

Annual Report 2019/20



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ElectricSuper in 2019/20

29,300
website visits

2,900
calls to
the Helpline

over 640
one-on-one
member
appointments

competitive
investment
returns

7.5%
over 10 years
(balanced growth
option)

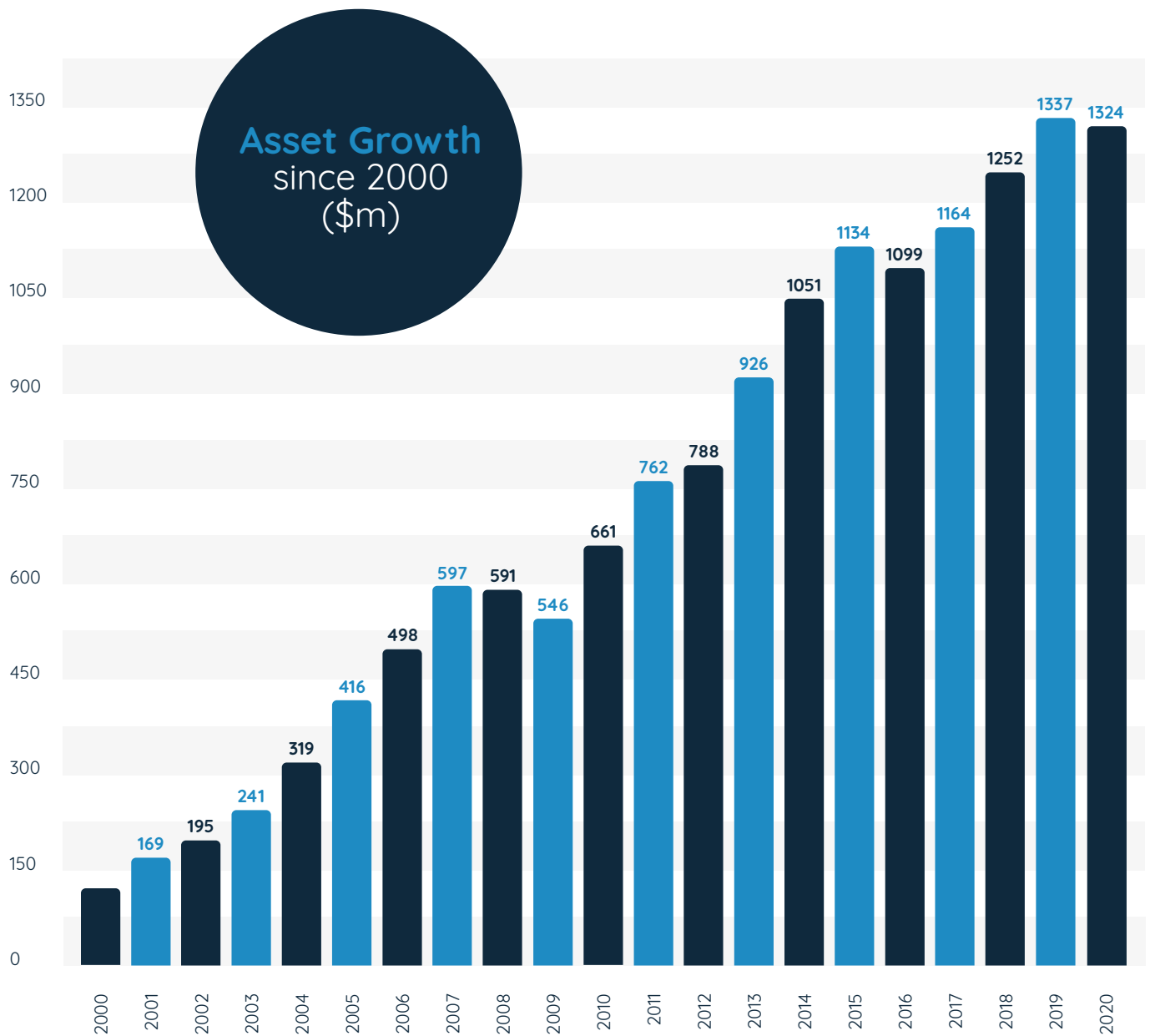
inexpensive
pension option

low
administration
fees

almost three
worksites visits
every week



ElectricSuper in 2019/20 continued





Welcome to the ElectricSuper Annual Report

The Electricity Industry Superannuation Scheme (ElectricSuper) is the super fund for people who supply electricity to South Australia.

Members of ElectricSuper continue to receive generous benefits such as:

- Defined Benefit members have benefits linked to their salary, and are protected against poor investment returns.
- Accumulation members have their administration fees paid by their employer, and have a choice of insurance benefits and investment options.
- All members have access to personalised service from the ElectricSuper staff, limited financial advice from the Helpline, referrals to professional financial planning advice, worksite visits, income streams in retirement and the option to voluntarily increase their super.

ElectricSuper is overseen by a Board, who are required by law to work in the interests of members (within the rules of ElectricSuper). The ElectricSuper Trustee Office manages the fund on behalf of the Board, and its staff are always available to answer questions that you might have on your super. There is more information on the Board and the office staff later in the report.

There are many organisations who work with ElectricSuper to help run the fund. These include your employer, the fund administrator, investment managers, auditors, lawyers, accountants, doctors, insurers and financial planners.





Board Members

As at 30 June 2020

Chairman



Peter Siebels

Investment Committee
Corporate Governance Committee
Nominations Committee

Appointed by employers



Patrick Makinson

Investment Committee (Chair)



Damien Rice

Corporate Governance Committee



Paul Wight

Corporate Governance Committee
Nominations Committee (Chair)



Kylie Johnson

Investment Committee

Elected by members



Mark Vincent

Corporate Governance Committee (Chair)



Janette Bettcher

Investment Committee



John Adley

Nominations Committee



Scott Cowen

Corporate Governance Committee

Appointed by Unions SA



Board changes

SA Unions have replaced Ben Jewell with John Adley as a SA Unions nominated Board member. John has been appointed as a member of the Nominations Committee.

An election for the male member elected Board member was held with Mark Vincent being successfully re-elected. Janette Bettcher was re-elected unopposed as the female member elected Board member.

Investment Committee

The Investment Committee oversees ElectricSuper's investments, including the asset allocation and individual investment managers. The Committee provides advice to the Board on any changes that it considers necessary.

Corporate Governance Committee

This committee makes sure we have all the right controls and procedures in place, as well as reviewing ElectricSuper's compliance with all regulations.

Nominations Committee

The Nominations Committee is responsible for ensuring the Board has an effective skill set and composition to adequately discharge its responsibilities and duties.

Board member terms and conditions

Board members are appointed or elected for a term of three years, or in the case of casual vacancies, for the balance of the term of their predecessor.

Under the terms of the ElectricSuper trust deed and rules, no Board member is remunerated, other than the Independent Chairman. All expenses associated with their work for ElectricSuper are reimbursed, including travel and accommodation.

Chairman's remuneration

The Chairman's remuneration is set by the Board in accordance with ElectricSuper's Trust Deed following appropriate advice and consultation. The Chairman receives no incentives or bonuses, but is entitled to claim for expenses incurred in the course of his work for ElectricSuper.

Performance reviews

The Board undertakes a performance review every year. The process involves each Board member completing two questionnaires of open questions. The questionnaires consider the Board's performance as a whole, and the individual Board member's view of their own performance.

The CEO and Deputy CEO also fill out the same questionnaire on their view of the Chairman's performance.

The answers are reviewed by the Chairman, who then discusses the results with each Board member. In the case of the Chairman, his review is carried out by the Nominations Committee.

All ElectricSuper staff are subject to regular performance reviews.

Training

All Board members and staff undertake training to improve their knowledge and skills in areas that will be of benefit to ElectricSuper. The cost of this training is met by ElectricSuper.

Some examples of the training that has been taken are:

- Attending the national conference of the Association of Superannuation Funds of Australia (ASFA)
- ASFA workshops and events
- A one day course on the duties and responsibilities of super fund trustees
- The Company Directors' Course run by the Australian Institute of Company Directors
- One day conferences on investments, superannuation issues and Public Sector superannuation funds.



