable Retirement Standard.

Members over age 40 are on track to achieve at least 90% of ASFA's Modest Retirement Standard.

Objective to achieve member outcome



Through the following

### 1. ADVICE & EDUCATION

Empowering members to make informed decisions about their financial future by providing financial education and information, no-direct-cost general and intrafund financial advice and, finally, low-cost personal advice that is always in their best interests

**Satisfactorily deliver the products and services so that our members are advocates for First Super**

- > Maturing our financial advice and education offering
- > Developing and implementing a member growth and retention lifecycle process
- > Activating and retaining new and existing members
- > Defending the rights of workers to be members of funds free of commercial conflict and which only act in their best interests

### 2. GROWING CAPITAL

Member balances grow because of actions members take

**Growing our members' savings**

- > Encouraging members to make the level of contributions to deliver their member outcome
- > Developing and implementing capital growth strategies
- > Applying some calculated risk to investment action

### 3. ACHIEVING RETURNS & PROTECTING CAPITAL

Increasing and protecting member balances by achieving the investment option performance over the stated time periods through conservative asset allocation

**Achieving investment returns and protecting capital**

- > Undertaking an investment strategy review
- > Assessing application of social factors by investee companies and managers
- > Regularly reviewing strategic asset allocation and manager performance and implementing outcomes
- > Developing and implementing an investment strategy

**Actively Engaged Members:** Members engage with the Fund to make choices about their superannuation



## Grafton, NSW



### 4. QUALITY INSURANCE

Offering quality Death and Total and Permanent Disablement insurance to all members irrespective of age, account balance or account activity status

### 5. VALUE FOR MONEY

Member outcomes are delivered prudently, practically and cost-effectively

### 6. GOOD GOVERNANCE

The highest standards of fiduciary and corporate governance are observed and applied

#### Providing appropriate product offerings for all members

- > Reviewing insurance strategy including affordability and cover for all cohorts
- > Designing and implementing a post *Protecting Your Super* insurance product
- > Developing a retirement product

#### Ensuring members get value for money from their Fund

- > Retaining default fund status throughout our industries and employers
- > Consolidating our workplace distribution strategy
- > Adding new members
- > Developing a member fee model – resolution of fees and charges post introduction of *Protecting Your Super*
- > Implementing Prudential Standard SPS 515 – Strategic Planning and Member Outcomes

#### Our stakeholders are confident in the way we govern the Fund

- > Renewing licence to operate:
  - Regulator
  - Auditor
  - Stakeholders
  - Shareholders
- > First Super enables and empowers staff to put members first
- > Maintaining good governance and risk standards
- > Strengthening engagement with stakeholders and shareholders
- > Providing industry fund leadership

# THE YEAR IN REVIEW

IT'S BEEN AN EVENTFUL 12 MONTHS.  
HERE'S AN OVERVIEW OF WHAT'S BEEN HAPPENING.



## JULY 2020

### FIRSTtalk launches

First Super's Financial Planners kick off a video series to help bring super to life for members, covering important topics including salary sacrifice, investment choice and more. Go to [firstsuper.com.au/first-talk](https://www.firstsuper.com.au/first-talk) to watch.

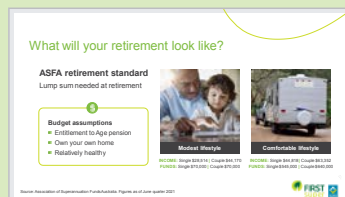
### Early Release of Super (ERS) scheme extended

The ERS scheme is extended, allowing members to withdraw up to \$10,000 from their super between 1 July and 31 December for COVID-19 financial relief.

## AUGUST 2020

### Retirement planning goes digital

The First Super team adapts to ongoing COVID-19 rules (and so do our members!) by staging regular super education sessions online instead of face-to-face. A new seminar, Stepping into Retirement, is introduced for members planning to retire within 12 months.



## SEPTEMBER 2020

### Ongoing support during the pandemic

First Super boosts its support resources for members and employers with regular emails and dedicated webpages.

Our webpages receive around **2,500 views**, spiking during Victoria's second lockdown between July and October.



### 2019/20 Annual Statements

Annual Statements and Full-Time brochures are sent to all First Super members by post and email notifying them of their account balance, investments, insurance arrangements, and Fund updates.

## OCTOBER 2020

### Budget announcements for super

The delayed Federal Budget unveils surprise reforms for the super industry called the Your Future, Your Super package. Included in the proposals are an annual performance test, comparison tool and a 'stapling' rule where members take their existing super account with them when they change jobs.

### Annual members' meeting (AMM) goes online

Another COVID-19 casualty, our AMM goes online. Members join via Zoom to hear from our Board and executives about how their super is being looked after.

## NOVEMBER 2020

### Marketing double award winner

First Super wins two state Awards for Marketing Excellence from the Australian Marketing Institute (AMI) for its 'Don't be crazy! Find your lost super' campaign. CEO Bill Watson says it's proof that "small funds can cut through the noise and make a significant difference for members".



## DECEMBER 2020

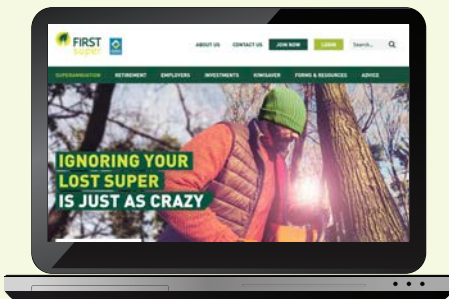
### 'tis the season

We share a short video wishing our members, employers, staff and service providers a peaceful and relaxing festive season.



# THE YEAR IN REVIEW

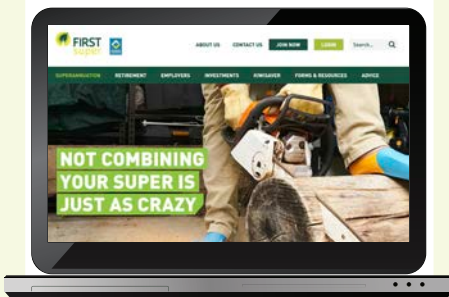
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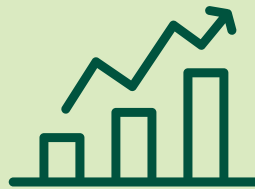
### JANUARY 2021

#### Finding lost super made easy

The ATO relaunches its SuperMatch tool and First Super begins a campaign to help members easily look for and combine lost or other super into their First Super account (if they choose to).



Members roll in over **\$9.5 million** as a result of SuperMatch searches for the year to 30 June.



### FEBRUARY 2021

#### Strong investment returns

First Super reports on its returns for the six months to 31 December 2020 – and it's good news, with all investment options firmly in the positive and delivering strongly for members.

### MARCH 2021

#### Super assets hit \$3.1 trillion

The amount of money Australians have in super accounts hits a record high of \$3.1 trillion following a rebound in markets (according to APRA's quarterly statistics). This is larger than all the stocks in the Aussie share market combined.



### A change of season in Tumut

First Super proudly supports the Tumut Falling Leaf Festival, an annual event celebrating the magical autumn season in the foothills of the Snowy Mountains where many of our members are based.

## APRIL 2021

### An award-winning Fund welcomes a new Deputy CEO

Industry leader Michelle Boucher joins the team as Deputy CEO. In the same month, First Super receives Rainmaker's AAA Quality Rating 2021 for its super and pension products.

### More Budget announcements

More super changes are announced, with plans to increase withdrawal amounts under the First Home Super Saver scheme, remove the 'work test' for older members, and scrap the \$450 income threshold. This means workers earning less than that amount can start receiving employer-paid super from 1 July 2022.

## MAY 2021

### Co-contribution campaign

Ahead of tax time, we ask members 'Where can you find money growing on trees'? Eligible members are encouraged to add extra to super and receive a co-contribution of up to \$500 from the Government.



Members make around **\$1 million** in after-tax contributions in May alone, with around **1,000** members making multiple contributions during the year.

## JUNE 2021

### Super Guarantee (SG) rises to 10%

On 1 July the SG rate increases from 9.5% to 10%, meaning employers must pay more super to eligible employees. The SG rate is set to hit 12% by 2025.