Board meeting attendance

Board member	Appointed by	Last appointed	Term expires	Meetings attended	
				Board	Committee
Adley, John	SA Unions	31 March 2020	31 March 2023	1 out of 1	-
Alternate: Jewell, Ben	SA Unions	31 March 2020	31 March 2023	3 out of 4	1 out of 2
Anthony, Darryl	SA Unions	30 November 2017	21 November 2019	1 out of 1	-
Bettcher, Janette	Member	31 March 2020	31 March 2023	5 out of 5	17 out of 20
Cowen, Scott	SA Unions	21 November 2019	31 March 2022	3 out of 4	1 out of 1
Johnson, Kylie	Employer	31 March 2019	31 March 2022	5 out of 5	20 out of 21
Alternate: Perriam, Ann	Employer	31 March 2019	31 March 2022	-	-
Makinson, Patrick	Employer	31 March 2019	31 March 2022	5 out of 5	20 out of 20
Rice, Damien	Employer	30 November 2018	31 March 2021	5 out of 5	4 out of 4
Siebels, Peter	Board	31 May 2020	31 March 2024	5 out of 5	23 out of 27
Vincent, Mark	Member	31 March 2020	31 March 2023	5 out of 5	3 out of 4
Wight, Paul	Employer	30 June 2019	31 March 2021	5 out of 5	6 out of 6



Report from the Chairman and CEO

Peter Siebels (Chairman) and Nic Szuster (CEO)

The Board and staff of the Electricity Industry Superannuation Scheme (ElectricSuper) have worked diligently in this unprecedented year, which was a challenging one due to the global outbreak of the Covid-19 pandemic. We'd like to thank everybody involved for their efforts. Without this our members would not have received the excellent support that they experienced.

Covid-19 pandemic

At the outset of the pandemic, our immediate priority was the well-being of our staff. The Trustee office instigated the Scheme's Business Continuity Plan with all staff working from home with effect from 13 March 2020. The Board were provided with daily updates on the welfare of the staff and received confirmation that all staff were safe and well.

There was fortunately minimal impact on the delivery of member services. We are pleased to report that our service providers were able to maintain the high standards expected for our members and required to support our staff. Our administrator, Mercer, adapted their processes to accommodate the changed environment. This minimised the impact on member services whilst maintaining quality standards.

Additional Board and Committee meetings were also held to specifically address the impact of Covid-19 on member services and your investments in ElectricSuper. The Investment Committee were particularly active as markets declined rapidly during March and April. During the six weeks to the end of April, the Investment Committee met 10 times. Moving forward we will continue to actively engage with our investment managers and consultant virtually using technology, to ensure our active investment oversight continues.

Investment markets

Whilst we could not predict the Covid-19 pandemic and the impact on investment markets, we have been cautious for many years in our outlook for future investment performance with most asset classes looking fully priced. As such, we have maintained a higher cash allocation to be deployed when opportunities arose. We deployed some cash by increasing our allocation to equities when the market fell significantly in April 2020.

Whilst investment markets have rebounded since the lows in March/April, we maintain our cautious view of our outlook for future investment performance. Our expectation is that global investment performance will be lower for longer.



Included in this report the Board's investment adviser (JANA), has provided their view of the year's financial markets. The key message continues that in these uncertain times it is imperative that we maintain a well-diversified portfolio, something your Board is very cognisant of.

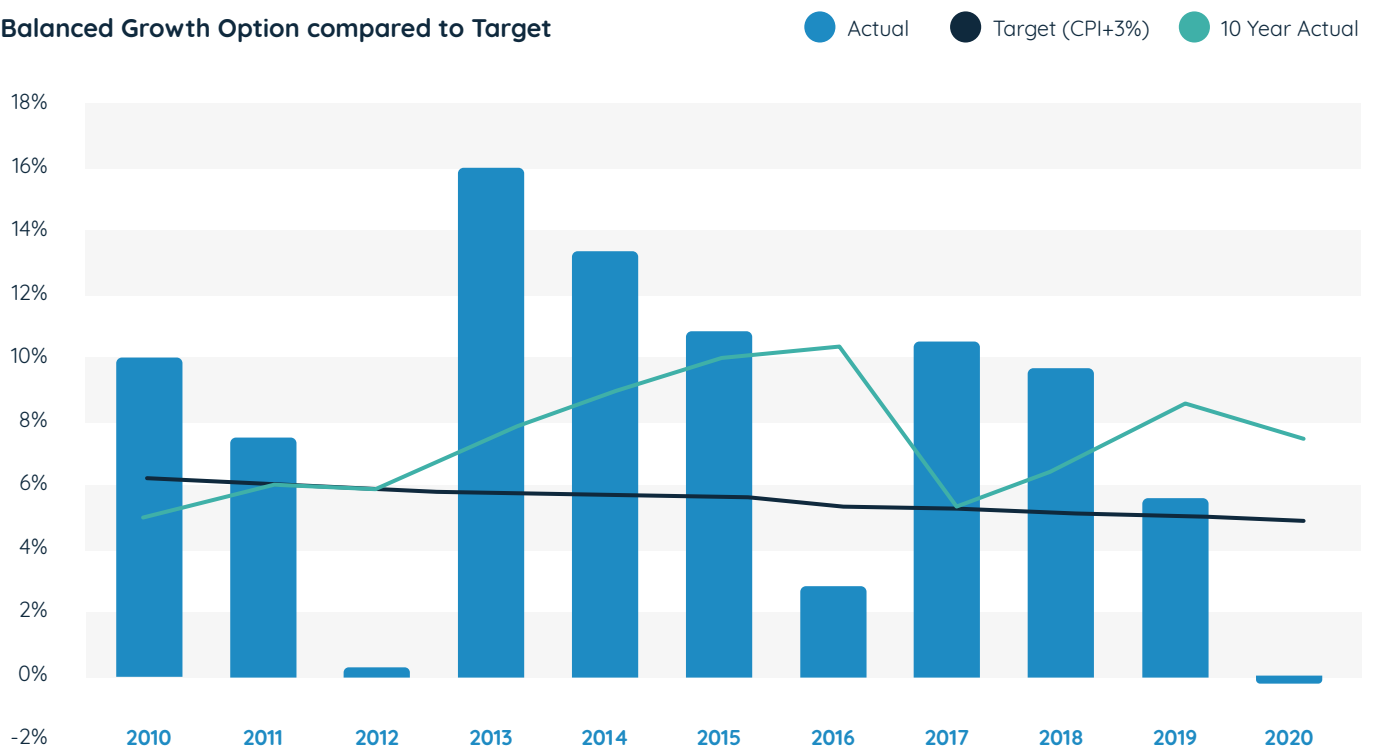
It is pleasing to report that whilst our Balanced Growth option, which is the option chosen by most members, was effectively flat for the year ended 30 June 2020, it has achieved its target of inflation (CPI) plus 3% over 10 years. The following chart shows our investment performance compared to our target of CPI plus 3% over rolling 10 year periods.

Member services

Our member services goal is to provide members with the information required to maximise and best manage their superannuation, and to explain the options available to them at retirement, preferably at face-to-face meetings. Due to the Covid-19 pandemic, workplace visits have been replaced with video conferencing. Even with this challenge, we held 640 meetings this year for 541 members.

Responding to the demand from members for our member services, on 1 July 2020 we employed a new Member Services Officer – Martin Dabrowski.

Balanced Growth Option compared to Target





Trustee Office

Trustee Office staff answer queries, run site visits, manage insurance claims, provide advice to the Board, and oversee all of the work involved in day-to-day running of ElectricSuper.



Nic Szuster

Chief Executive Officer



Mark Elliott

Manager, Investments



Melanie Muston

Manager, Member Services



Karen Davey

Project Officer



Martin Dabrowski

Member Services Officer





Service providers

ElectricSuper outsources various operational roles to experienced external service providers. The Board monitors all service providers carefully, and regularly reviews their performance. The following companies provide help and advice to the Board.





Managing your super

Update your beneficiaries

A beneficiary is a person that you want to receive your superannuation benefits upon your death. If you are a member of Division 3 (Pension Scheme), the ElectricSuper Rules specify how your pension will be paid upon death, however you are able to nominate a beneficiary for any additional lump sum benefits. For other Divisions, members may nominate who they wish to receive their entire benefit by completing a 'Binding Death Benefit Nomination' form and sending it to ElectricSuper. If you die and do not have a valid nomination in place the Board will decide which one (or more) of your spouse, children, relatives, other dependants or your estate your benefit will be paid to.

The details of your current nomination are shown on your website record, and also on your annual statement. We will send you a renewal form every three years, but please review your nomination regularly. Should your personal circumstances change, please update your beneficiary details as soon as possible.

Combine your super, pay lower fees

Consolidating your super means that you pay lower administration fees and have more control over your savings. If you have super elsewhere and would like to roll it over into ElectricSuper, you can start a rollover request online or give our Helpline a call on 1300 307 844 and they can send you a form to fill in. We then contact your previous fund and organise the transfer.

If you think you may have lost or unclaimed super, you can check online via a MyGov account at www.my.gov.au.

Setting up a retirement income stream

If you are over the government's preservation age (which depends on your date of birth), you may be able to use your ElectricSuper benefits to set up a regular income stream (either while you are still working, or after you retire). There is a minimum investment amount, and you must withdraw a certain amount in payments each year. The investment options are similar to those for current ElectricSuper members, with very competitive administration and investment fees. As always, when dealing with financial matters, we recommend that you obtain advice from a licensed financial advisor. For further information on the ElectricSuper income stream product, please call our Helpline on 1300 307 844 or visit the website.

Limits on superannuation contributions

From 1 July 2017, the cap for pre-tax (concessional) contributions is \$25,000 for all members. Concessional contributions include your own salary sacrifice contributions as well as any contributions from your employer.

The general cap for post-tax (non-concessional) contributions is \$100,000 per year. The exceptions are:

- The cap may increase up to \$300,000 in any year if you are eligible under the 'bring-forward' rule; or
- If your Total Superannuation Balance is \$1.6m or more, your non-concessional cap is zero (so any non-concessional contributions will be in excess of the cap).

If you would like more details on how these limits might affect you, please call our Helpline on 1300 307 844.



Financial advice

Advice on simple matters (like contributions, investments or insurance) is available over the phone from the Helpline on 1300 307 844 at no cost to you. However, for complicated matters, we recommend you meet with a financial planner to discuss your overall financial circumstances, including planning for retirement, super, tax advice, Centrelink benefits and other investments.

We can refer you to Mercer Financial Advice who have experience with helping ElectricSuper members and understand ElectricSuper's benefits.

If you already have a financial adviser, we are happy to work with you and them to make sure you get the most out of your super. The first appointment with any advisor is normally free of charge. For more information, please call 1300 307 844.

Stay in ElectricSuper after you leave your employer

If you leave your employer, you can choose to leave your super in the retained section of the Accumulation Scheme (Division 5). Retained Division 5 of ElectricSuper still provides you with the benefits of:

- access to affordable account based pensions
- the same range of investment options
- no administration fees on your account before retirement
- making after tax contributions
- contributions from your new employer can be paid into your retained account
- unitised insurance cover for death, TPD and disability income (for most members)
- transferring amounts in from other superannuation funds
- continuing your relationship with ElectricSuper, a trusted partner of the electricity supply industry in South Australia who is committed to the retirement futures of all of its members

For more information, visit the website or contact the Helpline on 1300 307 844.

Are your contact details up to date?

So that you receive all of your super information, please check that ElectricSuper has your correct contact details (including your email address and mobile phone number). We can then get information to you quickly, and be as environmentally friendly as possible. Update your details online via the ElectricSuper website or call 1300 307 844.





Member activity

Membership statistics

Division	2	3	4	5	Retained	Total
Members at 30 June 2019	417	53	41	1754	787	3052
Entrants during the year				145	186	331
Exits during the year	24	5	8	161	172	370
Members at 30 June 2020	393	48	33	1738	801	3013

ElectricSuper also paid pensions to 492 members, who have retired and are receiving a regular income from the fund.

Contributions

ElectricSuper receives contributions from members (from both after tax salary and by salary sacrifice) and from employers. The total contributions received during the 2019/20 year are shown adjacent.

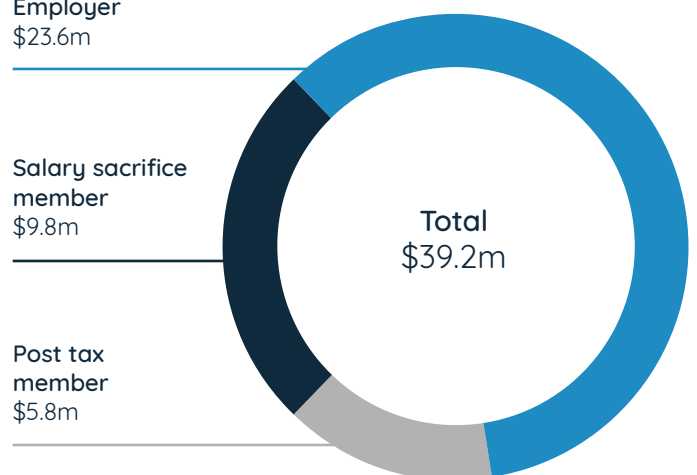
The employers are paying all the contributions that the Board asks for. The Board has to aim to have enough money in ElectricSuper to pay all benefits. This money is invested separately to the employers, and is held by the Board to pay for your retirement.

There was also \$10.5m rolled into the fund from other super funds. You can save money by combining your super, especially as you pay very little in administration fees in ElectricSuper.

Employer
\$23.6m

Salary sacrifice member
\$9.8m

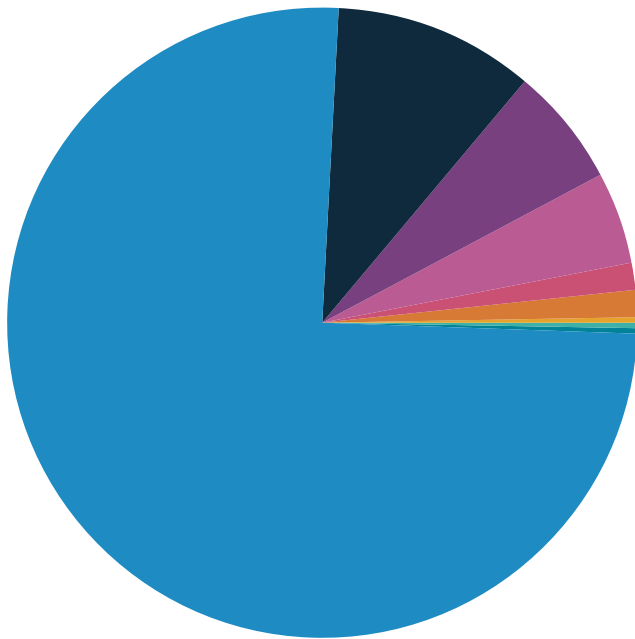
Post tax member
\$5.8m





Participating employers

The participating employers and the numbers of employee members (including retained members*) in ElectricSuper as at 30 June 2020 are as follows:



- Utilities Management Pty Ltd (SA Power Networks) 2272 members
- ElectraNet Pty Ltd 308 members
- AGL Torrens Island Pty Ltd 183 members
- (formerly) Flinders Power 144 members
- AGL Energy Ltd 42 members
- SA Government 40 members
- Alinta Servco Pty Ltd 15 members
- Engie Group 6 members
- EnergyAustralia Services Pty Ltd 3 members

*Retained members have left the service of a Participating Employer, but kept their super in ElectricSuper.

Benefits

The fund also paid out a lot of benefits during the year, both as lump sums and pensions.

Benefit type	Total amount
Lump sum benefits	\$24.6m
Disability pensions	\$0.2m
Retirement pensions	\$28.3m
Total	\$53.1m

By way of comparison, during the 2018/19 year, benefits totalling \$50m were paid.

Member queries

Phone queries from members are handled by the Helpline (run by our administrator), and the Trustee Office.

The Helpline can assist you on all matters, as well as provide financial advice on simple matters over the phone. They have access to the ElectricSuper administration data and can resolve most questions very quickly. The Helpline takes about 80% of all queries, and answers 90% of them on the spot.

They will get help from the ElectricSuper Trustee Office or the administrators (who know ElectricSuper very well) if need be. However, if you want to talk to Nic, Mark, Melanie, Karen or Marty please ask.

You are also welcome to send us an email at inquiries@electricsuper.com.au. We will try to answer it within two days, though we may need more time if it is a complicated question.

Over the year, the Helpline received over 2,900 queries.

This means that, on average, almost every ElectricSuper member (or their financial adviser) rang, or emailed, or wrote in about their super. This doesn't include:

- contribution updates
- benefit payments
- outgoing calls made and letters and emails written
- calls and emails direct to the Trustee Office.



Review of financial markets

JANA Investment Advisers Pty Ltd

Black Swan: COVID-19

The financial year began reasonably well. The first part of the year saw slowing economic growth and continuing low inflation across regions, with accommodative monetary policy from central banks supporting bond and equity markets, which were generally higher. However, the period was also marked by increased volatility, punctuated by back-and-forth US-China trade tensions.

The trade tensions temporarily abated with a preliminary “Phase One” trade resolution between the US and China announced in mid-December. Equity markets responded positively to this news, continuing their positive run, with emerging markets the largest beneficiary. This agreement targeted many of the non-controversial issues currently facing the two states and included tariff relief on US\$115bn of current Chinese imports, a suspension of future tariffs for Chinese imports, and an agreement for China to buy more agricultural products from the US.