# 10%

# HOW WE APPROACH ESG

## AT FIRST SUPER, WE TAKE STEPS TO ENSURE OUR MEMBERS' RETIREMENT SAVINGS ARE PROTECTED AGAINST ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS. THERE'S MORE THAN ENOUGH EVIDENCE THAT COMPANIES WITH SOUND ESG RISK MANAGEMENT OUTPERFORM ESG LAGGARDS AND PROTECT INVESTOR CAPITAL.

At the heart of ESG application is how we generate investment returns. No matter how good the return is, it can't be made because of bad corporate behaviour. This isn't sustainable and it's not the right thing to do either.

When it comes to investing, we engage with our investment managers and investee companies both directly and through our membership of the Australian Council of Superannuation Investors (ACSI) to improve ESG outcomes.

We also continue to implement and enhance our ESG policies, as we understand the way we operate has a broader economic and social impact beyond financial outcomes for members.

### PRIVATE EQUITY

During the year, the Fund restarted its private equity program, applying our ESG evaluation framework that identifies and assesses ESG risks in potential investments. This framework was developed collaboratively with our private equity mandate manager, Stafford Partners.

Applying our framework, several potential investments did not proceed due to unacceptable ESG risk.

For those companies the Fund invests in, the evaluation assessment is used to identify areas for improvement, as well as gain commitment from the private equity managers to take tangible action to manage ESG risk.

The Fund has been impressed with the way private equity managers have embraced and applied our evaluation framework.

We believe our ESG evaluation framework is an Australian first for superannuation investors.

### ESG APPLICATION – OTHER ASSET CLASSES

During the year, the Fund commenced implementation of ESG application in the fixed income asset sector. To date, the application of ESG has been limited, with equity managers taking the lead.

The Fund awarded an investment mandate to Cameron Hume. The fixed-income manager was able to demonstrate a well thought out and effectively implemented ESG risk management framework.

During the 2021/22 financial year, the Fund is likely to appoint new international equity managers that, like Cameron Hume, have demonstrable and repeatable ESG risk management methodologies.

### PROXY VOTING

First Super owns shares in Australian publicly listed companies and is entitled to vote on shareholder resolutions at company annual general meetings.

During the financial year period, the Fund voted against approving 32% of remuneration reports because of excessive increases. It also voted against approving 9% of executive performance right approvals as this was not in our members' financial interests.

Details of how we vote on all resolutions can be found on the Fund disclosure section of our website at [firstsuper.com.au/about-us](https://firstsuper.com.au/about-us).

How First Super directs investment managers to vote is detailed in our ESG and Voting Policy.

### 30% CLUB

First Super is a member of the 30% Club, which aims to increase gender diversity on company boards by having at least 30% women. The Fund's policy is to vote against re-election of Board Chairs or Chairs of Nominations Committees where the percentage of women on those boards is below this threshold.

There has been significant progress made in this area under ACSI's leadership. The Fund was only required to vote against 5% of Director re-election proposals because of fewer than 30% women on the board.





## MEMBER OUTCOMES ASSESSMENT

Under a new requirement from the Australian Prudential Regulation Authority (APRA), all super funds must complete a yearly Member Outcomes Assessment to determine whether they are promoting the best financial interests of members. We completed our inaugural report for the year ending 30 June 2020 by assessing the following factors: fees, investment risk and strategy, insurance strategy and costs, options and member benefits, scale and efficiency. It was concluded that the Fund is promoting the best interests of members across each product offering.

## MODERN SLAVERY STATEMENT

With the passing of the Modern Slavery Act 2018, First Super has an ongoing responsibility to assess and report on modern slavery in our operations (including investment activities) and supply chains. We also see this as an opportunity to help transform industry practices and more effectively combat modern slavery in all its forms.

We published a Modern Slavery Statement in December 2020, which sets out the actions the Fund has already taken and intends to take in future to maintain responsible and transparent supply chains across our organisation.

To read the statement go to the Governance section of our website under [firstsuper.com.au/about-us](https://firstsuper.com.au/about-us).

## FIRST SUPER'S ESG POLICY

Our ESG Policy is guided by the principles of the United Nations-backed Principles for Responsible Investment and the United Nations Global Compact (UNGC). The UNGC Principles mean operating in a manner that, at a minimum, meets fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.

The UNGC Principles require businesses to do the following.

<b>HUMAN RIGHTS</b>	<b>Principle 1:</b> Support and respect the protection of internationally proclaimed human rights; and	<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses.	
<b>LABOUR</b>	<b>Principle 3:</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining;	<b>Principle 4:</b> Eliminate all forms of forced and compulsory labour;	<b>Principle 5:</b> Effectively abolish child labour; and <b>Principle 6:</b> Eliminate discrimination in respect of employment and occupation.
<b>ENVIRONMENT</b>	<b>Principle 7:</b> Support a precautionary approach to environmental challenges;	<b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility; and	<b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.
<b>ANTI-CORRUPTION</b>	<b>Principle 10:</b> Work against corruption in all its forms, including extortion and bribery.		

# INVESTMENTS

## THIS SECTION PROVIDES A REVIEW OF FIRST SUPER'S INVESTMENT PERFORMANCE, OUR 2020/21 CREDITING RATES, AND A BREAKDOWN OF WHERE THE INVESTMENTS HELD BY THE FUND DURING THE FINANCIAL YEAR WERE ALLOCATED AS AT 30 JUNE.

Entering the 2020/21 financial year, the Fund was positioned defensively, anticipating further COVID-19 related volatility and markets that would be jittery about interest rate increases and the spectre of inflation.

As it turned out, global equity markets left the earlier pandemic-induced collapse in the rear vision mirror and powered ahead to cross the financial year finish line returning 28.49% for the ASX 200 index and 27.50% for the MSCI Global unhedged index.

These outstanding equity market returns contributed significantly to the highest investment returns received by members (other than those invested in Cash) since First Super was created in 2008, and are in marked contrast to our investment returns for the previous financial year, as set out in the table below.

While we've had a great year, it is important to keep in mind our approach is investing for the long run. On that note, the 10-year investment return for the superannuation Balanced option was an average of 8.39% per year to 30 June 2021.



### DID YOU KNOW?

During the last financial year, the investment return for a member with \$100,000 saved in the Balanced option, earning \$50,000 in salary in a year, was more than three years' worth of employer super contributions.\*

\*Based on a super guarantee (SG) rate of 9.5% for a member with \$100,000 invested in the Balanced option on 1 July 2020. Investment returns on SG contributions for the 2020/21 financial year have not been included in this calculation. Assumes a member on a salary of \$50,000 would be eligible for \$4,750 SGC (minus 15% contributions tax). Results rounded to nearest whole number.

The table below sets out earnings for all options within the accumulation and pension funds for the previous two financial years.

Investment option		2020/21 %	2019/20 %
SUPER	Balanced (default)	14.73	- 0.95
	Shares Plus	22.16	- 2.37
	Growth	18.47	- 1.69
	Conservative Balanced	9.78	- 0.43
	Cash	0.44	1.35
PENSION	Balanced (default)	16.22	- 1.19
	Shares Plus	24.81	- 2.33
	Growth	20.91	- 1.60
	Conservative Balanced	11.09	- 0.24
	Cash	0.55	1.60

(Note the different rate of return between super and pension investment options is the result of pension investment options earnings not being subject to the 15% superannuation tax.)



These strong investment returns resulted in the Fund growing from \$3.1 billion to \$3.6 billion.

## INVESTMENT STRATEGY

The Fund's more defensive positioning during the financial year meant that it underperformed relative to those funds that had higher and / or overweight equities allocation.

The key contributor to returns last financial year was an overweight allocation in international equities (unhedged) and Australian private equity, and underweight positions in Australian fixed interest, floating rate debt and international fixed interest, relative to strategic asset allocation (SAA) benchmarks.

Manager selection for Australian equity, floating rate debt and fixed interest added value to the performance. Meanwhile, selections for Australian private equity, international private equity, Australian infrastructure and property sectors detracted throughout the period.

During the financial year we saw historically high spreads between the expected return from growth assets relative to defensive assets due to historically low interest rates. This potentially means that the likely performance gap between higher growth and lower growth investment options will be greater.

Conventional investment theory and practice is to make a significant allocation to interest-bearing securities to provide protection against falling equity markets. In markets where relative returns between interest-bearing securities and equities is not large, this downside protection strategy does not come at much cost. However, the cost of this strategy is now significantly higher.

Recognising the potential performance gap, the Board has undertaken a substantial review of investment strategy in the first quarter of 2021/22, which will be the subject of a separate member communication.