This positive, risk-on sentiment continued into early 2020. However, from mid-February, attention shifted to the rapid spread of COVID-19 globally, no longer considered a China-only issue. In response, governments around the world hastily implemented varying degrees of general public lockdowns to contain the outbreak, leading to a sharp contraction in economic activity and record falls in global equity markets. Emerging market

equities underperformed most developed markets, partly due to the added challenge of a strong US dollar. As investors favoured perceived safety, government bond yields fell as prices rose, with further support provided by central banks cutting interest rates sharply and restarting or expanding quantitative easing (bond buying) programmes.

However, almost as quickly as they fell, risk markets recovered over the remainder of the financial year, recapturing much of their losses. This was despite the continuing uncertainty of COVID-19 fundamentally impacting numerous businesses, as investors tended to look through shorter-term earnings pressures, with the positive sentiment supported by substantial and enduring fiscal and monetary support.

In Australia, in line with global monetary policy responses, the Reserve Bank of Australia (RBA) reduced the cash rate twice in March, to end the financial year at a new record low of 0.25%. Fiscally, the Federal Government announced three separate stimulus packages totalling more than \$200bn, which were coupled with further State-driven initiatives. Economic data weakened, as the unemployment rate reached 7.1% by the end of June 2020, and GDP contracted by 0.3% in the March quarter with the Treasurer declaring Australia to be in a technical recession based on an expected negative June 2020 quarterly GDP result.



Global equities

Global equities, as represented by the MSCI World Index ex-Australia, saw significant COVID-19 volatility over the latter half of the financial year, but overall rose 1.9% on a hedged basis (in AUD). Unhedged returns were greater (5.8%) due to a depreciation in the Australian dollar relative to most of the major currencies over the year. Emerging markets underperformed developed markets, with the MSCI Emerging Markets Index returning -1.2% (unhedged) for the year. However, the post-March recovery was not broadly based, with a narrow group of predominately technology companies, driving equity markets.

Australian equities

The S&P/ASX300 Index fell -7.6% over the financial year. The Australian market felt the full force of COVID-19 impacts from mid to late February where the S&P/ASX 300 Index fell from record highs above 7,000 in late February to 4,500 in late March. However, in the June quarter, despite the weak economic data, and in-line with global markets, the market recovered part of its fall and returned 16.8% for the quarter, reacting to the policy support and then gradual relaxation of social restrictions.

There were pronounced differences in industry sector performance over the year. The Energy (-29.4%) sector was the weakest performer, on the back of a sharp falls in crude oil prices. In contrast, Healthcare (27.3%) and Information Technology (19.7%) were the best performing sectors, as they tended to be well insulated, and in certain cases benefited from, COVID-19 related shutdowns.

Property

In the Property sector, listed Australian Real Estate Investment Trusts (AREITs) fell -20.7% over the year. Australian unlisted property in stark contrast to the listed sector fell only -2.7% over the financial year. Retail assets underperformed other sectors materially, as social distancing measures had a disproportionate impact on cash flows.

Fixed interest

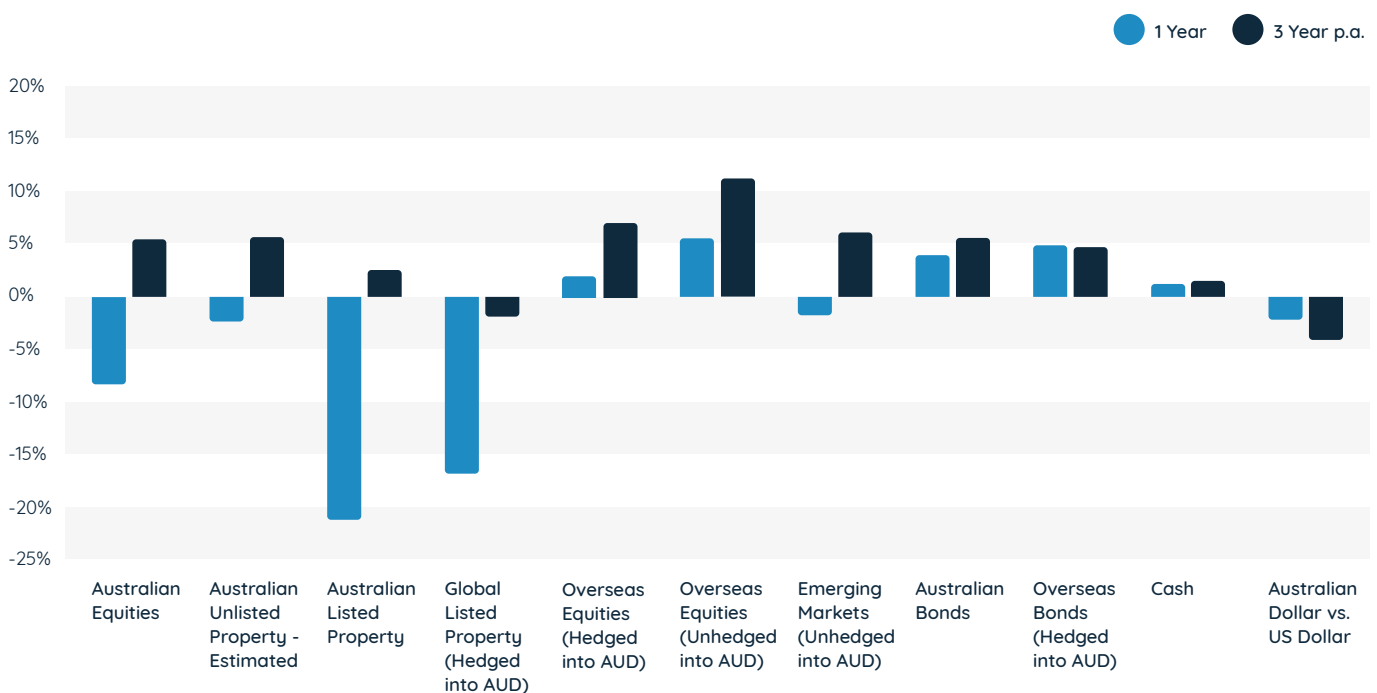
Akin to last year, bond markets performed relatively strongly, off a historically low yield level. Yields continued their overall downward trend, particularly over the risk-off, COVID-19 period seen in late-February and March 2020. Australian bonds (4.2%) underperformed Global (5.2%, hedged), due to comparatively larger falls in yields (increase in bond prices) in global markets. Over the year, Australian 10-year bond yields decreased from 1.32% to 0.87%, compared to US 10-year Treasury yields which fell from 2.00% to 0.65%. Notably, the historically unusual negative spread between US and Australian 10-year bonds, witnessed over calendar years 2018 and 2019, returned to a positive spread in 2020 amidst the COVID-19 driven volatility.





Market performance - 30 June 2020

	1 year	3 years p.a.
Australian Equities	-7.6%	5.2%
Australian Unlisted Property	-2.7%	5.3%
Australian Listed Property	-20.7%	2.3%
Global Listed Property (Hedged into AUD)	-16.8%	-1.0%
Overseas Equities (Hedged into AUD)	1.9%	6.9%
Overseas Equities (Unhedged into AUD)	5.8%	11.4%
Emerging Markets (Unhedged into AUD)	-1.2%	6.0%
Australian Bonds	4.2%	5.6%
Overseas Bonds (Hedged into AUD)	5.2%	4.7%
Cash	0.8%	1.5%
Australian Dollar vs. US Dollar	-1.9%	-3.5%





Investments

Summary

The Board aims to get the best return that it can, within its agreed risk appetite.

The Board sets investment objectives and a strategy with a long-term view in mind. This strategy involves using 'growth' assets like shares and property as well as 'defensive' assets such as fixed interest and cash. The value of investments can move up and down with investment markets. We try to reduce the movements as much as we can, but we can and do get negative returns sometimes.

The Board selects professional fund managers to invest the assets of ElectricSuper. Each manager is a specialist in the relevant investment sectors, for example Australian shares, and is selected after taking into account advice received from ElectricSuper's investment adviser.

ElectricSuper believes that sound Environment, Social and Governance (ESG) practices lead to better investment outcomes. ESG risks will be considered in any new manager appointment.

For 2019/20, after fees and tax the default balanced growth option earned -0.23% which was slightly ahead of the SuperRatings median fund return of -0.5%. Given the volatility in investment markets during the year the result is considered reasonable.

Investment philosophy

Background

It is ultimately the Board's responsibility to make all decisions relating to the investments of ElectricSuper. ElectricSuper has a mix of defined benefit and accumulation liabilities.

For accumulation liabilities, the investment risk is carried by the member. This means that if investment returns are poor, the member's balance is directly affected. ElectricSuper provides a mix of investment options to allow members to choose the risk profile that best suits their circumstances.

However, for defined benefit liabilities, the investment risk is carried by the employers. If returns are poor, then the employers have to contribute more to pay for the benefits. The Board has sought the employers' views on the investment risk profile for the assets backing the defined benefit liabilities and will seek reaffirmation of employer views every five years.

The pre-privatisation divisions of ElectricSuper provide a mixture of defined and accumulation benefits, hence the investment risk is shared between the employer and the member.

Currently the majority of the liabilities are defined benefit. The sections of ElectricSuper providing defined benefits are closed to new members, and hence the time frame over which these benefits will be paid is shortening.



Board philosophy - Default and Defined Benefit Investment Pool

In light of its role as custodian for assets supporting benefits for members, the Board considers it appropriate to take an approach to investing ElectricSuper's assets aimed at lowering investment volatility while maintaining an exposure to growth assets.

The Board will diversify investments, both across asset classes and managers, within any constraints imposed by the asset size of ElectricSuper.

Manager configuration

The Board has no deliberate bias towards any style of investment management, but will select managers on their perceived ability to add investment value. Manager configuration is determined within, rather than across asset classes, having regard to:

- any decision reached on active vs passive management
- the merits of using a particular manager
- the need for adequate manager diversification
- the managers' particular skills in the asset class in question
- the ability to monitor managers effectively and efficiently

Use of derivatives

The Board uses foreign exchange instruments to manage the risk of fluctuations in the Australian dollar for ElectricSuper's overseas investments. In addition, investment managers employed by ElectricSuper are permitted to use futures, options and other derivative instruments in accordance with their particular Risk Management Statements. The Board expects that over the longer term the use of these instruments will enhance the returns and/or reduce the risk of ElectricSuper.

Use of gearing

The Board may invest in funds that use gearing and leverage where appropriate.





Asset Allocation - Balanced Growth

ElectricSuper sets a Strategic Asset allocation focussing on the long term expectations of asset class returns but also uses a Tactical Asset allocation (TAA) process to cater for short to medium term variations in asset class expectations.

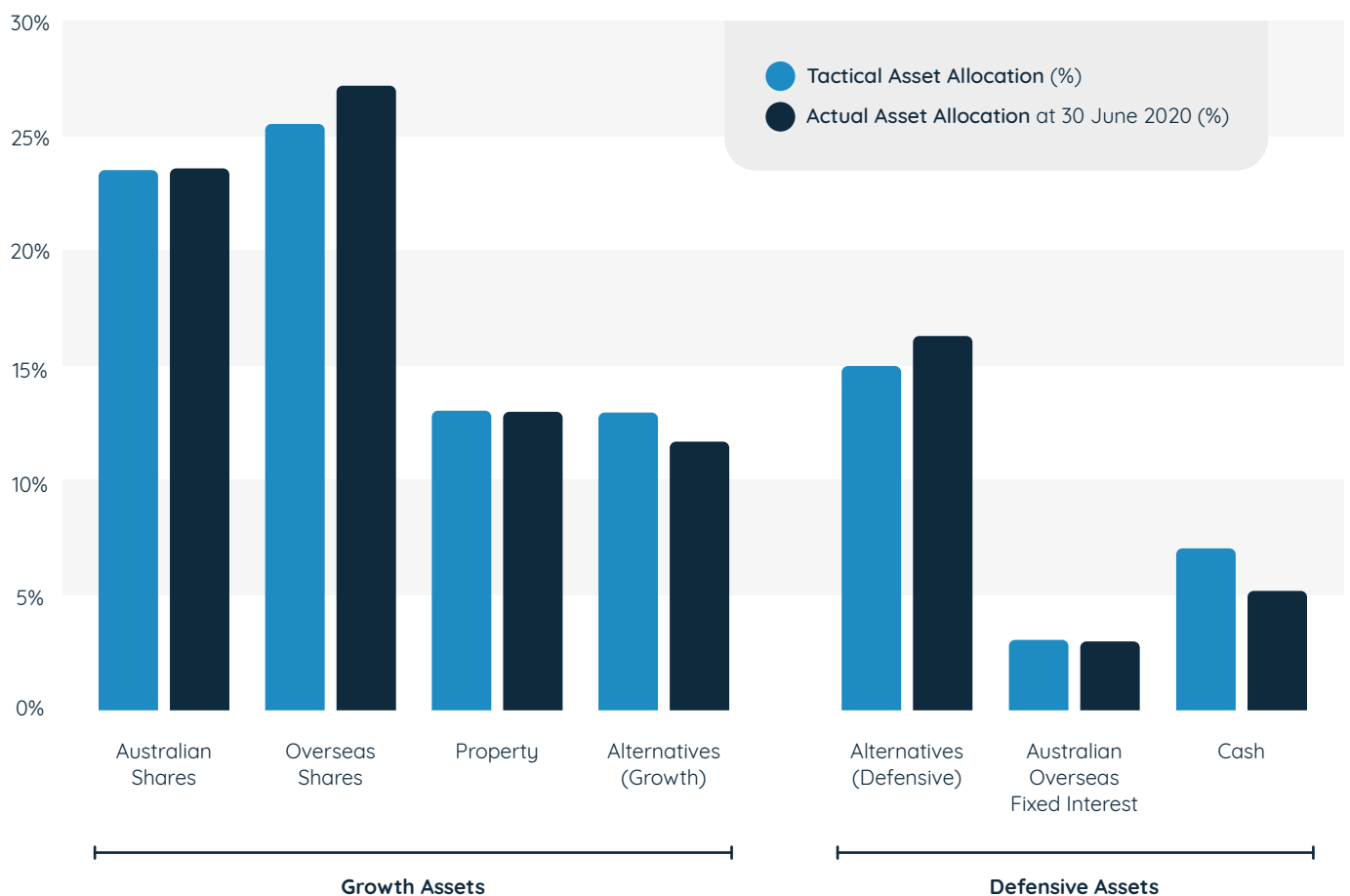
There were a number of changes to the Tactical Asset Allocation during the year as ElectricSuper responded to the volatility in investment markets caused initially by elevated valuations and then by the global pandemic.

In September 2019 the allocation to Australian Equities was reduced by 0.5% driven by the view that Australian Equities were expensive and that more diversification

was provided by Global Equities. Also, in September 2019 the allocation to Fixed Interest was reduced by 3% given the view that Fixed Interest markets were expensive.

In response to the global pandemic, in May 2020 Defensive Alternatives were increased by 2% as cash rates had become unattractive and a better return was available from Defensive Alternatives. Also at this time Global Equities were reduced by 1% and allocated to the less volatile Growth Alternatives asset class.

The Tactical Asset Allocations for the Balanced Growth option (which is also where the assets supporting the defined benefits are invested) at 30 June 2020 were:





Investment managers

ElectricSuper uses Australian and international investment managers. Each investment manager is responsible for a specified amount of the fund's assets. They are managed in accordance with a mandate as agreed between the manager and the Trustee in consultation with the fund's asset consultant.

ElectricSuper has no direct investments with related parties. The Board monitors the performance of each investment manager closely throughout the year and compares it with industry benchmarks.

Selection of fund managers is a responsibility of the Board, with assistance from the Investment Committee and the fund's asset consultant. The Investment Committee meets with each fund manager at least once every 2 years to review the investment and to keep updated on market conditions.

The tables below provide a breakdown of ElectricSuper total investments by investment manager. The amount shown is the percentage of total fund assets invested with each manager at 30 June.

Australian Shares	2020	2019
Cooper Investors	7.6%	7.6%
Solaris	5.0%	5.2%
Perpetual	4.0%	4.5%
Alphinity	2.8%	-
Tribeca Investment Partners	2.5%	2.5%
Lanyon Asset Management	1.5%	1.5%
Yarra Aust Equities (ex Goldman Sachs)	-	2.0%
Overseas Shares	2020	2019
JANA	26.3%	26.5%
State Street	0.6%	0.1%
Direct Property	2020	2019
Dexus	6.9%	6.9%
AMP	3.2%	3.3%
Lend Lease	1.5%	2.6%
Kayne Anderson	1.2%	-
Alternatives - Growth	2020	2019
Bentham	5.4%	4.9%
Morrison & Co UTA (ex Hastings)	1.9%	1.9%
Harbourvest	1.7%	1.5%

Alternatives - Growth (continued)	2020	2019
LGT	1.1%	1.1%
Partners Group	0.9%	1.3%
Resolution Life	0.7%	-
Macquarie	0.1%	1.2%
Siguler Guff	0.1%	-
Alternatives - Defensive	2020	2019
IFM	4.6%	3.3%
Ardea	3.2%	-
Blackrock	2.6%	2.5%
PIMCO	2.6%	2.4%
Macquarie	2.2%	-
Capital Fund Management	1.6%	1.9%
Australian and Overseas Bonds	2020	2019
JANA	2.9%	2.8%
Insight	0.3%	2.2%
Cash	2020	2019
Henderson (ex Perennial)	2.8%	6.7%
Term Deposits	2.3%	3.1%
Macquarie	2.3%	0.6%



Recent investment returns - Balanced Growth vs Inflation

The returns from the fund over the longer term of 5 and 10 years are looking very good compared to inflation. The investment earnings that are allocated to your account will depend on the division of the fund that you are in, which account you are looking at and in some cases, when you joined ElectricSuper. This is because each division has different rules about what is deducted from the declared rates in terms of administration fees and tax. The declared rates that apply to you are shown on your statement.