Continuing the Fund's implementation of environment, social and governance principles, the Fund appointed Cameron Hume as a fixed income manager following a review of its fixed interest sector. Cameron Hume's integration of environment, social and governance factors into its investment processes and its research-driven approach were differentiating factors in its appointment.



# INVESTMENTS

## MANAGING INVESTMENTS

### How we credit members' accounts

Each First Super member account earns investment income at the Fund's declared crediting rate. The crediting rate used depends on the investment option(s) chosen by the member.

First Super declares a crediting rate return each month for each of its five investment options, based on earnings and estimated investment fees and tax.

After the end of the financial year (30 June), or when a member leaves the Fund, we adjust the member's account based on the accumulated weekly performance of each investment option after deducting tax and fees and allowing for reserves.

At the end of the financial year, the amount applied to a member's account is based on their average daily account balance and the related weekly performance for their chosen investment option(s).

### Interim crediting rates

First Super also determines interim crediting rates for earnings, which apply when members are paid a benefit during the year. These rates are calculated based on the declared weekly crediting rate for any part of the week up to the date of exit or withdrawal. If a member leaves the Fund, an interim crediting rate is applied to the entire account balance.

Crediting rates and interim earning rates may be positive or negative. If the crediting rate is positive, member account balances grow. If the rate is negative, member account balances are reduced. It is normal for investment returns to fluctuate, and they may be negative in some years. The actual returns are based on the performance of the underlying investments and First Super can't guarantee any specific rate of return.

### Crediting rates for the past 10 years

Superannuation crediting rates							
Investment option	2020/21 financial year %	Past 2 years % p.a.	Past 3 years % p.a.	Past 5 years % p.a.	Past 10 years % p.a.	Return since inception %	Inception date
Balanced (default)	14.73	6.60	6.63	8.39	8.39	8.31	01/07/1988*
Shares Plus	22.16	9.21	8.77	11.20	10.57	6.77	01/03/2001
Growth	18.47	7.92	7.67	9.68	N/A	10.14	14/10/2011
Conservative Balanced	9.78	4.55	4.97	6.33	6.84	5.77	01/07/2008
Cash	0.44	0.89	1.27	1.68	2.50	3.73	01/03/2001

\*The composition of the Balanced option was fundamentally different prior to 1 July 1988.

'N/A' indicates there were no similar investment options available 10 years ago.

Rates are not guaranteed and may not be the same as those allocated to your account for reasons including the date you joined and the timing of contributions. Past performance is not a reliable indicator of future performance.



## Crediting rates for the past 10 years

Pension crediting rates							
Investment option	2020/21 financial year %	Past 2 years % p.a.	Past 3 years % p.a.	Past 5 years % p.a.	Past 10 years % p.a.	Return since inception %	Inception date
Balanced (default)	16.22	7.16	7.16	8.75	9.09	7.70	18/03/2005
Shares Plus	24.81	10.41	9.68	11.96	11.45	8.77	01/07/2005
Growth	20.91	9.08	8.69	10.81	N/A	10.44	10/08/2013
Conservative Balanced	11.09	5.27	5.65	7.11	7.70	6.51	01/07/2008
Cash	0.55	1.07	1.47	1.95	2.91	3.51	01/07/2005

'N/A' indicates there were no similar investment options available 10 years ago.

Rates are not guaranteed and may not be the same as those allocated to your account for reasons including the date you joined and the timing of contributions. Past performance is not a reliable indicator of future performance.

## Use of derivatives

First Super allows some of its investment managers to use derivative instruments to help manage risk and for other defensive purposes. The managers must use derivatives within strict parameters.

Derivative instruments are not used for speculative investing. The Trustee Derivative Charge Ratio did not exceed 5%.

## INVESTMENT CHOICE

First Super offers members five different investment choices.

1 Shares Plus

2 Growth

3 Balanced

4 Conservative Balanced

5 Cash

Each option comes with a different level of risk. Generally, investments in high-risk assets will produce higher returns over the long term, with a greater chance of negative returns over the short term.

Before making a choice, members should read *Investing Your Super* at [firstsuper.com.au/pds](https://firstsuper.com.au/pds) or consider speaking to a First Super financial planner for help making an informed decision\*.

Members can choose to invest in only one option or mix their investments in any percentage split across the five options. To change investments, members must have at least \$1,000 in their account.

\*First Super financial planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514).

# INVESTMENTS

## Investment options as at 30 June 2021

### Shares Plus

#### Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 4.0% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in four
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings High Growth (91-100) Option Survey over rolling five-year periods

#### Investor profile

This investment option is likely to appeal to members with a long-term view of their super savings and/or who are prepared to accept higher risk in the search for higher returns.

#### Risk profile

The Shares Plus option is likely to provide a high degree of volatility and fluctuations in returns and is at the high end of the risk/return range. The risk may increase by the nature of overseas investments, which means that this option is subject to the considerable extra risk of currency fluctuations and international events. It is likely to outperform the other investment options offered over the long term.

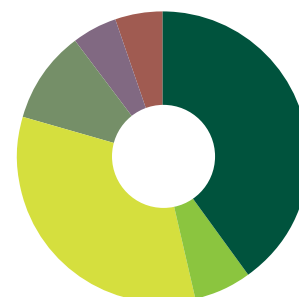
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS: 5.0 IN EVERY 20 YEARS**

**RISK BAND: 6 RISK LABEL: HIGH**

#### Asset allocation and ranges

Actual % as at 30 June 2021\*



Asset class	Actual	Range
Australian Listed Equities	40.1%	0-60%
Australian Unlisted Equities	6.4%	0-20%
International Listed Equities	33.3%	0-60%
International Unlisted Equities	0.0%	0-5%
Australian Unlisted Property	10.1%	0-20%
Australian Unlisted Infrastructure	5.1%	0-10%
International Unlisted Infrastructure	5.1%	0-10%

### Growth

#### Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.75% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in four
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five-year periods

#### Investor profile

This option is likely to appeal to members who are prepared to accept higher investment risk in the search for higher returns, but also wish to reduce the risk of very large investment losses by diversifying into some defensive assets.

#### Risk profile

The Growth option is likely to provide a high degree of volatility and fluctuations in returns. It has a lower investment risk/return profile than the Shares Plus option because it has a higher exposure to defensive assets. Over the long term it is likely to outperform the other investment options, except for Shares Plus.

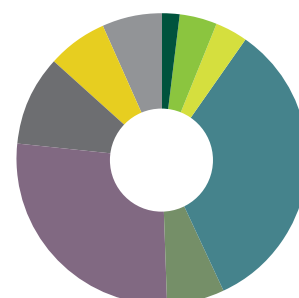
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS: 4.6 IN EVERY 20 YEARS**

**RISK BAND: 6 RISK LABEL: HIGH**

#### Asset allocation and ranges

Actual % as at 30 June 2021\*



Asset class	Actual	Range
Cash	2.0%	0-20%
Australian Fixed Income	4.2%	0-20%
International Fixed Income	3.7%	0-20%
Australian Listed Equities	33.2%	0-55%
Australian Unlisted Equities	6.4%	0-25%
International Listed Equities	27.3%	0-55%
International Unlisted Equities	0.0%	0-10%
Australian Unlisted Property	10.1%	0-20%
Australian Unlisted Infrastructure	6.6%	0-10%
International Unlisted Infrastructure	6.6%	0-10%



## Investment options as at 30 June 2021

### Balanced

#### Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.5% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in five
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five-year periods

#### Investor profile

This investment option is likely to appeal to members seeking mid to long-term growth of their super along with diversification across asset classes.

#### Risk profile

Designed to provide good growth over the mid to long term while reducing risk through diversification. Likely to slightly underperform against the Shares Plus and Growth options over the long term.

#### Recommended time frame

Superannuation is a long-term investment, and the Balanced option is designed to outperform inflation over rolling 10-year periods.