	15/16	16/17	17/18	18/19	19/20	Over last 5 yrs	Over last 10 yrs
ElectricSuper Balanced Growth option (after tax)	2.6%	10.6%	9.6%	5.6%	-0.23%	5.6%	7.5%
Inflation	0.7%	1.6%	2.7%	1.4%	0.79%	1.4%	1.9%

Investment objectives - Balanced Growth

The investment strategy has two objectives against which the Balanced Growth Portfolio's investment performance is measured. The objectives and the results for 2019/20 are shown in the first table below. The second table shows when the investment objectives have been met. ElectricSuper met both of its objectives in the period to 30 June 2020.

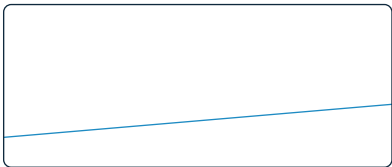
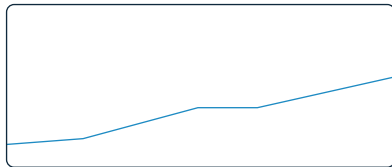
Investment Objectives		Balanced Growth Portfolio Return	Objective Return
1	Exceed the Consumer Price Index by 3% pa over rolling 10-year periods.	7.5%pa	4.9%pa
2	Exceed median return in the Superratings survey over rolling 10-year periods.	7.5%pa	7.4%pa

Investment Objectives	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Objective 1	×	✓	✓	✓	✓	✓	✓	✓
Objective 2	✓	✓	✓	✓	✓	✓	✓	✓



Investment options

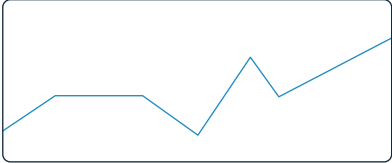
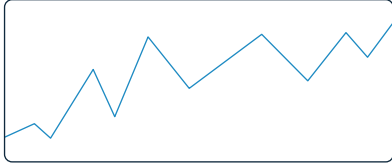
ElectricSuper has four investment options that are available to members. Accumulation Scheme members can invest all of their balance in any one of these options (or a combination of the 4 options). Members in the defined benefit divisions can invest their additional voluntary contributions and roll-overs in any one of these options (or a combination of these options).

	Cash		Conservative Growth	
Volatility/return	Very low volatility, lowest rate of growth in long term		Low volatility, expected stable but low returns	
Return profile				
Volatility scale	① 2 3 4 5 6 7		1 2 ③ 4 5 6 7	
Most suited to	Members seeking to minimise their investment risk over the short term		Members who prefer stable but moderate returns over the short to medium term	
Investment time frame	No minimum		3 years	
Likelihood of negative return	Not likely to have a negative return		1 negative year in 20, returns not expected to show large swings	
Objective	Match the Bloomberg AusBond Bank Bill index before tax and fees over rolling annual periods		To achieve investment returns after tax and fees exceeding the Consumer Price Index by 1.5% pa over rolling 10 year periods	
Management fees* as at 30 June 2020	0.06% (deducted from the returns credited to your account)		0.52% (deducted from the returns credited to your account)	
Strategy	Fully invested in short term fixed interest investments, and has a very conservative investment risk profile		Around 30% invested in growth investments, and hence has a moderately conservative investment risk profile	
Asset allocation at as June 2020	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation
Australian Shares	-	-	9%	9%
Overseas Shares	-	-	11%	11%
Property	-	-	10%	10%
Alternatives - Growth	-	-	10%	10%
Alternatives - Defensive	-	-	22%	22%
Fixed Interest	-	-	8%	8%
Cash	100%	100%	30%	30%

*(Includes JANA and Board costs, plus investment management fees). Defined benefit members incur an additional 0.07% fee for administration expenses.



Investment options continued

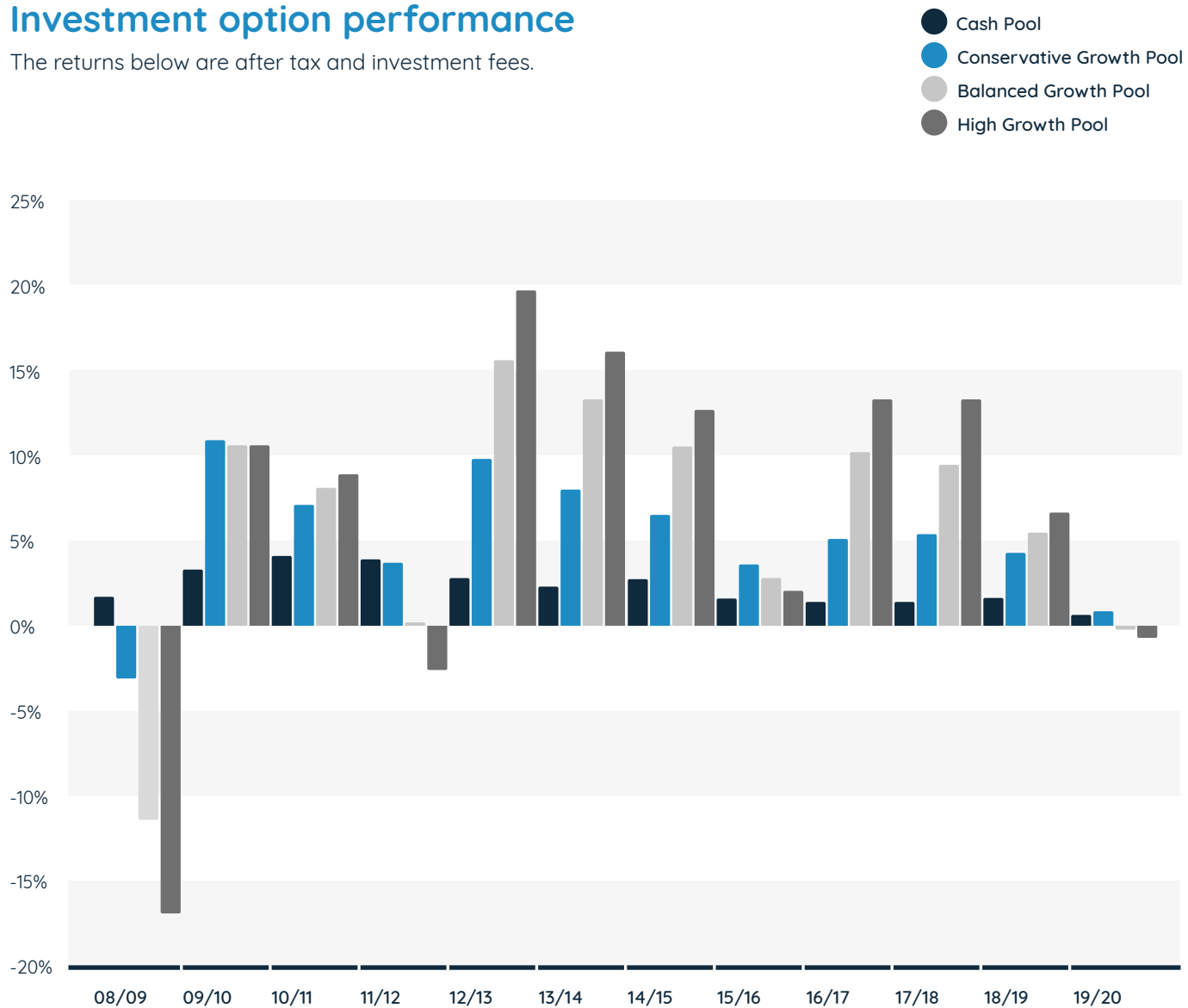
	Balanced Growth (default option)		High Growth	
Volatility/return	High volatility, medium growth		Highest volatility, expected higher long term returns	
Return profile				
Volatility scale	1 2 3 4 ⑤ 6 7		1 2 3 4 5 ⑥ 7	
Most suited to	Members who want reasonable medium term returns and can put up with large variations in the short term		Members who want higher returns in the long term and can put up with large variations in the short term.	
Investment time frame	10 years minimum		10 years (or more)	
Likelihood of negative return	3-4 years in 20, returns may show large swings in the short term		4-5 years in 20, returns may show large swings in the short term	
Objective	To achieve investment returns after tax and fees exceeding 1) the Consumer Price Index by 3% pa over rolling 10 year periods and 2) The median return in the Super Ratings Survey of Balanced Options over rolling 10 year periods		To achieve investment returns after tax and fees exceeding the increase in the Consumer Price Index by 4% pa over rolling 10 year periods	
Management fees* as at 30 June 2020	0.67% (deducted from the returns credited to your account)		0.70% (deducted from the returns credited to your account)	
Strategy	Around 70% invested in growth assets and hence has a moderately aggressive investment risk profile		Fully invested in growth investments, and has a very aggressive investment risk profile	
Asset allocation at as June 2020	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation
Australian Shares	23.6%	24.5%	35%	35%
Overseas Shares	27.2%	26.5%	40%	40%
Property	13%	13%	10%	10%
Alternatives - Growth	11.7%	12%	12%	12%
Alternatives - Defensive	16.3%	11%	3%	3%
Fixed Interest	3%	6%	-	-
Cash	5.2%	7%	-	-