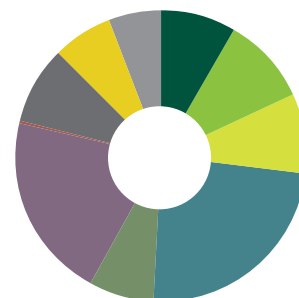
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS: 3.7 IN EVERY 20 YEARS**

**RISK BAND: 5 RISK LABEL: MEDIUM TO HIGH**

#### Asset allocation and ranges

Actual % as at 30 June 2021\*



Asset class	Actual	Range
Cash	8.6%	0-15%
Australian Fixed Income	9.7%	0-40%
International Fixed Income	8.7%	0-40%
Australian Listed Equities	23.9%	0-40%
Australian Unlisted Equities	7.2%	0-25%
International Listed Equities	20.7%	0-40%
International Unlisted Equities	0.1%	0-5%
Australian Unlisted Property	8.7%	0-20%
Australian Unlisted Infrastructure	6.6%	0-10%
International Unlisted Infrastructure	5.7%	0-10%

### Conservative Balanced

#### Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 2.0% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in six
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Conservative Balanced [41 - 59] Option Survey over rolling five-year periods

#### Investor profile

This investment option is likely to appeal to members investing for the short to medium term who want a more secure option with less chance of fluctuations than the Shares Plus, Growth or Balanced options and/or members looking for lower-risk options for their super savings.

#### Risk profile

Designed to provide more stable returns than the Shares Plus, Growth or Balanced options. It is at the lower end of the risk/return range and is likely to underperform against the Shares Plus, Growth or Balanced options over the medium to long term.

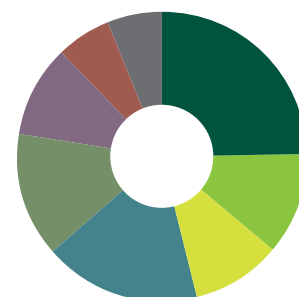
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS: 2.9 IN EVERY 20 YEARS**

**RISK BAND: 4 RISK LABEL: MEDIUM**

#### Asset allocation and ranges

Actual % as at 30 June 2021\*



Asset class	Actual	Range
Cash	24.9%	0-40%
Australian Fixed Income	11.3%	0-45%
International Fixed Income	10.1%	0-45%
Australian Listed Equities	17.3%	0-30%
International Listed Equities	14.0%	0-30%
Australian Unlisted Property	10.1%	0-20%
Australian Unlisted Infrastructure	6.1%	0-10%
International Unlisted Infrastructure	6.1%	0-10%

\*Actual asset allocation percentages may not add up to 100% due to rounding.

# INVESTMENTS

## Investment options as at 30 June 2021

### Cash

#### Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds the Bloomberg Ausbond Bank Bill Index over rolling five-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to being negligible
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Cash Option Survey over rolling five-year periods

#### Investor profile

This investment option is likely to appeal to members investing for the short term and/or those who want a secure option with a low chance of investment fluctuations. This may be suitable for members intending to realise or reorganise their investments in the near future who want to avoid the possibility of a loss over that period.

#### Risk profile

Designed to provide very stable returns at the lowest end of the risk/return range. However, it is likely to underperform all other investment options offered over all but the shortest periods.

#### Standard risk

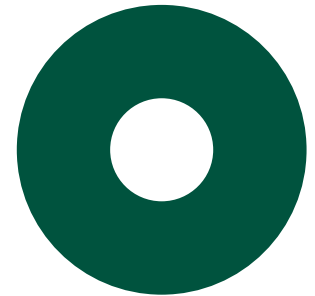
LIKELIHOOD OF NEGATIVE RETURNS: 0.0 IN EVERY 20 YEARS

RISK BAND: 1 RISK LABEL: VERY LOW

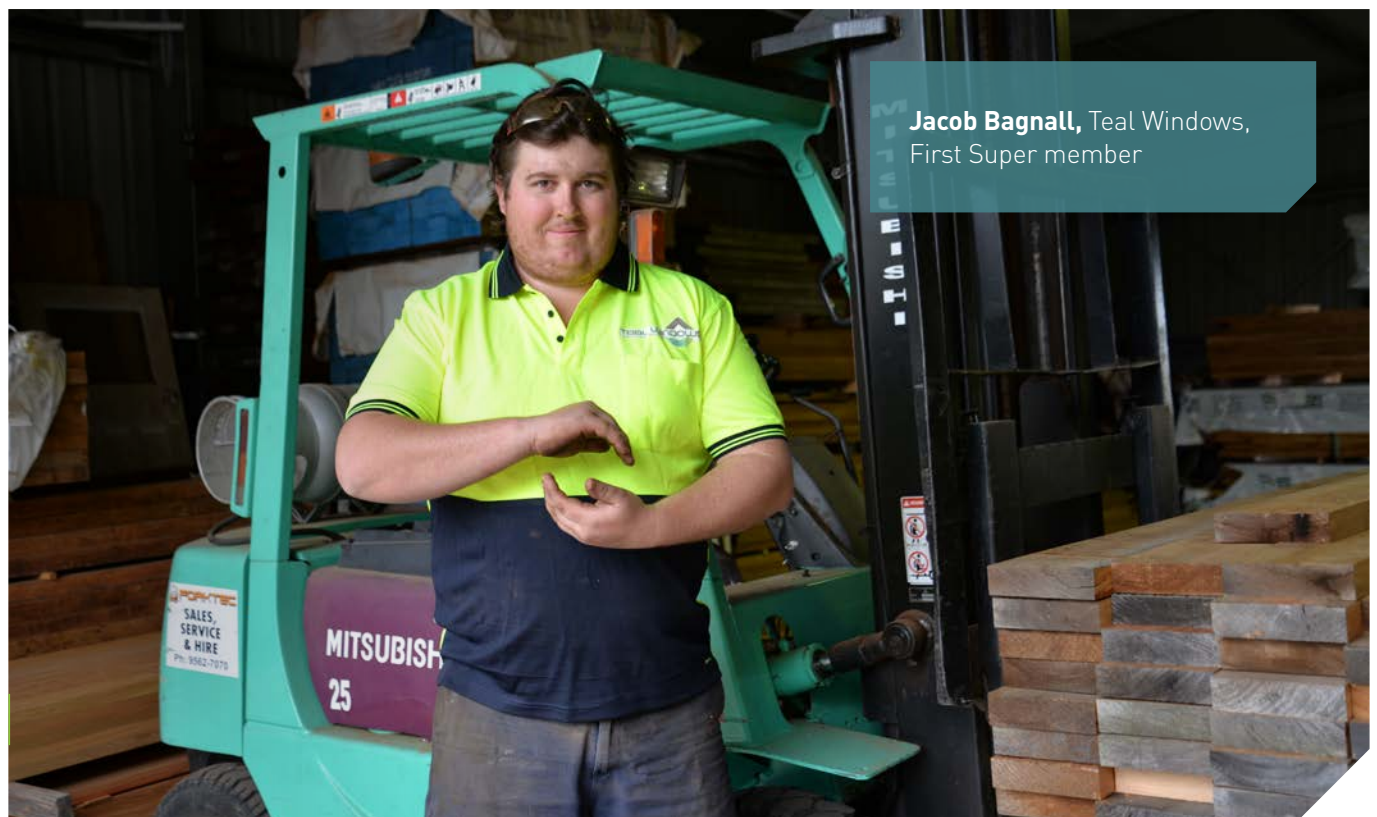
\*Actual asset allocation percentages may not add up to 100% due to rounding.

#### Asset allocation and ranges

Actual % as at 30 June 2021\*



Asset class	Actual	Range
● Cash	100%	0-100%







## INVESTMENTS HELD BY FIRST SUPER

First Super invests in a range of asset classes handled by leading Australian and international investment managers. Spreading your money across different asset classes effectively spreads the risk, reducing the likelihood of poor returns on the overall value of the investment.