* (Includes JANA and Board costs, plus investment management fees). Defined benefit members incur an additional 0.07% fee for administration expenses.



Investment option performance

The returns below are after tax and investment fees.





Governance

Background

Electricity Industry Superannuation Scheme (ElectricSuper) is a superannuation scheme covering members employed in the electricity supply industry in South Australia. ElectricSuper was created in 2000 following the privatisation of ETSA.

ElectricSuper is established under the Electricity Corporations Act 1994, and is overseen by the Electricity Industry Superannuation Board (“the Board”) made up of employer and union appointees, and member elected representatives. The Board is served by a Trustee Office.

Both defined and accumulation benefits are provided. The defined benefit sections are closed, with the accumulation section open to new members.

Main drivers

What are the main factors that affect the work of the Board?

Legal

The Board is required to comply with the Act and the Rules of ElectricSuper. This requires that the Board seeks employer consent for any rule change that increases employer liabilities, and seeks member consent before winding up ElectricSuper.

Fiduciary

The Board has a fiduciary duty to members. This requires that any exercise of Board discretion be in the best interests of members. The Board is also required to act prudently when managing the fund.

Demographics

The majority of liabilities are defined benefit, and the average age of defined benefit members is over 50. Therefore a significant proportion of the ElectricSuper’s liabilities is in respect of members who are approaching retirement over the next 5-10 years.

Expectations of members

ElectricSuper operates within the Australian superannuation industry, and complies with industry norms as much as practicable. Pre-privatisation members were given a government promise that their superannuation would not be adversely affected by privatisation.





Compliance with legislation

Since 1994 private sector superannuation schemes have been governed by the Superannuation Industry Supervision (SIS) legislation and are regulated by the Australian Prudential Regulation Authority (APRA). They also come under the Superannuation (Resolution of Complaints) Act which gives their members' access to the Superannuation Complaints Tribunal which has now been replaced by the Australian Financial Complaints Authority (AFCA).

The South Australian and Commonwealth Governments have a Heads of Government Agreement which enables certain public sector schemes to be exempt from the Commonwealth's Superannuation Industry (Supervision) Act 1993.

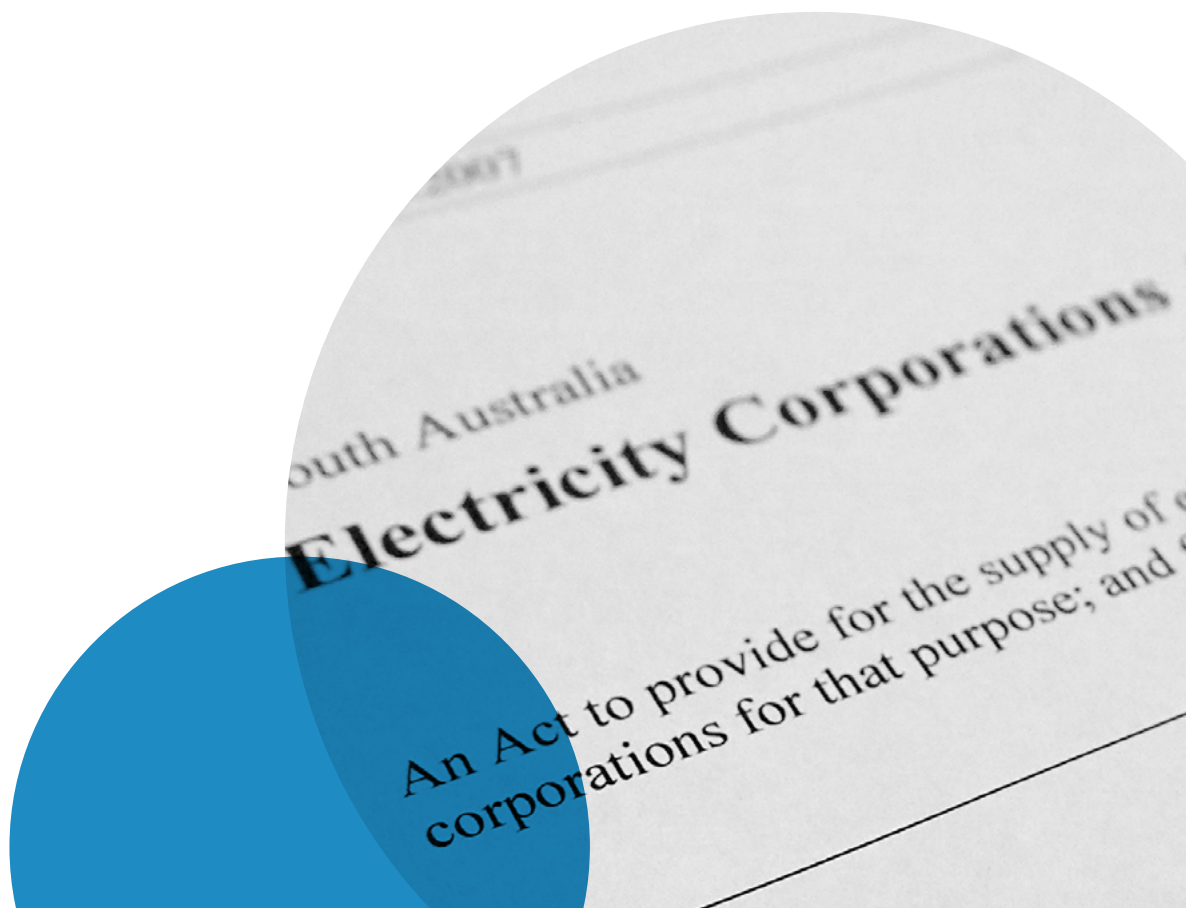
As a result of the Agreement, schemes established under the Electricity Corporations Act 1994 are, in terms of the Commonwealth legislation, exempt public sector schemes. Accordingly, ElectricSuper is not regulated by APRA nor is it required to operate under SIS legislation.

In terms of the Agreement, the South Australian Government has made a commitment to ensure that the exempt public sector schemes conform to the principles of the Commonwealth's retirement income policy objectives.

The Board believes, to the best of its knowledge, that in respect of the year ended 30 June 2020 ElectricSuper has conformed to these principles.

Compliance with the fund Rules

During the year ended 30 June 2020, the Board has, to the best of its knowledge, met all of its commitments as required by the Rules governing the fund.





Strategic Plan 2020

Vision

Excel as the trusted Super Scheme for our members

Mission

Supporting our members to achieve their desired retirement outcomes

Areas of focus	What it means for you	KPI's
Members are well informed	<p>You'll have lots of opportunity to find out about your super, and have your questions answered.</p> <p>You'll understand what's needed to obtain your desired financial outcomes.</p>	<p>All members will have an opportunity for a face to face meeting with ElectricSuper staff at least once every three years.</p> <p>All members will be contacted:</p> <ul style="list-style-type: none"> • Four months after joining the fund • When they turn 50 • When a financial authority is received on their behalf <p>All member queries will be responded to within 2 working days.</p>
Investment returns	Returns on your super will be competitive.	<p>The Balanced Growth Option investment returns will exceed CPI plus 3% over rolling three and ten year periods.</p> <p>The High Growth Option investment returns will exceed CPI plus 4% over rolling three and ten year periods.</p> <p>The Conservative Growth Option investment returns will exceed CPI plus 1.5% over rolling three and ten year periods.</p> <p>The Cash Option investment returns will match the Bloomberg AusBond Bank Bill Index over rolling one year periods.</p> <p>The Balanced Growth option will return above the median balanced fund over rolling three-year and ten year periods.</p>



Strategic Plan 2020 continued

Areas of focus	What it means for you	KPI's
Member Service Excellence	<p>ElectricSuper will be a good option for your super, both before and after retirement.</p> <p>You will be provided with competitive products and services.</p>	<p>ElectricSuper will exceed the median superannuation fund for each of the APRA heat map metrics</p>
Maintaining scale	<p>Your super won't be affected by the fund having to sell assets.</p> <p>Administration and investment costs on your super will remain competitive.</p>	<p>The fund will retain 75% by assets of members on retirement and 60% by assets of other members.</p> <p>Funds under management will be maintained at \$1bn or higher.</p> <p>Management Expense Ratio will remain below the industry average.</p>
Governance	<p>Your super will be in a fund that is well run.</p> <p>Risks will be well managed.</p>	<p>Internal audit will return 'Substantially Effective' findings.</p> <p>External audit will issue an unqualified audit report.</p> <p>The Board will average 16 hours of relevant training per Board member per year.</p>



Further information

What are the benefits?