	30 June 2021 \$
<b>Australian Private Equities</b>	
Frontier Investment Consulting	\$380,379.40
Industry Super Holdings	\$45,288,424.88
Member Equity Bank Pty Ltd	\$55,727,315.66
ROC Partners Trust IV	\$2,955,111.63
ROC Partners Trust 3	\$3,264.72
Stafford Private Equity 3	\$801,344.17
Stafford Private Equity 4	\$700,462.80
First Trust Portfolio	\$127,240,890.00
Super Benefits Administration	\$3,975,459.97
<b>Total Australian Private Equities<sup>1</sup></b>	<b>\$237,108,975.58</b>
<b>Australian Equities</b>	
Allan Gray Australian Equities Fund	\$151,955,162.08
Ausbil Australian Equities Fund*	\$251,359,402.80
Eley Griffiths Aust Equities Small Companies Mandate	\$94,233,114.72
IFM Enhanced Index Aust Equity Mandate*	\$360,517,940.70
<b>Total Australian Equities<sup>1</sup></b>	<b>\$858,065,620.30</b>
<b>Australian Infrastructure</b>	
Utilities Trust of Australia	\$64,287,340.00
IFM Australian Infrastructure Fund	\$163,368,078.47
<b>Total Australian Infrastructure<sup>1</sup></b>	<b>\$227,655,418.47</b>
<b>Cash and Capital Guaranteed</b>	
IFM Transact Cash Fund	\$55,590,055.69
Short Term Cash Account (Term Deposit)*	\$306,482,541.54
Cash	\$43,060,905.39
<b>Total Cash and Capital Guaranteed<sup>1</sup></b>	<b>\$405,133,502.62</b>

	30 June 2021 \$
<b>Fixed Interest</b>	
Blackrock Global Bond Index Fund	\$55,722,848.32
Blackrock Aus Bond Index Fund	\$124,812,484.87
IFM Specialised Credit Fund*	\$182,667,507.09
PIMCO Target Return Fund	\$105,355,173.62
Westbourne Infrastructure Debt Fund 2	\$20,303,360.00
IFM Aus Credit Opportunities Mandate	\$326,136.16
<b>Total Fixed Interest<sup>1,2</sup></b>	<b>\$619,246,449.84</b>
<b>International Equities (Hedged)</b>	
Blackrock International Index Fund Hedged	\$132,027,541.01
<b>Total International Equities (Hedged)<sup>1</sup></b>	<b>\$132,027,541.01</b>
<b>International Equities (Unhedged)</b>	
Blackrock International Equities*	\$210,616,729.90
C Worldwide Global Equity Fund*	\$192,220,438.15
Capital Group Global Equity Fund*	\$202,343,574.55
<b>Total International Equities (Unhedged)<sup>1</sup></b>	<b>\$605,200,427.93</b>
<b>International Infrastructure</b>	
IFM International Infrastructure*	\$201,951,661.97
<b>Total International Infrastructure<sup>1</sup></b>	<b>\$201,951,661.97</b>
<b>International Private Equity</b>	
IFM International Private Equity 1	\$395,134.37
Wilshire Private Markets LPs	\$3,707,149.80
<b>Total International Private Equity<sup>1</sup></b>	<b>\$4,102,284.17</b>
<b>Property</b>	
ISPT Core Fund*	\$226,840,927.19
QIC Property Fund	\$80,875,120.74
Franklin International Real Estate Fund 2	\$1,389,091.59
<b>Total Property<sup>1</sup></b>	<b>\$311,866,506.86</b>

\* These assets represent 5% or more of the Fund

1. The total of the portfolio may not be equal to the sum of the investment listings due to the inclusion of GST, cash and receivables under the portfolio.
2. The total for Fixed Interest includes both liquidity and cash to be invested in Cameron Hume, the new fixed interest fund manager on board in July 2021.
3. The difference between the total investments held and the investment assets listed on page 26 is due to the cash in Perpetual and Macquarie transition accounts, which don't belong to any of the listings above.



**\$3,602,358,388** Total investments<sup>3</sup>

# FINANCIALS

## THE FOLLOWING INFORMATION IS AN ABRIDGED VERSION OF FIRST SUPER'S FINANCIAL STATEMENTS FOR THE 2020/21 FINANCIAL YEAR.

A copy of the audited Financial Statements is now available to download at [firstsuper.com.au](https://firstsuper.com.au).

Statement of financial position	30 June 2021 (\$)	30 June 2020 (\$)
<b>Assets</b>		
Investments	3,602,439,871	3,133,321,959
Other assets	4,892,839	16,265,605
<b>Total assets</b>	<b>3,607,332,710</b>	<b>3,149,587,564</b>
<b>Liabilities</b>		
Tax liabilities	77,836,632	40,666,921
Other liabilities	7,828,544	8,866,552
<b>Total liabilities</b>	<b>85,665,176</b>	<b>49,533,473</b>
Net assets available for members' benefits	3,521,667,534	3,100,054,091
Members' benefits	3,500,987,322	3,082,146,773
<b>Net assets</b>	<b>20,680,212</b>	<b>17,907,318</b>
<b>Equity</b>		
Operational risk reserve	9,237,995	8,409,152
Other reserves and undistributed earnings	11,442,217	9,498,166
<b>Total equity</b>	<b>20,680,212</b>	<b>17,907,318</b>

Income statement	30 June 2021 (\$)	30 June 2020 (\$)
<b>Superannuation activities</b>		
Investment income	489,006,764	(37,112,126)
Other income	2,224,942	2,251,949
<b>Total superannuation activities revenue</b>	<b>491,231,706</b>	<b>(34,860,177)</b>
<b>Expenses</b>		
Investment expenses	4,722,029	4,965,580
Administration and operating expenses	14,570,215	14,307,127
<b>Total expenses</b>	<b>19,292,244</b>	<b>19,272,707</b>
<b>Results from superannuation activities before income tax expense</b>	<b>471,939,462</b>	<b>(54,132,884)</b>
Income tax (expense)/benefit	(38,664,602)	16,041,453
<b>Results from superannuation activities after income tax expense</b>	<b>433,274,860</b>	<b>(38,091,431)</b>
Less net benefits allocated to members	(430,503,294)	33,785,877
<b>Operating result after income tax</b>	<b>2,771,566</b>	<b>(4,305,554)</b>

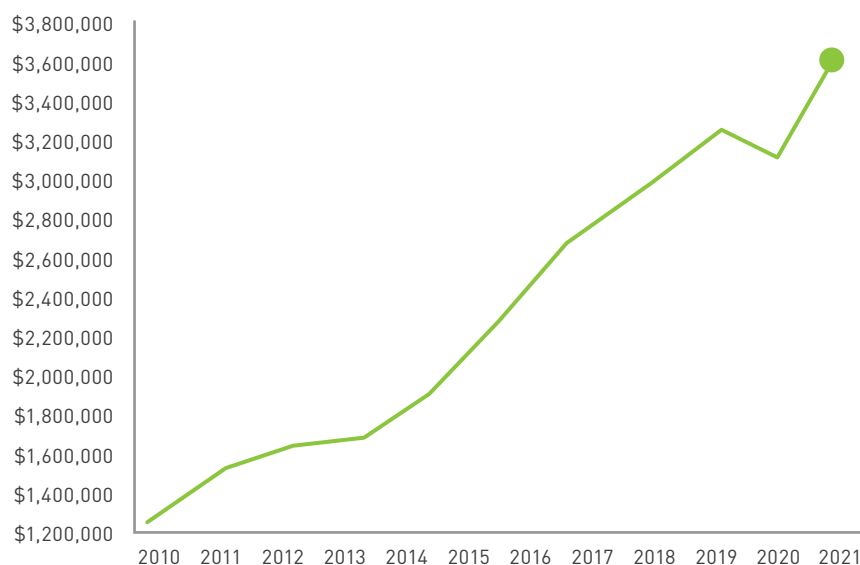


## \$3,607,332,710

Total assets under management



## Funds Under Management (\$'000)



**\$3.61 bn**

the total value of First Super's assets as at 30 June 2021

**\$244,460,155**

the total value of contributions made to First Super member accounts for the 2020/21 financial year

## Fund equity

The Trustee maintains a reserve for administration and operational purposes, such as paying costs and receiving administration fees. The value of the administration reserve is generally between 0.1% and 0.9% of Fund assets and is invested in the Balanced investment option.

Year ending 30 June	Reserves and undistributed earnings balance (\$)
2021	\$11,442,217
2020	\$9,498,166
2019	\$13,764,991

From 1 July 2013, First Super established a separate Operational Risk Financial Reserve (ORFR) to address potential losses arising from operational risks as required under superannuation legislation. There are specific guidelines and processes surrounding the operation and utilisation of this reserve, which are contained within First Super's Operational Risk Requirement Policy. The amounts in the table above exclude the ORFR.

The ORFR was funded by a transfer of funds from the administration reserve after the annual audit was completed for the 2013 financial year. Although initially invested in cash and fixed interest securities, the ORFR may be partially invested in the other assets, including listed shares and other liquid securities. It is now invested in the Conservative Balanced investment option. The value of the ORFR at 30 June 2021 is \$9,237,995, as detailed in the table below.