ElectricSuper members belong to one of four sub-Schemes.

Open to new members

The Accumulation Scheme (Division 5):
Provides benefits based on contributions plus investment earnings. Members can choose the level of their insurance cover.

Closed sub-Schemes

The Lump Sum Scheme (Division 2):
Provides lump sum benefits based on both investment earnings and salary levels.

The Pension Scheme (Division 3):
Provides lifetime pensions based on final salary and indexed with CPI. A lump sum may be paid on voluntary separation or retrenchment.

The RG Scheme (Division 4):
Provides lump sum benefits based on both investment earnings and salary levels.

Account-based Pensions

Lump sum benefits can be transferred to an account-based pension on retirement.

Insurance Benefits

All members (including retained members) are eligible for benefits on death or disability, that can help members or their dependants.

The Trustee Office can help if you have any questions. More information can be found in your member booklet.

How are the benefits paid for?

The money to pay for benefits comes from member contributions, employer contributions and investment earnings. Member contributions are set by the member according to their wishes.

Employer contributions by the Participating Employers are set by the Board after receiving advice on the amounts required to pay for the benefits. Employers are required to pay contributions under the Rules of ElectricSuper. These contributions are monitored by an independent actuary who projects the likely benefit payments, salary growth and investment returns to estimate employer contributions, and reviews this annually or as required.

What do members contribute?

The level of member contributions is flexible. Generally, members can choose any multiple of 1.5% of salary.

Full benefits from Divisions 2, 3 and 4 are achieved by contributing, on average, the standard contribution rate. This is, generally, 6% of salary, but can be between 5% and 6% in Division 3. Any voluntary contributions (AVCs) are returned to you with interest in addition to the other benefits.

Division 5 members are not required to contribute, but may make contributions if they wish. Contributions are deducted from members' salaries each pay day.

ElectricSuper is also able to accept salary-sacrifice member contributions. These contributions are made from members' salaries before income tax is paid. However, not all employment arrangements allow salary-sacrifice - members need to check with their employer.

Contributions can also be made for a member's spouse, which may have tax advantages.



Employer Funding

Employers must fund their liabilities in advance. In particular, each employer must contribute:

- amounts sufficient to keep the part of ElectricSuper related to the employer fully funded;
- in respect of each Voluntary Separation Package (VSP) benefit paid to a Pension Scheme member, an amount equal to the difference between the level of that benefit and the actuarial reserve for that member.

The actuary has specified the levels of employer contributions and these have been duly paid by the private-sector employers. The total employer contributions paid in respect of 2019/20 was \$23.6m.

Separate accounts are operated for each of the employers.

What insurance does ElectricSuper have?

The Board takes out insurance against the death and invalidity of ElectricSuper members to protect the fund against those risks. Also ElectricSuper pays for insurance to protect the Board and the fund against the financial effects of any “honest mistakes” that might occur in the running of the fund.

How is personal information handled?

ElectricSuper holds personal information about members, such as name, address, date of birth, salary and tax file number in order to provide member super benefits. Members should realise that this personal information may be disclosed, when necessary, to ElectricSuper’s Administrator and professional advisers, insurers, Government bodies, employers and other parties.

The Board has adopted a Privacy Policy that sets out in more detail the way members’ personal information is handled. For a copy of the Privacy Policy please contact ElectricSuper’s Privacy Officer on 1300 307 844 or email inquiries@electricsuper.com.au.

Minimum Benefits

All benefits paid from ElectricSuper are checked to make sure that they are at least equal to the minimum required under the Superannuation Guarantee legislation. Members received their mandatory 9.5% in 2019/20. However, this is a minimum, not in addition to other benefits. Generally the benefits in Division 2, 3 and 4 are worth a lot more than the minimum.



What information is available to members?

The first stop for information on ElectricSuper should be the website, www.electricsuper.com.au. Current information available to members includes:

- Annual Member Statements
- Annual Reports
- Member's Booklets.

Members are also entitled to access the ElectricSuper Rules, financial statements, the auditor's reports, the actuary's reports and the investment policy statement. Information sheets and brochures are also available on a number of subjects.

The Board also issues newsletters to keep members up-to-date. If members would like to receive any of these documents, or need more information about ElectricSuper or benefits, please refer to the website. If you can't find what you need there, please contact the Trustee Office.

How do you make a complaint?

Most queries and problems can be resolved over the phone. We aim to get back to you within 2 working days (though it may be to ask for more time). We are happy to provide a written response if required via email or letter.

If you are not satisfied with the response to a query you have made to ElectricSuper, you may send a complaint (in writing) to:

The Complaints Officer
ElectricSuper
PO Box 192
RUNDLE MALL SA 5000

The Board will examine all written complaints and make a decision within 90 days. Please be assured that all written complaints will be passed to the Board.

Complaints not dealt with to your satisfaction can be referred to the Australian Financial Complaints Authority (AFCA). AFCA is the government body created to resolve disputes in the superannuation industry, and can be contacted on 1800 931 678.





Financial details

Simplified Financial Report

The tables below show a summary of the draft accounts for ElectricSuper which shows how the finances of the ElectricSuper have changed over the last two years. For more detailed information, please refer to the full financial statements which appear on the ElectricSuper website.

During the year, what amounts did we receive?	2019/20 (this year) \$m	2018/19 (last year) \$m
What investment return did we earn?	-7.6	78.6
What contributions were received?		
• From employers	23.6	25.3
• From members by salary sacrifice	9.8	9.8
• From members after tax	5.7	4.3
What benefits were rolled in from other funds?	10.5	15.0
What other income did we receive?	0.4	0.2
Total income into the fund	42.4	126.4

During the year, what amounts were paid out?	2019/20 (this year) \$m	2018/19 (last year) \$m
What benefits were paid to members?	53.1	50.1
What did it cost to run the fund?	3.0	2.8
What were insurance premiums for death and disability benefits?	1.1	1.1
What tax was paid on contributions and investment returns?	-1.0	6.0
Total amounts paid from the fund	56.2	60.0

At the end of the year	2019/20 (this year) \$m	2018/19 (last year) \$m
How much money did the fund have?	1,324	1,337
What benefits did the fund owe to members if they had all left?	1,208	1,184

We're here to help...contact us!

Helpline 1300 307 844

Website www.electricsuper.com.au

Email inquiries@electricsuper.com.au

Street Address

Level 7, 70 Pirie Street, Adelaide SA 5000

Postal Address

GPO Box 4303, Melbourne VIC 3001

Ring us to get help with:

- Contributing to super
- The right investment strategy for you
- The insurance needs of you and your family

This is at no cost to you, other than your time.
Call 1300 307 844 during business hours or email
on inquiries@electricsuper.com.au.

Visit www.electricsuper.com.au for more information including:

- Details of how your benefits are calculated
- Investment strategies and choices available to you, include past investment returns
- Insurance benefits available to you
- Forms and publications
- Access to newsletters and annual reports

Login to your account and see your personal superannuation details:

- See your investment strategy
- Check your transactions and current benefits
- Check your level of death and disablement insurance
- Change your address and phone details
- Advise your Tax File Number
- Contributions paid during the year (including concessional contributions)

Electricity Industry Superannuation Board (the 'Board') ABN 57 923 283 236 as Trustee of the Electricity Industry Superannuation Scheme

Disclaimer: This report is for the purpose of providing you with information about the products available from the ElectricSuper. The information is subject to change from time to time. The ElectricSuper Rules (the 'Rules') are the final authority should there be a discrepancy between this report and the Rules. The Board recommends that if you intend to act in connection with any information contained in this report you should first consult a licensed or appropriately authorised financial consultant.

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