Year ending 30 June	Operational Risk Financial Reserve (\$)
2021	\$9,237,995
2020	\$8,409,152
2019	\$8,444,531

# FUND GOVERNANCE

**THERE ARE 12 DIRECTORS AND ONE ASSOCIATE DIRECTOR ON THE TRUSTEE BOARD. THE BOARD IS RESPONSIBLE FOR THE OVERALL GOVERNANCE, RISK MANAGEMENT, INVESTMENT STRATEGY AND STRATEGIC DIRECTION OF FIRST SUPER. OUR DIRECTORS ARE OBLIGED BY LAW TO ACT IN THE BEST INTERESTS OF ALL MEMBERS OF THE FUND.**

## THE TRUSTEE

The Trustee of First Super is a company, First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988). The Trustee is responsible for the efficient and prudent management of the Fund of which it is Trustee. It is responsible for managing more than \$3.6 billion in funds under management and overseeing its investments on behalf of more than 46,000 members, in accordance with the Trust Deed and relevant legislation. At the date this report was issued, the Trustee has not incurred any penalties under Section 38A of the Superannuation Industry (Supervision) Act 1993.

### Trustee insurance

The Trustee holds indemnity insurance providing cover to protect the Fund, its Directors and officers from the costs and liabilities that may arise from legal action.

### Trust Deed

The Trust Deed contains the rules of First Super. No changes were made to the Trust Deed for the financial year ending 30 June 2021.

### The Trustee Office

First Super's day-to-day operations and the implementation of the Fund strategy are run from our office in Carlton, on the fringe of Melbourne's CBD. (During COVID-19 lockdowns, many of these operations have been managed from home offices.) The Trustee Office is led by Chief Executive Officer Bill Watson. He is supported by the Deputy CEO Michelle Boucher, Executive Manager – Governance Maxine Jacona, Executive Manager – Financial Advice and Education Andrew Jewell, Risk Manager Laurie Kennedy, and other colleagues in the Trustee Office.

## The Trustee Board

The First Super Trustee Board comprises five employee representatives, five employer representatives, two independent representatives, and one Associate Director. Appointing an Associate Director allows this person to observe meetings and develop an understanding of how the Fund operates. Directors are appointed to the Board following consideration of a nominee's suitability, skills and qualifications.

Employee representatives are nominated to the Board by the Construction Forestry Maritime Mining and Energy Union (Manufacturing Division) while employer representatives are nominated by employers or employer associations.

Two independent directors are jointly appointed by the other members of the Trustee Board. The Board members elect the Co-Chairpersons every three years.

The Board generally meets four times a year and undertakes an annual review of its performance. Every second year an independent external review of the Board (and its committees) is commissioned.

## ADHERING TO THE GOVERNANCE CODE

At First Super, we believe in accountability, transparency and protecting and improving outcomes for members. We adhere to AIST's Governance Code, which aims to constantly improve governance in the profit-to-members superannuation sector, going above and beyond current legal requirements. We have submitted our 2020/21 report under this framework. (AIST is the Australian Institute of Superannuation Trustees, which influences policy about the super system in Australia.)



## Risk management framework

First Super's Risk Management Framework incorporates and defines the requirements and inter-dependencies between business operations, external influences, key enablers (people, policies, processes, tools and technology), core risk and control activities, and governance protocols. This ensures all key risks are appropriately identified, weighted for importance, and effectively managed in accordance with industry standards and APRA requirements (specifically Prudential Standard SPS 220 Risk Management).

## Board members and committees

The First Super Trustee Board has established committees to deal with different areas of the Fund's management and make recommendations to the Board to help it discharge its duties. Each committee generally meets four times a year, with additional meetings scheduled as required. The committee members are appointed by the Board to the respective committees.

The Directors of First Super, their representation, and their committee memberships as at 30 June 2021 are shown below.

Board Directors		
Board	Appointment date	Representation and nominating body
Michael O'Connor (Co-Chair)	1 July 2008	Employee – CFMMEU – Manufacturing Division
Mike Radda (Co-Chair)	1 July 2008	Employer – Australasian Furniture Association
Dean Brakell	1 January 2021	Employer – Australian Cabinet and Furniture Association Ltd
Candy Broad	21 April 2015	Independent
Robyn Burns	1 July 2019	Employer – Australian Cabinet and Furniture Association Ltd
Denise Campbell-Burns	19 March 2013	Employee – CFMMEU – Manufacturing Division
Tim Chatfield	22 September 2017	Independent
Julie George	14 February 2015	Employer – Kimberly-Clark Australia
Janet Gilbert	14 March 2017	Employer – Timber Trade Industrial Association
Scott McDine	1 September 2017	Employee – CFMMEU – Manufacturing Division
Anthony Pavey	1 January 2021	Employee – CFMMEU – Manufacturing Division
Frank Vari	1 July 2008	Employee – CFMMEU – Manufacturing Division
Casey Thompson (Associate)	1 January 2021	Employee – CFMMEU – Manufacturing Division

Board Committee membership				
Administration and Marketing	Investment	Audit and Compliance	Remuneration	Nomination
<b>Robyn Burns (Chair)</b>	<b>Michael O'Connor (Chair)</b>	<b>Tim Chatfield (Chair)</b>	<b>Candy Broad (Chair)</b>	<b>Candy Broad (Chair)</b>
Janet Gilbert	Scott McDine	Candy Broad	Michael O'Connor	Michael O'Connor
Dean Brakell	Denise Campbell-Burns	Julie George	Janet Gilbert	Denise Campbell-Burns
Michael O'Connor	Candy Broad	Janet Gilbert	Mike Radda	Mike Radda
Frank Vari	Julie George	Frank Vari	Anthony Pavey	Janet Gilbert
Tim Chatfield	Mike Radda			
Anthony Pavey				
Casey Thompson				

Dean Brakell and Anthony Pavey were appointed as First Super Directors on 1 January 2021. Casey Thompson was appointed as First Super Associate Director on 1 January 2021.

# FUND GOVERNANCE

## Service providers

First Super engages a range of independent advisors and service providers to assist with the running of its day-to-day operations. Advisors and service managers may change from time to time. As at 30 June 2021, First Super was using the advisors and service providers included in the table below.

Role	Company / Organisation
Actuary	Mercer (Australia) Pty Ltd
Administrator	Super Benefits Administration Pty Ltd*
External Auditor	BDO Audit
Internal Auditor	PricewaterhouseCoopers
Insurer	MetLife Insurance Limited
Insurance Advisor	IFS Insurance Solutions Pty Ltd
Asset Consultant	Frontier Advisors Pty Ltd*
Investment Managers	Eley Griffiths Group Pty Ltd Industry Funds Management Pty Ltd* Ausbil Investment Management Ltd Stafford Private Equity Pty Ltd
Legal Advisor	Holding Redlich
Custodian	BNP Paribas Securities Services
Tax Advisor	Ernst & Young
Financial Planning	Industry Fund Services Pty Ltd
Member and Employer Services Coordinators	Construction, Forestry, Maritime, Mining and Energy Union (Manufacturing Division)

\*First Super holds shares in these service providers as an investment.



**Jacqueline Smoothy,**  
Campbell Sawmills  
First Super member



## DIRECTORS' REMUNERATION REPORT

The Directors of First Super Pty Ltd are paid for the work they do for the Fund. In some cases, payment is made to a Director's employer to compensate for the time they spend managing the business of the Fund on the Trustee Board.

The Remuneration Committee regularly examines and sets the fees paid to Directors. They may seek independent advice from time to time to ensure Board remuneration is in line with the market. Based on information available, the Remuneration Committee is satisfied that the level of remuneration paid to First Super's Directors is reasonable.

### Directors' fees

The fees paid to Directors are paid in respect of:

#### Board meetings

Covering preparation for and attendance at Board meetings. Payment includes an allowance for travel and accommodation, where applicable.

#### Committee and sub-committee meetings

Covering preparation and attendance at committee and sub-committee meetings. Payment includes an allowance for travel and accommodation, where applicable.

#### Workshop and training courses

Covering Director participation in all approved workshop and training courses and relevant incurred expenses.

#### Conferences

Covering Director participation in approved conferences and relevant incurred expenses for travel and accommodation, where applicable.

### Extra duties

On occasion the Board may require Directors to take on extra duties. An additional fee may be paid to the Director at the Board's discretion.

### Interstate travel

Directors travelling interstate for governance meetings and representation duties will be paid an Interstate Allowance Rate of \$1,250 for only one meeting on the first day and no additional Interstate Allowance Rate for any other meetings held on the same or successive days. However, those Directors shall be reimbursed for accommodation, meals and incidentals at the prevailing ATO reasonable travel rate applying to the location at which the meeting is held for second and subsequent days.

### Intrastate travel

Directors travelling intrastate for governance meetings and representation duties are paid an Intrastate Allowance Rate of \$500 per day where an overnight stay is required.

### Professional development

On accepting a position on the Board, all Directors are required to participate in a thorough induction program leading up to and following their appointment. All Directors maintain their skills and competencies by meeting the required professional development each year. Professional development may include participation in industry programs, seminars and conferences, relevant presentations at Board and committee meetings, and other approved workshops and training courses.

### Hospitality and gifts

First Super Directors and senior management may on occasion accept hospitality and gifts within the constraints of the Hospitality and Gifts Policy. All hospitality and gifts that are accepted are recorded in the Hospitality and Gifts Register. The Register is provided to the Audit and Compliance Committee at each meeting and is published on the First Super website.

# FUND GOVERNANCE

## First Super Directors' fees and allowances

The Directors' fees and allowances for the year ending 30 June 2021 are as follows. Note that due to the COVID-19 pandemic and the increase in meetings, a payment for shorter meetings was introduced.

Role/activity		Fees and allowances
<b>Co-Chairpersons</b>		\$1,650/calendar month or part thereof
<b>Co-Chairpersons and Directors</b>	Board Meetings and Strategic Planning Day(s)	> \$3,300/meeting > \$1,100/meeting of three hours or less
	Committee Meetings, Ad-Hoc Committee and Sub-Committee Meetings and AGM	\$1,650/meeting
	Administration and Marketing, Audit and Compliance or Investment Committee Meetings, Ad-Hoc Committee and Sub-Committee Meetings and AGM	\$550/meeting of three hours or less
<b>Associate Directors</b>	Board Meetings and Strategic Planning Day(s)	> \$2,475/meeting > \$825/meeting of three hours or less
	Committee Meetings, Ad-Hoc Committee and Sub-Committee Meetings and AGM	\$1,238/meeting
	Administration and Marketing, Audit and Compliance or Investment Committee Meetings, Ad-Hoc Committee and Sub-Committee Meetings and AGM	\$413/meeting of three hours or less
<b>Workshops/Training Courses (Co-Chairs, Directors and Associate Directors)</b>		\$1,650/meeting
<b>Domestic Conferences (Co-Chairs and Directors)</b>		\$1,650/meeting
<b>International Conferences and Workshops (Co-Chairs and Directors)</b>		\$1,210 a meeting plus reimbursement of travel, accommodation and incidental costs as deemed appropriate by the Chair of the Remuneration Committee on advice from the CEO; or in respect of the Committee Chair, as deemed appropriate by the Co-Chairs of the Fund on advice from the CEO, with details of proposed or incurred costs reported to the next Board meeting.
<b>Representational Committees</b>	AIST Chairs forums APRA consultations	\$2,475/meeting (plus Allowance Rate where applicable)
<b>Industry not-for-profit committees</b> (Co-Chairs and Directors) where no fee or honoraria paid by organisation to Director and where the Director is required to represent the Fund		\$1,210/day (plus Allowance Rate where applicable)
<b>Teleconferences</b>		Fees not applicable
<b>Travel</b>		<b>Interstate travel:</b> Directors travelling interstate for governance meetings and representation duties will be paid an Interstate Allowance Rate of \$1,250 for only one meeting on the first day and no additional Interstate Allowance Rate for any other meetings held on the same or successive days. However, those Directors shall be reimbursed for accommodation, meals and incidentals at the prevailing ATO reasonable travel rate applying to the location at which the meeting is held for second and subsequent days. <b>Intrastate travel:</b> From December 2019, Directors travelling intrastate for governance meetings and representation duties will be paid an Intrastate Allowance Rate of \$500 per day where an overnight stay is required.





## 2020/21 attendance and remuneration

Below is a list of Directors' meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2021. The Construction, Forestry, Maritime, Mining and Energy Union is abbreviated as CFMMEU in the table.

Director	Board	Committee	Total PD hrs	Fees paid <sup>1</sup>	Fees paid to
Dean Brakell <sup>2</sup>	4/4	2/2	40	\$37,510	ACFA
Candy Broad	8/8	20/20	35.7	\$55,880	Candy Broad
Robyn Burns	8/8	6/6	29	\$35,200	Robyn Burns
Denise Campbell-Burns	8/8	9/10	46.5	\$38,115	CFMMEU – Manufacturing Division
Tim Chatfield	8/8	9/9	12	\$38,775	Timothy Chatfield
Julie George	8/8	11/12	24	\$38,720	Busi Culture Pty Ltd
Janet Gilbert	8/8	10/10	55.75	\$50,050	Janet Gilbert
Lisa Marty <sup>3</sup>	4/4	12/12	5	\$28,435	Lisa Marty
Scott McDine	8/8	8/8	10	\$33,275	CFMMEU – Manufacturing Division
Alex Millar <sup>4</sup>	1/2	2/4	2	\$9,075	CFMMEU – Manufacturing Division
Michael O'Connor	8/8	21/21	20.5	\$77,138	CFMMEU – Manufacturing Division
Anthony Pavey <sup>2</sup>	4/4	4/4	62	\$16,335	CFMMEU – Manufacturing Division
Mike Radda	8/8	15/16	16	\$55,713	Sterad Pty Ltd
Casey Thompson (Associate Director) <sup>2</sup>	4/4	2/2	27.5	\$37,400	CFMMEU – Manufacturing Division
Frank Vari	8/8	15/15	34.5	\$41,140	CFMMEU – Manufacturing Division

1. Fees paid to Directors include payment for required travel and accommodation.

2. Dean Brakell, Anthony Pavey and Casey Thompson were appointed on 1 January 2021.

3. Lisa Marty was a Director until 31 December 2020.

4. Alex Millar was a Director until 13 November 2020.

## 2020/21 EXECUTIVE REMUNERATION REPORT

The Executive Officers' remuneration for the year ending 30 June 2021 is as follows.

Executive Officers						
	William Watson	Michelle Boucher <sup>1</sup>	Brad Weldon <sup>2</sup>	Maxine Jacona	Andrew Jewell	Laurie Kennedy <sup>3</sup>
Position held	Chief Executive Officer	Deputy CEO	Executive Manager Member and Employer Services	Executive Manager Governance	Executive Manager Financial Advice and Education	Risk Manager
Paid – cash component	\$373,205	\$68,332	\$83,111	\$194,407	\$166,264	\$106,671
Superannuation contributions	\$25,000	\$5,513	\$7,389	\$18,468	\$15,791	\$17,257
Remuneration from related entities	nil	nil	nil	nil	nil	nil
Non-monetary benefit	nil	nil	nil	nil	nil	nil
Long service leave accrued	\$10,870	\$1,441	n/a	\$4,851	\$4,186	\$2,837

First Super executives are not entitled to any other entitlements other than those listed.

1. Michelle Boucher was appointed on 6 April 2021.

2. Brad Weldon left First Super on 26 November 2020.

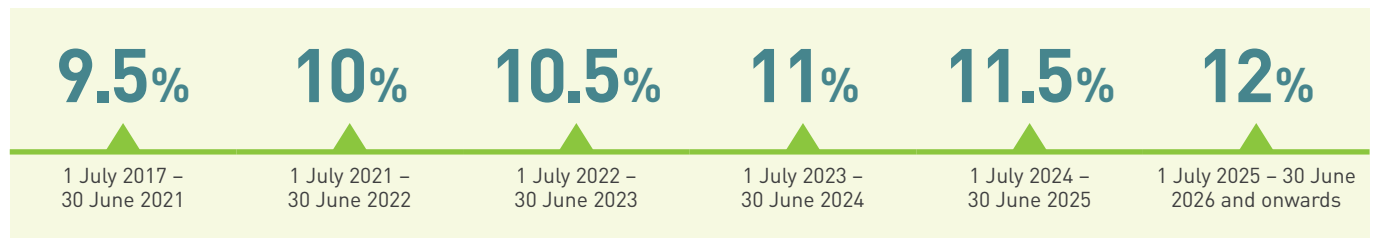
3. Laurie Kennedy is employed on a part-time basis.

# LEGISLATIVE CHANGES

## HERE ARE SOME OF THE KEY SUPERANNUATION RATES AND THRESHOLDS FOR THE 2020/21 FINANCIAL YEAR.

### SUPERANNUATION GUARANTEE RATE

The Superannuation Guarantee rate was scheduled to rise to 10% on 1 July 2021, in line with previously passed legislation. While there was some conjecture the 2020/21 rate of 9.5% would be frozen, the rate rise went ahead. Below is the schedule for expected future increases.



### CONTRIBUTION LIMITS

The contributions caps for 2020/21 remained the same as the previous financial year: \$25,000 for concessional contributions (all ages), and \$100,000 for non-concessional contributions (or up to \$300,000 for those under age 65 using the 'bring forward' rule).

These limits are reviewed by the Federal Government each financial year. Increases for the 2021/22 year can be found on our website.

### TEMPORARY EARLY RELEASE OF SUPER

The Federal Government extended its Temporary Early Release of Super measure beyond its original end date, allowing individuals financially impacted by COVID-19 to access up to \$20,000 of their super savings (in total) during the 2020 calendar year.

### 'STAPLING' SUPERANNUATION ACCOUNTS

Passed as part of Your Future, Your Super legislation in June 2021, this measure comes into effect on 1 November 2021. When it does, employers will be required to join new employees differently, by looking for their 'stapled' fund using the ATO's online business services rather than joining them to their workplace super fund. Individuals can still exercise their 'choice of fund' rights and ask an employer to pay super into their First Super account whenever they change jobs.

### MINIMUM DRAWDOWN LIMITS EXTENDED FOR PENSION MEMBERS

In mid-2020, the Federal Government halved the minimum mandatory amount a pension member must withdraw from their super account each financial year. Intended as a temporary measure, these reduced drawdown requirements have been extended until 30 June 2022.



## SIGNIFICANT EVENT NOTICE

First Super reported one Significant Event Notice in the 2020/21 financial year – a summary is included below. Details and previous Significant Event Notices can be found at [firstsuper.com.au/about-us](https://firstsuper.com.au/about-us) under Fund Statements.

Notice date	Nature of event or change	Impact of the change
1 September 2020	A typographical error in the Pension Product Disclosure Statement (PDS) and Investing Your Super booklet regarding asset allocation ranges. A supplemental PDS and updated booklet were issued.	This error did not impact investment option outcomes. This notice alerted members who may have received a copy of the documents containing the error.



**Luai Ni and Hruny Hei,**  
Reclaim & Timber  
First Super members

# GENERAL INFORMATION FOR MEMBERS

## CONTACTING FIRST SUPER

### Members

If you are a First Super member and need more information about the Fund or help with your account, contact our Member Services team.

In person: 165 Bouverie Street, Carlton VIC 3053  
Mail: PO Box 666, Carlton South VIC 3053  
Phone: **1300 360 988**  
Fax: **1300 362 899**  
Email: **mail@firstsuper.com.au**  
Website: **firstsuper.com.au**

### Employers

If you are an employer offering First Super to your employees, you can get help by phoning our Employer Services team on **1300 943 171** or emailing **employers@firstsuper.com.au**.

## Keep your details up to date

Be sure to let us know if you change any of your contact details, including your address, phone number or email. This is so we can keep you informed about important account information, including providing your Annual Statement. You can tell us about any changes through the firstonline member portal at **firstsuper.com.au/login** or by calling the Member Services team on **1300 360 988**.

## Superannuation surcharge

The superannuation surcharge payable by high income earners on contributions and termination payments made on or after 1 July 2005 has been abolished. However, the ATO continues to send assessments relating to prior years. Should First Super receive such an assessment, we will deduct the charge directly from your account.

You can contact the ATO by calling **13 10 20** or by visiting **ato.gov.au**.



**Michael Howard,**  
Coffs Hardwood  
First Super member



## Lost members

First Super is bound by law to transfer super accounts that are 'lost' or 'inactive' to the Australian Taxation Office (ATO).

Government legislation sets out that a member is generally considered 'lost' if at least two written communications sent by a fund to the last known address were returned unclaimed. In addition, a super account may be considered inactive if it has not received a contribution or rollover for two years.

## Inactive low-balance accounts

A super account is an inactive low-balance account if:

- > the account has not received a contribution or rollover for 16 months;
- > the account balance is less than \$6,000;
- > the member has not met a condition of release; and
- > there is no insurance on the account.

However, an inactive low-balance account is deemed to be active if any of the following have occurred within the past 16 months:

- > the member changed their investment options;
- > the member changed their insurance coverage;
- > the member made or amended a binding beneficiary nomination;
- > the member notifies the fund in writing electing not to be a member of an inactive low-balance account;
- > First Super was owed an amount in respect of the member.

## Effect of being sent to the ATO

If your account is or has been sent to the ATO or to another fund for consolidation:

- > you will cease to be a member of First Super;
- > any insurance cover you had with First Super will cease;
- > your account becomes subject to the rules of the institution that received it.

## Transfer of accounts

First Super is bound by law to transfer super accounts that are lost or inactive to the Australian Taxation Office (ATO). Government legislation sets out that a member is generally considered lost if at least two written communications sent by a fund to the last known address were returned unclaimed. In addition, a super account may be considered inactive if it has not received a contribution or rollover for two years.

First Super no longer uses an eligible rollover fund for transfers but, instead, transfers these amounts to the ATO.

Where possible, we will not transfer a member's super account without attempting to notify them first to give them the opportunity to reactivate their account.

## Temporary residents permanently leaving Australia

If a former temporary resident employee has left Australia and their visa has expired or been cancelled, First Super is required to pay their benefit to the ATO if it has not been claimed from First Super within six months of departure. Once transferred, the ATO will need to be contacted to make any claim. First Super relies on the Australian Securities and Investment Commission's relief from notifying or supplying an exit statement to a non-resident in these circumstances.

# GENERAL INFORMATION FOR MEMBERS

## Complaints

The Trustee has established a procedure to deal fairly with member complaints. All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with within 45 days. If you believe you have a complaint, please write to:

### Superannuation Complaints Officer

First Super, PO Box 666,  
Carlton South VIC 3053

The Trustee may contact you during its investigation of your complaint. Once the investigation is complete, you will receive a written reply from the Trustee explaining the outcome of its investigation.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

### Australian Financial Complaints Authority

GPO Box 3, Melbourne VIC 3001

[www.afca.org.au](http://www.afca.org.au)

[info@afca.org.au](mailto:info@afca.org.au)

1800 931 678 (free call)

## Privacy and compliance

First Super takes the utmost care with members' personal information and only collects necessary information. If we share information with other organisations, it is only for the purposes of administering members' accounts or as authorised by you.

During the year, there were no breaches of the Privacy Act 1988, as determined by the Privacy Commissioner, and there were no losses of member or employer data. First Super has not been subject to any significant fines or other sanctions for failure to comply with laws or regulations.

During the financial year, we updated Section 8 of our Privacy Policy, 'Privacy on the Internet' to include information about cookies.

## Contact us

**Need more information or want help with your super account or employer responsibilities? Here's how to get in touch.**



1300 360 988 (members)

1300 943 171 (employers)

1300 362 988 (fax)



[mail@firstsuper.com.au](mailto:mail@firstsuper.com.au)

[firstsuper.com.au](http://firstsuper.com.au)



**First Super**  
PO Box 666  
Carlton South, VIC 3053



Our registered address:

**165 Bouverie Street**  
Carlton, VIC 3053

This report was prepared by First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988), Trustee of First Super Superannuation Fund (ABN 56 286 625 181). The material in this report is a summary only. The rules of the Fund are located in the Trust Deed and relevant law. In the event of inconsistency between this report and the rules, the rules of the Fund prevail.

This report was prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the material in light of your own objectives, financial situation or needs before making any decisions. You can obtain a copy of the Product Disclosure Statement by contacting us. Facts and figures appearing in this report were accurate as at 30 June 2021 but may change without notice.

First Super would like to thank the management and employees at AKD, Campbell Sawmills, Coffs Hardwood, Hazelwood & Hill, Reclaim & Timber and Teal Windows for their participation in photography.



Tumut, NSW



## CONTACT US

If you require more information or assistance with your First Super account, please contact our Member Services Team.

**In person** 165 Bouverie Street  
Carlton VIC 3053

**Mail** PO Box 666  
Carlton South  
VIC 3053

**Phone** 1300 360 988

**Fax** 1300 362 899

**Email** [mail@firstsuper.com.au](mailto:mail@firstsuper.com.au)

**Website** [firstsuper.com.au](http://firstsuper.com.au)